
THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in B & B Group Holdings Limited, you should at once hand this circular, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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 TRANSACTION

DISPOSAL OF AN INTEREST IN AN ASSOCIATE COMPANY

A notice convening the extraordinary general meeting of B & B Group Holdings Limited to be held at the 30th Floor, Sunshine Plaza, No. 353 Lockhart Road, Hong Kong on 12th June, 2006 at 10:00 a.m. is set out on pages 20 to 21 of this circular. Whether or not you are able to attend the extraordinary general meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the principal place of business of B & B Group Holdings Limited at the 30th Floor, Sunshine Plaza, No. 353 Lockhart Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the extraordinary general meeting or any adjourned meeting (as the case may be) should you so wish.

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.

22nd May, 2006

* for identification purpose only

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

“Agreement”	the agreement dated 13th April, 2006 and entered into between Loyalion Limited and Hunan Apollo in relation to the Disposal
“Company”/“B & B”	B & B Group Holdings Limited (中國蜂業集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the GEM board of the Stock Exchange
“Directors”	the directors of the Company
“Disposal”	the disposal by Loyalion Limited of a 20.83% equity interest in JV Company to Hunan Apollo pursuant to the Agreement
“EGM”	means the extraordinary general meeting of the Company to be held at the 30th Floor, Sunshine Plaza, No. 353 Lockhart Road, Hong Kong on 12th June, 2006 at 10:00 a.m., the notice of which is set out on pages 20 to 21 of this circular
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hunan Apollo”	湖南友誼阿波羅股份有限公司 (Hunan Friendship Apollo Company Limited), a joint stock limited company incorporated in the PRC which is owned by 長沙市商業國有資產經營有限公司 (Chang Sha City Commercial State Owned Asset Operation Company Limited), 友阿公司工會 (You A Company Union) and 15 other individuals, each of which is an Independent Third Party

DEFINITIONS

“Independent Third Party”	a party who is independent from and not connected with any connected person (within the meaning of the GEM Listing Rules) of the Company
“JV Company”	Your Mart Co. Ltd., a joint stock limited company incorporated in the PRC
“Latest Practicable Date”	19th May, 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Loyalion Limited”	Loyalion Limited, a wholly owned subsidiary of the Company
“Notice”	means the notice convening the EGM which is set out on pages 20 to 21 of this circular
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of HK\$0.01 each of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD



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

Non-executive Director:

Mr. Shaw Kyle Arnold Junior

Independent non-executive Directors:

Mr. Tian He Nian

Mr. Zhao Zhi Ming

Mr. To Yan Ming Edmond

Registered office:

Century Yard

Cricket Square

Hutchins Drive, P.O. Box 2681GT

George Town, Grand Cayman

British West Indies

Cayman Islands

*Head office and principal place
of business in Hong Kong:*

30th Floor, Sunshine Plaza

353 Lockhart Road

Hong Kong

22nd May, 2006

To the B & B Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION

DISPOSAL OF AN INTEREST IN AN ASSOCIATE COMPANY

THE DISPOSAL

The Board announced that on 13th April, 2006, Loyalion Limited, a wholly owned subsidiary of the Company, entered into the Agreement with Hunan Apollo in relation to the disposal by Loyalion Limited of a 20.83% equity interest in JV Company. The principal terms and conditions of the Agreement are set out below.

* for identification purpose only

LETTER FROM THE BOARD

AGREEMENT

Date: 13th April, 2006

Parties: (a) Loyalion Limited (as vendor)
(b) Hunan Apollo (as purchaser)

The Directors confirmed that to the best of their knowledge, information and belief having made all reasonable enquiry, Hunan Apollo and its ultimate beneficial owners are Independent Third Parties. So far as the Directors are aware, Hunan Apollo carries on the business of distribution and retail of consumable goods including clothing, footwear and electronic equipment in the PRC.

Subject matter of the Agreement: a 20.83% equity interest in JV Company.

Completion: Completion of the Disposal will take place on the third Business Day following Loyalion Limited having notified Hunan Apollo about the satisfaction of the conditions precedent referred to in the paragraph headed “Conditions precedent” below but in any event no later than 30th June, 2006.

Consideration

As announced by the Company on 28th November, 2003, the Group, together with the promoters established JV Company with a registered capital of RMB144,000,000 (approximately HK\$135,849,000). The Group’s contribution to JV Company is RMB45,000,000 (approximately HK\$42,453,000).

