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This announcement, for which the directors of iSteelAsia.com 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 for the purpose of giving information with regard to iSteelAsia.com 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.com

iSteelAsia.com Limited
(Incorporated in Bermuda with limited liability)

Connected Transaction

On 9th January, 2002, a wholly-owned subsidiary of the Company, ISAHK has entered into the Agreement with VSC Hong for the sub-licensing of software of an enterprise resources planning system to the VSC Group at a consideration of HK\$2,180,000.

The transaction contemplated under the Agreement constitutes a connected transaction of the Company details of which are required to be disclosed in the Company’s annual report and accounts for the year ending 31st March, 2002 in accordance with Rule 20.34 of the GEM Listing Rules.

Introduction

The Directors are pleased to announce that, on 9th January, 2002, a wholly-owned subsidiary of the Company, ISAHK has entered into the Agreement with VSC Hong for the sub-licensing of software of an enterprise resources planning system to the VSC Group.

The Agreement

Vendor: ISAHK

Purchaser: VSC Hong

Date: 9th January, 2002

Software sub-license

Pursuant to the Agreement, ISAHK agreed to the sub-licensing of an enterprise resources planning computer software for the VSC Group (with functionalities of financial, manufacturing, order management and customer relationship management), of which ISAHK has obtained a user license and an authorisation from the independent software supplier for sub-licensing to VSC Hong in perpetuity.

Consideration

Pursuant to the Agreement, VSC Hong will pay ISAHK for the sub-licensing of software an aggregate amount of HK\$2,180,000. VSC Hong will settle the software sub-license fee by three payments in cash. The consideration is arrived at after arm's length negotiations between the parties with reference to the prices of similar software sub-licensing in the market.

Information on the Company

The Company and its subsidiaries are 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 products with online access to steel industry information and a range of other value-added services such as providing enterprise resources planning services.

Information on the VSC Group

The VSC Group is principally engaged in trading and stockholding of steel products, processing of rolled steel flat products, trading of sanitary ware and kitchen cabinets, and the provision of installation work on kitchen cabinets, and trading of engineering plastic resins and injection moulding machines in Hong Kong and the PRC.

Connected Transaction

Both VSC Hong and Van Shung Chong (B.V.I.) Limited ("VSC BVI") are wholly-owned subsidiaries of VSC and VSC BVI is a substantial shareholder of the Company directly holding approximately 17.77% of the total issued share capital of the Company as at the date of this announcement. Accordingly, VSC Hong is a connected person as defined under the GEM Listing Rules. Hence, the signing of the Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. However, as the consideration for the Agreement is less than the higher of HK\$10,000,000 or 3% of the net tangible assets of the Company, no independent shareholders' approval is required. Details of the Agreement will be disclosed in the next published annual report of the Company. The Directors, including the independent non-executive directors of the Company, believe that the sub-licensing of the enterprise resources planning software system could serve to capitalise on the Company's core competence and

expertise as it provides additional ways to diversify sources of revenue. The Directors, including the independent non-executive directors of the Company, are of the view that the transaction is under normal and ordinary course of business of the Company and the terms of the Agreement are fair and reasonable and in the interest of the Company and its shareholders as a whole.

Definitions

“Agreement”	the agreement entered into between ISAHK and VSC Hong on 9th January, 2002 in connection with the sub-licensing of the software of an enterprise resources planning system to the VSC Group by ISAHK
“Board”	the board of Directors
“Company”	iSteelAsia.com Limited, a company incorporated in Bermuda with limited liability
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ISAHK”	iSteelAsia (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“VSC”	Van Shung Chong Holdings Limited, a company incorporated in Bermuda, the securities of which are listed on The Stock Exchange of Hong Kong Limited and a wholly-owned subsidiary of which is a substantial shareholder of the Company
“VSC Hong”	Van Shung Chong Hong Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of VSC
“VSC Group”	VSC and its subsidiaries

By Order of the Board
Drina C. Yue
Director

Hong Kong, 9th January, 2002

This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least 7 days from its date of publication.