
IMPORTANT

If you are in any doubt as to any aspect of this document or as to the action to be taken, you should consult a 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 Transport Technology Company Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

PROPOSALS FOR
(I) GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES
AND
(II) CHANGE OF COMPANY NAME

This document, for which the Directors (the “Directors”) of 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 on 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 document 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 document misleading; and (3) all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This document will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page of 7 days from the date of its posting.

27 March 2002

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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 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 in order to obtain up-to-date information on GEM-listed issuers.

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)

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:

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British West Indies

Principal Place of Business:

Room 2210, 22nd Floor

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168-200 Connaught Road Central

Hong Kong

27 March 2002

To the shareholders

Dear Sir and Madam,

**PROPOSALS FOR
(I) GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES
AND
(II) CHANGE OF COMPANY NAME**

INTRODUCTION

It is proposed (i) to give a general mandate to the directors of the Company (the “Directors”) to issue and allot shares and to exercise the power of the Company to repurchase its own shares in accordance with the Rules Governing the Listing of Securities (the “GEM Listing Rules”) on the Growth Enterprise Market (the “GEM”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”); and (ii) to change the Company’s name at the annual general meeting of the Company for the year ended 31 December 2001 to be held at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 25 April 2002 (the “Annual General Meeting”).

LETTER FROM THE BOARD OF DIRECTORS

The purpose of this document is to provide all shareholders with details in respect of (i) the proposed renewal of the general mandates to be granted to the Directors for the issue of shares and the repurchase by the Company of its own shares; and (ii) the proposed change of the Company name.

GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting to be held at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 25 April 2002 at 3:00 p.m., an ordinary resolution will be proposed that the Directors be given a general mandate to allot, issue and deal with shares up to a limit equal to 20% of the issued share capital of the Company as at the date of passing of such resolution. Another ordinary resolution will be proposed to increase limit of this 20% by the amount of any shares of the Company repurchased by the Company up to a maximum of 10% of the issued share capital of the Company at the date of passing of the relevant resolution.

GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting to be held on 25 April 2002, an ordinary resolution will also be proposed to grant to the Directors a general mandate to repurchase its owned issued shares (the “Shares”) of HK\$0.10 each in the capital of the Company on GEM of the Stock Exchange or on any other stock exchange on which the Shares may be listed. Under such mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the share capital of the Company in issue on the date of passing the resolution.

CHANGE OF NAME

At the Annual General Meeting, a special resolution will be proposed to approve the change of the English name of the Company to “Angels Technology Company Limited” and the Chinese name to “英君技術有限公司”.

The current principal activities of the Company and its subsidiaries (the “Group”) are the provision of transportation technology solutions in respect of toll collection, traffic surveillance, optical fibre network communication and power supply systems for highways and expressways in the PRC. As disclosed in the annual report of the Company for the year ended 31 December 2001 (the “Annual Report”), the Group is exploring other related areas of business, such as city intelligent traffic systems and automatic control system for buildings with a view to expanding the business of the Group. On this basis, the Directors propose to change the name of the Company in order to reflect the expansion of business of the Group. At present, the Directors have no intention to change the core business of the Group and the business objectives as stated in the prospectus of the Company dated 22 August 2001.

The change of name of the Company will be conditional upon:

- (1) the passing of the special resolution by the shareholders of the Company approving the change of name of the Company at the Annual General Meeting; and
- (2) the Registrar of Companies in the Cayman Islands approving the change of name of the Company.

LETTER FROM THE BOARD OF DIRECTORS

Subject to the conditions being fulfilled, the new name of the Company will, subject to approval from the Cayman Islands Registrar of Companies, be effective from the date of passing of the special resolution. A further announcement will be made in respect of the effective date of the change of name of the Company, and the arrangement for the trading in the Shares under the new name in due course.

The proposed change of name of the Company will not affect any rights of the shareholders of the Company. All existing Share certificates of the Company in issue bearing the existing name of the Company will, after the change of name, continue to be evidence of title to the Shares and will be valid for trading, settlement and delivery for the same number of Shares under the new name of the Company. No arrangement will be made in respect of exchange of Share certificates under the existing name of the Company for Share certificates under the new name. As soon as the change of name has become effective, any new issue of the Share certificates will be issued under the new name of the Company. For the avoidance of doubt, the board lot size of the Shares will remain unchanged.

EXPLANATORY STATEMENT

This document contains the explanatory statement in compliance with the GEM Listing Rules and to give all the information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the granting of a mandate to the Directors to exercise the powers of the Company to repurchase its own shares.

GENERAL INFORMATION

The notice of the Annual General Meeting is set out in the Annual Report which has been despatched to shareholders of the Company with this circular.

A form of proxy for the Annual General Meeting is enclosed with the Annual Report. Whether or not you are able to attend the Annual General Meeting in person, please complete and return the form of proxy in accordance with the instructions printed thereon to the principal office of the Company at Room 2210, 22nd Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjourned meeting (as the case may be) should you so wish.

