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YUGANG



**YUGANG INTERNATIONAL
LIMITED**

渝港國際有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 613)

**CONNECTED TRANSACTION AND
VERY SUBSTANTIAL DISPOSAL
(VERY SUBSTANTIAL ACQUISITION),
SUSPENSION AND RESUMPTION OF
TRADING IN YUGANG SHARES**

**QUALIPAK INTERNATIONAL
HOLDINGS LIMITED**

確利達國際控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1224)

**CONNECTED TRANSACTION AND
VERY SUBSTANTIAL ACQUISITION,
PLACING OF NEW QUALIPAK
SHARES, SUSPENSION AND RESUMPTION
OF TRADING IN QUALIPAK SHARES**

**JOINT ANNOUNCEMENT
ACQUISITION OF CERTAIN PROPERTY INTERESTS
IN CHONGQING, THE PRC**

Financial adviser to Yugang and Qualipak



TAIFOOK CAPITAL LIMITED

THE ACQUISITION

On 22 September 2006, the Purchaser, a wholly-owned subsidiary of Qualipak entered into the Acquisition Agreement with the Vendor for the purchase of the Sale Share for a consideration of HK\$3,317,553,298 which is to be satisfied by (i) the Consideration Qualipak Shares; (ii) the Convertible Note; (iii) a sum representing such amount of the Receivables due to the PRC Company as may be recovered by the Qualipak Group; and (iv) the assumption by the Purchaser of the obligations to repay the Debts subject to the terms and conditions as set out therein.

The Sale Share represents the entire issued share capital of the Subject Company currently owned by the Vendor. The performance by the Vendor of all its obligations under the Acquisition Agreement is guaranteed by the Guarantor.

The Consideration Qualipak Shares represent approximately 40.61% of the existing issued share capital of Qualipak and approximately 28.88% of the enlarged issued share capital of Qualipak immediately after Completion (assuming that there is no change in its issued share capital from the date of this announcement to Completion save for the issue of the Consideration Qualipak Shares at Completion). The Consideration Qualipak Shares will be issued at the price of HK\$0.28 each, and will rank pari passu in all respects with the Qualipak Shares in issue at Completion.

On the basis that the Convertible Note is fully converted at the conversion price of HK\$0.28 per Conversion Share, a total of 9,114,285,714 Conversion Shares will be issued, representing approximately 231.35% of the existing issued share capital of Qualipak and approximately 62.20% of the issued share capital of Qualipak as enlarged by the Consideration Qualipak Shares and the issue of the Conversion Shares under the Convertible Note (assuming that there is no change in its issued share capital from the date of this announcement until then save for the issue of the Consideration Qualipak Shares at Completion and the issue of the Conversion Shares). The initial conversion price of the Convertible Note will be HK\$0.28 per Conversion Share, and the Conversion Shares will rank pari passu in all respects with the Qualipak Shares in issue at the relevant dates of notices of conversion.

* For identification purposes only

No application will be made for the listing of the Convertible Note. Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consideration Qualipak Shares and the Conversion Shares.

The Subject Company is a company incorporated in the BVI on 17 March 2006 with limited liability and is a wholly-owned subsidiary of the Vendor. The only assets of the Subject Company are its 100% interest in the registered equity capital of the PRC Company (held via the HK Company) and the Debts. The PRC Company is a wholly owned foreign enterprise organized and existing under the laws of the PRC. The PRC Company is the registered owner of the Properties and the Buildings which are valued at RMB6,729,361,500 (or approximately HK\$6,597,413,000) by an independent valuer.

At the date of this announcement, the Yugang Group holds a total of 2,542,396,360 Qualipak Shares, representing approximately 64.54% of the issued shares in Qualipak. The Guarantor holds the entire issued share capital of the Vendor. The Vendor and the Guarantor are connected persons of both Yugang and Qualipak within the meaning under the Listing Rules.

THE PLACING

On 22 September 2006, Qualipak also entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Placing Agent will procure, on a best endeavor basis, professional and institutional investors who are independent and not connected persons (as defined in the Listing Rules) of Qualipak to subscribe for up to 3,400,000,000 Placing Shares at the placing price of HK\$0.28 per Placing Share. Completion of the Placing Agreement is conditional upon the Completion, the grant of the listing of and permission to deal in the Placing Shares by the Listing Committee of the Stock Exchange, the approval of the Bermuda Monetary Authority for the issue of the Placing Shares, and will be subject to the approval of the Qualipak Shareholders and (if so required) the Yugang Shareholders. The Placing Shares represent approximately 86.30% of the existing issued share capital of Qualipak and approximately 38.03% of the issued share capital of Qualipak as enlarged by the Consideration Qualipak Shares and the Placing Shares (assuming that there is no change in its issued share capital from the date of this announcement to the completion of the Placing save for the issue of the Consideration Qualipak Shares at Completion and the Placing Shares). Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Placing Shares.

Since the Placing is not underwritten, there is no assurance that the Placing will be completed. The Acquisition is however not conditional upon completion of the Placing.

Assuming all the Placing Shares are successfully placed by the Placing Agent, the estimated net proceeds will be approximately HK\$930 million. It is currently intended that the net proceeds from the Placing will be used to finance the development costs of the Properties, potential acquisition of future development projects and general working capital.

CERTAIN EFFECTS OF THE TRANSACTION

Upon Completion, Yugang's interest in Qualipak will be diluted from approximately 64.54% to approximately 45.90% on the issue of the Consideration Qualipak Shares and Qualipak will cease to be a subsidiary of Yugang. Accordingly, the Transaction will constitute a deemed disposal by Yugang of its interest in Qualipak under Rule 14.06 of the Listing Rules.

After Completion, if there is no further change in the issued share capital of Qualipak other than the issue of the Consideration Qualipak Shares and assuming full conversion of the Convertible Note, Yugang's interest in Qualipak will be further diluted from approximately 45.90% to approximately 17.35%.

GENERAL

Under the Listing Rules, the Transaction will constitute a connected transaction and very substantial acquisition for Qualipak, and a connected transaction and very substantial disposal for Yugang. As Qualipak is currently a subsidiary of Yugang, the entering into of the Acquisition Agreement by Qualipak also constitutes a very substantial acquisition for Yugang under the Listing Rules. Pursuant to Rules 14.49 and 14A.18 of the Listing Rules, the Transaction is therefore conditional upon the approval of the independent shareholders of the Companies. In relation to the approval of the independent shareholders of Qualipak for the Transaction, the Guarantor, Yugang and their respective associates (who hold in aggregate 64.54% of the existing Qualipak Shares in issue as at the date of this announcement) will abstain from voting. In relation to the approval of the independent shareholders of Yugang for the Transaction, the Guarantor and his associates (who hold in aggregate 42.40% (including the 0.15% owned by the father of the Guarantor, who is a director of Yugang) of the existing Yugang Shares in issue as at the date of this announcement) will abstain from voting. Other conditions precedent to Completion are set out in the subsection headed "Conditions to Completion" in the section headed "The Acquisition Agreement" below.

Separate circulars containing, among other things, further details of the Transaction, the recommendations from the independent board committees and the advice of the relevant independent financial advisers to the independent board committees and independent shareholders of the respective Companies and other information as required under the Listing Rules together with notices of the SGM of each of Yugang and Qualipak will be despatched to the Yugang Shareholders and the Qualipak Shareholders respectively as soon as practicable in accordance with the Listing Rules.

As Completion and completion of the Placing are subject to the fulfilment of a number of conditions precedent, the Transaction or the Placing may or may not proceed. Shareholders and potential investors of Qualipak should exercise caution when dealing in the Qualipak Shares and shareholders and potential investors of Yugang should exercise caution when dealing in the Yugang Shares.

TRADING SUSPENSION AND RESUMPTION

At the request of the Companies, trading in their respective shares on the Stock Exchange have been suspended from 9:30 a.m. on 25 September 2006 pending the release of this announcement. Applications have been made by the Companies to the Stock Exchange for resumption of trading in the shares of Yugang and Qualipak on the Stock Exchange with effect from 9:30 a.m. on 29 September 2006.

