


**iSteelAsia Holdings Limited**

亞鋼集團有限公司\*



**2003 / 04** 年報  
Annual Report

A nighttime photograph of a modern stadium with a distinctive, illuminated, curved roof structure. In the foreground, a road with yellow lane markings and a guardrail is visible, with lights reflecting on the pavement. The sky is dark blue.

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at [www.hkgem.com](http://www.hkgem.com) in order to obtain up-to-date information on GEM-listed issuers.





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# Corporate Information

## BOARD OF DIRECTORS

Mr. Andrew Cho Fai Yao, *Chairman*  
Ms. Miriam Che Li Yao  
Mr. Desmond Hay Ching Fu  
Mr. David Michael Faktor\*  
Mr. Kennedy Ying Ho Wong\*\*  
Mr. Philip King Huen Ma\*\*

\* *Non-Executive Director*

\*\* *Independent Non-Executive Directors*

## COMPLIANCE OFFICER

Mr. Desmond Hay Ching Fu

## COMPANY SECRETARY

Ms. Tse Sau Wai, *FCS, FCIS*

## QUALIFIED ACCOUNTANT

Ms. Lee Wing Chee, *AHKSA, FCCA*

## AUDIT COMMITTEE

Mr. Kennedy Ying Ho Wong  
Mr. Philip King Huen Ma

## AUDITORS

PricewaterhouseCoopers  
*Certified Public Accountants*

## SOLICITORS

Baker & McKenzie (on Hong Kong Laws)  
Conyers Dill & Pearman (on Bermuda Laws)

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 4902-8, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## WEBSITE OF THE COMPANY

[www.isteelasia.com](http://www.isteelasia.com)

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Butterfield Fund Services (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## PRINCIPAL BANKERS

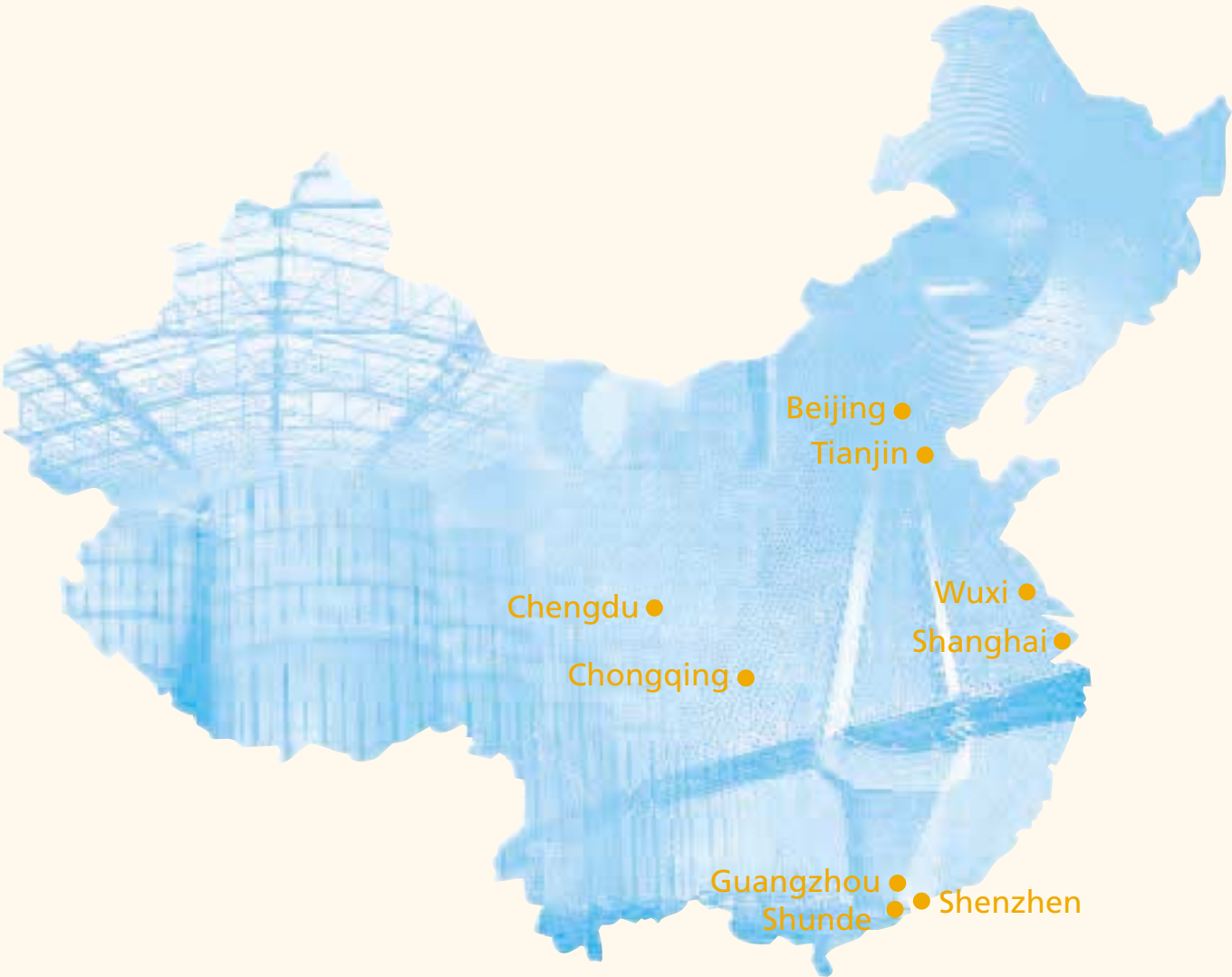
BNP Paribas Hong Kong Limited  
Hang Seng Bank Limited  
The Bank of East Asia Limited  
CITIC Industrial Bank — Shenzhen Branch  
First Sino Bank  
Banco Weng Hang, S.A. Macau

## STOCK CODE

8080 (Shares)  
8356 (Warrants)



# China Focus





# Financial Highlights

The following is a summary of the audited consolidated accounts of iSteelAsia Holdings Limited (the "Company" or "iSteelAsia") and its subsidiaries (collectively the "Group" or "iSteelAsia Group") for the respective years as hereunder stated.

## CONSOLIDATED PROFIT AND LOSS ACCOUNTS

|   | Years ended 31st March |                  |                  |                  |                  |
|---|------------------------|------------------|------------------|------------------|------------------|
|   | 2000<br>HK\$'000       | 2001<br>HK\$'000 | 2002<br>HK\$'000 | 2003<br>HK\$'000 | 2004<br>HK\$'000 |
| Turnover  | 180,074                | 183,329          | 428,345          | 811,142          | <b>1,429,443</b> |
| (Loss)/Profit before taxation                                 | (5,643)                | (112,034)        | (18,811)         | 8,464            | <b>(25,042)</b>  |
| Taxation  | (1,169)                | (20)             | 1,472            | (1,840)          | <b>(889)</b>     |
| (Loss)/Profit after taxation but<br>before minority interests | (6,812)                | (112,054)        | (17,339)         | 6,624            | <b>(25,931)</b>  |
| Minority interests  | —                      | —                | (1)              | (34)             | <b>220</b>       |
| (Loss)/Profit attributable to shareholders                    | (6,812)                | (112,054)        | (17,340)         | 6,590            | <b>(25,711)</b>  |
| Dividends (Note 1)  | 9,000                  | —                | —                | —                | —                |

### Notes:

- No dividends have been paid or declared by the Company since its incorporation.

For the year ended 31st March 2000, a wholly-owned subsidiary of the Company's substantial shareholder declared and paid interim dividends amounting to HK\$9,000,000 to its shareholder prior to the group reorganisation. All dividends were paid out of the accumulated distributable profit of that subsidiary.

- The consolidated profit and loss accounts of the Group for the years ended 31st March 2000 and 2001 were prepared on the assumption that the current structure of the Group had been in existence throughout those years.



# Financial Highlights



## CONSOLIDATED BALANCE SHEETS

|                                       | As at 31st March |           |           |           |                  |
|---------------------------------------|------------------|-----------|-----------|-----------|------------------|
|                                       | 2000             | 2001      | 2002      | 2003      | 2004             |
|                                       | HK\$'000         | HK\$'000  | HK\$'000  | HK\$'000  | HK\$'000         |
| Fixed assets                          | 268              | 3,223     | 2,306     | 3,230     | <b>2,922</b>     |
| Website development costs             | 3,762            | 3,788     | 2,165     | 918       | <b>43</b>        |
| Long-term investments                 | —                | 24,974    | 28,201    | 685       | <b>2,136</b>     |
| Deferred tax assets                   | —                | —         | —         | —         | <b>4,483</b>     |
| Current assets                        | 48,531           | 66,302    | 194,354   | 333,885   | <b>377,603</b>   |
| Current liabilities                   | (62,942)         | (74,573)  | (215,660) | (324,033) | <b>(374,542)</b> |
| Shareholder loan, non-current portion | (2,000)          | —         | —         | —         | <b>—</b>         |
| Net assets/(liabilities)              | (12,381)         | 23,714    | 11,366    | 14,685    | <b>12,645</b>    |
| Capital and reserves:                 |                  |           |           |           |                  |
| Share capital                         | 1                | 145,450   | 156,450   | 156,450   | <b>159,638</b>   |
| Reserves                              | —                | 2,700     | (4,608)   | (7,913)   | <b>13,904</b>    |
| Accumulated losses                    | (12,382)         | (124,436) | (141,776) | (135,186) | <b>(160,897)</b> |
| Shareholders' equity/(deficit)        | (12,381)         | 23,714    | 10,066    | 13,351    | <b>12,645</b>    |
| Minority interests                    | —                | —         | 1,300     | 1,334     | <b>—</b>         |
|                                       | (12,381)         | 23,714    | 11,366    | 14,685    | <b>12,645</b>    |

### Note:

- The consolidated balance sheets of the Group as at 31st March 2000 and 2001 were prepared on the assumption that the current structure of the Group had been in existence throughout those years.

# Chairman's Statement



On behalf of the Board of Directors, I am pleased to present the audited consolidated results of iSteelAsia Holdings Limited (the "Company" or "iSteelAsia") and its subsidiaries (collectively the "Group" or "iSteelAsia Group") for the year ended 31st March 2004.

Looking back, since the listing of iSteelAsia on April 2000, the Company experienced many challenges like dot-com bubble burst, slow acceptance of online steel trading, global economic slowdown and the outbreak of SARS in the People's Republic of China ("PRC"), and even the historic price rises of commodities and steel prices. It was not easy to weather these challenges. The management has initiated many efforts to adapt to these macro volatilities, and try to identify and execute the right strategy that is consistent with our stated objective — to leverage on the core competencies of the Company and offer a real value proposition to our customers in the steel industry. As a testimony, the Company is growing everyday and the turnover has

reached over HK\$1,400 million for the year under review.

Steel consumption rate always has a close correlation with the GDP. On 30th April 2004, the International Iron and Steel Institute (IISI), one of the largest and most dynamic industry associations which serves as a world forum for the international steel industry, changed its projections in world GDP by updating the previous forecast from 2.2% to the actual 2.6% in 2003, and increasing the previous forecast from 3.1% in 2004 and no predictions in 2005 to 3.8% in 2004 and 3.4% in 2005, respectively. Global consumption of finished steel products is projected to increase by 6.2% or 53 million metric tonnes in 2004 and by 4.5% or 41 million metric tonnes in 2005 according to the estimates made by the Economic Studies Committee of IISI. The growth can be split into two separate areas, China and the rest of the world. Steel consumption in China is estimated to increase by 13.1% or 31 million metric tonnes in 2004 and by 10.4% or 27 million metric tonnes in 2005. China has increased its share of global steel consumption from 13.5% (87 million metric tonnes) in 1995 to an estimated 30.3% (290 million metric tonnes) in 2005. China is currently projected to account for 61% (58 million metric tonnes) of the forecasted two-year global increase of 94 million metric tonnes in 2004 and 2005. These statistics and projections are very encouraging to iSteelAsia, as the Company has focused the China steel market. In the past few years, presences have been established in Beijing, Shanghai, Guangzhou, Tianjin, Shenzhen and Chongqing. In the current year, 2 more offices have been opened in Wuxi and Le Chong. We believed these offices are able to tap the biggest opportunities of the China steel market as these offices cover the most densely populated industrialised areas with the highest average annual income per capita. Turnover for the Group has reached over HK\$1,400 million in the year under review. By comparing the turnover attained in the first year of listing (2000/2001), the growth was over sixfold in 4 years' time.



# Chairman's Statement

It is obvious that China has the potential but at the same time it also carries a high degree of business risk. The bad debt and speculative motives in stockholding in China are severe problems commonly encountered. Although these problems in the Company are not alarming, nevertheless, the Company is exposed to them, as such, due and careful consideration must be exerted in everyday decision. We are building an information system to carefully monitor these risks indicators to ensure values of the shareholders are being protected. Although we have a tough year in 2003/2004, we will continue our best to focus on improving the cost efficiency and effectiveness of the Company's business.

## OUTLOOK

The management is optimistic about the future of the iSteelAsia Group. With China's continuous economic development and its accession into the WTO, the steel industry in China will continue to move from protective to be more market driven. As stated by MEPS (International) Ltd., the leading supplier of steel market information, "the growth of the last few years in China has been fuelled mainly by booming construction activity. If investment in infrastructure slows down, steel consumption will certainly be affected. That will influence mainly the long products sector. In contrast, carbon steel and stainless steel demand growth is dependent less on building and engineering and more on industrial activity. As China continues to prosper as the "factory of the world", these products seem assured of favourable prospects for expansion — unless other countries decide to block imports of manufactured goods from China." Therefore, iSteelAsia will remain careful and cautious in products selection and offerings. The role of iSteelAsia as a value provider to the end users will continue to be flexible and will adapt as required to tap these market opportunities in the future.

## APPRECIATION

On behalf of the Board of Directors, I would like to welcome Mr. Desmond Hay Ching Fu, Mr. David Michael Faktor and Mr. Kennedy Ying Ho Wong to join the Board as Chief Executive Officer, non-executive director and independent non-executive director during the year, respectively. Furthermore, I would like to express my sincere gratitude to our worldwide customers for their trust and support in our products and services throughout the years. I also wish to take this opportunity to offer my appreciation to our shareholders for their confidence in iSteelAsia, as well as our staff for their dedication and diligence. From such overwhelming commitment, we will continue to pace our efforts towards the long-term development of iSteelAsia.

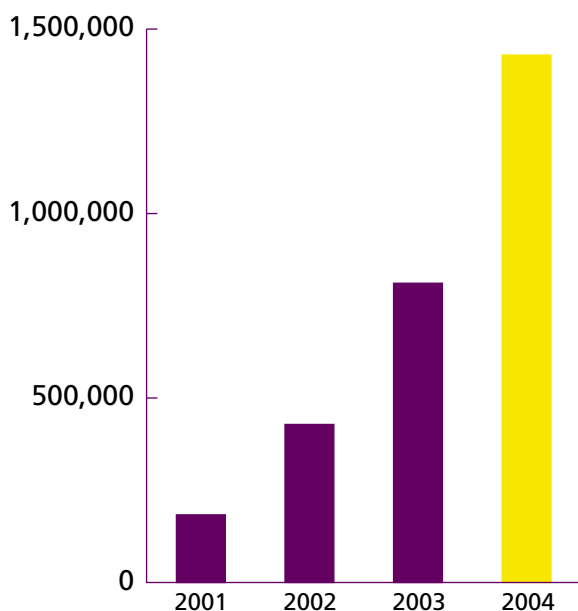
**Andrew Cho Fai Yao**  
*Chairman*

23rd June 2004

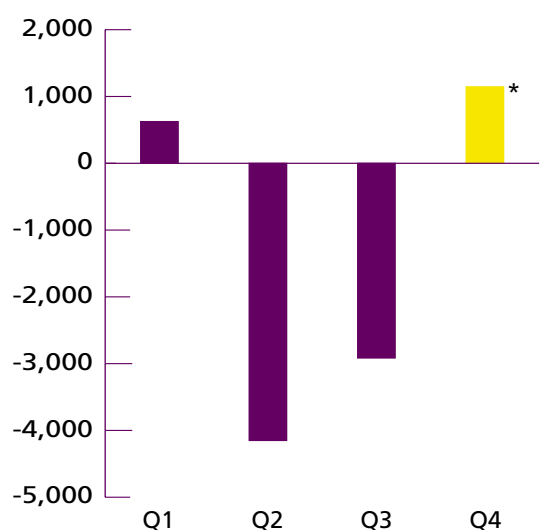


# Management Discussion and Analysis

**Consecutive Growth in Annual Turnover**  
HK\$'000



**Profit/(Loss) Attributable to Shareholders (by Quarter)**  
HK\$'000



\* The amount does not include the impairment loss of the investment in AAM of approximately HK\$20,414,000.

## FINANCIAL AND BUSINESS PERFORMANCE

The management of iSteelAsia Holdings Limited (the "Company" or "iSteelAsia") and its subsidiaries (collectively the "Group" or "iSteelAsia Group") reports its fourth year annual results after listing for the financial year ended 31st March 2004. For the year ended 31st March 2004, the iSteelAsia Group recorded a turnover of approximately HK\$1,429 million, representing a 76.2% in growth by comparing the results in last year. With an exceptional impairment loss of the investment in AcrossAsia Multimedia Limited ("AAM") of approximately HK\$20,414,000 by reclassifying the amount from investment revaluation reserve (already reflected in the Group's prior years' balance sheet, as such no effect to the Group's net assets value from this reclassification) to profit and loss account, the consolidated loss attributable to shareholders for the year ended 31st March 2004 was approximately HK\$25,711,000. The investment net book value of AAM shares was HK\$0.187 per share which represents the market price of AAM shares as at 31st March 2004. Taking out the effect of the impairment loss, the loss from operation was approximately HK\$5,297,000. For the year under review, such operating result recorded was less than satisfactory as compared to the profit attributable to shareholders of approximately HK\$6,590,000 for the previous year ended 31st March 2003. Due to the outbreak of epidemics of SARS in March 2003, the first few quarterly results during the year ended 31st March 2004 had been severely affected, especially the results of three months ended 30th September 2003 ("Q2") and three months ended 31st December 2003 ("Q3"). As stated in the third quarterly report, the first six months in particular, a majority of iSteelAsia's markets (namely, Guangzhou, Tianjin and Beijing) were severely affected by the unexpected epidemics of SARS in a manner significantly worse than the management's expectation. Business activities and demands in these cities halted and dropped to near zero due to the inter-city quarantine restrictions, and in turn adversely affected the market prices and also customer demands of our steel products which increased inventory stock-up costs as customers were refrained from doing business. Fortunately, with persistent management efforts, the customers'

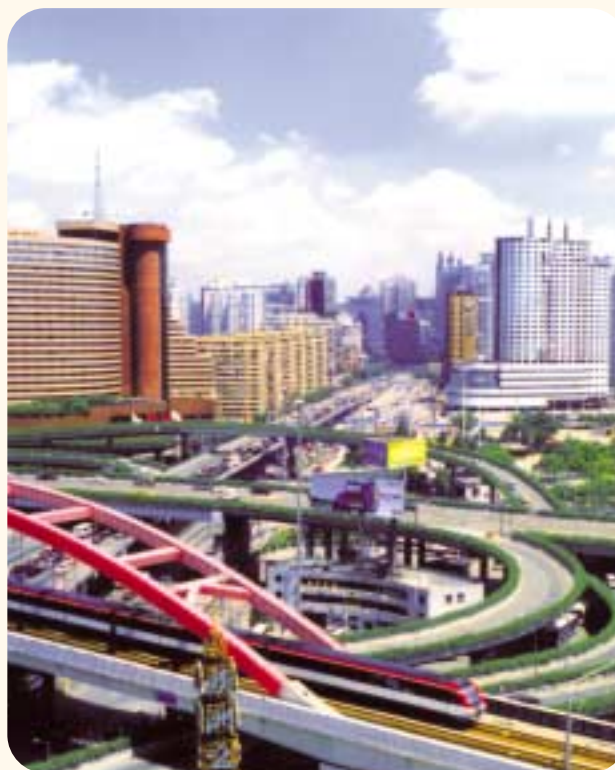
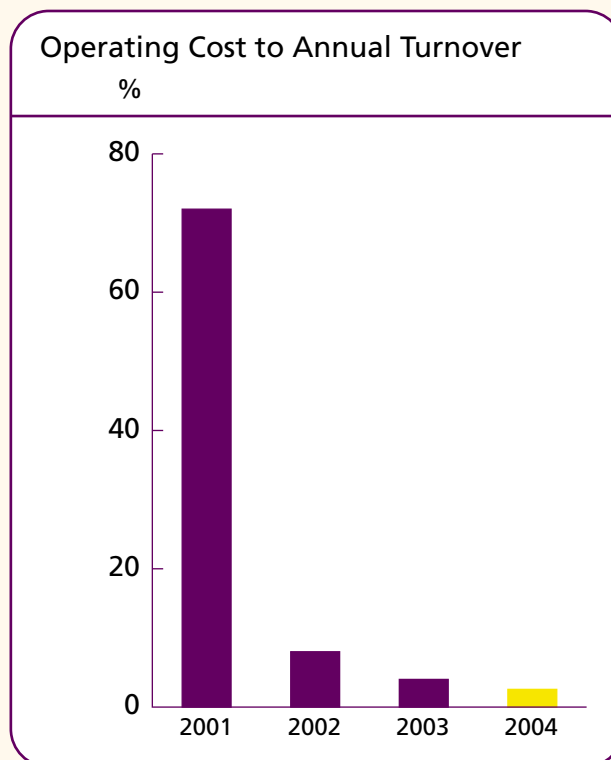
# Management Discussion and Analysis

demands and sales prices had picked up again in three months ended 31st March 2004 ("Q4") and thus, greatly improved our results in Q4. As compared to the loss of approximately HK\$6,442,000 for the nine months ended 31st December 2003, the Group has successfully bucked the loss trend into a profit by capturing a profit attributable to shareholders of approximately HK\$1,145,000 in Q4. During the year under review, the gross margin dropped in Q2 and rebounded in Q4 (Q1 — 2.6%, Q2 — 1.8%, Q3 — 2.6% and Q4 — 4.2%).

