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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)



A P T U S

Aptus Holdings Limited

(問博控股有限公司)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8212)

JOINT ANNOUNCEMENT

DISCLOSEABLE TRANSACTION

VERY SUBSTANTIAL ACQUISITION

**ACQUISITION OF
EQUITY INTEREST**

**ACQUISITION OF EQUITY
INTEREST AND
RESUMPTION OF TRADING**

The Boards are pleased to announce that on 17th June, 2005, Good United has entered into the Agreement with, among others, China United for the acquisition of an aggregate of 70% equity interest in CNPC Investment (“華油中匯”) 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 of B & B. A circular containing, inter alia, further information of the Agreement and the transactions contemplated therein will be dispatched to the B & B Shareholders as soon as possible.

Under the GEM Listing Rules, the Agreement and the transactions contemplated therein constitute a very substantial acquisition of Aptus and will be subject to approval by the Aptus Shareholders in the EGM. A circular containing, inter alia, further information of the Agreement and the transactions contemplated therein and the notice of the EGM will be dispatched to the Aptus Shareholders as soon as possible.

Trading in the Aptus Shares has been suspended since 9:30 a.m. on 20th June, 2005, pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Aptus Shares from 9:30 a.m. on 23rd June, 2005.

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 and Aptus 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 Aptus and connected persons (as defined in the GEM Listing Rules) of B & B and Aptus. 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. For further information of Xin Jiang Oilfield, please refer to the sub-section headed "Xin Jiang Oilfield". China United is currently holding 100% of the equity interest in CNPC Investment and after completion of the Acquisition, it will be holding 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 HK\$0.51 for each Aptus Share on 17th June, 2005, being the last trading day immediately before publication of this announcement, the value of the Consideration Shares should have amounted to HK\$10,200,000).

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 Group recorded revenue of approximately HK\$17.2 million and HK\$34.4 million and net

loss of approximately HK\$53.3 million and HK\$12.5 million respectively. Also, according to its management accounts as at 31st March, 2005, the Aptus Group had cash and bank balances of approximately HK\$12.5 million. The Directors confirmed that the cash consideration of HK\$5 million 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 date of the announcement and approximately 1.28% of the issued share capital of Aptus as enlarged by the issue of the Consideration Shares. The Aptus 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.

B & B is currently indirectly holding approximately 60% 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\$0.5 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 publication of this 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 this announcement and (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 this announcement.

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 Agreement 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;
- (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 Aptus 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 date this announcement, the relevant work for fulfilment of conditions (a), (b), (f), (g), (j), (k) and (l) has commenced but none of which has 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 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 date of this announcement. In the event any condition is waived by Good United, B & B and

Aptus will inform the Shareholders the waiver granted in the circular(s) in relation to the Acquisition and/or 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 B & B Group is principally engaging in the production and distribution of bee related products and other natural products and the B & B Directors confirmed that the B & B Group will continue to engage in such principal business upon completion of the Acquisition. The Aptus Group is currently engaging in the principal business of trading of edible oil and the Aptus Directors confirmed that the principal business of Aptus will be changed to mining and exploration 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 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 Listing Rules) of B & B and Aptus. 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. It was agreed that Hua You would be entitled to management fee for CNPC Investment's projects but would not be entitled to any equity interest nor right of profit sharing. For Xin Jiang Oilfield solely, Hua You is entitled to an annual management fee of RMB200,000 (approximately HK\$188,679) and such amount was agreed between CNPC Investment and Hua You before execution of the Agreement. For other projects of CNPC Investment, the management fee will be payable on a case by case basis subject to further negotiations between the parties. As explained below, since mining has not commenced in Xin Jiang Oilfield, no management fee has been paid to Hua You as at the date of this announcement. 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 upon completion of the Acquisition. Based on the existing financial position of the Aptus Group, the Aptus 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 the Aptus Group at the relevant time of payment. 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 date of this announcement, the Directors do not expect any further material investment which will be payable by the Aptus Group for the subject project.

As mentioned above, the Directors expect that the registered capital 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 the Aptus Group at the relevant time of payment. Also, as explained above, HK\$5,000,000 out of the HK\$15,000,000 consideration will be payable in cash from internal cash and bank reserves of the Aptus Group and the remaining balance of HK\$10,000,000 will be settled by issue of the Consideration Shares. In view of the good potential arising from the subject project as explained in the section headed “Reasons for the Acquisition”, 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 and Aptus will inform the Shareholders the situation in further announcement(s).

Upon completion of the Acquisition, CNPC Investment will become a subsidiary of B & B and Aptus. As mentioned above, China United will be holding the remaining 30% equity interest in CNPC Investment upon completion of the Acquisition and will be entitled to appoint one director to the board of directors of 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.

