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This announcement, for which the directors of iSteelAsia Holdings 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 Holdings 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

iSteelAsia Holdings Limited

(亞鋼集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock code : 8080)

**ANNOUNCEMENT ON DISCLOSEABLE TRANSACTION
EXERCISE OF PUT OPTION AGREEMENT
WITH STEMCOR HOLDINGS LIMITED**

Reference is made to the Circular and the Announcement. In light of current volatility in the steel trading markets, especially in North America and Europe, coupled with the Group’s focus in the Greater China region, the Directors would like to announce that ISAS had sent notice to Stemcor to exercise the Put Option on 13th May, 2004 to require Stemcor to buy back all of the Tranche A Shares (as adjusted) for US\$3 million (approximately HK\$23.4 million), such amount being the subscription price paid by ISAS on 16th January, 2001.

Reference is made to the circular (the “Circular”) of iSteelAsia Holdings Limited (the “Company”) dated 22nd December, 2000 in relation to the subscription of new shares in Stemcor by ISAS (the “Subscription”), an indirect wholly-owned subsidiary of the Company and the announcement (the “Announcement”) of the Company on 16th January, 2001 in relation to the amendments in terms regarding the Put Option Agreement, the Website Trading Agreement and the Revenue Option Agreement. According to the terms and conditions of the Website Trading Agreement, the Website Trading Agreement terminated upon the exercise of the Put Option or all parties to the Website Trading Agreement fulfilling their obligations as stipulated in the Website Trading Agreement whichever is earlier. Accordingly, for all practical purposes, the Website Trading

Agreement is deemed to be terminated on 21st June, 2001 as all parties had fulfilled their respective obligations under the Website Trading Agreement. According to the terms and conditions of the Revenue Option Agreement, the Revenue Option Agreement expired on 31st July, 2002. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

According to the Subscription Agreement which was entered into between the Company, ISAS and Stemcor on 1st December, 2000, ISAS subscribed for the Tranche A Shares for a total cash consideration of US\$3 million (approximately HK\$23.4 million) on 16th January, 2001 and accounted for as investments. The completion of the Subscription took place on 16th January, 2001.

In light of current volatility in the steel trading markets, especially in North America and Europe, coupled with the Group's focus in the Greater China region, the Directors would like to announce that ISAS had sent notice to Stemcor to exercise the Put Option on 13th May, 2004 to require Stemcor to buy back all of the Tranche A Shares (as adjusted) for US\$3 million (approximately HK\$23.4 million), such amount being the subscription price paid by ISAS and the same as the book value in the Company's balance sheet as disclosed in the interim report for the six months ended 30th September, 2003. As such, there is no gain or loss by reference to the carrying value of the assets in the accounts. Upon the exercise of the Put Option, the Company will have no further interest in Stemcor. The dividends received from Stemcor by the Group were approximately HK\$70,000, HK\$311,000 and HK\$262,000 for the years ended 31st March, 2002 and 31st March, 2003 and for the six months ended 30th September, 2003, respectively. As disclosed in the Circular and the Announcement, the Put Option will be exercisable by ISAS no earlier than the date on which the amount of equity shareholders' funds of Stemcor falls below £15 million (approximately HK\$207.8 million) as shown in the management accounts of Stemcor from time to time or 30th April, 2002 and no later than 31st October, 2002 according to the Put Option Agreement which was entered into between the Company, ISAS and Stemcor on 16th January, 2001. 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 according to the agreements dated 30th August, 2002 and 17th December, 2003 between Stemcor and ISAS respectively. The Company also confirms that Stemcor and its ultimate beneficial owners are not connected persons (as defined in the GEM Listing Rules) of the Company. The Group will retain US\$3 million (approximately HK\$23.4 million) as the general working capital of the Group for the purchase of steel products and settlement of creditors, and the Directors believe the transaction are fair and reasonable and in the interests of Company and the shareholders of the Company as a whole.

As disclosed in the Announcement, Stemcor will pay such amount in the form of a promissory note. The promissory note shall mature on nine months from the date of the notice of exercise of the Put Option (i.e. 12th February, 2005). The promissory note is unsecured and will bear interest equal to any dividends that may be declared with respect to the Tranche A Shares prior to the maturity date of the promissory note.

General

The Group is principally engaged in the trading of steel products, provision of procurement services and operation of an e-commerce vertical portal for the provision of online steel trading and ancillary services. Stemcor is principally engaged in international steel trading. The Stemcor Group also operates as a global provider of specialist services to the steel and metals industries, in areas such as marketing, procurement, logistics and trade finance.

The exercise of the Put Option constitutes a discloseable transaction for the Company under the GEM Listing Rule. A circular will be dispatched to the shareholders of the Company as soon as practicable.

By Order of the Board
Andrew Cho Fai Yao
Chairman

Hong Kong, 13th May, 2004

* For identification purpose only

The Directors as at the date of this announcement are:

Executive Directors: Andrew Cho Fai Yao (Chairman); Miriam Che Li Yao; Desmond Hay Ching Fu

Non-executive Director: David Michael Faktor

Independent non-executive Directors: Philip King Huen Ma; Kennedy Ying Ho Wong

This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least 7 days from its date of publication. The pound sterling amount and US dollar amount shown in this announcement have been translated into Hong Kong dollars at an exchange rate of £1.00=HK\$ 13.85 and at an exchange rate of US\$1.00=HK\$7.8 respectively.