
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Angels Technology Company Limited, you should, at once, hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

ANGELS

ANGELS TECHNOLOGY COMPANY LIMITED

英君技術有限公司

(incorporated in the Cayman Islands with limited liability)

DISCLOSEABLE TRANSACTION

IN RESPECT OF

PLACING OF NEW SHARES

This circular will remain on the GEM website at “www.hkgem.com” on the “Latest Company Announcements” page for at least seven days from the date of its publication.

16.21

29 August 2003

CHARACTERISTICS OF GEM

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 the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. 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 at <http://www.hkgem.com> in order to obtain up-to-date information on GEM-listed issuers.

CONTENTS

	<i>Page</i>
Definitions	1
 Letter from the Board	
Introduction	2
The Placing	3
Effects on shareholding structure	5
Other information	5
 Appendix – General information	 6

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associate”	having the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Company”	Angels Technology Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Director(s)”	director(s) of the Company
“GEM”	The Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereto in the GEM Listing Rules
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	27 August 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Placing”	a private placing by the Placing Agent of Placing Shares at the Placing Price with independent investors
“Placing Agent”	CM-CCS Securities Limited
“Placing and Underwriting Agreement”	a placing and underwriting agreement dated 21 August 2003 entered into between the Company and the Placing Agent
“Placing Price”	the placing price of HK\$0.25 per Placing Share
“Placing Share(s)”	12,000,000 new Shares to be issued under the Placing
“PRC”	The People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD

ANGELS

ANGELS TECHNOLOGY COMPANY LIMITED

英君技術有限公司

(incorporated in the Cayman Islands with limited liability)

Executive Directors:

Mr. Yan, Daniel X. D. (*Chairman*)
Mr. Lau, Andrew Kim
Mr. Zhu Quan
Ms. Shek Ying, Christine

Independent non-executive Directors:

Mr. Yang Xiaoping
Mr. Zhao Ming

Registered Office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
Cayman Islands
British West Indies

Head Office and Principal

Place of Business:

Room 2712, 27th Floor
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

29 August 2003

To the shareholders of the Company

Dear Sirs,

**DISCLOSEABLE TRANSACTION
IN RESPECT OF
PLACING OF NEW SHARES**

INTRODUCTION

On 21 August 2003, the Company announced that it had entered into the Placing and Underwriting Agreement with the Placing Agent for the placing of 12,000,000 Placing Shares at a placing price of HK\$0.25 per Placing Share to not less than six independent individual or institutional investors.

The Placing constitutes a discloseable transaction of the Company under the GEM Listing Rules, the purpose of this circular is to provide you with information of the Placing in compliance with the GEM Listing Rules.

LETTER FROM THE BOARD

THE PLACING

The Placing and Underwriting Agreement dated 21 August 2003

Issuer

Angels Technology Company Limited, a company incorporated in the Cayman Islands with limited liabilities, the shares of which are listed on GEM

Placing Agent

CM-CCS Securities Limited

Placees

Not less than six independent individual or institutional investors

Independence of the Placing Agent and placees

The Placing Agent is, and the placees and their respective beneficial owners will be, independent of and not connected with the Company, directors, chief executive, substantial shareholders or management shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the GEM Listing Rules).

Number of Placing Shares

12,000,000 new Shares, representing approximately 6.25 per cent. of the existing issued share capital of the Company and approximately 5.88 per cent. of the issued share capital of the Company as enlarged by the Placing Shares, are to be placed by the Placing Agent.

Placing Price

HK\$0.25 per Placing Share.

The Placing Price which was arrived at after arm's length negotiations between the Company and the Placing Agent and represents:

- (i) a discount of approximately 7.41 per cent. to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on 21 August 2003, being the date of the Placing and Underwriting Agreement; and
- (ii) a premium of approximately 5.93 per cent. above the average closing price of approximately HK\$0.236 per Share as quoted on the Stock Exchange for the last ten trading days prior to and including 21 August 2003.

LETTER FROM THE BOARD

Mandate to issue the Placing Shares

The Placing Shares will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 25 April 2003.

Ranking of the Placing Shares

The Placing Shares, when fully paid, will rank pari passu in all respects with the Shares in issue at the date of allotment of the Placing Shares.

Condition of the Placing

The Placing is conditional upon the GEM Listing Committee granting the listing of, and permission to deal in, the Placing Shares.

