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This announcement, for which the directors (the “Directors”) of Angels Transport 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 of The Stock Exchange of Hong Kong Limited (“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

ANGELS TRANSPORT TECHNOLOGY COMPANY LIMITED

英君交通系統技術有限公司

(Incorporated in the Cayman Islands with limited liability)

**RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER, 2001**

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) 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.

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HIGHLIGHTS

- The shares of the Company have been listed on GEM since 30 August, 2001.
- Turnover of the Group for the year ended 31 December, 2001 was approximately HK\$18 million, representing a decrease of approximately 57 per cent. as compared with the period ended 31 December, 2000.
- The Group recorded a net loss of approximately HK\$11,391,000 for the year ended 31 December, 2001.
- The Directors do not recommend payment of a dividend for the year ended 31 December, 2001.

RESULTS

The board (the “Board”) of Directors are pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December, 2001 together with the comparative figures for period ended 2000 as follows:

		Year ended 31 December 2001	Period from 10 January 2000 to 31 December 2000
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	18,048	41,553
Cost of sales		<u>(13,945)</u>	<u>(22,619)</u>
Gross profit		4,103	18,934
Other revenue	2	162	35
Distribution costs		(1,877)	(1,331)
Administrative expenses less depreciation		(13,150)	(5,467)
Depreciation		<u>(629)</u>	<u>(464)</u>
Operating (loss)/profit		(11,391)	11,707
Taxation	3	<u>—</u>	<u>—</u>
(Loss)/profit attributable to shareholders		<u><u>(11,391)</u></u>	<u><u>11,707</u></u>
Basic (loss)/earnings per share	4	<u><u>(7.75) cents</u></u>	<u><u>9.01 cents</u></u>

1. Group reconstruction 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.
- (b) On 16 August, 2001, pursuant to a group reconstruction (the “Reconstruction”) in preparation for a listing of the Company’s shares on GEM of the Stock Exchange, the Company acquired the entire issued share capital of Angels Intelligent Transportation Systems Company Limited (“Angels Transport”) and Angels Logistics Systems (Guangzhou) Company Limited (“Angels Logistics”) through a share swap and became the holding company of Angels Transport and Angels Logistics and their respective subsidiaries. Details of the Reconstruction are set out in the prospectus (the “Prospectus”) of the Company dated 22 August, 2001. The Company’s shares were listed on the GEM of the Stock Exchange on 30 August, 2001.
- (c) Merger accounting is adopted in the preparation of the Group’s consolidated accounts pursuant to Hong Kong Statement of Standard Accounting Practice (“SSAP”) No.27, “Accounting for Group Reconstructions”, under which the accounts of the Company and the consolidated accounts of Angels Transport and Angels Logistics are combined as if the Reconstruction has been carried out from 10 January, 2000, the date of incorporation of Angels Transport and Angels Logistics. In the opinion of the Directors, the consolidated accounts prepared on the above basis present more fairly the results and the state of affairs of the Group as a whole.
- (d) The consolidated accounts of Angels Transport were prepared based on acquisition accounting since the acquisition of its subsidiary, Beijing Angels Communications Technology Co., Ltd (“Beijing Angels”), was achieved through the payment of a cash consideration on 18 February, 2000. Under this basis, Angels Transport’s consolidated profit and loss account, cash flow statement and statement of recognised gains and losses for the period ended 31 December, 2000 include the results, cash flows and recognised gains and losses of Angels Transport and its subsidiaries for the period from 10 January, 2000 (the date of incorporation of Angels Transport) or the results of its subsidiaries from their respective dates of acquisition to 31 December, 2000. In respect of the Group’s consolidated balance sheet as at 31 December, 2000, it comprises the balance sheet of Angels Transport and Angels Logistics and their subsidiaries already acquired as at 31 December, 2000.
- (e) The Group’s consolidated accounts 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. The accounts are prepared under the historical cost convention.

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"). Revenue recognised during the year/period were as follows:

	Year ended 31 December 2001 HK\$'000	Period from 10 January 2000 to 31 December 2000 HK\$'000
Turnover		
Revenue from long-term systems integration contracts	18,048	41,553
Other revenue		
Interest income	<u>162</u>	<u>35</u>
Total revenue	<u><u>18,210</u></u>	<u><u>41,588</u></u>

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

During the year/period, the Group has operated in the PRC, in one business segment and provided a single service. Accordingly, no further segment analysis is presented.

