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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)

**MAJOR AND CONNECTED TRANSACTION RELATING TO THE
ACQUISITION OF A 75% EQUITY INTEREST IN SKILLTIME
MANAGEMENT LIMITED
AND
RESUMPTION OF TRADING**

THE CONDITIONAL SALE AND PURCHASE AGREEMENT

The Board (which consists of (i) Mr. Lau Hin Kun, the executive Director; (ii) Professor Peter Chin Wan Fung, the independent non-executive Director; and (iii) Mr. Tsui Wing Tak, the independent non-executive Director) (note that the views of Professor Peter Chin Wan Fung and Mr. Tsui Wing Tak (both being the members of the Independent Board Committee) are not final) is pleased to announce that, on 10 August 2005, China Success entered into the Conditional Sale and Purchase Agreement with Bemaestro, pursuant to which China Success agreed to acquire from Bemaestro a 75% equity interest in Skilltime Management for a consideration of HK\$330,000,000 (subject to adjustment), of which HK\$273,750,000 will be satisfied by the issue of the Consideration Shares and the balance of HK\$56,250,000 (subject to adjustment) will be satisfied by the issue of the Convertible Note. Skilltime Management, an investment holding company, through its 75% non-wholly owned subsidiary (Dongfeng Limin), will be engaged in the provision of technical support and maintenance services to Beijing Zhongmin Dongfeng in relation to its welfare lottery business in the PRC.

* For identification purpose only

Under the GEM Listing Rules, the entering into of the Conditional Sale and Purchase Agreement constitutes a major and connected transaction of the Company, and is subject to the approval of the Independent Shareholders in the EGM at which voting will be taken by poll. A circular containing, amongst other things, (i) a notice convening the EGM for the purposes of approving the Acquisition; (ii) further details relating to the Acquisition; (iii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition; and (iv) a letter from an independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the Acquisition will be dispatched to the Shareholders as soon as practicable.

The Stock Exchange has stated that it will closely monitor the trading in the Shares upon full conversion of the Convertible Note. If less than 25% (or such lower percentage as may be allowed under the GEM Listing Rules) of the Shares are held by the public, it will constitute a breach of the GEM Listing Rules, and if the Stock Exchange believes that:

- a false market exists or may exist in the trading in the Shares; or
- there are too few Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend trading in the Shares until a sufficient public float is attained.

The Stock Exchange has stated that it will not consider the listing application of, and permission to deal in (1) the Consideration Shares; and (2) the Shares which may be issued pursuant to the exercise of the conversion rights attaching to the Convertible Note unless it is satisfied that the Company has complied with all relevant requirements under the GEM Listing Rules in connection with the major and connected transaction. In this connection, Shareholders and potential investors of the Company are advised to review all information to be contained in the circular to be dispatched.

Attention of Shareholders and potential investors of the Company is also drawn to the section headed “Risks relating to the business of Dongfeng Limin”.

As Completion is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

SUSPENSION OF TRADING

Trading in the Shares on GEM has been suspended since 9:30 a.m. on 21 July 2005 at the request of the Company, pending the release of this announcement. Application for the resumption of trading in the Shares from 9:30 a.m. on 12 August 2005 has been made to the Stock Exchange.

THE CONDITIONAL SALE AND PURCHASE AGREEMENT

Date:

10 August 2005

Parties:

1. China Success as the Purchaser
2. Bemaestro (an investment holding company) as the Vendor

Equity interest to be acquired:

The Purchaser shall acquire 75 ordinary shares, being 75% equity interest in Skilltime Management. The Vendor is the sole registered and beneficial owner of 100 ordinary shares, being the entire equity interest in Skilltime Management. Upon Completion, the Company (through its shareholding in the Purchaser) will hold 75% equity interest in Skilltime Management and Skilltime Management will become a 75% non-wholly-owned subsidiary of the Company (through its shareholding in the Purchaser). Upon Completion, the accounts of Skilltime Management and its subsidiaries will be consolidated into the accounts of the Group.

Consideration:

HK\$330,000,000 (subject to adjustment)

Out of the Consideration, HK\$273,750,000 will be satisfied by the issue of the Consideration Shares and the balance of HK\$56,250,000 (subject to adjustment) will be satisfied by the issue of the Convertible Note. The Company will issue the consideration shares of 375,000,000 Shares at HK\$0.73 per Share and will issue 70,312,500 new Shares assuming an immediate exercise in full of the conversion rights attaching to the Convertible Note at the initial conversion price of HK\$0.80 (subject to adjustment(s) in the event of consolidation or sub-division of the Shares) per new Share.

The Consideration Shares represent approximately 77.8% of the issued share capital of the Company as at the date of this announcement and approximately 43.8% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. Assuming full conversion at the Conversion Price, the Company will issue 70,312,500 new Shares, which will represent approximately 14.6% of the issued share capital of the Company as at the date of this announcement and approximately 7.6% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and 70,312,500 new Shares.

Taking into account the issue price of the Consideration Shares representing (i) the closing price of HK\$0.73 of the Share as at 20 July 2005, being the last trading day immediately prior to the suspension of trading of the Shares; (ii) a discount of approximately 0.27% to the average closing price of HK\$0.732 per Share from 14 July 2005 to 20 July 2005, both dates inclusive, being the last 5 trading days immediately prior to the suspension of trading of the Shares; and (iii) a discount of approximately 0.68% to the average closing price of HK\$0.735 per Share from 7 July 2005 to 20 July 2005, both dates inclusive, being the last 10 trading days immediately prior to the suspension of trading of the Shares, the Board (which consists of (i) Mr. Lau Hin Kun, the executive Director; (ii) Professor Peter Chin Wan Fung, the independent non-executive Director; and (iii) Mr. Tsui Wing Tak, the independent non-executive Director) (note that the views of Professor Peter Chin Wan Fung and Mr. Tsui Wing Tak (both being the members of the Independent Board Committee)) are not final) considered the issue price of HK\$0.73 of the Consideration Shares is fair and reasonable as the Shareholders are concerned.