During the year under review, the Group had extended its sales activities by setting 2 more offices in the second tier cities such as Wuxi and Shunde (Le Chong), which enhanced the ability to grow market shares in China and further diversify the existing customer bases. However, such strategy also increased the operating cost of the Group. For the year ended 31st March 2004, total cost excluding cost of inventories sold, impairment loss of AAM shares and finance costs ("Operating Cost") was approximately HK\$36,573,000, representing an increase of 11.1% as compared to that of last year. The increase was mainly due to PRC market expansion and additional selling and distribution costs incurred which were necessary to support the rapid growth in turnover. Using turnover as a base factor, Operating Cost to turnover ratio had decreased from 72.1% in early 2001 and stabilised at around 2.6%, reflecting the Group's successful efforts in optimising its resources for economy of scale to achieve business growth.

## FINANCIAL RESOURCES AND LIQUIDITY

As at 31st March 2004, the iSteelAsia Group's aggregate short-term bank borrowings, comprising trust receipts bank loans and short-term working capital bank loans, were approximately HK\$51,426,000 (2003: HK\$57,134,000). The short-term working capital bank loans amounted to approximately HK\$24,570,000 (2003: HK\$18,947,000) with interest rates ranging from 4.5% to 5.4% per annum (2003: 5.0% to 5.8% per annum). As at 31st March 2004, the gearing ratio (short-term bank borrowings divided by the shareholders' equity) was approximately 4.07 (2003:





# Management Discussion and Analysis

4.28). The decrease in the gearing ratio was due to the decrease of short-term bank borrowings since the level of inventory has decreased. As at 31st March 2004, the iSteelAsia Group had aggregate banking facilities of approximately HK\$159,155,000 (2003: HK\$122,540,000) offered by several banks for overdrafts, loans and trade financing. Unused facilities as at the same date amounted to approximately HK\$69,691,000 (2003: HK\$37,131,000). These facilities were secured by (a) pledged bank deposits of approximately HK\$34,439,000 (2003: Nil); (b) corporate guarantees provided by iSteelAsia and/or (c) the iSteelAsia Group's inventories held under trust receipts bank loan arrangement.

Subsequent to 31st March 2004, a foreign bank had granted the iSteelAsia Group a facility of US\$7.5 million.

## CASH AND BANK DEPOSITS

As at 31st March 2004, bank deposits of approximately HK\$34,439,000 (2003: Nil) were pledged as collateral for the Group's banking facilities.

As at 31st March 2004, the iSteelAsia Group's cash and bank deposits amounted to approximately HK\$89,872,000 (2003: HK\$49,240,000), of which approximately HK\$42,448,000 were denominated in Renminbi and deposited with the banks in China.

## INVESTMENTS

Investments for the Group only comprised equity interests in Stemcor Holdings Limited ("Stemcor") and AAM.

Under a share subscription agreement with Stemcor, Stemcor has granted the iSteelAsia Group a put option under which the iSteelAsia Group may require Stemcor to repurchase all of the shares subscribed by the iSteelAsia Group for HK\$23,400,000 (equivalent to US\$3,000,000). The due date for exercising the put option has been extended from 31st October 2002 to 31st October 2003 and further to 31st October 2004. On 13th May 2004, the iSteelAsia Group exercised its put option to sell its 3.5% equity interest in Stemcor

for HK\$23,400,000 which was satisfied by a nine-month promissory note issued by Stemcor.

During the year ended 31st March 2004, the iSteelAsia Group had received dividend income of approximately HK\$421,000 (2003: HK\$311,000) from Stemcor. The return on investment was approximately 1.80% (2003: 1.33%).

In August 2001, the iSteelAsia Group acquired approximately 0.23% equity interest in AAM at a consideration of approximately HK\$22,550,000 which had been satisfied in full by the issue and allotment of iSteelAsia's ordinary shares. As at 31st March 2004, the carrying value of the investment in AAM was approximately HK\$2,136,000 (which is HK\$0.187 per share, representing the market price as at 31st March 2004) after a deficit on revaluation of such investment of approximately HK\$20,414,000. Such deficit had already been reflected in the iSteelAsia Group's net assets value and dealt with in the investment revaluation reserve of the Group's balance sheet in the prior years. As at 31st March 2004, the Group had taken a conservative approach to transfer the deficit from the investment revaluation reserve to the profit and loss account and recognised an impairment loss of the investment in AAM of approximately HK\$20,414,000.

Treating it as a long-term investment, the management has and will continue to closely monitor AAM's performance. Nevertheless, from an operational side, the Directors believe that the acquisition is beneficial to forming a strategic relationship with a player of good connection in the region.

## FOREIGN CURRENCY EXPOSURE

The foreign currency exposure of the iSteelAsia Group is mainly driven by its business operations. The sales receipts are collected in Renminbi, United States dollars and Hong Kong dollars depending on the locations of the customers. On the other hand, the steel products purchases are mainly denominated in United States dollars and Renminbi. Therefore, with a comparatively minimal fluctuation in exchange rates between United States dollars

# Management Discussion and Analysis

with Renminbi and Hong Kong dollars, the iSteelAsia Group considers the foreign currency exposure is minimal for the year under review. The iSteelAsia Group will continue to exert efforts in managing its potential currency risk profile in the future.

## **NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEME**

As at 31st March 2004, the iSteelAsia Group employed 80 (2003: 83) staff. Salaries and annual bonuses are determined according to positions and performance of the employees. The iSteelAsia Group provides on-the-job training and training subsidies to its employees in addition to pension schemes and medical insurance. Total staff costs including contribution to retirement benefit schemes incurred during the year under review amounted to approximately HK\$15,232,000 (2003: HK\$14,870,000).

On 10th June 2002, the Company adopted a share option scheme (the "New Scheme") under which the Company's Board of Directors may at its discretion offer stock option to any employee/agent/consultant or representative, including any executive or non-executive director, of any member of the Group or any other person who satisfies the selection criteria as set out in the New Scheme. The principal purposes of the New Scheme are to provide incentives to participants to contribute to the Group and/or to enable the Group to recruit and/or to retain high-calibre employees and attract human resources that are valuable to the Group. The New Scheme shall be valid and effective for a period of ten years commencing on the adoption date (i.e. 10th June 2002). No options were granted under the New Scheme up to the date of this announcement. The New Scheme was adopted to replace the old scheme, with all options granted under the old scheme continue to be exercisable in accordance with the old terms.



# Directors' Profile

## **EXECUTIVE DIRECTORS (As at 31st March 2004)**

### **Mr. Andrew Cho Fai Yao**

Mr. Andrew Cho Fai Yao, aged 38, is the Chairman of the Board. He primarily focuses on formulating strategic business alliances for the Group. He has been with the Group since the formal establishment of the trading operation in April 1997. He graduated from the University of California, Berkeley with a bachelor degree in finance and obtained a master of business administration degree from the Harvard University Graduate School of Business Administration. Mr. Yao has extensive experience in the steel trading business and is the chairman of Van Shung Chong Holdings Limited ("VSC"). He serves as a member of Hong Kong Housing Society and the chairman of the construction material for Federation of Hong Kong Industries. He also sits on the Shanghai People's Political Consultative Conference, deputy chairman of Shanghai Youths Federation, deputy chairman of the Hong Kong United Youth Association Limited and director of the Shanghai Fudan University. Mr. Yao is the brother of Ms. Miriam Che Li Yao.

### **Ms. Miriam Che Li Yao**

Ms. Miriam Che Li Yao, aged 39, is the Deputy Chairman of the Board and primarily focuses on formulating strategic business alliances and establishing arrangements with value-added service providers. She has been with the Group since the formal establishment of the trading operation in April 1997. She is a certified public accountant in the United States and received her bachelor of science degree in accounting from the University of Southern California. Ms. Yao is the director of VSC and has many years of experience in the steel industry. Prior to joining the VSC group in 1991, Ms. Yao previously worked with an international accounting firm and an international investment bank. Ms. Yao is the sister of Mr. Andrew Cho Fai Yao.

### **Mr. Desmond Hay Ching Fu**

Mr. Desmond Hay Ching Fu, aged 48, is a Director and the Chief Executive Officer of the Group. He joined the Group in May 2000 and is now responsible for managing the Group's operations. Mr. Fu has over 20 years of experience in China related steel business and investment with several multi-national steel companies including British Steel Corporation (now known as Corus), TradeArbed (now known as Arcelor) and Fletcher Challenge (the biggest private company in New Zealand). Mr. Fu holds a bachelor degree in Civil Engineering with honor from the University of London.



# Directors' Profile

## **NON-EXECUTIVE DIRECTORS (As at 31st March 2004)**

### **Mr. David Michael Faktor**

Mr. David Michael Faktor, aged 43, is a Director. He joined the Group in February 2004. In November 2000, he was appointed Managing Director International Trading for the Stemcor Group, he has been a director of Stemcor Holdings Limited ("Stemcor") since 1995. Stemcor's principal business is the international distribution of steel. Their worldwide network of offices provides services for all aspects of international steel trading, including marketing, logistics, finance and after sales support. Mr. Faktor is currently based in London, and is responsible for the Stemcor Group's trading activities in the Far East, South Asia, Northern Africa, Middle East, Caribbean and CIS.

### **Mr. Daniel Takuen Shih (resigned on 29th April 2004)**

Mr. Daniel Takuen Shih, aged 52, is a Director. Mr. Shih has over 20 years of experiences in management, sales and marketing in the information technology and industry application areas with multinational corporations in the United States, Japan, Korea, Hong Kong and Southeast Asia. He joined the Group in March 2000. He has been involved in setting up sales and marketing channels, distributors, joint venture companies for the offerings of e-commerce, EDI and value-added network services throughout Asia Pacific. Mr. Shih is specialised in the consulting fields of e-commerce, Supply-Chain Management, and Information Technology. He holds a masters degree in electrical and computer engineering from University of Cincinnati. Mr. Shih was the chief executive officer of Cap Gemini Ernst & Young North Asia operation.

## **INDEPENDENT NON-EXECUTIVE DIRECTORS (As at 31st March 2004)**

### **Mr. Kennedy Ying Ho Wong**

Mr. Kennedy Ying Ho Wong, J.P., aged 41, is a Director. He joined the Group in August 2003. Mr. Wong is a solicitor and a China Appointed Attesting Officer. He is the managing partner of Philip K.H. Wong, Kennedy Y.H. Wong & Co., Solicitors & Notaries. He is a National Committee Member of the Chinese People's Political Consultative Conference (year 2003-2008). He is also a director of the following listed companies in Hong Kong - Raymond Industrial Limited, China Overseas Land & Investment Limited, Far Eastern Polychem Industries Limited and Capinfo Company Limited. Mr. Wong has a BA in Law from University of Kent in United Kingdom.

### **Mr. Philip King Huen Ma**

Mr. Philip King Huen Ma, aged 47, is a Director. Mr. Ma is the group managing director of The Sincere Company Limited, a listed company on the Stock Exchange. He joined the Group in March 2000. Mr. Ma holds a masters degree in business administration from McMaster University in Canada. Mr. Ma is also very active in his community services and was the Chairman of the Hong Kong Retail Management Association ("HKRMA") from 1996-2000. HKRMA is the major association representing Hong Kong's retail industry with over 600 member companies which employs over 200,000 people.

# Report of the Directors

The Directors have the pleasure of presenting their annual report together with the audited accounts of iSteelAsia Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31st March 2004.

## **PRINCIPAL ACTIVITIES**

The Company is an investment holding company. Its subsidiaries are principally engaged in the trading of steel products, provision of procurement services for steel products, operation of an e-commerce vertical portal for the provision of online steel trading services and ancillary services, and investment holding.

## **SEGMENT INFORMATION**

An analysis of the Group's turnover and segment results by business segment and geographical segment for the year ended 31st March 2004 is set out in Note 27 to the accompanying accounts.

## **MAJOR CUSTOMERS AND SUPPLIERS**

For the year ended 31st March 2004, the five largest customers of the Group accounted for approximately 26% of the Group's total turnover while the five largest suppliers of the Group accounted for approximately 35% of the Group's total purchases.

For the year ended 31st March 2004, Van Shung Chong Hong Limited ("VSCHL"), a subsidiary of Van Shung Chong (B.V.I.) Limited ("VSC BVI") which is a substantial shareholder and an initial management shareholder of the Company as defined in the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules"), was the largest supplier of the Group and accounted for approximately 12% of the Group's total purchases. VSCHL has granted the Group a normal credit period with respect to such purchases and has agreed not to demand repayment of overdue balances but charge interest on the overdue balances based on commercial lending rates.

Save as disclosed above, none of the Directors, their associates, or any shareholders (which to the knowledge of the Directors owned more than 5% of the Company's share capital) had a beneficial interest in the Group's five largest customers and suppliers.

## **RESULTS AND APPROPRIATIONS**

Details of the Group's results for the year ended 31st March 2004 are set out in the consolidated profit and loss account on page 35 of this annual report.

The Directors do not recommend the payment of a dividend and recommend that the accumulated losses of HK\$160,897,000 as at 31st March 2004 be carried forward.

# Report of the Directors

## **SHARE CAPITAL AND SHARE OPTIONS**

Details of movements in share capital and share options of the Company are set out in Notes 22 and 24 respectively, to the accompanying accounts.

There are no provisions for pre-emptive rights under the Bye-laws of the Company or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## **RESERVES AND ACCUMULATED LOSSES**

Movements in reserves of the Group and the Company during the year are set out in Note 25 to the accompanying accounts.

As at 31st March 2004, the Company did not have any distributable reserves.

## **SUBSIDIARIES**

Particulars of the Company's subsidiaries are set out in Note 15 to the accompanying accounts.

## **FIXED ASSETS**

Details of movements in fixed assets during the year are set out in Note 12 to the accompanying accounts.

## **BANK BORROWINGS**

Particulars of bank borrowings as at 31st March 2004 are set out in Note 19 to the accompanying accounts.

## **PENSION SCHEMES**

Details of the pension schemes are set out in Note 28 to the accompanying accounts.



# Report of the Directors

## **DIRECTORS**

The directors who held office during the year and up to the date of this report were:

### **Executive directors**

Mr. Andrew Cho Fai Yao, *Chairman*

Ms. Miriam Che Li Yao, *Deputy Chairman*

Mr. Desmond Hay Ching Fu, *CEO*

(Appointed on 20th February 2004)

Ms. Drina C. Yue, *CEO*

(Resigned on 20th February 2004)

### **Non-executive directors**

Mr. David Michael Faktor

(Appointed on 20th February 2004)

Ms. Lena Foo

(Resigned on 13th August 2003)

Mr. Daniel Takuen Shih

(Resigned on 29th April 2004)

Mr. Ralph David Oppenheimer

(Resigned on 20th February 2004)

### **Independent non-executive directors**

Mr. Philip King Huen Ma

Mr. Kennedy Ying Ho Wong

(Appointed on 28th August 2003)

Mr. Yeung Kwok Keung

(Resigned on 28th August 2003)

In accordance with Bye-law 86(2) of the Company's Bye-laws, Mr. Desmond Hay Ching Fu, Mr. David Michael Faktor and Mr. Kennedy Ying Ho Wong will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

## **DIRECTORS' SERVICE CONTRACTS**

Each of the executive Directors has entered into a service contract with the Group commencing from 1st April 2000 in both of the cases of Mr. Andrew Cho Fai Yao and Ms. Miriam Che Li Yao. The term of each service contract is continuous. Mr. Desmond Hay Ching Fu joined the Group in May 2000 and was appointed as an executive Director on 20 February 2004. Mr. Fu's service contract is valid for the duration up to 31st December 2005. All the abovementioned service contracts can be terminated by not less than three months' notice in writing served by either party on the other without payment of compensation other than statutory compensation.

Save as disclosed above, none of the Directors has a service contract with the Company which is not terminable by the employing company within one year without payment of compensation other than statutory compensation.

# Report of the Directors

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st March 2004, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which a Director is taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under Section 352 of SFO) or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### Long positions in the Shares and underlying shares of the Company

| Name                   | Type of interest  | Attributable interest to the Director | Number of Shares and approximate % of shareholding<br>(Note 1) | Number of Warrants<br>(Note 2) | Number of options | Aggregate interest |
|------------------------|---|---------------------------------------|--|--------------------------------|-------------------|--------------------|
| Mr. Andrew Cho Fai Yao | — Corporate interest held by TN Development<br>(Note 3) | deemed interest (indirectly)          | 163,367,600 (10.23%)   | 39,260,320                     | —                 | 202,627,920        |
|                        | — Corporate interest held by Huge Top<br>(Note 4)       | more than one-third (indirectly)      | 159,811,344 (10.01%)   | 31,962,268                     | —                 | 191,773,612        |
|                        | — Corporate interest held by VSC BVI<br>(Note 5)        | through Huge Top (indirectly)         | 301,026,000 (18.86%)   | 60,205,200                     | —                 | 361,231,200        |
|                        | — Corporate interest held by Right Action<br>(Note 6)   | 100% (directly)                       | 102,400,000 (6.41%)  | 20,480,000                     | —                 | 122,880,000        |
|                        | — Personal interest<br>(Note 7)                         | 100% (directly)                       | — (—)  | —                              | 5,000,000         | 5,000,000          |
|                        |   |                                       | <b>726,604,944 (45.51%)</b>                                    | <b>151,907,788</b>             | <b>5,000,000</b>  | <b>883,512,732</b> |

# Report of the Directors

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Cont'd)

### Long positions in the Shares and underlying shares of the Company (Cont'd)

| Name                     | Type of interest  | Attributable interest to the Director | Number of Shares and approximate % of shareholding<br>(Note 1) | Number of Warrants<br>(Note 2) | Number of options | Aggregate interest |
|--------------------------|---|---------------------------------------|--|--------------------------------|-------------------|--------------------|
| Ms. Miriam Che Li Yao    | — Corporate interest held by TN Development<br>(Note 3) | deemed interest (indirectly)          | 163,367,600 (10.23%)   | 39,260,320                     | —                 | 202,627,920        |
|                          | — Corporate interest held by Huge Top<br>(Note 4)       | deemed interest (indirectly)          | 159,811,344 (10.01%)   | 31,962,268                     | —                 | 191,773,612        |
|                          | — Corporate interest held by VSC BVI<br>(Note 5)        | through Huge Top (indirectly)         | 301,026,000 (18.86%)   | 60,205,200                     | —                 | 361,231,200        |
|                          | — Personal interest<br>(Note 7)                         | 100% (directly)                       | — (—)  | —                              | 7,500,000         | 7,500,000          |
|                          |   |                                       | <hr/>  |                                |                   |                    |
|                          |   |                                       | 624,204,944 (39.10%)   | 131,427,788                    | 7,500,000         | 763,132,732        |
|                          |   |                                       | <hr/>  |                                |                   |                    |
| Mr. Desmond Hay Ching Fu | — Personal interest<br>(Note 7)                         | 100% (directly)                       | — (—)  | —                              | 11,750,000        | 11,750,000         |
|                          |   |                                       | <hr/>  |                                |                   |                    |
| Mr. Daniel Takuen Shih   | — Personal interest<br>(Note 8)                         | 100% (directly)                       | — (—)  | —                              | 2,000,000         | 2,000,000          |
|                          |   |                                       | <hr/>  |                                |                   |                    |

# Report of the Directors

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES** *(Cont'd)*

### **Long positions in the Shares and underlying shares of the Company** *(Cont'd)*

Notes:

1. These shares are the ordinary shares ("Shares") of HK\$0.10 each in the issued share capital of the Company.
2. The warrants of the Company ("Warrants") are listed and entitle the holders to subscribe in cash for Shares at a subscription price of HK\$0.10 each (subject to adjustment) and are exercisable between 18th June 2002 and 17th June 2005. These Warrants represent physically settled equity derivatives.
3. As at 31st March 2004, TN Development Limited ("TN Development") owns 163,367,600 Shares and 39,260,320 Warrants. Van Shung Chong (B.V.I.) Limited ("VSC BVI") owns 54% of the issued share capital of TN Development and Mr. Andrew Cho Fai Yao owns 10% of the issued share capital of TN Development. The board of directors of TN Development only comprises Mr. Andrew Cho Fai Yao and Ms. Miriam Che Li Yao. These interests of the aforesaid Directors in the securities of the Company were corporate interests.

