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

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(Incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT

This announcement is made in relation to the recent development of the Company.

YSH, a wholly-owned subsidiary of the Company, has been suspended from tendering electrical installation works in the projects of HKHA with effect from 23 May 2002. YSHT and BPL, two wholly-owned subsidiaries of the Company, have been suspended from supply of materials for HKHA's projects with effect from 23 May 2002. ETWB has under its letter dated 22 November 2002 and 7 March 2003 notified BPL and YSH respectively that each of BPL and YSH has been suspended from tendering government works and public works respectively.

The Company has sought legal opinion from an experienced counsel about the course of action to be taken and was legally advised that it would not be proper to make disclosures or substantial disclosures in relation to the actions taken by HKHA against YSH, YSHT and BPL. The former Director involved in the ICAC Charges also informed the Company that he was not in the position to disclose any information in relation to the ICAC Charges before the court hearing which was held in February 2003. Accordingly, the Company did not notify the public at the time when YSH, YSHT and BPL were first notified of the suspension from tendering contracts.

Shareholders and investors are advised to exercise caution in dealing in the shares of the Company.

The board (the "Board") of directors (the "Directors") of Yew Sang Hong (Holdings) Limited (the "Company", together with its subsidiaries, the "Group") would like to inform the shareholders of the Company the recent development of the Company as follows:

1. Yew Sang Hong Limited ("YSH"), a wholly owned subsidiary of the Company, has been suspended from tendering for electrical installation works in the projects of the Hong Kong Housing Authority ("HKHA") with effect from 23 May 2002. In light that a former Director and YSH were referred to in the particulars of the charges filed by the Independent Commission Against Corruption against an officer of HKHA (the "ICAC Charges"), the Building Committee of HKHA has decided not to invite YSH to tender for any works for the HKHA. The decision is subject to review upon clarification of involvement of the former Director and YSH in the ICAC Charges and negotiation between YSH and HKHA. The decision will not affect existing contracts YSH have with HKHA.

2. Yew Sang Hong Trading Limited ("YSHT"), a wholly-owned subsidiary of the Company, has been suspended from supply of materials for HKHA's projects with effect from 23 May 2002. In light that a former Director was referred to in the particulars of the ICAC Charges, the Building Committee of HKHA has decided to give an administrative direction to all contract managers not to approve any materials to be supplied by YSHT. The decision is subject to review upon clarification of involvement of the former Director in the ICAC Charges. The decision will not affect any approval already given by contract managers on materials YSHT supplies.

3. Brongham Park Limited ("BPL"), a wholly-owned subsidiary of the Company, has been suspended from supply of materials for HKHA's projects with effect from 23 May 2002. In light that an ex-director of BPL and BPL were referred to in the particulars of the ICAC Charges, the Building Committee of HKHA has decided to give an administrative direction to all contract managers not to approve any materials to be supplied by BPL. The decision is subject to review upon clarification of involvement of the ex-director of BPL and BPL in the ICAC Charges. The decision will not affect any approval already given by contract managers on materials BPL supplies.

4. The Environment, Transport and Works Bureau ("ETWB") has under its letter dated 22 November 2002 notified BPL that BPL has been suspended from tendering government works.

5. ETWB has under its letter dated 7 March 2003 notified YSH that YSH has been mandatorily suspended from tendering public works in all categories in which YSH is listed with effect from the date of the letter. ETWB intended to remove YSH from all categories in the list of approved suppliers of materials and specialist contractors for public works on 28 March 2003 unless, before then, YSH can present ETWB with an acceptable reason for not doing so.

YSH, YSHT and BPL have been actively seeking for the review of the decision of suspension from tendering contracts for HKHA and ETWB in relation to items 1 to 5 above. It is expected that the existing contracts YSH have with HKHA and ETWB will be completed latest by the end of 2004 and the existing contracts BPL have with HKHA and ETWB will be completed latest by the first quarter of 2004.

The Company has sought legal opinion from an experienced counsel about the course of action to be taken and was legally advised that it would not be proper to make disclosures or substantial disclosures in relation to the actions taken by HKHA against YSH, YSHT and BPL. The former Director involved in the ICAC Charges also informed the Company that he was not in the position to disclose any information in relation to the ICAC Charges before the court hearing which was held in February 2003. Accordingly, the Company did not notify the public at the time when YSH, YSHT and BPL were first notified of the suspension from tendering contracts.