In the event that the above condition is not fulfilled on or before 3 September 2003 or such later date as may be agreed between the Company and the Placing Agent in writing, the Placing and Underwriting Agreement will lapse and be of no further effect. Further announcement will be made by the Company as and when appropriate.

Application for listing

Application has been made by the Company on 22 August 2003 to the GEM Listing Committee for the granting of the listing of and permission to deal in the Placing Shares.

Completion

Completion of the Placing will take place before the third Business Day after fulfillment of the condition referred to in the paragraph headed "Condition of the Placing" (or such later date as the Company and the Placing Agent may agree in writing). It is expected that completion will take place on or about 1 September 2003.

Reason for the Placing and use of proceeds

The Group is principally engaged in the 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.

The Directors consider that the Placing represents a good opportunity to raise capital for the Company while broadening the shareholders base and the capital base of the Company. The Directors consider that the Placing is in the best interest of the Company.

The net proceeds to be raised from the Placing in the amount of approximately HK\$2.8 million will be retained by the Group for general working capital purpose.

LETTER FROM THE BOARD

EFFECTS ON SHAREHOLDING STRUCTURE

The following table sets out the existing shareholding structure of the Company and the shareholding structure of the Company immediately after completion of the Placing:

Shareholders	Existing Shareholding		Shareholding immediately after completion of the Placing	
	Number of Shares	per cent.	Number of Shares	per cent.
Sebastian International Holdings Limited <i>(Note 1)</i>	76,900,000	40.05	76,900,000	37.70
Mitac International Holdings Limited <i>(Note 2)</i>	35,100,000	18.28	35,100,000	17.20
Lam Leung Hung <i>(Note 3)</i>	12,896,000	6.72	12,896,000	6.32
Public	<u>67,104,000</u>	<u>34.95</u>	<u>79,104,000</u>	<u>38.78</u>
Total	<u><u>192,000,000</u></u>	<u><u>100.00</u></u>	<u><u>204,000,000</u></u>	<u><u>100.00</u></u>

Notes:

1. Sebastian International Holdings Limited is a company wholly-owned by Mr. Yan, Daniel X.D., the Chairman of the Company and an executive Director.
2. Mitac International Holdings Limited is a company wholly-owned by Mr. Lau, Andrew Kim, an executive Director.
3. To the best knowledge of the Directors, this party is independent of and not connected with the directors, chief executive, substantial shareholder or management shareholders of the Company or an associate of any of them.

OTHER INFORMATION

Your attention is also drawn to the general information set out in the appendix to this circular.

By Order of the Board
Angels Technology Company Limited
Yan, Daniel X.D.
Chairman

RESPONSIBILITY STATEMENT

This circular, for which the Directors 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 Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (a) the information contained in this circular is accurate and complete in all material respects and not misleading; (b) there are no other matters, the omission of which would make any statement in this circular misleading; and (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them was taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Stock Exchange were as follows:

(I) Interests in shares of the Company (Note 1)

Name	Number of ordinary share				Percentage of issued share capital
	Personal Interests (Note 2)	Corporate interests	Family interests	Other Interests	
Yan, Daniel X.D.	1,500,000 (L)	76,900,000 (L) (Note 4)	–	–	40.83 per cent.
Lau, Andrew Kim	1,000,000 (L)	35,100,000 (L) (Note 5)	–	–	18.80 per cent.
Zhu Quan	1,000,000 (L)	–	–	–	0.52 per cent.
Shek Ying Christine	400,000 (L)	–	–	–	0.21 per cent.

Notes:

- As defined in the SFO (Section 311), a reference to interests in shares comprised in the relevant share capital of a listed corporation includes a reference to interests in shares so comprised, which are the underlying shares of equity derivatives.
- These interests are the same interests as those described in Section (II) below.

3. The letter “L” denotes a long position in the shares.
4. These Shares are beneficially owned by Sebastian International Holdings Limited (“Sebastian”), a company incorporated in the British Virgin Islands. By virtue of his 100% shareholding in Sebastian, Mr. Yan, Daniel X.D. is deemed or taken to be interested in the 76,900,000 shares owned by Sebastian.
5. These shares are beneficially owned by Mitac International Holdings Limited (“Mitac”), a company incorporated in the British Virgin Islands. By virtue of his 100% shareholding in Mitac, Mr. Lau, Andrew Kim is deemed or taken to be interested in the 35,100,000 shares owned by Mitac.