The consideration for the Disposal (“Consideration”) is RMB56,446,000 (approximately HK\$54,275,000) which was determined after arm’s length negotiations and was arrived at after taking into account a price to earnings ratio of 4 times the audited profit of JV Company for the year ended 31st December, 2005. The Consideration represents a premium of approximately RMB11,446,000 (approximately HK\$11,006,000) to the cost of investment. The Consideration also represents a discount of RMB9,627,000 (approximately HK\$9,257,000) to the net assets value of JV Company as at 28th February, 2006. In view of the fact that the Consideration was determined by the parties on an arm’s length basis, the Directors (including the independent non-executive Directors) are of the view that the basis for determination of the Consideration as set out above is fair and reasonable.

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The audited profit before taxation and extraordinary item of JV Company for the period from 7th June, 2004 (date of incorporation) to 31st December, 2004 and for the year ended 31st December, 2005 are approximately RMB27,592,000 (approximately HK\$26,531,000) and approximately RMB93,729,000 (approximately HK\$90,124,000) respectively.

The audited profit after taxation of JV Company for the period from 7th June, 2004 (date of incorporation) to 31st December, 2004 and for the year ended 31st December, 2005 are approximately RMB12,070,000 (approximately HK\$11,606,000) and approximately RMB67,664,000 (approximately HK\$65,062,000) respectively.

The net assets value of JV Company was approximately RMB317,200,000 (approximately HK\$305,000,000) as at 28th February, 2006.

Conditions Precedent

The completion of the Disposal is subject to Shareholders' approval at the EGM of the Agreement and the transaction contemplated thereunder. The Agreement shall be terminated forthwith in the event that the approval of the Shareholders is not obtained on or before 30th June, 2006.

INFORMATION ON JV COMPANY

JV Company is primarily engaged in the distribution and retail of consumable goods, including, clothing, footwear and electronic equipment in Hunan Province, the PRC. JV Company has 10 retail shopping centers and stores, mainly in the form of department stores and supermarkets, with a total area of not less than 155,050 sq.m.. Income of these department stores are derived from its retail business and rental to third parties retailers. The shopping centers are mainly for the retail of various consumable goods including clothing, sports equipment, footwear and electronic equipment etc.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the research and development and application of information technology in the lottery field and of production and/or distribution of bee related products, other natural products and trading of edible oil and oilfield mining and exploration. The disposal of JV Company would allow the Group to focus its resources on investments in which the Group has controlling interests and/or management or operational control. Prior to the Disposal, the Company did not have operation or management control of JV Company. The Directors believe it is in the interest of the Company and its Shareholders that the Group focus on information technology in the lottery related field, natural products business and oilfield mining and exploration. Accordingly, the Group had decided to enter into the Agreement. Following the Disposal, the

LETTER FROM THE BOARD

business of the Group will be research and development and application of information technology in the lottery field and of production and/or distribution of bee related products, other natural products and trading of edible oil and oilfield mining and exploration.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole. The consideration was arrived at on a willing buyer willing seller basis having regards to the fact that the equity interest in JV Company is illiquid and that the consideration is greater than that paid for by the Company for the same interest in 2003.

USE OF PROCEEDS

The Group intends to place the net proceeds from the Disposal of approximately HK\$54,275,000 in short term deposits with financial institutions or licensed banks in Hong Kong until suitable investments can be identified. Currently, no suitable investment has been identified. A small portion of the proceeds of not more than 15% may be used as general working capital. A further announcement will be made by the Company when a suitable investment project is identified by the Company.

FINANCIAL EFFECT ON THE DISPOSAL

Prior to the completion of the Disposal, JV Company is an associate of the Company.

After the completion of the Disposal, the Company no longer holds any direct or indirect shareholding interests in JV Company and therefore JV Company will cease to be an associate of the Company. It is estimated that, as a result of the Disposal, the Group will record a loss of approximately HK\$4,544,000 up to 31st December, 2005. This is calculated on the basis of equity accounting which is equal to the Consideration less the investment cost and the share of profit of JV Company.