3. 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, 2001 and period from 10 January, 2000 to 31 December, 2000.
- (ii) The subsidiaries, 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.

Pursuant to a renewal notice issued by the Local Taxation Bureau of Beijing Haidian District on 14 November, 2000, 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 was approved as a "newly established advanced and new technology enterprise" on 19 September, 2000 and is therefore entitled to a reduced tax rate of 15%. Guangzhou Angels had no assessable profits for the year ended 31 December, 2001 and period from 10 January, 2000 to 31 December, 2000.

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

4. (Loss)/earnings per share

Basic loss per share is calculated based on the Group's loss attributable to shareholders of HK\$11,391,000 and on the weighted average number of 146,986,000 shares in issue during the year.

The comparative earnings per share is calculated based on the Group's profit attributable to shareholders of HK\$11,716,000 and an aggregate of 130,000,000 shares, comprising 1 share issued at HK\$0.1 on 7 April, 2000 immediately after the incorporation of the company together with 9 shares issued at HK0.1 each on 7 June, 2000 and 129,999,990 shares issued at HK\$0.1 on 16 August, 2001 upon completion of Reconstruction, which were deemed to have been in issue since 10 January, 2000, the date of incorporation of Angels Transport and Angels Logistics.

Diluted (loss)/earnings per share was not presented because there were no potential dilutive ordinary shares in existence during the year (period ended 2000: Nil).

5. Dividend

The Directors do not recommend payment of a dividend for the year, (period ended 2000: Nil).

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 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 10 January, 2000	–	–	–	–	–
Acquisition of a subsidiary by Angels Transport	–	1,418	(9)	–	1,409
Profit for the period	–	–	–	11,716	11,716
	<u>–</u>	<u>–</u>	<u>–</u>	<u>11,716</u>	<u>11,716</u>
At 31 December, 2000	<u>–</u>	<u>1,418</u>	<u>(9)</u>	<u>11,716</u>	<u>13,125</u>
At 1 January, 2001	–	1,418	(9)	11,716	13,125
Reserve arising from the Reconstruction	–	(3,046)	–	–	(3,046)
Exchange difference on the translation of the accounts of subsidiaries	–	–	(135)	–	(135)
Issue of shares upon listing	30,000	–	–	–	30,000
Issuing expenses	(9,190)	–	–	–	(9,190)
Loss for the year	–	–	–	(11,391)	(11,391)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(11,391)</u>	<u>(11,391)</u>
At 31 December, 2001	<u>20,810</u>	<u>(1,628)</u>	<u>(144)</u>	<u>325</u>	<u>19,363</u>

REVIEW

The Group is principally engaged in the provision of transportation technology solutions in respect of toll collection, traffic surveillance, optical fibre road network communication power supply systems for highways and expressways in the PRC. The Group had reached remarkable results in its operation in 2001.

In October 2001, the Kunming Yuxi expressway project, which is the longest six-lane expressway in the South-western China, was successfully completed and opened to traffic. This stands as one of the notable landmarks in the construction of Yunnan highways and ended the lack of six-lane expressways in Yunnan Province and South-western China. With the success of Kunming Yuxi expressway, there is an encouragement of various exploration of Yunnan highway construction, and thus created the value for Yunnan transportation. The open up of Kunming Yuxi expressway has lead to a positive and far-reaching influence for the Group in building up a good image in the Yunnan area.

The Group applied various advanced technologies in the Kunming Yuxi expressway project. The Group had fully integrated the patented B & A expressway toll collection system software and the IBM AS/400 minicomputers and firmly operated in the Kunming Yuxi expressway project. In addition, the optical fibre emergency telephone systems developed by the Group was successfully implemented onto the Kunming Yuxi expressway. At the meantime, the Group's optical network solution was effective, building a foundation for the Group's future development in this area. This technology was not only being the first launched in the Kunming Yuxi expressway, but also is the first kind to be used in the industry. This created a solid base for the Group's business in the Yunnan Province.

The Group cooperated with China Harbour Engineering Group to lead the project of Huhehaote Baotou expressway, a part of the Dan-la national trunk highway. Huhehaote Baotou expressway marks a significant development as it is the first expressway in Inner Mongolia, which is expected to have a profound influence on the transportation network development in the area.

