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iSteelAsia.com

iSteelAsia.com Limited

(Incorporated in Bermuda with limited liability)

**Acquisition of shares in
the existing issued share capital of
AcrossAsia Multimedia Limited
(Major Transaction)**

The Directors are pleased to announce that the Company has entered into the Sale and Purchase and Subscription Agreement on 17th July, 2001, pursuant to which the Company has conditionally agreed to purchase from Actfield 11,423,506 AAM Shares at approximately HK\$1.974 per AAM Share for a consideration of HK\$22,550,000, which will be satisfied in full by the issue and allotment of the Consideration Shares to Actfield at HK\$0.205 per Share. The Consideration Shares represent approximately 7.6% of the existing issued share capital of the Company or approximately 7.0% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

Since the consideration of the Acquisition accounts for more than 50% of the Company's net tangible assets as disclosed in its latest published annual report for the year ended 31st March, 2001, the Acquisition constitutes a major transaction of the Company for the purpose of the GEM Listing Rules and must be made conditional on the receipt of the approval of the Shareholders. Such approval will be obtained by the Company in writing by a closely allied group of Shareholders consisting of VSC BVI, Right Action, Huge Top and TN Development. They together hold approximately 53.10% of the entire issued share capital of the Company. These Shareholders together hold more than 50% in nominal value of the securities giving the right to attend and vote at a general meeting of the Shareholders. As such, a general meeting will not be held to consider the Acquisition. Nevertheless, a circular containing, among other things, further details of the Acquisition will be despatched to the Shareholders as soon as practicable.

INTRODUCTION

The Directors are pleased to announce that the Company and Actfield entered into the Sale and Purchase and Subscription Agreement on 17th July, 2001 pursuant to which the Company has conditionally agreed to acquire 11,423,506 AAM Shares and issue 110,000,000 Shares to Actfield as the consideration for the Acquisition.

SALE AND PURCHASE AND SUBSCRIPTION AGREEMENT

Date: 17th July, 2001
Purchaser: the Company
Vendor: Actfield
Assets to be acquired: the Acquisition Shares being 11,423,506 AAM Shares

Consideration and payment terms of the Acquisition

The consideration payable by the Company for the Acquisition will be HK\$22,550,000 which will be satisfied in full by the issue and allotment of the Consideration Shares to Actfield at the Issue Price upon completion of the Sale and Purchase and Subscription Agreement. The Consideration Shares will be issued under the general mandate to issue Shares granted to the Directors on 28th July, 2000.

The Consideration Shares represent approximately 7.6% of the existing issued share capital of the Company or approximately 7.0% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The Consideration has been determined after arm's length negotiations between the parties and with reference to the respective average closing prices of AAM Shares and of the Shares for the last 30 trading days ended 12th July, 2001 without any premium or discount.

The Issue Price represents a premium of approximately 0.3% to the average closing prices of the Shares during the last ten trading days ended the date of the Sale and Purchase and Subscription Agreement and represents a premium of 2.5% to the closing price of the Shares on the date of the Sale and Purchase and Subscription Agreement.

Conditions of the Sale and Purchase and Subscription Agreement

Completion of the Sale and Purchase and Subscription Agreement will be conditional upon the fulfilment of the following conditions:—

1. the Stock Exchange having granted the listing of, and the permission to deal in, the Consideration Shares and a certified true copy of such approval having been delivered to Actfield; and
2. the Company having obtained all necessary approvals from its shareholders in accordance with the GEM Listing Rules and (i) a certified true copy of a confirmation from Conyers Dill & Pearman (the Bermuda legal advisers of the Company) that the Company has obtained Bermuda Monetary Authority's approval (which is valid as of the date of the said confirmation) to allot and issue new Shares up to the maximum of its authorised share capital from time to time, and (ii) a certified true copy of the relevant shareholders' resolution or a certified true copy of a written certificate from the Shareholders (who together hold more than 50% of the issued share capital of the Company) given in accordance with Rule 19.39 of the GEM Listing Rules having been delivered to Actfield.