The profit attributable to the Group from the JV Company for the period from 7th June, 2004 (being the date of incorporation of JV Company) to 30th June, 2005 (being the year end date of the Company) was approximately HK\$11,081,000. The profit attributable to the Group from the JV Company for the period from 1st July, 2005 to 31st December, 2005 was approximately HK\$4,852,000. The Disposal is expected to have an effect on the financials of the Company given that the profit attributable to the Group from JV Company for the year ended 30th June, 2005 represented approximately 35% of the total profit of the Group. There may be short term negative impact on the financial position of the Group as a result of the Disposal but at the same time the cash position of the Group will be strengthened. However, the Disposal is not expected to have an effect on the business or operations of the Group as the Group does not carry on the business of distribution and retail of consumable goods including clothing, footwear and electronic equipment in the PRC and the interest in JV Company was held as an investment only.

LETTER FROM THE BOARD

Statement of Indebtedness

As at 30th April, 2006, the Group has secured bank borrowings and other borrowings of approximately HK\$32,076,000.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, loans, bank overdraft or other similar indebtedness, financial lease or hire purchase commitments, liabilities under acceptance or acceptance credits or guarantees or other contingent liabilities as at 30th April, 2006.

Save as disclosed above, the Directors confirm that there has been no material change in the indebtedness and contingent liabilities of the Group since 30th April, 2006.

Working Capital

After due and careful enquiry and taking into account the estimated net proceeds from the Disposal upon its completion, the Directors are satisfied that the Group will have available sufficient working capital for the Group's present requirements, that is for at least the next 12 months from the date of publication of this circular.

Business Review

The Group is principally engaged in the research and development and application of information technology in the lottery field and of production and/or distribution of bee related products, other natural products and trading of edible oil and oilfield mining and exploration. For the year ended 30th June, 2005, the Group has recorded a turnover of approximately HK\$189,131,000 and a net profit of approximately HK\$31,685,000, which represented a slightly decrease of approximately 2.0% and an increase of approximately 9.2% respectively compared to prior year. For the six months ended 31st December, 2005, the Group has recorded a turnover of approximately HK\$44,061,000 and a net profit of approximately HK\$12,090,000, representing a decrease of approximately 59.2% and 39.3% over the corresponding period of last year.

The Group has been actively looking for investment opportunities in various fields which could broaden the Group's base income stream. With the continuous development of the PRC economy, the lottery business has witnessed rapid growth. The Directors believe the growth will be sustainable in the foreseeable future. On 28th November, 2005, the Group, entered into the agreement (supplemented by a Deed of Variation dated 17th March, 2006) with the vendors pursuant to which the Group has agreed to purchase from the vendors 51% of the registered capital of Shenzhen Bozone IT Co., Limited ("Bozone") at the aggregate cash consideration of RMB55,880,000 (equivalent to approximately HK\$53,731,000). Immediately after Completion, the Group will have a 51% interest in the registered capital of Bozone. The transaction had completed on 22nd March, 2006.

LETTER FROM THE BOARD

Bozone is principally engaged in the research and development and application of information technology in the lottery field. This include application software development and production of large online lottery systems and multi-platform wagering systems, integration of online lottery networks, network security system solutions, wagering terminals, operational solutions and operational consultation services.

On 22nd June, 2005, the Group had entered into the agreement with, among others, China United (International) Investment Development Limited for the acquisition of an aggregate of 70% equity interest in CNPC Huayou Cu Energy Investment Co. Ltd (“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 allotment and issue of the shares in Aptus Holdings Limited. CNPC Investment owns a joint mining right in Xin Jiang Oilfield. The transaction has been completed on 11th January, 2006. The Directors consider that the acquisition will be a good opportunity for the Group to expand its business into the rapid growing oil industry in the PRC.

As stated in the 2005 interim report of the Company, the Group will continuously develop the bee related products and other natural products business. Further, the Group will continue to seek out potential business opportunities which will provide the Group with strong earnings potential.

MAJOR TRANSACTION

As the relevant percentage ratios are more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company and is conditional on approval by the Shareholders. Since no Shareholder has any material interest in the Disposal, no Shareholder is required to abstain from voting in respect of the proposed resolution to approve the Disposal.

With reference to information available and having made all reasonable enquiries, and to the best ability, knowledge and belief of Directors, there is no Shareholder or their respective associates who has a material interest in the Disposal and therefore at the date of the Agreement and the date of this circular, no Shareholder would be required to abstain from voting on the resolution in relation thereof.

