THIS CIRCULAR IS IMPORTANT AND 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 accountants or other professional adviser.

If you have sold or transferred all your shares in **Yugang International Limited**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, stockbroker, or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

YUGANG

YUGANG INTERNATIONAL LIMITED
（渝港國際有限公司）*

(Incorporated in Bermuda with limited liability)

(Stock Code: 613)

DISCLOSEABLE TRANSACTION

A letter from the Board is set out on pages 4 to 13 of this circular.

27 June 2005

* *For identification purposes only*

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

"Acquisition"	the acquisition of the Sale Shares by the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
"Audited Net Profits"	the audited consolidated net profits derived from the activities of the TIHL Group in its normal and ordinary course of business after tax and minority interests but before extraordinary items of TIHL as shown in its audited financial statements for the relevant financial year
"Board"	the board of Directors
"business day"	a day (other than a Saturday or days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business
"Company"	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
"Completion"	the completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
"Completion Date"	the date of the Sale and Purchase Agreement
"Consideration"	the consideration payable by the Purchaser to the Vendor for the purchase of the Sale Shares, to be calculated in accordance with the formula set out under the section headed "The Consideration" of the "Letter from the Board" in this circular
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries, including the Qualipak Group
"Guaranteed Year"	each of the two years ending 31 December 2005 and 31 December 2006
"Guarantors"	Mr Brian Sun and Ms Chan Pui Ling Stella
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Latest Practicable Date"	23 June 2005, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	The People's Republic of China, which for the purpose of this circular excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"Purchaser"	Onestep Enterprises Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Qualipak
"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 Directors"	the directors of Qualipak
"Qualipak Group"	Qualipak and its subsidiaries
"Restricted Period"	the period commencing from the Completion Date to the date which is the later of the first anniversary of all the Warrantors in aggregate ceasing to hold more than 30% shareholding interests (whether directly or indirectly) in TIHL or the first anniversary of all the Warrantors ceasing to be directors of any company within the TIHL Group
"Retained Amount"	the sum of HK$3,000,000 being part of the Consideration retained by the Purchaser as mentioned in the section headed "The Consideration" of the "Letter from the Board" in this circular
"Sale and Purchase Agreement"	the agreement dated 3 June 2005 entered into by the Vendor, the Guarantors and the Purchaser in connection with the Acquisition
"Sale Shares"	3,000 shares of US$1 each in TIHL representing 30% of the issued share capital of TIHL

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Technical Development"	Technical Development (HK) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of TIHL
"Technical Manufacturing"	Technical (HK) Manufacturing Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of TIHL
"TIHL"	Technical International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
"TIHL Group"	TIHL, Technical Development and Technical Manufacturing
"Vendor"	Technical Group Holdings Limited, a company incorporated in the British Virgin Islands with limited liability which is owned as to 90% by Mr Brian Sun and 10% by Ms Chan Pui Ling Stella
"Warrantors"	the Vendor and the Guarantors
"HK$"	Hong Kong dollars
"%"	per cent.

YUGANG

YUGANG INTERNATIONAL LIMITED
(渝港國際有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 613)

Executive Directors:
Cheung Chung Kiu *(Chairman)*
Yuen Wing Shing *(Managing Director)*
Zhang Qing Xin
Lam Hiu Lo
Liang Kang

Non-executive Director:
Lee Ka Sze, Carmelo

Independent non-executive Directors:
Wong Wai Kwong, David
Wong Yat Fai
Ng Kwok Fu

Registered office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business:
Rooms 3301-3307
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

27 June 2005

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

1. INTRODUCTION

The Company and Qualipak jointly announced on 3 June 2005 that the Vendor, the Guarantors and the Purchaser had entered into the Sale and Purchase Agreement pursuant to which the Purchaser had acquired the Sale Shares from the Vendor at the consideration of HK$33,000,000. The Sale Shares represent 30% of the issued share capital of TIHL.

The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules. The main purpose of this circular is to provide you with details of the Acquisition.

* *For identification purposes only*

2. THE SALE AND PURCHASE AGREEMENT DATED 3 JUNE 2005

A. The parties

Vendor	:	Technical Group Holdings Limited, a company incorporated in the British Virgin Islands
Guarantors	:	Mr Brian Sun and Ms Chan Pui Ling Stella
Purchaser	:	Onestep Enterprises Limited, a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of Qualipak

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Vendor and the Guarantors (who are the ultimate beneficial owners of the Vendor) is a third party independent of the Company and its connected persons as defined under the Listing Rules.

