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**B & B GROUP HOLDINGS LIMITED****(中國蜂業集團有限公司*)***(incorporated in the Cayman Islands with limited liability)***(Stock Code: 8156)****DISCLOSEABLE TRANSACTION****ACQUISITION OF EQUITY INTEREST**

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of its posting.

13th July, 2005

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

Expressions	Meanings
“Acquisition”	the acquisition of 70% equity interest in CNPC Investment from China United by Good United pursuant to the Agreement
“Agreement”	the agreement dated 17th June, 2005 in relation to the Acquisition
“Aptus”	Aptus Holdings Limited, a company incorporated in the Cayman Islands with limited liability and is a subsidiary of B & B and Aptus Shares are listed on GEM
“Aptus Group”	Aptus and/or its subsidiaries or any of them
“Aptus Shares”	ordinary shares of HK\$0.01 each in the capital of Aptus
“Aptus Shareholder(s)”	the holder(s) of Aptus Shares
“B & B”	B & B Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability
“B & B Shares”	ordinary shares of HK\$0.01 each in the capital of B & B
“B & B Shareholder(s)”	the holder(s) of B & B Shares
“Best Frontier”	Best Frontier Investments Limited, a limited company incorporated in the British Virgin Islands
“Board”	the board of Directors
“CPG”	中國石油集團新疆石油管理局 (China National Petroleum Corporation Xin Jiang Petroleum Management Bureau), a subsidiary of China National Petroleum Corporation
“China United”	中匯(國際)投資發展有限公司 (China United (International) Investment Development Limited), a limited company incorporated in Hong Kong
“Consideration Shares”	20,000,000 new Aptus Shares to be issued by Aptus as part of the consideration for the Acquisition
“CNPC Investment”	華油中匯能源發展有限責任公司 (CNPC Huayou Cu Energy Investment Co. Ltd.), a 中外合作企業 (sino foreign co-operative joint venture enterprise) established in the PRC

DEFINITIONS

“Directors”	the directors of B & B
“EGM”	an extraordinary general meeting of Aptus to be convened to approve, among others, the Agreement and the transactions contemplated therein and the issue of the Consideration Shares
“EIA”	has the meaning ascribed thereto under the section headed “Reasons for the Acquisition”
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	B & B and/or its subsidiaries or any of them (including the Aptus Group)
“Good United”	Good United Management Limited, a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of Aptus and a subsidiary of B & B
“Hua You”	中國華油集團公司 (China Hua You Group Corporation), a company established in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Joint Announcement”	the joint announcement of B & B and Aptus dated 22nd June, 2005 in relation to, inter alia, the Acquisition
“Latest Practicable Date”	11th July, 2005, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Mr Li”	李鐵 (Li Tie), a director of CNPC Investment
“Mr Ma”	馬汝偉 (Ma Ru Wei), a director of CNPC Investment
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shenzhen Silver”	has the meaning ascribed thereto under the sub-section headed “Xin Jiang Oilfield”
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Xin Jiang Oilfield”	新疆風城油田 (Xin Jiang Fong Cheng Oilfield)
“HK\$”	the lawful currency of Hong Kong
“RMB”	the lawful currency of the PRC. For information only, RMB has been translated to HK\$ as to HK\$1 to RMB1.06. No representation is made that such amounts were or could be exchanged at such rate



B & B GROUP HOLDINGS LIMITED

(中國蜂業集團有限公司*)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8156)

Executive Directors:

Madam Cheung Kwai Lan

Mr Chan Tung Mei

Mr Lau Hin Kun

Mr Chan Ting

Head office and principal place

of business in Hong Kong:

30th Floor, Sunshine Plaza

353 Lockhart Road

Hong Kong

Non-executive Director:

Mr Shaw Kyle Arnold Junior

Independent non-executive Directors:

Professor Peter Chin Wan Fung

Mr Tian He Nian

Mr Du Ying Min

Mr Tsui Wing Tak

13th July, 2005

To the B & B Shareholders

Dear Sir/Madam,

DISCLOSEABLE TRANSACTION

ACQUISITION OF EQUITY INTEREST

INTRODUCTION

On 22nd June, 2005, B & B and Aptus announced that Good United had entered into the Agreement with, among others, China United 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 the Consideration Shares. 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 discloseable transaction for B & B.