RECOMMENDATION

The Directors consider that (i) the change of name of the Company; and (ii) the granting of the general mandates to issue Shares and repurchase Shares are in the best interests of the Company and its shareholders and so recommend all shareholders to vote in favour of the resolutions to be proposed at the forthcoming Annual General Meeting.

Yours faithfully,
Yan, Daniel X.D.
Chairman

This is an explanatory statement given to all shareholders of the Company relating to the resolution No. 4B to be proposed at the Annual General Meeting authorising the repurchase mandate.

This explanatory statement contains all the information required pursuant to Rule 13.08 of the GEM Listing Rules which is set out as follows:

1. EXERCISE OF THE REPURCHASE MANDATE

The Company's authority is restricted to purchases made on the Stock Exchange in accordance with the Listing Rules. For your information, on 22 March 2002, being the latest practicable date prior to the printing of this document (the "Latest Practicable Date"), there were in issue an aggregate of 180,000,000 Shares. Accordingly, exercise in full of the repurchase mandate, on the basis that no further Shares are issued or repurchased prior to the date of the Annual General Meeting, result in up to 18,000,000 Shares being repurchased by the Company. Furthermore, the general mandate covers purchases made only during the period ending on the earliest of the date of the next annual general meeting of the Company, the date by which the next annual general meeting is required to be held by law or the Company's articles of association (the "Articles") and the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

2. REASONS FOR REPURCHASES

The Directors have no present intention to repurchase any Shares but consider that the mandate will provide the Company the flexibility to make such purchase when appropriate and beneficial to the Company. Such repurchases may enhance the net value of the Company and/or earnings per share.

3. FUNDING OF REPURCHASES

The Company is empowered by its Memorandum of Association and Articles to purchase its Shares. In repurchasing shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum of association and Articles of the Company and the applicable laws and regulations of Cayman Islands. The Company may not repurchase securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under the laws of the Cayman Islands, the shares so repurchased will be treated as cancelled and the amount of the Company's issued capital shall be diminished accordingly, but the aggregate amount of authorised share capital will not be reduced.

4. GENERAL

If the repurchase mandate were exercised in full, there could be a material adverse effect on the working capital requirements of the Company and its subsidiaries (the "Group") or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Group (as compared with the position disclosed in the audited financial statements for the year ended 31 December 2001). The Directors therefore do not propose to exercise the repurchase mandate to such an extent.

5. SHARE PRICES

Dealing in the Shares on GEM commenced on 30 August 2001. The Company has not repurchased any of its Shares (whether on GEM or otherwise) in the eight months preceding the date of this document.

The highest and lowest price at which Shares have been traded on GEM during the period from the commencement of trading of the Shares on GEM up to the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2001		
August (as from 30 August 2001)	0.850	0.700
September	0.750	0.590
October	0.930	0.740
November	1.500	0.910
December	1.480	1.320
2002		
January	1.420	1.140
February	1.300	1.180
March (up to and including the Latest Practicable Date)	1.390	1.100

6. DIRECTORS AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, none of their respective associates, has any present intention, in the event that the grant to the Directors of a repurchase mandate is approved by shareholders, to sell any Shares to the Company or its subsidiaries.

No connected persons (as defined in the GEM Listing Rules) of the Company has notified the Company that he has a present intention to sell Shares to the Company or has undertaken not to do so in the event that the repurchase mandate is approved by shareholders. In accordance with the GEM Listing Rules, the Company is prohibited from knowingly purchase Shares from a connected person on the GEM and a connected person shall not knowingly sell his Shares to the Company.

7. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands and Hong Kong and in accordance with the regulations set out in the memorandum of association and the Articles of the Company.

HONG KONG CODE ON TAKEOVERS AND MERGERS

If as a result of a share repurchase, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Hong Kong Code on Takeovers and Mergers (the "Takeover Code"). Accordingly, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, Sebastian International Holdings Limited ("Sebastian") and Mitac International Holdings Limited ("Mitac") beneficially held 81,900,000 Shares and 35,100,000 Shares, respectively, representing approximately 45.5% and 19.5%, respectively, of the issued share capital of the Company, were the only substantial shareholders (as defined in the GEM Listing Rules) holding more than 10% of the Shares in issue. Should the power to repurchase Shares pursuant to the repurchase mandate be exercised in full, Sebastian and Mitac would be beneficially interested in 50.56% and 21.67%, respectively, of the issued share capital of the Company. The increase in shareholding of Sebastian, should the power to repurchase Shares pursuant to the repurchase mandate be exercised in full, would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeover Code. If so, the Directors will take all necessary steps to comply with the GEM Listing Rules and the Takeover Code. The Directors have no present intention to repurchase any Shares to the extent that it will trigger the obligations under the Takeover Code to make a mandatory offer.

The Directors do not propose to exercise the repurchase mandate to such extent as to result in the number of Shares which are in the hands of the public falling below the prescribed minimum as required by the Stock Exchange.