EGM

A notice convening the EGM to be held at the 30th Floor, Sunshine Plaza, No. 353 Lockhart Road, Hong Kong on 12th June, 2006 at 10:00 a.m. is set out on pages 20 to 21 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s principal place of business at the 30th Floor, Sunshine Plaza,

LETTER FROM THE BOARD

No. 353 Lockhart Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting (as the case may be) should you so wish.

A resolution put to the vote at the EGM will be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

- (a) the chairman of the EGM; or
- (b) at least five Shareholders present in person or by proxy or, in the case of corporations, by their duly authorised representatives, and entitled to vote or who represent in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (c) any Shareholder or Shareholders present in person or by proxy or, in the case of corporations, by their duly authorised representatives, and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

RECOMMENDATION

The Directors, including the independent non-executive Directors, consider that the Disposal is in the best interest of the Company and the Shareholders as a whole and that the term and conditions thereof are fair and reasonable so far as the Company and the Shareholders are concerned and as such would recommend Shareholders to vote in favour of the relevant resolution at the EGM.

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

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 Directors	Company/ Name of associated corporation	Corporate Interest	Number of ordinary shares held		Total interest	Approximate percentage of shareholding
			Personal interest	Family interest		
Cheung Kwai Lan	Company	241,130,000 (Note 1)	1,380,000	–	242,510,000	39.76%
Chan Tung Mei	Company	241,130,000 (Note 2)	–	1,380,000 (Note 3)	242,510,000	39.76%

APPENDIX I

GENERAL INFORMATION

Name of Directors	Company/ Name of associated corporation	Corporate Interest	Number of ordinary shares held		Total interest	Approximate percentage of shareholding
			Personal interest	Family interest		
Shaw Kyle Arnold Junior	Company	46,600,000 (Note 4)	–	–	46,600,000	7.64%
Lau Hin Kun	Company	–	450,000	–	450,000	0.07%
Cheung Kwai Lan	Best Frontier Investments Limited	–	909	1 (Note 5)	910	–
Chan Tung Mei	Best Frontier Investments Limited	–	1	909 (Note 6)	910	–

Notes:

1. The 241,130,000 shares are owned by Best Frontier Investments Limited (“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 241,130,000 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.
4. These interests represent Mr. Shaw Kyle Arnold Junior’s interests in:
 - (a) 1,030,000 shares beneficially owned by Shaw, Kwei & Partners (Asia) Ltd. of which Mr. Shaw Kyle Arnold Junior is deemed under the SFO to have an interest by reason of his being the indirect controlling shareholder of Shaw, Kwei & Partners (Asia) Ltd. through his controlled corporation Haven Associates Limited.

- (b) 24,620,000 shares beneficially owned by China Value Investment Limited which is wholly-owned by Asian Value Investment Fund L.P. (AVIF, L.P.), a limited liability partnership, whose general partner Shaw, Kwei & Partners (Asia) Ltd. (having a 1% interest in AVIF, L.P.) and its indirect controlling shareholder Mr. Shaw Kyle Arnold Junior are both deemed under the SFO to have interest in the same 24,620,000 shares.

 - (c) 20,950,000 shares beneficially owned by Javelin Capital Holdings Limited which is wholly-owned by Asian Value Investment Fund II, L.P. (AVIF II, L.P.), a limited liability partnership, whose general partner SKP Capital Limited (having a 1.19% interest in AVIF II, L.P.) and its indirect controlling shareholder Mr. Shaw Kyle Arnold Junior are both deemed under the SFO to have interest in the same 20,950,000 shares.
5. The 1 share of US\$1 in Best Frontier is owned by Mr. Chan Tung Mei who is the spouse of Madam Cheung Kwai Lan. Accordingly, Madam Cheung Kwai Lan is deemed to be interested in the shares under the SFO.
6. The 909 shares of US\$1 each in Best Frontier 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

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.