* for identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide the B & B Shareholders with further details of the Acquisition.

THE AGREEMENT

Date:

17th June, 2005

Parties:

- 1) Good United as the purchaser
- 2) China United as the vendor
- 3) Mr Li and Mr Ma as the guarantors

B & B confirmed that to the best of the Directors' knowledge, information and belief and having made all reasonable enquiry by the Directors, Mr Li, Mr Ma and China United and its ultimate beneficial owners are third parties independent of B & B and its connected persons (as defined in the GEM Listing Rules). To the best knowledge of the Directors, China United is principally engaging in the business of development and operation of crude oil, natural gas and related projects in the PRC and is not a listed company nor a subsidiary of a listed company.

The asset to be acquired:

70% of the equity interest in CNPC Investment which owns a joint mining right in Xin Jiang Oilfield. Further information of Xin Jiang Oilfield is set out in the sub-section headed "Xin Jiang Oilfield" below. As at the Latest Practicable Date, China United was holding 100% of the equity interest in CNPC Investment and after completion of the Acquisition, it will hold 30% of the equity interest in CNPC Investment.

Consideration:

A total consideration of HK\$15,000,000 to be satisfied as follows:

- 1) HK\$5,000,000 in cash payable upon completion; and
- 2) HK\$10,000,000 to be satisfied by the issue of the Consideration Shares at an issue price of HK\$0.50 for each Consideration Share issuable within 5 business days after the date of completion (based on the closing price of the Aptus Shares as at the Latest Practicable Date, the value of the Consideration Shares should have amounted to HK\$15,000,000).

The cash consideration will be satisfied by the Aptus Group's internal resources. Based on the audited financial statements of Aptus, for the two financial years ended 30th September, 2004, the Aptus

LETTER FROM THE BOARD

Group recorded revenue of approximately HK\$17,200,000 and HK\$34,400,000 and net loss of approximately HK\$53,300,000 and HK\$12,500,000 respectively. Also, according to its management accounts as at 31st March, 2005, the Aptus Group had cash and bank balances of approximately HK\$12,500,000. The Directors confirmed that the cash consideration of HK\$5,000,000 will be settled by cash and bank reserves of the Aptus Group.

The Consideration Shares, represent approximately 1.29% of the existing issued share capital of Aptus as at the Latest Practicable Date and approximately 1.27% of the issued share capital of Aptus as enlarged by the issue of the Consideration Shares (assuming that there will be no change in the issued share capital of Aptus from the date of the Joint Announcement to the date of issue of the Consideration Shares save for the issue of the Consideration Shares). The Directors confirmed that Aptus will seek approval from the Aptus Shareholders for the issue of the Consideration Shares in the EGM and the Consideration Shares will not be issued from the general mandate of Aptus.

As at the Latest Practicable Date, B & B was indirectly holding approximately 59.90% of the issued share capital of Aptus and Aptus will continue to be a subsidiary of B & B after completion of the Acquisition.

The issue price of HK\$0.50 per Consideration Share represents (a) a discount of approximately 1.96% to the closing price of the Aptus Shares on 17th June, 2005, being the last trading day immediately before the publication of the Joint Announcement; (b) a discount of approximately 0.79% to the average closing price of the Aptus Shares for the five trading days immediately before publication of the Joint Announcement; (c) a discount of approximately 2.5% to the average closing price of the Aptus Shares for the 10 trading days immediately before publication of the Joint Announcement and (d) a discount of approximately 33.33% to the closing price of the Aptus Shares as at the Latest Practicable Date.

The Directors confirmed that the consideration was determined on arm's length negotiations and normal commercial terms based on 70% of the audited net asset value of CNPC Investment as at 31st December, 2004 which amounted to approximately RMB11,200,000 (approximately HK\$10,566,038). The remaining balance of the consideration, amounting to approximately RMB3,800,000 (approximately HK\$3,584,906), is given in view of the mining right which is an intangible asset not reflected in the financial statements of CNPC Investment and is determined based on commercial negotiations in respect of the total estimated reserve of approximately 32 million tones of crude oil in Xin Jiang Oilfield as contained in the valuation reports as explained in the sub-section headed "Xin Jiang Oilfield" below.