All Shares held by TN Development are, or are intended to be, the subject of options exercisable, in certain circumstances, by designated employees and founding members pursuant to the share option agreements and the revenue option agreements, respectively as disclosed in the Company's prospectus dated 14th April 2000. The sole purpose of TN Development is to provide an avenue to motivate the Company's employees and founding members while at the same time not incurring any dilution effect to the public investors of the Company.

4. As at 31st March 2004, Huge Top Industrial Ltd. ("Huge Top") owns 159,811,344 Shares and 31,962,268 Warrants. Mr. Andrew Cho Fai Yao directly holds 10% and indirectly through Perfect Capital International Corp. ("Perfect Capital") owns more than one-third of the issued share capital of Huge Top. Mr. Andrew Cho Fai Yao owns the entire issued share capital of Perfect Capital. The board of directors of Huge Top only comprises Mr. Andrew Cho Fai Yao and Ms. Miriam Che Li Yao. These interests of the aforesaid Directors in the securities of the Company were corporate interests.
5. As at 31st March 2004, VSC BVI owns 301,026,000 Shares and 60,205,200 Warrants and Huge Top owns approximately 47.15% of the issued share capital of Van Shung Chong Holdings Limited ("VSC"). Mr. Andrew Cho Fai Yao and Ms. Miriam Che Li Yao are directors of VSC. VSC BVI is a wholly-owned subsidiary of VSC. The board of directors of VSC BVI only comprises Mr. Andrew Cho Fai Yao and Ms. Miriam Che Li Yao. These interests of the aforesaid Directors in the securities of the Company were corporate interests.
6. As at 31st March 2004, Right Action Offshore Inc. ("Right Action") owns 102,400,000 Shares and 20,480,000 Warrants. Mr. Andrew Cho Fai Yao owns the entire issued share capital of Right Action and is also the sole director of that company. These interests were corporate interests in the Company.
7. The interests of the Directors in the share options of the Company are separately disclosed in the section headed "Share Option Scheme" below.



# Report of the Directors

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Cont'd)

### Long positions in the Shares and underlying shares of the Company (Cont'd)

Notes: (Cont'd)

8. Employee options to purchase Shares from TN Development

| Name                   | Number of employee options |                           |             |
|------------------------|----------------------------|---------------------------|-------------|
|                        | Beginning of year          | Exercised during the year | End of year |
| Mr. Daniel Takuen Shih | 2,000,000                  | —                         | 2,000,000   |

Notes:

- (i) Daniel Takuen Shih has been granted an option to purchase 2,000,000 Shares from TN Development, at an exercise price per Share of HK\$0.054, under a share option agreement dated 13th April 2000. Each option may be exercised in whole or in part in the following manner:
- (a) During the period starting from 13th April 2001 to 12th April 2002, the option may be exercised up to one-third of such Shares.
  - (b) During the period starting from 13th April 2002 to 12th April 2003, the option may (to the extent not exercised in accordance with (a) above) be exercised up to two-thirds of such Shares.
  - (c) During the period starting from 13th April 2003 to 12th April 2004, the option may (to the extent not exercised in accordance with (a) and (b) above) be exercised in full.
- (ii) All the above-mentioned options had been already lapsed with effect from 13th April 2004.
- (iii) All the above-mentioned options are unlisted and represent physically settled equity derivatives.

The Company adopted on 31st March 2004 "Rules 5.46 to 5.67 of the GEM Listing Rules — Model Code for Securities Transactions by Directors" as the required standard against which Directors must measure their conduct regarding transactions in securities of the Company according to Rule 5.46 of the GEM Listing Rules.

Save as disclosed above, as at 31st March 2004, none of the Directors and the chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which a Director is taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by Directors as referred in Rules 5.46 to 5.67 of the GEM Listing Rules.

# Report of the Directors

## DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in Note 8 to the accompanying accounts, no contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Company's Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31st March 2004, so far as is known to the Directors the following persons (other than the Directors and chief executives of the Company the interests of which were disclosed above) had an interest or short position in the Shares and underlying shares of the Company which were disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests or short positions which a Director is taken or deemed to have under such provisions of the SFO) and/or were directly or indirectly interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

### Long positions

| Name   | Type of interest                                     | Number of Shares<br>and approximate %<br>of shareholding | Number of<br>Warrants | Aggregate<br>interest | Notes               |
|--|--|--|-----------------------|-----------------------|---------------------|
| <b>Substantial shareholders of the Company</b> |  |  |                       |                       |                     |
| VSC BVI  | — directly   | 301,026,000 (18.86%)                                     | 60,205,200            | 361,231,200           |                     |
|  | — indirect deemed interest<br>through TN Development | 163,367,600 (10.23%)                                     | 39,260,320            | 202,627,920           |                     |
|  |  | <b>464,393,600 (29.09%)</b>                              | <b>99,465,520</b>     | <b>563,859,120</b>    | <b>1</b>            |
| VSC  | — indirectly through VSC BVI                         | 301,026,000 (18.86%)                                     | 60,205,200            | 361,231,200           |                     |
|  | — indirect deemed interest<br>through TN Development | 163,367,600 (10.23%)                                     | 39,260,320            | 202,627,920           |                     |
|  |  | <b>464,393,600 (29.09%)</b>                              | <b>99,465,520</b>     | <b>563,859,120</b>    | <b>1 &amp; 2</b>    |
| Huge Top                                       | — directly   | 159,811,344 (10.01%)                                     | 31,962,268            | 191,773,612           |                     |
|  | — indirectly through VSC BVI                         | 301,026,000 (18.86%)                                     | 60,205,200            | 361,231,200           |                     |
|  | — indirect deemed interest<br>through TN Development | 163,367,600 (10.23%)                                     | 39,260,320            | 202,627,920           |                     |
|  |  | <b>624,204,944 (39.10%)</b>                              | <b>131,427,788</b>    | <b>755,632,732</b>    | <b>1, 2 &amp; 3</b> |
| Perfect Capital                                | — indirectly through Huge Top                        | 159,811,344 (10.01%)                                     | 31,962,268            | 191,773,612           |                     |
|  | — indirectly through VSC BVI                         | 301,026,000 (18.86%)                                     | 60,205,200            | 361,231,200           |                     |
|  | — indirect deemed interest<br>through TN Development | 163,367,600 (10.23%)                                     | 39,260,320            | 202,627,920           |                     |
|  |  | <b>624,204,944 (39.10%)</b>                              | <b>131,427,788</b>    | <b>755,632,732</b>    | <b>1, 2 &amp; 3</b> |
| TN Development                                 | — directly   | 163,367,600 (10.23%)                                     | 39,260,320            | 202,627,920           | 4                   |
| <b>Other shareholder of the Company</b>        |  |  |                       |                       |                     |
| Right Action                                   | — directly   | 102,400,000 (6.41%)                                      | 20,480,000            | 122,880,000           |                     |

# Report of the Directors

## **INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS** *(Cont'd)*

### **Long positions** *(Cont'd)*

#### *Notes:*

1. VSC BVI owns 54% of the share capital of TN Development and is deemed to be interested in the 163,367,600 Shares and 39,260,320 Warrants held by TN Development as at 31st March 2004. VSC BVI directly owns 301,026,000 Shares and 60,205,200 Warrants as at 31st March 2004. VSC BVI is therefore directly and indirectly interested in an aggregate of 464,393,600 Shares and 99,465,520 Warrants.
2. VSC owns the entire issued share capital of VSC BVI, VSC is therefore deemed to be interested in an aggregate of 464,393,600 Shares and 99,465,520 Warrants.
3. Perfect Capital owns more than one-third of the share capital of Huge Top as at 31st March 2004. Huge Top is beneficially interested in approximately 47.15% of the issued share capital of VSC as at 31st March 2004 and Perfect Capital and Huge Top are therefore deemed to be interested in the 163,367,600 Shares and 39,260,320 Warrants held by TN Development and the 301,026,000 Shares and 60,205,200 Warrants held by VSC BVI as at 31st March 2004. As at the same date, Huge Top also directly owns 159,811,344 Shares and 31,962,268 Warrants. Huge Top is therefore directly and indirectly interested in an aggregate of 624,204,944 Shares and 131,427,788 Warrants, and Perfect Capital is indirectly interested in the same aggregate interests.
4. All Shares held by TN Development are, or are intended to be, the subject of options exercisable, in certain circumstances, by designated employees and founding members pursuant to the share option agreements and the revenue option agreements, respectively as disclosed in the Company's prospectus dated 14th April 2000. The sole purpose of TN Development is to provide an avenue to motivate the Company's employees and founding members while at the same time not incurring any dilution effect to the public investors of the Company.

Save as disclosed above, as at 31st March 2004, the Directors were not aware of any other person (other than the Directors and chief executives of the Company the interests of which were disclosed above) who had an interest or short position in the Shares and underlying shares of the Company which were disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests or short positions which a Director is taken or deemed to have under such provisions of the SFO) and/or were directly or indirectly interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

# Report of the Directors

## SHARE OPTION SCHEME

Under the terms of the Company's share option scheme approved by the shareholders on 13th April 2000 (the "Old Scheme"), the Board of Directors of the Company may at their discretion, invite any full-time employees of the Company or any of the companies of the Group, including any executive Directors, to take up options to subscribe for Shares. The Old Scheme became effective upon the listing of the Shares on 20th April 2000 and was terminated on 10th June 2002. A new share option scheme has been adopted by the Company since 10th June 2002 (the "New Scheme") to replace the Old Scheme to comply with the current statutory requirements. The Company may grant options to the participants as set out in the New Scheme. Summary of the Old Scheme and the New Scheme was as follows:

|  | <b>Old Scheme</b>   | <b>New Scheme</b>   |
|--|---|---|
| 1. Purpose of the Old and New Schemes      | As an incentive to employees.   | To provide incentives to participants to contribute to the Group and/or to enable the Group to recruit and/or to retain high-calibre employees and attract human resources that are valuable to the Group.        |
| 2. Participants of the Old and New Schemes | Any full-time employee including any executive director of the Group. | Employee/agent/consultant or representative, including any executive or non-executive director, of any member of the Group or any other person who satisfies the selection criteria as set out in the New Scheme. |

# Report of the Directors

## SHARE OPTION SCHEME (Cont'd)

|   | Old Scheme  | New Scheme  |
|---|---|---|
| 3. Total number of Shares available for issue under the Old and New Schemes and percentage of issued share capital as at the date of this annual report | 68,250,000 Shares (approximately 4.3% of issued share capital), being the outstanding options unexercised as at the date of this annual report.<br><br>The total number of Shares subject to the Old Scheme and any other schemes must not, in aggregate, exceed 10% of the issued share capital of the Company from time to time excluding (i) Shares issued upon the exercise of options granted pursuant to the Old Scheme and any other schemes; and (ii) any pro rata entitlements to further Shares issued in respect of those Shares mentioned in (i) during a specified period of 10 consecutive years. | The Company may initially grant options representing 156,450,000 Shares under the New Scheme (i.e. 10% of the issued share capital of the Company as at the date of approval of the New Scheme and approximately 9.8% of the issued share capital as at the date of this annual report).<br><br>The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes of the Company and/or its subsidiary (including the Old Scheme) must not exceed 30% of the Shares in issue from time to time. No options may be granted under any schemes of the Company or its subsidiary if this would result in the 30% limit being exceeded. |
| 4. Maximum entitlement of each participant under the Old and New Schemes  | 25% of the aggregate number of Shares for the time being issued and issuable under the Old Scheme.  | The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) within any twelve-month period under the New Scheme and any other share option scheme(s) of the Company and/or any subsidiary must not exceed 1% of the number of Shares in issue.   |



# Report of the Directors

## SHARE OPTION SCHEME *(Cont'd)*

|  | Old Scheme   | New Scheme   |
|--|--|--|
| 5. The period within which the Shares must be taken up under an option   | Must not be less than three years and not more than ten years from the date upon the option is accepted in accordance with the Old Scheme but subject to the provisions for early termination contained therein. | Must not be more than ten years from the date of offer of grant of the option.   |
| 6. The minimum period for which an option must be held before it can be exercised  | No such minimum period specified under the Old Scheme but the Directors can grant options at terms and conditions as they may think fit to offer.  | No such minimum period specified and an option may be exercised in accordance with the terms of the New Scheme at any time during a period to be notified by the Board of Directors to each grantee.     |
| 7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid | HK\$1 is to be paid as consideration for the grant of option and the option shall be accepted within 28 days from the date of grant.   | The acceptance of an option, if accepted, must be made within 28 days from the date of grant with a non-refundable payment of HK\$10 in cash from the grantee to the Company on acceptance of the offer. |

# Report of the Directors

## SHARE OPTION SCHEME (Cont'd)

|  | Old Scheme   | New Scheme   |
|--|--|--|
| 8. The basis of determining the exercise price   | <p>The exercise price of an option will be at least the highest of:</p> <ul style="list-style-type: none"><li>a. the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the grant of the option, which must be a business day,</li><li>b. the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of the grant of the option, and</li><li>c. the nominal value of the Shares.</li></ul> | <p>The exercise price of an option will be at least the highest of:</p> <ul style="list-style-type: none"><li>a. the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the grant of the option, which must be a business day,</li><li>b. the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of the grant of the option, and</li><li>c. the nominal value of the Shares.</li></ul> |
| 9. The remaining life of the Old and New Schemes | <p>The Old Scheme was adopted on 13th April 2000 and was originally effective until 12th April 2010. On 10th June 2002, the Old Scheme was resolved by the shareholders of the Company to have been terminated thereon.</p>  | <p>The New Scheme shall be valid and effective for a period of ten years commencing on the adoption date i.e. 10th June 2002.</p>  |

# Report of the Directors

## SHARE OPTION SCHEME (Cont'd)

Details of movement in the share options to subscribe for Shares granted to and held by certain Directors during the year ended 31st March 2004 under the Old Scheme were as follows:

| Name                     | Date of grant     | Exercise price per Share | Vesting period                         | Exercise period                      | Number of options      |                             |                  |
|--------------------------|-------------------|--------------------------|--|--------------------------------------|------------------------|-----------------------------|------------------|
|                          |                   |                          |  |                                      | Beginning of year '000 | Lapsed during the year '000 | End of year '000 |
| <b>Directors:—</b>       |                   |                          |  |                                      |                        |                             |                  |
| Mr. Andrew Cho Fai Yao   | 7th November 2000 | HK\$0.485                | 7th November 2000 to 7th November 2001 | 8th November 2001 to 12th April 2010 | 5,000                  | —                           | 5,000            |
| Ms. Miriam Che Li Yao    | 3rd July 2000     | HK\$0.360                | 3rd July 2000 to 30th September 2001   | 1st October 2001 to 12th April 2010  | 2,500                  | —                           | 2,500            |
|                          | 7th November 2000 | HK\$0.485                | 7th November 2000 to 7th November 2001 | 8th November 2001 to 12th April 2010 | 5,000                  | —                           | 5,000            |
| Mr. Desmond Hay Ching Fu | 3rd July 2000     | HK\$0.360                | 3rd July 2000 to 30th September 2001   | 1st October 2001 to 12th April 2010  | 250                    | —                           | 250              |
|                          | 7th November 2000 | HK\$0.485                | 7th November 2000 to 7th November 2001 | 8th November 2001 to 12th April 2010 | 11,500                 | —                           | 11,500           |
| Sub-total                |                   |                          |  |                                      | 24,250                 | —                           | 24,250           |
| <b>Employees:—</b>       |                   |                          |  |                                      |                        |                             |                  |
| In aggregate             | 3rd July 2000     | HK\$0.360                | 3rd July 2000 to 30th September 2001   | 1st October 2001 to 12th April 2010  | 18,100                 | (1,000)                     | 17,100           |
| In aggregate             | 7th November 2000 | HK\$0.485                | 7th November 2000 to 7th November 2001 | 8th November 2001 to 12th April 2010 | 49,650                 | (15,750)                    | 33,900           |
| Sub-total                |                   |                          |  |                                      | 67,750                 | (16,750)                    | 51,000           |
| Total of Old Scheme      |                   |                          |  |                                      | 92,000                 | (16,750)                    | 75,250           |

# Report of the Directors

## **SHARE OPTION SCHEME** *(Cont'd)*

No options under the Old Scheme were granted, exercised or cancelled during the year. Upon termination of the Old Scheme on 10th June 2002, no further options were granted thereunder but in all other respects, the provisions of the Old Scheme remain in force and all options granted prior to such termination continue to be valid and exercisable in accordance therewith. Up to the date of this annual report, no options have been granted pursuant to the New Scheme. All the above-mentioned options are unlisted and represent physically settled equity derivatives.

## **SPONSOR'S INTERESTS**

ICEA Capital Limited ("ICEA") has been appointed by the Company as the sponsor to the Company from 16th August 2001 to 30th April 2003. Pursuant to the agreement dated 3rd August 2001 entered into between the Company and ICEA, ICEA would receive a fee for acting as the Company's retained sponsor for the period from 16th August 2001 to 30th April 2003.

As notified by ICEA at 30th April 2003:

1. Neither ICEA nor its associates have any interest in any class of securities of the Company or any other company in the Group (including options or rights to subscribe such securities);
2. No director or employee of ICEA who is involved in providing advice to the Company has any interest in any class of securities of the Company or any other company in the Group (including options or rights to subscribe such securities);
3. Neither ICEA nor its associates expect to have accrued any material benefit as a result of the successful outcome of any transaction, including by way of example, the repayment of material outstanding indebtedness and payment of any underwriting commissions or success fees; and
4. No director or employee of ICEA has a directorship in the Company or any other company in the Group.

# Report of the Directors

## CONNECTED TRANSACTIONS

Details of related party transactions are set out in Note 2 to the accompanying accounts.

During the year ended 31st March 2004, the Group has the following continuing connected transactions (“the Transactions”) in accordance with Chapter 20 of the GEM Listing Rules. The Transactions had been approved by the shareholders of the Company on 17th April 2003 and the details of the Transactions had been disclosed in the circular of the Company dated 31st March 2003 (“the Circular”):—

1. Under the arrangement of a procurement services agreement dated 13th April 2000 entered into between Metal Logistics Company Limited (“ML”), a wholly-owned subsidiary of the Company, and VSCHL, a wholly-owned subsidiary of VSC BVI, a substantial shareholder of the Company, ML agreed to provide and/or procure any of its subsidiaries, if applicable, to provide sourcing, purchasing and quality control services on steel coils to the VSC Group’s (as defined below) coil centre operation in return for a procurement service fee is calculated at the rate of US\$5.00 per tonne for the first 24,000 tonnes and US\$2.00 per tonne in excess of 24,000 tonnes of steel coils sourced which represents a similar rate chargeable for such service in the market. The amount payable by the VSC Group has been capped at HK\$2,800,000 for the year ended 31st March 2004 and at HK\$3,000,000 and HK\$3,500,000 for the years ending 31st March 2005 and 31st March 2006 respectively according to the Circular.
2. Under the arrangement of a steel supply agreement dated 13th April 2000 entered into between ML and VSCHL, the VSC Group (as defined below) agreed to source and supply steel to the Group on and subject to the standard terms and conditions of purchase of the Group and the Group will reimburse the VSC Group at cost (including, but not limited to, insurance, transportation, warehousing costs incurred in respect of such supply, etc.). The total purchases made by the Group from the VSC Group have been capped at HK\$350 million for the year ended 31st March 2004 and at HK\$410 million and HK\$500 million for the years ending 31st March 2005 and 31st March 2006 respectively according to the Circular.
3. VSC (the holding company of VSC BVI) and its subsidiaries and its associated companies (collectively the “VSC Group”) may from time to time source/procure/distribute/sell steel products via the Group’s iSteelAsia.com website, but there is no signed agreement between the VSC Group and the Group regarding these transactions. For each of the three years ending 31st March 2006, the annual sales of the VSC Group transacted via the trading platform at iSteelAsia.com have been capped at HK\$667 million per annum while the commission which may be earned by iSteelAsia.com from the VSC Group has been capped at HK\$10 million per annum according to the Circular.