THE ACQUISITION AGREEMENT

Date: 22 September 2006

Parties:

- (1) Vendor : Thrivetrade Limited, a company wholly-owned by the Guarantor
- (2) Purchaser : Marvel Leader Investments Limited, a wholly-owned subsidiary of Qualipak
- (3) Qualipak : Qualipak International Holdings Limited
- (4) Guarantor : Mr. Cheung Chung Kiu, as guarantor of the obligations of the Vendor

At the date of this announcement, the Yugang Group holds a total of 2,542,396,360 Qualipak Shares, representing approximately 64.54% of the issued shares of Qualipak. The Guarantor holds the entire issued share capital of the Vendor, an investment holding company whose only asset is its 100% interest in the Subject Company. The Vendor and the Guarantor are connected persons of both Yugang and Qualipak within the meaning under the Listing Rules.

Assets to be acquired:

Sale Share

1 share of US\$1.00 in the share capital of the Subject Company, representing the entire issued share capital of the Subject Company.

The Sale Share represents the entire issued share capital of the Subject Company currently owned by the Vendor.

Consideration:

The aggregate value of consideration for the sale and purchase of the Sale Share is HK\$3,317,553,298 being as to:

- (i) HK\$448,000,000 to be satisfied by the issue of the Consideration Qualipak Shares at Completion;
- (ii) HK\$2,552,000,000 to be satisfied by the issue of the Convertible Note;
- (iii) a sum representing such amount of the Receivables up to the equivalent of HK\$250,000,000 as may be recovered by the Qualipak Group, which will only be due and payable by the Purchaser to the Vendor on a dollar-for-dollar basis (but net of all taxes, costs and expenses) within 30 days after the later of (A) the Completion Date and (B) receipt by the PRC Company from time to time. The Purchaser is expected to settle the sum by cash out of the proceeds recovered (if any) from the Receivables or from internal resources; and
- (iv) HK\$67,553,298 to be satisfied by the assumption by the Purchaser of the obligations to repay the Debts.

As at 31 August 2006, the market value of the Properties and Buildings of the PRC Company was appraised at RMB6,729,361,500 (or approximately HK\$6,597,413,000) by Savills Valuation and Professional Services Limited, an independent valuer. The Consideration is calculated by reference to the unaudited combined net tangible assets of HK\$4,282,443,000 of the Subject Company adjusted for the difference between the market value (net of deferred tax effect) and the net carrying amount of the Properties and the Buildings amounting to approximately HK\$4,039,005,000 as at 31 August 2006.

The Consideration represents a discount of approximately 49.71% to the market value of the Properties and the Buildings and a discount of approximately 22.53% to such adjusted combined net tangible assets of the Subject Company. Such discount has been determined after arm's length negotiation between the Companies and the Vendor. Full details of the accountants' reports on the Subject Company and of the valuation report of the Properties and Buildings will be included in the circulars of the Companies to be despatched to the Yugang Shareholders and the Qualipak Shareholders respectively.

(i) The Consideration Qualipak Shares

At Completion, 1,600,000,000 Qualipak Shares credited as fully paid-up will be issued by Qualipak at the issue price of HK\$0.28 per Consideration Qualipak Share, which is determined with reference to the unaudited consolidated net tangible assets per share of HK\$0.15 as of 30 June 2006 and prevailing market price of the Qualipak Shares. The Consideration Qualipak Shares will rank pari passu in all respects with the Qualipak Shares in issue at Completion. The issue price also represents:

- (a) a discount of approximately 8.20% to HK\$0.305, the closing price of the Qualipak Shares as quoted on the Stock Exchange on 22 September 2006, being the last trading day prior to suspension of trading in the Qualipak Shares pending the issue of this announcement;

- (b) a discount of approximately 7.89% to the average closing price of approximately HK\$0.304 per Qualipak Share for the last five consecutive trading days up to and including 22 September 2006 as quoted on the Stock Exchange;
- (c) a discount of approximately 8.50% to the average closing price of approximately HK\$0.306 per Qualipak Share for the last ten consecutive trading days up to and including 22 September 2006 as quoted on the Stock Exchange; and
- (d) a premium of approximately 90.48% over the audited consolidated net asset value per share of Qualipak of HK\$0.147 as disclosed in Qualipak's audited financial statements for the year ended 31 December 2005.

The Consideration Qualipak Shares represent approximately 40.61% of the existing issued share capital of Qualipak and approximately 28.88% of the enlarged issued share capital of Qualipak immediately after Completion (assuming that there is no change in its issued share capital from the date of this announcement to Completion save for the issue of the Consideration Qualipak Shares at Completion). Application will be made by Qualipak to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consideration Qualipak Shares.

(ii) *Principal terms of the Convertible Note*

The terms of the Convertible Note were negotiated between Qualipak and the Vendor on an arm's length basis and the principal terms are summarized below:

- Principal amount: HK\$2,552,000,000
- Maturity date: Qualipak shall repay the principal amount outstanding under the Convertible Note to the holder of the Convertible Note together with all interest accrued on the tenth anniversary of the date of issue of the Convertible Note.
- Conversion price: Subject to adjustments in certain events including share consolidation, share subdivision, capitalization issue, capital distribution, rights issue and issue of convertible securities by Qualipak and other dilutive events, the Conversion Shares shall, in respect of a conversion notice served on Qualipak during each period set out below, be issued at the following conversion prices:

<i>Period from date of issue of the Convertible Note</i>	<i>HK\$ per Conversion Share</i>
First Year	0.280
Second Year	0.310
Third Year	0.326
Fourth Year	0.341
Fifth Year	0.357
Sixth Year	0.372
Seventh Year	0.388
Eighth Year	0.403
Ninth Year	0.419
Tenth Year	0.434

If at any time and from time to time during the First Year there is any change in the aggregate percentage of issued share capital of Qualipak which is not in public hands (within the meaning of the Listing Rules) such that such percentage falls below 75% (a "Change"), Qualipak shall, upon becoming aware of the same, promptly inform the holder of the Convertible Note in writing of particulars of the Change ("Notice of Change"). On the expiry of the period of 14 days after the date of receipt of a Notice of Change the conversion price for the Unconverted Portion (as hereafter defined) during the First Year shall become HK\$0.31 per Conversion Share (being the conversion price of the Convertible Note in the Second Year), subject to adjustments. "Unconverted Portion" means such portion of the then outstanding principal amount of the Convertible Note which upon conversion would result in the aggregate percentage of issued share capital of Qualipak which is not in public hands rising back up to 75% (rounded down to the nearest whole number of Qualipak Shares where applicable) which remains unconverted on the expiry of the period of 14 days after the date of receipt of a Notice of Change by the holder of the Convertible Note or (if the then outstanding principal amount of the Convertible Note is insufficient to make up such 75%) the outstanding

principal amount of the Convertible Note which remains unconverted on the expiry of the period of 14 days after the date of receipt of a Notice of Change by the holder of the Convertible Note. Accordingly, whenever and to the extent that the Convertible Note may be converted without breaching the public float requirement of the Listing Rules during the First Year and the holder does not so convert, the conversion price will be increased to HK\$0.31 per Conversion Share, subject to adjustments.

- Interest rate: Interest-free from the date of issue of the Convertible Note to the date which is the second anniversary of the date of the issue of the Convertible Note and at a rate of 2% per annum, accrued on a day to day basis on the principal amount of the Convertible Note outstanding commencing on the day immediately following the second anniversary of the date of issue of the Convertible Note. Payment by Qualipak of all or any part of the interest accrued from time to time can only be made in arrears on one or more anniversaries (commencing from the third anniversary) of the date of the issue of the Convertible Note as elected by Qualipak, provided that all accrued and unpaid interest will be paid on the tenth anniversary.
- Prepayment: Qualipak may at any time after the second anniversary of the Convertible Note give not less than 1 month's notice in writing to the holder of the Convertible Note to prepay such part or whole of the principal amount outstanding on the Convertible Note together with interest accrued until the date of actual prepayment. The holder of the Convertible Note may however at any time after the receipt of such notice but before actual prepayment still convert the whole or any amount to be prepaid into Conversion Shares.
- Transferability: Subject to any requirements and/or conditions of the Stock Exchange, the Convertible Note is fully transferable in whole or in part at any time.
- Conversion period: The holder of the Convertible Note has the right to convert the whole or part of the principal amount outstanding under the Convertible Note into the Conversion Shares at any time from the date of issue of the Convertible Note up to (and including) the maturity date of the Convertible Note at the relevant conversion price provided that the amount of the Convertible Note converted on each occasion shall not be less than HK\$1,000,000, unless the principal amount outstanding under the Convertible Note is less than HK\$1,000,000, in which case the whole of the principal amount outstanding under the Convertible Note may be converted.
- Voting: The holder of the Convertible Note will not be entitled to receive notices of, attend or vote at any meetings of Qualipak by reason only of it being a holder of the Convertible Note.
- Listing: No application will be made for the listing of the Convertible Note on the Stock Exchange or any other stock exchange. An application will be made by Qualipak to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Note.
- Ranking: The Conversion Shares will rank pari passu in all respects with all other existing Qualipak Shares outstanding on the date on which the holder of the Convertible Note gives notice to exercise the conversion rights attached to the Convertible Note.

