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## **CASIL TELECOMMUNICATIONS HOLDINGS LIMITED**

**( 航天科技通信有限公司 ) \***

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

(Stock Code :1185)

### **ANNOUNCEMENT**

#### **FURTHER DELAY IN DESPATCH OF THE CIRCULAR CLARIFICATION OF THE DATE OF EXTRAORDINARY GENERAL MEETING**

Reference is made to the Announcement in relation to a major transaction of the Company and the Delay Announcement. The despatch of Circular has been postponed to 19 May 2005. The Circular has been sent to the shareholders of the Company on 19 May 2005.

Further to the Announcement, the Group has received an undertaking from CALT regarding their provision of financial assistance to the Group subject to the completion of the Sale and Purchase Agreement.

The Circular include information of the sufficiency of working capital of the Group, which is reproduced in this announcement.

Reference is also made to the notice of EGM published in newspapers on 19 May 2005. The Board has discovered that there are typographical errors regarding the date of extraordinary general meeting. The Board wishes to clarify that the EGM should be held on Monday, 6 June 2005 instead of Friday, 3 June 2005. Notice of the EGM with accurate date has been sent to the shareholders of the Company on 19 May 2005.

#### **FURTHER DELAY IN DESPATCH OF CIRCULAR**

Reference is made to the announcement of the Company dated 18 April 2005 (the "Announcement") in relation to a major transaction of the Company for entering into Sino-foreign joint ventures regarding wind facilities and the announcement of the Company dated 9 May 2005 (the "Delay Announcement") in relation to delay in dispatch of the related circular (the "Circular"). Terms used herein shall have the same meanings as those defined in the Announcement, unless otherwise stated.

Pursuant to Rule 14.38 of the Listing Rules, the Circular is required to be despatched to the shareholders of the Company within 21 days after the publication of the Announcement (i.e., on or before 10 May 2005). However, as additional time has been spent in preparing the information regarding working capital for inclusion in the Circular pursuant to the Listing Rules, there was a postponement in the posting of the Circular. The Company has applied for a waiver from the strict compliance with Rule 14.38 of the Listing Rules to despatch the Circular on or before 19 May, 2005. The Circular has been sent to the shareholders of the Company on 19 May 2005.

## UNDERTAKING RECEIVED FROM CALT

Further to the Announcement, the Group has received an undertaking from China Academy of Launch Vehicle Technology (“CALT”) on 9 May 2005 regarding their provision of financial assistance to the Group in respect of the funds required for the investment in the Joint Ventures. Pursuant to such undertaking, CALT acknowledged the signing of the Joint Venture Contracts by the Company and promised to support the Group’s investment in the Joint Venture. Such undertaking is subject to the completion of the Sale and Purchase Agreement (as defined below) and there is no fix amount of financial assistance specified in the undertaking.

On 24 January 2005, the Company and China Aerospace International Holdings Limited (“CASIL”) jointly announced that CASIL and CALT entered into a sale and purchase agreement on 22 January 2005 (the “Sale and Purchase Agreement”) pursuant to which CASIL agreed to sell and CALT agreed to purchase, CASIL’s entire 100% equity interest in and the entire shareholder’s loan due from Astrotech Group Limited (“Astrotech”), which, in turn, holds 44.17% equity interest in the Company. CALT will become the parent company of Astrotech upon the completion of the Sale and Purchase Agreement. According to the announcement of CASIL dated 31 March 2005, the time for fulfilment of the condition precedent was extended from 31 March 2005 to 30 June 2005. Such condition precedents included, but not limited to, the provision by CALT of all necessary approvals from relevant PRC authorities and the provision by CASIL of all relevant consent letters from the banks and creditors of the Company.

Currently, China Aerospace Science & Technology Corporation (“CASC”) holds approximately 41.86% of the issued share capital of CASIL and 100% of the issued capital of CALT.

The funding of the capital contribution by the Group will be made by way of internal resources, bank borrowings and provision of financial assistance to the Group from CALT.