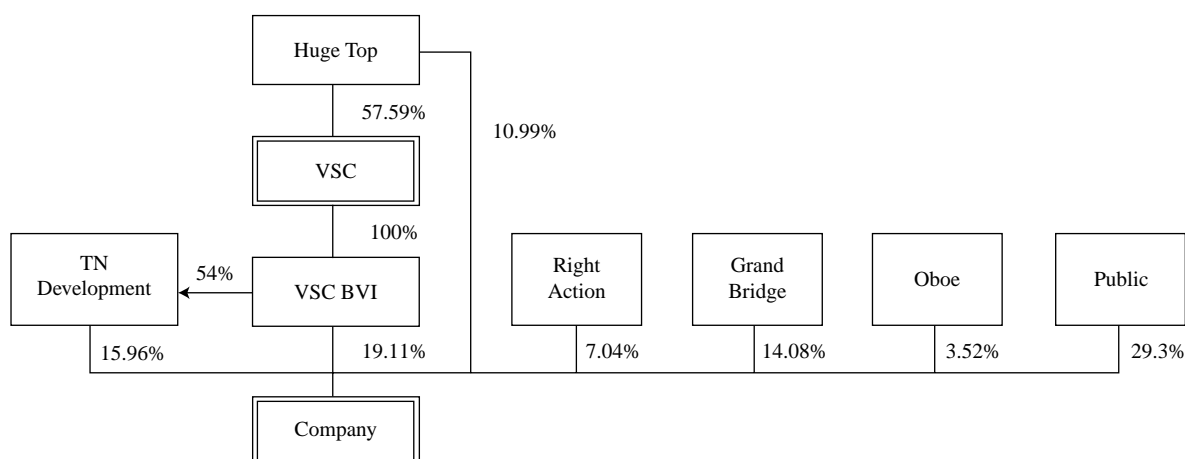
Completion of the Acquisition

Completion of the Acquisition will take place on the fourth Business Day after all the relevant conditions shall have been satisfied, or such other date as the parties may agree in writing. If for any reason all the relevant conditions shall not have been fulfilled or waived on or before 15th August, 2001 or such later date as the parties may agree in writing, the Sale and Purchase and Subscription Agreement shall lapse and be of no further effect and no party to the Sale and Purchase and Subscription Agreement shall have any claim against or liability to the other party, save in respect of any prior breaches of the terms of the Sale and Purchase and Subscription Agreement.

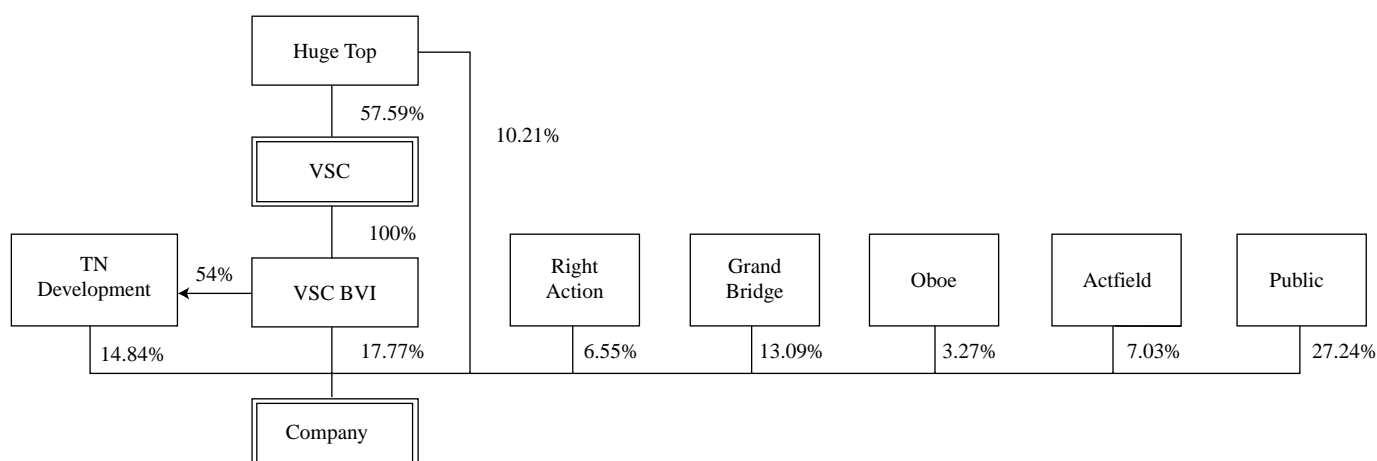
SHAREHOLDING STRUCTURE OF THE COMPANY

The simplified shareholding structures of the Company before and after completion of the Acquisition are set out as follows:

Immediately before completion of the Acquisition



Immediately after completion of the Acquisition



INFORMATION ON AAM

The AAM Group is principally engaged in the provision of broadband access, content, e-commerce, information technology services, and Internet solutions services in Asia. AAM Shares are listed on GEM. The Acquisition Shares represent approximately 0.23% of the existing issued share capital of AAM.

Set out below is the audited consolidated profit/(loss) before and after tax and minority interests of the AAM Group for the year ended 31st December, 2000 (together with comparative figures) as extracted from AAM's annual report for the year ended 31st December, 2000.

