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YEW SANG HONG (HOLDINGS) LIMITED
耀生行（集團）有限公司

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耀生行(集團)有限公司*

(Incorporated in the Cayman Islands with limited liability)

FORMATION OF A JOINT VENTURE COMPANY

The board of Directors announces that YSH (China), a wholly-owned subsidiary of the Company, has entered into the JV Agreement dated 19 December 2002 with the PRC Party, pursuant to which YSH (China) and the PRC Party agreed to form the JV Company in Shenzhen, the PRC. The JV Company is owned as to 51 per cent. by the PRC Party and 49 per cent. by YSH (China). The JV Company is expected to be principally engaged in consultancy and advisory services in respect of various construction engineering.

Both the total investment and the registered capital of the JV Company shall be RMB9,800,000 (approximately HK$9,245,000). The PRC Party and YSH (China) shall inject into the JV Company RMB4,998,000 (approximately HK$4,715,000) and RMB4,802,000 (approximately HK$4,530,000) respectively.

The formation of the JV Company does not constitute a notifiable transaction for the Company under the Listing Rules.

Reference is made to the announcements of Yew Sang Hong (Holdings) Limited (the "Company") dated 3 May 2002 and 4 November 2002 relating to the letter of intent (the "Letter of Intent") dated 2 May 2002 and a supplemental letter dated 2 November 2002 entered into between the Company and 深圳市一輝實業有限公司 (Shenzhen Brilliant Industrial Co., Ltd.) (the "PRC Party"), a company incorporated in the People's Republic of China (the "PRC") with limited liability, in relation to the proposed formation of a sino-foreign joint venture company in the PRC by entering into a formal joint venture agreement between Yew Sang Hong (China) Limited ("YSH (China)"), a wholly-owned subsidiary of the Company, and the PRC Party. The PRC Party confirms to the directors of the Company (the "Directors") that the PRC Party is beneficially owned by Mr. Mai Binghui. The PRC Party and Mr. Mai are independent third parties not connected with the Company, directors, chief executive, substantial shareholders of the Company or its subsidiaries or their respective associates (as defined in the Listing Rules).

FORMATION OF THE JV COMPANY

On 19 December 2002, YSH (China) has entered into a joint venture agreement (the "JV Agreement") with the PRC Party, pursuant to which YSH (China) and the PRC Party agreed to form 深圳耀生行建築咨詢服務有限公司 (Shenzhen Yew Sang Hong Construction Consultant Services Limited) (the "JV Company"), a sino-foreign joint venture company, in Shenzhen, the PRC. The JV Company will be owned as to 51 per cent. by the PRC Party and 49 per cent. by YSH (China). The JV Company is expected to be principally engaged in consultancy and advisory services in respect of various construction engineering. The term of the JV Company will be 20 years.

Both the total investment and the registered capital of the JV Company shall be RMB9,800,000 (approximately HK$9,245,000). Pursuant to the JV Agreement, YSH (China) is required to inject into the JV Company (i) RMB2,000,000 (approximately HK$1,887,000) in cash within three months from the date of the business licence of the JV Company and (ii) the remaining balance of RMB2,802,000 (approximately HK$2,643,000) in cash within one year from the date of the business licence of the JV Company. The PRC Party is required to inject into the JV Company (i) RMB2,000,000 (approximately HK$1,887,000) in cash within three months from the date of the business licence of the JV Company and (ii) the remaining balance of RMB2,998,000 (approximately HK$2,828,000) in cash within one year from the date of the business licence of the JV Company.

Pursuant to the Letter of Intent, the Company has paid a deposit of HK$10,000,000 to the PRC Party in May 2002. It is expected that upon the granting of the business licence of the JV Company, RMB4,802,000 (approximately HK$4,530,000) will be injected into the JV Company by YSH (China) as registered capital and the remaining balance of HK$5,470,000 together with interest at an interest rate of 1.75 per cent. per annum will be refunded to the Company within 14 days from the date of the business licence of the JV Company.

Pursuant to the JV Agreement, YSH (China) and the PRC Party will appoint two directors and three directors to the board of directors of the JV Company respectively and the tenor of the appointment of the directors of the JV Company will be four years.

REASONS FOR THE FORMATION OF THE JV COMPANY

The Group is principally engaged in electrical engineering contracting business, electrical and component trading business in Hong Kong and the PRC, corporate and business consultancy, direct investments and securities businesses.

As mentioned in the announcement of the Company dated 3 May 2002, as the PRC Party is principally engaged in property development in Shenzhen, the PRC, the Directors consider that the formation of the JV Company is in line with corporate strategy and represents an excellent opportunity for the Company to expand its core business to the PRC market through alliance with the PRC Party.

GENERAL

The formation of the JV Company does not constitute a notifiable transaction for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

As mentioned in the announcement of the Company dated 21 May 2002, up to HK$50 million of the net proceeds of the placing of approximately HK$118 million will be retained for the business operation of the JV Company. Given that the registered capital of the JV Company shall be RMB9,800,000 (approximately HK$9,245,000), the contribution of the Company for 49 per cent. of the equity interest of the JV Company shall only be RMB4,802,000 (approximately HK$4,530,000). Accordingly, the unused portion of the net proceeds of approximately HK$45,470,000 which have been earmarked for the business operation of the JV Company will be retained for funding future investments when the appropriate opportunity arises.

Note: For the purpose of this announcement, all amounts in Renminbi were translated into Hong Kong dollars at an exchange rate of HK$1:RMB1.06.

By Order of the Board
Lai Sai Sang
Chairman

Hong Kong, 20 December 2002

* *For identification purpose only*

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