
IMPORTANT

If you are in any doubt as to any aspect of this circular 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 Technology Company Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy 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.

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.

ANGELS

Angels Technology Company Limited
英君技術有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8112)

**GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES
AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

This circular, 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 circular 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 circular misleading; and (3) 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.

This circular 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.

31 March 2006

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 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 companies.

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company for the year ended 31 December 2005 to be held at Room 2712, 27th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on 25 April 2006, at 3 p.m.;
“AGM Notice”	the notice dated 31 March 2006 convening the Annual General Meeting;
“Articles of Association”	the articles of association of the Company;
“associates”	shall have the meaning set out in, and be interpreted in accordance with, 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;
“Directors”	directors of the Company for the time being;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries from time to time;
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	28 March 2006, being the latest practicable date prior to the printing of this circular;
“Lucky Team”	Lucky Team International Limited;
“Sebastian”	Sebastian International Holdings Limited;
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company;

DEFINITIONS

“Shareholder(s)”	(a) holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder”	shall have the meaning set out in, and be interpreted in accordance with, the GEM Listing Rules; and
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers.

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)

(Stock Code: 8112)

Executive Directors:

Mr. Yan, Daniel X.D. (*Chairman*)
Mr. Mak Shiu Chung, Godfrey
Mr. Lau, Andrew Kim

Independent Non-executive Directors:

Mr. Yang Xiaoping
Mr. Zhao Ming
Ms. Wu Xin
Mr. Kwok Chi Shing

Registered Office:

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

Principal Place of Business:

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

31 March 2006

To the Shareholders

Dear Sir and Madam,

**GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES
AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

INTRODUCTION

At the Annual General Meeting to be held at 2712, 27th Floor, West Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong on 25 April 2006, at 3 p.m., resolutions will be proposed to grant the Directors general mandates to allot or issue new Shares and to repurchase Shares and to amend the Articles of Association.

GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, 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 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.

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution will also be proposed to grant to the Directors a general mandate to repurchase Shares on GEM 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 of the resolution.

Explanatory statement

Appendix I to this circular contains the explanatory statement in compliance with the GEM Listing Rules to give all the information reasonably necessary to enable the 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 AGM Notice is set out in the annual report which has been despatched to the Shareholders 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 2712, 27th 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.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Stock Exchange has made amendments to the GEM Listing Rules to the effect that a director may be removed by ordinary resolution in general meeting, which came into effect on 1 March 2006. The Stock Exchange has also made amendments to the GEM Listing Rules for the purpose of implementing the Code on Corporate Governance Practices (the "Code") which came into effect on 1 January 2005. Pursuant to code provision A.4.2 of the Code, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. In order to bring the Articles of Association of the Company in line with the GEM Listing Rules, the Directors propose to the shareholders to approve a special resolution at the Annual General Meeting to amend the Articles of Association to provide that (1) a Director may be removed by ordinary resolution and that (2) every Director shall retire by rotation at least once every three years.

The full text of the proposed amendments to the Articles of Association is set out in Resolution No. 5 of the AGM Notice contained in the 2005 Annual Report of the Company.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

Mr. Mak Shiu Chung, Godfrey and Mr. Kwok Chi Shing will hold the office of a director until the Annual General Meeting and Mr. Zhao Ming and Mr. Yan, Daniel X.D. will retire at the Annual General Meeting and all of the above directors, being eligible, will offer themselves for re-election.

Brief biographical details of the above directors who are proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

PROCEDURE TO DEMAND POLL

A resolution put to the vote at the Annual General Meeting will be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (i) by the chairman of the Annual General Meeting; or
- (ii) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the Annual General Meeting; or
- (iii) by any Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the Annual General Meeting; or
- (iv) by any Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy/proxies and holding Shares conferring a right to attend and vote at the Annual General Meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

RECOMMENDATION

The Directors consider that the granting of the general mandates to issue Shares and repurchase Shares and the proposed amendments to the Articles of Association are in the best interests of the Company and the Shareholders and therefore recommend you to vote in favour of the relevant 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 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 GEM Listing Rules. For your information, on the Latest Practicable Date, there were in issue an aggregate of 244,800,000 Shares. Accordingly, the exercise in full of the repurchase mandate, on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and prior to the date of the Annual General Meeting, would result in up to 24,480,000 Shares being repurchased by the Company. Furthermore, the general mandate covers purchases made only during the period ending on the earliest of (a) the date of the next annual general meeting of the Company; (b) the date by which the next annual general meeting is required to be held by law or the Articles of Association; and (c) 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 the Articles of Association to purchase its Shares. In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association and the applicable laws and regulations of the Cayman Islands. The Company may not repurchase Shares 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 of the Company 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 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 2005). The Directors therefore do not propose to exercise the repurchase mandate to such an extent.