The Vendor has undertaken to Qualipak that, upon Completion, the Vendor will not exercise the Convertible Note to such an extent that if as a result of such exercise there is insufficient public float on the date of issue of the Conversion Shares. Upon Completion, Qualipak will undertake to the Stock Exchange that it will ensure that there will not be insufficient public float on the date of issue of Conversion Shares arising from the conversion of the Convertible Note.

On the basis that the Convertible Note is fully converted at the conversion price of HK\$0.28 per Conversion Share, a total of 9,114,285,714 Conversion Shares under the Convertible Note will be issued, representing approximately 231.35% of the existing issued share capital of Qualipak and approximately 62.20% of the issued share capital of Qualipak as enlarged by the Consideration Qualipak Shares and the issue of such Conversion Shares (assuming that there is no change in its issued share capital from the date of this announcement until then save for the issue of the Consideration Qualipak Shares at Completion and the issue of the Conversion Shares). Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

The initial conversion price of HK\$0.28 per Conversion Share during the first year of the conversion period represents:

- (i) a discount of approximately 8.20% to the closing price of HK\$0.305 per Qualipak Share as quoted on the Stock Exchange on 22 September 2006 (being the last trading day prior to suspension of trading in the Qualipak Shares pending the issue of this announcement);
- (ii) a discount of approximately 8.50% to the average closing price of approximately HK\$0.306 per Qualipak Share for the last 10 consecutive trading days up to and including 22 September 2006 as quoted on the Stock Exchange; and
- (iii) a discount of approximately 4.11% to the average closing price of approximately HK\$0.292 per Qualipak Share for the last 30 consecutive trading days up to and including 22 September 2006 as quoted on the Stock Exchange.

Guarantee

The due and punctual performance and discharge by the Vendor of all its obligations (whether present or future, actual or contingent) under the Acquisition Agreement are guaranteed by the Guarantor.

Conditions to Completion

Completion of the Acquisition and the assumption by the Purchaser of the obligations to repay the Debts under the Acquisition Agreement are conditional upon the fulfillment (or waiver, in certain cases as stated below) of the following Conditions:

- (i) the approval of the Acquisition Agreement and the transactions contemplated thereunder by the Yugang Shareholders at the SGM (where the Guarantor and his associates abstain from voting) taken on a poll;
- (ii) the approval of the Acquisition Agreement and the transactions contemplated thereunder (including, in particular, the issue and allotment of the Consideration Qualipak Shares and the issue of the Convertible Note) by the Qualipak Shareholders at the SGM (where the Guarantor, Yugang and their respective associates will abstain from voting) taken on a poll;
- (iii) approval being granted or agreed to be granted by the Stock Exchange for the listing of, and permission to deal in, all the Consideration Qualipak Shares and the Conversion Shares on terms and conditions satisfactory to the Vendor and Qualipak;
- (iv) approval of the increase in the authorized share capital of Qualipak from HK\$100,000,000 to HK\$500,000,000 by the Qualipak Shareholders at the SGM; and
- (v) if so required, approval being granted by the Bermuda Monetary Authority for the issue of the Consideration Qualipak Shares and the further issue by Qualipak of all unissued shares within its authorised share capital of HK\$500,000,000, and the subsequent transfer of all such shares issued.

In the event that any of the Conditions has not been fulfilled on or before 31 December 2006 (or such later date as is otherwise agreed between the Parties in writing), the Acquisition Agreement shall cease and determine and be of no further effect, and no Party shall be entitled to any rights or benefits or be under any obligation under or in respect of the Acquisition Agreement or have any liability to any other Party, save in respect of any antecedent breach.

Upon Completion, the Guarantor and the Vendor will undertake in favour of Yugang that so long as the Guarantor and the Vendor and/or any of their respective associates hold in aggregate 30% or more of the voting rights of Qualipak, at the request of Yugang upon giving reasonable notice, the Guarantor and the Vendor will (i) propose person(s) nominated by Yugang ("Nominees") to be elected to the board of Qualipak at the next annual general meeting of Qualipak following such request so that such Nominees may constitute at least one-quarter of the directors of Qualipak, and (ii) to vote in favour of electing the Nominees at such annual general meeting. The undertaking will cease to have any effect and will terminate once Yugang holds less than 10% of the voting rights of Qualipak.

Completion

The Acquisition Agreement provides that Completion will take place on the Completion Date.

THE PLACING AGREEMENT

Date:	22 September 2006
Issuer:	Qualipak
Placing Agent:	CLSA Limited
Places:	The Placing Agent will use its best endeavours to procure professional and institutional investors (independent of and not connected with Qualipak, any director, chief executive or substantial shareholder of Qualipak or any of its subsidiaries, or any of their respective associates (as defined in the Listing Rules)) to subscribe for the Placing Shares.
Number of Placing Shares:	Up to 3,400,000,000 new Qualipak Shares to be issued by Qualipak.
Placing price:	HK\$0.28 per Placing Share.
Conditions precedent:	Completion of the Placing is conditional upon fulfillment of the following conditions on or before 31 March 2007 (or such other date as may be agreed between Qualipak and the Placing Agent): <ol style="list-style-type: none">(i) the Acquisition Agreement being completed in all material respects;(ii) the grant of the listing of and permission to deal in the Placing Shares by the Listing Committee of the Stock Exchange;(iii) the Bermuda Monetary Authority approving the issue of the Placing Shares (if required); and(iv) the passing at the SGM of Qualipak of a resolution to approve the issue and allotment of the Placing Shares and (if so required) approval of the same by the Yugang Shareholders.
Completion:	Completion of the Placing will take place on the Closing Date.
Ranking:	the Placing Shares to be issued and allotted pursuant to the Placing shall be free and clear of all encumbrances and shall rank pari passu with all Qualipak Shares in issue as at the Closing Date including the right to receive all dividends or other distributions declared, made or paid at any time after the Closing Date.

The issue price of HK\$0.28 per Placing Share represents the same discount/premium to the previous average closing prices and net asset value per share of the Qualipak Shares as that in respect of the issue price of the Consideration Qualipak Shares as detailed above.

The Placing Shares represent approximately 86.30% of the existing issued share capital of Qualipak and approximately 38.03% of the issued share capital of Qualipak as enlarged by the Consideration Qualipak Shares and the Placing Shares (assuming that there is no change in its issued share capital from the date of this announcement to the completion of the Placing save for the issue of the Consideration Qualipak Shares at Completion and the Placing Shares). Application will be made by Qualipak to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Placing Shares.

Since the Placing is not underwritten, there is no assurance that the Placing will be completed. The Acquisition is however not conditional upon completion of the Placing.

Termination of the Placing

The Placing Agent may by notice in writing to Qualipak given at any time prior to the Closing Date, terminate the Placing Agreement in any of the following circumstances:

- (a) if there has been, since the time of execution of the Placing Agreement, any material adverse change in the financial condition of Qualipak and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business;
- (b) if there shall have come to the notice of the Placing Agent any breach of, or any event rendering untrue, inaccurate or misleading in any material respect, any of the warranties, representations or covenants contained in the Placing Agreement or any failure to perform any of Qualipak's undertakings or agreements in the Placing Agreement;
- (c) if, in the opinion of the Placing Agent, there has occurred any material adverse change in the financial markets in Hong Kong or the PRC, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its view be likely to prejudice materially the success of the offering and distribution of the Placing Shares or dealings in the Placing Shares in the secondary market or make it impractical or inadvisable to market the Placing Shares; or

- (d) if trading in any securities of Qualipak has been suspended or materially limited by the Stock Exchange (other than temporarily suspended pending release of price sensitive information of Qualipak required by the Stock Exchange), or if trading generally on any Hong Kong or PRC stock exchange has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any such exchange or system or by order of the Stock Exchange or any governmental authority, or a material disruption has occurred in commercial banking or securities settlement or clearance services in Hong Kong or if a banking moratorium has been declared by Hong Kong authorities.

Upon such notice being given, the parties to the Placing Agreement shall be released and discharged (except to the extent that any liability arises before or in relation to such termination) from its obligations under or pursuant to the Placing Agreement.