B. Assets acquired

The Purchaser had pursuant to the Sale and Purchase Agreement acquired from the Vendor the Sale Shares representing 30% of the issued share capital of TIHL.

Each of the Guarantors had pursuant to the Sale and Purchase Agreement jointly and severally and unconditionally and irrevocably guaranteed to the Purchaser the due and punctual performance by the Vendor of its obligations under the Sale and Purchase Agreement and had jointly and severally with the Vendor given various warranties, representations, undertakings and indemnities to the Purchaser.

Information on the TIHL Group

TIHL is a company incorporated in the British Virgin Islands with limited liability on 11 April 2005. The only assets held by TIHL are its entire shareholding interest in each of Technical Manufacturing and Technical Development. Technical Manufacturing is a company incorporated in Hong Kong with limited liability on 10 March 1994 and is engaged in the business of design, trading and marketing of knives and kitchenware. Technical Development is a company incorporated in Hong Kong with limited liability on 29 August 2001 and is engaged in the business of design, trading and marketing of corkscrews and kitchenware.

The shareholding structure of TIHL immediately before and immediately after Completion were as follows:

	Shareholding percentage immediately before Completion	Shareholding percentage immediately after Completion
the Vendor	100%	70%
the Purchaser	—	30%
	100%	100%

Financial information on the TIHL Group

As at 31 December 2004, the unaudited net asset value of Technical Manufacturing and Technical Development were approximately HK$12,528,000 and HK$22,812,000 respectively. The unaudited net profits before and after taxation of Technical Manufacturing for the financial year ended 31 December 2004 were approximately HK$7,734,000 and HK$6,380,000 respectively. The unaudited net profits before and after taxation of Technical Development for the financial year ended 31 December 2004 were approximately HK$16,255,000 and HK$13,410,000 respectively. The audited net profits before and after taxation of Technical Manufacturing for the financial year ended 31 December 2003 were approximately HK$5,891,000 and HK$4,799,000 respectively. The audited net profits before and after taxation of Technical Development for the financial year ended 31 December 2003 were approximately HK$9,542,000 and HK$7,872,000 respectively. According to the unaudited consolidated proforma balance sheet of TIHL provided by the Vendor, assuming that Technical Manufacturing and Technical Development were wholly-owned subsidiaries of TIHL as at 31 December 2004 and that the distribution of dividends in the total sum of HK$32,213,515 by Technical Manufacturing and Technical Development (the "Dividend Distribution") had already took place on 31 December 2004, the consolidated net asset value of TIHL would have been HK$3,832,567 and the combined net profits before and after taxation of TIHL for the year ended 31 December 2004 would have been approximately HK$23,989,000 and HK$19,790,000 respectively. The Dividend Distribution was mainly for setting off the current account balances due from shareholders of Technical Manufacturing and Technical Development, and there was cash distribution of HK$3,059,563 only.

As at 31 May 2005, TIHL has a long term debt in the sum of HK$69,441 and a short term debt in the sum of HK$14,646,439. In view of the contribution of the shareholders' loans in the total amount of HK$10,000,000 by the Vendor and the Purchaser to TIHL pursuant to the terms of the Sale and Purchase Agreement, and the available banking facilities, the short term financial position of TIHL is not affected by the Dividend Distribution.

C. Completion

Completion was not subject to any conditions and took place on the Completion Date immediately after the signing of the Sale and Purchase Agreement.

D. The Consideration

The consideration payable by the Purchaser to the Vendor for the Sale Shares is HK$33,000,000 (subject to adjustment referred to in the paragraph headed "Profit guarantee" below) and shall be paid in cash by the Purchaser to the Vendor as follows:

(a) the sum of HK$30,000,000 has been paid by the Purchaser to the Vendor or such other person nominated by the Vendor on Completion; and

(b) the Retained Amount together with interest accrued thereon at the rate of 1% per annum shall, subject to the set-off mechanism mentioned below, be paid by the Purchaser to the Vendor within 7 business days from the issue of the audited consolidated financial statements of TIHL for the year ending 31 December 2006.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser by reference to the guaranteed Audited Net Profits of the TIHL Group for each Guaranteed Year of not less than HK$20,000,000 at a price earnings multiple of 5.5 times.