# Report of the Directors

## **CONNECTED TRANSACTIONS** *(Cont'd)*

The Directors, including the independent non-executive Directors, are of the view that the Transactions are essential for the efficient and continuous operation of the Group. Given the Transactions will occur on a regular and continuing basis, the Directors consider that it would not be practicable to announce, or if necessary, obtain prior approval from the shareholders of the Company on each occasion they arise. Accordingly, the Company convened and held a special general meeting on 17th April 2003 and the ordinary resolution to approve the Transactions and the relevant caps for a further 3-year period ending 31st March 2006 was approved by the independent shareholders of the Company. Details of the Transactions had been disclosed in this annual report as described in Rules 20.45(1) to (5) of the GEM Listing Rules.

The independent non-executive Directors have confirmed that the Transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have also confirmed that the Transactions (a) have received the approval of the Company's Board of Directors; (b) are in accordance with the pricing policy of the Group if those transactions involve the provision of goods or services by the Group; (c) have been entered into in accordance with the relevant agreements governing the Transactions; and (d) have not exceeded the respective caps agreed with the Stock Exchange.

## **COMPETING INTERESTS**

Mr. Ralph David Oppenheimer, a non-executive Director of the Company had been resigned on 20th February 2004, is the chairman and chief executive of Stemcor Holdings Limited ("Stemcor") whose business is principally engaged in international steel trading. Mr. David Michael Faktor, a non-executive Director of the Company, is the director of Stemcor. Mr. Andrew Cho Fai Yao and Ms. Miriam Che Li Yao are the Chairman and the Deputy Chairman of the Company, respectively, and also the chairman and the deputy chairman of VSC, respectively and VSC is also engaged in steel trading business. The Directors believe that there is a risk that such businesses may compete with those of the Group. However, the Directors are also of the view that the invaluable experience of Mr. Oppenheimer, Mr. Faktor, Mr. Yao and Ms. Yao in the steel industry will complement the development of the Group's business.

Save as disclosed above, none of the Directors or the management shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

# Report of the Directors

## **PURCHASES, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31st March 2004.

## **CORPORATE GOVERNANCE**

In the opinion of Directors, the Company had complied with the "Board Practices and Procedures" as set out in Rules 5.34 to 5.45 of the GEM Listing Rules throughout the year under review, except that the non-executive Directors are not appointed for a specific term. However, the non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Bye-laws.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Society of Accountants. The audit committee held four meetings during the year. The duties of the audit committee include reviewing the Company's annual reports and quarterly reviews and providing advice and comments thereon to the Board of Directors. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. The audit committee comprises two independent non-executive directors, namely Mr. Philip King Huen Ma and Mr. Kennedy Ying Ho Wong. These audited accounts for the year ended 31st March 2004 of the Company now reported on have been reviewed by the Audit Committee.

## **AUDITORS**

Arthur Andersen & Co were auditors of the Company for the year ended 31st March 2002. PricewaterhouseCoopers were auditors of the Company for the years ended 31st March 2003 and 2004.

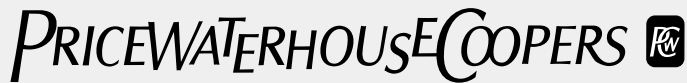
The accompanying accounts were audited by PricewaterhouseCoopers. A resolution for their re-appointment as the Company's auditors for the ensuing year is be proposed at the forthcoming annual general meeting.

On behalf of the Board of Directors,  
**Desmond Hay Ching Fu**  
*Director and Chief Executive Officer*

Hong Kong, 23rd June 2004

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羅兵咸永道會計師事務所

PricewaterhouseCoopers  
22/F, Prince's Building  
Central, Hong Kong  
Telephone (852) 2289 8888  
Facsimile (852) 2810 9888  
www.pwchk.com

致亞鋼集團有限公司  
全體股東之核數師報告  
(於百慕達註冊成立之有限公司)

本核數師已完成審核刊載於第35頁至第72頁按照香港普遍採納之會計原則編製的賬目。

董事及核數師的責任

貴公司的董事須負責編製真實與公平的賬目。在編製該等真實與公平的賬目時，董事必須選擇及貫徹地採用合適的會計政策。

本核數師的責任是根據審核工作之結果，對該等賬目作出獨立意見，並按照百慕達1981年《公司法》第90條僅向整體股東報告，除此之外本報告別無其他目的。本核數師不會就本報告的內容向任何其他人士負上或承擔任何責任。

意見的基礎

本核數師已按照香港會計師公會頒佈的核數準則進行審核工作。審核範圍包括以抽查方式查核與賬目所載數額及披露事項有關的憑證，亦包括評估董事於編製該等賬目時所作之重大估計和判斷，所採用之會計政策是否適合貴公司與貴集團之具體情況，及有否貫徹應用並足夠披露該等會計政策。

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
iSTEELASIA HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

We have audited the accounts on pages 35 to 72 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND  
AUDITORS**

The company's directors are responsible for the preparation of accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**BASIS OF OPINION**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company and of the group, consistently applied and adequately disclosed.

# Auditors' Report

## 核數師報告

本核數師在策劃和進行審核工作時，均以取得所有本核數師認為必需之資料及解釋為目標，以便獲得充份憑證，就該等賬目是否存有重要錯誤陳述，作出合理之確定。在作出意見時，本核數師已評估該等賬目所載之資料在整體上是否足夠。本核數師相信我們之審核工作已為下列意見建立合理之基礎。

### 意見

本核數師認為，上述之賬目足以真實兼公平地顯示 貴公司與 貴集團於二零零四年三月三十一日結算時之財務狀況及 貴集團截至該日止年度之虧損及現金流量，並根據香港公司條例之披露規定妥為編製。

羅兵咸永道會計師事務所  
執業會計師

香港，二零零四年六月二十三日

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

### OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31st March 2004 and of the group's loss and cash flows for the year then ended, and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 23rd June 2004



# Consolidated Profit and Loss Account

## 綜合損益表

For the year ended 31st March 2004 截至二零零四年三月三十一日止年度

|                          |   | 附註<br>Note | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
|--------------------------|---|------------|----------------------------------|----------------------------------|
| 營業額                      | Turnover  | 3          | <b>1,429,443</b>                 | 811,142                          |
| 銷售成本                     | Cost of sales   |            | <b>(1,390,654)</b>               | (764,035)                        |
| 毛利                       | Gross profit  |            | <b>38,789</b>                    | 47,107                           |
| 其他收入                     | Other revenue   | 3          | <b>1,078</b>                     | 1,370                            |
| 銷售及分銷支出                  | Selling and distribution expenses                             |            | <b>(7,891)</b>                   | (6,132)                          |
| 一般及行政支出                  | General and administrative expenses                           |            | <b>(28,682)</b>                  | (26,794)                         |
| 一項投資減值虧損                 | Impairment loss of an investment                              | 4          | <b>(20,414)</b>                  | (803)                            |
| 經營(虧損)/溢利                | Operating (loss)/profit                                       | 5          | <b>(17,120)</b>                  | 14,748                           |
| 財務費用                     | Finance costs   | 6          | <b>(7,922)</b>                   | (6,284)                          |
| 除稅前(虧損)/溢利               | (Loss)/Profit before taxation                                 |            | <b>(25,042)</b>                  | 8,464                            |
| 稅項                       | Taxation  | 9          | <b>(889)</b>                     | (1,840)                          |
| 除稅後但未計少數股東<br>權益前(虧損)/溢利 | (Loss)/Profit after taxation but<br>before minority interests |            | <b>(25,931)</b>                  | 6,624                            |
| 少數股東權益                   | Minority interests  |            | <b>220</b>                       | (34)                             |
| 股東應佔(虧損)/溢利              | (Loss)/Profit attributable to shareholders                    | 10         | <b>(25,711)</b>                  | 6,590                            |
| 每股(虧損)/盈利<br>— 基本        | (Loss)/Earnings per share<br>— Basic                          | 11         | <b>HK(1.63) cents</b>            | HK0.42 cents                     |

# Balance Sheets

## 資產負債表

As at 31st March 2004 於二零零四年三月三十一日

|               |                                      | 附註<br>Note | 綜合<br>Consolidated               |                                  | 本公司<br>Company                   |                                  |
|---------------|--------------------------------------|------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|               |                                      |            | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
| <b>非流動資產</b>  | <b>Non-current assets</b>            |            |                                  |                                  |                                  |                                  |
| 固定資產          | Fixed assets                         | 12         | 2,922                            | 3,230                            | —                                | —                                |
| 網站開發成本        | Website development costs            | 13         | 43                               | 918                              | —                                | —                                |
| 長期投資          | Long-term investment                 | 14         | 2,136                            | 685                              | 2,136                            | 685                              |
| 遞延稅項資產        | Deferred tax assets                  | 21         | 4,483                            | —                                | —                                | —                                |
| 於附屬公司之投資      | Investment in subsidiaries           | 15         | —                                | —                                | 1                                | 1                                |
| 非流動資產總額       | Total non-current assets             |            | 9,584                            | 4,833                            | 2,137                            | 686                              |
| <b>流動資產</b>   | <b>Current assets</b>                |            |                                  |                                  |                                  |                                  |
| 短期投資          | Short-term investment                | 14         | 23,400                           | 23,400                           | —                                | —                                |
| 存貨            | Inventories                          | 16         | 131,082                          | 155,229                          | —                                | —                                |
| 購貨按金          | Deposits for purchase of inventories |            | 89,321                           | 49,232                           | —                                | —                                |
| 預付款項及按金       | Prepayments and deposits             |            | 12,735                           | 19,359                           | 53                               | —                                |
| 應收賬款及票據       | Accounts and bills receivable        | 17         | 31,193                           | 37,425                           | —                                | —                                |
| 有抵押銀行存款       | Pledged bank deposits                | 18         | 34,439                           | —                                | 13,645                           | —                                |
| 現金及其他<br>銀行存款 | Cash and other bank deposits         | 18         | 55,433                           | 49,240                           | 3,961                            | 4,035                            |
| 流動資產總額        | Total current assets                 |            | 377,603                          | 333,885                          | 17,659                           | 4,035                            |
| <b>流動負債</b>   | <b>Current liabilities</b>           |            |                                  |                                  |                                  |                                  |
| 短期銀行借貸        | Short-term bank borrowings           | 19         | (51,426)                         | (57,134)                         | —                                | —                                |
| 應付賬款及票據       | Accounts and bills payable           | 2 & 20     | (284,445)                        | (232,003)                        | —                                | —                                |
| 其他應付款項        | Other payables                       |            | (517)                            | (3,618)                          | —                                | —                                |
| 應計負債          | Accruals                             |            | (2,082)                          | (1,872)                          | (50)                             | (50)                             |
| 預收款項          | Receipts in advance                  |            | (30,065)                         | (28,391)                         | —                                | —                                |
| 應繳稅項          | Taxation payable                     |            | (6,007)                          | (1,015)                          | —                                | —                                |
| 流動負債總額        | Total current liabilities            |            | (374,542)                        | (324,033)                        | (50)                             | (50)                             |
| 流動資產淨額        | Net current assets                   |            | 3,061                            | 9,852                            | 17,609                           | 3,985                            |
| <b>非流動負債</b>  | <b>Non-current liabilities</b>       |            |                                  |                                  |                                  |                                  |
| 應收附屬公司款項      | Amounts due to subsidiaries          | 15         | —                                | —                                | (4,702)                          | —                                |
| 資產淨額          | Net assets                           |            | 12,645                           | 14,685                           | 15,044                           | 4,671                            |

# Balance Sheets

## 資產負債表

As at 31st March 2004 於二零零四年三月三十一日

|        |                      | 綜合                               |                                  | 本公司                              |                                  |
|--------|----------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|        |                      | Consolidated                     |                                  | Company                          |                                  |
|        | 附註<br>Note           | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
| 包括：    | Representing:        |                                  |                                  |                                  |                                  |
| 股本     | Share capital        | 22 159,638                       | 156,450                          | 159,638                          | 156,450                          |
| 儲備     | Reserves             | 25 (146,993)                     | (143,099)                        | (144,594)                        | (151,779)                        |
| 股東權益   | Shareholders' equity | 12,645                           | 13,351                           | 15,044                           | 4,671                            |
| 少數股東權益 | Minority interests   | —                                | 1,334                            | —                                | —                                |
|        |                      | 12,645                           | 14,685                           | 15,044                           | 4,671                            |

主席  
姚祖輝  
**Andrew Cho Fai Yao**  
Chairman

董事兼行政總裁  
符氣清  
**Desmond Hay Ching Fu**  
Director and Chief Executive Officer

# Consolidated Cash Flow Statement

## 綜合現金流量表

For the year ended 31st March 2004 截至二零零四年三月三十一日止年度

|                      |   |            | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
|----------------------|---|------------|----------------------------------|----------------------------------|
|                      |   | 附註<br>Note |                                  |                                  |
| <b>經營活動</b>          | <b>Operating activities</b>                                   |            |                                  |                                  |
| 經營所產生之現金流入淨額         | Net cash inflow generated from operations                     | 26(a)      | 55,554                           | 15,122                           |
| 已收利息                 | Interest received   |            | 657                              | 1,059                            |
| 已付利息                 | Interest paid   |            | (7,922)                          | (6,284)                          |
| 已付中國企業所得稅            | Mainland China enterprise income tax paid                     |            | (704)                            | (825)                            |
| 已退回中國企業所得稅           | Mainland China enterprise income tax refunded                 |            | 324                              | —                                |
|                      |   |            |                                  |                                  |
| 經營活動之現金流入淨額          | Net cash inflow from operating activities                     |            | 47,909                           | 9,072                            |
| <b>投資活動</b>          | <b>Investing activities</b>                                   |            |                                  |                                  |
| 已收一項投資之股息            | Dividend received from an investment                          |            | 421                              | 311                              |
| 添置固定資產               | Additions of fixed assets                                     |            | (1,021)                          | (2,009)                          |
| 出售固定資產所得款項           | Proceeds from disposal of fixed assets                        |            | 142                              | 60                               |
| 添置網站開發成本             | Additions of website development costs                        |            | (17)                             | (59)                             |
| 已抵押銀行存款之增加           | Increase in pledged bank deposits                             |            | (34,439)                         | —                                |
| 滙兌調整                 | Translation adjustments                                       |            | (48)                             | 8                                |
|                      |   |            |                                  |                                  |
| 投資活動之現金流出淨額          | Net cash outflow from investing activities                    |            | (34,962)                         | (1,689)                          |
|                      |   |            |                                  |                                  |
| 融資活動前之現金流入淨額         | Net cash inflow before financing activities                   |            | 12,947                           | 7,383                            |
| <b>融資活動</b>          | <b>Financing activities</b>                                   | 26(b)      |                                  |                                  |
| 發行普通股                | Issue of ordinary shares                                      |            | 68                               | —                                |
| 新增短期銀行貸款             | New short-term bank loans                                     |            | 68,480                           | 32,962                           |
| 償還短期銀行貸款             | Repayment of short-term bank loans                            |            | (62,857)                         | (25,595)                         |
| 信託收據銀行貸款之減少淨額        | Net decrease in trust receipts bank loans                     |            | (11,331)                         | (14,568)                         |
| 已付一間附屬公司之<br>少數股東之權益 | Distribution paid to minority shareholders<br>of a subsidiary |            | (1,114)                          | —                                |
|                      |   |            |                                  |                                  |
| 融資活動之現金流出淨額          | Net cash outflow from financing activities                    |            | (6,754)                          | (7,201)                          |
|                      |   |            |                                  |                                  |
| 現金及現金等值項目之增加         | Increase in cash and cash equivalents                         |            | 6,193                            | 182                              |
| 年初之現金及現金等值項目         | Cash and cash equivalents, beginning of year                  |            | 49,240                           | 49,058                           |
|                      |   |            |                                  |                                  |
| 年終之現金及現金等值項目         | Cash and cash equivalents, end of year                        | 26(c)      | 55,433                           | 49,240                           |

# Consolidated Statement of Changes in Equity

## 綜合股東權益變動報表

For the year ended 31st March 2004 截至二零零四年三月三十一日止年度

|                             |   |    | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
|-----------------------------|---|----|----------------------------------|----------------------------------|
| 年初之結餘                       | Balance as at beginning of year   |    | 13,351                           | 10,066                           |
| 股東應佔(虧損)/溢利                 | (Loss)/Profit attributable to shareholders  | 25 | (25,711)                         | 6,590                            |
| 滙兌調整                        | Translation adjustments   | 25 | (48)                             | 8                                |
| 一項長期投資公平價值變動                | Change in fair value of a long-term investment  | 25 | 1,451                            | (3,313)                          |
| 因確認一項長期投資減值虧損而由投資重估儲備轉移至損益表 | Investment revaluation reserve transferred to profit and loss account upon recognition of impairment loss of a long-term investment | 4  | 20,414                           | —                                |
| 發行普通股所得                     | Proceeds from issue of ordinary shares  | 22 | 3,188                            | —                                |
| 年終之結餘                       | Balance as at end of year   |    | 12,645                           | 13,351                           |

# Notes to the Accounts

## 賬目附註

### 1 主要會計政策

編製本賬目時所採納的主要會計政策如下所述：

#### (a) 編製基準

本賬目乃根據香港公認會計原則及香港會計師公會(「公會」)頒佈之會計實務標準編製。賬目乃按照歷史成本會計法編製，惟以下所披露之會計政策，投資按公平價值列賬。

由二零零三年四月一日起，亞鋼集團有限公司(「本公司」)及其附屬公司(合稱「本集團」)已採用公會頒佈之經修訂會計實務準則(「會計準則」)第十二號「利得稅」。根據會計實務準則第十二號，此項遞延稅項乃就資產與負債之稅基及其賬面值之暫時差異作全數撥備。往年度，遞延稅項乃因應就課稅而計算之溢利與賬目所示之溢利二者間之重大時差，根據預期於可預見將來支付或可收回之負債及資產而計算。採納經修訂會計準則第十二號(經修訂)構成會計政策之變動對本集團過往會計期間之業績並無重大影響。

#### (b) 綜合基準

綜合賬目包括本集團及其附屬公司之賬目。於本年度購入或出售之附屬公司，分別由收購的生效日期起或截至出售的生效日期止包括在綜合損益表。

本集團所有公司間重大交易及結餘均於綜合賬目時註銷。

出售一間附屬公司所產生的損益，乃指出售所得款項與本集團所佔資產淨值兩者間之差額，連同任何未攤銷商譽或負商譽，以及任何相關累計外幣滙兌調整。

少數股東權益指外界股東所佔附屬公司經營業績及淨資產之權益。

### 1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below:

#### (a) Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA"). They are prepared under the historical cost convention except that, as disclosed in the accounting policy below, investments are stated at fair value.

Commencing from 1st April 2003, iSteelAsia Holdings Limited ("the Company") and its subsidiaries (together "the Group") have adopted the revised Statement of Standard Accounting Practice ("SSAP") 12 "Income taxes" issued by the HKSA, under which deferred taxation is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. In prior year, deferred taxation was provided in respect of significant timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the revised SSAP 12 represents a change in accounting policy, which has no significant effect on the Group's results for the prior accounting periods.

#### (b) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Any significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on disposal of a subsidiary represents the difference between the proceeds of the disposal and the Group's share of its net assets together with any unamortised goodwill or negative goodwill and any related cumulative foreign currency translation adjustments.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

# Notes to the Accounts

## 賬目附註

### 1 主要會計政策 (續)

#### (c) 附屬公司

附屬公司乃該等由本公司直接或間接控制其半數以上投票權；控制其財務及營運政策監管權；委任或罷免董事會的大多數席位；或於董事會會議上佔大多數投票權的實體。

於本公司之資產負債表內，於附屬公司之投資乃以成本扣除累計減值虧損列賬。本公司將附屬公司之業績按已收及應收股息之基準入賬。

#### (d) 合約合營企業

合約合營企業為本集團與一個或以上其他訂約方成立而預定經營期之實體，並享有及承擔受合約管制之合營企業夥伴之權利及義務。倘本集團有能力管治及控制該合約合營企業之財務及營運政策，並從其業務中獲取利益，則該合營企業被視為一間附屬公司及以該等形式入賬。

#### (e) 固定資產與折舊

固定資產乃按成本值減累計折舊及累計減值虧損入賬。因修整及改善固定資產而可增加其未來經濟利益之開支轉撥資本，而維修及保養開支則於產生時作為開支。固定資產按直線基準於估計可用年期內撇銷其成本值減累計減值虧損計算折舊。折舊之年率為20%。

固定資產折舊方法及可使用年期定期被檢訂以確保折舊方法及折舊率與固定資產之預期經濟利益模式保持一致。

出售固定資產之盈虧乃出售所得款項淨額減有關資產當時之賬面值之基準之差額於損益表內予以確認。

### 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### (c) Subsidiaries

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to govern the financial and operating policies, to appoint or remove the majority of the members of the board of directors, or to cast majority votes at the meetings of the board of directors.