Lock Up

Qualipak undertakes to the Placing Agent that, in the event that the Placing Agent has procured subscribers for a total of not less than 2,228,572,000 new Qualipak Shares, from the date of the Placing Agreement and for a period of six months after the date of the Placing Agreement, it will not issue, offer, lend, sell, contract to sell, pledge, grant any option to purchase or otherwise dispose of, any Qualipak Shares (or any securities convertible into or exchangeable for Qualipak Shares) or enter into an analogous transaction (including a derivative transaction) without the prior written consent of the Placing Agent, other than (i) the allotment of the Placing Shares pursuant to the Placing Agreement, (ii) Qualipak Shares to be issued upon exercise of warrants to purchase or subscribe Qualipak Shares, or upon conversion of the convertible bonds and other securities convertible into Qualipak Shares, in each case, outstanding on the date of the Placing Agreement, (iii) Qualipak Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase Qualipak Shares) issued, offered, allotted, appropriated, modified or granted to employees (including directors) or former employees of Qualipak, its subsidiaries and/or associated companies or persons related to such employees (including directors) or former employees, directly or indirectly, pursuant to any employee share scheme or arrangement for any one or more employees generally or as required by law, (iv) the issue and allotment of the Consideration Qualipak Shares, (v) the issue of the Convertible Note, and (vi) the issue of Conversion Shares. In the event that the Placing Agent procures subscribers for less than 2,228,572,000 new Qualipak Shares, such six-month period shall be reduced to a three-month period. In such event, Qualipak undertakes that any issue of new Qualipak Shares during the period from the end of such three-month period up to three months thereafter shall be at a price at or above the Placing Price.

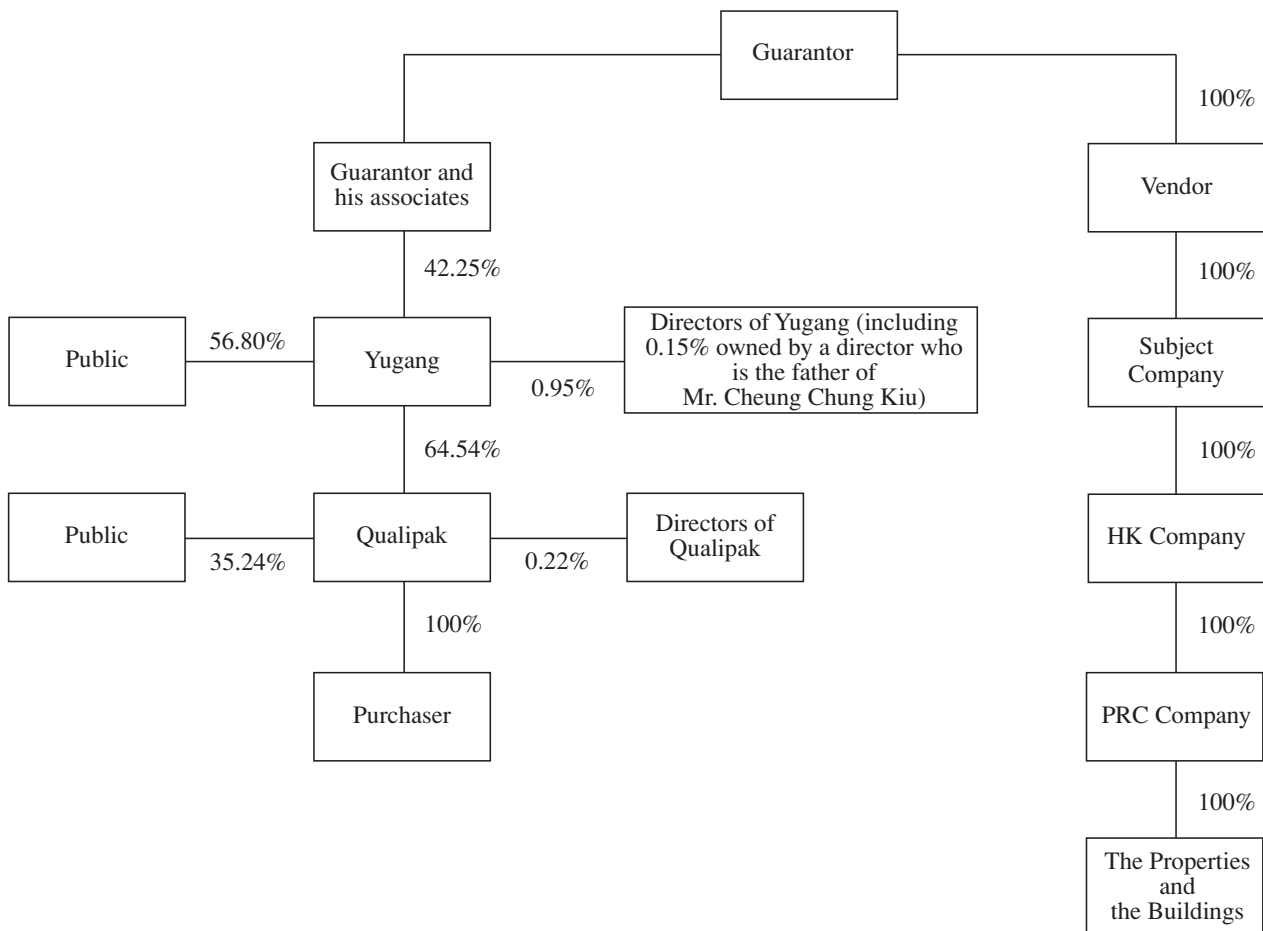
Use of proceeds from the Placing

Assuming all the Placing Shares are successfully placed by the Placing Agent, the estimated net proceeds will be approximately HK\$930 million. It is currently intended that the net proceeds from the Placing will be used to finance the development costs of the Properties, potential acquisition of future development projects and general working capital.

