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## **iSTEELASIA.COM LIMITED (Incorporated in Bermuda with limited liability) ANNOUNCEMENT**

TN Development has proposed revised terms and conditions for a New Revenue Option Agreement which will supersede the Original Revenue Option Agreement. The purpose of entering into such agreements with the Founding Members is to encourage participants in the steel industry to become Founding Members and to promote success of iSteelAsia.com.

The revised terms of the Revenue Option Agreements would not affect the Waiver granted to TN Development from strict compliance with the two year moratorium period under Rule 13.16 of the GEM Listing Rules pursuant to which TN Development may enter into Revenue Option Agreements with additional Founding Members during the first 6 months from the date of listing.

### **INTRODUCTION**

Reference is made to the Original Revenue Option Agreement, details of which were disclosed in the section headed "General Overview of the Group --- Membership" of the Prospectus. As disclosed in the Prospectus, the Revenue Option Agreement was "subject to any amendment or variation to what is currently proposed". Since the listing of the Shares on GEM, TN Development has been working with potential Founding Members to negotiate certain amendments and variations that may be necessary in the Original Revenue Option Agreements. As at the date of this announcement, no Original Revenue Option Agreements and no New Revenue Option Agreements have been entered into between TN Development and the Founding Members.

Terms used in this announcement shall have the same meanings as defined in the Prospectus unless otherwise defined herein.

### **THE NEW REVENUE OPTION AGREEMENT**

After extensive discussions with potential Founding Members and in light of the current business environment, TN Development has proposed a New Revenue Option Agreement which will supersede the Original Revenue Option Agreement.

TN Development intends to enter into a separate New Revenue Option Agreement with each Founding Member. Under the terms of the New Revenue Option Agreements, TN Development will agree to grant each Founding Member the Option to purchase Shares from TN Development provided that the Founding Members earn "qualifying units" through either sales or purchases of Steel Goods conducted through iSteelAsia.com during the relevant qualifying period. The qualifying units are determined based on the associated number of metric tonnes of Steel Goods bought or sold by the Founding Members through iSteelAsia.com. Pursuant to the New Revenue Option Agreement, the Option granted will be exercisable at the Option Price in the Option Period immediately following the end of the relevant qualifying period. The Option Price remains unchanged under the New Revenue Option Agreement and will be equivalent to an amount per Share equal to 5% of the Issue Price. The determination of the Option Price is based on commercial terms after taking into account, among other things, the reputation, business connections and anticipated future contribution to the iSteelAsia.com website. The first qualifying period will end on 31st October, 2000. Under certain circumstances, TN Development may modify the terms of the New Revenue Option Agreement to be entered with a Founding Member; however, under no circumstances will the first Options be exercisable prior to 20th October, 2000, being six months after the listing of the Shares on GEM.

Despite the various changes to the Original Revenue Option Agreement, the total number of available Option Shares remains unchanged, being a maximum of 102,400,000 Shares, representing an aggregate of approximately 7.04% of the existing issued share capital of the Company.

The purpose of entering into the New Revenue Option Agreement with the Founding Members is to encourage other participants in the steel industry to become Founding Members and to promote the success of iSteelAsia.com.

### **GENERAL**

The revised terms of the Revenue Option Agreements would not affect the Waiver granted to TN Development from strict compliance with the two year moratorium period under Rule 13.16 of the GEM Listing Rules pursuant to which TN Development may enter into Revenue Option Agreements with additional Founding Members during the first 6 months from the date of listing. The aggregate number of Options granted to the Founding Members will be disclosed in the quarterly results announcement of the Company during the relevant period.

The Company is making this announcement at the same time on the iSteelAsia.com website.

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

"New Revenue Option Agreement"

the new agreement between TN Development and a Founding Member that will supersede the Revenue Option Agreement as defined in the Prospectus

"Option(s)"

any of the options granted to the Founding Member by TN Development pursuant to the New Revenue Option Agreement

"Option Period"

for each qualifying period, the 60-day period commencing on the date immediately following the end of the relevant qualifying

period

"Option Price"  
HK\$0.054 per Share

"Option Shares"  
the Shares to be transferred by TN Development to the Founding Members pursuant to the exercise of the relevant Option

"Original Revenue Option Agreement"  
the agreement between TN Development and a Founding Member, the principal terms of which are set out in the section headed "Founding Members" in "General Overview of the Group" of the Prospectus

"Prospectus"  
the prospectus of the Company dated 14th April, 2000

"Steel Goods"  
steel and steel products traded on iSteelAsia.com

"Waiver"  
a waiver granted by the Stock Exchange on 9th May, 2000 (and confirmed on 18th July, 2000 as respects the New Revenue Option Agreements) from strict compliance by TN Development with the two year moratorium period under Rule 13.16 in respect of Shares held by TN Development so that TN Development may enter into Original Revenue Option Agreements with Founding Members during the first 6 months from the date of listing

By Order of the Board Drina C. Yue Director

**Hong Kong, 1st August, 2000**

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 the Company. 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.

The announcement and a copy of the Prospectus referred to above appear on the GEM website.