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*This announcement, for which the directors of iSteelAsia.com Limited (“the Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (“the GEM Listing Rules”) for the purpose of giving information with regard to iSteelAsia.com Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

**iSteelAsia.com**

**iSteelAsia.com Limited**

*(Incorporated in Bermuda with limited liability)*

**ANNOUNCEMENT  
DISCLOSURE OF ADVANCE TO AN ENTITY**

The Directors would like to announce that the Group recorded amounts due from Shunde of approximately HK\$34.49 million, HK\$40.25 million, HK\$19.40 million, HK\$16.98 million, HK\$20.86 million, HK\$17.37 million, HK\$20.38 million, HK\$22.91 million and HK\$21.89 million as at 31st July, 2000 (being the first time Shunde’s balance exceeded 25% of the Group’s adjusted net tangible assets pursuant to the Prospectus), 30th September, 2000, 31st March, 2001, 30th June, 2001, 31st July, 2001 (when Shunde’s balance increased by more than 10% of the Group’s 2001 NTA since 30th June, 2001), 30th September, 2001, 31st October, 2001 (when Shunde’s balance increased by more than 10% of the Group’s 2001 NTA since 30th September, 2001), 30th November, 2001 (when Shunde’s balance increased by more than 10% of the Group’s 2001 NTA since 31st October, 2001) and 31st December, 2001, respectively. In addition, the Group recorded amounts due from Evermore of approximately HK\$5.33 million, HK\$9.94 million and HK\$15.28 million as at 31st October, 2001 (being the first time Evermore’s balance exceeded 25% of the Group’s 2001 NTA), 30th November, 2001 (when Evermore’s balance increased by more than 10% of the Group’s 2001 NTA since 31st October, 2001) and 31st December, 2001, respectively. Such amounts represented the outstanding balances of certain sales transactions entered into by the Group in its ordinary course of business and on normal commercial terms.

Pursuant to Rules 17.15 and 17.16 of the GEM Listing Rules, particulars of the amounts as at 31st July, 2000, 31st March, 2001, 31st July, 2001, 31st October, 2001 and 30th November, 2001 (as required under Rule 17.17 of the GEM Listing Rules) should have been disclosed by an immediate announcement. Pursuant to Rule 17.22 of the GEM Listing Rules, particulars of the amounts as at

30th September, 2000, 31st March, 2001, 30th June, 2001 and 30th September, 2001 (as required under Rule 17.17 of the GEM Listing Rules) should have been disclosed by the Company in its 2000 2nd quarterly report, 2000/2001 annual report, 2001 1st quarterly report and 2001 2nd quarterly report, respectively. The amounts as at 31st December, 2001 will be disclosed in the coming 2001 3rd quarterly report.

**The Stock Exchange has indicated that it reserves its right to take further action in respect of the Company's failure to disclose particulars of the amount due from Shunde and Evermore (if applicable) in immediate announcements, its 2000 2nd quarterly report, 2000/2001 annual report, 2001 1st quarterly report and 2001 2nd quarterly report in accordance with the requirements under Rules 17.15, 17.16 and 17.22 of the GEM Listing Rules.**

The Directors would like to announce that iSteelAsia.com Limited ("the Company") and its subsidiaries (together "the Group") recorded amounts due from an independent third party, Shunde City Dengfeng Steel Trade Co., Ltd. ("Shunde") of approximately HK\$34.49 million, HK\$40.25 million, HK\$19.40 million, HK\$16.98 million, HK\$20.86 million, HK\$17.37 million, HK\$20.38 million, HK\$22.91 million and HK\$21.89 million as at 31st July, 2000 (being the first time Shunde's balance exceeded 25% of the Group's adjusted net tangible assets pursuant to the prospectus of the Company dated 14th April, 2000 ("the Prospectus")), 30th September, 2000, 31st March, 2001, 30th June, 2001, 31st July, 2001 (when Shunde's balance increased by more than 10% of the Group's audited net tangible assets as at 31st March, 2001 ("2001 NTA") since 30th June, 2001), 30th September, 2001, 31st October, 2001 (when Shunde's balance increased by more than 10% of the Group's 2001 NTA since 30th September, 2001), 30th November, 2001 (when Shunde's balance increased by more than 10% of the Group's 2001 NTA since 31st October, 2001) and 31st December, 2001, respectively. In addition, the Group recorded amounts due from another independent third party, Evermore Steel Industrial (Hong Kong) Ltd. ("Evermore") of approximately HK\$5.33 million, HK\$9.94 million and HK\$15.28 million as at 31st October 2001 (being the first time Evermore's balance exceeded 25% of the Group's 2001 NTA), 30th November, 2001 (when Evermore's balance increased by more than 10% of the Group's 2001 NTA since 31st October, 2001) and 31st December, 2001, respectively. Such amounts represented the outstanding balances of certain sales transactions entered into by the Group in its ordinary course of business and on normal commercial terms.

