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*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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)*

**PROPOSED BONUS ISSUE OF WARRANTS,  
TERMINATION OF THE EXISTING SHARE OPTION SCHEME  
AND  
ADOPTION OF THE NEW SHARE OPTION SCHEME**

The Board proposes, subject to the satisfaction of the conditions below, an issue of Warrants in the form of Bonus Issue to Shareholders (other than the Overseas Shareholders) whose names appear on the Company's register of members at the close of business on the Record Date on the basis of one Warrant for every five Shares then held by such Shareholders. The Warrants will be issued in registered form and each Warrant will entitle the holder thereof to subscribe in cash for one new Share at an initial subscription price of HK\$0.10 per Share (subject to adjustments). The Warrants will be exercisable at any time from 18th June, 2002 until 17th June, 2005, both dates inclusive.

The Board also proposes the adoption of a New Share Option Scheme to replace the Existing Share Option Scheme.

The Company will despatch to the Shareholders a circular containing further details of the Bonus Issue and the principal terms of the New Share Option Scheme, together with a notice convening the Special General Meeting, as soon as practicable.

**A. BONUS ISSUE**

The Board proposes, subject to the satisfaction of the conditions below, an issue of Warrants in the form of Bonus Issue to Shareholders (other than the Overseas Shareholders) whose names appear on the Company's register of members at the close of business on the Record Date on the basis of one Warrant for every five Shares then held by such Shareholders. The Warrants will be issued in registered form and each Warrant will entitle the holder thereof to subscribe in cash for one new Share at an initial subscription price of HK\$0.10 per Share (subject to adjustments). The Warrants will be exercisable at any time from 18th June, 2002 until 17th June, 2005, both dates inclusive.

Fractional entitlements to the Warrants will not be issued to Shareholders but will be aggregated and sold for the benefit of the Company.

The initial subscription price of HK\$0.10 represents a premium of approximately 2.04% to the closing price of HK\$0.098 per Share of the Company on the Stock Exchange on 7th May, 2002, and represents a discount of approximately 1.96% to the average closing price of HK\$0.102 per Share of the Company on the Stock Exchange for the ten trading days ended 7th May, 2002. On the basis of 1,564,500,000 Shares in issue on 7th May, 2002, and assuming no further Shares will be issued or repurchased by the Company on or before the Record Date, 312,900,000 Warrants are proposed to be issued pursuant to the Bonus Issue. On the basis of the initial subscription price of HK\$0.10, full exercise of the 312,900,000 Warrants would result in the receipt by the Company of approximately HK\$31.3 million, before expenses and, assuming that the initial subscription price is not adjusted, the issue of 312,900,000 new Shares represents 20% of the existing share capital of the Company and approximately 16.7% of the share capital of the Company as enlarged by the issue of such Shares.

New Shares issued upon exercise of the subscription rights attaching to the Warrants will rank pari passu in all respects with the then existing Shares on the relevant subscription date, save for any rights or entitlements to dividends or other rights or distributions the record date for which precedes the relevant subscription date for such new Shares.

### **Overseas Shareholders**

The document to be issued in relation to the Bonus Issue will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than Hong Kong and Bermuda. As the Directors are of the view that the grant of Warrants to Overseas Shareholders would or might, in the absence of compliance with registration or other special formalities in other territories, be unlawful or impracticable, no Warrants will be issued to the Overseas Shareholders. However, arrangements will be made for the Warrants which would otherwise be issued to the Overseas Shareholders to be sold in the market as soon as practicable after dealings in the Warrants commence, if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong currency to such persons at their own risk pro rata to their respective shareholdings, unless the amount falling to be distributed to any such person is less than HK\$100 in which case it will be retained for the benefit of the Company.

## **Conditions of the Bonus Issue**

The Bonus Issue is conditional upon:

- (i) the passing of an ordinary resolution at the Special General Meeting approving the creation and issue of the Warrants and the allotment and issue of new Shares upon exercise of the subscription rights attaching to the Warrants; and
- (ii) the Stock Exchange granting listings of, and permission to deal in, the Warrants and any new Shares falling to be issued upon exercise of the subscription rights attaching to the Warrants.

Application will be made to the Stock Exchange for granting listings of, and permission to deal in, the Warrants and any new Shares falling to be issued upon exercise of the subscription rights attaching to the Warrants.

Subject to the satisfaction of the conditions mentioned above, it is expected that certificates for the Warrants will be posted to those entitled thereto at their own risk on or before 12th June, 2002. In the case of joint shareholdings, the Warrant certificates will be posted to the address of the first person named on the Company's register of members in respect of such joint holding.

Dealings in the Warrants are expected to commence on the Stock Exchange on 18th June, 2002. Certificates will be issued in, and the Warrants will be traded in, board lots of 200,000 units entitling the holder thereof to subscribe an amount of HK\$20,000 for 200,000 new Shares at an initial subscription price of HK\$0.10 per Share, subject to adjustments. Based on the board lots of 200,000 units for the Bonus Warrants, odd lot will be created. In order to alleviate the difficulties arising from the existence of odd lots of Warrants, a broker, Celestial Securities Limited, will be appointed to stand in the market, during the period commencing from 18th June, 2002 and ending on 2nd July, 2002, both dates inclusive, to purchase and sell odd lots of Warrants at the relevant market price per Warrant on behalf of the holders of the Warrants. Further details of the arrangement will be included in the circular to Shareholders of the Company.

