YEW SANG HONG (HOLDINGS) LIMITED
耀 生 行 （ 集 團 ） 有 限 公 司

Yew Sang Hong (Holdings) Limited
耀生行(集團)有限公司*

(Incorporated in Cayman Islands with limited liability)

DISCLOSEABLE TRANSACTION

Discloseable Transaction

The Board announces that on 27 June 2002 China Legend, an indirect wholly-owned subsidiary of the Company, has entered into the Agreements with Dagong International in relation to the formation of a joint venture company in the PRC. Dagong International is an independent third party not connected with the Company, directors, chief executive, substantial shareholders of the Company or its subsidiaries or their respective associates. The JV Company is expected to be principally engaged in the provision of various kinds of credit information services to local and overseas institutional investors, financial institutions, regulatory authorities, government departments and economic research houses.

The registered capital of the JV Company shall be RMB80,000,000 (approximately HK$75,440,000). Each of China Legend and Dagong International shall inject into the JV Company RMB40,000,000 (approximately HK$37,720,000) in cash as registered capital within six months from the date of issue of the business licence of the JV Company which is expected to fall within one month from the date of submission of the Agreements for approval. Further announcement will be made by the Company if there is any material development.

The transaction contemplated under the Agreements constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing details of the Agreements will be despatched to the Shareholders as soon as practicable.

Public Float

This announcement is also made in respect of the possible high concentration of the public float of the Company in the hands of a small number of Shareholders.

Subsequent to the receipt of the letter from the Stock Exchange dated 10 June 2002 in respect of the possible high concentration of the public float of the Company in the hands of a small number of Shareholders, the Company has conducted a review on the shareholders list and CCASS report and the Directors could not ascertain if there is a possible high concentration of the public float of the Company in the hands of a small number of Shareholders. The Board hence confirms that, as at the date of this announcement, there is a sufficient number of Shares held in public hand for the purpose of compliance with Rule 8.08 of the Listing Rules.

In view of the possible high concentration of Shares, Shareholders and investors of the Company are reminded to exercise caution when dealing in the Shares.

THE AGREEMENTS (COMPRISING A CO-OPERATIVE AGREEMENT, A JOINT VENTURE AGREEMENT AND A CAPITAL INJECTION AGREEMENT) DATED 27 JUNE 2002

Parties

Party A: 大公國際資信評估有限公司(Dagong International Credit Rating Company Limited), a company incorporated in the PRC with limited liability

Party B: China Legend International Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly owned by the Company

Dagong International and its beneficial owners are independent third parties not connected with the Company, directors, chief executive, substantial shareholders of the Company or its subsidiaries or their respective associates.

Formation of the JV Company

China Legend and Dagong International as the joint venture parties shall as soon as practicable after the execution of the Agreements to establish the JV Company in Beijing in accordance with the laws and regulations of the PRC.

The registered capital of the JV Company shall be RMB80,000,000 (approximately HK$75,440,000). Each of China Legend and Dagong International shall inject into the JV Company RMB40,000,000 (approximately HK$37,720,000) in cash as registered capital within six months from the date of issue of the business licence of the JV Company which is expected to fall within one month from the date of submission of the Agreements for approval. Pursuant to the Agreements, there is no financial commitment on the part of China Legend or Dagong International in the JV Company other than the capital injection. Further announcement will be made by the Company if there is any material development.

As stated in the announcement of the Company dated 21 May 2002 in relation to a placing of new Shares, HK$68 million of the net proceeds of the placing is expected to be retained for the future operation of the new securities firm to be established by the Company in Hong Kong. It was also indicated in the same announcement that, in the event that the Directors are able to secure any appropriate investment opportunities for the Group prior to the commencement of business of the securities firm, the net proceeds retained for the securities business operation of the Group may be applied for such investment purpose. As the Group is yet to commence its securities business, the Directors intend to utilise a sum of HK$40 million out of the total net proceeds of the placing for the formation of the JV Company.

Other terms

Pursuant to the Agreements, the term of the co-operative agreement shall be 20 years and China Legend and Dagong International agreed that:

1. both the JV Company and Dagong International shall have the right to use “Dagong” as their trade name;

2. the JV Company shall have the right to use the credit rating and analysis technology and credit risks illustration technology, which proprietary rights are currently owned by Dagong International;

3. Dagong International will grant the exclusive agency right for various kinds of credit information to the JV Company;

4. Dagong International and the JV Company shall jointly operate the web site, namely, www.dagongcredit.com, which is currently owned by Dagong International;

5. the JV Company shall have the priority right to purchase from Dagong International the copy rights of all the credit rating reports completed since its establishment (including but not limited to rating reports for corporate bonds, convertible bonds of listed companies, financial position of listed companies and corporate borrowers) and all other kinds of credit information;

6. the JV Company, as an associated company of Dagong International, has not obtained any right to engage in credit rating services independently. Likewise, Dagong International undertakes not to engage nor to operate with other institutions to engage in the sales of credit rating products. China Legend also undertakes not to incorporate on its own, or with other parties, nor to support companies which are engaged in business similar to the JV Company; and

7. the JV Company could share the copy rights of credit rating products of Dagong International in the future by means of copy rights purchase agreements.