5. Share prices

The Company has not repurchased any of its Shares (whether on GEM or otherwise) in the six months preceding the date of this circular.

The highest and lowest prices at which Shares have been traded on GEM during each of the previous twelve months and up to and including the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2005		
March	0.195	0.160
April	0.190	0.140
May	0.176	0.168
June	–	–
July	–	–
August	0.135	0.080
September	0.115	0.075
October	0.086	0.086
November	0.098	0.078
December	0.096	0.083
2006		
January	0.090	0.088
February	0.100	0.090
March (up to the Latest Practicable Date)	0.300	0.140

6. Directors and connected persons

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

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 the Shareholders. In accordance with the GEM Listing Rules, the Company is prohibited from knowingly purchase Shares from a connected person on 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 Articles of Association.

TAKEOVER CODE

If as a result of a share repurchase, the proportionate interest in the voting rights of the Company held by a Shareholder increases, such increase will be treated as an acquisition for the purposes of the Takeover Code. Accordingly, the Shareholder or parties acting in concert with that Shareholder 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, Lucky Team and Sebastian being parties acting in concert, together beneficially held 76,900,000 Shares, representing approximately 31.41% respectively, of the issued share capital of the Company, were the only Substantial Shareholders holding more than 10% of the Shares in issue. Should the power to repurchase Shares pursuant to the repurchase mandate be exercised in full, Lucky Team and Sebastian together would be beneficially interested in 34.9% of the issued share capital of the Company. Should the power to repurchase Shares pursuant to the repurchase mandate be exercised in full, the increase in shareholding of Sebastian 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.

ZHAO MING

Mr. Zhao Ming, aged 48, was appointed as an independent non-executive director on 11 January 2001 and a member of the audit committee and remuneration committee of the Company. Mr. Zhao is currently an executive director of Co-winner Enterprise Limited, a company listed on GEM. Mr. Zhao holds a Master's degree in Arts from the University of Texas at Austin, the US and a bachelor's degree in Chemistry from Zhongshan University, the PRC. Apart from being an independent non-executive director and a member of the audit committee and remuneration committee of the Company, Mr. Zhao does not hold any other positions in the Company or any member of the Group.

Notwithstanding that Mr. Zhao's appointment is not for a fixed term, Mr. Zhao is subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Articles of Association. Under a confirmation of appointment between Mr. Zhao and the Company, Mr. Zhao is entitled to a director's fee of HK\$20,000 per annum, subject to the approval of the general meeting of the Company.

Save as disclosed above, Mr. Zhao does not hold any directorship in other listed companies in the past three years. Mr. Zhao does not have any interests in shares of the Company (within the meaning of Part XV of the Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")). Save that Mr. Zhao is an independent non-executive director of the Company, he does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules).

Save as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 17.50(2)(h)to(v) of the GEM Listing Rules and the Board is not aware of any other matters which need to be brought to the attention of the Shareholders.

YAN, DANIEL X.D.

Mr. Yan, Daniel X.D., aged 43, has been an executive director and the chairman of the Company since 7 April 2000. Mr. Yan is primarily responsible for the Group's overall strategic planning, business development and sales and marketing since the establishment of 北京 安 卓 思 通 信 技 術 發 展 有 限 公 司 (Beijing Angels Communication Technology Co., Ltd) in 1996. Mr. Yan, being the founder of the Group, has over 15 years of experience in information technology industry in the PRC, particularly in the area of strategic planning, business development, sales and marketing. He holds a bachelor's degree in mathematics and computer science from the Capital University of Economics and Trade, the PRC. Apart from being an executive director and the chairman of the Company, Mr. Yan does not hold any other positions in the Company or any member of the Group.

