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ARCONTECH CORPORATION

(incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PLACING

Number of Placing Shares : 148,000,000 new Shares
(subject to Over-allotment Option)

Issue Price : HK\$1.18 per Share

Par Value : HK\$0.10 each

Stock code : 8097

Global Coordinator, Lead Manger and Sponsor



Co-Managers

The Bank of East Asia, Limited
Grand Cathay Securities (Hong Kong) Limited
First Shanghai Capital Limited

GC Securities Limited
CU Securities Limited
Vickers Ballas Capital Limited

SUMMARY

- The Issue Price was determined at HK\$1.18 per Placing Share.
- The 148,000,000 Placing Shares were approximately 3.0 times subscribed
- The Company has granted to the Underwriters an Over-allotment Option, which is exercisable by ICEA Capital Limited, for itself and on behalf of the Placing Underwriters, at any time during the period of 30 days from the date of the Prospectus of 8 August 2000, to require the Company to issue and allot up to an aggregate of 22,200,000 additional Shares at the Issue Price.
- Immediately following the completion of the Capitalisation Issue and the Placing, approximately 20.56% of the enlarged issued share capital of the Company will be held in the hands of the public.
- Dealings in the Shares on GEM are expected to commence at 10:00 a.m. on Wednesday, 16 August 2000.

This announcement is further to the formal notice of the Company dated 8 August 2000.

Unless otherwise defined herein, the terms used in this announcement have the same meanings as in the prospectus of the Company dated 8 August 2000 (the “Prospectus”)

Issue Price

The Issue Price was determined at HK\$1.18 per Placing Share.

Level of Interest

The 148,000,000 Placing Shares were approximately 3.0 times subscribed and have been conditionally allocated to a total of 179 places as follows:

Number of Shares	Number of Places
2,000 to 88,000	105
100,000 to 400,000	36
500,000 to 800,000	15
1,000,000 to 5,000,000	17
10,000,000	3
20,000,000	2
29,600,000	1
Total:	<u>179</u>

To the best knowledge of the Sponsor and the Directors, all placees are individual, professional and institutional investors, who are independent of and not connected with any of the directors, chief executive, substantial shareholders or management shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Rules Governing the listing of securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (“the GEM Listing Rules”). 4,426,000 Placing Shares have been placed to an affiliate of ICEA, representing approximately 2.99% and approximately 0.61% of the total number of Placing Shares and the enlarged issued share capital of the Company.

Of the total of 148,000,000 Placing Shares, a total of 114,906,000 Placing Shares have been conditionally allocated to the ten largest placees, representing approximately 77.6% and approximately 16.0% of the total number of Placing Shares and the enlarged issued share capital of the Company immediately following the completion of the Capitalisation Issue and the Placing (but before exercise of the Over-allotment Option) respectively.

Investors should be aware that the high concentration of shareholders would affect the liquidity of the Shares. The shareholders and potential investors are advised to exercise extreme caution in dealing with the Shares.

Minimum Public Float

According to the GEM Listing Rules, the Company is required to maintain a public float of not less than 20% of its issued share capital at all times after the listing of the Company on GEM. Immediately following the completion of the Capitalisation Issue and the Placing (but before exercise of the Over-allotment Option), the Company will have a public float of approximately 20.56% of its enlarged issued share capital.

Deposit of Share Certificates into CCASS

The Share Certificates in respect of the Placing Shares are expected to be deposited into CCASS on or before 15 August 2000 for credit to the respective CCASS participants' stock accounts of the Underwriters, the CCASS investor participants' stock accounts or the designated CCASS participants' stock accounts of the placees.

Over-allotment Option

The Company has granted to the Underwriters the Over-allotment Option, which is exercisable by ICEA, on behalf of the Underwriters, at any time during the period of 30 days from the date of the Prospectus of 8 August 2000 to require the Company to issue and allot up to an aggregate of 22,200,000 additional Shares at the Issue Price. If the Over-allotment Option is exercised, an announcement will be made on the GEM website.

Commencement of Dealings

Dealings in the Shares on GEM are expected to commence at 10:00 a.m. on Wednesday, 16 August 2000.

By order of the Board
Tong Ka Ming, Patrick
Director and Company Secretary

Hong Kong, 14 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, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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 and a copy of the Prospectus referred to above will appear on the GEM website at <http://www.hkgem.com>.