Please refer to the paragraph headed “Convertible Note” below for details of the Convertible Note.

The Board (which consists of (i) Mr. Lau Hin Kun, the executive Director; (ii) Professor Peter Chin Wan Fung, the independent non-executive Director; and (iii) Mr. Tsui Wing Tak, the independent non-executive Director) (note that the views of Professor Peter Chin Wan Fung and Mr. Tsui Wing Tak (both being the members of the Independent Board Committee) are not final) considered the terms of the Conditional Sale and Purchase Agreement including the Consideration to be fair and reasonable. The Consideration was arrived at after arm’s length negotiations with reference to the market price and no independent work was undertaken. According to the Vendor, the Vendor has recently received 3 offers in relation to the proposed acquisition of Skilltime Management (and its subsidiaries) from 3 independent third parties, namely (i) HK\$330,000,000 on 75% of Skilltime Management; (ii) HK\$480,000,000 on 100% of Skilltime Management; and (iii) RMB250,000,000 on 51% of Skilltime Management. These competing bids are perceived by the Company as the best available market comparables. On a strictly confidential basis, the Company has requested the Vendor to provide and the Board (which consists of (i) Mr. Lau Hin Kun, the executive Director; (ii) Professor Peter Chin Wan Fung, the independent non-executive Director; and (iii) Mr. Tsui Wing Tak, the independent non-executive Director) (note that the views of Professor Peter Chin Wan Fung and Mr. Tsui Wing Tak (both being the members of the Independent Board Committee) are not final) has reviewed the relevant documents in relation to such 3 offers for reference. The Company re-negotiated with the Vendor and successfully reached agreement to adopt the lowest offer among those 3 offers as the Consideration.

Upon Completion, the Company (through its shareholding in the Purchaser) will hold 75% equity interest in Skilltime Management. Pursuant to the terms of the Conditional Sale and Purchase Agreement, the Consideration shall be subject to the adjustment according to the results of the business valuation to be conducted by a firm of independent valuers to be appointed by the Purchaser on the business of Dongfeng Limin. The Group appointed RHL Appraisal Limited, an independent valuer, to conduct the relevant business valuation on 29 July 2005. According to RHL Appraisal Limited, they will adopt the Direct Comparison Approach and/or Income Approach (i.e. Discounted Cash Flow Analysis) to value the business provided by Dongfeng Limin under the Cooperation Agreement (please refer to the section headed “Information of Skilltime Management and Dongfeng Limin”. The best valuation method, which has not been decided as at the date of this announcement, will be determined upon the completion of their due diligence works and subject to the professional opinions provided by Mr. Piers Bradley Morgan, the gaming expert of RHL Appraisal Limited. The Company will comply with all relevant requirements under the GEM Listing Rules, including and not limited to the requirements as stated in Rules 19.62 (1) – (3) of the GEM Listing Rules in connection with the relevant business valuation. For the avoidance of doubt, where the results of such business valuation are not satisfactory to the Purchaser, the Purchaser shall have the absolute discretion to (i) rescind the Conditional Sale and Purchase Agreement; or (ii) proceed to Completion so far as practicable. Further details of such business valuation will be included in the circular to be dispatched to the Shareholders.

Conditions precedent:

Completion of the Conditional Sale and Purchase Agreement is subject to the following conditions being satisfied or waived by or before 31st July 2006 (or such other date as the parties to the Conditional Sale and Purchase Agreement may agree in writing):

- (a) the clearance of all announcement(s) and circular(s) required to be issued by the Company under the GEM Listing Rules and granting of all approval, if necessary, by the Stock Exchange in respect of all transactions contemplated by the Conditional Sale and Purchase Agreement;
- (b) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in (i) the Consideration Shares; and (ii) the Shares which may be issued pursuant to the exercise of the conversion rights attaching to the Convertible Note;
- (c) the passing by the Independent Shareholders in the EGM of the necessary resolutions approving the Acquisition and all incidental transactions, including (i) the allotment and issue of the Consideration Shares to the Vendor (or its nominee(s)) credited as fully paid and (where appropriate) an increase in the authorized share capital of the Company; and (ii) the issue of the Convertible Note to the Vendor (or its nominee(s));

- (d) the completion of a legal due diligence exercise and audit to be carried out by the Purchaser on the assets, liabilities, business, undertaking and prospect of Skilltime Management and its subsidiaries including without limitation, on the books, records and constitutional documents, contracts and any other documents relating to Skilltime Management and its subsidiaries and the Purchaser notifying the Vendor in writing prior to Completion that the results of such legal due diligence exercise and audit are satisfactory to the Purchaser;
- (e) the completion of a business valuation to be conducted by a firm of independent valuers to be appointed by the Purchaser on the business of Dongfeng Limin and the Purchaser notifying the Vendor in writing prior to completion that the results of such business valuation are satisfactory to the Purchaser;
- (f) the director(s) and/or the shareholder(s) of Skilltime Management passing the necessary resolutions approving the Acquisition by the Vendor;
- (g) all necessary consents and approvals as may be required in respect of the Acquisition having been obtained by the Vendor; and
- (h) all necessary consents and approvals as may be required in respect of the Acquisition having been obtained by the Purchaser.