(II) Interests in equity derivatives (as defined in the SFO)

As at the Latest Practicable Date, four Directors, namely Yan Daniel X.D., Lau Andrew Kim, Zhu Quan and Shek Ying Christine, have outstanding share options granted pursuant to the Company’s share option scheme as follows:

Name of director	Date of Grant	Number of underlying shares in respect of outstanding options as at 31 December 2002	Number of underlying shares in respect of outstanding options as at 30 June 2003	Consideration		Exercise period
				Price for Grant HK\$10.00 (for all)	Exercise price (HK\$)	
Yan Daniel X.D. *	28.3.2002	1,500,000	1,500,000 (L)	10.00	1.28	10.8.2002 – 9.8.2011
Lau Andrew Kim *	28.3.2002	1,000,000	1,000,000 (L)	10.00	1.28	10.8.2002 – 9.8.2011
Zhu Quan *	28.3.2002	1,000,000	1,000,000 (L)	10.00	1.28	10.8.2002 – 9.8.2011
Shek Ying Christine *	28.3.2002	400,000	400,000 (L)	10.00	1.28	10.8.2002 – 9.8.2011

* executive Directors

Note: the letter “L” denotes a long position in the underlying shares.

Save as disclosed herein and as at the Latest Practicable Date, none of the Directors, chief executive or their respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them was taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company under section 336 of the SFO and so far as is known to the Directors, the following persons had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name	Capacity/Nature of interest	Number of Shares	Percentage of issued share capital
Sebastian	Beneficial Owner	76,900,000 (L) <i>(Note 1)</i>	40.05 per cent.
Mitac	Beneficial Owner	35,100,000 (L) <i>(Note 2)</i>	18.28 per cent.
Lam Leung Hung	Beneficial Owner	12,896,000 (L) <i>(Note 3)</i>	6.71 per cent.
Liu Ying Ying, Angela	Interest of spouse	78,400,000 (L) <i>(Note 4)</i>	40.83 per cent.

Notes:

1. Sebastian is a company incorporated in the British Virgin Islands with limited liability, and wholly owned by Mr. Yan Daniel X.D., the Chairman of the Company and an executive Director.
2. Mitac is a company incorporated in the British Virgin Islands with limited liability, and wholly owned by Mr. Lau Andrew Kim, an executive Director.
3. To the best knowledge of the Directors, this party is independent of and not connected with the directors, chief executive, substantial shareholder or management shareholders of the Company or an associate of any of them.
4. Ms. Liu Ying Ying, Angela is deemed to be interested in these shares by virtue of the fact that she is the wife of Mr. Yan Daniel X.D., the Chairman of the Company and an executive Director.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other persons who had interests in the Shares or debentures of, or short positions in the Shares which would fall to be disclosed to the Company under Division 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the normal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates had any interest in a business which competes or may cause significant competition with the business of the Group.

LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation, arbitration or claim of material importance known by the Directors to be pending or threatened against any member of the Group.

INTERESTS OF THE SPONSOR

Pursuant to an agreement dated 23 August 2002 entered into between the Company and Asia Investment Capital Limited (“AIC”), AIC 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 above, none of AIC, its directors, employees or associates (as referred to 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 the Latest Practicable Date.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with any member of the Group (excluding contracts expiring or determinable by the employing company within one year without payment of compensation other than statutory compensation).

GENERAL

- (i) The registered office of the Company is situated at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, Cayman Islands, British West Indies. The head office and principal place of business in Hong Kong is at Room 2712, 27th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Hong Kong branch share registrar and transfer office of the Company is Abacus Share Registrars Limited, Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (ii) Ms. Hon Yin Wah, FCCA, AHKSA is the company secretary and qualified accountant of the Company.
- (iii) The compliance officer of the Company appointed under Rule 5.14 of the GEM Listing Rules is Mr. Yan, Daniel X.D.
- (iv) The Company has established an audit committee with written terms of reference based upon guidelines recommended by the Hong Kong Society of Accountants. The primary duties of the audit committee are to review the Group’s annual reports, half-year and quarterly reports and to provide advice and comments thereon to the Board. The audit committee will be responsible for reviewing and supervising the Group’s financial reporting and internal control procedures. The audit committee comprises Mr. Yang Xiaoping and Mr. Zhao Ming whose profiles are set out in the annual report 2002 of the Company dated 25 March 2003.
- (v) As at the Latest Practical Date, the authorised share capital of the Company was HK\$120,000,000 divided into 1,200,000,000 Shares, of which 192,000,000 Shares have been issued and fully paid up or credited as fully paid. The issued Shares are listed on GEM.