In the Company's balance sheet, investment in subsidiaries is stated at cost less accumulated impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

#### (d) Contractual joint ventures

A contractual joint venture is an entity established between the Group and one or more other parties for a pre-determined period of time, with the rights and obligations of the joint venture partners being governed by a contract. If the Group is able to govern and control the financial and operating policies of the contractual joint venture so as to obtain benefits from its activities, such joint venture is considered as a subsidiary and is accounted for as such.

#### (e) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Major expenditures on modifications and betterments of fixed assets which will increase their future economic benefits are capitalised, while expenditures on repairs and maintenance are expensed when incurred. Fixed assets are depreciated on a straight-line basis at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives. The principal annual rate is 20%.

The depreciation methods and useful lives are reviewed periodically to ensure that the methods and rates of depreciation are consistent with the expected pattern of economic benefits from fixed assets.

The gain or loss on disposal of a fixed asset is the difference between the net disposal proceeds and the then carrying amount of the relevant asset, and is recognised in the profit and loss account.



# Notes to the Accounts

## 賬目附註

### 1 主要會計政策 (續)

#### (f) 網站開發成本

與開發特定網站有關之直接成本包括開發或獲取內部使用網站所耗費之材料及服務之對外支付直接成本，均撥作資本，直至網站已基本建成並可作擬定用途時為止。網站開發成本在三年期間按直線基準予以攤銷，該期間代表網站之預計可使用年期。本公司董事及本集團之管理層定期根據若干外在因素(包括但不限於預計網站可產生之未來收益及技術轉變)審閱及評估能否收回網站開發成本之賬面值。

與網站開發及網站維修成本有關之研究及其他開發成本於其產生時列作支出。

#### (g) 投資

持有作非買賣用途之投資按其公平價值於資產負債表中列賬。個別投資公平價值之變動均於投資重估儲備中計入或扣除，直至有關投資出售或被摒棄或有關投資被釐定出現減值為止。於出售時，累計盈虧乃指出售所得款項淨額及有關投資之賬面值之差額，連同任何轉撥自投資重估儲備之盈餘／虧絀於損益表中處理。倘有客觀證明顯示個別投資出現減值，於投資重估儲備之累計虧損乃計入損益表中。

#### (h) 存貨

存貨按成本值與可變現淨值兩者中之較低者入賬。成本值以先入先出法計算之原材料、直接勞工工資及適當比例之所有生產費用。可變現淨值乃按預計銷售所得款項扣除估計銷售支出計算。

### 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### (f) Website development costs

Costs directly associated with the development of specific websites, which include external direct costs of materials and services consumed in developing or obtaining an internal-use website, are capitalised. The capitalisation of such costs ceases no later than the point at which the websites are substantially completed and ready for their intended purpose. Website development costs are amortised on a straight-line basis over a period of three years, which represents the expected useful life of the website. The Company's Directors and the Group's management review and evaluate the recoverability of the carrying value of website development costs periodically by reference to certain external factors, including, but not limited to, anticipated future revenue to be generated from the website and changes in technology.

Research and other development costs relating to website development and website maintenance costs are expensed as incurred.

#### (g) Investments

Investments, which are held for non-trading purpose, are stated at fair value at the balance sheet date. Changes in fair value of individual investments are credited or debited to the investment revaluation reserve until the investments are sold or otherwise disposed of or until the investments are determined to be impaired. Upon disposal, the cumulative gain or loss, representing the difference between the net disposal proceeds and the carrying amount of the relevant investments, together with any surplus/deficit transferred from the investment revaluation reserve, is dealt with in the profit and loss account. When there is objective evidence that individual investments are impaired, the cumulative loss recorded in the investment revaluation reserve is taken to the profit and loss account.

#### (h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, calculated on the first-in, first-out basis, comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

# Notes to the Accounts

## 賬目附註

### 1 主要會計政策 (續)

#### (i) 應收賬款

應收賬款按呆賬情況計提撥備。資產負債表內的應收賬款乃扣除有關撥備後列賬。

#### (j) 資產減值

資產於事件發生或情況變動顯示或許未能收回該等資產其中一項之賬面值時，則會進行減值檢討。倘資產之賬面值超逾可收回數額，則將相等於資產賬面值與可收回數額之差額計入損益表為減值虧損。可收回數額指資產之淨售價與使用價值之較高者。淨售價為以公平交易出售資產時所得數額減出售成本，而使用價值則為在持續使用資產及於其可使用年期終止時出售而預期所得之估計未來現金流量之現值。

倘有跡象顯示資產不再出現減值虧損或減值虧損已減少，則會將資產於過往年度確認之減值虧損撥回計入損益表。

#### (k) 遞延稅項

遞延稅項乃利用負債法就資產與負債之稅基與他們在賬目之賬面值兩者之短暫時差作全數撥備。於結算日所制訂或大致制訂之稅率用以釐定遞延稅項。

遞延稅項資產乃就大有可能將未來應課稅溢利與可動用之短暫時差抵銷而確認。

遞延稅項會就有關在附屬公司之投資所產生之短暫時差而撥備，但假若可以控制短暫時差撥回之時間，並大有可能在可預見未來不會撥回該短暫時差則除外。

### 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### (i) Accounts receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

#### (j) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of one of these asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss representing the difference between the carrying amount and the recoverable amount of an asset is recognised in the profit and loss account. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the cost of disposal, while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Reversal of an impairment loss of an asset recognised in prior years is recorded when there is an indication that the impairment loss recognised for the asset no longer exists or has decreased. The reversal is recorded in the profit and loss account.

#### (k) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

# Notes to the Accounts

## 賬目附註

### 1 主要會計政策 (續)

#### (l) 撥備

當本集團因以往事件而承擔現有法律或引伸責任，且大有可能因承擔該等責任而導致資源外流，並能可靠估計有關承擔之數額時，將會作出撥備。撥備會定期檢討及調整，以反映現時之最佳估值。倘貨幣之價值會隨時間出現重大變化，則撥備數額將為預計履行承擔所需開支之現值。倘本集團預期撥備得以撥回，則只於有關撥回可在事實上可肯定時確認為獨立資產。

#### (m) 或然負債及或然資產

或然負債乃指因過往事件而可能產生之負債，或然負債存在與否僅由出現或並無出現一項或多項本集團未能全力控制之不明朗未來事件而決定。或然負債亦可以由過往事件產生而未予確認之現有債務，有關債務未予確認之原因為不大可能需要經濟資源流出或須承擔之款項未能可靠地計算。或然負債並不予以確認惟已於賬目附註中作出披露。倘資源流出之可能性出現變動因此大有可能導致經濟資源流出，其時或然負債將確認為撥備。

或然資產乃指因過往事件而可能產生之資產，或然資產存在與否僅由出現或並無出現一項或多項本集團未能全力控制之不明朗未來事件而決定。倘大有可能出現經濟效益流入，或然資產將不予確認，惟於賬目附註中作出披露。倘事實上可肯定會出現經濟效益流入，則有關資產須予以確認。

#### (n) 收入確認

收入於交易結果得以可靠地衡量而該交易的經濟利益大有可能流入本集團時確認。收入按以下基準確認：

### 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### (l) Provisions

Provisions are recognised when the Group has a present obligation, legal or constructive, as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain.

#### (m) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

#### (n) Revenue recognition

Revenue is recognised when the outcome of a transaction can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Group. Revenue is recognised on the following bases:

# Notes to the Accounts

## 賬目附註

### 1 主要會計政策 (續)

#### (n) 收入確認 (續)

##### (i) 營業收入

銷售貨品收入於風險及擁有權移交時確認，通常亦即為貨品付運往客戶和所有權轉讓時。

##### (ii) 採購及網上鋼材貿易服務之佣金

採購及網上鋼材貿易服務之佣金於提供服務時確認。

##### (iii) 股息收入

股息收入乃於確定有權收取股息支付時予以確認。

##### (iv) 利息收入

利息收入以未償還本金按適用息率以時間比例作基準予以確認。

於付運貨品及提供服務前向客戶預收之款項均列作預收款項入賬。

#### (o) 員工福利

##### (i) 僱員應享假期

僱員的應享年假及長期服務假乃於應計予僱員時確認。僱員因提供服務產生的應享年假及長期服務假乃按截至資產負債表結算日的年假及長期服務假估計負債計算撥備。僱員應享病假及分娩假期僅於支取時才確認。

##### (ii) 退休金責任

本集團向界定供款退休金計劃作出的供款乃於產生時列作支出。

#### (p) 借貸成本

需以長時間準備作計劃用途或出售之資產收購、建造或生產直接應計之借貸成本撥為該資產之部份成本。所有其他借貸成本乃於其產生之期間於損益表扣除。

### 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### (n) Revenue recognition (Cont'd)

##### (i) Sales revenue

Revenue from sales of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

##### (ii) Commission from procurement and online steel trading services

Commission from procurement and online steel trading services is recognised when the services are rendered.

##### (iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

##### (iv) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Advance payments received from customers prior to delivery of goods and provision of services are recorded as receipts in advance.

#### (o) Employee benefits

##### (i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

##### (ii) Pension obligations

The Group's contributions to defined contribution retirement schemes are expensed as incurred.

#### (p) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the profit and loss account in the period in which they are incurred.

# Notes to the Accounts

## 賬目附註

### 1 主要會計政策 (續)

#### (q) 營業租約

凡資產擁有權之絕大部份風險及回報仍屬出租公司之租約均列為營業租約。營業租約之支出均於有關租約年期以直線法自損益表中扣除。

#### (r) 外幣換算

本集團屬下個別公司之賬目及記錄乃以本身營運所在地之主要貨幣(「功能貨幣」)為單位。在個別公司之賬目中，於本年度以其他貨幣進行之交易乃按個別功能貨幣於交易時之適用匯率滙兌，以其他貨幣為單位之貨幣資產及負債乃按功能貨幣於資產負債表結算日之適用匯率滙兌。滙兌盈虧均於個別公司之損益表內處理。

本集團編製之綜合賬目乃以港元為單位。就綜合賬目而言，所有以港元以外作為功能貨幣之附屬公司之所有資產及負債乃按資產負債表結算日之適用匯率滙兌為港元，所有收支項目均按本年度適用之平均匯率換算。因換算該等交易而出現之滙兌差額列作累積外幣滙兌調整變動處理。

#### (s) 分類資料

根據本集團的內部財務報告，本集團決定以業務分類作為主要申報格式，而地區分類則為次要申報格式。

未分配成本指企業支出。分類資產主要包括固定資產、存貨、應收賬款及其他經營資產，而分類負債則主要包括本集團所有經營負債。資本支出包括添置固定資產、網站開發成本及短期／長期投資。

### 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### (q) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the relevant leases.

#### (r) Foreign currency translation

Individual companies within the Group maintain their books and records in the primary currencies of their respective operations ("functional currencies"). In the accounts of the individual companies, transactions in other currencies during the year are translated into the functional currencies at the applicable rates of exchange prevailing at the time of the transactions; monetary assets and liabilities denominated in other currencies are translated into the respective functional currencies at the applicable rates of exchange in effect at the balance sheet date. Exchange gains or losses are dealt with in the profit and loss account of the individual companies.

The Group prepares consolidated accounts in Hong Kong dollars. For the purpose of consolidation, all assets and liabilities of subsidiaries with functional currencies other than Hong Kong dollars are translated into Hong Kong dollars at the applicable rates of exchange in effect at the balance sheet date; all income and expense items are translated at the applicable average exchange rates during the year. Exchange differences arising from such translation are dealt with as movements of cumulative foreign currency translation adjustments.

#### (s) Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Unallocated costs represent corporate expenses. Segment assets consist primarily of all of fixed assets, inventories, receivables and other operating assets. Segment liabilities consist primarily of all of the Group's operating liabilities. Capital expenditure comprises additions to fixed assets, website development costs and short-term/long-term investments.

# Notes to the Accounts

## 賬目附註

### 1 主要會計政策 (續)

#### (s) 分類資料 (續)

就地區分類申報而言，營業額乃根據貨品付運之目的地及提供服務之地點而釐定。總資產及資本支出，以有關資產所在地分類。

#### (t) 現金及現金等值

現金及現金等值按成本值於資產負債表列賬。就現金流量表而言，現金及現金等值包括手頭現金、存於銀行之通知存款、現金投資(到期日為投資日期起計三個月或以內)及銀行透支。

### 2 與關連人士之交易

關連人士乃指其中一方可直接或間接控制另一方或對另一方之財務及營運決策行使重大影響力。受共同控制或受共同重大影響之人士亦被視為關連人士。

- (a) 於截至二零零四年三月三十一日止年度內，本集團由一所關連公司一萬順昌行有限公司(「萬順昌行」)購買存貨約155,716,000港元(二零零三年：287,413,000港元)，並於二零零四年三月三十一日向萬順昌行應付餘額約205,611,000港元(二零零三年：210,202,000港元)，其中過期結欠約198,417,000港元(二零零三年：197,853,000港元)。萬順昌行已授予本集團正常信貸期而無須對過期結欠作即時償還，但該等結欠須按商業借貸利率繳付利息。

### 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### (s) Segment reporting (Cont'd)

In respect of geographical segment reporting, turnover is based on the destination of delivery of goods or the location for the provision of services. Total assets and capital expenditure are classified where the assets are located.

#### (t) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, cash investments with a maturity of three months or less from date of investment and bank overdrafts.

### 2 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

- (a) The Group purchased inventories of approximately HK\$155,716,000 (2003: HK\$287,413,000) from Van Shung Chong Hong Limited ("VSCHL"), a related company, during the year ended 31st March 2004, and had an outstanding payable to VSCHL of approximately HK\$205,611,000 as at 31st March 2004 (2003: HK\$210,202,000) of which approximately HK\$198,417,000 (2003: HK\$197,853,000) was overdue. VSCHL has granted to the Group a normal credit period and has agreed not to demand repayment of overdue balances but charges interest on such balances based on commercial lending rates.

# Notes to the Accounts

## 賬目附註

### 2 與關連人士之交易 (續)

(b) 與關連人士之重大交易詳情如下：

| 關連人士名稱/<br>交易性質  |
|--|
| 萬順昌行有限公司(i)<br>— 由本集團作出之購貨<br>(見附註2(a))<br>— 由本集團取得之<br>採購服務佣金 |
| — 向本集團收取之利息<br>(見附註2(a))<br>— 向本集團收取之行政費用                      |
| 祖盛企業有限公司(i)<br>— 向本集團收取之租金費用                                   |

附註：

(i) 萬順昌行有限公司及祖盛企業有限公司乃由本公司主要股東Van Shung Chong (B.V.I.) Limited全資擁有。

(c) 附註2(b)所述交易產生之應付關連公司款項均已列作應付賬款。有關結餘詳情如下：

| 關連公司名稱      |
|-------------|
| 萬順昌行有限公司(i) |

附註：

(i) 結餘為無抵押，須按正常信貸條款及逾期結餘須按商業借貸利率繳付利息。

### 2 RELATED PARTY TRANSACTIONS (Cont'd)

(b) Details of significant transactions with related parties were:

| Name of related party/<br>Nature of transaction                                      | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
|--|----------------------------------|----------------------------------|
| Van Shung Chong Hong Limited (i)<br>— Purchases made by the<br>Group (see Note 2(a)) | 155,716                          | 287,413                          |
| — Commission from<br>procurement services<br>earned by the Group                     | 1,894                            | 1,552                            |
| — Interest charged to the Group<br>(see Note 2(a))                                   | 5,672                            | 4,616                            |
| — Administrative fees charged<br>to the Group  | 360                              | 360                              |
| CFY Enterprises Limited (i)<br>— Rental expense charged<br>to the Group              | 198                              | 600                              |

Note:

(i) Van Shung Chong Hong Limited and CFY Enterprises Limited are wholly-owned by Van Shung Chong (B.V.I.) Limited, a substantial shareholder of the Company.

(c) The amount due to related companies arising from transactions described in Note 2(b) were included in accounts payable. Details of such balances are as follows:

| Name of related company          | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
|----------------------------------|----------------------------------|----------------------------------|
| Van Shung Chong Hong Limited (i) | 205,611                          | 210,202                          |

Note:

(i) The balance is unsecured, repayable within ordinary credit term and bore interest at commercial lending rates for overdue balances.



# Notes to the Accounts

## 賬目附註

### 3 營業額及收入

收入按以下確認：

營業收入  
採購及網上鋼材貿易服務佣金

總營業額

股息收入  
利息收入

總收入

### 3 TURNOVER AND REVENUE

Revenues recognised are as follows:

|  | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
|--|----------------------------------|----------------------------------|
| Sales revenue  | 1,416,236                        | 799,970                          |
| Commission from procurement and<br>online steel trading services | 13,207                           | 11,172                           |
| Total turnover   | 1,429,443                        | 811,142                          |
| Dividend income  | 421                              | 311                              |
| Interest income  | 657                              | 1,059                            |
|  | 1,078                            | 1,370                            |
| Total revenue  | 1,430,521                        | 812,512                          |

### 4 一項投資減值虧損

於截至二零零四年三月三十一日止年度，本集團考慮到一項長期投資之公平值下降而確認減值虧損約20,414,000港元。因此，投資重估儲備之虧絀約20,414,000港元已被轉移至損益表。

### 4 IMPAIRMENT LOSS OF AN INVESTMENT

During the year ended 31st March 2004, the Group considered the decline in fair value of its long-term investment to be impaired and recognised an impairment loss of approximately HK\$20,414,000. In this connection, the deficit in the investment revaluation reserve of approximately HK\$20,414,000 was transferred to the profit and loss account.

# Notes to the Accounts

## 賬目附註

### 5 經營(虧損)/溢利

經營(虧損)/溢利已扣除及計入下列各項目：

|                          |
|--------------------------|
| 已扣除 —                    |
| 員工成本(包括董事酬金)<br>(見附註7)   |
| 向下列人士就租用物業支付<br>之營業租約租金： |
| — 一間關連公司(見附註2(b))        |
| — 其他                     |
| 固定資產之折舊                  |
| 出售固定資產虧損                 |
| 網站開發成本攤銷                 |
| 呆壞賬撇銷及撥備                 |
| 存貨撥備                     |
| 外幣兌換虧損淨額                 |
| 核數師酬金                    |
| 已計入—                     |
| 一項投資之股息收入                |
| 利息收入                     |
| — 銀行存款                   |
| — 逾期貿易應收賬款               |
| 外幣兌換收益淨額                 |

### 6 財務費用

|                          |
|--------------------------|
| 須於五年內全數償還<br>之銀行貸款利息     |
| 應付一間關連公司之<br>利息(見附註2(b)) |

### 5 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is determined after charging and crediting the following items:

|  | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
|--|----------------------------------|----------------------------------|
| After charging—  |                                  |                                  |
| Staff costs (including directors' emoluments) (see Note 7) | 15,232                           | 14,870                           |
| Operating lease rental in respect of premises paid to      |                                  |                                  |
| — a related company (see Note 2(b))                        | 198                              | 600                              |
| — others   | 1,656                            | 1,052                            |
| Depreciation of fixed assets                               | 1,069                            | 905                              |
| Loss on disposal of fixed assets                           | 118                              | 120                              |
| Amortisation of website development costs                  | 892                              | 1,306                            |
| Write-off of and provision for bad and doubtful debts      | 439                              | 715                              |
| Provision for inventories                                  | 420                              | 3,889                            |
| Net exchange loss  | —                                | 46                               |
| Auditors' remuneration                                     | 438                              | 438                              |
| After crediting—   |                                  |                                  |
| Dividend income from an investment                         | 421                              | 311                              |
| Interest income from                                       |                                  |                                  |
| — bank deposits  | 657                              | 504                              |
| — overdue trade receivables                                | —                                | 555                              |
| Net exchange gain  | 376                              | —                                |

### 6 Finance costs

|   | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
|---|----------------------------------|----------------------------------|
| Interest on bank loans wholly repayable within five years   | 2,250                            | 1,668                            |
| Interest on amount due to a related company (see Note 2(b)) | 5,672                            | 4,616                            |
|   | 7,922                            | 6,284                            |

# Notes to the Accounts

## 賬目附註

### 7 員工成本 (包括董事酬金)

薪金及津貼  
花紅  
退休金成本 — 界定供款計劃  
(見附註28)

### 7 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

|   | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
|---|----------------------------------|----------------------------------|
| Salaries and allowance  | 12,556                           | 14,239                           |
| Bonus   | 2,376                            | 320                              |
| Pension costs — defined contribution schemes<br>(see Note 28) | 300                              | 311                              |
|   | <b>15,232</b>                    | <b>14,870</b>                    |

### 8 董事及高級行政人員酬金

#### (a) 董事酬金

非執行董事之董事袍金  
執行董事之其他酬金

- 薪金及津貼
- 酌情花紅(i)
- 退休金供款

### 8 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

#### (a) Directors' emoluments

|  | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
|--|----------------------------------|----------------------------------|
| Fees for non-executive directors         | 35                               | 50                               |
| Other emoluments for executive directors |                                  |                                  |
| — Salaries and allowances                | 3,863                            | 3,383                            |
| — Discretionary bonuses (i)              | 1,440                            | 100                              |
| — Retirement contributions               | 21                               | 24                               |
|  | <b>5,359</b>                     | <b>3,557</b>                     |

附註：

- (i) 執行董事可享有酌情花紅。在本財政年度萬家樂女士收到的酌情花紅為1,160,000港元而符氣清先生收到的酌情花紅為280,000港元，此乃參照其對本集團之貢獻及財務表現而釐定。

本年度內，兩位執行董事(姚祖輝先生及姚潔莉女士)各自放棄之酬金分別為636,000港元(二零零三年：無)及560,000港元(二零零三年：無)。本年度內，本集團並無支付或應支付任何款項予任何董事以作為加入本集團或離職之補償。

Note:

- (i) The executive directors were entitled to discretionary bonuses. Ms. Drina C. Yue received HK\$1,160,000 of discretionary bonus while Mr. Desmond Hay Ching Fu received HK\$280,000 of discretionary bonus during the year, which were determined with reference to their contribution and the financial performance of the Group.