In the event that any of the aforesaid conditions precedent is not fulfilled by the Purchaser before 31st July 2006, the Acquisition (and the Conditional Sale and Purchase Agreement) shall become null and void and neither party shall have any claim against each other, save in respect of any antecedent breach. The Board (which consists of (i) Mr. Lau Hin Kun, the executive Director; (ii) Professor Peter Chin Wan Fung, the independent non-executive Director; and (iii) Mr. Tsui Wing Tak, the independent non-executive Director) (note that the views of Professor Peter Chin Wan Fung and Mr. Tsui Wing Tak (both being the members of the Independent Board Committee) are not final) confirmed that (i) none of the aforesaid conditions can be waived by the Purchaser; and (ii) none of the aforesaid conditions has been fulfilled as at the date of this announcement.

The Board (which consists of (i) Mr. Lau Hin Kun, the executive Director; (ii) Professor Peter Chin Wan Fung, the independent non-executive Director; and (iii) Mr. Tsui Wing Tak, the independent non-executive Director) (note that the views of Professor Peter Chin Wan Fung and Mr. Tsui Wing Tak (both being the members of the Independent Board Committee) are not final) confirmed that the results of the aforesaid conditions (d) and (e) will be available (which is expected to be available within two months from the date of this announcement) to the independent financial adviser (to be appointed to advise the Independent Board Committee and the Independent Shareholders before the dispatch of the circular to the Shareholders) and disclosed in the circular to be dispatched to the Shareholder.

The Stock Exchange has stated that it will not consider the listing application of, and permission to deal in (1) the Consideration Shares; and (2) the Shares which may be issued pursuant to the exercise of the conversion rights attaching to the Convertible Note unless it is satisfied that the Company has complied with all relevant requirements under the GEM Listing Rules in connection with the major and connected transaction. In this connection, Shareholders and potential investors of the Company are advised to review all information to be contained in the circular to be dispatched.

As Completion is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

Completion:

The 5th business day after all conditions have been fulfilled or waived (as the case may be) and the Consideration Shares and Convertible Note will be issued to the Vendor upon Completion.

CONVERTIBLE NOTE

The principal terms of the Convertible Note under the Conditional Sale and Purchase Agreement are summarized as follows:

| | |
|--------------------|---|
| Issue Date: | Completion Date |
| Issuer: | The Company |
| Subscriber: | Bemaestro |
| Principal amount: | HK\$56,250,000 (subject to adjustment) |
| Interest: | 2.0 per cent per annum on the principal amount outstanding, which will be payable upon Maturity Date. |
| Maturity Date: | The fifth anniversary from the date of the issue of the Convertible Note or if such date is not a Business Day, the Business Day immediately following such date. |
| Conversion period: | The period commencing from the date immediately following the expiry of the first 12-month period from the date of issue of the Convertible Note and ending either upon the full conversion of the Convertible Note or the Maturity Date, whichever is the earlier. |

- Conversion rights:** The Noteholder will have the right at any time during the conversion period to convert in whole or in part the Convertible Note into new Shares at the Conversion Price. The Shares to be allotted and issued by the Company upon the exercise of the conversion rights in respect of the Convertible Note will rank pari passu in all respects with the Shares in issue as at the date of the conversion.
- Conversion price:** The Convertible Note is convertible into new Shares at the initial price of HK\$0.80 per new Share (subject to adjustment(s) in the event of consolidation or sub-division of the Shares).
- Redemption:** The Company will have the right at any time before the Maturity Date to redeem in whole or in part the Convertible Note plus any accrued interests. There is no restriction on early redemption and no premium will need be paid by the Company for early redemption. Should the Convertible Note not be redeemed before the Maturity Date, the Company will redeem the Convertible Note in full on the Maturity Date.
- Transferability:** The Convertible Note may only be assigned or transferred by the Noteholder with the prior written approval of the Company and the Stock Exchange (if so required).
- Listing:** The Convertible Note will not be listed on the Stock Exchange or any other stock exchange.

The Company will notify the Stock Exchange promptly as soon as the Board is aware of any connected person (as defined in the GEM Listing Rules) to the Company in dealing with the Convertible Note.

Taking into account (i) the initial conversion price of HK\$0.80 representing (a) a premium of approximately 9.6% over the closing price of HK\$0.73 of the Share as at 20 July 2005, being the last trading day immediately prior to the suspension of trading of the Shares; (b) a premium of approximately 9.3% over the average closing price of HK\$0.732 per share from 14 July 2005 to 20 July 2005, both dates inclusive, being the last 5 trading days immediately prior to the suspension of trading of the Shares; (c) a premium of approximately 8.8% to the average closing price of HK\$0.735 per Share from 7 July 2005 to 20 July 2005, both dates inclusive, being the last 10 trading days immediately prior to the suspension of trading of the Shares; (ii) the low interest rate as compared to the prime bank lending rate of approximately 6.5% per annum in Hong Kong; and (iii) no immediate dilutive effects on the shareholdings of the Shareholders, the Board (which consists of (i) Mr. Lau Hin Kun, the executive Director; (ii) Professor Peter Chin Wan Fung, the independent non-executive Director; and (iii) Mr. Tsui Wing Tak, the independent non-executive Director) (note that the views of Professor Peter Chin Wan Fung and Mr. Tsui Wing Tak (both being the members of the Independent Board Committee) are not final) considered the terms of the Convertible Note are fair and reasonable in so far as the Shareholders are concerned.

INFORMATION OF THE GROUP

The Group is principally engaged in the production and/or distribution of bee related products, other natural products and trading of edible oil. For the financial year ended 30 June 2004, the turnover, gross profit and profit attributable to Shareholders was approximately HK\$193.0 million, HK\$51.6 million and HK\$29.0 million respectively.

