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ARCONTECH CORPORATION

(Incorporated in the Cayman Islands with limited liability)

**RESIGNATION AND OUTSTANDING APPOINTMENT OF INDEPENDENT
NON-EXECUTIVE DIRECTOR AND MEMBER OF THE AUDIT COMMITTEE
AND
POSTPONEMENT OF THE BOARD MEETING AND PUBLICATION OF
AUDITED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2003**

Mr. Cheung has resigned as an Independent Non-Executive Director and Chairman of the audit committee of the Company with effect from 22 July 2003.

As a result of the resignation, the Company has less than two independent non-executive directors as required under Rule 5.05 of the GEM Listing Rules and the required members in the audit committee at the moment and is therefore not in compliance with Rule 5.23 of the GEM Listing Rules.

The Board Meeting and publication of audited accounts for the year ended 31 March 2003 originally scheduled to be held on 30 July 2003 and the despatch of the annual report of the Company originally scheduled to be done on 1 August 2003 will be postponed until further notice as the Board requires more time to (i) assess the recoverability of its accounts receivables as a result of the winding up petition served on the Company as announced on 18 July 2003; and (ii) to appoint an independent non-executive director in order for the audit committee to review the audited accounts.

Trading in the shares of the Company will remain suspended pending the release of the Company's audited accounts for the year ended 31 March 2003, further information to update shareholders on the Petition and the financial position and operation of the Group.

The board of directors (the “Board”) of Arcontech Corporation (the “Company”) announces that Mr. CHEUNG Kwok Ming, Raymond (“Mr. Cheung”) has resigned as an Independent Non-Executive Director and Chairman of the audit committee of the Company with effect from 22 July 2003 to pursue his personal interest and expand his practice in view of the recently signed Closer Economic Partnership Arrangement. Mr. Cheung has confirmed that no audit committee has ever been called or held, and he did not review any financial documents of the Company during his chairmanship of the audit committee. Mr. Cheung confirmed there are no circumstances connected with his resignation which he considered should be brought to the attention of the members of the Company.

As a result, the Company has less than two independent non-executive directors as required under Rule 5.05 of the GEM Listing Rules and the audit committee is not constituted in compliance with the GEM Listing Rules. The Company has applied for a one month extension until 22 August 2003 in relation to compliance of Rules 5.05 and 5.23 of the GEM Listing Rules. The Company will appoint a new member to the independent non-executive board and the audit committee as soon as possible to ensure compliance thereof.

The Board refers to the announcement dated 28 July 2003 in relation to the postponement of the board meeting and publication of audited accounts for the year ended 31 March 2003 and the despatch of the annual report of the Company. The Board hereby announces that the Board Meeting originally scheduled to be held on 30 July 2003 will be postponed until further notice. The issue of the audited accounts for the year ended 31 March 2003 and the despatch of the annual report of the Company originally scheduled to be done on 30 July 2003 and 1 August 2003 will be postponed until further notice as the Board requires more time to (i) assess the recoverability of its accounts receivables as a result of the winding up petition served on the Company as announced on 18 July 2003; and (ii) to appoint an independent non-executive director in order for the audit committee to review the audited accounts.

Trading in the shares of the Company will remain suspended pending the release of the Company’s audited accounts for the year ended 31 March 2003, further information to update shareholders on the Petition and the financial position and operation of the Group.

By Order of the Board
Arcontech Corporation
Tsoi Siu Ching, Leo
Chairman

Hong Kong, 4 August 2003

This announcement, for which the directors of the Company 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 Group. The directors of the Company, 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 not other matters the omission of which would make any statement in this circular 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 be published on the Company's website and will remain on the GEM website on the "Latest Company Announcement" page for at least 7 days from the date of publication.