During the year, two executive directors, Mr. Andrew Cho Fai Yao and Ms. Miriam Che Li Yao, waived their emoluments of individual amounts HK\$636,000 (2003: Nil) and HK\$560,000 (2003: Nil), respectively. No incentive payment for joining the Group or compensation for loss of office was paid or payable to any director during the year.

# Notes to the Accounts

## 賬目附註

### 8 董事及高級行政人員酬金

(續)

#### (a) 董事酬金 (續) :

董事酬金按董事人數及酬金範圍之分析如下 :

|                           |
|---------------------------|
| 執行董事                      |
| — 無至1,000,000港元           |
| — 1,000,001港元至1,500,000港元 |
| — 1,500,001港元至2,000,000港元 |
| — 2,000,001港元至2,500,000港元 |
| 非執行董事                     |
| — 無至1,000,000港元           |
| 獨立非執行董事                   |
| — 無至1,000,000港元           |

本年度內，執行董事各自收到之酬金分別約為2,492,000港元(二零零三年：1,285,000港元)、1,806,000港元(二零零三年：無)、546,000港元(二零零三年：1,182,000港元)及480,000港元(二零零三年：1,040,000港元)。非執行董事及獨立非執行董事各自收到之費用分別約10,000港元(二零零三年：10,000港元)、10,000港元(二零零三年：10,000港元)、6,000港元(二零零三年：無)、4,000港元(二零零三年：10,000港元)、4,000港元(二零零三年：10,000港元)、1,000港元(二零零三年：無)及無(二零零三年：10,000港元)。

#### (b) 五名最高薪人士

本集團於本年度內酬金最高之五位人士包括二位(二零零三年：三位)董事，彼等之酬金分析已載於上文附註8(a)之分析內。其餘三位(二零零三年：二位)人士之已付／應付酬金如下：

|         |
|---------|
| 基本薪金及津貼 |
| 退休金供款   |
| 花紅      |

### 8 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(Cont'd)

#### (a) Directors' emoluments (Cont'd)

Analysis of directors' emoluments by number of directors and emolument ranges is as follows:

|                                     | 二零零四年<br>2004 | 二零零三年<br>2003 |
|-------------------------------------|---------------|---------------|
| Executive directors                 |               |               |
| — Nil to HK\$1,000,000              | 2             | —             |
| — HK\$1,000,001 to HK\$1,500,000    | —             | 3             |
| — HK\$1,500,001 to HK\$2,000,000    | 1             | —             |
| — HK\$2,000,001 to HK\$2,500,000    | 1             | —             |
| Non-executive directors             |               |               |
| — Nil to HK\$1,000,000              | 4             | 3             |
| Independent non-executive directors |               |               |
| — Nil to HK\$1,000,000              | 3             | 2             |
|                                     | <b>11</b>     | <b>8</b>      |

During the year, the executive directors received individual emoluments of approximately HK\$2,492,000 (2003: HK\$1,285,000), HK\$1,806,000 (2003: Nil), HK\$546,000 (2003: HK\$1,182,000) and HK\$480,000 (2003: HK\$1,040,000). The non-executive directors and independent non-executive directors received individual fees of approximately HK\$10,000 (2003: HK\$10,000), HK\$10,000 (2003: HK\$10,000), HK\$6,000 (2003: Nil), HK\$4,000 (2003: HK\$10,000), HK\$4,000 (2003: HK\$10,000), HK\$1,000 (2003: Nil) and Nil (2003: HK\$10,000).

#### (b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2003: three) directors whose emoluments are reflected in the analysis presented in Note 8(a) above. The emoluments paid/payable to the remaining three (2003: two) individuals were as follows:

|                               | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
|-------------------------------|----------------------------------|----------------------------------|
| Basic salaries and allowances | 1,925                            | 2,194                            |
| Retirement contributions      | 36                               | 24                               |
| Bonuses                       | 553                              | —                                |
|                               | <b>2,514</b>                     | <b>2,218</b>                     |

# Notes to the Accounts

## 賬目附註

### 8 董事及高級行政人員酬金

(續)

#### (b) 五名最高薪人士 (續)

酬金按組別分析如下：

無至1,000,000港元  
1,000,001港元至1,500,000港元

### 8 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(Cont'd)

#### (b) Five highest paid individuals (Cont'd)

The emoluments fell within the following band:

Nil to HK\$1,000,000  
HK\$1,000,001 to HK\$1,500,000

| 二零零四年<br>2004 | 二零零三年<br>2003 |
|---------------|---------------|
| 3             | —             |
| —             | 2             |
| <b>3</b>      | <b>2</b>      |

### 9 稅項

本公司獲豁免繳納百慕達稅項直至二零一六年。

由於本集團於本年度內並無應課稅溢利，故並無就香港利得稅作出撥備。

多間於中國內地成立之附屬公司須按稅率15%至33% (二零零三年：15%至33%) 繳納中國企業所得稅。

於綜合損益表中扣除之稅項包括：

本集團及附屬公司 —  
當期稅項  
香港利得稅  
中國企業所得稅

— 本年度  
— 過往數年度之高估撥備

短暫差異產生及撥回  
之遞延稅項

### 9 TAXATION

The Company is exempted from taxation in Bermuda until 2016.

No provision for Hong Kong profits tax has been provided as the Group had no assessable profit arising in or derived from Hong Kong during the year.

The subsidiaries established in Mainland China are subject to Mainland China enterprise income tax at rates ranging from 15% to 33% (2003: 15% to 33%).

The amount of taxation charged to the consolidated profit and loss account represents:

The Company and subsidiaries —  
Current taxation  
Hong Kong profits tax  
Mainland China  
enterprise income tax  
— Current year  
— Overprovisions  
in prior years  
Deferred taxation relating to the  
origination and reversal of  
temporary differences

| 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
|----------------------------------|----------------------------------|
| —                                | —                                |
| 6,262                            | 1,840                            |
| (890)                            | —                                |
| <b>(4,483)</b>                   | —                                |
| <b>889</b>                       | <b>1,840</b>                     |

# Notes to the Accounts

## 賬目附註

### 9 稅項 (續)

本集團之除稅前溢利與按照於香港(本集團所在地區)之利得稅稅率計算之理論金額有所差異及對賬如下:

|                                       |
|---------------------------------------|
| 除稅前(虧損)/溢利                            |
| 按香港利得稅稅率17.5%<br>(二零零三年: 16%)計算<br>影響 |
| — 其他司法權區不同稅率                          |
| — 無須課稅之收入                             |
| — 不可扣稅之支出                             |
| — 未確認之遞延稅項資產                          |
| — 撥回以前未確認之遞延<br>稅項資產                  |
| — 過往數年度之高估撥備                          |

扣除之稅項

### 10 股東應佔(虧損)/溢利

股東應佔綜合(虧損)/溢利包括撥入本公司賬目之虧損約14,680,000港元(二零零三年: 溢利1,678,000港元)。

### 11 每股(虧損)/盈利

截至二零零四年三月三十一日止年度之每股基本虧損乃根據股東應佔綜合虧損約25,711,000港元(二零零三年: 溢利6,590,000港元)及年內已發行普通股加權平均數約1,575,814,000股(二零零三年: 1,564,500,000股)計算。

由於尚未行使之認股權證及購股權並無攤薄作用, 故此並無呈列每股攤薄(虧損)/盈利。

### 9 TAXATION (Cont'd)

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the profits tax rate of Hong Kong, the home country of the Group, and the reconciliation was as follows:

|   | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
|---|----------------------------------|----------------------------------|
| (Loss)/Profit before taxation   | (25,042)                         | 8,464                            |
| Calculated at Hong Kong profits<br>tax rate of 17.5% (2003: 16%)<br>Effect of | (4,382)                          | 1,354                            |
| — different tax rates in other<br>jurisdictions                               | 146                              | (682)                            |
| — income not subject to taxation  | (37)                             | (635)                            |
| — expenses not deductible for<br>income tax purposes                          | 3,591                            | 917                              |
| — deferred tax assets not<br>recognised                                       | 3,031                            | 886                              |
| — reversal of previously<br>unrecognised deferred<br>tax assets               | (570)                            | —                                |
| — Overprovisions in prior years   | (890)                            | —                                |
| Taxation charge   | 889                              | 1,840                            |

### 10 (LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated (loss)/profit attributable to shareholders included a loss of approximately HK\$14,680,000 (2003: profit of HK\$1,678,000) dealt with in the accounts of the Company.

### 11 (LOSS)/EARNINGS PER SHARE

The calculation of basic loss per share for the year ended 31st March 2004 is based on the consolidated loss attributable to shareholders of approximately HK\$25,711,000 (2003: profit of HK\$6,590,000) and the weighted average of approximately 1,575,814,000 (2003: 1,564,500,000) ordinary shares in issue during the year.

No diluted (loss)/earnings per share is presented as the outstanding warrants and share options were anti-dilutive.

# Notes to the Accounts

## 賬目附註

### 12 固定資產

變動為：

| 成本    | Cost                     |
|-------|--------------------------|
| 年初    | Beginning of year        |
| 添置    | Additions                |
| 出售    | Disposals                |
| 年終    | End of year              |
| 累計折舊  | Accumulated depreciation |
| 年初    | Beginning of year        |
| 本年度折舊 | Charge for the year      |
| 出售    | Disposals                |
| 年終    | End of year              |
| 賬面淨值  | Net book value           |
| 年終    | End of year              |
| 年初    | Beginning of year        |

### 12 FIXED ASSETS

Movements were:

綜合  
Consolidated  
二零零四年  
2004

| 租賃物業<br>裝修及傢俬<br>Leasehold<br>improvements<br>and furniture<br>千港元<br>HK\$'000 | 辦公室設備<br>Office<br>equipment<br>千港元<br>HK\$'000 | 汽車<br>Motor<br>vehicles<br>千港元<br>HK\$'000 | 總額<br>Total<br>千港元<br>HK\$'000 |
|--|---|--|--------------------------------|
| 797  | 2,744   | 1,590                                      | 5,131                          |
| 63   | 88  | 870  | 1,021                          |
| (209)  | (417)   | —  | (626)                          |
| 651  | 2,415   | 2,460                                      | 5,526                          |
| 351  | 1,367   | 183  | 1,901                          |
| 129  | 507   | 433  | 1,069                          |
| (118)  | (248)   | —  | (366)                          |
| 362  | 1,626   | 616  | 2,604                          |
| 289  | 789   | 1,844                                      | 2,922                          |
| 446  | 1,377   | 1,407                                      | 3,230                          |

### 13 網站開發成本

變動為：

| 成本      | Cost                                    |
|---------|---|
| 年初      | Beginning of year                       |
| 添置      | Additions                               |
| 年終      | End of year                             |
| 累計攤銷及減值 | Accumulated amortisation and impairment |
| 年初      | Beginning of year                       |
| 本年度攤銷   | Amortisation for the year               |
| 年終      | End of year                             |
| 賬面淨值    | Net book value                          |
| 年終      | End of year                             |
| 年初      | Beginning of year                       |

### 13 WEBSITE DEVELOPMENT COSTS

Movements were:

綜合  
Consolidated

| 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
|----------------------------------|----------------------------------|
| 33,347                           | 33,288                           |
| 17                               | 59                               |
| 33,364                           | 33,347                           |
| 32,429                           | 31,123                           |
| 892                              | 1,306                            |
| 33,321                           | 32,429                           |
| 43                               | 918                              |
| 918                              | 2,165                            |



# Notes to the Accounts

## 賬目附註

### 14 投資

### 14 INVESTMENTS

|                 |                                   | 綜合<br>Consolidated               |                                  | 本公司<br>Company                   |                                  |
|-----------------|-----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|                 |                                   | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
| <b>長期投資</b>     | <b>Long-term investment</b>       |                                  |                                  |                                  |                                  |
| 於香港上市<br>之股份(i) | Listed shares<br>in Hong Kong (i) |                                  |                                  |                                  |                                  |
| 成本              | At cost                           | 22,550                           | 22,550                           | 22,550                           | 22,550                           |
| 公平值之改變          | Change in fair value              | (20,414)                         | (21,865)                         | (20,414)                         | (21,865)                         |
| 市場報價            | At quoted market value            | 2,136                            | 685                              | 2,136                            | 685                              |
| <b>短期投資</b>     | <b>Short-term investment</b>      |                                  |                                  |                                  |                                  |
| 非上市股份(ii)       | Unlisted investments (ii)         |                                  |                                  |                                  |                                  |
| 成本              | At cost                           | 25,925                           | 25,925                           | —                                | —                                |
| 累計減值虧損          | Accumulated<br>impairment loss    | (2,525)                          | (2,525)                          | —                                | —                                |
|                 |                                   | <b>23,400</b>                    | <b>23,400</b>                    | <b>—</b>                         | <b>—</b>                         |

附註：

- (i) 投資之上市股份指投資於光亞科技有限公司，該公司於開曼群島及其股份在香港聯合交易所有限公司創業板上市。光亞科技有限公司主要從事提供有線電視、寬頻互聯網及網絡服務、移動電話網絡服務、資訊科技整合及解決服務及零售服務。
- (ii) 非上市股份之投資指於Stemcor Holdings Limited (「Stemcor」) 約3.5%股本權益。Stemcor乃於英國註冊成立之公司，主要業務為買賣鋼材產品，以及向鋼材及金屬業參與者提供專業服務。本集團持有一項認沽期權，據此本集團可要求Stemcor以23,400,000港元（相等於3,000,000美元）購回本集團已認購之所有3.5%Stemcor股本權益。本集團可於當Stemcor不時之管理賬目所示之股東資金少於15,000,000英鎊之日期或二零零二年四月三十日（以較早者為準）及不遲於二零零三年十月三十一日行使該項認沽期權。根據二零零三年十二月十七日，Stemcor及本集團之間的一份補充協議，行使期已延長一年至二零零四年十月三十一日。於二零零四年五月十三日，本集團已行使該期權，因此Stemcor已開立一張金額為23,400,000港元（相等於3,000,000美元）之九個月函付期票予本集團。

Notes:

- (i) Investment in listed shares represents investment in shares in AcrossAsia Multimedia Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. AcrossAsia Multimedia Limited is principally engaged in the provision of cable television, broadband internet and network services, mobile network services, information technology integration and solution services and retail services.
- (ii) Investment in unlisted shares represents a 3.5% equity interest in Stemcor Holdings Limited ("Stemcor"), a company incorporated in the United Kingdom, which is principally engaged in the trading of steel products and the provision of specialist services to the steel and metals industries. The Group holds a put option under which it may require Stemcor to repurchase all of the Group's 3.5% equity interest in Stemcor for HK\$23,400,000 (equivalent of US\$3,000,000). Such put option is exercisable by the Group no earlier than the date on which the amount of shareholders' equity of Stemcor falls below £15,000,000 as shown in the management accounts of Stemcor from time to time or 30th April 2002, whichever is earlier, and no later than 31st October 2003. Pursuant to a supplementary agreement dated 17th December 2003 between Stemcor and the Group, the exercise period was extended for one year to 31st October 2004. On 13th May 2004, the Group exercised such put option and, in this connection, Stemcor issued to the Group a nine-month promissory note amounting to HK\$23,400,000 (equivalent of US\$3,000,000).

# Notes to the Accounts

## 賬目附註

### 15 於附屬公司之投資

### 15 INVESTMENT IN SUBSIDIARIES

|            |                                     | 本公司<br>Company                   |                                  |
|------------|-------------------------------------|----------------------------------|----------------------------------|
|            |                                     | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
| 非上市股份，按成本值 | Unlisted shares, at cost            | 3,500                            | 3,500                            |
| 應收附屬公司款項   | Due from subsidiaries               | 130,132                          | 139,754                          |
| 應付附屬公司款項   | Due to subsidiaries                 | —                                | (3,907)                          |
|            |                                     | <b>133,632</b>                   | 139,347                          |
| 減：累計減值虧損   | Less: Accumulated impairment losses | <b>(133,631)</b>                 | (139,346)                        |
|            |                                     | <b>1</b>                         | <b>1</b>                         |

應收附屬公司款項為無抵押，免息及直至附屬公司財政能力許可時方須償還。應付附屬公司款項為無抵押，免息及無既定還款條款。

The amounts due from subsidiaries are unsecured, non-interest bearing and not repayable until the subsidiaries are financially capable to do so. The amounts due to subsidiaries are unsecured, non-interest bearing and without pre-determined repayment terms.

於二零零四年三月三十一日主要附屬公司之詳情如下：

Details of the principal subsidiaries as at 31st March 2004 were:

| 名稱<br>Name  | 註冊成立<br>及經營地點<br>Place of<br>incorporation<br>and operations | 已發行及<br>繳足股本<br>Issued and fully<br>paid share capital | 本集團應佔之<br>股本權益<br>百分比(i)<br>Percentage of<br>equity<br>attributable to<br>the Group (i) | 主要業務<br>Principal activities |
|---|--|--|---|------------------------------|
| Business Across Business<br>Asia Holdings (B.V.I.) Limited              | 英屬處女群島<br>British Virgin Islands                             | 1美元<br>US\$1   | 100%  | 投資控股<br>Investment holding   |
| 重慶亞鋼網工貿有限公司(ii)<br>Chongqing iSteelAsia Trading<br>Company Limited (ii) | 中國內地<br>Mainland China                                       | 60,000美元<br>US\$60,000                                 | 100%  | 鋼材貿易<br>Trading of steel     |
| i-AsiaB2B Group Limited (i)   | 英屬處女群島<br>British Virgin Islands                             | 1美元<br>US\$1   | 100%  | 投資控股<br>Investment holding   |

# Notes to the Accounts

## 賬目附註

### 15 於附屬公司之投資 (續)

### 15 INVESTMENT IN SUBSIDIARIES (Cont'd)

| 名稱<br>Name   | 註冊成立<br>及經營地點<br>Place of<br>incorporation<br>and operations | 已發行及<br>繳足股本<br>Issued and fully<br>paid share capital | 本集團應佔之<br>股本權益<br>百分比(i)<br>Percentage of<br>equity<br>attributable to<br>the Group (i) | 主要業務<br>Principal activities  |
|--|--|--|---|---|
| 亞鋼(中國)投資有限公司<br>ISA (China) Investment Limited   | 英屬處女群島<br>British Virgin Islands                             | 1美元<br>US\$1   | 100%  | 投資控股<br>Investment holding  |
| ISA Group Holdings Limited   | 英屬處女群島<br>British Virgin Islands                             | 10,000美元<br>US\$10,000                                 | 100%  | 投資控股<br>Investment holding  |
| iSteel Holdings (B.V.I.) Limited   | 英屬處女群島<br>British Virgin Islands                             | 1美元<br>US\$1   | 100%  | 投資控股<br>Investment holding  |
| 亞洲鋼鐵電子交易所<br>(香港)有限公司<br>iSteelAsia (Hong Kong) Limited  | 香港<br>Hong Kong  | 2港元<br>HK\$2   | 100%  | 經營電子商貿縱向<br>入門網站以進行<br>網上鋼材貿易<br>Operation of an<br>e-commerce<br>vertical portal<br>business for<br>online steel trading |
| iSteelAsia Limited   | 英屬處女群島<br>British Virgin Islands                             | 10美元<br>US\$10   | 100%  | 經營電子商貿縱向<br>入門網站以進行<br>網上鋼材貿易<br>Operation of an<br>e-commerce<br>vertical portal<br>business for<br>online steel trading |
| 亞鋼物流管理澳門離岸<br>商業服務有限公司<br>iSteelAsia Logistics Macao<br>Commercial Offshore<br>Company Limited | 澳門<br>Macau  | 100,000澳門幣<br>MOP100,000                               | 100%  | 鋼材貿易<br>Trading of steel  |
| 廣州市亞鋼貿易有限公司(ii)<br>iSteelAsia (South China)<br>Company Limited (ii)                            | 中國內地<br>Mainland China                                       | 200,000美元<br>US\$200,000                               | 100%  | 鋼材貿易<br>Trading of steel  |
| iSteelAsia (Stemcor)<br>Holdings Limited   | 英屬處女群島<br>British Virgin Islands                             | 1美元<br>US\$1   | 100%  | 投資控股<br>Investment holding  |
| MetalAsia Holdings Limited   | 英屬處女群島<br>British Virgin Islands                             | 2,000美元<br>US\$2,000                                   | 100%  | 投資控股<br>Investment holding  |

