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iSteelAsia.com

iSteelAsia.com Limited

(Incorporated in Bermuda with limited liability)

Announcement

Reference is made to the announcement (the “Announcement”) of the Company dated 1st 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 circular in relation to the Subscription (the “Circular”) dated 22nd December, 2000. The Directors are pleased to announce that the Put Option Agreement was entered into between ISAS and Stemcor and the Website Trading Agreement was entered into between ISABVI and Stemcor on 16th January, 2001. On the same date, the Revenue Option Agreement was entered into between TN Development and Stemcor.

The exercisable period of the Put Option has been amended. The Put Option will be exercisable no earlier than the date on which the amount of equity shareholders’ funds of Stemcor falls below £15 million (approximately HK\$167 million) or 30th April, 2002, whichever is earlier.

The amount of tonnage commitment made by Stemcor to ISABVI under the Website Trading Agreement has also been amended. Under the finalised terms of the Website Trading Agreement, Stemcor has undertaken to complete, or procure other parties introduced by Stemcor to complete, purchases or sales of Steel Products on the iSteelAsia.com portal as further described below.

Under the finalised terms of the Revenue Option Agreement, tonnage transacted by Stemcor for the purpose of complying with the tonnage commitment under the Website Trading Agreement will not be eligible for credit under the Revenue Option Agreement.

Reference is also made to the announcement of the Company dated 29th December, 2000 in relation to the Subscription. The Directors are pleased to announce that all the conditions to the Subscription Agreement have been fulfilled. The completion of the Subscription took place on 16th January, 2001.

INTRODUCTION

Reference is made to the Announcement and the Circular. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

The Directors are pleased to announce that the Put Option Agreement was entered into between ISAS and Stemcor and that the Website Trading Agreement was entered into between ISABVI and Stemcor on 16th January, 2001, with certain amended terms as compared with those disclosed in the Announcement and the Circular. On the same date, the Revenue Option Agreement was entered into between TN Development and Stemcor with certain amended terms as compared with those disclosed in the Announcement and the Circular.

Reference is also made to the announcement of the Company dated 29th December, 2000 in relation to the Subscription. The Directors are pleased to announce that all the conditions to the Subscription Agreement have been fulfilled. The completion of the Subscription took place on 16th January, 2001.

AMENDMENTS TO THE TERMS OF THE PUT OPTION AGREEMENT

As disclosed in the Announcement and the Circular, the exercisable period of the Put Option was originally anticipated to be no earlier than 30th April, 2002. However, under the finalised terms of the Put Option Agreement, 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\$167 million) as shown in the management accounts of Stemcor from time to time or 30th April, 2002, whichever is earlier.

Should ISAS exercise the Put Option, Stemcor will pay such amount in the form of a promissory note. The promissory note shall mature on the later of

- (i) nine months from the date of the notice of exercise of the Put Option; or
- (ii) two years and three days from the date of completion of Subscription.

The promissory note is unsecured and will bear interest equal to any dividends that may be declared with respect to the Tranche A Shares and the Tranche B Shares (if the Tranche B Option is exercised by ISAS) prior to the maturity date of the promissory note.

AMENDMENTS TO THE TERMS OF THE WEBSITE TRADING AGREEMENT

It was also disclosed in the Announcement and the Circular that Stemcor was expected to undertake to complete purchases and sales of Steel Products on the iSteelAsia.com portal in the amount of at least 750,000 tonnes during the six-month period following the date of completion of the Subscription and an additional 750,000 tonnes during the nine-month period thereafter.

Under the finalised terms of the Website Trading Agreement, Stemcor has undertaken to complete, or procure other parties introduced by Stemcor to complete, purchases or sales of Steel Products on the iSteelAsia.com portal in the amount of

- (i) at least 300,000 tonnes during the six-month period following the date of completion of the Subscription;
- (ii) cumulatively a total of 750,000 tonnes during the same six-month period as in (i) above and the four-month period following the date of completion of the subscription of Tranche B Shares by ISAS. Purchases or sales of Steel Products on the iSteelAsia.com portal completed by Stemcor between such six-month period and such four-month period will be credited towards the tonnage commitment of 750,000 tonnes as in (ii) described herein; and
- (iii) cumulatively a total of 1,250,000 tonnes during the same six-month period as in (i) above, the same four-month period as in (ii) above and the nine-month period after such four-month period.

However, Stemcor has the discretion, by giving notice to ISABVI at any time, to modify the tonnage commitment described above to

- (i) at least 750,000 tonnes during the six-month period following the date of completion of the Subscription; and
- (ii) a cumulative 1,500,000 tonnes during such six-month period and the nine-month period thereafter.

In the event of any shortfall in the tonnage commitment as described above, Stemcor will pay ISABVI as compensation the sum of US\$0.50 for each tonne not purchased or sold by Stemcor.

The Website Trading Agreement will terminate immediately should, among other events, ISAS exercise the Put Option.

AMENDMENTS TO THE TERMS OF THE REVENUE OPTION AGREEMENT

It was disclosed in the Announcement and the Circular that the initial commitment of 750,000 tonnes originally proposed to be transacted by Stemcor will not be eligible for credit under the Revenue Option Agreement.

Under the finalised terms of the Revenue Option Agreement, tonnage transacted by Stemcor for the purpose of complying with the tonnage commitment under the Website Trading Agreement will not be eligible for credit under the Revenue Option Agreement. However, any amount exceeding the tonnage commitment of 1,250,000 tonnes or 1,500,000 tonnes (in the case if Stemcor exercises its discretion) under the Website Trading Agreement will be eligible for credit under the Revenue Option Agreement.

GENERAL

Save as disclosed above, the proposed terms of each of the Put Option Agreement, the Website Trading Agreement and the Revenue Option Agreement disclosed in the Announcement and the Circular are the same as the finalised terms of each of the aforementioned agreements.

By Order of the Board
Drina C. Yue
Director

Hong Kong, 16th January, 2001

The pound sterling amount shown in this announcement have been translated into Hong Kong dollars at an exchange rate of £1.00=HK\$ 11.14.

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.

This announcement will remain on the GEM website on the “Latest Company Announcement” page for 7 days from the day of its posting.