Conditions:

Completion of the Acquisition is conditional upon:

- (a) completion of financial due diligence on CNPC Investment and its subsidiaries (if any) by Good United and/or its authorized representative;
- (b) completion of legal due diligence on CNPC Investment and its subsidiaries (if any) by Good United and/or its authorized representative to the satisfaction of Good United;
- (c) the Agreement and the issue of the Consideration Shares have been approved by the Aptus Shareholders in the EGM;

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- (d) the Agreement has been approved by the B & B Shareholders (if required);
- (e) the Stock Exchange granting its approval for the listing and permission to deal in the Consideration Shares;
- (f) China United has obtained all approval, consent, authorization or waiver in relation to or from the relevant laws, the governing authorities and any obligations to third parties pursuant to the execution of the Agreement and any transactions contemplated therein to the satisfaction of Good United;
- (g) the issue of a PRC legal opinion by a PRC legal adviser appointed by Good United in relation to (a) the establishment; (b) the interests between the shareholders and (c) the operation of CNPC Investment to the satisfaction of Good United;
- (h) the warranties in relation to CNPC Investment and its subsidiaries (if any) have not been breached in any material aspect;
- (i) no material violation of any obligations under the Agreement by China United and the guarantors;
- (j) the board of directors of CNPC Investment has approved the Acquisition and amendments to the original joint venture agreement and articles of association of CNPC Investment and has agreed to the execution of any relevant agreement in this regard;
- (k) the original approving authorities and other relevant PRC authorities have approved the Acquisition and amendments to the original joint venture agreement and articles of association of CNPC Investment; and
- (l) CNPC Investment has obtained the approval and consent certificate from the original approving authorities for the Acquisition and the change in the equity interests by the shareholders.

For condition (f), save as the approvals as specified under condition (k), the Directors are not aware of any other approvals required for China United. However as stated under condition (g), the Group will engage a PRC legal adviser to advise on the relevant PRC laws and requirements in this regard.

The Directors confirmed that as at the Latest Practicable Date, the relevant work for the fulfilment of conditions (a), (b), (f), (g), (j), (k) and (l) had commenced but none of which had been completed.

Save as conditions (c), (d), (k) and (l), all other conditions can be waived by Good United. If any of the conditions cannot be fulfilled or waived (as the case may be) before 31st December, 2005, save as certain provisions in relation to warranties and governing law, the Agreement shall lapse and the parties shall be released from all rights and obligations under the Agreement save as in

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relation to any antecedent breach. The Directors confirmed that the waiver provision is to allow more flexibility to the Group and pursuant to the Agreement, condition (e) is not exempted from the waiver provision. The Directors also confirmed that Good United does not intend to waive any of the conditions as at the Latest Practicable Date. In the event any condition is waived by Good United, B & B will inform the B & B Shareholders the waiver granted in further announcement(s).

Completion:

The fifth business days after all conditions have been fulfilled or waived (as the case may be).

INFORMATION OF THE GROUP AND CNPC INVESTMENT

The Group is principally engaging in the production and distribution of bee related products and other natural products and the Directors confirmed that the Group will continue to engage in such principal business upon completion of the Acquisition.

CNPC Investment is a 中外合作企業 (sino foreign co-operative joint venture enterprise) established in the PRC on 30th April, 2004 and is principally engaging in the business of development and operation of crude oil, natural gas and other related projects. There are two co-operative parties to CNPC Investment, namely China United and Hua You, which are not connected persons (as defined in the GEM Listing Rules) of B & B. China United is responsible for providing capital to CNPC Investment and is holding 100% of the equity interest and the right to the entire profit of CNPC Investment. Hua You is responsible for providing exploration and mining techniques and skills and for managing and operating the oilfields of CNPC Investment.