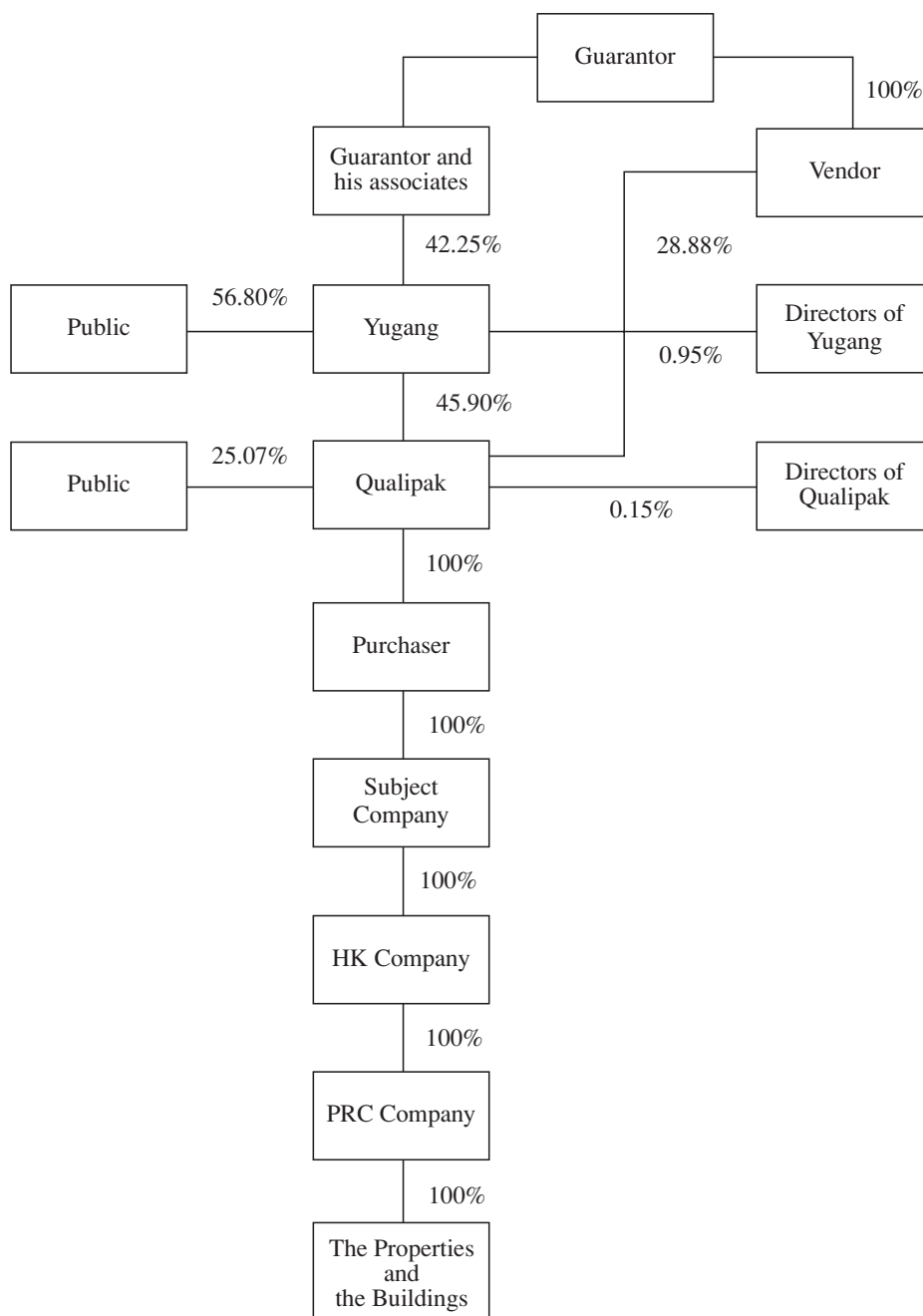
Corporate charts

The following diagrams illustrate the corporate and shareholding structure (taking no account of 100%-owned intermediate holding companies) of Yugang, Qualipak and the Subject Company (a) as at the date of this announcement, (b) immediately after Completion (on the basis that the Placing Agreement is not completed and that there is no conversion of the Convertible Note), (c) immediately after Completion (on the basis that there is full completion of the Placing Agreement and that there is no conversion of the Convertible Note), and (d) immediately after Completion (on the basis that there is full completion of the Placing Agreement and full conversion of the Convertible Note at the conversion price of HK\$0.28 per Conversion Share):—

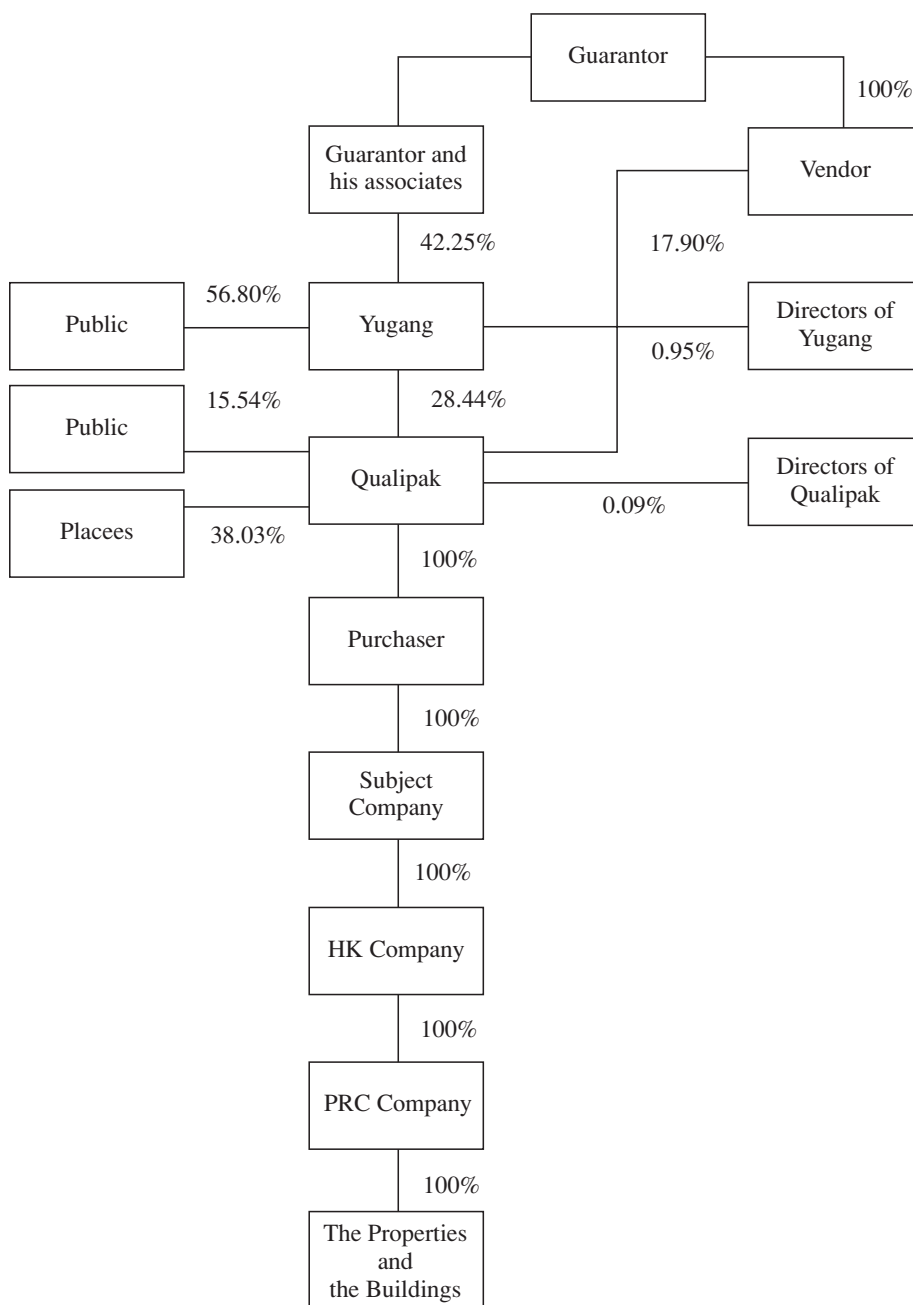
As at the date of this announcement



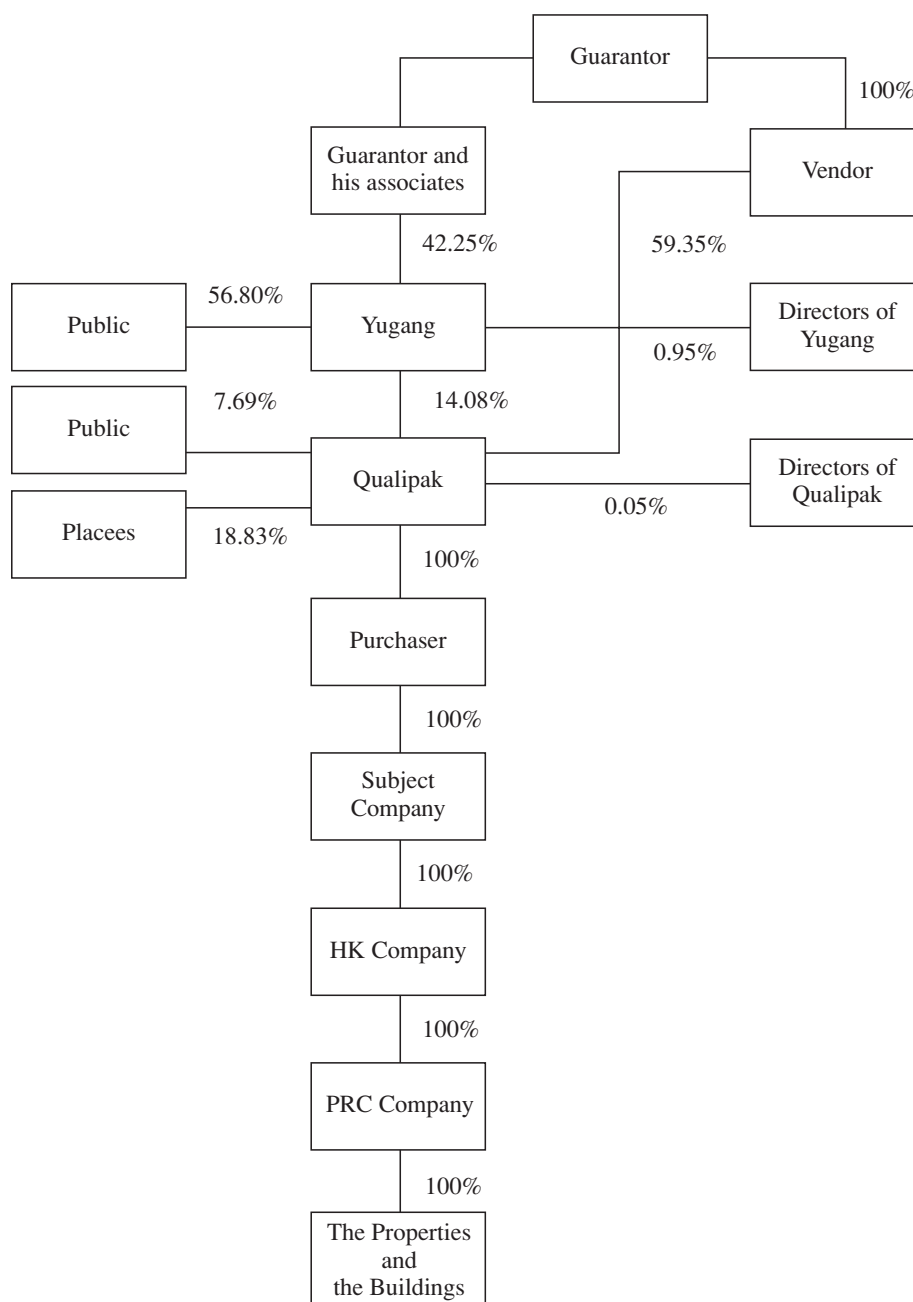
Immediately after Completion (on the basis that the Placing Agreement is not completed and there is no conversion of the Convertible Note)