By reference to 30% of the consolidated net asset value of the TIHL Group of HK$3,832,567 (equivalent to approximately HK$1,149,770) assuming that Technical Manufacturing and Technical Development were wholly-owned subsidiaries of TIHL as at 31 December 2004 and that the Dividend Distribution had already took place on 31 December 2004, the Consideration of HK$33,000,000 represents a premium of HK$31,850,230 over the said amount of HK$1,149,770.

The entire Consideration will be funded from the internal resources of the Qualipak Group.

E. Other principal terms of the Sale and Purchase Agreement

Profit guarantee

The Warrantors have jointly and severally guaranteed to the Purchaser that the Audited Net Profits for each Guaranteed Year shall not be less than HK$20,000,000. If the Audited Net Profits in respect of a Guaranteed Year is less than HK$20,000,000, an amount equal to 30% of 5.5 times of the difference between HK$20,000,000 and the Audited Net Profits of that Guaranteed Year ("Compensation Amount") shall become payable by the Warrantors to the Purchaser in respect of that Guaranteed Year but the total liability of the Warrantors in respect of all payments of Compensation Amounts shall not exceed in aggregate an amount equal to HK$33,000,000 plus all sums advanced by the Purchaser to any member of the TIHL Group during the two Guaranteed Years which remains outstanding less all dividends declared by TIHL to the Purchaser during the two Guaranteed Years.

The Retained Amount shall be applied towards setting-off against firstly, any Compensation Amount payable in the Guaranteed Year ending 31 December 2005 and secondly, any Compensation Amount payable in the Guaranteed Year ending 31 December 2006. If the Retained Amount shall not be sufficient to set-off in full the Compensation Amount payable for any Guaranteed Year, the Purchaser shall issue a written demand to the Warrantors informing them of the shortfall amount and the Warrantors shall pay to the Purchaser such shortfall amount within 30 days from the date of such written demand.

Warranty on trade receivables

The Warrantors have jointly and severally warranted that if the trade receivables excluding credit balances of the TIHL Group as at 31 December 2004 in the amount of HK$16,843,947.87 are not recovered in full within 30 days after the date when the audited consolidated financial statements of TIHL for the financial year ending 31 December 2005 is issued, the Warrantors shall within 14 business days from such date reimburse TIHL of such deficit amount in cash.

Contribution of shareholders' loans

The Vendor and the Purchaser agreed to advance shareholders' loans to TIHL in the manner set out below within 7 days from the Completion Date:

Name	**Amount of shareholders' loan**
the Vendor	HK$7,000,000
the Purchaser	HK$3,000,000

Such loans shall be unsecured, non-interest bearing and repayable on demand, provided that any repayment in respect of the shareholders' loans is to be made to both the Purchaser and the Vendor pro rata to the proportion of such advance or loan made by each of them at the time of repayment.

Representations to the boards of the TIHL Group

With effect from Completion, the board of directors of each of TIHL, Technical Manufacturing and Technical Development consists of 6 directors. The Purchaser shall be entitled to nominate and appoint up to 2 directors and the Vendor shall be entitled to nominate and appoint up to 4 directors (including the existing directors nominated by the Vendor) to the board of directors of each of TIHL, Technical Manufacturing and Technical Development.

Restrictions on transfers and new issues

The Vendor and the Purchaser had undertaken with each other that within the period of 2 years from the Completion Date, it will not dispose of or create any encumbrance over any of the shares of TIHL held by it or of any shareholders' loans advanced by it except with the prior written consent of the other of them. The Guarantors had also jointly and severally undertaken with the Purchaser to procure that, within the period of 2 years from the Completion Date, the Vendor will not dispose of or create any encumbrance over any of the shares of TIHL held by it or of any shareholders' loans advanced by it except with the prior written consent of the Purchaser. The Guarantors had further jointly and severally undertaken with the Purchaser that within 2 years from the Completion Date, the Guarantors shall not, except with the prior written consent of the Purchaser, sell, assign or otherwise dispose of, create or permit to subsist any encumbrance or other rights or any interests in all or any of their respective shareholding interests in the Vendor.

The Warrantors had also undertaken with the Purchaser to procure that no further shares shall be allotted and issued by TIHL within a period of 3 years from the Completion Date unless otherwise unanimously agreed in writing by the Vendor and the Purchaser.

