

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of B & B Group Holdings Limited.*



## **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**

On 13th April, 2006, Loyalion Limited and Hunan Apollo entered into the Agreement pursuant to which Loyalion Limited has agreed to sell, and Hunan Apollo has agreed to purchase a 20.83% equity interest in JV Company at a consideration of RMB56,446,000 (approximately HK\$54,275,000).

As the relevant percentage ratios are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to approval by the Shareholders.

A circular containing further details of the Disposal and the Group and a notice of EGM will be despatched to the Shareholders as soon as possible in accordance with the GEM Listing Rules.

The board of directors announces 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.

#### **AGREEMENT**

Date: 13th April, 2006

Parties: (a) Loyalion Limited (as vendor)

(b) Hunan Apollo (as purchaser)

\* For identification purpose only

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 approximately 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 approximately 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.

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 28 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 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 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.

## **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.

A circular containing further details of the Disposal and the Group and the notice of EGM will be despatched to the Shareholders as soon as possible in accordance with the GEM Listing Rules.

## DEFINITIONS

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

“Agreement”	the agreement dated 13th April, 2006 and entered into between Loyalion Limited and Hunan Apollo in relation to the Disposal
“Company”	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”	extraordinary general meeting of the Company
“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
“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

“Loyalion Limited”	Loyalion Limited, a wholly owned subsidiary of the Company
“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.

*(In this announcement the exchange rate of HK\$1.00 to RMB1.04 is used. However, it does not constitute a representation that any amount has been or may be exchanged at this or another rates or at all).*

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

Hong Kong, 13th April, 2006

*As at the date of this announcement, the executive Directors are Madam Cheung Kwai Lan, Mr. Chan Tung Mei, Mr. Chan Ting and Mr. Lau Hin Kun; the non executive Director is Mr. Shaw Kyle Arnold Junior; and the independent non-executive Directors are Mr. Tian He Nian, Mr. Zhao Zhi Ming and Mr. To Yan Ming, Edmond.*

*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 at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting.*