Save for the purchase of copy rights of the credit rating reports or other products by the JV Company from Dagong International as set out in items 5 and 7 above, there are no costs for the rights conferred by Dagong International on the JV Company. The purchase price for the copy rights of credit rating products has not been determined at this stage and will be negotiated on arm's length basis and based on normal commercial terms for each transaction.

Pursuant to the Agreements, the board of directors of the JV Company shall comprise four executive directors and one non-executive director. Each of China Legend and Dogang International will appoint two directors to the board of directors of the JV Company and the tenor of the appointment will be three years. The chairman of the JV Company will be appointed by Dogang International but no casting vote will be granted to the chairman of the JV Company. It is expected that the JV Company will be jointly controlled by China Legend and Dogang International. As the Group will be interested in 50 per cent. of the equity interest in the JV Company, it is the intention of the Directors that the investment of the Group in the JV Company will be treated by way of equity accounting in the financial statements of the Group.

INFORMATION ON DAGONG INTERNATIONAL AND THE JV COMPANY

Dagong International was established in 1994 and was approved by the People's Bank of China and the State Economic and Trade Commission as a national credit rating institution. Since 1999, Dagong International has established 12 offices in major cities and provinces in the PRC and is planning to increase the number of its offices to 20 by the end of 2002. Dagong International is one of the leading institutions principally engaged in credit rating for (i) various kinds of enterprises, including industrial and commercial enterprises, banks, securities houses, insurance companies and other enterprises; (ii) corporate borrowers and guarantors; and (iii) securities and other financial instruments. Dagong International is also engaged in the provision of financial consultancy services, credit management consultancy services, economic management consultancy services, feasibility study of projects and valuation of non-state owned assets, and has also participated in assessing the operation and management of over 100 branches of various banks in Beijing and devising corporate reorganisation plans for a number of industrial enterprises. In 1999, Dagong International had formed a strategic alliance with Moody's for the purpose of the development of an advanced credit rating and assessment system which is applicable to the capital market in the PRC. Currently, there is only one other national credit rating institution providing similar credit rating services as Dagong International in the PRC.

The JV Company is expected to be principally engaged in the provision of various kinds of credit information services to local and overseas institutional investors, financial institutions, regulatory authorities, government departments and economic research houses. The revenue model of the JV Company includes membership fees from corporate members, sales of credit rating reports and credit research reports and service charges for access to its data base.

REASONS FOR THE FORMATION OF THE JV COMPANY

The Group is principally engaged in electrical engineering contracting business and electrical and component trading business in Hong Kong and the PRC.

As mentioned in the 2001 interim report of the Company, the Directors have always been exploring investment opportunities in the PRC for the Group with an objective to capture any business potential arising as a result of the growing economy of the PRC. To diversify the business portfolio of the Group, the Company has established certain companies to engage in corporate and business consultancy and securities businesses. In anticipation of the upsurge of investment activities in the capital market of the PRC after the accession of the PRC into the World Trade Organisation and taking advantage of the reputation and expertise of Dagong International in the credit rating industry of the PRC, the Directors believe that the formation of the JV Company represents an excellent opportunity for the Company to invest in a unique business with vast market potential. To enhance the profile and expertise of the management in the PRC market, the Company has appointed Mr. Zhang Da Chun as an executive Director. Mr. Zhang Da Chun has extensive experience in the PRC as well as overseas market and has served on the board of reputable red-chip companies listed on the Stock Exchange. Mr. Zhang has also served as the Chairman of another credit rating institution in the PRC.

GENERAL

The transaction contemplated under the Agreements constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing details of the Agreements will be despatched to the Shareholders as soon as practicable.

PUBLIC FLOAT

The Board has been informed by the Stock Exchange that, on the basis of the information provided by the Securities and Future Commission to the Stock Exchange, as at 21 May 2002:

(i) YSH Investments Limited held 94,000,000 Shares, representing 47.0% of the then issued share capital of the Company (based on 200,000,000 Shares in issue as at 21 May 2002);

(ii) Highworth Venture Limited held 56,000,000 Shares, representing 28.0% of the then issued share capital of the Company (based on 200,000,000 Shares in issue as at 21 May 2002); and

(iii) 10 Shareholders held 38,862,000 Shares, representing approximately 19.4% of the then issued share capital of the Company (based on 200,000,000 Shares in issue as at 21 May 2002).