Distribution of dividends of TIHL

The Warrantors had undertaken with the Purchaser to procure that with respect to each financial year after Completion, TIHL shall declare, make or pay such dividends or distributions to its shareholders in an aggregate amount which is not less than 75% of the Audited Net Profits for the relevant financial year, subject to compliance with the relevant articles of association, restrictions that may be imposed by any lending banks from time to time in relation to any debt obligations of the TIHL Group, and applicable statutory provisions. Such dividends or distributions shall be payable to the shareholders of TIHL in proportion to their respective issued and paid up shareholdings.

Shareholders' agreement

In accordance with the provisions of the Sale and Purchase Agreement, the Vendor, the Purchaser and TIHL had on Completion entered into a shareholders' agreement to, inter alia, regulate the relationship between the Vendor and the Purchaser as shareholders of TIHL and to set out the basis on which the business and affairs of TIHL would be managed and controlled.

Non-competition deed

In accordance with the provisions of the Sale and Purchase Agreement, the Warrantors had on Completion entered into a non-competition deed in favour of TIHL pursuant to which each of them had jointly and severally and unconditionally and irrevocably undertaken, inter alia, not to be directly or indirectly engaged in or concerned with or interested in any business which is in competition with or similar to the business as conducted by the TIHL Group immediately before the Restricted Period during the Restricted Period within the territory of Hong Kong and/or such other cities in the PRC where any member of the TIHL Group carries on business during the Restricted Period.

The Warrantors shall be released from the restrictions under such non-competition deed upon the earliest of:

(a) the expiry of the Restricted Period;

(b) the Purchaser and its associates in aggregate holding less than 10% shareholding interests or other securities in TIHL;

(c) termination of the shareholders' agreement relating to TIHL mentioned above; and

(d) TIHL achieving initial public offering and become listed on the Stock Exchange.

3. REASONS FOR AND BENEFITS OF THE ACQUISITION

In line with Qualipak's strategy to diversify and significantly grow its earnings, Qualipak is further expanding its scope of business into additional but nevertheless complementary business lines. This expansion stems from the relative strength of Qualipak's management experience in production, trading and marketing as well as their strong relationship built-up within the packaging products sector.

The Qualipak Directors consider that the Acquisition is aligned with Qualipak's expansion strategy and presents an opportunity for the Qualipak Group to strengthen its trading and manufacturing business. The Qualipak Directors believe that the TIHL Group is a successful entity with strong design and development teams in innovative design of products and for market exploration. The growth prospect of the TIHL Group is promising and the Acquisition provides Qualipak with an opportunity to gain access to the trading operations of corkscrew, kitchenware and knives products.

The Acquisition is a step in diversification of the Qualipak Group's revenue and a key development in the Qualipak Group's business strategy. In view of the profit guarantee to be provided by the Warrantors under the Sale and Purchase Agreement, the Group will have a reasonable return for the first two years after the Acquisition. In addition, given that Technical Development and Technical Manufacturing have had a positive combined net profits after tax track record of a total of HK$32,000,000 for the two financial years ended 31 December 2003 and 31 December 2004, the directors of Qualipak consider that based on the earning potential and growth prospect of the TIHL Group, it is of great investment value and commercial benefit to acquire TIHL as the Acquisition will enhance the earning and asset base of the Qualipak Group in the long term. As a long term investment, the Acquisition will contribute positively to the Qualipak Group's future revenue growth through broadening base of business opportunities.

The Qualipak Directors consider that the terms of the Acquisition are fair and reasonable and in the interests of the Qualipak Group and the shareholders of Qualipak as a whole. The Directors agree with the views of the Qualipak Directors that the Acquisition is in the interests of the Qualipak Group and are thus of the view that the Acquisition is in the interests of the Group and the Shareholders as a whole.

4. FINANCIAL EFFECTS OF THE ACQUISITION ON THE GROUP

The Consideration is paid from the internal resources of the Group and the cash and cash equivalent of the Group has been decreased by HK$33,000,000. As TIHL is a self-contained company, the Directors are of the opinion that other than the shareholders' loan to be contributed by the Vendor and the Purchaser in the total sum of HK$10,000,000 pursuant to the terms of the Sale and Purchase Agreement, no additional shareholders' loan is required for maintaining its current operation after Completion and therefore, there would be no material adverse impact on the working capital of the Group.

Net asset value

As at 31 December 2004, the audited consolidated net asset value of the Group amounted to approximately HK$2,011,340,000. Upon Completion, goodwill of approximately HK$31,850,230 equivalent to the amount of premium paid over 30% of the consolidated net asset value of the TIHL Group as at 31 December 2004 is recognized at the balance sheet without any amortization or immediate write-off and the goodwill will be subject to any impairment loss, if any, pursuant to the new accounting standards effective from 1 January 2005.

