

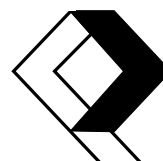
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# YUGANG

**YUGANG INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 613)**



**QUALIPAK INTERNATIONAL  
HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1224)**

## **JOINT ANNOUNCEMENT DISCLOSEABLE TRANSACTION ACQUISITIONS OF PROPERTY INTERESTS**

On 12 May 2005, the First Purchaser entered into the First S&P Agreement with the First Vendor, pursuant to which the First Purchaser agreed to purchase, and the First Vendor agreed to sell, the First Property for a cash consideration of HK\$35,000,000.

On 12 May 2005, the Second Purchaser entered into the Second S&P Agreement with the Second Vendor pursuant to which the Second Purchaser agreed to purchase, and the Second Vendor agreed to sell, the Second Property for a cash consideration of HK\$43,000,000.

Qualipak is a 64.54%-owned subsidiary of Yugang. The Acquisitions in aggregate constitute a discloseable transaction of each of Yugang and Qualipak under Rule 14.06 of the Listing Rules. Each of Yugang and Qualipak will despatch to its shareholders a circular containing further particulars of the Acquisitions as soon as possible in accordance with the requirements of the Listing Rules.

### **FIRST S&P AGREEMENT**

**Date:** 12 May 2005

**Parties:**

1. Great Gains International Limited, being the First Vendor. The First Vendor is a property investment company incorporated in Hong Kong with limited liability. To the best of the knowledge, information and belief of the directors of Yugang and the directors of Qualipak, after having made all reasonable enquiries, the First Vendor and its ultimate beneficial owners are not connected with any of the directors, chief executive or substantial shareholder(s) of Yugang or Qualipak or their respective subsidiaries or their respective associate(s).
2. Empire New Assets Limited, a wholly-owned subsidiary of Qualipak, being the First Purchaser.

**Asset to be acquired:**

The First Property. The First Property has a gross floor area of approximately 10,963 sq. ft. and is valued at approximately HK\$35,000,000 as at 11 May 2005 by Savills (Hong Kong) Limited, an independent valuer appointed by Qualipak. The First Property will be sold subject to and with the benefit of the Tenancy Agreement in favour of Qualipak Manufacturing Limited, a wholly-owned subsidiary of Qualipak but otherwise free from encumbrances.

**Consideration:**

The consideration payable by the First Purchaser to the First Vendor for the purchase of the First Property is HK\$35,000,000. A deposit of HK\$2,000,000 was paid by the First Purchaser to the First Vendor upon the signing of the First S&P Agreement and the remaining balance of HK\$33,000,000 will be paid by the First Purchaser to the First Vendor on or before 24 June 2005 or such other date as may be mutually agreed between the First Vendor and the First Purchaser. The directors of Qualipak intend to fund the entire consideration wholly by the internal resources of the Qualipak Group.

The consideration has been arrived at after arm's length negotiations between the First Purchaser and the First Vendor with reference to the valuation by Savills (Hong Kong) Limited of the First Property (subject to the Tenancy Agreement) of approximately HK\$35,000,000 as at 11 May 2005.

**Completion:**

Subject to the First Vendor proving its title to the First Property in accordance with section 13 of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong), the First Completion shall take place on or before 24 June 2005 or such other date as may be mutually agreed between the First Vendor and the First Purchaser. If the First Vendor shall fail to prove its title to the First Property as aforesaid, the First Purchaser shall have the right to rescind the First S&P Agreement whereupon the deposit in the sum of HK\$2,000,000 shall be refunded by the First Vendor to the First Purchaser.

**SECOND S&P AGREEMENT**

**Date:** 12 May 2005

**Parties:**

1. Pacific Kingdom Investments Limited (海琪投資有限公司), being the Second Vendor. The Second Vendor is a property investment company incorporated in Hong Kong with limited liability. To the best of the knowledge, information and belief of the directors of Yugang and the directors of Qualipak, after having made all reasonable enquiries, the Second Vendor and its ultimate beneficial owners are not connected with any of the directors, chief executive or substantial shareholder(s) of Yugang or Qualipak or their respective subsidiaries or their respective associate(s).
2. Wiseteam Assets Limited, a wholly-owned subsidiary of Qualipak, being the Second Purchaser.

**Asset to be acquired:**

The Second Property. The Second Property has a gross floor area of approximately 11,262 sq. ft. and is valued at approximately HK\$47,000,000 as at 11 May 2005 by Savills (Hong Kong) Limited, an independent valuer appointed by Qualipak. The Second Property will be sold with vacant possession and free from encumbrances.

**Consideration:**

The consideration payable by the Second Purchaser to the Second Vendor for the purchase of the Second Property is HK\$43,000,000. A deposit of HK\$3,000,000 was paid by the Second Purchaser to the Second Vendor upon the signing of the Second S&P Agreement and the remaining balance of HK\$40,000,000 will be paid by the Second Purchaser to the Second Vendor on or before 24 June 2005 or such other date as may be mutually agreed between the Second Vendor and the Second Purchaser. The directors of Qualipak intend to fund the entire consideration wholly by internal resources of the Qualipak Group.

The consideration has been arrived at after arm's length negotiations between the Second Purchaser and the Second Vendor with reference to the valuation by Savills (Hong Kong) Limited of the Second Property with vacant possession of approximately HK\$47,000,000 as at 11 May 2005.

