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This announcement, for which the directors (the "Directors") of Angels Technology Company Limited (the "Company") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprises Market (the "GEM") of the Stock Exchange (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: (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.

ANGELS TECHNOLOGY COMPANY LIMITED

英 君 技 術 有 限 公 司

(Stock Code : 8112)

(incorporated in the Cayman Islands with limited liability)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

HIGHLIGHTS

- Turnover of the Group for the year ended 31 December 2004 was approximately HK$34 million, representing an increase of approximately 41 per cent. as compared with that of the year ended 31 December 2003.

- The Group recorded a loss attributable to shareholders of approximately HK$4.4 million for the year ended 31 December 2004.

- The Directors do not recommend the payment of dividend for the year ended 31 December 2004.

ANNUAL RESULTS

The board of Directors (the "Board") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to the "Group") for the year ended 31 December 2004 together with the comparative figures for the year ended 31 December 2003 as follows:

	Note	**2004** *HK$'000*	**2003** *HK$'000*
Turnover	2	33,701	23,854
Cost of services		(23,223)	(17,665)
Gross profit		10,478	6,189
Other revenue	2	4	1
Distribution costs		(2,158)	(3,205)
Administrative expenses		(6,194)	(7,860)
Impairment of interest in an associated company		(2,748)	-
Other operating expenses		(2,221)	(3,976)
Operating loss	3	(2,839)	(8,851)
Finance costs	4	(138)	-
Share of losses of associated companies		(1,433)	(1,155)
Loss before taxation		(4,410)	(10,006)
Taxation	5	-	-
Loss attributable to shareholders		(4,410)	(10,006)
Loss per share – basic	7	(2.16)cents	(5.10)cents

Notes:

1 General and basis of preparation

(a) The Company was incorporated in the Cayman Islands on 7 April 2000 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands. The Company's shares were listed on the GEM on 30 August 2001.

(b) The Group reported a loss attributable to shareholders of HK$4,410,000 and a net cash outflow from operating activities of HK$3,009,000 for the year ended 31 December 2004.

The Directors have continued to tighten cost controls over operating costs to improve the cash flows, profitability and operations of the Group. The Directors believe that the Group will have sufficient working capital for its future operational requirements. Accordingly, the financial statements have been prepared on a going concern basis. Currently, the Group's operations are funded by its internal resources. The continuation of the Group's business depends upon the ability of the Group to attain profitable and positive cash flow operations to meet its future working capital and financial requirements.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to the classification of recorded asset amounts, with these assets being written down to their recoverable amounts, and to the amounts and classification of liabilities, to reflect the fact that the Group may be required to realise its assets and extinguish its liabilities other than in the normal course of business, additional liabilities may crystallise and the resulting amounts may differ materially from those stated in the financial statements. The effects of these adjustments have not been reflected in the financial statements.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institue of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

(c) The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2004. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

2 Turnover, revenue and segment information

The Group is principally engaged in the provision of transportation technology solutions in the People's Republic of China (the "PRC"). Revenues recognised during the year are as follows:

	2004 *HK$'000*	2003 *HK$'000*
Turnover		
Revenue from long-term systems integration contracts	33,701	23,854
Other revenue		
Interest income	1	1
Gain on disposal of a fixed asset	3	-
	4	1
Total revenue	33,705	23,855

Turnover represents total value of services rendered to customers net of value-added tax and sales tax.

No segment information is presented as all the Group's turnover and contribution to operating results were substantially derived from the provision of transportation technology solutions carried out in the PRC.

3 Operating loss

Operating loss is stated after charging/(crediting) the following:

	2004 *HK$'000*	2003 *HK$'000*
Auditors' remuneration	320	260
Depreciation of fixed assets	254	499
Fixed assets written off	-	3
Impairment (included in other operating expenses)		
- deposit for software development	579	-
- other receivable	-	187
Operating lease rentals in respect of land and buildings	787	1,101
Provision for doubtful debts	907	2,048
Provision for warranty	(4)	132
Research and development costs	683	1,738
Staff costs (including directors' emoluments) included in:		
- cost of services	390	406
- administrative and distribution expenses	3,050	4,162

4 Finance costs

	2004 *HK$'000*	2003 *HK$'000*
Interest on convertible note	78	-
Other finance costs	60	-
	138	-

5 Taxation

(i) No provision for Hong Kong profits tax has been made as the Group has no estimated assessable Hong Kong profits for the year ended 31 December 2004 (2003: Nil).