The following table sets out the shareholding structure of the Company before and immediately after Completion (assuming no/full exercise of the share options under the Pre-IPO SOS and the SOS) and upon full conversion of the Convertible Note (assuming no/full exercise of the share options under the Pre-IPO SOS and the SOS):

| | Before Completion | | Immediately upon Completion (assuming no/full exercise of the share options under the Pre-IPO SOS and the SOS) | | Upon full conversion of the Convertible Note (assuming no/full exercise of the share options under the Pre-IPO SOS and the SOS) | |
|--|--------------------------|----------|--|-------------------|---|-------------------|
| | <i>No. of Shares</i> | <i>%</i> | <i>No. of Shares</i> | <i>%</i> | <i>No. of Shares</i> | <i>%</i> |
| Cheung Kwai Lan and her associates (<i>Note 1</i>) | 263,460,000 | 54.65 | 488,460,000/ 488,460,000 | 56.99/ 54.39 | 530,647,500/ 530,647,500 | 57.22/ 54.80 |
| Chan Ting and his associates (<i>Note 2</i>) | 0 | 0.00 | 150,000,000/ 150,000,000 | 17.50/ 16.70 | 178,125,000/ 178,125,000 | 19.21/ 18.40 |
| Peter Chin Wan Fung (<i>Note 3</i>) | 1,730,000 | 0.36 | 1,730,000/ 2,600,000 | 0.20/ 0.29 | 1,730,000/ 2,600,000 | 0.19/ 0.27 |
| Lau Hin Kun (<i>Note 4</i>) | 805,000 | 0.17 | 805,000/ 2,405,000 | 0.09/ 0.27 | 805,000/ 2,405,000 | 0.09/ 0.25 |
| Shaw Kyle Arnold Junior and his associates (<i>Note 5</i>) | 330,000 | 0.07 | 330,000/ 1,530,000 | 0.04/ 0.17 | 330,000/ 1,530,000 | 0.03/ 0.16 |
| Other public | 215,805,000 | 44.75 | 215,805,000/ 253,005,000 | 25.18/ 28.18 | 215,805,000/ 253,005,000 | 23.26/ 26.12 |
| Total | 482,130,000 | 100.00 | 857,130,000/ 898,000,000 | 100.00/ 100.00 | 927,442,500/ 968,312,500 | 100.00/ 100.00 |

The Company has granted the following share options under the Pre-IPO share option scheme (adopted by the Company on 18 October 2002) (“**Pre-IPO SOS**”) and the share option scheme (adopted by the Company on 18 October 2002) (“**SOS**”):

| | Share options under the Pre-IPO SOS | Share options under the SOS | Total |
|---|--|--|-------------------|
| Directors | | | |
| Peter Chin Wan Fung (<i>Note 3</i>) | 870,000 | 0 | 870,000 |
| Shaw Kyle Arnold Junior (<i>Note 5</i>) | 0 | 1,200,000 | 1,200,000 |
| Lau Hin Kun (<i>Note 4</i>) | 0 | 1,600,000 | 1,600,000 |
| | <u>870,000</u> | <u>2,800,000</u> | <u>3,670,000</u> |
| Others | 0 | 37,200,000 | 37,200,000 |
| | <u>870,000</u> | <u>40,000,000</u> | <u>40,870,000</u> |

Notes:

1. Madam Cheung Kwai Lan is the chairman and executive Director of the Company.
2. Mr. Chan Ting (the son of Madam Cheung Kwai Lan and Mr. Chan Tung Mei (the spouse of Madam Cheung Kwai Lan)) is the executive Director of the Company.
3. Professor Peter Chin Wan Fung is the independent non-executive Director of the Company.
4. Mr. Lau Hin Kun is the executive Director of the Company.
5. Mr. Shaw Kyle Arnold Junior is the non-executive Director of the Company.

In the event the conversion rights attached to the Convertible Note are exercised in full, less than 25% of the Shares will be held by the public and the Company will be unable to comply with Rule 11.23 of the GEM Listing Rules. The Company has undertaken to the Stock Exchange to take appropriate steps to restore the public float and re-comply with Rule 11.23 of the GEM Listing Rules.

The Stock Exchange has stated that it will closely monitor the trading in the Shares upon full conversion of the Convertible Note. If less than 25% (or such lower percentage as may be allowed under the GEM Listing Rules) of the Shares are held by the public, it will constitute a breach of the GEM Listing Rules, and if the Stock Exchange believes that:

- a false market exists or may exist in the trading in the Shares; or
- there are too few Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend trading in the Shares until a sufficient public float is attained.

INFORMATION OF SKILLTIME MANAGEMENT AND DONGFENG LIMIN

Skilltime Management is incorporated on 25 May 2005 with limited liability in the British Virgin Islands. It is an investment holding company and a wholly-owned subsidiary of the Vendor. The net asset value of Skilltime Management amounted to approximately HK\$3,000 as at 20 July 2005 and it had a loss of approximately HK\$5,000 for the period from 25 May 2005 to 20 July 2005 on a consolidated basis based on its management accounts. Through High Technology Limited and its 75% non-wholly owned subsidiary (Dongfeng Limin), Skilltime Management will be engaged in the provision of technical support and maintenance services to Beijing Zhongmin Dongfeng's welfare lottery business in the PRC.

High Technology Limited is a company incorporated on 25 May 2001 in Hong Kong and wholly owned by the Vendor before Completion of the Acquisition. It is the immediate investment holding company of Dongfeng Limin. The net liability of High Technology Limited amounted to approximately HK\$23,000 as at 30 June 2004 and approximately HK\$30,000 as at 30 June 2005 and it had a loss of approximately HK\$8,000 for the period from 1 July 2003 to 30 June 2004 and approximately HK\$8,000 for the period from 1 July 2004 to 30 June 2005 based on its management accounts.