**Completion:**

Subject to the Second Vendor proving its title to the Second Property in accordance with section 13 of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong), the Second Completion shall take place on or before 24 June 2005 or such other date as may be mutually agreed between the Second Vendor and the Second Purchaser. If the Second Vendor shall fail to prove its title to the Second Property as aforesaid, the Second Purchaser shall have the right to rescind the Second S&P Agreement whereupon the deposit in the sum of HK\$3,000,000 shall be refunded by the Second Vendor to the Second Purchaser.

**REASONS FOR AND BENEFITS OF THE ACQUISITIONS**

The principal activities of Yugang and its subsidiaries are the trading of automobile parts, treasury investments, and property and other investments.

The principal activities of Qualipak and its subsidiaries are the manufacturing and trading of watch boxes, gift boxes, spectacles cases, bags and pouches and treasury investment activities.

The First Property and the Second Property are office premises in a high-grade commercial building located in North Point, Hong Kong. The principal place of business of Qualipak in Hong Kong is situated in the First Property.

The directors of Qualipak believe that the Acquisitions can enhance the property portfolio and the future earnings of the Qualipak Group as well as save the Qualipak Group of the rental of HK\$1,200,000 per annum in relation to the First Property. In relation to the Second Property, the Qualipak Group may in the future occupy part thereof after completion of the acquisition of 60% of the issued share capital of Hoi Tin Universal Limited as per the joint announcement of Qualipak and Yugang dated 30 March 2005. Besides, the Qualipak Group will continue to expand its capacity as mentioned in its 2004 annual report which will result in its hiring of more staff and hence the need of more office space. Pending such occupation by the Qualipak Group, the Qualipak Group may let out the Second Property at a rental of at least HK\$1,200,000 per annum (or an investment return of approximately 2.79% per annum based on the purchase price of the Second Property of HK\$43,000,000) and this will increase the recurrent income of the Qualipak Group. Thus the Acquisitions are in the interests of Qualipak and its shareholders as a whole. Taking into account the value of the First Property (subject to the Tenancy Agreement) of approximately HK\$35,000,000 as at 11 May 2005, and that of the Second Property with vacant possession of approximately HK\$47,000,000 as at 11 May 2005, the directors of Qualipak consider that the terms of the Acquisitions

are fair and reasonable and in the interests of the Qualipak Group and its shareholders as a whole. The directors of Yugang agree with the views of the directors of Qualipak that the Acquisitions are in the interests of the Qualipak Group and are thus of the view that the Acquisitions are in the interests of Yugang and its subsidiaries as a whole.

## **GENERAL**

The Acquisitions in aggregate constitute a discloseable transaction of each of Yugang and Qualipak under Rule 14.06 of the Listing Rules. Each of Yugang and Qualipak will despatch to its shareholders a circular containing further particulars of the Acquisitions as soon as possible in accordance with the requirements of the Listing Rules.

## **DEFINITIONS**

“Acquisitions”	the acquisition of the First Property and the acquisition of the Second Property
“associate”	has the meaning ascribed to it under the Listing Rules
“director(s)”	the director(s) of Yugang or Qualipak as the context requires
“First Completion”	completion of the First S&P Agreement
“First Property”	the whole of the 7th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong
“First Purchaser”	Empire New Assets Limited, a limited company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Qualipak
“First S&P Agreement”	the sale and purchase agreement dated 12 May 2005 entered into between the First Vendor and the First Purchaser in relation to the sale and purchase of the First Property
“First Vendor”	Great Gains International Limited, a limited company incorporated in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Qualipak”	Qualipak International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Qualipak Group”	Qualipak and its subsidiaries
“Second Completion”	Completion of the Second S&P Agreement
“Second Property”	the whole of the 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong
“Second Purchaser”	Wiseteam Assets Limited, a limited company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Qualipak
“Second S&P Agreement”	the sale and purchase agreement dated 12 May 2005 entered into between the Second Vendor and the Second Purchaser in relation to the sale and purchase of the Second Property

“Second Vendor”	Pacific Kingdom Investments Limited (海琪投資有限公司), a limited company incorporated in Hong Kong
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“substantial shareholders”	has the meaning ascribed to it under the Listing Rules
“Tenancy Agreement”	the tenancy agreement dated 18 December 2003 entered into between the First Vendor and Qualipak Manufacturing Limited, a wholly-owned subsidiary of Qualipak
“Yugang”	Yugang International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange

By order of the board of  
**Yugang International Limited**  
**Yuen Wing Shing**  
*Managing Director*

By order of the board of  
**Qualipak International Holdings Limited**  
**Lam How Mun Peter**  
*Chairman and Managing Director*

Hong Kong, 13 May 2005

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

*As at the date of this announcement, the board of directors of Qualipak comprises Dr. Lam How Mun Peter, Mr. Cheung Chung Kiu, Mr. Lam Hiu Lo, Mr. Leung Chun Cheong, Mr. Leung Wai Fai and Ms. Poon Ho Yee Agnes as executive directors, and Mr. Lam Kin Fung Jeffrey, Mr. Lam Ping Cheung and Mr. Wong Wai Kwong David as independent non-executive directors.*

“Please also refer to the published version of this announcement in The Standard.”