Immediately after Completion (on the basis that there is full completion of the Placing Agreement and there is no conversion of the Convertible Note)



Immediately after Completion (on the basis that there is full completion of the Placing Agreement and full conversion of the Convertible Note)



INFORMATION ON THE SUBJECT COMPANY

Overview

The Subject Company is a company incorporated in the BVI on 17 March 2006 with limited liability, and is a wholly-owned subsidiary of the Vendor. The only assets of the Subject Company are its 100% interest in the registered equity capital of the PRC Company (held via the HK Company) and the Debts.

The HK Company

The HK Company was incorporated in Hong Kong on 30 March 2006. Its sole director is the Guarantor. The HK Company is an investment holding company and its sole asset is its 100% interest in the PRC Company.

The PRC Company

The PRC Company is a wholly owned foreign enterprise organized and existing under the laws of the PRC and was incorporated in the PRC on 11 June 1992.

The PRC Company is one of the largest property developers in Chongqing with national class I certification from the Ministry of Construction. It engages principally in the development, sale, leasing and management of high quality residential, commercial and retail properties.

Up to the date of this announcement, the PRC Company has completed various property development project over one million square metres.

The registered capital of the PRC Company is US\$31,000,000 (or approximately HK\$241,490,000).

The Properties

The Properties comprise 11 parcels of land, ten of which are adjoining sites, and are situated right at the heart of the Yubei District of Chongqing, a district where the central government administration region, major highway junctions and a new rail transportation hub are located. The remaining parcel of land, albeit separate, is situated close to the new rail transportation hub. All these parcels of land have been earmarked for development as separate projects, consisting of hotels, commercial, and, residential complexes.

The Properties have a total site area of 865,668.57 square metres with a total buildable gross floor area of approximately 3.07 million square metres. All land premiums have been fully paid and land use certificate for every parcel of land has been obtained at the time of this announcement. The market value of the Properties as at 31 August 2006 is valued at RMB6,524,614,000 (or approximately HK\$6,396,680,000) by Savills Valuation and Professional Services Limited, an independent valuer.

The Buildings

In addition to the holding of the Properties, the PRC Company also currently owns the Buildings as either its fixed assets or as rental properties. The market value of the Buildings were valued at RMB204,747,500 (or approximately HK\$200,733,000) as at 31 August 2006 by the independent valuer.

Financial information

Based on the unaudited combined income statements of the Subject Company prepared in accordance with Hong Kong Financial Reporting Standards for the two years ended 31 December 2005 and the six months ended 30 June 2006, its unaudited combined profit/(loss) before tax, unaudited combined tax, and unaudited combined profit/(loss) for the year/period were as follows:–

	Year ended 31 December 2004 (RMB'000)	Year ended 31 December 2005 (RMB'000)	Six months ended 30 June 2006 (RMB'000)
Profit/(Loss) before tax	54,382	16,951	(15,450)
Tax	(20,860)	(8,584)	4,699
Profit/(Loss) for the year/ period	33,522	8,367	(10,751)

DIRECTORS AND MANAGEMENT OF QUALIPAK

It is not intended that there will be any change in the composition of the board of directors of Qualipak or the management of Qualipak as a result of the Completion except that Qualipak may consider re-designating the Guarantor from executive director of Qualipak to Chairman of Qualipak.

GAIN ON DEEMED DISPOSAL BY YUGANG

Immediately upon Completion and assuming that there will be no change in the issued share capital of Qualipak from the date of this announcement and up to Completion (save for the issue of the Consideration Qualipak Shares), Yugang's interest in Qualipak will be diluted from approximately 64.54% to approximately 45.90%. Accordingly, the Transaction will constitute a deemed disposal by Yugang of its interest in Qualipak under the Listing Rules.

Yugang's gain on the above deemed disposal of its equity interest in Qualipak is estimated to be approximately HK\$1,096 million. Such estimated gain is calculated on the basis of the net estimated increase in Yugang's share of Qualipak's consolidated net assets resulting from the acquisition of the Subject Company. The actual amount to be recognised in Yugang's consolidated income statement will be adjusted based on, inter alia, the fair value of the Consideration and the consolidated net assets of Qualipak at the date of the Completion.

Immediately after Completion, Qualipak will no longer be a subsidiary of Yugang but will remain as an associated company of Yugang, and its results and assets and liabilities will be accounted for by the equity method of accounting in the consolidated financial statements of Yugang.

CHANGES TO THE SHAREHOLDING IN QUALIPAK

Upon Completion, Qualipak will cease to be a subsidiary of Yugang as a result of the issue of the Consideration Qualipak Shares. The beneficial interest of the Guarantor, Yugang, their respective associates and parties acting in concert with them, the directors of Qualipak and Yugang and their respective associates and the shareholdings of the public shareholders in Qualipak (a) as at the date of this announcement; (b) immediately after Completion (on the basis that the Placing is not completed and that there is no conversion of the Convertible Note); (c) immediately after Completion and full completion of the Placing Agreement (on the basis that there is no conversion of the Convertible Note); (d) immediately after Completion and full conversion of the Convertible Note but before the Placing and (e) immediately after Completion, full completion of the Placing Agreement

and full conversion of the Convertible Note are shown in the table below (in each case assuming that there is no other change in the issued share capital of Qualipak from the date of this announcement and assuming that the Convertible Note is converted at the conversion price of HK\$0.28 per Conversion Share):

	As at the date of this announcement <i>No. of Qualipak Shares</i>	Percentage of issued share capital of Qualipak	Immediately after Completion <i>No. of Qualipak Shares</i>	Percentage of issued share capital of Qualipak immediately after Completion	Immediately after Completion and full completion of the Placing Agreement <i>No. of Qualipak Shares</i>	Percentage of issued share capital of Qualipak immediately after Completion and full completion of the Placing Agreement	Immediately after Completion and full conversion of the Convertible Note but before the Placing <i>No. of Qualipak Shares</i>	Percentage of issued share capital of Qualipak immediately after Completion and full conversion of the Convertible Note but before the Placing	Immediately after Completion, full completion of the Placing Agreement and full conversion of the Convertible Note <i>No. of Qualipak Shares</i>	Percentage of issued share capital of Qualipak immediately after Completion, full completion of the Placing Agreement and full conversion of the Convertible Note
Regulator Holdings Limited ¹	2,542,396,360	64.54%	2,542,396,360	45.90%	2,542,396,360	28.44%	2,542,396,360	17.35%	2,542,396,360	14.08%
Lam How Mun Peter	110,000	0.00%	110,000	0.00%	110,000	0.00%	110,000	0.00%	110,000	0.00%
Leung Chun Cheong	7,410,000	0.19%	7,410,000	0.13%	7,410,000	0.08%	7,410,000	0.05%	7,410,000	0.04%
Poon Ho Yee Agnes	1,040,000	0.03%	1,040,000	0.02%	1,040,000	0.01%	1,040,000	0.01%	1,040,000	0.01%
Vendor	0	0.00%	1,600,000,000	28.88%	1,600,000,000	17.90%	10,714,285,714	73.12%	10,714,285,714	59.35%
Placees and public	1,388,580,510	35.24%	1,388,580,510	25.07%	4,788,580,510	53.57%	1,388,580,510	9.47%	4,788,580,510	26.52%
Placees under the Placing Agreement	0	0.00%	0	0.00%	3,400,000,000	38.03%	0	0.00%	3,400,000,000	18.83%
Other public Qualipak Shareholders	1,388,580,510	35.24%	1,388,580,510	25.07%	1,388,580,510	15.54%	1,388,580,510	9.47%	1,388,580,510	7.69%
	<u>3,939,536,870</u>	<u>100%</u>	<u>5,539,536,870</u>	<u>100%</u>	<u>8,939,536,870</u>	<u>100%</u>	<u>14,653,822,584</u>	<u>100%</u>	<u>18,053,822,584</u>	<u>100%</u>