Taking into account of the growth prospect of the TIHL Group, the Directors believe that there will be no impairment loss for the goodwill and the consolidated net asset value of the Group will remain the same.

Earnings

After the Acquisition, the Group will consolidate its sharing of the financial results of the TIHL Group under the item "share of profit of an associate company" in the consolidated profit and loss account.

Given the profit guarantee provided by the Warrantors jointly and severally under the Sale and Purchase Agreement (as more particularly set out in the paragraph titled "Profit guarantee" under the section headed "Other principal terms of the Sale and Purchase Agreement" of this letter), the Directors consider that the Acquisition will provide an opportunity for the Group to broaden its earnings base and bring additional earnings to the Group by diversifying into a business segment of trading of corkscrew and kitchenware products with annual profit of not less than HK$20,000,000.

5. PRINCIPAL ACTIVITIES OF THE GROUP AND THE VENDOR

The principal activities of the Company is investment holding and the principal activities of its subsidiaries are the trading of automobile parts, manufacturing and trading of packaging products, treasury investments, and property and other investments.

The principal activity of the Vendor is the holding of TIHL.

6. DISCLOSEABLE TRANSACTION

As the amount of one of the relevant percentage ratios calculated pursuant to Rules 14.07(2), (3) and (4) of the Listing Rules exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

7. ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendix to this circular.

Yours faithfully,
By order of the Board
Yugang International Limited
Yuen Wing Shing
Managing Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or were, pursuant to section 352 of the SFO, entered in the register referred to therein or were, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, notified to the Company and the Stock Exchange, were as follows:

(i) Long positions in the Shares:

Director	Type of interest	Number of Shares held	Approximate percentage
Cheung Chung Kiu	Corporate *(Note 1)*	3,194,434,684	37.79%
	Personal	53,320,000	0.63%
Zhang Qing Xin	Personal	13,600,000	0.16%
Lam Hiu Lo	Personal	41,800,000	0.49%
Liang Kang	Personal	30,000,000	0.35%

(ii) Long positions in the Company's convertible note:

Director	Type of interest	Number of underlying Shares	Amount of convertible note held	Approximate percentage
Cheung Chung Kiu	Corporate *(Note 2)*	933,333,333	HK$70,000,000	11.04%

(iii) Long positions in the shares of Qualipak:

Director	Type of interest	Number of shares held	Approximate percentage
Cheung Chung Kiu	Corporate *(Note 3)*	2,542,396,360	64.54%
Lee Ka Sze, Carmelo	Family	1,000,000	0.03%
Ng Kwok Fu	Personal	120,000	0.003%

(iv) Long positions in the shares of Y. T. Realty Group Limited ("Y. T."), an associated corporation of the Company, the shares of which are listed on the main board of the Stock Exchange:

Director	Type of interest	Number of shares held	Approximate percentage
Cheung Chung Kiu	Corporate *(Note 4)*	273,000,000	34.14%
Ng Kwok Fu	Personal and family	90,000	0.01%

Notes:

1. The voting rights of these Shares are exercisable by Chongqing Industrial Limited. Mr Cheung Chung Kiu, Peking Palace Limited, Miraculous Services Limited and Prize Winner Limited have a 35%, 30%, 5% and 30% equity interest in Chongqing Industrial Limited respectively.

   Peking Palace Limited and Miraculous Services Limited are beneficially owned by Palin Discretionary Trust, a family discretionary trust, the objects of which include Mr Cheung Chung Kiu and his family.

   Prize Winner Limited is beneficially owned by Mr Cheung Chung Kiu and his associates.

2. The convertible note is held by Timmex Investment Limited, in which Mr Cheung Chung Kiu has a beneficial interest of 100%. Pursuant to the terms of the convertible note, the number of underlying Shares that may be converted under the convertible note is 933,333,333. The aggregate percentage of interests in Shares and underlying Shares of Mr Cheung Chung Kiu is 49.46%.

3. The 2,542,396,360 shares of Qualipak are held by Regulator Holdings Limited ("Regulator"). Regulator is indirectly controlled by Palin Holdings Limited as trustee for the Palin Discretionary Trust, a family discretionary trust, the objects of which include Mr Cheung Chung Kiu and his family.