The subsidiaries, Beijing Angels Communications Technology Co., Ltd ("Beijing Angels") and Angels ITS (Guangzhou) Co., Ltd ("Guangzhou Angels"), operating in the PRC, are subject to an income tax rate of 33% on their taxable profit in accordance with the income tax law in the PRC. Beijing Angels was approved as a "Newly-established Advanced and New Technology Enterprise" and is therefore entitled to a reduced tax rate of 15%. Pursuant to a notice issued by State Taxation Bureau of Beijing Haidian District on 14 November 2000, tax holiday is granted to Beijing Angels. Beijing Angels is entitled to full exemption from PRC income tax from the years 2000 to 2002 followed by a 50% reduction in the income tax rate (i.e. 7.5%) for the years from 2003 to 2005. Guangzhou Angels has no estimated assessable profits for the year ended 31 December 2004 (2003: Nil).

(ii) At the balance sheet date the Group has unused tax losses of approximately HK$4,767,000 (2003:HK$6,282,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses will expire on 31 December 2007.

6 Dividend

The Directors do not recommend payment of a dividend for the year (2003: Nil).

7 Loss per share

The calculation of loss per share is based on the Group's loss attributable to shareholders of HK$4,410,000 (2003: HK$10,006,000).

The basic loss per share is based on the weighted average number of 204,000,000 (2003: 196,175,000) ordinary shares in issue during the year. A diluted loss per share for the year ended 31 December 2004 has not been disclosed , as the convertible note outstanding during the year had an anti-dilutive effect on the basic loss per share for the year.

A diluted loss per share for the year ended 31 December 2003 has not been shown as there were no potential dilutive ordinary shares in existence during that year.

Movement of reserves

Movements in reserves for the Group during the year were as follows:

	Share premium	Capital reserve	Exchange reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2003	35,365	(1,628)	(144)	(39,858)	(6,265)
Issue of shares from placing	1,800	-	-	-	1,800
Issuing expenses	(155)	-	-	-	(155)
Loss for the year	-	-	-	(10,006)	(10,006)
At 1 January 2004	37,010	(1,628)	(144)	(49,864)	(14,626)
Loss for the year	-	-	-	(4,410)	(4,410)
At 31 December 2004	37,010	(1,628)	(144)	(54,274)	(19,036)

MODIFIED OPINION

Fundamental uncertainty relating to going concern

In forming the auditors' opinion, the auditors have considered the adequacy of the disclosure made in the financial statements concerning the basis of preparation made by the Directors. The financial statements have been prepared on a going concern basis, the validity of which depends upon the ability of the Group to attain profitable and positive cash flows operations to meet its future working capital and financial requirements. The financial statements do not include any adjustments that would result from a failure to attain profitable and positive cash flow operations. Details of the circumstances relating to this fundamental uncertainty are described in note 1(b) above. The auditors consider that the fundamental uncertainty has been adequately disclosed in the financial statements and the auditors' opinion is not qualified in this respect.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Our Group is engaged in the provision of solutions to mechanical and electrical transportation projects in the People's Republic of China (the "PRC"), including solutions for expressway network toll collection system and system integration. The Group is also engaged in the research and development of new products in the information technology industry.

The main projects that our Group has contracted in year 2004 including:

1. "Guangzhou Expressway network toll collection system".

2. "Guangzhou Fanyu Bridge toll collection system"

3. The backup management platform of three expressways from Guangzhou Hunnan Road - Fanyu Bridge - North Third Ring.

4. Three newly built pathways and the back server expansion project of Guangzhou Fanyu Bridge.

5. "Anhui Huizhou - Hangzhou Expressway network software program.

Financial Review

The Group is one of the leading companies engaged in the business of provision of transportation technology solutions in respect of mechanical and electrical transportation projects in the PRC. Due to the successful cost control measures to reduce operational cost and the increase of traffic projects secured by the Group this year, the Group generated an operating loss of approximately HK$2.84 million compared with an operating loss of approximately HK$8.85 million for the year ended 31 December 2003, representing a sharp decrease of approximately HK$6.01 million. The Group's turnover for the year ended 31 December 2004 was approximately HK$33,701,000 (2003: HK$23,854,000), increased by approximately 41% comparing with last year. In respect of our leading network toll collecting systems, turnover of HK$6,996,000 and HK$5,416,000 was derived from the projects of Guangdong Expressway (East, south and west section network toll collection system) and Harbin ring Expressway (West Section) Supervising System.

Consequently, the loss attributable to shareholders decreased from approximately HK$10.0 million to approximately HK$4.4 million was due to effective cost control measures in those projects. Distribution costs for 2004 totalling was approximately HK$2,158,000 (2003: approximately HK$3,205,000). Administrative expenses decreased to approximately HK$6,194,000 in 2004 (2003: approximately HK$7,860,000), which was due to the Group's effective measure taken to maximise operational efficiency and streamline operational expenses.

The management understands that research and development of traffic surveillance software system is very important to our Group. New and efficient software for transportation system e.g. network tolling system can increase our profit margin sharply. The Group has invested approximately HK$683,000 in transportation area for the year 2004.

In July 2004, the Group has successfully issued a convertible note (the "Note") for a principal amount of HK$4,000,000 to VC Finance Limited. The Note bears interest at the rate of 4% per annum and the Noteholder shall have the right to convert the Note into shares (the "Share") of HK$0.10 each of the Company at any time during the period commencing from 7 July 2004 and ending upon on a date falling 18 months therefrom. Assuming the full conversion of the Note at the initial conversion price of HK$0.37, the Note will be convertible into approximately 10,810,810 Shares (subject to adjustment), representing approximately 5.3% of the issued share capital of the Company and approximately 5.03% of the enlarged issued share capital of the Company. The net amount received by the Company after deducting the expenses incidental to the issue of the Note was approximately HK$3,850,000. The net proceeds were retained by the Group for general working capital purpose.

In October, 2004, the Group has acquired 35% equity interest in Smart Mover ITS Technology Co. Ltd ("Smart-Mover") (a start-up business) for a total consideration of HK$2,700,000. Smart-Mover is principally engaged in the provision of traffic information service solutions in Beijing. It is engaged in feeding traffic information and positioning data from the Beijing Public Security Bureau of Traffic Administration via short messaging (SMS) and multimedia. This service is successfully launched on 1 March 2005.

In December 2004, the management of the Group performed an assessment on the recoverability of investment in CTIA VSAT Network Limited. The assessment was based on the value in use of the asset using the present value of estimated future cash flow. As a result of this assessment, the Group has made a full provision on this investment.

The Group adopts an aggressive business development strategy with the objective of playing an important role in the transportation technology solution industry in the PRC. The Group has been implementing cost reduction measures to reduce operational costs. The Directors will continue to be vigilant in controlling operating costs and maintaining operational efficiency with a view to maximising the profitability of the Group

Product and Development

In 2004, the Group still focused on developing the expressway monitoring software system. This product may be widely used in mechanical and electrical expressway project, as well as expressway toll software system. At the same time, the Group also cooperated with various companies to develop PDA handhold tolling equipment which is mainly used in the expressway emergency toll collection business, an area which is expected to have a bright future prospect.

Prospects

The Group will continue to focus on mechanical and electrical transportation projects as well as the sale of products and the development of new products in the information technology industry. In the second half of 2004, the State Council of the PRC approved the future development outlook of expressway to expand the existing expressway total from 34,000 km to about 85,000 km, expecting investment up to RMB2,000 billion. Some major backbone highways will strive to be finished within the next 10 years, which will greatly promote the strong development of mechanical and electrical expressway engineering and create unprecedented market potential. Given this favourable potential environment, the Group will aggressively seek the opportunity to develop and implement solutions of single or multiple expressway toll, communication and monitoring systems for the expressways of all provinces.

Meanwhile, the Group also closely monitors the opportunity for the development of urban traffic management projects, especially by taking advantages of the great business opportunities available during Beijing prepares for the Olympic games before 2008. The indirectly owned associated company of the Group - Smart-Mover ITS Technology Co. Limited has launched the mobile phone based Comprehensive Traffic Information Service System on 1st March, 2005 in Beijing City. It will contain more contents and will provide road users for traffic information and positioning data from Beijing Public Security Bureau of Traffic Administration via short messaging. The Directors have reasons to believe that the development of this business will provide strong support for sustaining the healthy development of the Group.

Capital structure, liquidity and financial resources

As at 31 December 2004, the Group had cash and cash equivalents amounting to a total of approximately HK$4.4 million. Additionally, the Group's gearing ratio was 4.4. This is based on the division of long-term debts by shareholders' funds. The Group's liquidity ratio is 1.28 with no bank borrowing.

The Group's bank deposit of approximately HK$0.7 million is pledged to secure a performance bond issued by a subsidiary in connection with a contract signed with a customer. Other than the above the Group did not have any charges on its assets during the year ended 31 December 2004.

Foreign currency risk

The Group's sales and purchase are mainly transacted in Renminbi and the books are recorded in Hong Kong dollar. Since the exchange rate fluctuation between Hong Kong dollar and Renminbi is very small, the foreign exchange risk is very low and no hedging has been made.

Contingent liabilities

As at 31 December 2004, the Group did not have any material contingent liabilities.

Employee Information

As at 31 December 2004, the Group employed 33 full-time employees which included 30 members of staff were employed in the PRC. The Group has entered into employment contracts with all of its employees. The remuneration package for its staff comprised of monthly salary, provident fund contributions, medical claims, training programmes, housing allowance and discretionary options based on their contribution to the Group.

The Group has not experienced any significant labour disputes during the year under review which led to the disruption of its normal business operation. The Directors consider the Group's relationship with its employees to be good.

Code of Conduct Regarding Securities Transaction by Directors

During the year ended 31 December 2004, the Company had adopted a code of conduct regarding securities transactions by Directors on term no less exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all Directors of the Company, the Company is not aware of any non-compliance by any of the Directors with the required standard of dealings and the Company's code of conduct regarding securities transactions by the Directors.

Sponsor's Interests

Pursuant to a sponsor agreement dated 23 August 2002 made between the Company and Goldbond Capital (Asia) Limited ("Goldbond"), Goldbond was appointed as the sponsor of the Company as required by GEM Listing Rules at a fee for the period from 30 August 2002 to 31 December 2003. The sponsor agreement expired on 31 December 2003. The Company did not appoint any compliance adviser (as defined in Rule 6A.01 of the GEM Listing Rules) thereafter.

Audit Committee

The Company established an audit committee on 16 August 2001, comprising the independent non-executive Directors, namely Mr. Yang Xiaoping, Mr. Zhao Ming and Ms. Wu Xin. The written terms of reference of the audit committee comply with the GEM Listing Rules. The primary duties of the audit committee of the Company are to review the Company's annual reports and financial statements, half-year reports and quarterly reports and to provide advices and comments thereon to the Board. The audit committee of the Board will also be responsible for supervising and reviewing the financial reporting process and internal control system of the Group.

The audit committee of the Company held four meetings during the year ended 31 December 2004.

The audit committee has reviewed the annual results for the year ended 31 December 2004.

Material acquisitions and significant investment

The Group has no material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 December 2004 and currently it has no plan for material investment or capital assets.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased or sold or redeemed any of the Company's shares during the year.

Board practices and procedures

The Company has complied with Board Practices and Procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules throughout the year ended 31 December 2004.

By order of the Board
Yan, Daniel X.D.
Chairman

29 March 2005, Beijing

At the date of this announcement, the Board comprises:

Excective Directors
Mr. Yan, Daniel X.D.
Mr. Lau, Andrew Kim
Mr. Zhu Quan
Ms. Shek Ying, Christine

Independent Non-Executive Directors
Mr. Yang Xiaoping
Mr. Zhao Ming
Ms. Wu Xin

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