# Notes to the Accounts

## 賬目附註

### 15 於附屬公司之投資 (續)

### 15 INVESTMENT IN SUBSIDIARIES (Cont'd)

| 名稱<br>Name   | 註冊成立<br>及經營地點<br>Place of<br>incorporation<br>and operations | 已發行及<br>繳足股本<br>Issued and fully<br>paid share capital | 本集團應佔之<br>股本權益<br>百分比(i)<br>Percentage of<br>equity<br>attributable to<br>the Group (i) | 主要業務<br>Principal activities   |
|--|--|--|---|--|
| 金屬物流管理有限公司<br>Metal Logistics<br>Company Limited                             | 香港<br>Hong Kong  | 4港元<br>HK\$4   | 100%  | 鋼材貿易及<br>提供採購服務<br>Trading of steel<br>and provision<br>of procurement<br>services |
| 亞網鋼國際貿易(上海)<br>有限公司(ii)<br>Shanghai iSteelAsia<br>International Limited (ii) | 中國內地<br>Mainland China                                       | 200,000美元<br>US\$200,000                               | 100%  | 鋼材貿易<br>Trading of steel   |
| 深圳亞鋼工貿有限公司(ii)<br>Shenzhen iSteelAsia Trading<br>Company Limited (ii)        | 中國內地<br>Mainland China                                       | 2,000,000港元<br>HK\$2,000,000                           | 100%  | 鋼材貿易<br>Trading of steel   |
| 天津港保稅區亞鋼<br>國際貿易有限公司(ii)<br>Tianjin iSteelAsia<br>International Limited (ii) | 中國內地<br>Mainland China                                       | 200,000美元<br>US\$200,000                               | 100%  | 鋼材貿易<br>Trading of steel   |
| 亞鋼網有限公司<br>Ya Gang Wang Co. Limited  | 英屬處女群島<br>British Virgin Islands                             | 1美元<br>US\$1   | 100%  | 投資控股<br>Investment holding   |
| 宇太鋼鐵電子(上海)<br>有限公司(ii)<br>Yu Tai Steel<br>(Shanghai) Co. Ltd. (ii)           | 中國內地<br>Mainland China                                       | 200,000美元<br>US\$200,000                               | 100%  | 鋼材貿易<br>Trading of steel   |
| 北京亞鋼科貿有限公司 (iii)   | 中國內地<br>Mainland China                                       | 4,000,000人民幣<br>RMB4,000,000                           | 100%  | 鋼材貿易<br>Trading of steel   |
| 天津市環緯商貿有限公司 (iii)  | 中國內地<br>Mainland China                                       | 1,000,000人民幣<br>RMB1,000,000                           | 80%   | 鋼材貿易<br>Trading of steel   |

附註：

- (i) i-AsiaB2B Group Limited之股份由本公司直接持有，其他附屬公司之股份則間接持有。
- (ii) 此等乃於中國內地成立之外資企業，經營期為十至五十年直至二零一一年到二零五二年。
- (iii) 此等乃於中國內地成立之有限公司，經營期為十至二十年直至二零一一年到二零二一年。

Notes:

- (i) The shares of i-AsiaB2B Group Limited are held directly by the Company. The shares of the other subsidiaries are held indirectly.
- (ii) These are wholly foreign owned enterprises established in Mainland China to operate for periods ranging from 10 to 50 years up to 2011 to 2052.
- (iii) These are limited liability companies established in Mainland China to operate for periods ranging from 10 to 20 years up to 2011 to 2021.

# Notes to the Accounts

## 賬目附註

### 15 於附屬公司之投資 (續)

上述概要列出主要影響本集團之業績或組成本集團資產淨值之大部份主要附屬公司。本公司之董事及本集團之管理層認為提供其他附屬公司之詳情將使篇幅過於冗長。

截至二零零四年三月三十一日止年度內之任何時間內，附屬公司概無任何已發行之借貸資本。

### 16 存貨

存貨包括作貿易用途之板材產品。於二零零四年三月三十一日，約7,329,000港元(二零零三年：67,209,000港元)之存貨以可變現淨值列賬。

若干存貨為信託收據銀行貸款持有(見附註31)。

### 17 應收賬款及票據

本集團之銷售一般是在收妥貨款後發運，除了個別客戶被本集團授予介乎30日至90日的信貸期不等。應收賬款及票據的賬齡分析如下：

0至90日  
91日至180日  
181日至270日  
271至365日  
超過365日

減：呆壞賬撥備

### 15 INVESTMENT IN SUBSIDIARIES (Cont'd)

The above summary lists the principal subsidiaries which principally affected the results or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Company's Directors and the Group's management, result in particulars of excessive length.

None of the subsidiaries had any loan capital in issue at any time during the year ended 31st March 2004.

### 16 INVENTORIES

Inventories consisted of rolled flat steel products for trading purposes. As at 31st March 2004, inventories of approximately HK\$7,329,000 (2003: HK\$67,209,000) were stated at net realisable value.

Certain inventories were held under trust receipts bank loans (see Note 31).

### 17 ACCOUNTS AND BILLS RECEIVABLE

The Group generally requires sales to be settled by cash upon delivery, with some limited cases granting a credit period of not more than 30 to 90 days. Ageing analysis of accounts and bills receivable was as follows:

|           |   | 綜合<br>Consolidated               |                                  |
|-----------|---|----------------------------------|----------------------------------|
|           |   | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
| 0至90日     | 0 to 90 days  | 29,869                           | 35,393                           |
| 91日至180日  | 91 to 180 days                                      | 1,376                            | 1,883                            |
| 181日至270日 | 181 to 270 days                                     | 497                              | —                                |
| 271至365日  | 271 to 365 days                                     | —                                | 222                              |
| 超過365日    | Over 365 days                                       | 2                                | 284                              |
|           |   | <b>31,744</b>                    | 37,782                           |
|           | Less: Provision for bad and<br>doubtful receivables | <b>(551)</b>                     | (357)                            |
|           |   | <b>31,193</b>                    | 37,425                           |

# Notes to the Accounts

## 賬目附註

### 18 現金及銀行存款

於二零零四年三月三十一日，作為本集團銀行信貸抵押品之本集團及本公司之銀行存款分別約34,439,000港元(二零零三年：無)及13,645,000港元(二零零三年：無)(見附註31)。

於二零零四年三月三十一日，本集團之現金及銀行存款約42,448,000港元(二零零三年：18,960,000港元)為中國人民幣，該貨幣不能在國際市場自由兌換之貨幣，其匯率由中國人民銀行釐定。

### 19 短期銀行借貸

信託收據銀行貸款  
短期銀行貸款

本集團銀行融資詳情已載列於附註31。

所有短期銀行貸款均以中國人民幣計算。

### 20 應付賬款及票據

應付賬款及票據之賬齡分析如下：

0至90日  
91至180日  
181至270日  
271至365日  
1至2年

### 18 CASH AND BANK DEPOSITS

As at 31st March 2004, bank deposits of the Group and the Company of approximately HK\$34,439,000 (2003: Nil) and HK\$13,645,000 (2003: Nil), respectively, were pledged as collateral for the Group's banking facilities respectively (see Note 31).

As at 31st March 2004, cash and bank deposits of approximately HK\$42,448,000 (2003: HK\$18,960,000) were denominated in Chinese Renminbi, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China.

### 19 SHORT-TERM BANK BORROWINGS

Trust receipts bank loans  
Short-term bank loans

Details of the Group's banking facilities are set out in Note 31.

All of the short-term bank loans were denominated in Chinese Renminbi.

### 20 ACCOUNTS AND BILLS PAYABLE

Ageing analysis of accounts and bills payable was as follows:

|                           |  | 綜合<br>Consolidated   |                                  |
|---------------------------|--|--|----------------------------------|
|                           |  | 二零零四年<br>2004<br>千港元<br>HK\$'000                                       | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
| Trust receipts bank loans |  | 26,856   | 38,187                           |
| Short-term bank loans     |  | 24,570   | 18,947                           |
|                           |  | <b>51,426</b>  | <b>57,134</b>                    |
|                           |  | Details of the Group's banking facilities are set out in Note 31.      |                                  |
|                           |  | All of the short-term bank loans were denominated in Chinese Renminbi. |                                  |
|                           |  | 綜合<br>Consolidated   |                                  |
|                           |  | 二零零四年<br>2004<br>千港元<br>HK\$'000                                       | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
| 0 to 90 days              |  | 86,032   | 126,888                          |
| 91 to 180 days            |  | 36,927   | 67,157                           |
| 181 to 270 days           |  | 56,354   | 37,958                           |
| 271 to 365 days           |  | 61,534   | —                                |
| 1 to 2 years              |  | 43,598   | —                                |
|                           |  | <b>284,445</b>   | <b>232,003</b>                   |

# Notes to the Accounts

## 賬目附註

### 21 遞延稅項

遞延稅項乃利用負債法按主要稅率17.5% (二零零三年：16%) 之負債法就短暫時差作全數撥備。

遞延稅項資產(主要來自累計稅項虧損)之變動如下：

於二零零二年及二零零三年四月一日  
於損益表計入之遞延稅項

於二零零四年三月三十一日

於二零零四年三月三十一日，本集團有未撥備之遞延稅項資產約15,679,000港元(二零零三年：12,071,000港元)，主要來自累計稅項虧損(須受有關稅務機構同意)之稅項影響，該金額可以無限期結轉後期。

於二零零四年三月三十一日並無結餘抵銷遞延稅項資產(二零零三年：無)

### 21 DEFERRED TAXATION

Deferred taxation are calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2003: 16%).

The movement on the deferred tax assets, arising primarily from cumulative tax losses, is as follows:

At 1st April 2002 and 2003  
Deferred taxation credited  
to profit and loss  
account

At 31st March 2004

As at 31st March 2004, the Group had an unprovided deferred tax assets of approximately HK\$15,679,000 (2003: HK\$12,071,000), primarily representing the tax effect of cumulative tax losses (subject to agreement by relevant tax authorities) which can be carried forward indefinitely.

As at 31st March 2004, there was no offsetting of balances against the deferred tax assets (2003: Nil).

綜合  
Consolidated  
千港元  
HK\$'000

—

4,483

**4,483**



# Notes to the Accounts

## 賬目附註

### 22 股本

變動為：

|                                 |   |                  |                |
|---------------------------------|---|------------------|----------------|
| 法定(每股面值<br>0.10港元<br>之普通股)      | Authorised<br>(Ordinary shares<br>of HK\$0.10 each)             | <b>4,000,000</b> | <b>400,000</b> |
| 已發行及繳足<br>(每股面值0.10<br>港元之普通股)： | Issued and fully paid<br>(Ordinary shares<br>of HK\$0.10 each): |                  |                |
| 年初                              | Beginning of year   | <b>1,564,503</b> | <b>156,450</b> |
| 因行使認股權證<br>而發行股份<br>(附註23)      | Issue of shares upon<br>exercise of warrants<br>(Note 23)       | <b>681</b>       | <b>68</b>      |
| 因償還欠款而<br>發行股份(i)               | Issue of shares for<br>settlement of<br>payable (i)             | <b>31,200</b>    | <b>3,120</b>   |
| 年終                              | End of year   | <b>1,596,384</b> | <b>159,638</b> |

附註：

- (i) 於二零零三年十月，本公司按每股0.10港元發行31,200,000股普通股予AFAC, Equity, L.P. ("AFAC")，用以繳清本集團欠付麥肯錫公司(「麥肯錫」)為數約3,120,000港元(相等於400,000美元)之未償還款項。AFAC及麥肯錫均為麥肯錫集團之成員。

### 23 認股權證

變動為：

|                              |  |      |         |       |         |
|------------------------------|--|------|---------|-------|---------|
| 二零零二年五月二十三日<br>23rd May 2002 | 二零零二年六月十八日至<br>二零零五年六月十七日<br>18th June 2002 to<br>17th June 2005 | 0.10 | 312,897 | (681) | 312,216 |
|------------------------------|--|------|---------|-------|---------|

### 22 SHARE CAPITAL

Movements were:

| 二零零四年<br>2004                             |   | 二零零三年<br>2003                             |   |
|---|---|---|---|
| 股份數目<br>Number of<br>shares<br>千股<br>'000 | 面值<br>Nominal<br>value<br>千港元<br>HK\$'000 | 股份數目<br>Number of<br>shares<br>千股<br>'000 | 面值<br>Nominal<br>value<br>千港元<br>HK\$'000 |
|   |   | 4,000,000                                 | 400,000                                   |
|   |   |   |   |
|   |   | 1,564,500                                 | 156,450                                   |
|   |   | 3   | —   |
|   |   | —   | —   |
|   |   | 1,564,503                                 | 156,450                                   |

Note:

- (i) In October 2003, 31,200,000 ordinary shares were issued to AFAC Equity, L.P. ("AFAC") at HK\$0.10 each to settle an amount of approximately HK\$3,120,000 (equivalent of US\$400,000) payable by the Group to McKinsey & Company, Inc. Hong Kong ("McKinsey HK"). Both AFAC and McKinsey HK are members of the McKinsey Group.

### 23. WARRANTS

Movements were:

| 發行日期<br>Date of issue        | 行使期<br>Exercise period   | 每股行使價<br>Subscription<br>price per<br>share<br>港元<br>HK\$ | 認股權證數目<br>Number of warrants             |                               |                                 |
|------------------------------|--|---|--|-------------------------------|---------------------------------|
|                              |  |   | 年初<br>Beginning<br>of year<br>千份<br>'000 | 行使<br>Exercised<br>千份<br>'000 | 年終<br>End of year<br>千份<br>'000 |
| 二零零二年五月二十三日<br>23rd May 2002 | 二零零二年六月十八日至<br>二零零五年六月十七日<br>18th June 2002 to<br>17th June 2005 | 0.10  | 312,897                                  | (681)                         | 312,216                         |

# Notes to the Accounts

## 賬目附註

### 23 認股權證 (續)

於二零零二年五月二十三日，本公司無償發行約312,900,000份認股權證給予其股東，基準為每持有每五股普通股將獲發一份認股權證。每份認股權證將賦予其持有人權利，可按每股0.10港元（可予調整）以現金認購一股價值0.10港元之普通股，並可於二零零二年六月十八日至二零零五年六月十七日內行使。截至二零零四年三月三十一日止年度內，681,000份認股權證（二零零三年：3,000份認股權證）已獲行使以認購本公司681,000股股份（二零零三年：3,000股股份），代價約為68,000港元（二零零三年：300港元）。

### 24 購股權

根據本公司之購股權計劃（「新計劃」），本公司可授予本集團之任何僱員、代理人、顧問或代表（包括任何執行董事及非執行董事）以認購本公司之股份，而不得超過不時已發行本公司之股份面值之30%（行使購股權所發行股份除外）。行使價將由本公司之董事會釐定及最少將按以下列中最高者為準：(i)本公司之股份於提出授予購股權當日香港聯合交易所有限公司所列之收市價；(ii)本公司之股份於緊接提出授予購股權日期前五個交易日在香港聯合交易所有限公司所列之平均收市價；及(iii)本公司之股份面值每股0.10港元。新計劃已被採納以取替舊計劃，而所有舊計劃授予之購股權仍可按舊有條款行使。

### 23 WARRANTS (Cont'd)

On 23rd May 2002, the Company issued approximately 312,900,000 warrants to its shareholders on the basis of one warrant for every five ordinary shares of the Company at no charge. The warrants entitle the holders to subscribe in cash for ordinary shares of HK\$0.10 each in the Company at a subscription price of HK\$0.10 each (subject to adjustment) and are exercisable between 18th June 2002 to 17th June 2005. During the year ended 31st March 2004, 681,000 warrants (2003: 3,000) were exercised to subscribe for 681,000 shares (2003: 3,000) of the Company at a consideration of approximately HK\$68,000 (2003: HK\$300).

### 24 SHARE OPTIONS

The Company has a share option scheme ("the New Scheme") under which it may grant options to any person being an employee, agent, consultant or representative (including executive directors and non-executive directors) of the Group to subscribe for shares in the Company, subject to a maximum of 30% of the nominal value of the issued share capital of the Company from time to time, excluding for this purpose shares issued on the exercise of options. The exercise price will be determined by the Company's Board of Directors and shall be the highest of (i) the closing price of the Company's shares quoted on The Stock Exchange of Hong Kong Limited on the date of grant of the options; (ii) the average closing prices of the Company's shares quoted on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of grant of the options; and (iii) the nominal value of the Company's shares of HK\$0.10 each. The New Scheme was adopted to replace the old scheme, with all options granted under the old scheme continue to be exercisable in accordance with the old terms.

# Notes to the Accounts

## 賬目附註

### 24 購股權 (續)

購股權變動如下：

### 24 SHARE OPTIONS (Cont'd)

Movements of share options were:

| 授予日期<br>Date of grant           | 行使期<br>Exercise period   | 每股行使價<br>Subscription<br>price per<br>share<br>港元<br>HK\$ | 購股權數目<br>Number of share options         |                            |                                 |
|---------------------------------|--|---|--|----------------------------|---------------------------------|
|                                 |  |   | 年初<br>Beginning<br>of year<br>千份<br>'000 | 失效<br>Lapsed<br>千份<br>'000 | 年終<br>End of year<br>千份<br>'000 |
| 二零零零年七月三日<br>3rd July 2000      | 二零零二年十月一日至<br>二零一零年四月十二日<br>1st October 2002<br>to 12th April 2010   | 0.360   | 20,850                                   | (1,000)                    | 19,850                          |
| 二零零零年十一月七日<br>7th November 2000 | 二零零二年十一月八日至<br>二零一零年四月十二日<br>8th November 2002<br>to 12th April 2010 | 0.485   | 71,150                                   | (15,750)                   | 55,400                          |
|                                 |  |   | 92,000                                   | (16,750)                   | 75,250                          |

### 25 儲備

### 25 RESERVES

|   |  | 股份溢價<br>Share<br>premium<br>千港元<br>HK\$'000 | 資本儲備<br>Capital<br>reserve<br>千港元<br>HK\$'000 | 投資重估儲備<br>Investment<br>revaluation<br>reserve<br>千港元<br>HK\$'000 | 綜合<br>Consolidated<br>累計外幣<br>滙兌調整<br>Cumulative<br>foreign<br>currency<br>translation<br>adjustments<br>千港元<br>HK\$'000 | 累計虧損<br>Accumulated<br>losses<br>千港元<br>HK\$'000 | 總額<br>Total<br>千港元<br>HK\$'000 |
|---|--|---|---|---|--|--|--------------------------------|
| 於二零零二年四月一日                              | As at 1st April 2002   | 11,099                                      | 2,700   | (18,552)  | 145  | (141,776)  | (146,384)                      |
| 股東應佔溢利                                  | Profit attributable to<br>shareholders   | —   | —   | —   | —  | 6,590  | 6,590                          |
| 一項長期投資公平值<br>變動                         | Change in fair value of<br>a long-term investment  | —   | —   | (3,313)   | —  | —  | (3,313)                        |
| 滙兌調整                                    | Translation adjustments  | —   | —   | —   | 8  | —  | 8                              |
| 於二零零三年<br>三月三十一日                        | As at 31st<br>March 2003   | 11,099                                      | 2,700   | (21,865)  | 153  | (135,186)  | (143,099)                      |
| 股東應佔虧損                                  | Loss attributable to<br>shareholders   | —   | —   | —   | —  | (25,711)   | (25,711)                       |
| 一項長期投資公平值<br>變動                         | Change in fair value of<br>a long-term investment  | —   | —   | 1,451   | —  | —  | 1,451                          |
| 因確認一項長期投資<br>減值虧損而由投資<br>重估儲備轉移至<br>損益表 | Investment revaluation<br>reserve transferred to<br>profit and loss account<br>upon recognition of<br>impairment loss of<br>a long-term investment | —   | —   | 20,414  | —  | —  | 20,414                         |
| 滙兌調整                                    | Translation adjustments  | —   | —   | —   | (48)   | —  | (48)                           |
| 於二零零四年<br>三月三十一日                        | As at 31st<br>March 2004   | 11,099                                      | 2,700   | —   | 105  | (160,897)  | (146,993)                      |