In 2001, the Group also undertook the toll collection and surveillance system project of Xiangtansan Bridge, the toll collection system project of the Guangdong Shaoguan Maba toll station and the Inner Mongolia Ningcheng Wuhua toll station. All three projects were completed with acceptance certificates issued whereby they were recognized and appreciated by the project owners concerned.

FINANCIAL HIGHLIGHTS

The Group is one of the first companies to be engaged in the business of provision of transportation technology solutions in respect of toll collection, traffic surveillance, optical fibre road network communication and power supply systems for highways and expressways in the PRC. It provides transportation technology solutions on a turnkey basis which mainly involves system design and implementation, staff training and system maintenance. The Group's freight logistics management information system is still under development and has not yet contributed to the Group's turnover for the year ended 31 December, 2001

During the first year of listing on the GEM, the Group recorded a turnover of approximately HK\$18 million, representing a decrease of approximately 57 per cent as compared with period ended 31 December 2000, which was principally due to the decrease in number of projects on hand, from the provision of transportation technology solutions, out of which turnover of approximately of HK\$12.9 million was derived from the Kunming Yuxi Expressway project and approximately HK\$4.8 million was from the Huanan Expressway project. The gross profit margin decreased significantly from that of the previous year. Such decrease was mainly due to the Group had offered a competitive price for the Kunming Yuxi Expressway project, as the project is located in Yunnan Province. The marketing strategy of the Group was aimed to attract other potential customers in Yunnan Province in the future. A net loss of approximately HK\$11.4 million was recorded for the year, representing a net loss of approximately HK7.75 cents per share.

Except for the investment in securities which the management considered will enhance the overall financial return of the Group, there was no significant investment held by the Group nor material acquisitions and disposals of subsidiaries during the year.

As at 31 December 2001, the Group had cash and cash equivalents amounting to approximately HK\$12.8 million. The Group's gearing ratio was zero (this is based on the division of long term debt by total assets) and the liquidity ratio was 1.9, reflecting the Group had maintained a strong liquidity position with no borrowings.

The Group's sales and purchases are mainly transacted in Renminbi and the books are recorded in Hong Kong dollars. Since the exchange rate fluctuation between Hong Kong dollars and Renminbi has not been material, the foreign exchange risk was very low and no hedging had been undertaken.

As at 31 December, 2001, the Group had outstanding contracted capital commitments amounting to approximately HK\$3.7 million in respect of purchase of materials for projects and software development costs. As at 31 December, 2001, the Group did not have any material contingent liabilities.

The Group employed 82 full time employees which included 75 members of staff employed in the PRC as at year end. Remuneration of the staff comprised monthly salaries, provident fund contributions, medical claims, training programmers and housing allowances. The Group had not experience any significant labour disputes or substantial change in the number of its employees during the year ended 31 December 2001 which led to the disruption of its normal business operations. The Directors consider the Group's relationship with its employees to be good.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Key Business objectives for the period ended 31 December, 2001

Actual Business Progress

Transportation technology solutions

- Complete systems integration for the Chuxiong-Dali Expressway
Not yet completed because of an unexpected implementation problem of the expressway toll collection system which was installed by the lead-contractor of the project and another sub-contractor. As the system integration is inter-related, the Group was not able to complete its communication switching system and the relevant power supply system.
- Implement store-value smartcard technology on the Guangzhou Huanan Expressway
The hardware, software and system design have been commenced.
- Complete the Kunming Yuxi Expressway project
The system integration for the Kunming Yuxi Expressway was completed in November 2001 and the Kunming Yuxi Expressway is currently opened to traffic & under trial operation.
- Complete the Xiangtansan Bridge project
The Xiangtansan Bridge project was completed in September 2001.

Freight logistics management information system

- Complete the development of computer software for freight logistics management system which includes seven sub-systems, namely system management, property and facilities management, transportation logistic, ordering, information system and e-business
The development of computer software for freight logistics management system has commenced.

Research and development

- Research on the intelligent police traffic surveillance system
The Group has completed the research and development on the intelligent police traffic surveillance system. This product has been launched.

- Develop the smart-card counting machine as a component of “B&A Expressway Toll Collection System” Development has been completed and the product has been launched.
- Research on the broadband fibre communication system for expressways Specification design has commenced.