	Year ended 31st December,	
	1999	2000
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net profit/(loss) before tax and minority interests	23	(118)
Net profit/(loss) after tax and minority interests	4	(172)

As at 31st December, 2000, the audited consolidated net tangible assets of the AAM Group were about HK\$580.5 million.

INFORMATION ON THE COMPANY AND REASONS FOR THE ACQUISITION

The Company is principally engaged in the provision of trading and other value-added services for participants in the supply chain of the steel industry. The Company is the operator of the iSteelAsia.com website which provides an Internet-based platform for buyers to source steel products and sellers to sell steel products with online access to steel industry information and a range of value-added services such as insurance and trade finance.

AAM is involved in the technology sector, including broadband access, e-commerce, IT services and Internet solutions providers, and its Initial Management Shareholders and certain other shareholders have various business contacts in Indonesia, Greater China, and other parts of Asia. Although the Company is only acquiring approximately 0.23% of equity interest in AAM, the Directors believe that the Acquisition is the first step of forming a strategic relationship with AAM. Since both the Company and AAM are involved in Internet related businesses, the Company wishes to utilise such strategic relationship with AAM to establish a steel trading platform in the region, which aligns with the business objectives of the Company as stated in the Company's prospectus dated 14th April, 2000.

The Directors (including independent non-executive directors) believe that the Acquisition is on normal and commercial terms and such terms are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

GENERAL

The Acquisition constitutes a major transaction of the Company pursuant to the GEM Listing Rules and must be made conditional on the receipt of the approval of the Shareholders. Such approval will be obtained by the Company in writing by a closely allied group of Shareholders consisting of VSC BVI, Right Action, Huge Top and TN Development. They together hold approximately 53.10% of the entire issued share capital of the Company. These Shareholders together hold more than 50% in nominal value of the securities giving the right to attend and vote at a general meeting of the Shareholders. As such, a general meeting will not be held to consider the Acquisition.

A circular containing, among other things, further details of the Acquisition will be despatched to the Shareholders as soon as practicable.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

By Order of the Board
iSteelAsia.com Limited
Drina C. Yue
Director

Hong Kong, 17th July, 2001

DEFINITIONS

“AAM”	AcrossAsia Multimedia Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the GEM of the Stock Exchange
“AAM Group”	AAM and its subsidiaries
“AAM Share(s)”	share(s) of HK\$0.10 each in the existing issued share capital of AAM
“Acquisition”	the acquisition of the Acquisition Shares
“Acquisition Shares”	11,423,506 AAM Shares in the existing issued share capital of AAM
“Actfield”	Actfield Limited, a company incorporated in the British Virgin Islands with limited liability. Actfield is independent of the Company and any of its subsidiaries and the directors, chief executives and substantial shareholders of the Company and their respective Associates

“Associates”	shall have the same meaning as defined in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which banks are open for business in Hong Kong (excluding Saturdays and any day on which the black rainstorm warning or typhoon signal number 8 (or above) is hoisted after 9:30 a.m.)
“Company”	iSteelAsia.com Limited, a company incorporated in Bermuda with limited liability
“Consideration Shares”	110,000,000 new Shares to be issued pursuant to the Sale and Purchase and Subscription Agreement, which upon issue shall rank pari passu with all Shares then in issue
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Grand Bridge”	Grand Bridge Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability, is a wholly-owned subsidiary of iMerchants Group Limited
“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
“Huge Top”	Huge Top Industrial Ltd., a company incorporated in the British Virgin Islands with limited liability, is the controlling shareholder of VSC and beneficially interested in approximately 57.59% of the issued share capital of VSC
“Initial Management Shareholders”	shall have the same meaning as defined in the GEM Listing Rules
“Issue Price”	the issue price of HK\$0.205 per Share
“Oboe”	Oboe Development Trading Limited, a company incorporated

in the British Virgin Islands with limited liability, is 100% owned by Mr. Moses Kwok Tai Tsang, who was a non-executive director of the Company within the preceding twelve months

“Right Action”	Right Action Offshores Inc., a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Andrew Cho Fai Yao, a director and the Chairman of the Company
“Sale and Purchase and Subscription Agreement”	the conditional agreement dated 17th July, 2001 entered into between the Company and Actfield in respect of the Acquisition
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TN Development”	TN Development Limited, a company incorporated in the British Virgin Islands with limited liability
“VSC”	Van Shung Chong Holdings Limited, a company incorporated in Bermuda, the securities of which are listed on the Stock Exchange
“VSC BVI”	Van Shung Chong (B.V.I.) Limited, a company incorporated in the British Virgin Islands with limited liability, is a wholly-owned subsidiary of VSC

This announcement, for which the Directors of the Company 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 of Hong Kong Limited 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 at <http://www.hkgem.com> on the “Latest Company Announcements” page for 7 days from the date of its posting.