Dongfeng Limin is a sino-foreign equity joint venture incorporated in the PRC on 6 June 2005 and Dongfeng Limin is still in its establishment stage and has no operating track record. According to its business licence, the scope of business of Dongfeng Limin includes the production and sales of electronic products, computer software and hardware, etc. Dongfeng Limin has engaged experts to carry on the business under the Cooperation Agreement. The net asset value of Dongfeng Limin amounted to approximately HK\$58,000 as at 20 July 2005.

Pursuant to the cooperation agreement dated 19 July 2005 (as supplemented by a supplemental agreement dated 5 August 2005) (the “**Cooperation Agreement**”) with Beijing Zhongmin Dongfeng, Dongfeng Limin will provide the following services to Beijing Zhongmin Dongfeng’s welfare lottery business on an exclusive basis (and no other parties will be engaged by Beijing Zhongmin Dongfeng) for a term of 30 years, in consideration for a service fee calculated at 75% of the sales revenue generated from Beijing Zhongmin Dongfeng’s welfare lottery business (as Beijing Zhongmin Dongfeng will be entitled to 6% of the total income generated from the welfare lottery shops, Dongfeng Limin will be entitled to an effective interest of 4.5% of such total income):

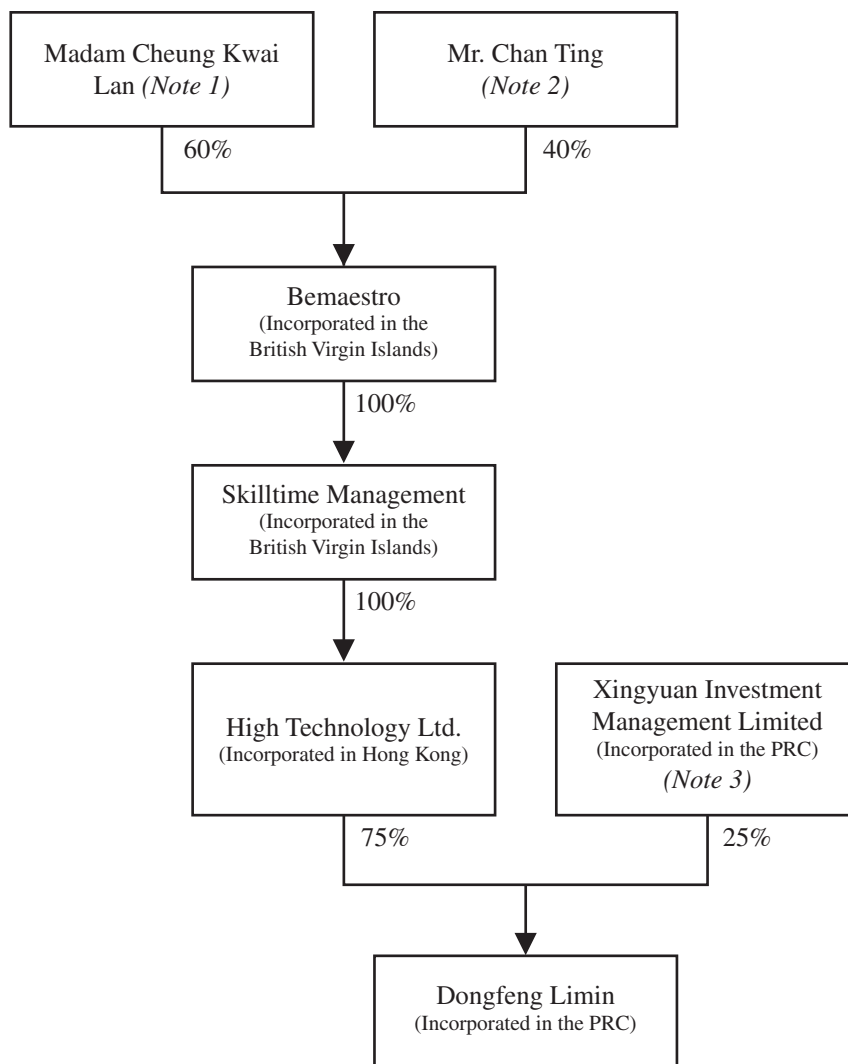
- (i) advice on the design and establishment of the welfare lottery shops of Beijing Zhongmin Dongfeng in the PRC;
- (ii) assistance in the establishment and day-to-day maintenance of the welfare lottery shops of Beijing Zhongmin Dongfeng in the PRC;
- (iii) provision of technical support and maintenance services in respect of the software and hardware used in the welfare lottery shops of Beijing Zhongmin Dongfeng in the PRC; and
- (iv) coordination of the marketing and promotion of the welfare lottery shops of Beijing Zhongmin Dongfeng in the PRC

The Board (which consists of (i) Mr. Lau Hin Kun, the executive Director; (ii) Professor Peter Chin Wan Fung, the independent non-executive Director; and (iii) Mr. Tsui Wing Tak, the independent non-executive Director) (note that the views of Professor Peter Chin Wan Fung and Mr. Tsui Wing Tak (both being the members of the Independent Board Committee) are not final) further confirmed no minimum fee/maximum cap has been set and no expenses is to be borne by Dongfeng Limin under the Cooperation Agreement.