Hua You will be entitled to management fee for CNPC Investment's projects but will not be entitled to any equity interest nor right of profit sharing. For the project of Xin Jiang Oilfield solely, it has been agreed between CNPC Investment and Hua You before execution of the Agreement that Hua You will be entitled to an annual management fee of RMB200,000 (approximately HK\$188,679). For other projects of CNPC Investment, management fee will be payable on a case by case basis subject to further negotiations between the parties. As at the Latest Practicable Date, since mining had not commenced in Xin Jiang Oilfield, no management fee had been paid to Hua You.

The operating term of CNPC Investment is 20 years commencing from its establishment (i.e. the term will expire on 29th April, 2024) and the registered capital and total investment amount of CNPC Investment amounted to RMB100,000,000 (approximately HK\$94,339,623) and RMB200,000,000 (approximately HK\$188,679,245) respectively. Out of the RMB100,000,000 (approximately HK\$94,339,623) registered capital, only RMB15,947,900 (approximately HK\$15,000,000) has been paid up. Pursuant to the relevant approval granted by the PRC authority, the registered capital of CNPC Investment shall be paid up by China United within three years from the date of its establishment. Accordingly, Good United shall be obliged to pay up RMB70,000,000 (approximately HK\$66,037,736) out of the RMB84,052,100 (approximately HK\$80,188,679) outstanding registered capital after completion of the Acquisition, representing 70% of the registered capital of CNPC Investment of RMB100,000,000. Based on the existing financial position of the Aptus Group, the Directors expect that such obligation will be financed 50% by internal resources (through fund raising, if required) and 50% by bank borrowings of the Aptus Group but such proportion may be subject to change depending on the financial position of

LETTER FROM THE BOARD

the Aptus Group at the relevant time of payment. In view of the good potential arising from the subject project as explained in the section headed “Reasons for the Acquisition” below, the Directors are of the view that the Aptus Group shall be able to raise fund and/or obtain bank borrowings to pay up the registered capital if required. In the event that the Aptus Group is not able to fulfill its capital commitment due to shortage of funds, B & B will inform the B & B Shareholders the situation in further announcement(s).

The Directors expect the total investment to be paid by the Aptus Group for the subject project upon completion and over the three years after completion of the Acquisition will be approximately HK\$81,037,736, comprising RMB70,000,000 (approximately HK\$66,037,736) of registered capital and HK\$15,000,000 of consideration payable to China United. As at the Latest Practicable Date, the Directors did not expect any further material investment which would be payable by the Group for the subject project.

Upon completion of the Acquisition, the Aptus Group will hold 70% equity interest in CNPC Investment and CNPC Investment will become a subsidiary of B & B. China United will then hold the remaining 30% equity interest in CNPC Investment. The board of directors of CNPC Investment will consist of five members upon completion of the Acquisition, three of which will be appointed by the Aptus Group and each of Hua You and China United will appoint one director accordingly. The chairman of CNPC Investment will be appointed by the Aptus Group.

CNPC Investment was incorporated on 30th April, 2004. Based on the audited accounts of CNPC Investment prepared under the PRC accounting standards, CNPC Investment had no profit or loss for the year ended 31st December, 2004.

Xin Jiang Oilfield

The Directors consider that the most valuable asset of CNPC Investment is its mining right in Xin Jiang Oilfield jointly owned with CPG. The Directors understand that such mining right had been approved by the relevant PRC authorities and the Aptus Group will engage a PRC legal adviser to advise on the relevant PRC laws and regulations in this regard. It was agreed that the profit arising therefrom shall be shared between CNPC Investment and CPG in the proportion of 80% to 20%.