As mentioned above, 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. Financial information of CNPC Investment prepared under the Hong Kong Generally Accepted Accounting Principles will be disclosed in the circular in relation to the Acquisition of Aptus.

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 but as stated in the sub-section headed “Conditions”, 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 Listing Rules) of B & B and Aptus, 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.

In order to protect the interest of the Aptus Group and to give a better understanding of Xin Jiang Oilfield to the Aptus Shareholders, the Aptus Group intends to engage its own qualified valuer(s) to conduct valuation on Xin Jiang Oilfield before completion of the Agreement and such valuation report (including further information on Xin Jiang Oilfield) will be disclosed by Aptus in the circular in relation to the Acquisition and/or further announcement(s). The Directors expect that the valuation report will contain substantially the same information as required under Rules 18.09 and 18.10 of The Rules Governing the Listing of Securities on the Stock Exchange of the Main 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 world oil markets.

The Aptus Group and China United knew each other through business associations between the Aptus Directors and the management of China United. From such business associations, the Directors 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 firms in the PRC, and engaging in the production and marketing of oil and gas products, production of latest building materials and gas development and exploitation in the PRC, has extensive experience in mining industries in the PRC; and (b) the Acquisition

permits the Aptus Group to share 70% of the remaining 80% profit arising from mining of oil in Xin Jiang Oilfield after distributing 20% of the profit to CPG, the Directors believe that the profit from the mining business of Xin Jiang Oilfield is prosperous and able to enhance the Aptus 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.

As mentioned above, the Aptus Group shall be obliged to pay up RMB70,000,000 (approximately HK\$66,037,736) registered capital of CNPC Investment over three years after completion of the Acquisition and it is expected that 50% of such capital commitment will be financed by bank borrowings. In this regard, the Aptus Board aims to maintain the gearing ratio of the Aptus Group to not 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 and the Aptus Shareholders as a whole respectively.

GENERAL

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

Aptus will make an application to the Stock Exchange to seek approval for the listing of, and permission to deal in the Consideration Shares.

Under the GEM Listing Rules, the Agreement and the transactions contemplated therein constitute a discloseable transaction of B & B. A circular containing, *inter alia*, further information of the Agreement and the transactions contemplated therein will be dispatched to the B & B Shareholders as soon as possible.

Under the GEM Listing Rules, the Agreement and the transactions contemplated therein constitute a very substantial acquisition of Aptus and will be subject to approval by the Aptus Shareholders in the EGM. To the best of the Aptus Directors' knowledge, information and having made all reasonable enquires, no Aptus Shareholder is required to abstain from voting for the approval of the Agreement and the transactions contemplated therein and the issue of the Consideration Shares in the EGM. A circular, containing *inter alia*, further information of the Agreement and the transactions contemplated therein and the notice of EGM will be dispatched to the Aptus Shareholders as soon as possible.

SUSPENSION AND RESUMPTION OF TRADING IN APTUS SHARES

Trading in the Aptus Shares has been suspended since 9:30 a.m. on 20th June, 2005, pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Aptus Shares from 9:30 a.m. on 23rd June, 2005.

DEFINITIONS

The following defined terms are used in this announcement:

“Acquisition”	the acquisition of 70% equity interest in CNPC Investment from China United by Good United pursuant to the Agreement
“Agreement”	referring to 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
“Aptus Board”	the board of Aptus Directors
“Aptus Directors”	the directors of Aptus
“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 Shareholders”	the holders of the Aptus Shares
“B & B”	B & B Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability
“B & B Board”	the board of B & B Directors
“B & B Directors”	the directors of B & B
“B & B Group”	B & B and/or its subsidiaries or any of them (excluding the Aptus Group)
“B & B Shares”	ordinary shares of HK\$0.01 each in the capital of B & B
“B & B Shareholders”	the holders of the B & B Shares
“Boards”	the B & B Board and Aptus Board

“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
“Directors”	the B & B Directors and Aptus Directors
“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
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Group”	the B & B Group and 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
“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
“Shareholders”	the B & B Shareholders and Aptus Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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

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

By order of the Board
Aptus Holdings Limited
Chan Ting
Director

Hong Kong, 22nd June, 2005

The Aptus Directors as at the date of this announcement are:

Executive Directors:

Madam Cheung Kwai Lan, Mr Chan Ting and Mr Fung King Him, Daniel

Independent non-executive Directors:

Mr Tian He Nian, Mr Zhao Zhi Ming and Mr Tsui Wing Tak

The B & B Directors as at the date of this announcement are:

Executive Directors:

Madam Cheung Kwai Lan, Mr Chan Tung Mei, Mr. Lau Hin Kun and Mr Chan Ting

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 and Mr Tsui Wing Tak

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 B & B and Aptus. 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.

* For identification purposes only