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AKM Industrial Company Limited

安捷利實業有限公司

(incorporated in Hong Kong with limited liability under the Company Ordinance)

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

Number of Placing Shares : 140,000,000 Shares
Offer Price : not more than HK\$0.45 per Placing Share
and expected to be not less than
HK\$0.38 per Placing Share
Nominal Value : HK\$0.10 each
Stock Code : 8298

Sponsor and Lead Manager



Barits Securities (Hong Kong) Limited

Co-Lead Manager

GD Guangdong Securities Limited

Co-Managers

CSC Securities (HK) Limited

Japan Asia Securities Limited

Kingsway Financial Services Group Limited

Guotai Junan Securities (Hong Kong) Limited

Karl-Thomson Securities Company Limited

Shenyin Wanguo Capital (H.K.) Limited

Taiwan Securities (HK) Co., Ltd.

- The Placing Price has been fixed at HK\$0.40 per Share, excluding brokerage of 1%, Stock Exchange trading fee of 0.005%, SFC transaction levy of 0.005% and SFC investor compensation levy of 0.002%.
- An aggregate of 140,000,000 Placing Shares have been applied for and were fully subscribed for or purchased and were conditionally allocated by the Underwriters to 118 professional, institutional and individual investors.
- 16,800,000 Placing Shares, representing approximately 12% of the Placing Shares or approximately 3.11% of the Company's enlarged share capital immediately following the completion of the Placing were placed to Kyokuto. Kyokuto owns a 50% interest in GKE, one of the Group's customers and subcontractors. Moreover, another 16,800,000 Placing Shares were placed to Tristar Co. Ltd., which is a wholly-owned subsidiary of a supplier of the Group. Save as disclosed above, all placees are independent of and not connected with any of the Directors, chief executive of the Company, Substantial Shareholders or Initial Management Shareholders or any of their respective associates or any person or group of person as stated in Rule 10.12(4) of the GEM Listing Rules.
- Immediately after the completion of the Placing has taken effect, the public float of the Company will be 25.92% of the then issued share capital of the Company.
- Dealings in the Shares on GEM are expected to commence at 9:30 a.m. (Hong Kong time) on Wednesday, 18 August 2004.

Unless otherwise defined herein, the terms used in this announcement shall have the same meanings as defined in the prospectus of AKM Industrial Company Limited (the "Company") dated 10 August 2004 (the "Prospectus").

PLACING PRICE

The Placing Price was fixed at HK\$0.40 per Share, excluding brokerage of 1%, Stock Exchange trading fee of 0.005%, SFC transaction levy of 0.005% and SFC investor compensation levy of 0.002%.

LEVEL OF INTERESTS IN THE PLACING

An aggregate of 140,000,000 Placing Shares have been applied for and were fully subscribed for or purchased and were conditionally allocated by the Underwriters to 118 professional, institutional and individual investors.

16,800,000 Placing Shares, representing approximately 12% of the Placing Shares or approximately 3.11% of the Company's enlarged share capital immediately following the completion of the Placing were placed to Kyokuto. Kyokuto owns a 50% interest in GKE, one of the Group's customers and subcontractors. Moreover, another 16,800,000 Placing Shares were placed to Tristar Co. Ltd., which is a wholly-owned subsidiary of a supplier of the Group. Save as disclosed above, all placees are independent of and not connected with any of the Directors, chief executive of the Company, Substantial Shareholders or Initial Management Shareholders or any of their respective associates or any person or group of person as stated in Rule 10.12(4) of the GEM Listing Rules.

RESULTS OF ALLOCATION

Pursuant to the Placing, 140,000,000 Placing Shares have been conditionally allocated to a total of 118 placees, details of which are set out below:

	Number of Placing Shares allocated	Approximate percentage of the Placing Shares allocated	Approximate percentage of the entired issued share capital immediately after completion of the Placing
Top placee	24,930,000	17.81%	4.62%
Top 5 placees	91,410,000	65.29%	16.93%
Top 10 placees	127,400,000	91.00%	23.59%
Top 25 placees	138,640,000	99.03%	25.67%

The number of placees and their respective range of shareholding are as follows:

Number of Placing Shares	Number of placees
8,000 to 50,000	100
50,001 to 100,000	1
100,001 to 500,000	3
500,001 to 1,000,000	0
1,000,001 to 5,000,000	6
5,000,001 to 10,000,000	2
10,000,001 to 30,000,000	6
30,000,001 or above	0
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	118
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Investors should be aware that there is a high concentration of Shares held by a small number of Shareholders, which may affect the liquidity of the Shares in the secondary market. Shareholders and potential investors are advised to exercise extreme caution in dealing in the Shares.

MINIMUM PUBLIC FLOAT REQUIREMENT

Pursuant to Rule 25.08 of the GEM Listing Rules, the Company is required to maintain a public float of not less than 25% of its issued share capital at the time when the Shares first commence dealings on GEM and at all times thereafter. Immediately after completion of the Placing and the Share Subdivision has taken effect, the public float of the Company will be 25.92% of the then issued share capital of the Company.

DEPOSIT OF SHARE CERTIFICATES INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on GEM as well as compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the

Listing Date, or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

The share certificates issued in respect of the Placing Shares will be deposited into CCASS on 17 August 2004 for credit to the respective CCASS participants' stock accounts or investor participant stock accounts of the Underwriters or the placees. If any of the events set forth under the paragraph headed "Grounds for termination" in the section headed "Underwriting" in the Prospectus occur at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date, Barits (for itself and on behalf of the Underwriters) is entitled by notice in writing to the Company to terminate the Underwriting Agreement. Should this happen, an announcement of the lapse of the Placing will be published by the Company on the GEM Website on the next day immediately following such lapse.

COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence at 9:30 a.m. (Hong Kong time) on Wednesday, 18 August 2004.

GENERAL

As at the date of this announcement, the executive Directors are Xiong Zheng Feng, Chai Zhi Qiang, Li Ying Hong and Ma Jian Guo; the non-executive Director is Han Li Gang; the independent non-executive Directors are Li Kung Man, Liang Zhi Li and Wang Heng Yi.

By order of the Board
AKM Industrial Company Limited
Xiong Zheng Feng
Chairman

Hong Kong, 17 August 2004

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 will remain on the GEM website at www.hkgem.com, and in the case of this announcement, on the "Latest Company Announcements" page for at least 7 days from the date of its posting.