Xin Jiang Oilfield is a crude oil field which was first discovered and explored in the 1960s and 1980s respectively. Based on the preliminary due diligence performed by the Group and various valuation reports on the reserves quantity issued by, among others, CPG in December 2003 and 深圳市銀通聯資產評估有限公司 (Shenzhen Silver Association Asset Valuation Company Limited) (“**Shenzhen Silver**”) in December, 2004, both of which are not connected person (as defined in the GEM Listing Rules) of B & B, Xin Jiang Oilfield comprises three mining zones with a total mining area of approximately 12.5 square kilometers and a total estimated reserve of approximately 32 million tones crude oil. The mining right will expire in December, 2016. The Directors understand that so far, only explorations have been carried out but mining and production have not commenced in Xin Jiang Oilfield. The Directors consider that the Group can rely on the abovementioned valuation reports as part of the Group’s preliminary due diligence on Xin Jiang Oilfield as the Directors understand that CPG and Shenzhen Silver have previous experience in performing similar valuation on other oilfields and in particular CPG, which has extensive experience in handling similar projects. The Directors also understand that the valuation method applied in the abovementioned valuation reports was based on geological studies.

LETTER FROM THE BOARD

REASONS FOR THE ACQUISITION

The Aptus Group had recorded losses for the last two financial years and the Directors believe that the Aptus Group has to diversify and expand its business in order to enhance its financial positions. As disclosed in Aptus's 2004 annual report and its 2005 quarterly reports, the Aptus Group's business strategy is to explore other new business opportunities in order to diversify and expand its business. According to the latest data published by the U.S Energy Information Administration ("EIA") in July, 2004, an 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 already is a very significant factor in the world oil markets.

The Aptus Group and China United knew each other through business associations between the directors of Aptus and the management of China United. From such business associations, the directors of Aptus learnt that CNPC Investment had mining right in Xin Jiang Oilfield. After acquiring further understanding on Xin Jiang Oilfield, the Directors consider that the Acquisition will be a good opportunity for the Aptus Group to expand its business into the rapid growing oil industry in the PRC.

Having consider that (a) the mining operation of Xin Jiang Oilfield will 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 entities 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 the mining industries in the PRC and (b) the Acquisition permits the Aptus Group to share 70% of the remaining 80% profits arising from mining of oil in Xin Jiang Oilfield after distributing 20% of the entire profit to CPG, the Directors believe that the profit from the mining of the Xin Jiang Oilfield is prosperous and able to enhance the Group's financial position.

In addition, given that the Acquisition permits the Aptus Group to establish business relationship with Hua You, the Directors are of the view that through this business relationship, the Aptus Group will be able to explore more business opportunities in the oil and gas industries in the PRC and able to further expand its business.

The Aptus Group shall be obliged to pay up RMB70,000,000 (approximately HK\$66,037,736) registered capital of CNPC Investment over the three years after completion of the Acquisition and it is expected that 50% of such capital commitment will be financed by bank borrowings of the Aptus Group. In this regard, it is expected that the gearing ratio of the Aptus Group will not be more than 50% at all times during the term of the bank borrowings. The Board confirmed that the registered capital will be invested mainly to equip for the mining business and for daily operations of Xin Jiang Oilfield and it is expected that the Group will be able to earn a return from such investment and generate a steady income inflow from the mining business on a long term basis.

In view of the abovementioned, the Directors consider that the terms of the Agreement and the transactions contemplated therein are fair and reasonable and in the interests of the B & B Shareholders as a whole.

LETTER FROM THE BOARD

The Directors consider the Acquisition will not have any significant effect on the earnings and assets and liabilities of the Group as a whole save as B & B's sharing of the future assets and liabilities and profit and loss of the Aptus Group will be decreased from approximately 59.90% to 59.14% upon issue of the Consideration Shares.

GENERAL

The Consideration Shares to be issued shall rank pari passu with all the other Aptus Shares then in issue.

The Directors confirmed that Aptus would make an application to the Stock Exchange to seek approval for the listing of, and permission to deal in the Consideration Shares.

The Agreement and the transactions contemplated therein constitute a discloseable transaction for B & B under Chapter 19 of the GEM Listing Rules.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendix to this circular.