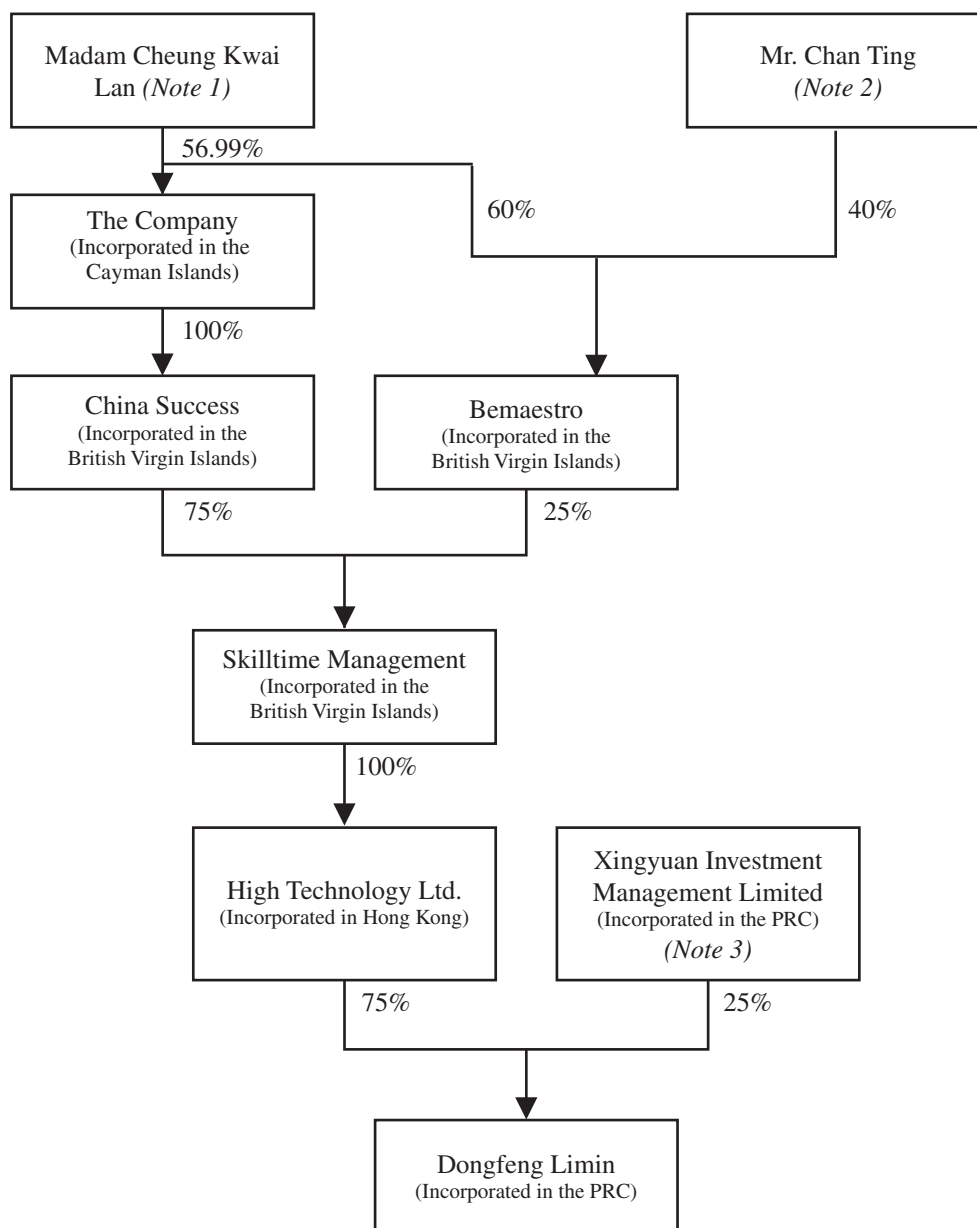
Beijing Zhongmin Dongfeng has been granted with the necessary license, approval or authorization by the Ministry of Civil Affairs of the PRC (民政部), a PRC governmental body, to manage and/or operate lottery sales/distribution and other related business in the PRC. Beijing Zhongmin Dongfeng is principally engaged in the establishment and management of the point of sales of welfare lottery business. Beijing Zhongmin Dongfeng is the subsidiary of the Ministry of Civil Affairs and is licensed as a specialized entity to operate and run the welfare lottery business. The relevant licence has provided no specific term and has not indicated that it is of an exclusive nature.

The following sets out the shareholding structure of Skilltime Management before and immediately after Completion:

Before Completion



Immediately upon Completion



Notes:

1. Madam Cheung Kwai Lan is a substantial Shareholder and an executive Director of the Company.
2. Mr. Chan Ting (the son of Madam Cheung Kwai Lan and Mr. Chan Tung Mei (the spouse of Madam Cheung Kwai Lan)) is an executive Director of the Company.
3. Xingyuan Investment Management Limited is a company incorporated in the PRC and owned by parties who are independent and not connected with the Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or any associate (as defined in the GEM Listing Rules) of any of them.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the production and/or distribution of bee related products, other natural products and trading of edible oil. After Completion, the Group will continue to be principally engaged in the aforesaid business. The Group has been actively looking for investment opportunities in various fields. The Board (which consists of (i) Mr. Lau Hin Kun, the executive Director; (ii) Professor Peter Chin Wan Fung, the independent non-executive Director; and (iii) Mr. Tsui Wing Tak, the independent non-executive Director) (note that the views of Professor Peter Chin Wan Fung and Mr. Tsui Wing Tak (both being the members of the Independent Board Committee) are not final) considered that the Acquisition is in line with the long-term investment objective of the Company to expand its businesses and diversify the revenue base of the Group.