## WORKING CAPITAL

The Circular include information of the sufficiency of working capital of the Group, which is reproduced in this announcement as follows:

Regarding the sufficiency of working capital of the Group, the Directors are of the opinion that after taking into account:

- (1) the internal resources of the Group;
- (2) the existing available banking facilities of the Group;
- (3) the provision of financial assistance to the Group undertaken by CALT, in respect of the funds required for the investment in the Joint Ventures, subject to the completion of the Sale and Purchase Agreement (there is no fix amount of financial assistance specified in the undertaking), and
- (4) the assumption that no immediate payment will be demanded by a bank in respect of overdue bank borrowings of approximately HK\$38,915,000 within one year from the date of the Circular,

the Group has sufficient working capital for its present requirements in respect of the next 12 months from the date of the Circular.

The Group will have sufficient funds to pay the first instalments of the registered capital of the Joint Ventures in an aggregate amount of RMB18,023,625 on 7 June 2005. Upon payment of the said first amount, it is likely that the relevant PRC authorities will approve the Transactions and, together with the shareholders approval from the Joint Ventures Parties, the Joint Venture can be established.

Subsequent to the establishment of the Joint Ventures, if the Group failed to obtain sufficient funds to pay either the second instalments and/or the third instalments of the registered capital of the Joint Ventures due on 31 March 2006 and 31 March 2007 respectively, the Group may have to consider disposing its interest in the Joint Ventures to third parties.

The Group will not have sufficient working capital if:

- (1) CALT withdraws its undertaking to provide financial assistance to the Group if the Sales and Purchase Agreement cannot be completed and hence terminated; or
- (2) immediate payments in respect of overdue bank borrowings of approximately HK\$38,915,000 (*Note 1*) are demanded by a bank within one year from the date of the Circular.

*Note 1:* the Group has borrowed several loans from a licensed bank in Hong Kong in an aggregate sum of approximately HK\$38,915,000 since January 1998 for the purpose of working capital. Such loans were first due around November 2000 and around 2001 or 2002. The negotiation of the extension or conversion of the loans to long term banking facilities commenced in July 2002 and is underway. Such bank has not called any payment of the loans and the loans have not been repaid at this stage.

In such circumstances, the Group will, after obtaining the shareholder's approval on the Transactions, use its best endeavours to obtain banking facilities and financial assistance from CASIL or its ultimate holding company, CASC, if necessary. Currently, no negotiation has been made between the Company and any bank. However, based on the discussion between the Company and CASC, CASC is aware of the Company's current financial position and CASC has indicated to the Company that it is ready to provide financial assistance to the Group upon request. No written agreement has been made regarding such financial assistance.

Notwithstanding the above, the Directors consider that the Company would benefit from the entering into the Joint Venture Contracts. The Transactions will widen the business scope as the Joint Ventures will bring the Group into a new arena. Further, the other Joint Venture Parties are experienced in the industry of electricity supply. They have established client base and are experienced in controlling the costs of running electricity plants. The actual electricity price will be determined by the relevant price authority in the PRC. The Directors consider that the earning base of the Group could be widened accordingly. They therefore determine to proceed with the Transactions. The establishment of the Joint Ventures will be subject to the approval of the relevant PRC authorities and approvals by the shareholders of all the Joint Venture Parties, including the Company.

#### **CLARIFICATION OF THE DATE OF THE EXTRAORDINARY GENERAL MEETING**

Reference is also made to the notice of extraordinary general meeting of the Company ("EGM") setting out an ordinary resolution of approving the Transactions, which has been published in newspapers on 19 May 2005. The Board has discovered that there are typographical errors regarding the date of extraordinary general meeting. The Board wishes to clarify that the EGM should be held on Monday, 6 June 2005 instead of Friday, 3 June 2005. The Circular accompanying the notice of the EGM with an accurate date of meeting has been sent to the shareholders of the Company on 19 May 2005.

By Order of the Board  
**Cheng Chai Fu**  
*Secretary*

Hong Kong, 19 May 2005

*As at the date of this announcement, the Board comprises Mr. Rui Xiaowu (Chairman), Mr. Wang Xiaodong (Vice-chairman and Managing Director), Mr. Zhou Xiaoyun, Mr. Han Jiang, Mr. Guo Xiaopeng and Mr. Xu Jian Hua as executive directors, Mr. Ma Yucheng as non-executive director and Mr. Zhu Shixiong, Mr. Moh Kwen Yung, Mr. Yiu Ying Wai and Mr. Wong Fai, Philip as independent non-executive directors.*

*\* For identification purpose only*

Please also refer to the published version of this announcement in The Standard.