By Order of the Board
B & B Group Holdings Limited
Chan Ting
Director and Chief Executive Officer

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, include particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to B & B. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DIRECTORS' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of B & B in the shares, underlying shares and debentures of B & B or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to B & B 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 B & B and the Stock Exchange, were as follows:

(1) Long positions in the shares of B & B

Name of Director	Corporate interest	Number of ordinary shares held			Total interest	Approximate percentage of shareholding
		Personal interest	Family interest			
Cheung Kwai Lan	262,080,000 <i>(Note 1)</i>	1,380,000	–	263,460,000	54.65%	
Chan Tung Mei	262,080,000 <i>(Note 2)</i>	–	1,380,000 <i>(Note 3)</i>	263,460,000	54.65%	
Peter Chin Wan Fung	–	1,730,000	–	1,730,000	0.36%	
Shaw Kyle Arnold Junior	330,000	–	–	330,000	0.07%	

Notes:

1. The 262,080,000 shares are owned by Best Frontier which is owned as to 99.89% and 0.11% by Madam Cheung Kwai Lan and Mr. Chan Tung Mei respectively. 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 the SFO.
2. The 262,080,000 shares are owned by Best Frontier which is owned as to 99.89% and 0.11% by Madam Cheung Kwai Lan and Mr. Chan Tung Mei respectively. 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 the SFO.
3. The 1,380,000 shares are owned by Madam Cheung Kwai Lan who is the spouse of Mr. Chan Tung Mei. Accordingly, Mr. Chan Tung Mei is deemed to be interested in the shares under the SFO.

(2) Share options of B & B*Pre-IPO Share Option Scheme*

Pursuant to the Pre-IPO share option scheme adopted by B & B on 18th October, 2002 (“Pre-IPO Share Option Scheme”), certain Directors had been granted share options to subscribe for the B & B Shares, details of which as at the Latest Practicable Date were as follows:

Name of Director	Number of share options granted (Note)	Number of share options exercised	Number of share options outstanding as at the Latest Practicable Date
Cheung Kwai Lan	4,000,000	4,000,000	–
Chan Tung Mei	4,000,000	4,000,000	–
Chan Ting	4,000,000	4,000,000	–
Peter Chin Wan Fung	2,600,000	1,730,000	870,000

Note: These share options were granted on 18th October, 2002, at an exercise price of HK\$0.23 per B & B Share, representing 50% of the offer price of HK\$0.46 per B & B Share in respect of B & B’s initial public offering. The share options are exercisable in three equal portions. The respective portions are exercised at any time commencing on 12th May, 2003, 12th November, 2003 and 12th May, 2004 respectively. These share options, if not otherwise exercised, will lapse on 17th October, 2007.

Share Option Scheme

B & B has adopted a share option scheme on 18th October, 2002 (the “Share Option Scheme”), under which the Board may, at its discretion, invite any persons who satisfy the criteria of the Share Option Scheme, to take up options to subscribe for Shares.

The Share Option Scheme will remain valid for a period of 10 years commencing from 18th October, 2002.

As at the Latest Practicable Date, 40,000,000 share options (including 1,200,000 share options granted to the non-executive director, Mr. Shaw Kyle Arnold Junior) had been granted under the Share Option Scheme.

(3) Long positions in the shares of an associated corporation - Aptus

Name of Director	Corporate interest	Number of ordinary shares held			Total interest	Approximate percentage of shareholding
		Personal interest	Family interest			
Cheung Kwai Lan (<i>Note</i>)	928,571,428	–	–	928,571,428	59.90%	

Note: 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. Madam Cheung Kwai Lan is the spouse of Mr. Chan Tung Mei. Accordingly, Madam Cheung Kwai Lan is deemed to be 100% interested in the shares of Best Frontier under the SFO. As at the Latest Practicable Date, Best Frontier is interested in approximately 54.36% of the issued share capital of B & B which in turn holds 100% shareholding of China Success Enterprises Limited. China Success Enterprises Limited then holds 100% shareholding of Precise Result Profits Limited which directly holds 928,571,428 shares of Aptus. Besides, Madam Cheung Kwai Lan holds 1,380,000 shares of B & B as at the Latest Practicable Date.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of B & B had any interests or short positions in any shares, underlying shares or debentures of B & B or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to B & B 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 required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to B & B and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF B & B