4. The 273,000,000 shares of Y. T. are held by Funrise Limited ("Funrise"). Funrise is indirectly controlled by Palin Holdings Limited as trustee for the Palin Discretionary Trust, a family discretionary trust, the objects of which include Mr Cheung Chung Kiu and his family.

In addition to the above, certain Directors have non-beneficial personal interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following parties (other than Directors or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which were disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity and type of interests	Number of Shares held	Approximate percentage
Timmex Investment Limited	Corporate *(Note 1)*	933,333,333	11.04%
Chongqing Industrial Limited	Corporate *(Note 2)*	3,194,434,684	37.79%
Palin Holdings Limited	Trustee of a family trust *(Note 3)*	3,194,434,684	37.79%
Cheung Chung Kiu	Corporate and personal *(Note 4)*	4,181,088,017	49.46%

Notes:

1. The interest represents the Shares issuable upon the exercise of the conversion right attaching to the convertible note of HK$70,000,000 that is held by Timmex Investment Limited, in which Mr Cheung Chung Kiu has a beneficial interest of 100%.

2. The voting rights of these Shares are exercisable by Chongqing Industrial Limited which is controlled by Mr Cheung Chung Kiu.

3. Palin Holdings Limited is the trustee for Palin Discretionary Trust, a family discretionary trust, the objects of which include Mr Cheung Chung Kiu and his family.

4. Out of the 4,181,088,017 Shares, 3,194,434,684 Shares are held by Chongqing Industrial Limited and 53,320,000 Shares are held by Mr Cheung Chung Kiu personally. The balance of 933,333,333 Shares are the underlying Shares in which Timmex Investment Limited is interested.

As at the Latest Practicable Date, according to the register of interests kept by the Company under section 336 of the SFO and so far as was known to the Directors and chief executive of the Company, no other person (other than Directors or chief executive of the Company) had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company 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 (including any options in respect of such capital) carrying rights to vote in all circumstances at general meetings of any other member of the Group. However, upon completion of the acquisition of 60%

interest in Hoi Tin Universal Limited ("Hoi Tin"), the following parties (other than Directors or chief executive of the Company) will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including any options in respect of such capital) carrying rights to vote in all circumstances at general meetings of other members of the Group:

Name of Group member	Name of the shareholder	Percentage
Hoi Tin *(Note 1)*	Chau Tin Ping	12.8%
Hoi Tin *(Note 1)*	Wong Kong	10%
Young Comfort *(Note 2)*	Thomas Wagner GmbH	25%

Notes:

1. Upon the completion of the acquisition of 60% interest in Hoi Tin, Hoi Tin will become a subsidiary of the Company and Ms Chau Tin Ping and Mr Wong Kong will hold interests in Hoi Tin of 12.8% and 10% respectively.

2. Upon the completion of the acquisition of 60% interest in Hoi Tin, Young Comfort, which is a 75%-owned subsidiary of Hoi Tin, will also become a subsidiary of the Company. Thomas Wagner GmbH holds a 25% interest in Young Comfort.

4. LITIGATION

So far as the Directors are aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries are engaged in any litigation or claim of material importance and no litigation or claim of material importance was pending or threatened against any members of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Group other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. SECRETARY AND QUALIFIED ACCOUNTANT OF THE COMPANY

The secretary of the Company is Mr Albert T. da Rosa, Jr. who is a practising solicitor in Hong Kong.

The qualified accountant of the Company appointed pursuant to Rule 3.24 of the Listing Rules is Mr Leung Wai Fai. Mr Leung holds a degree of Bachelor of Business Administration from University of Wisconsin - Madison, USA and is fellow of both the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants.

7. COMPETING INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Directors or their respective associate(s) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

8. MISCELLANEOUS

(a) The registered office of the Company is at Clarendon House, Church Street, Hamilton HM 11, Bermuda.

(b) The head office and principal place of business of the Company is at Rooms 3301-3307, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

(c) The Hong Kong branch share registrar and transfer office of the Company is Tengis Limited situated at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

(d) Mr Lee Ka Sze, Carmelo, a non-executive Director, is a partner of Woo, Kwan, Lee & Lo, a solicitors firm which provides professional services to the Group (including in relation to the Acquisition) and charges usual professional fees in respect thereof.

(e) References to the Group in the sections headed “Litigation” and “Service Contracts” in this Appendix are to be construed as including any company which will become a subsidiary of the Company by reason of the acquisition of 60% interest in Hoi Tin by the Qualipak Group.

(f) The English text of this circular shall prevail over the Chinese text in case of inconsistency.