## **Reasons for the Bonus Issue**

The Directors consider that the Bonus Issue will provide the Shareholders with an opportunity to further participate in the equity of the Company, and hence, will result in the progressive enlargement of the capital base of the Company as and when the Warrants are exercised. Given China's successful accession to the World Trade Organisation in December 2001, the Board is of the view that the proposed Bonus Issue will provide a simple yet relatively inexpensive method of capital fund raising that will help to gear the Company for the expected growth and expansion of its traditional steel trading business in Mainland China over the next few years. On the assumption that the Warrants are fully exercised and on the basis of the initial subscription price of HK\$0.10, under the current circumstances, the Company intends to use the proceeds from subscription of the new Shares of up to approximately HK\$31.3 million for

general working capital for the traditional steel trading business of the Group in Mainland China and currently the Company has not identified any investment projects in relation to its traditional steel trading business. The Directors also consider that the exercise period of three (3) years and an initial subscription price of HK\$0.10 per Share are favourable to the Shareholders.

### **Closure of Register**

The Company's register of members will be closed from 6th June, 2002 to 10th June, 2002 (both dates inclusive) in order to determine entitlements of Shareholders to the Bonus Issue. **In order to qualify for the Bonus Issue, all transfer forms together with the relevant Share certificates must be lodged with the Company's branch registrar in Hong Kong, Central Registration Hong Kong Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by not later than 4:00 p.m. (Hong Kong time) on 5th June, 2002.**

### **Expected timetable**

2002

Last day of dealings in Shares cum entitlement to the Bonus Issue..... Monday, 3rd June

First day of dealings in Shares ex entitlement to the Bonus Issue.....Tuesday, 4th June

Latest time for lodging share transfers for registration to  
qualify for entitlement to the Bonus Issue.....4:00 p.m. Wednesday, 5th June

Register of members closes (both dates inclusive)  
from.....Thursday, 6th June  
to..... Monday, 10th June

Latest time for lodging forms of proxy for the  
Special General Meeting.....11:00 a.m. Saturday, 8th June

Record Date for entitlement to the Bonus Issue.....Monday, 10th June

Special General Meeting.....11:00 a.m. Monday, 10th June

Despatch of Warrant certificates on or before.....Wednesday, 12th June

First date of dealings in Warrants.....Tuesday, 18th June

### **B. NEW SHARE OPTION SCHEME**

The Board notes that the Stock Exchange had made certain amendments to Chapter 23 of the GEM Listing Rules regarding share option schemes. In compliance with the above

amendments to the GEM Listing Rules, the Board considers that it is in the interest of the Company to terminate the Existing Share Option Scheme and adopt the New Share Option Scheme. The purpose of the New Share Option Scheme is to provide incentives to participants thereunder to contribute to the Group and to enable the Group to recruit and/or retain high-calibre employees and attract human resources that are valuable to the Group.

The New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution at the Special General Meeting approving the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme; and
- (iii) the Stock Exchange granting the listing of, and permission to deal in, any new Shares which may fall to be issued upon the exercise of the subscription rights under the options that may be granted under the New Share Option Scheme.

Upon termination of the Existing Share Option Scheme, no further options will be granted thereunder but in all other respects, the provisions of the Existing Share Option Scheme shall remain in force and all options granted prior to such termination shall continue to be valid and exercisable in accordance therewith. As at the date of this announcement, the Company had granted 148,700,000 options to certain employees and directors of the Group pursuant to the Existing Share Option Scheme. None of them had been exercised, 93,250,000 were still outstanding and 55,450,000 had lapsed in accordance with the terms of the Existing Share Option Scheme.

## **C. GENERAL**

A circular containing further details of the Bonus Issue and the principal terms of the New Share Option Scheme, together with a notice convening the Special General Meeting, will be despatched to Shareholders of the Company as soon as practicable.

## **D. DEFINITIONS**

“Board”	the board of Directors
“Bonus Issue”	the proposed bonus issue of Warrants in the proportion of one Warrant for every five Shares on and subject to the terms and conditions set out in this announcement and the instrument constituting the Warrants
“Company”	iSteelAsia.com Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on GEM

“Directors”	the directors of the Company
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted on 13th April, 2000
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“New Share Option Scheme”	the new share option scheme proposed to be adopted at the Special General Meeting
“Overseas Shareholders”	the Shareholders whose addresses, as shown on the register of members of the Company at the close of business on the Record Date, are outside Hong Kong
“Record Date”	10th June, 2002, being the record date for determination of entitlements of the Shareholders to the Bonus Issue
“Shareholders”	registered holders of Shares
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Special General Meeting”	the special general meeting of the Company to be held at 52nd Floor, The Center, 99 Queen’s Road Central, Hong Kong on 10th June, 2002 at 11:00 a.m., to consider and, if appropriate, approve the Bonus Issue, the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrants”	warrants of the Company to be issued in registered form in units of HK\$20,000 each conferring rights to subscribe for 200,000 new Shares at an initial subscription price of HK\$0.10 per Share, subject to adjustments, at any time from 18th June, 2002 to 17th June, 2005, both dates inclusive

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

Hong Kong, 7th May, 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.*