# Notes to the Accounts

## 賬目附註

### 25 儲備 (續)

|                             |   |
|-----------------------------|---|
| 於二零零二年四月一日                  | As at 1st April 2002  |
| 股東應佔溢利                      | Profit attributable to shareholders   |
| 一項長期投資公平值變動                 | Change in fair value of a long-term investment  |
| 於二零零三年三月三十一日                | As at 31st March 2003   |
| 股東應佔虧損                      | Loss attributable to shareholders   |
| 一項長期投資公平值變動                 | Change in fair value of a long-term investment  |
| 因確認一項長期投資減值虧損而由投資重估儲備轉移至損益表 | Investment revaluation reserve transferred to profit and loss account upon recognition of impairment loss of a long-term investment |
| 於二零零四年三月三十一日                | As at 31st March 2004   |

### 25 RESERVES (Cont'd)

|  |  | 本公司<br>Company                           |   |   | 總額<br>Total      |
|--|--|--|---|---|------------------|
|  |  | 股份溢價<br>Share premium<br>千港元<br>HK\$'000 | 投資重估儲備<br>Investment revaluation reserve<br>千港元<br>HK\$'000 | 累計虧損<br>Accumulated losses<br>千港元<br>HK\$'000 | 千港元<br>HK\$'000  |
|  |  | 11,099                                   | (18,552)  | (142,691)                                     | (150,144)        |
|  |  | —  | —   | 1,678   | 1,678            |
|  |  | —  | (3,313)   | —   | (3,313)          |
|  |  | 11,099                                   | (21,865)  | (141,013)                                     | (151,779)        |
|  |  | —  | —   | (14,680)                                      | (14,680)         |
|  |  | —  | 1,451   | —   | 1,451            |
|  |  | —  | 20,414  | —   | 20,414           |
|  |  | <b>11,099</b>                            | <b>—</b>  | <b>(155,693)</b>                              | <b>(144,594)</b> |

### 26 綜合現金流量表附註

(a) 除稅前(虧損)/溢利與經營產生之現金流入淨額對賬如下：

### 26 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of (loss)/profit before taxation to net cash inflow generated from operations was as follows:

|                |  | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
|----------------|--|----------------------------------|----------------------------------|
| 除稅前(虧損)/溢利     | (Loss)/Profit before taxation                    | (25,042)                         | 8,464                            |
| 利息收入           | Interest income                                  | (657)                            | (1,059)                          |
| 利息支出           | Interest expense                                 | 7,922                            | 6,284                            |
| 股息收入           | Dividend income                                  | (421)                            | (311)                            |
| 固定資產折舊         | Depreciation of fixed assets                     | 1,069                            | 905                              |
| 出售固定資產虧損       | Loss on disposal of fixed assets                 | 118                              | 120                              |
| 網站開發成本攤銷       | Amortisation of website development costs        | 892                              | 1,306                            |
| 一項投資減值虧損       | Impairment loss of an investment                 | 20,414                           | 803                              |
| 營運資金變動前之經營溢利   | Operating profit before working capital changes  | 4,295                            | 16,512                           |
| 存貨減少/(增加)      | Increase/(Decrease) in inventories               | 24,147                           | (91,718)                         |
| 預付款項及按金減少/(增加) | Increase/(Decrease) in prepayments and deposits  | 6,624                            | (12,934)                         |
| 購貨訂金增加         | Increase in deposits for purchase of inventories | (40,089)                         | (46,313)                         |
| 應收賬款及票據減少      | Increase in accounts and bills receivable        | 6,232                            | 35,016                           |
| 應付賬款及票據增加      | Increase in accounts and bill payable            | 52,442                           | 91,636                           |
| 其他應付款項增加/(減少)  | Increase/(Decrease) in other payables            | 19                               | (1,940)                          |
| 應計負債增加/(減少)    | Increase/(Decrease) in accruals                  | 210                              | (1,417)                          |
| 預收款項增加         | Increase in receipts in advance                  | 1,674                            | 26,280                           |
| 經營產生之現金流入淨額    | Net cash inflow generated from operations        | <b>55,554</b>                    | 15,122                           |

# Notes to the Accounts

## 賬目附註

### 26 綜合現金流量表附註

(續)

(b) 融資變動分析如下：

於二零零二年四月一日  
 新增短期銀行貸款  
 償還短期銀行貸款  
 信託收據銀行貸款減少淨額  
 一間附屬公司之一名  
 少數股東應佔溢利  
 於二零零三年三月三十一日  
 因行使股權證而發行股份  
 (見附註22及23)  
 因償還欠款而發行股份  
 (見附註22)  
 新增短期銀行貸款  
 償還短期銀行貸款  
 信託收據銀行貸款減少淨額  
 一間附屬公司之一名  
 少數股東應佔虧損  
 已付一間附屬公司之  
 少數股東之權益  
 於二零零四年三月三十一日

(c) 現金及現金等值項目：  
 於二零零四年三月三十一日，現金及現金等值項目代表現金及其他銀行存款約55,433,000港元(二零零三年：49,240,000港元)。

(d) 非現金交易  
 於二零零三年十月，本公司按每股0.10港元發行31,200,000股普通股予AFAC，以繳清本集團欠付麥肯錫為數約3,120,000港元(相等於400,000美元)之未償還款項。AFAC及麥肯錫均為麥肯錫集團之成員。

### 26 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(Cont'd)

(b) Analysis of changes in financing is as follows:

|   | 股本及<br>股份溢價<br>Share capital<br>and share<br>premium<br>千港元<br>HK\$'000 | 短期<br>銀行借貸<br>Short-term<br>bank<br>borrowings<br>千港元<br>HK\$'000 | 少數<br>股東權益<br>Minority<br>interests<br>千港元<br>HK\$'000 |
|---|---|---|--|
| As at 1st April 2002  | 167,549   | 64,335  | 1,300  |
| New short-term bank loans                                       | —   | 32,962  | —  |
| Repayment of short-term bank loans                              | —   | (25,595)  | —  |
| Net decrease in trust receipts bank loans                       | —   | (14,568)  | —  |
| Share of profit by a minority shareholder of a subsidiary       | —   | —   | 34   |
| As at 31st March 2003   | 167,549   | 57,134  | 1,334  |
| Issue of shares upon exercise of warrants (see Notes 22 and 23) | 68  | —   | —  |
| Issue of shares for settlement of payable (see Note 22)         | 3,120   | —   | —  |
| New short-term bank loans                                       | —   | 68,480  | —  |
| Repayment of short-term bank loans                              | —   | (62,857)  | —  |
| Net decrease in trust receipts bank loans                       | —   | (11,331)  | —  |
| Share of loss by a minority shareholder of a subsidiary         | —   | —   | (220)  |
| Distribution paid to minority shareholders of a subsidiary      | —   | —   | (1,114)  |
| As at 31st March 2004   | 170,737   | 51,426  | —  |

(c) Cash and cash equivalents  
 Cash and cash equivalents represent cash and other bank deposits of approximately HK\$55,433,000 as at 31st March 2004 (2003: HK\$49,240,000).

(d) Non-cash transaction  
 In October 2003, 31,200,000 ordinary shares were issued to AFAC at HK\$0.10 each to settle an amount of approximately HK\$3,120,000 (equivalent of US\$400,000) payable by the Group to McKinsey HK. Both AFAC and McKinsey HK are members of the McKinsey Group.

# Notes to the Accounts

## 賬目附註

### 27 分類資料

#### (a) 主要分類

本集團分三個主要業務分類 — 鋼材貿易、採購服務及投資控股。鋼材貿易業務分類由商品銷售而產生收入。採購服務業務分類為賺取採購與網上鋼材貿易之佣金收入。投資控股業務分類之收入來自股息收入。按業務分類之分析如下：

### 27 SEGMENT INFORMATION

#### (a) Primary segment

The Group is organised into three major business segments — steel trading, procurement services and investment holding. The steel trading business segment derives revenue from the sale of goods. The procurement services business segment derives commission income from procurement and online steel trading services. The investment holding business segment derives revenue from dividend income. Analysis by business segment is as follows:

|                          |  | 二零零四年<br>2004                               |  |  |                                |
|--------------------------|--|---|--|--|--------------------------------|
|                          |  | 鋼材貿易<br>Steel<br>trading<br>千港元<br>HK\$'000 | 採購服務<br>Procurement<br>services<br>千港元<br>HK\$'000 | 投資控股<br>Investment<br>holding<br>千港元<br>HK\$'000 | 總額<br>Total<br>千港元<br>HK\$'000 |
| 營業額 — 對外<br>客戶銷售         | Turnover — Sales to<br>external customers  | 1,420,927                                   | 8,516  | —  | 1,429,443                      |
| 分類業績                     | Segment results  | 2,024                                       | 1,066  | (52)   | 3,038                          |
| 其他收入                     | Other revenue  | 657   | —  | 421  | 1,078                          |
| 一項長期投資<br>減值虧損           | Impairment loss of<br>a long-term investment   | —   | —  | (20,414)   | (20,414)                       |
| 未分配企業費用                  | Unallocated corporate<br>expenses  |   |  |  | (822)                          |
| 經營虧損                     | Operating loss   |   |  |  | (17,120)                       |
| 財務費用                     | Finance costs  |   |  |  | (7,922)                        |
| 稅項                       | Taxation   |   |  |  | (889)                          |
| 除稅後但未計少數<br>股東權益前虧損      | Loss after taxation but<br>before minority interests                                 |   |  |  | (25,931)                       |
| 資產                       | Assets   |   |  |  |                                |
| 分類資產                     | Segment assets   | 358,000                                     | 859  | 28,198   | 387,057                        |
| 未分配資產                    | Unallocated assets   |   |  |  | 130                            |
|                          |  |   |  |  | 387,187                        |
| 負債                       | Liabilities  |   |  |  |                                |
| 分類負債                     | Segment liabilities  | (373,448)                                   | (16)   | (50)   | (373,514)                      |
| 未分配負債                    | Unallocated liabilities  |   |  |  | (1,028)                        |
|                          |  |   |  |  | (374,542)                      |
| 資本開支                     | Capital expenditure  | 1,021                                       | 17   | —  | 1,038                          |
| 折舊及攤銷                    | Depreciation and amortisation  | 1,069                                       | 892  | —  | 1,961                          |
| 主要非現金開支<br>(折舊及<br>攤銷除外) | Significant non-cash<br>expenditure (other than<br>depreciation and<br>amortisation) | 769   | 91   | 20,414   | 21,274                         |

# Notes to the Accounts

## 賬目附註

### 27 分類資料 (續)

#### (a) 主要分類 (續)

### 27 SEGMENT INFORMATION (Cont'd)

#### (a) Primary segment (Cont'd)

|                          |  | 二零零三年<br>2003                               |  |  |                                |
|--------------------------|--|---|--|--|--------------------------------|
|                          |  | 鋼材貿易<br>Steel<br>trading<br>千港元<br>HK\$'000 | 採購服務<br>Procurement<br>services<br>千港元<br>HK\$'000 | 投資控股<br>Investment<br>holding<br>千港元<br>HK\$'000 | 總額<br>Total<br>千港元<br>HK\$'000 |
| 營業額 — 對外<br>客戶銷售         | Turnover — Sales to<br>external customers  | 799,970                                     | 11,172   | —  | 811,142                        |
| 分類業績                     | Segment results  | 9,343                                       | 6,157  | (325)  | 15,175                         |
| 其他收入                     | Other revenue  | 1,048                                       | —  | 322  | 1,370                          |
| 一項短期投資<br>減值虧損           | Impairment loss of a<br>short-term investment  | —   | —  | (803)  | (803)                          |
| 未分配企業費用                  | Unallocated corporate<br>expenses  |   |  |  | (994)                          |
| 經營溢利                     | Operating profit   |   |  |  | 14,748                         |
| 財務費用                     | Finance costs  |   |  |  | (6,284)                        |
| 稅項                       | Taxation   |   |  |  | (1,840)                        |
| 除稅後但未計少數<br>股東權益前溢利      | Profit after taxation but<br>before minority interests                               |   |  |  | 6,624                          |
| 資產                       | Assets   |   |  |  |                                |
| 分類業績                     | Segment assets   | 308,659                                     | 2,350  | 24,271   | 335,280                        |
| 未分配資產                    | Unallocated assets   |   |  |  | 3,438                          |
|                          |  |   |  |  | 338,718                        |
| 負債                       | Liabilities  |   |  |  |                                |
| 分類負債                     | Segment liabilities  | (319,083)                                   | —  | —  | (319,083)                      |
| 未分配負債                    | Unallocated liabilities  |   |  |  | (4,950)                        |
|                          |  |   |  |  | (324,033)                      |
| 資本開支                     | Capital expenditure  | 1,881                                       | 187  | —  | 2,068                          |
| 折舊及攤銷                    | Depreciation and amortisation  | 600   | 1,611  | —  | 2,211                          |
| 主要非現金開支<br>(折舊及<br>攤銷除外) | Significant non-cash<br>expenditure (other than<br>depreciation and<br>amortisation) | 4,411                                       | 193  | 803  | 5,407                          |

# Notes to the Accounts

## 賬目附註

### 27 分類資料 (續)

#### (b) 次要分類

本集團之主要活動集中於香港及中國內地。按地區分類之營業額乃根據鋼材貿易貨品付運之目的地、採購服務所進行之服務所屬地區、網上佣金收入之賣方所屬地區及提供股息收入之短期／長期投資之所屬地區而釐定。按地區分類之分析如下：

|                  |   |
|------------------|---|
| 營業額 — 對外<br>客戶銷售 | Turnover — Sales to<br>external customers |
| 分類業績             | Segment results                           |
| 未分配企業費用          | Unallocated corporate<br>expenses         |
| 經營虧損             | Operating loss                            |
| 資產               | Assets                                    |
| 資本開支             | Capital expenditure                       |

### 27 SEGMENT INFORMATION (Cont'd)

#### (b) Secondary segment

The Group's activities are conducted predominantly in Hong Kong and Mainland China. Turnover by geographical segments is determined on the basis of the destination of shipment of goods for steel trading, location of service performed for procurement services, location of sellers for online commission income, and location of the short-term/long-term investments for dividend income. Analysis by geographical segment is as follows:

二零零四年  
2004

| 香港<br>Hong Kong<br>千港元<br>HK\$'000 | 中國內地<br>Mainland<br>China<br>千港元<br>HK\$'000 | 其他<br>Others<br>千港元<br>HK\$'000 | 總額<br>Total<br>千港元<br>HK\$'000 |
|------------------------------------|--|---------------------------------|--------------------------------|
| 39,029                             | 1,390,414                                    | —                               | 1,429,443                      |
| (21,072)                           | 11,678                                       | (6,904)                         | (16,298)                       |
|                                    |  |                                 | (822)                          |
|                                    |  |                                 | (17,120)                       |
| 49,393                             | 309,416                                      | 28,378                          | 387,187                        |
| 260                                | 759  | 19                              | 1,038                          |

二零零三年  
2003

| 香港<br>Hong Kong<br>千港元<br>HK\$'000 | 中國內地<br>Mainland<br>China<br>千港元<br>HK\$'000 | 其他<br>Others<br>千港元<br>HK\$'000 | 總額<br>Total<br>千港元<br>HK\$'000 |
|------------------------------------|--|---------------------------------|--------------------------------|
| 75,218                             | 735,924                                      | —                               | 811,142                        |
| (840)                              | 21,860                                       | (5,278)                         | 15,742                         |
|                                    |  |                                 | (994)                          |
|                                    |  |                                 | 14,748                         |
| 41,464                             | 272,768                                      | 24,486                          | 338,718                        |
| 259                                | 1,770  | 39                              | 2,068                          |



### 28 退休金計劃

本集團已安排其香港僱員參與一項由獨立受託人管理之強制性公積金計劃(「強積金計劃」)，該計劃為一項界定供款計劃。根據強積金計劃，本集團及其僱員各自每月按僱員薪酬(定義見強制性公積金條款)之一般為5%。每位僱主及僱員之每月供款上限為1,000港元及其額外供款乃屬自願。

依中國內地之法規，本集團須為其中國內地僱員向國家資助之退休計劃供款。僱員按其基本薪金約6%至20%供款，而本集團按該等薪金約14%至22.5%供款，除每年供款外，毋須支付任何實際退休金或退休後福利。該等國家資助退休計劃須負責向退休僱員支付全部退休金。

截至二零零四年三月三十一日止年度，本集團向上述退休金計劃之供款總額約為300,000港元(二零零三年：311,000港元)。

### 29 營業租約承擔

根據租用物業(綜合)之若干不可撤銷營業租約應付之承擔總額分析如下：

應付款項  
— 未逾1年  
— 逾1年及未逾5年

### 28 PENSION SCHEMES

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme ("the MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its employees make monthly contributions to the scheme generally at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and employees are subject to a cap of HK\$1,000 and thereafter contributions are voluntary.

As stipulated by rules and regulations in Mainland China, the Group contributes to state-sponsored retirement plans for its employees in Mainland China. The employees contribute approximately 6% to 20% of their basic salaries, while the Group contributes approximately 14% to 22.5% of such salaries and has no further obligations for the actual payment of pensions or post-retirement benefits beyond these contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

During the year ended 31st March 2004, the aggregate amount of the Group's contributions to the aforementioned schemes was approximately HK\$300,000 (2003: HK\$311,000).

### 29 OPERATING LEASE COMMITMENTS

Total commitments payable under various non-cancellable operating agreements in respect of rented premises are analysed as follows:

|   | 綜合<br>Consolidated               |                                  |
|---|----------------------------------|----------------------------------|
|   | 二零零四年<br>2004<br>千港元<br>HK\$'000 | 二零零三年<br>2003<br>千港元<br>HK\$'000 |
| Amounts payable                                     |                                  |                                  |
| — Not later than one year                           | 683                              | 1,433                            |
| — Later than one year and not later than five years | 572                              | 1,235                            |
|   | <b>1,255</b>                     | <b>2,668</b>                     |

# Notes to the Accounts

## 賬目附註

### 30 或然負債

於二零零四年三月三十一日，本公司已就銀行向其附屬公司提供之銀行信貸提供公司擔保約146,545,000港元(二零零三年：101,200,000港元)(見附註31)。本公司之董事及本集團之管理層預期不會因該等擔保(來自日常業務)，而產生重大負債。

### 31 銀行融資

於二零零四年三月三十一日，本集團來自多間銀行之透支、貸款及貿易融資之銀行融資總額約159,155,000港元(二零零三年：122,540,000港元)。於同日並未動用之信貸約69,691,000港元(二零零三年：37,131,000港元)。該等融資以下列方式作抵押：

- (i) 本集團及本公司之已抵押銀行存款分別約34,439,000港元(二零零三年：無)及13,645,000港元(二零零三年：無)(見附註18)；
- (ii) 根據信託收據銀行貸款安排持有之存貨抵押(見附註16)；及
- (iii) 本公司提供之公司擔保(見附註30)。

### 32 結算日後事項

於二零零四年五月十三日，本集團向Stemcor行使其認沽期權，要求Stemcor以23,400,000港元(相等於3,000,000美元)，購回其3.5%股本權益。Stemcor已開立一張金額為23,400,000港元(相等於3,000,000美元)之九個月之函付期票予本集團(見附註14)。

### 33 賬目批准

此賬目於二零零四年六月二十三日獲董事會批准。

### 30 CONTINGENT LIABILITIES

As at 31st March 2004, the Company had provided guarantees of approximately HK\$146,545,000 (2003: HK\$101,200,000) to banks in respect of the banking facilities granted to its subsidiaries (see Note 31). The Company's Directors and the Group's management anticipate that no material liabilities will arise from such guarantees which arose in the ordinary course of business.

### 31 BANKING FACILITIES

As at 31st March 2004, the Group had aggregate banking facilities of approximately HK\$159,155,000 (2003: HK\$122,540,000) from several banks for overdrafts, loans, and trade financing. Unused facilities as at the same date amounted to approximately HK\$69,691,000 (2003: HK\$37,131,000). These facilities were secured by:

- (i) pledge of the Group's and the Company's bank deposits of approximately HK\$34,439,000 (2003: Nil) and HK\$13,645,000 (2003: Nil), respectively (see Note 18);
- (ii) pledge of inventories held under trust receipts bank loan arrangements (see Note 16); and
- (iii) guarantees provided by the Company (see Note 30).

### 32 SUBSEQUENT EVENT

On 13th May 2004, the Group exercised its put option to sell its 3.5% equity interest in Stemcor for HK\$23,400,000 (equivalent of US\$3,000,000), which was satisfied by a nine-month promissory note amounting to HK\$23,400,000 (equivalent of US\$3,000,000) issued by Stemcor (see Note 14).

### 33 APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 23rd June 2004.