In the PRC, the government's revenue arising from welfare lottery business has been used as a means of funding for the improvement of social security and welfare system. The Board (which consists of (i) Mr. Lau Hin Kun, the executive Director; (ii) Professor Peter Chin Wan Fung, the independent non-executive Director; and (iii) Mr. Tsui Wing Tak, the independent non-executive Director) (note that the views of Professor Peter Chin Wan Fung and Mr. Tsui Wing Tak (both being the members of the Independent Board Committee) are not final) considered that the policy of the Chinese government towards the development of the welfare lottery industry in the PRC presents business opportunities for the Company, and as such, the Company entered into the Conditional Sale and Purchase Agreement.

Subject to Completion, the Board (which consists of (i) Mr. Lau Hin Kun, the executive Director; (ii) Professor Peter Chin Wan Fung, the independent non-executive Director; and (iii) Mr. Tsui Wing Tak, the independent non-executive Director) (note that the views of Professor Peter Chin Wan Fung and Mr. Tsui Wing Tak (both being the members of the Independent Board Committee) are not final) confirmed that the Company has no current concrete plan on how to manage Dongfeng Limin's business save with the intention to engage business expert to manage Dongfeng Limin's business. As the Conditional Sale and Purchase Agreement is conditional upon (amongst other things) the completion of a legal due diligence exercise and audit on the assets, liabilities, business, undertaking and prospect of Skilltime Management and its subsidiaries and the completion of a business valuation on the business of Dongfeng Limin, the Board (which consists of (i) Mr. Lau Hin Kun, the executive Director; (ii) Professor Peter Chin Wan Fung, the independent non-executive Director; and (iii) Mr. Tsui Wing Tak, the independent non-executive Director) (note that the views of Professor Peter Chin Wan Fung and Mr. Tsui Wing Tak (both being the members of the Independent Board Committee) are not final) considered that it is beneficial for the Group to enter into the Conditional Sale and Purchase Agreement at this stage. Upon the Group's further conduction of its legal due diligence exercise and full access to the information on Skilltime Management and its subsidiaries, the Company can better structure its plan on managing Dongfeng Limin's business.

Taking into account that (i) Beijing Zhongmin Dongfeng, the business partner of Dongfeng Limin under the Cooperation Agreement, is the subsidiary of the Ministry of Civil Affairs and is licensed as a specialized entity to operate and run the welfare lottery business; (ii) according to the China Welfare Lottery Centre & National Statistics (the issue of May 2003), the market size of the welfare lottery industry is RMB1.8 billion in 1994 and RMB30 billion in 2002 (the relevant compound annual growth rate between 1994 and 2002 is 42%); (iii) the calculation of the service fee under the Cooperation Agreement; and (iv) the length of the exclusive licence (30 years) under the Cooperation Agreement, the Board (which consists of (i) Mr. Lau Hin Kun, the executive Director; (ii) Professor Peter Chin Wan Fung, the independent non-executive Director; and (iii) Mr. Tsui Wing Tak, the independent non-executive Director) (note that the views of Professor Peter Chin Wan Fung and Mr. Tsui Wing Tak (both being the members of the Independent Board Committee) are not final) considered that the terms of the Conditional Sale and Purchase Agreement are fair and reasonable and in the interest of the Shareholders as a whole. The Board (which consists of (i) Mr. Lau Hin Kun, the executive Director; (ii) Professor Peter Chin Wan Fung, the independent non-executive Director; and (iii) Mr. Tsui Wing Tak, the independent non-executive Director) (note that the views of Professor Peter Chin Wan Fung and Mr. Tsui Wing Tak (both being the members of the Independent Board Committee) are not final) further wish to mention that the Completion of the Conditional Sale and Purchase Agreement is subject to, amongst other things, the completion of a legal due diligence exercise and audit on the accounts of Skilltime Management and its subsidiaries for the two years ended 30 June 2005 as well as the completion of a business valuation to be conducted by RHL Appraisal Limited, an independent valuer appointed by the Company.

RISKS RELATING TO THE BUSINESS OF DONGFENG LIMIN

Attention of Shareholders and potential investors of the Company is also drawn to the following:

1. Dongfeng Limin has no proven operating track record and its success will depend on its cooperation with Beijing Zhongmin Dongfeng under the Cooperation Agreement and the success of Beijing Zhongmin Dongfeng's welfare lottery business.
2. There is material difference between the net asset value of Skilltime Management and its subsidiaries and the Consideration (which is subject to adjustment).
3. There is no assurance that the future profitability of the Group will not be adversely affected if the Group fails to manage the business of Dongfeng Limin successfully in the future.
4. The Company is unfamiliar with and has no expertise in the business of Dongfeng Limin and has no current concrete plan on how to manage Dongfeng Limin's business save with the intention to engage business expert to manage Dongfeng Limin's business.
5. There is no assurance that the business expert to be engaged can manage Dongfeng Limin's business successfully and that the Group's future plan on how to manage Dongfeng Limin's business can be successful.

As Completion is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

GENERAL

Madam Cheung Kwai Lan is a substantial Shareholder and an executive Director of the Company. Mr. Chan Ting (the son of Madam Cheung Kwai Lan and Mr. Chan Tung Mei) is an executive Director of the Company. The Vendor beneficially owned as to 60% and 40% by Madam Cheung Kwai Lan and Mr. Chan Ting (the son of Madam Cheung Kwai Lan) respectively and thus a connected person of the Company under the GEM Listing Rules. Accordingly, under the GEM Listing Rules, the entering into of the Conditional Sale and Purchase Agreement constitutes a major and connected transaction of the Company, and is subject to the approval of the Independent Shareholders in the EGM at which voting will be taken by poll. Madam Cheung Kwai Lan, Mr. Chan Tung Mei (the spouse of Madam Cheung Kwai Lan), Mr. Chan Ting (the son of Madam Cheung Kwai Lan and Mr. Chan Tung Mei) and their respective associates will abstain from voting on the resolution to approve the Acquisition at the EGM. An Independent Board Committee of the Company will be established to consider the Acquisition and to advise the Independent Shareholders. An independent financial adviser will be appointed to advise the Independent Board Committee of the Company and the Independent Shareholders regarding the Acquisition.