As at the Latest Practicable Date, according to the register kept by B & B pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of B & B, the following persons (other than a Director or chief executive of B & B) had, or was deemed or taken to have, an interest or short position in the B & B Shares or underlying B & B Shares which would fall to be disclosed to B & B under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, carrying rights to vote in all circumstances at general meeting of any member of the Group:

Name of Shareholders	Capacity	Number of ordinary shares held		Percentage of shareholding
		Long position	Short position	
Best Frontier	Beneficial owner	262,080,000	–	54.36%
Oppenheimer Funds, Inc.	Investment manager	26,000,000	–	5.39%
China Value Investment Limited	Investment manager	24,620,000 (Note 1)	–	5.11%
Asian Value Investment Fund, L. P.	Investment manager	24,620,000 (Note 1)	–	5.11%

Note:

- The shares are held by China Value Investment Limited, which is wholly owned by Asian Value Investment Fund, L. P. Accordingly, Asian Value Investment Fund, L. P. is deemed to be interested in the shares under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors or chief executive of B & B were not aware of any person (other than a Director or chief executive of B & B) who had an interest or short position in the B & B Shares or underlying B & B Shares which would fall to be disclosed to B & B under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interest in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, each of Madam Cheung Kwai Lan, Mr Chan Tung Mei and Mr Chan Ting, all being executive Directors, had entered into a service contact with B & B for a term of three years from 18th October, 2002, renewable automatically for successive terms of one year unless terminated by not less than six months' notice in writing served by either party on the other.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service agreements with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of them or the management shareholders of B & B or their respective associates had any interests in a business which competes or may compete with the business of the Group.

7. GENERAL

- (a) The registered office of B & B is at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, British West Indies and the head office and principal place of business of B & B is at 30th Floor, Sunshine Plaza, 353 Lockhart Road, Hong Kong. The share registrar and transfer office of B & B is Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (b) The Compliance Officer of B & B is Mr Chan Ting.
- (c) The Company Secretary and the Qualified Accountant of B & B is Mr Kwan Yiu Ming, Patrick. Mr Kwan holds a bachelor degree of commerce in accounting from the Curtin University of Technology in Australia. Mr Kwan is a fellow member of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (d) B & B established an audit committee on 18th October, 2002 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review B & B'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 financial reporting process and internal control procedures of the Group.

The audit committee comprises four independent non-executive Directors, namely Professor Peter Chin Wan Fung, Mr Du Ying Min, Mr Tsui Wing Tak and Mr Tian He Nian and further details of whom are as follows:

Professor Peter Chin Wan FUNG, aged 67, is an independent non-executive Director. He is the Chair Professor and Chief of Medical Physics; Honorary Professor of Psychiatry and Honorary Professor of Electrical and Electronic Engineering at the University of Hong Kong. He worked at the Institute for Plasma Research of Standford University between 1968 and 1970. He then worked at the University of Hong Kong from September 1970 onwards. He also acted as the Scientific Consultant to Standford University. He founded the Division of Medical Physics in the University of Hong Kong in 1998. He is an editorial advisory member of the DRUG Indexed Medical Speciality publication. He has published well over 260 research articles in international peer reviewed journals and over 10 text books in Hong Kong. He joined the Group in September 2002.

Mr DU Ying Min, aged 53, is an independent non-executive Director. He was the Government Deputy Mayor of Xin Xiang City (新鄉市政府, 河南省) from 1994 to 1997. He was a director of Zhong Cheng Group Judiciary Department from 1997 to 2001. He graduated from 中國社會科學院研究生院 (China Faculty of Social Science Research) and received a master's degree in investment management in November 1998. He is a committee member (理事) of the China Development Research Foundation (中國發展研究基金會) and the Chairman of 中國國發投資公司 (China Guo Fa Investment Company). He joined the Group in September 2002.

Mr TSUI Wing Tak, aged 36, is an independent non-executive Director. He 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 Aptus since August, 2004. He joined the Group in September 2004.

Mr TIAN He Nian, aged 65, is an independent non-executive Director. He was the deputy head of the Department of United Front Work of the Central Government of China from 1998 to 2003. He is the vice-chairman of China Overseas Association. He joined the Group in November 2004.