Notes:

- Regulator Holdings Limited (“Regulator”) is an indirect wholly-owned subsidiary of Yugang, which is, in turn, owned by Chongqing Industrial Limited (“Chongqing”), Timmex Investment Limited (“Timmex”) and the Guarantor in aggregate as to 42.25%. The Guarantor, Peking Palace Limited, Miraculous Services Limited and Prize Winner Limited have 35%, 30%, 5% and 30% equity interests in Chongqing respectively. Peking Palace Limited and Miraculous Services Limited are beneficially owned by Palin Discretionary Trust, a family discretionary trust, the objects of which include the Guarantor and his family. Prize Winner Limited is beneficially owned by the Guarantor and his associates. The Guarantor is deemed to be interested in the same number of shares held by Regulator by virtue of his indirect shareholding interests in Chongqing. As the Guarantor has 100% beneficial interest in Timmex, he is also deemed to be interested in the same number of shares held by Timmex through Regulator.
- Upon Completion, Qualipak will undertake to the Stock Exchange that it will ensure that there will not be insufficient public float on the date of issue of Conversion Shares arising from the conversion of the Convertible Note.

After Completion, if there is no further change in the issued share capital of Qualipak other than the issue of the Consideration Qualipak Shares and assuming full conversion of the Convertible Note but before the Placing, Yugang’s interest in Qualipak will be further diluted from approximately 45.90% to approximately 17.35%. The Vendor has undertaken to Qualipak that, upon Completion, the Vendor will not exercise the Convertible Note to such an extent that if as a result of such exercise there is insufficient public float on the date of issue of the Conversion Shares. Upon Completion, Qualipak will undertake to the Stock Exchange that it will ensure that there will not be insufficient public float on the date of issue of Conversion Shares arising from the conversion of the Convertible Note.

DILUTION EFFECT ON THE QUALIPAK SHAREHOLDERS

In view of the potential dilution effect on existing Qualipak Shareholders on the exercise of the conversion rights attaching to the Convertible Note, for so long as the Convertible Note is outstanding, Qualipak will keep its shareholders informed of the level of dilution and details of conversion as follows:-

- Qualipak will make a monthly announcement (the “Monthly Announcement”) on the website of the Stock Exchange. Such announcement will be made on or before the fifth business day following the end of each calendar month and will include the following details in a table form:
 - whether there is any conversion of the Convertible Note during the relevant month. If yes, details of the conversion(s), including the conversion date, number of new Qualipak Shares issued, conversion price for each conversion. If there is no conversion of the Convertible Note during the relevant month, a negative statement to that effect;
 - the outstanding principal amount of the Convertible Note after the conversion, if any;

- (c) the total number of Qualipak Shares issued pursuant to other transactions, including Qualipak Shares issued pursuant to exercise of options under any share option scheme(s) of Qualipak;
 - (d) the total issued share capital of Qualipak as at the commencement and the last day of the relevant month; and
- (ii) in addition to the Monthly Announcement, if the cumulative amount of new Qualipak Shares issued pursuant to the conversion of the Convertible Note reaches 5% of the issued share capital of Qualipak as disclosed in the last Monthly Announcement or any subsequent announcement made by Qualipak in respect of the Convertible Note (as the case may be) (and thereafter in a multiple of such 5% threshold), Qualipak will as soon as practicable but in any event no later than the fifth business day thereafter make an announcement on the website of the Stock Exchange including details as stated in (i) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by Qualipak in respect of the Convertible Note (as the case may be), up to the date on which the total amount of Qualipak Shares issued pursuant to the conversion amounts to 5% of the issued share capital of Qualipak as disclosed in the last Monthly Announcement or any subsequent announcement made by Qualipak in respect of the Convertible Note (as the case may be).

BUSINESSES OF QUALIPAK AND YUGANG

Qualipak and its subsidiaries are principally engaged in the businesses of manufacturing and trading of watch boxes, gift boxes, spectacle cases and bags and pouches, treasury investment activities, and the design, manufacturing and sale of soft baggage, travel bags, back-packs and brief cases.

Yugang and its subsidiaries (other than Qualipak) are principally engaged in trading in the PRC, treasury investments, and property and other investments.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Reasons for and benefits of Yugang

Yugang has substantial investment in property and infrastructure business through its associates, Y.T. Realty Group Limited and The Cross-Harbour Holdings Limited.

The Acquisition will enable Yugang to further enlarge its asset base due to the increase in net assets attributable to Yugang resulting from the substantial increase in the net assets of Qualipak. Based on the unaudited consolidated balance sheet of Yugang as at 30 June 2006, the consolidated net asset value attributable to equity holders of Yugang will increase from HK\$2,184 million to approximately HK\$3,280 million immediately following the completion of the Acquisition which will also constitute a deemed disposal by Yugang of its interest in Qualipak with an estimated gain of approximately HK\$1,096 million. The Acquisition will bring to Qualipak an opportunity to diversify into the real estate and property development business in the PRC with good prospects. Whilst Yugang's interest in Qualipak will be diluted from approximately 64.54% to approximately 45.90% immediately after the issue of the Consideration Qualipak Shares but before the Placing and any conversion of the Convertible Note, the directors of Yugang expect that the profit contribution of Qualipak to the Yugang Group will be significantly increased.

As the Acquisition will bring to Yugang Group an enlarged asset base and improved profitability prospect, the directors of Yugang (including the independent non-executive directors of Yugang, who will further render their opinion upon receipt of the opinion of the independent financial adviser) believe that the terms of the Transaction are fair and reasonable and in the interests of Yugang and the Yugang Shareholders as a whole.

Reasons for and benefits of Qualipak

Since the turn of the century, Qualipak has been actively looking for opportunities for expansion and diversification. During the last 5 years, whilst maintaining the competitiveness of its core manufacturing business, Qualipak has gradually expanded its business portfolio to include a widening range of manufacturing operations and treasury operations. The objective of such move has been to provide Qualipak with a stronger and more diversified profit source.

The PRC Company is located in Chongqing, a key city for the economic development in the central-western regions of China. The acquisition of the Subject Company provides Qualipak with an opportunity to take advantage of the PRC Company's strategic location and its early entry in the PRC property market to diversify its business into property development and investment. Also, the growth in the economy and the income level in the PRC are expected to result in an increase in demand in the real estate markets. Given the current market price and the trend of the supply of and demand for real estates in Chongqing, the board of directors of Qualipak expects Qualipak's property development business to have optimistic prospects and will achieve a rapid growth rate in the coming years. Following the acquisition of the Subject Company, the asset base of Qualipak will be very substantially enlarged. Given that the Consideration will be satisfied by the issue of the Consideration Qualipak Shares and the Convertible Note, the Acquisition will not cause any depletion of the cash resources of Qualipak immediately after Completion. Assuming full conversion of the Convertible Note, there would be no cash outflow for Qualipak, which will have a much enlarged equity base. The directors of Qualipak (including the independent non-executive directors of Qualipak, who will further render their opinion upon receipt of the opinion of the independent financial adviser) believe that the terms of the Transaction are fair and reasonable and in the interests of Qualipak and the Qualipak Shareholders as a whole.

After Completion, Qualipak will continue to carry on its existing operations, and will have property development and investment added as one of its core businesses. It will also look to acquire other land bank and property assets in Chongqing and other cities in China.

Respective committees comprising relevant independent non-executive directors of the respective Companies will be formed to consider the terms of the Acquisition and will render their opinions to the independent Yugang Shareholders and the independent Qualipak Shareholders respectively upon receiving the recommendations of the relevant independent financial advisers to be appointed.

REQUIREMENTS UNDER THE LISTING RULES

The value of the Consideration exceeds 100% under the consideration ratio for Qualipak. Hence, for the purpose of Rules 14.06 and 14A.13 of the Listing Rules, the Acquisition constitutes a very substantial acquisition and a connected transaction for Qualipak. Pursuant to Rules 14.49 and 14A.18 of the Listing Rules, the Transaction is therefore conditional upon the approval of the independent shareholders of Qualipak. In relation to such approval, the Guarantor, Yugang and their respective associates (who hold in aggregate 64.54% of the existing Qualipak Shares in issue) will abstain from voting. Voting on the Transaction by the independent shareholders of Qualipak will be conducted by way of poll.