Shunde and Evermore are both customers of the Group and third parties independent of any of the Directors, the chief executive of the Group, the substantial shareholders (within the meaning of the GEM Listing Rules) of the Company and their respective associates (within the meaning of the GEM Listing Rules).

Sales transactions with Shunde and Evermore were conducted in the ordinary course of business of the Group and settlements of the accounts receivable were made in accordance with the credit terms entered into between the customers and the Group. No interest was charged on the trading balances within the credit terms agreed with the customers. However, interest was charged for

amounts remained unsettled at interest rates pursuant to the credit terms with the customers. Both customers gave no collateral under the sales transaction.

The respective amounts due from Shunde and Evermore are regarded as an advance by the Company to an entity under Rule 17.15 of the GEM Listing Rules. As at 31st July, 2000 (being the first time Shunde's balance exceeded 25% of the Group's adjusted net tangible assets pursuant to the Prospectus) and 30th September, 2000, the amount due from Shunde was approximately HK\$34.49 million and HK\$40.25 million, representing approximately 25% and 29% of the adjusted net tangible assets of the Group pursuant to the Prospectus. Due to a substantial drop in the Group's 2001 NTA, the percentage of the amount due from Shunde over the Group's net tangible assets increased substantially. As at 31st March, 2001, 30th June, 2001, 31st July, 2001 (when Shunde's balance increased by more than 10% of the Group's 2001 NTA since 30th June, 2001), 30th September, 2001, 31st October, 2001 (when Shunde's balance increased by more than 10% of the Group's 2001 NTA since 30th September, 2001), 30th November, 2001 (when Shunde's balance increased by more than 10% of the Group's 2001 NTA since 31st October, 2001) and 31st December, 2001, the amount due from Shunde was approximately HK\$19.40 million, HK\$16.98 million, HK\$20.86 million, HK\$17.37 million, HK\$20.38 million, HK\$22.91 million and HK\$21.89 million, representing approximately 94%, 82%, 101%, 84%, 98%, 111% and 106%, respectively, of the Group's 2001 NTA. In addition, as at 31st October, 2001 (being the first time Evermore's balance exceeded 25% of the Group's 2001 NTA), 30th November, 2001 (when Evermore's balance increased by more than 10% of the Group's 2001 NTA since 31st October, 2001) and 31st December, 2001, the amount due from Evermore was approximately HK\$5.33 million, HK\$9.94 million and HK\$15.28 million, representing approximately 26%, 48% and 74% of the Group's 2001 NTA. Pursuant to Rules 17.15 and 17.16 of the GEM Listing Rules, particulars of the amounts as at 31st July, 2000, 31st March, 2001, 31st July, 2001, 31st October, 2001 and 30th November, 2001 (as required under Rule 17.17 of the GEM Listing Rules) should have been disclosed by an immediate announcement. Pursuant to Rule 17.22 of the GEM Listing Rules, particulars of the amounts as at 30th September, 2000, 31st March, 2001, 30th June, 2001 and 30th September, 2001 (as required under Rule 17.17 of the GEM Listing Rules) should have been disclosed by the Company in its 2000 2nd quarterly report, 2000/2001 annual report, 2001 1st quarterly report, and 2001 2nd quarterly report, respectively. The amounts as at 31st December, 2001 will be disclosed in the coming 2001 3rd quarterly report.

The Directors confirm that apart from the amounts disclosed herein, the Group has not made any advance to any entity that is required to be disclosed under Rules 17.15, 17.16 and 17.22 of the GEM Listing Rules.

**The Stock Exchange has indicated that it reserves its right to take further action in respect of the Company's failure to disclose particulars of the amount due from Shunde and Evermore (if applicable) in immediate announcements, its 2000 2nd quarterly report, 2000/2001 annual report, 2001 1st quarterly report and 2001 2nd quarterly report in accordance with the requirements under Rules 17.15, 17.16 and 17.22 of the GEM Listing Rules.**

By Order of the Board  
**Drina C. Yue**  
Director

Hong Kong, 21st January, 2002

*This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from its date of publication.*