Resources, employment and administration

- Recruit one professional with strong backgrounds in logistic management One consultant has been employed

Use of proceeds

The net proceeds from the placing was approximately HK\$26million. The net proceeds had been applied in the following areas:

	<i>note</i>	Proposed <i>HK\$ million</i>	Actual <i>HK\$ million</i>
Transportation technology solutions		1.5	1.7
Freight logistics management information system	1	0.5	1.9
Research and development	2	1.5	3.8
Resources, employment and administration		0.2	0.1
Repayment of loan due to a related company		2.2	2.2
		<u>5.9</u>	<u>9.7</u>

Reasons for material differences between planned business objectives and actual business progress up to 31 December 2001 are set out below.

Note 1

The Group and a company in Guangzhou had entered into a cooperative agreement in respect of the development of Guangzhou expressway network logistic information system. The Group has contributed fund for the development of the project which is still in progress.

Note 2

With the successful accession to the World Trade Organization and the hosting of the 2008 Olympic Games in Beijing, China has entered into a period of rapid economic development. The State Traffic Management Department of the PRC has stipulated a completely new city traffic management system to replace the inefficient old traffic management system. In addition, the PRC Government had abolished the Unit Allocation Housing System, giving rise to a demand for private housing as never seen before. As living standards rise, so has the requirement for a higher standard and personal safety. In this respect, the Group has positioned itself well on this emerging market by having commenced research and development on those areas. Along with its established strong relationship with the State Traffic Management Department, we can reasonably believe that there is extensive room for the development of its business.

The remaining net proceeds have been placed with a licensed bank in Hong Kong for future use as identified by the Group's business plans as stated in the prospectus. The Board does not envisage any circumstances that may lead to any material alteration to the proposed use of the use of the net proceeds

SALES AND MARKETING

The Group's strategy is to continue to be engaged in transportation system projects and related marketing activities with an emphasis on the Yunnan, Heilongjiang and Inner Mongolia markets-areas in which the Group enjoys especially good relation. Various districts in the PRC have also been identified where more effort will be geared to road construction.

The Group has signed two contracts in 2002, namely the Kunming Shilin expressway project and the Kunrui expressway linkage center construction station in Yunnan Province. Negotiations are under way to participate in the Daili Baoshan and Qujing Shengjingguan project. Additionally, the Yushan Yuanjiang highway traffic engineering project, is in its early preparatory stage. The Group will also participate in the Mudanjiang Jixi high-graded highway engineering project in Heilongjiang in the first half of the year 2002..

The focal point for business growth still rests with the Group's urban information technology system and its related products, the DY2000-Vehicle License Identification System. The Group had entered into a letter of intent in respect of the Daili Baoshan highway vehicle license identification system. The Group aims to obtain one-third of the highway transportation system segment. The Group shall go about this through different strategies. On the other hand, ongoing projects are being carefully monitored. The Group has built a solid foundation with related customers for the entrance guard system and the automatic regulating building system. Preliminary intentions of cooperation have been arranged with several owners in respect of the automatic regulating buildings. In ITS, we continues to cooperate closely with the respective Beijing authorities so that our visions for Beijing traffic control, using the Group's traffic signal intelligent control system, will be realized.

PROSPECTS

The current market trend is conducive to the Group's business development. Thus, we have focused our efforts and resources on our automatic regulating building management system with a view to expanding this area of business. The transportation industry in the PRC, particularly expressways, was rapidly expanding in 2001. By world standards, traffic flow of expressways in China jumped to second place. Under these circumstances, the Group's expressway project will be the focal point for 2002, especially in regard to the development of the western and south-western region of China, including Yunnan Province and Inner Mongolia. In 2002, the Government of the PRC has formulated plans for continuing "International Great Expressway" between the PRC and the Laos border and "Three latitudinal and Nine longitudinal and Twelve exits expressway", which links the national/district trunk highways to economic zones, making way for a major efficiently-controlled system of traffic and highways. The Directors believe that these will provide additional business opportunities in the near futures.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December, 2001, the Company has not redeemed any of its shares. Neither the Company nor purchased or sold any of the Company's shares.

BOARD PRACTICES AND PROCEDURES

The Company was in compliance with the Board Practices and Procedures as set out in rules 5.28 to 5.39 of the GEM Listing Rules.

By order of the Board
ANGELS TRANSPORT TECHNOLOGY COMPANY LIMITED
Yan, Daniel X.D.
Chairman

Hong Kong, 18 March 2002

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.