In aggregate of the above (i), (ii) and (ii), they collectively accounted for approximately 94.4% (or 188,862,000 Shares) of the Company's issued share capital. As a result, the remaining shareholding accounted for approximately 5.6% (or 11,138,000 Shares) of the Company's issued capital as at 21 May 2002.

As detailed in the announcement of the Company dated 21 May 2002, the Company has entered into a placing and underwriting agreement in respect of the placing of 23,800,000 new Shares with independent investors. The placing has been completed on 19 June 2002. The Company also noted that, for the period from 22 May 2002 to 25 June 2002, YSH Investments Limited has disposed of 15,298,000 Shares, representing approximately 6.8% of the issued share capital of the Company as at 28 June 2002, in the market. The Company has reviewed the shareholding structure of the Company as at 28 June 2002 as follows:

	Number of Shares	**Percentage of shareholding**
YSH Investments Limited *(Note 1)*	78,702,000	35.2%
Highworth Venture Limited *(Note 2)*	56,000,000	25.0%
AWH Fund Limited *(Note 3)*	25,981,000	11.6%
Public Shareholders	63,117,000	28.2%
Total	223,800,000	100.0%

Notes:

1. YSH Investments Limited is a company beneficially owned by Mr. Lai Sai Sang and his wife, Chairman of the Company and a Director respectively.

2. Highworth Venture Limited is a company beneficially owned by Mr. Hon Ming Kong, a Director.

3. Based on the information provided by the SDI unit of the Stock Exchange on 26 June 2002

Subsequent to the receipt of the letter from the Stock Exchange dated 10 June 2002 in respect of the possible high concentration of the public float of the Company in the hands of a small number of Shareholders, the Company has reviewed the shareholders list and the CCASS report and made enquiry to the directors, chief executive and substantial shareholders and their associates (save for AWH Fund Limited) of the Company or its subsidiaries. According to the register of substantial shareholder kept by the Company under section 16(1) of the Securities (Disclosure of Interests) Ordinance, the Company has no record on the dealing and the holding of AWH Fund Limited in the Shares.

Save as disclosed above, the Company does not recognize any other persons / individuals who are interested in 10% or more of the issued share capital of the Company as at 21 May 2002 and as at 28 June 2002. Save for the disposal of the Shares by YSH Investments Limited, no directors or substantial shareholders (save for AWH Fund Limited) of the Company had dealt in the Shares since 21 May 2002 up to 28 June 2002. Based on the above review and taking into account that the top ten Shareholders (excluding YSH Investments Limited and Highworth Venture Limited) are CCASS participants including securities firms, banks and trustees, the Directors could not ascertain if there is a possible high concentration of the public float of the Company in the hands of a small number of Shareholders.

Subsequent to the enquiry letter dated 10 June 2002 from the Stock Exchange, the Company has attempted to obtain the shareholder list of the Company as at 21 May 2002 for review by the Directors. However, due to certain technical issues and in view that a director of the Company has been frequently out of town during the relevant period, the Company has taken a longer period of time to complete the review of public float concentration and make this announcement.

Each of the directors of the Group has confirmed that, other than the aforesaid interests in the Shares, neither each of them nor their associates had any direct or indirect interest in any Share at the date of this announcement. The Board hence confirms that, as at the date of this announcement, there is a sufficient number of Shares held in public hand for the purpose of compliance with Rule 8.08 of the Listing Rules.

In view of the possible high concentration of Share, Shareholders and investors of the Company are reminded to exercise caution when dealing in the Shares.

Terms used in this announcement:

"Agreements"	a co-operative agreement, a joint venture agreement and a capital injection agreement dated 27 June 2002 entered into between China Legend and Dagong International for the purpose of establishment of the JV Company
"associates"	has the meaning ascribed to in the Listing Rules
"Board"	the board of Directors, including independent non-executive Directors
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
"China Legend"	China Legend International Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly owned by the Company
"Company"	Yew Sang Hong (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are currently listed on and dealt in the Stock Exchange
"Dagong International"	大公國際資信評估有限公司 (Dagong International Credit Rating Company Limited), a company incorporated in the PRC with limited liability
"Director(s)"	the director(s), including the independent non-executive directors, of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"JV Company"	大公信用信息服務有限公司 (Dagong Credit Information Service Co., Ltd.), the sino-foreign equity joint venture to be established under the laws of the PRC in accordance with the terms of the Agreements
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"Share(s)"	share(s) of HK$0.10 each in the share capital of the Company
"Shareholders"	holders of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC

Note: For the purpose of this announcement, all amounts in Renminbi were translated into Hong Kong dollars at an exchange rate of RMB1.00 : HK$0.943

By Order of the Board
Yew Sang Hong (Holdings) Limited
Lai Sai Sang
Chairman

Hong Kong, 28 June 2002

* *For identification purpose only*

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