INDUSTRY REVIEW AND PLANS OF THE GROUP

As mentioned in the 2002 interim report of the Company, the housing policy in Hong Kong was revamped in November 2002 in a bid to revive local sluggish property market and the Government has ceased Home Ownership Scheme as well as development projects under HKHA and Housing Society. The decline in the volume of new public housing works has lured contractors who previously were active in the public sector to begin competing in the private sector. This will in turn result in a deeper cut in the contract price. As part of the corporate diversification plans, the Group has been diverting its core business towards electrical engineering maintenance activities which will provide a steady stream of revenue. Target segments include property developers, estate management companies, public utilities, hotels, schools and educational institutions. On the other hand, the Group is seeking business ventures in residential building and material supply in the People's Republic of China (the "PRC"). The Group also completed an electrical installation project in the project amount of approximately HK$5.1 million for a printing factory in Dongguan, Guangdong, the PRC. It is believed to be a stepping stone of the Group to increase its PRC exposure for tendering similar mainland projects in the future.

As a total solution building service provider, the Group has been vertically integrated into distribution of electrical products which are re-exported from the PRC to Australia, Italy and Japan. The Group is looking into opportunities for extension of distribution rights in the PRC.

In addition, as mentioned in the circular of the Company dated 27 January 2003, given the poor economic atmosphere and the present housing policy of the Hong Kong government, the Directors believe that the local building services industry would remain difficult in the coming year. The Directors expect that the volume of new works, offered by public sector in particular, will be quite limited and tough competition will continue within the industry which, together with the shrinkage in demand, will put pressure on the prices of electrical products. Notwithstanding the poor market condition in the housing industry, the Group will continue to undertake its electrical engineering contracting business and refocus such business on the private sector.

In view of the above, the Company has also entered into a joint venture agreement dated 19 December 2002 with 深圳市一輝實業有限公司(Shenzhen Brilliant Industrial Co., Ltd.) to form a joint venture company known as 深圳耀生行建築諮詢服務有限公司(Shenzhen Yew Sang Hong Construction Consultant Services Limited) to engage in consultancy and advisory services in respect of various construction engineering and equipment and materials trading business in the PRC. To further diversify the business portfolio of the Group, the Company has established certain companies to engage in corporate and business consultancy, direct investments and securities businesses since April 2002 apart from the electrical engineering contracting business, electrical and component trading business in Hong Kong and the PRC. Details of the above have been disclosed in the circular of the Company dated 27 January 2003

IMPACTS OF THE SUSPENSION OF YSH, YSHT AND BPL ON THE GROUP

As mentioned in the annual report of the Company for the year ended 31 March 2002, as a result of the Group's refocusing its business on the private sector, the turnover attributable to the private sector was approximately HK$45,673,000 representing about 43 per cent. of the Group's overall turnover for the year (2001: approximately HK$124,055,000 representing about 35%), whilst the turnover attributable to public sector was approximately HK$60,544,000 representing about 57 per cent (2001: approximately HK$230,389,000 representing about 65%). For the six months ended 30 September 2002, the turnover attributable to the private sector represented about 53 per cent. of the Group's overall turnover for the interim period, whilst the turnover attributable to the public sector was about 47 per cent. As mentioned in the interim results of the Company for the six months ended 30 September 2002, the Group has managed to secure new contracts with ETWB with total contract value of approximately HK$26.1 million. As at 30 September 2002, the Group's electrical engineering contracts on hand amounted to approximately HK$184 million in total, comprising approximately HK$139.1 million for public housing contracts, approximately HK$22.8 million for private contracts and approximately HK$22.1 million for maintenance projects.

In view of the fact that the Group has refocused its electrical engineering contracting business on the private sector and has been pursuing a diversification strategy to expand its business portfolio in the PRC, the Group has not solely relied on the business of YSH, YSHT and BPL with HKHA and ETWB. In view that the local property market has been sluggish and the Government has ceased Home Ownership Scheme as well as development projects under HKHA and Housing Society, the Directors have already discounted the business prospects of the public sector in Hong Kong. However, in the event that the Group could not secure any new contracts from the private sector in Hong Kong and from the PRC market in the future, the Board considered that the suspension of tendering by YSH and BPL for HKHA and ETWB and the suspension of tendering contracts by YSHT for ETWB may have material impact on the electrical engineering contracting business of the Company.

Further announcement will be made by the Company as and when appropriate.

Shareholders and investors are advised to exercise caution in dealing in the shares of the Company.

This announcement is made by the order of the Board of which the Directors individually and jointly accept responsibility for the accuracy of this statement.

By Order of the Board
Hon Ming Kong
Chairman

Hong Kong, 20 March 2003

* *For identification purpose only*

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