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**ANGELS**

**ANGELS TECHNOLOGY COMPANY LIMITED**

**英君技術有限公司**

*(incorporated in the Cayman Islands with limited liability)*

## **UPDATE ON THE ACQUISITION OF EQUITY INTEREST IN CTIA VSAT NETWORK LIMITED**

The Board announces that the Company has served a demand on the Indemnifiers pursuant to an undertaking given by each of the Indemnifiers to indemnify the Company a sum equal to 40% of the diminution in the audited net asset value of the CTIA Group as at 31 December, 2002 as compared with the audited net asset value of the CTIA Group as at 31 December, 2001. Results of the CTIA Group have been properly reflected in the audited results of the Group for the year ended 31 December, 2002 in accordance with the accounting policies of the Company without taking into account the amount payable by the Indemnifiers, which would be recorded as other income upon receipt by the Company. The Board considers that the above has no material impact on the financial position of the Group as at 31 December, 2002. The Company is currently negotiating with the Indemnifiers on the repayment terms.

Reference is made to the announcement of the Company dated 11 April, 2002 and the circular of the Company dated 3 May, 2002.

On 11 April, 2002, the board (the “Board”) of directors of the Company announced the acquisition (the “Acquisition”) by the Company of 40% equity interest in CTIA VSAT Network Limited (“CTIA” and together with its subsidiaries, the “CTIA Group”) from Excellent Idea Group Limited (“Excellent”) as vendor. The Acquisition was completed in April 2002 and CTIA became an associated company of the

Company.

As set out in the announcement of the Company dated 11 April, 2002, Excellent and its ultimate owner, Mr. Mai Binghui (together the “Indemnifiers”), being independent third parties to the Company, have jointly and severally warranted to the Company that the audited net asset value of the CTIA Group as at 31 December, 2002 would be no less than the audited net asset value of the CTIA Group as at 31 December, 2001 and in the event that there has been any diminution in the audited net asset value of the CTIA Group as at 31 December, 2002, each of the Indemnifiers has undertaken to indemnify the Company a sum equal to 40% of such diminution payable upon the Company’s demand.

The Company received the audited financial statements of the CTIA Group for the year ended 31 December, 2002 on 24 July, 2003. According to the audited 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 represents a diminution (the “Shortfall”) of HK\$9,772,048 when compared with the audited net asset value of the CTIA Group as at 31 December, 2001 of HK\$4,386,571. Pursuant to the indemnity mentioned above, an amount of HK\$3,908,819.20, which represents 40% of the Shortfall, will be payable by the Indemnifiers upon the Company’s demand.

The Company has served a demand on the Indemnifiers subsequent to the receipt of the audited financial statements of the CTIA Group. Results of the CTIA Group have been properly reflected in the audited results of the Group for the year ended 31 December, 2002 in accordance with the accounting policies of the Company without taking into account the amount payable by the Indemnifiers, which would be recorded as other income upon receipt by the Company. The Board considers that the above has no material impact on the financial position of the Group as at 31 December, 2002. The Company is currently negotiating with the Indemnifiers on the repayment terms.

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

Hong Kong, 25th July, 2003

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least seven days from the date of its posting.*