Upon Completion and the issue of the Consideration Qualipak Shares, Qualipak will cease to be a subsidiary of Yugang. Hence, for the purpose of Rules 14.06 and 14A.13 of the Listing Rules, the Transaction will constitute a very substantial disposal and a connected transaction for Yugang. As Qualipak is currently a subsidiary of Yugang, the entering into of the Acquisition Agreement by Qualipak also constitutes a very substantial acquisition for Yugang under the Listing Rules. Pursuant to Rules 14.49 and 14A.18 of the Listing Rules, the Transaction is therefore conditional upon the approval of the independent shareholders of Yugang. The Guarantor and his associates (who hold in aggregate 42.40% of the existing Yugang Shares in issue) will be required to abstain from voting by reason of their material interest in the Transaction. Voting on the Transaction by the independent shareholders of Yugang will be conducted by way of poll.

Separate circulars containing, among other things, further details of the Transaction, the recommendations from the independent board committees and the advice of the relevant independent financial advisers to the independent board committees and independent shareholders of the respective Companies and other information as required under the Listing Rules together with notices of the SGM of each of Yugang and Qualipak will be despatched to the Yugang Shareholders and the Qualipak Shareholders respectively as soon as practicable in accordance with the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Companies, trading in their respective shares on the Stock Exchange have been suspended from 9:30 a.m. on 25 September 2006 pending the release of this announcement. Applications have been made by the Companies to the Stock Exchange for resumption of trading in the shares of Yugang and Qualipak on the Stock Exchange with effect from 9:30 a.m. on 29 September 2006.

As Completion and completion of the Placing are subject to the fulfilment of a number of conditions precedent, the Transaction or the Placing may or may not proceed. Shareholders and potential investors of Qualipak should exercise caution when dealing in the Qualipak Shares and shareholders and potential investors of Yugang should exercise caution when dealing in the Yugang Shares.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Share by the Purchaser pursuant to the terms of the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 22 September 2006 entered into between the Vendor, the Purchaser, Qualipak and the Guarantor in relation to the Acquisition as more particularly set out under the section headed “The Acquisition Agreement” of this announcement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Boards”	the board of directors of the respective Companies
“Buildings”	approximately 110,000 square metres of commercial and residential properties in Chongqing, the PRC owned by the PRC Company resulting from the development of land tracts
“BVI”	the British Virgin Islands
“Closing Date”	means three business days after the fulfillment of all the conditions precedent under the Placing Agreement
“Companies”	Yugang and Qualipak

“Completion”	the completion of the Acquisition pursuant to the terms and conditions of the Acquisition Agreement
“Completion Date”	means the date when Completion shall take place, being the second business day after all the Conditions have been satisfied or waived (as the case may be) or such other date as may be agreed in writing between the Parties
“Conditions”	the conditions precedent to Completion, as more particularly set out under the sub-section headed “Conditions to Completion” of this announcement
“Consideration”	the consideration under the Acquisition Agreement as more particularly set out under the sub-section headed “Consideration” of this announcement
“Consideration Qualipak Shares”	1,600,000,000 Qualipak Shares credited as fully paid-up and ranking pari passu with all other Qualipak Shares in issue existing on the Completion Date to be issued at Completion by Qualipak to the Vendor (or as it may direct) as part of the Consideration
“Conversion Shares”	the Qualipak Shares to be issued by Qualipak upon exercise of the rights under the Convertible Note
“Convertible Note”	the HK\$2,552,000,000 10-year 2% convertible note to be issued by Qualipak to the Vendor (or as it may direct) as part of the Consideration as more particularly set out under the sub-section headed “Principal terms of the Convertible Note” of this announcement
“Debts”	the debts in the aggregate amount of HK\$67,553,298 owing as at 30 June 2006 by the Guarantor and Chongqing Industrial Limited (中渝實業有限公司) (a company incorporated in Hong Kong and an entity controlled by the Guarantor) to the Subject Company which are interest-free and repayable on demand
“Guarantor”	Mr. Cheung Chung Kiu, the controlling shareholder of Yugang, who also owns 100% equity interest in the Vendor
“HK Company”	Charm Best Investment Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of the Subject Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the parties to the Acquisition Agreement, and “Party” means any of them
“Placing”	the best-endeavours placing of the Placing Shares by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	CLSA Limited
“Placing Agreement”	the placing agreement dated 22 September 2006 entered into between Qualipak and the Placing Agent in respect of the Placing as more particularly set out under the section headed “The Placing Agreement” of this announcement
“Placing Shares”	up to 3,400,000,000 new Qualipak Shares to be issued by Qualipak and placed by the Placing Agent pursuant to the terms of the Placing Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“PRC Company”	重慶中渝物業發展有限公司 (Chongqing Zhongyu Property Development Company Limited), a wholly owned foreign enterprise organized and existing under the laws of the PRC, wholly-owned by the Subject Company
“Properties”	11 parcels of land in Chongqing, the PRC owned by the PRC Company with a total site area of 865,668.57 square metres, the land title certificates of which are vested in the PRC Company
“Purchaser”	Marvel Leader Investments Limited, a company incorporated in the BVI with limited liability and wholly-owned by Qualipak
“Qualipak”	Qualipak International Holdings Limited (確利達國際控股有限公司*); stock code: 1224) a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Qualipak Group”	Qualipak and its subsidiaries
“Qualipak Shareholders”	holder(s) of Qualipak Shares
“Qualipak Shares”	shares of HK\$0.01 each in the share capital of Qualipak

“Receivables”	an aggregate amount of up to the equivalent of HK\$250,000,000 in certain amounts receivables due from independent third parties to the PRC Company as set out in the Acquisition Agreement
“Sale Share”	the entire issued share capital of the Subject Company to be sold by the Vendor to the Purchaser pursuant to the terms and conditions under the Acquisition Agreement
“SGM”	the special general meeting of Yugang or Qualipak, as the case may be, to be convened and held to consider and if thought appropriate, to approve, among other matters (if any), the Acquisition and all ancillary arrangements contemplated by the Acquisition Agreement and (where applicable) the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Company”	Starhigh International Limited, a company incorporated in the BVI with limited liability, which is wholly-owned by the Vendor
“Transaction”	the Acquisition and the transactions contemplated thereunder including the issue of the Consideration Qualipak Shares and the issue of the Convertible Note as contemplated by the Acquisition Agreement
“Vendor”	Thrivetrade Limited, a company incorporated in the BVI with limited liability and wholly owned by the Guarantor
“Yugang”	Yugang International Limited (渝港國際有限公司*; stock code: 613), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Yugang Group”	Yugang and its subsidiaries
“Yugang Shareholders”	holder(s) of Yugang Shares
“Yugang Shares”	shares of HK\$0.01 each in the share capital of Yugang
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated to HK\$ at the rate of HK\$1.00 = RMB1.02 and US\$ is translated to HK\$ at the rate of US\$1.00 = HK\$7.79, respectively. No representation is made that any amounts in RMB or US\$ have been or could be converted at the above rate or at any other rates or at all.

By order of the Board
YUGANG INTERNATIONAL LIMITED
Yuen Wing Shing
Managing Director

By order of the Board
QUALIPAK INTERNATIONAL HOLDINGS LIMITED
Lam How Mun Peter
Chairman and Managing Director

Hong Kong, 28 September 2006

As at the date of this announcement, the Board of Yugang comprises 5 executive directors, namely Mr. Cheung Chung Kiu, Mr. Yuen Wing Shing, Mr. Zhang Qing Xin, Mr. Lam Hiu Lo and Mr. Liang Kang, 1 non-executive director, namely Mr. Lee Ka Sze, Carmelo and 3 independent non-executive directors, namely Mr. Wong Wai Kwong David, Mr. Wong Yat Fai and Mr. Ng Kwok Fu.

As at the date of this announcement, the Board of Qualipak comprises 7 executive directors, namely Dr. Lam How Mun Peter, Mr. Cheung Chung Kiu, Mr. Lam Hiu Lo, Mr. Leung Chun Cheong, Mr. Leung Wai Fai, Ms. Poon Ho Yee Agnes and Mr. Wu Hong Cho, and 3 independent non-executive directors, namely Mr. Lam Kin Fung Jeffrey, Mr. Wong Wai Kwong David and Mr. Wong Yat Fai.