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iSteelAsia.com

iSteelAsia.com Limited

(Incorporated in Bermuda with limited liability)

ENTERING INTO HEAD OF TERMS WITH

STEMCOR HOLDINGS LIMITED

Reference is made to the announcement made by the Company on 21st August, 2000. The Directors of the Company are pleased to announce that a Head of Terms was entered into between the Company and Stemcor, an independent third party, today for the Proposed Acquisition of certain equity interest in Stemcor by the Company. The Directors would like to note that the Head of Terms is not legally binding except for some exclusivity and confidentiality undertakings. Further information will be announced if and when a formal binding agreement has been entered into between the Company and Stemcor. **Shareholders of the Company should note that the decision of the Directors to proceed with the Proposed Acquisition is dependent on, inter alia, satisfactory due diligence result and market conditions prevailing at the time immediately before the entering into of the formal binding agreements with respect to the Proposed Acquisition. As such, there can be no assurance that any formal binding agreements will be entered into or, if so, on the terms described below. Shareholders and investors are reminded to exercise extreme caution when dealing in the shares of the Company.**

INTRODUCTION

Reference is made to the announcement made by the Company on 21st August, 2000. The Directors of the Company are pleased to announce that the Head of Terms was entered into between the Company and Stemcor, an independent third party, today for the Proposed Acquisition of certain equity interest in Stemcor by the Company.

PRINCIPAL TERMS OF THE HEAD OF TERMS

Date:	29th August, 2000
Parties:	the Company
	Stemcor, a private company and an independent third party, not connected with any of the Directors, chief executive or substantial shareholders of the Company and its subsidiaries or their respective associates (as defined under the GEM Listing Rules).
Proposed Acquisition:	a strategic interest in Stemcor and the remaining balance of the equity interest in Stemcor at a consideration to be determined
Consideration:	to be determined
Put option:	it is envisaged that a put option will be given to the Company giving it the right to put the minority interests back to Stemcor at a consideration to be determined
Option to acquire further interest:	it is envisaged that an option will be given to the Company giving it the right to subscribe for an additional interest in Stemcor at a consideration to be determined
Tonnage Commitment:	it is envisaged that Stemcor will trade for steel products up to a certain minimum tonnage level through the iSteelAsia.com portal. In addition, after a certain period of time, Stemcor will execute a significant portion of its trading volume through the iSteelAsia.com portal

The Directors anticipated that a formal binding agreement will be entered into between the Company and Stemcor no later than 31st December, 2000.

INFORMATION ON STEMCOR

Stemcor was founded in 1951 and is principally engaged in international steel trading. Stemcor Group also operates as a global provider of specialist services to the steel and metals industries, in areas such as marketing, procurement, shipping, engineering and trade finance. Stemcor's main trading centres are located in London, Dusseldorf, New York, Singapore and Sydney. The Stemcor Group also maintains offices in Bangkok, Beijing, Bucharest, Dnepropetrovsk, Dubai, Hong Kong, Istanbul, Johannesburg, Karachi, Kiev, Krakow, Lagos, Lisbon, Madrid, Mexico City, Miami, Moscow, Mumbai, Nairobi, Rio de Janeiro, Shanghai, Sofia, Tehran and Tokyo. In countries where there is no Stemcor office, the Stemcor Group is represented by appointed agents.

The following table sets out the tonnage of steel invoiced by Stemcor for each of the five years ended 31st December, 1999:

	1995	1996	1997	1998	1999
	'000 tonnes	'000 tonnes	'000 tonnes	'000 tonnes	'000 tonnes
Tonnage of steel invoiced	1,963	2,505	3,919	3,534	4,397

The following table sets out the turnover, the profit/(loss) on ordinary activities before taxation, profit/(loss) attributable to shareholders, and dividend paid of the Stemcor Group for each of the two years ended 31st December, 1999:

	1998		1999	
	? '000	HK\$ '000	? '000	HK\$ '000
Turnover	759,842	8,776,175	787,610	9,096,896
Profit/(loss) on ordinary activities before taxation	(1,795)	(20,732)	3,548	40,979
Profit/(loss) attributable to shareholders	(3,469)	(40,067)	1,759	20,316
Dividend paid	228	2,633	342	3,950

All the above information was extracted from the Stemcor's audited financial statements.

GENERAL

The Group is principally engaged in the provision of trading and other value-added services for participants in the supply chain of the steel industry. As disclosed in the prospectus of the Company dated 14th April, 2000, expansion and acquisition strategies will play a significant role in the future growth plan of the Group.

The Directors believe that the Proposed Acquisition is part of this expansion and acquisition strategy. The Directors would like to emphasise that the Head of Terms is not legally binding except for some exclusivity and confidentiality undertakings and formal binding agreement(s) will be entered into between the Company and Stemcor once the detailed terms of the Proposed Acquisition have been agreed upon. **Shareholders of the Company should note that the decision of the Directors to proceed with the Proposed Acquisition is dependent on, inter alia, satisfactory due diligence result and market conditions prevailing at the time immediately before the entering into of the formal binding agreements with respect to the Proposed Acquisition. As such, there can be no assurance that any formal binding agreements will be entered into or, if so, on the terms described above.** Furthermore, the entering into of a formal binding agreement by the Company may constitute a notifiable transaction under Chapter 19 of the GEM Listing Rules and may require the approval by the shareholders. Further information will be announced if and when the formal binding agreement has been entered into between the Company and Stemcor. **Shareholders and investors are reminded to exercise extreme caution when dealing in the shares of the Company.**

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

"Company"	ISSteelAsia.com Limited
"Directors"	the directors of the Company
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited

"Group"	The Company and its subsidiaries
"Head of Terms"	a summary of the terms of the Proposed Acquisition
"Proposed Acquisition"	a strategic interest in Stemcor and the remaining balance of the equity interest in Stemcor at a consideration to be determined
"Stemcor"	Stemcor Holdings Limited
"Stemcor Group"	Stemcor and its subsidiaries

By Order of the board

Drina C. Yue Director

Hong Kong, 29th 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 (except for information regarding Stemcor) 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.

This announcement will remain on the GEM website on the "Latest Company Announcement" page for 7 days from the day of its posting. The Sterling pound amounts shown in this announcement have been translated into Hong Kong dollars at an exchange rate of ?.00=HK\$11.55