Name of Director	Date of Grant	Outstanding at Latest Practicable Date
Lau Hin Kun	18/8/2004	1,600,000
Shaw Kyle Arnold Junior	19/10/2004	1,200,000
Total:		2,800,000

(3) Long positions in the shares of an associated corporation – Aptus Holdings Limited

Name of Director	Number of ordinary shares held			Total interest	Approximate percentage of shareholding
	Corporate Interest	Personal interest	Family interest		
Cheung Kwai Lan	915,571,428	–	–	915,571,428	54.89%
<i>(Note)</i>					

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 39.54% 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 915,571,428 shares of Aptus Holdings Limited. 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 Shareholder	Capacity	Number of ordinary shares held		Approximate percentage of shareholding
		Long position	Short position	
Best Frontier Investments Limited	Directly Beneficial owned	241,130,000 (Note 1)	–	39.54%
Oppenheimer Funds, Inc.	Investment manager	110,000,000	–	18.04%
Haven Associates Limited	Controlled corporation	46,600,000 (Note 2)	–	7.64%

Note:

1. The 241,130,000 shares are owned by Best Frontier Investments Limited which is owned as to 99.89% and 0.11% by Madam Cheung Kwai Lan and Mr. Chan Tung Mei respectively.
2. The 46,600,000 shares represent:

(a) 1,030,000 shares beneficially owned by Shaw, Kwei & Partners (Asia) Ltd..

(b) 24,620,000 shares beneficially owned by China Value Investment Limited which is wholly-owned by Asian Value Investment Fund L. P. (AVIF, L.P.), a limited liability partnership, whose general partner Shaw, Kwei & Partners (Asia) Ltd. (having a 1% interest in AVIF, L. P.) is deemed under the SFO to have interest in the same 24,620,000 shares.

- (c) 20,950,000 shares beneficially owned by Javelin Capital Holdings Limited which is wholly-owned by Asian Value Investment Fund II, L.P. (AVIF II, L.P.), a limited liability partnership, whose general partner SKP Capital Limited (having a 1.19% interest in AVIF II, L.P.) is deemed under the SFO to have interest in the same 20,950,000 shares.
- (d) Haven Associates Limited is the controlling shareholder of Shaw, Kwei & Partners (Asia) Ltd. and SKP Capital Limited.

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 contract 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. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

No contract or arrangement in which any Directors is materially interested and which is significant in relation to the business of the Group subsisted as at the Latest Practicable Date.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 30th June, 2005 (the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of or leased to any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the member of the Group within the two years immediately preceding the Latest Practicable Date:

- (a) the agreement dated 13th April, 2006 and entered into between Loyalion Limited and Hunan Apollo in relation to the Disposal;
- (b) a deed of variation dated 21st June, 2004 entered into between Aptus Holdings Limited and Precise Result Profits Limited and certain warrantors regarding the extension of the long-stop date for the satisfaction/fulfilment of the conditions precedent to the Sale and Purchase Agreement and the Subscription Agreement to 30th August, 2004;
- (c) the agreement dated 4th March, 2005 entered into between Aptus Holdings Limited and Solarmax Limited in respect of disposal of the entire equity interest of Aptus Medical Group Limited;
- (d) the agreement dated 17th June, 2005 in relation to the acquisition of 70% equity interest in 華油中匯能源發展有限責任公司 (CNPC Huayou Cu Energy Investment Co. Ltd.) from 中匯（國際）投資發展有限公司 (China United (International) Investment Development Limited) by Good United Management Limited pursuant to the Agreement;
- (e) the Conditional Sale and Purchase Agreement entered into between Bemaestro International Limited and China Success Enterprises Limited dated 10th August, 2005 in relation to the acquisition the acquisition of a 75% equity interest in Skilltime Management Limited;