A circular containing, amongst other things, (i) a notice convening the EGM for the purposes of approving the Acquisition; (ii) further details relating to the Acquisition; (iii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition; and (iv) a letter from an independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the Acquisition will be dispatched to the Shareholders as soon as practicable.

As at the date of this announcement, the executive Directors are Madam Cheung Kwai Lan, Mr. Chan Tung Mei, Mr. Lau Hin Kun and Mr. Chan Ting; the non-executive Director is Mr. Shaw Kyle Arnold Junior; and the independent non-executive Directors are Professor Peter Chin Wan Fung, Mr. Tian He Nian, Mr. Du Ying Min and Mr. Tsui Wing Tak.

SUSPENSION OF TRADING

Trading in the Shares on GEM has been suspended since 9:30 a.m. on 21 July 2005 at the request of the Company, pending the release of this announcement. Application for the resumption of trading in the Shares from 9:30 a.m. on 12 August 2005 has been made to the Stock Exchange.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

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| “Acquisition” | the acquisition of a 75% equity interest in Skilltime Management, a company incorporated in the British Virgin Islands |
| “Beijing Zhongmin Dongfeng” | Beijing Zhongmin Dongfeng Welfare Business Development Company (北京中民東方公益事業發展公司), a company incorporated on 1 January 1994 in the PRC and owned by parties who are independent and not connected with the Director, chief executive or substantial Shareholder of the Company or any of its subsidiaries or any associate (as defined in the GEM Listing Rules) of any of them |
| “Bemaestro” or “Vendor” | Bemaestro International Limited, a company incorporated in the British Virgin Islands with limited liability and as to 60% and 40% beneficially owned by Madam Cheung Kwai Lan and Mr. Chan Ting (the son of Madam Cheung Kwai Lan and Mr. Chan Tung Mei (the spouse of Madam Cheung Kwai Lan)) respectively. Madam Cheung Kwai Lan is a substantial Shareholder and an executive Director of the Company. Mr. Chan Ting is an executive Director of the Company |
| “Business Day” | any day (other than a Saturday and a Sunday) on which banks in Hong Kong are generally open for business |
| “Board” | the board of the Directors of the Company |
| “China Success” or “Purchaser” | China Success Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company |
| “Company” | B & B Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM |
| “Completion” | Completion of the Acquisition under the Conditional Sale and Purchase Agreement |
| “Completion Date” | the 5th business day after all conditions under the Conditional Sale and Purchase Agreement have been fulfilled or waived (as the case may be) |

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| “Conditional Sale and Purchase Agreement” | the agreement entered into between Bemaestro and China Success dated 10 August 2005 in relation to the Acquisition |
| “Consideration Shares” | the consideration shares of 375,000,000 Shares to be issued at HK\$0.73 per Share under the Conditional Sale and Purchase Agreement |
| “Convertible Note” | the Convertible Note to be issued by the Company to the Vendor under the Conditional Sale and Purchase Agreement |
| “Conversion Price” | the initial conversion price of HK\$0.80 (subject to adjustment(s) in the event of consolidation or sub-division of the Shares) per new Share under the Convertible Note |
| “Directors” | directors of the Company |
| “Dongfeng Limin” | Dongfeng Limin Technology Limited (東方利民富民科技有限公司), a sino-foreign equity joint venture incorporated in the PRC on 6 June 2005, and as to respective 75% and 25% interest beneficially owned by Skilltime Management and Xingyuan Investment |
| “GEM” | the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | An independent committee of the Board, comprising Professor Peter Chin Wan Fung, Mr. Tian He Nian, Mr. Du Ying Min and Mr. Tsui Wing Tak (all of them are independent non-executive Directors), appointed to consider the Acquisition and to advise the Independent Shareholders |
| “Independent Shareholders” | Shareholders other than the Vendor, Madam Cheung Kwai Lan, Mr. Chan Tung Mei and Mr. Chan Ting and their respective associates (as defined in the GEM Listing Rules) |
| “Maturity Date” | the fifth anniversary from the date of the issue of the Convertible Note or if such date is not a Business Day, the Business Day immediately following such date |

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| “Shareholders” | holders of the Shares |
| “Share(s)” | par value of ordinary share(s) of HK\$0.01 each in the issued share capital of the Company |
| “Skilltime Management” | Skilltime Management Limited, a company incorporated on 25 May 2005 in the British Virgin Islands and wholly owned by the Vendor before Completion of the Acquisition |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “HK\$” | Hong Kong Dollars, the lawful currency of Hong Kong |
| “RMB” | Renminbi, the lawful currency of the PRC. |
| “Xingyuan Investment” | Xingyuan Investment Management Limited (星源投資管理有限公司), a company incorporated in the PRC, the beneficial owners of which are independent and not connected with the Director, chief executive or substantial Shareholder of the Company or any of its subsidiaries or any associate (as defined in the GEM Listing Rules) of any of them) |
| “%” | per cent. |

Unless otherwise stated, amounts in RMB have been translated into HK\$ at an exchange rate of RMB1.04:HK\$1. Such conversion shall not be construed as a representation that amounts of RMB were or may have been converted into HK\$ (as the case may be) using such exchange rate or any other.

By order of the Board of
B & B Group Holdings Limited
Chan Ting
Director

Hong Kong, 11 August 2005

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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: (1) the information contained in this announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting.