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This announcement, for which the directors (the “Directors”) of Angels Technology Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited 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

ANGELS TECHNOLOGY COMPANY LIMITED

英君技術有限公司

(incorporated in the Cayman Islands with limited liability)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003**

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED (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 and no assurance is given that there will be a liquid market in securities traded on GEM.

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HIGHLIGHTS

- Turnover of the Group for the year ended 31 December 2003 was approximately HK\$24 million, representing an increase of approximately 2 per cent. as compared with that of the year ended 31 December 2002.
 - The Group recorded a loss attributable to shareholders of approximately HK\$10 million for the year ended 31 December 2003.
 - The Directors do not recommend payment of dividend for the year ended 31 December 2003.
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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 2003 together with the comparative figures for the year ended 31 December 2002 as follows:

	<i>Note</i>	2003 HK\$'000	2002 HK\$'000
Turnover	2	23,854	23,423
Cost of services		<u>(17,665)</u>	<u>(20,531)</u>
Gross profit		6,189	2,892
Other revenue	2	1	59
Distribution costs		(3,205)	(3,937)
Administrative expenses		(7,860)	(10,411)
Other operating expenses		<u>(3,976)</u>	<u>(26,874)</u>
Operating loss	3	(8,851)	(38,271)
Share of loss of an associated company		<u>(1,155)</u>	<u>(1,912)</u>
Loss before taxation		(10,006)	(40,183)
Taxation	4	<u>-</u>	<u>-</u>
Loss attributable to shareholders		<u>(10,006)</u>	<u>(40,183)</u>
Loss per share - basic	6	<u>(5.10)cents</u>	<u>(21.32) cents</u>

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\$10,006,000 and a net cash outflow from operating activities of HK\$2,952,000 for the year ended 31 December 2003, and consolidated net current liabilities of HK\$2,254,000 at 31 December 2003.

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 Society of Accountants ("HKSA"). They have been prepared under the historical cost convention.

In the current year, the Group adopted the revised Hong Kong Statement of Standard Accounting Practice No. 12 "Income Taxes" issued by the HKSA which is effective for accounting periods commencing on or after 1 January 2003.

(c) The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2003. 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:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Turnover		
Revenue from long-term systems integration contracts	23,854	23,423
Other revenue		
Interest income	1	59
Total revenue	<u>23,855</u>	<u>23,482</u>

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

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

3 Operating loss

Operating loss is stated after charging the following:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Auditors' remuneration	260	280
Amortisation of goodwill	-	653
Depreciation of fixed assets	499	532
Fixed assets written off	3	-
Impairment (included in other operating expenses)		
- deposits for software development	-	5,935
- fixed assets	-	304
- goodwill	-	8,059
- other receivable	187	-
Loss on disposal of fixed assets	-	149
Operating lease rentals in respect of land and buildings	1,101	1,418
Provision for doubtful debts	2,048	470
Provision for warranty	132	362
Research and development costs	1,738	588
Staff costs (including directors' emoluments) included in:		
- cost of services	406	350
- administrative and distribution expenses	4,162	6,269
Written off the amounts due from customers for contract works (included in other operating expenses)	-	10,704

4 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 2003 (2002: 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 2003 (2002: Nil).

(ii) There was no material unprovided deferred taxation for the year.

5 Dividend

The Directors do not recommend payment of a dividend for the year (2002: Nil).

6 Loss per share

The calculation of loss per share is based on the Group’s loss attributable to shareholders of HK\$10,006,000 (2002: HK\$40,183,000).

The basic loss per share is based on the weighted average number of 196,175,000 (2002: 188,515,000) ordinary shares in issue during the year. Diluted loss per share was not presented because there were no potential dilutive ordinary shares in existence during the year (2002: Nil).

7. Movement of reserves

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

	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits/ (accumulated losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2002	20,810	(1,628)	(144)	325	19,363
Acquisition of an associated company	14,760	-	-	-	14,760
Issuing expenses	(205)	-	-	-	(205)
Loss for the year	-	-	-	(40,183)	(40,183)
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 31 December 2003	<u>37,010</u>	<u>(1,628)</u>	<u>(144)</u>	<u>(49,864)</u>	<u>(14,626)</u>

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 flow 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 devoted to the solution of mechanical and electrical transportation projects in the PRC, the whole solution of Expressway network toll collection system and system integration and R&D of new product in IT industry.

The main projects that our Group has contracted in year 2003 were:

1. “Yuxi-Yuanjiang Expressway toll collection system expansion” project in Yunnan province.
2. “Yuanjiang - Mohei Expressway toll collection system” project in Yunnan province.
3. The second phase of the “Huanan Expressway toll collection system” project in Guangdong province.
4. “Harbin ring Expressway (West Section) Supervising System” project in Helongjiang province.
5. “Yanshan-Pingyuanjie Expressway toll collection system” project in Yunnan province.
6. “Shenzhen - Shentou toll collection software” project in Guangdong province.
7. Signed several open-ended toll collection system projects in Hebei province, Hunan province, Helongjiang province, inner-Mongolia etc in the PRC.
8. From the end of year 2002 to the beginning of year 2003, signed Fujian province Fuding-Ningde Expressway vehicle license identification system (44 lanes) and Fujian province Luoyuan-Changle Expressway vehicle license identification system (24 lanes), which were both finished in year 2003. At the same time, we completed Yunnan province Dali-Baoshan Expressway vehicle license identification system (40 lanes) in year 2003.
9. Signed a couple of contracts with General Administration of Sport on the Intelligent Building Project of the Swimming Gymnasium, Diving Gymnasium, Water-polo gymnasium, Gymnasium and Guest house, GAS commission IT intelligent administrative system and DDN network access system.

Financial Review

The number of companies participation in mechanical and electrical transportation projects is increasing in the PRC, which has brought keen competition to the industry. The Group has been implementing cost measures to reduce operational costs. Cost reduction measures have been put in place in the areas of headcount and professional fees. The cost of salary was approximately HK\$4,568,000 (2002: HK\$6,619,000), decreased by 31%. The SARS impact in the PRC, especially in Beijing led to delay the Group's turnaround momentum such that the results could have been better without SARS. The Group's turnover for the year ended 31 December 2003 was approximately HK\$23,854,000 (2002: HK\$23,423,000), increased by 2% comparing with last year. In respect of the network toll collection systems, turnover of HK\$8,869,000 and HK\$7,227,000 was derived from the projects of Jixi-Mudanjiang Expressway and Yuxi-Yuanjiang Expressway respectively. The gross profit margin increased from 12% to 26% was due to the successful cost measures in those projects.

Consequently, loss attributable to shareholders for the year ended 31 December 2003 reduced to approximately HK\$10,006,000 as compared to approximately HK\$40,183,000 for the corresponding year ended 31 December 2002. Distribution costs for 2003 totalling approximately HK\$3,205,000 (2002: approximately HK\$3,937,000). Administrative expenses decreased to approximately HK\$7,860,000 in 2003 (2002: approximately HK\$10,411,000), which was due to the Group's concerted efforts to maximise operational efficiency and streamline operational expenses. The Group has taken actions to reduce the basic salary of its management and working staff, including the executive directors. Cost reduction measures have been put in place in the areas of headcount and professional fees, these cost-control measure proved to be effective in lowering the Group's overall administrative expenses.

The management is dedicated to the research and development of the traffic surveillance system. The intelligent traffic management system will enhance the ride of passengers. The Group will develop a new city traffic management solution base on the existing transportation technology solution and will represent a first move of this kind in the PRC. The Group has invested approximately HK\$1,738,000 for the year 2003.

The Company received the audited consolidated financial statements of the CTIA VSAT Network Limited together with its subsidiary (the "CTIA Group") for the year ended 31 December 2002 on 24 July 2003. According to the audited consolidated financial statements of the CTIA Group, as at 31 December 2002, the audited net liabilities of the CTIA Group amounted to HK\$5,385,477 which represent a diminution of HK\$9,772,048 (the "shortfall") when compared with the audited net asset value of the CTIA Group as at 31 December 2001 of HK\$4,386,571. The 40% of the shortfall of approximately HK\$3,908,819, will be payable by Excellent Idea Group Limited and its ultimate owner (together the "Indemnifiers") upon the Company's demand. The Company is

currently negotiating with the Indemnifiers on the repayment term.

In August 2003, the Group has successfully placed 12,000,000 new shares, those shares represented approximately 6.25 % of the issue share capital of the Company at the time of the new issue and approximately 5.88% of the enlarged issue share capital of the Company. The net proceeds were retained by the Group for general working capital purpose.

The Group's liquidity ratio is deteriorated in year 2003, which was due to comparatively more projects were contracted in the last quarter of the year 2003. These receipts were included in the amount due to customer for contract works of the balance sheet. Based on the Hong Kong Statement of Statement Accounting Practice No. 23 "HKSSAP", no revenue was recognised from these projects though we have done some foundation works on them. If the amounts due to customers for contract works are excluded, the Group's liquidity ratio is 1.08.

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

"The DY2000-Vehicle Licence Identificate" was widely adopted in year 2003. This product has been upgraded many times after continuing practice in order to fit for all kinds of special demand in different fields. After improvement, the adaptability of this product in environment of low light degree and high speed is much better than before. The product will have wide practical value in not only expressway toll collection system area, but also in other areas such as city communication management and customs inspection. Therefore, it can bring more benefit for our Group.

Prospect

Our Group will still focus on mechanical and electrical transportation projects as well as the sale of products and the relevant project of IT industry. While sustaining the leading position in the mechanical and electrical transportation engineering of a single expressway, the Group will strive to develop and implement expressway network toll collection system projects in each province and several expressway networks. Our Group has already joined the bid for the following projects, most of which are the expansion of the contracted projects of our Group, especially in network toll collection section. These projects are: "Shenzhen Expressway network toll system project" (including original system classification and the following system of accounts allocated by regions), "Guangzhou expressway (East, south west section) network toll collection system", "Guangdong

province Fanyu Bridge network toll collection system”, “Guangdong province Huanan Expressway network toll collection system” and “Yunnan province Yuxi –Yuanjiang, Yuanjiang-Mohei Expressway network toll collection system” etc.

According to the analysis of the practical experience in mechanical and electrical transportation projects, the Directors believe that the rapid development of this field is inevitable and anticipate a favourable result can be achieved in the next financial year while the long term growth prospect of the Group remains strong.

Capital structure, liquidity and financial resources

In August 2003, the Group has successfully placed 12,000,000 new shares, those shares represented approximately 6.25 % of the issue share capital of the Company at the time of the new issue and approximately 5.88 % of the enlarged issue share capital of the Company. The net proceeds were retained by the Group for general working capital purpose.

As at 31 December 2003, the Group had cash and cash equivalents amounting to a total of approximately HK\$3.5 million. Additionally, the Group’s gearing ratio was zero. This is based on the division of long-term debt by total assets. The Group’s liquidity ratio is 0.82 with no bank borrowing.

The bank deposit of the Group 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 2003.

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 2003 the Group did not have any material contingent liabilities.

Employee Information

The Group employed 42 full time employees with included 39 members of staff employed in the PRC as at 31 December 2003. Remuneration of the 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.

Material acquisitions and significant investment

The Group has no material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 December 2003, it has no plan for material investment or capital assets.

THE COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the actual business progress in the year 2003 as measured against the statement of business objectives set out in the prospectus (the “Prospectus”) of the company dated 22 August 2001. The administrative team of our Group will continue to check their aim and strategy, and adjust when necessary.

Business Objectives

Actual Business Progress

Transportation technology solutions

Implementation “One-card-pass” electronic toll collection technology on part of the expressway networks in Guangdong province

Networking toll project has been implemented section by section.

Complete system design for “One-card-pass” electronic toll collection technology on the expressway networks in Yunnan Province

Finished. The project will be implemented section by section.

Freight logistics management information system

Complete the implementation of Guangzhou logistics management information system on most of the operating truck depots in Guangzhou

A significant capital is required for this project by the developer so the decision process is delayed then the development of the logistics management system has slowed down.

Promote the logistics management information system in other major cities in Southern China

The movement of existing goods and the setting up of new yards has slowed down, as a result, the implementation of the project is delayed.

Research and development

To research on national standards of expressway systems integration

Cooperate with the relevant specialists from national ITS center.

To research on the technology of automatic verification of vehicle registration numbers

In the process of vehicle management test using RFTD technology.

Resources, employment and administration

Establish a software development center in Guangzhou, Guangdong province in the PRC

This project is delayed because the slow progress of the logistics management projects.

Expand the software development department

Expanded.

USE OF PROCEEDS

The net proceeds from the initial public offering (the “IPO Proceeds”) had been applied in the following areas:

	Actual use for the year ended 31 December 2001 (Note 1) HK\$ million	Actual use for the year ended 31 December 2002 (Note 2) HK\$ million	Actual use for the year ended 31 December 2003 HK\$ million	Amount utilized up to 31 December 2003 HK\$ million	Adjusted use of the IPO Proceeds (Note 3) HK\$ million
Transportation technology solutions	1.7	3.1	0.3	5.1	5.1
Freight logistics management information system	1.9	0.5	-	2.4	2.4
Research and development	3.8	2.4	0.1	6.3	6.3
Resources, employment and administration	0.1	0.1	-	0.2	0.2
	<u>7.5</u>	<u>6.1</u>	<u>0.4</u>	<u>14.0</u>	<u>14.0</u>

Notes:

1. Details have been set out in the 2001 Annual Report.
2. Details have been set out in the 2002 Annual Report.
3. Details of adjusted use of the IPO Proceeds have been set out in the announcement made by the Group on 21 November 2002.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during the year.

SPONSOR'S INTEREST

Pursuant to an agreement dated 23 August 2002 entered into between the Company and Goldbond Capital (Asia) Limited (“Goldbond”) (formerly known as Asia Investment Capital Limited), Goldbond has been appointed by the Company as the Company’s sponsor and is entitled to receive a fee for the period from 30 August 2002 to 31 December 2003.

Save as disclosed herein, none of Goldbond, its directors, employees or associates (as referred to in Rules 6.35 of the GEM Listing Rules) had any interests in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) as at 31 December 2003.

BOARD PRACTICES AND PROCEDURES

The Company has complied throughout the year ended 31 December 2003 with Board Practices and Procedures as set out in rules 5.28 to 5.39 of the GEM Listing Rules.

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

29 March 2004, Beijing

This announcement will remain on the “Latest Company Announcements” page of the GEM website with the domain name of www.hkgem.com for at least seven days from its date of posting.