Under a service contract entered into between Mr. Yan and the Company, Mr. Yan is entitled to a remuneration of HK\$455,000 per annum.

Saved as disclosed above, Mr. Yan does not hold any directorship in other listed companies in the past three years. Other than being interested in 20,000,000 Shares through Sebastian, which is wholly and beneficially owned by Mr. Yan and 1,500,000 underlying Shares under share options, Mr. Yan does not have any other interests in the shares of the Company (within the meaning of Part XV of the SFO). Save that Mr. Yan is an executive director and the chairman of the Company and save for being a party

acting in concert with Lucky Team, which is wholly and beneficially owned by Mr. Mak Shiu Chung, Godfrey, an executive director of the Company, Mr. Yan does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules).

Saved as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 17.50(2)(h)to(v) of the GEM Listing Rules and the Board is not aware of any other matters which need to be brought to the attention of the Shareholders.

MAK SHIU CHUNG, GODFREY

Mr. Mak Shiu Chung, Godfrey, aged 43, was appointed on 27 January 2006 as an executive director. Mr. Mak has over 15 years of experience in the field of corporate finance, specializing in advisory services for major transactions concerning different sectors. He has participated in various securities and financing activities in Asia. Mr. Mak returned to Hong Kong and joined the Hong Kong Government as an Administrative Officer in 1988. He started his corporate finance career at Morgan Grenfell in 1990. He holds a Bachelor of Science degree in Business Studies from Bradford University School of Management, UK and a Master of Business Administration degree from the University of Wales, UK. Mr. Mak is a Member of the Hong Kong Securities Institute, a Member of The Chartered Institute of Marketing and an Associate of The Institute of Chartered Secretaries and Administrators. Apart from being an executive director of the Company, Mr. Mak does not hold any other positions in the Company or any member of the Group.

Mr. Mak's appointment is not for a fixed term but he will be subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Articles of Association. Mr. Mak will receive an emolument of HK\$120,000 per annum for his directorship in the Company.

Save for being an executive director of Huafeng Textile International Group Limited since 2003; an independent non-executive director of Matrix Holdings Limited since 2000; and an executive director of Greater China Technology Group Limited from 2000 to 2003, Mr. Mak does not hold any directorship in other companies listed on the Stock Exchange in the past three years.

Other than being interested in 56,900,000 Shares through Lucky Team, which is wholly and beneficially owned by Mr. Mak, Mr. Mak does not have any other interests in the Shares (within the meaning of Part XV of the SFO). Save that Mr. Mak is an executive director of the Company and save for being a party acting in concert with Sebastian, which is wholly and beneficially owned by Mr. Yan, Daniel X.D., an executive director of the Company, Mr. Mak does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules).

Saved as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 17.50(2)(h)to(v) of the GEM Listing Rules and the Board is not aware of any other matters which need to be brought to the attention of the Shareholders.

KWOK CHI SHING

Mr. Kwok Chi Shing, aged 43, was appointed on 27 January 2006 as an independent non-executive director and a member of the audit committee of the Company. Mr. Kwok is currently the partner of Lam, Kwok, Kwan & Cheng CPA Limited. He graduated from the University of Aberdeen, United Kingdom in 1986 with a Master of Arts Honour Degree in Accountancy with Economics. Mr. Kwok is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Kwok has extensive experience in corporate and financial management work especially for the real estate development and property management industries. He has extensive experience in public sector work both in Hong Kong and China and he was the president of the HK Association of Financial Advisors. Apart from being an independent non-executive director and a member of the audit committee of the Company, Mr. Kwok does not hold any other positions in the Company or any member of the Group.

Mr. Kwok's appointment is not for a fixed term but he will be subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Articles of Association. Mr. Kwok will receive an emolument of HK\$60,000 per annum for his directorship in the Company.

Mr. Kwok does not hold any directorship in other companies listed on the Stock Exchange in the past three years.

Mr. Kwok does not have any interest in the shares of the Company (within the meaning of Part XV of the SFO). Save that Mr. Kwok is an independent non-executive director of the Company, Mr. Kwok does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules).

Saved as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 17.50(2)(h)to(v) of the GEM Listing Rules and the Board is not aware of any other matters which need to be brought to the attention of the Shareholders.