- (f) the placing agreement as constituted by a letter dated as of 12th August, 2005 issued by the Shenyin Wanguo Capital (H.K.) Limited to the Best Frontier Investments Limited and Madam Cheung Kwai Lan in relation to the Placing;
- (g) the subscription agreement dated as of 12th August, 2005 made between the Company and Best Frontier Investments Limited in relation to the Subscription;
- (h) two termination agreements were entered into between (i) the Best Frontier Investments Limited and Madam Cheung Kwai Lan and the Shenyin Wanguo Capital (H.K.) Limited; and (ii) Best Frontier Investments Limited and the Company both on 26th August, 2005;
- (i) the rescission agreement in relation to the rescission of the Conditional Sale and Purchase Agreement with the Bemaestro International Limited dated 26th August, 2005;
- (j) the agreement dated 28th November, 2005 and entered into between the Mr. Xu Ming, Mr. Li Jun, Mr. Lin Zhiwei, Mr. Miao Jian, Mr. Jiang Chuan, Ms. Liu Ling and Ms. Zhu Yuan and Ace Bingo Group Limited in relation to the acquisition an aggregate of 51% of the registered capital of Shenzhen Bozone IT Co., Limited;
- (k) a placing and subscription agreement dated 12th January, 2006 was entered into between, inter alia, Best Frontier Investments Limited, the Company and Pacific Foundation Securities Limited;
- (l) the agreement dated 15th March, 2006 and entered into between Shenzhen Bozone IT Co. Ltd. and Greatest Luck Limited in relation to the acquisition of a 70% interest in Shenzhen Bozone Mobile Technology Company Limited;
- (m) the agreement dated 15th March, 2006 and entered into between Mr Xu Ming and Greatest Luck Limited in relation to the acquisition of a 30% interest in Shenzhen Bozone Mobile Technology Company Limited;
- (n) a deed of variation dated 17th March, 2006 in relation to the agreement dated 28th November, 2005 and entered into between the Mr. Xu Ming, Mr. Li Jun, Mr. Lin Zhiwei, Mr. Miao Jian, Mr. Jiang Chuan, Ms. Liu Ling and Ms. Zhu Yuan and Ace Bingo Group Limited in relation to the acquisition an aggregate of 51% of the registered capital of Shenzhen Bozone IT Co., Limited;

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at 30th Floor, Sunshine Plaza, 353 Lockhart Road, Wanchai, Hong Kong during normal business hours on any weekday other than public holidays, up to and including 12th June, 2006:

- (a) the memorandum and articles of association of B & B;
- (b) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (c) the annual reports of B & B for the last two financial years immediately preceding the issue of this circular;
- (d) the circular of the Company dated 22nd December, 2005 relating to the acquisition of 51% interest in Shenzhen Bozone IT Co., Limited;
- (e) the service contract dated 18th October, 2002 entered into between Madam Cheung Kwai Lan and B & B;
- (f) the service contract dated 18th October, 2002 entered into between Mr. Chan Tung Mei and B & B; and
- (g) the service contract dated 18th October, 2002 entered into between Mr. Chan Ting and B & B.

10. 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, Cayman Islands 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 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.
- (b) The Compliance Officer of B & B is Mr Chan Ting.
- (c) The Company Secretary of B & B is Mr. Tsui Wing Tak. Mr. Tsui holds a bachelor’s degree in economics from Macquarie University, Australia. Mr. Tsui is a member of both the Hong Kong Institute of Certified Public Accountants and CPA Australia.

- (d) The Qualified Accountant of the Company 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.
- (e) 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.
- (f) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “Extraordinary General Meeting”) of the shareholders of B & B Group Holdings Limited (the Company”) will be held at the 30th Floor, Sunshine Plaza, No. 353 Lockhart Road, Hong Kong on 12th June, 2006 at 10:00 a.m. to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT the agreement dated 13th April, 2006 entered into between Loyalion Limited, a wholly owned subsidiary of the Company as Vendor and 湖南友誼阿波羅股份有限公司 (Hunan Friendship Apollo Company Limited) as Purchaser in relation to the disposal of a 20.83% equity interest in Your Mart Co. Ltd. at aggregate consideration of RMB56,446,000 (approximately HK\$54,275,000) be and is hereby approved, ratified and confirmed in all respects and that any one director of the Company be and is hereby authorised to do or execute all such acts or such other documents which the director may deem necessary, desirable or expedient to carry into effect or to give effect to the Disposal.”

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

Hong Kong, 22nd May, 2006

* for identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies
Cayman Islands

*Principal place of business
in Hong Kong:*

30th Floor
Sunshine Plaza
No. 353 Lockhart Road
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of such member. A proxy need not be a member of the Company.
2. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holders, seniority being determined by the order in which names stand in the register of members.
3. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the principal place of business of the Company at the 30th Floor, Sunshine Plaza, No. 353 Lockhart Road, Hong Kong not less than 48 hours before the time appointed for holding the Extraordinary General Meeting (or any adjournment thereof).
4. As at the date of this notice, the directors of the Company are Madam Cheung Kwai Lan, Mr. Chan Tung Mei, Mr. Lau Hin Kun, Mr. Chan Ting, Mr. Shaw Kyle Arnold Junior, Mr. Tian He Nian, Mr. Zhao Zhi Ming and Mr. To Yan Ming, Edmond.