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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)

DISCLOSEABLE TRANSACTION

Additional investment on sino-foreign joint venture regarding wind energy facilities

The board of directors is pleased to announce that Crownplus, a wholly-owned subsidiary of the Company, has entered into a supplemental agreement in respect of the sino-foreign equity joint venture contract relating to Jiangsu Longyuan on 21 January 2008 in relation to the building, maintenance and operation of wind energy plants and facilities whereby all the joint venture parties including Crownplus are required to increase their respective investments for development of phase II of the wind energy project in Rudong, Jiangsu.

The entering into of the Supplemental Agreement constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules.

A circular containing details of the transaction as required under the Listing Rules will be despatched to shareholders as soon as practicable.

Reference is made to the Company's Circular of 19 May 2005 on the establishment of Joint Venture of Jiangsu Longyuan.

The board of directors is pleased to announce that Crownplus, a wholly-owned subsidiary of the Company, has entered into a supplemental agreement in respect of the sino-foreign equity joint venture contract relating to Jiangsu Longyuan on 21 January 2008 in relation to the building, maintenance and operation of wind energy plants and facilities whereby all the joint venture parties including Crownplus are required to increase their respective investments for development of phase II of the wind energy project in Rudong, Jiangsu.

The terms of the Supplemental Agreement

Date: 21 January 2008

Parties:

1. Longyuan Electric
2. Nantong TSG Electric
3. Crownplus, wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the joint venture partners and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons and are not connected persons of the Group.

* For identification purpose only

Construction size of wind energy project	Phase I	100 megawatt		
	Phase II	49.5 megawatt (addition made by the Supplemental Agreement)		
	Total	149.5 megawatt		
Total investment: (in HK\$ equivalent)		RMB1,359,470,000 (HK\$1,449,643,645)		(comprising Phase I's RMB872,620,000 and Phase II's RMB486,850,000)
Total registered capital: (in HK\$ equivalent)		RMB333,320,000 (HK\$355,429,116)		(increase of RMB121,710,000 from RMB211,610,000*)
Share of additional registered capital: (in HK\$ equivalent) (% of total registered capital)	Longyuan Electric	Nantong TSG Electric	Crownplus	
	RMB60,855,000 (HK\$64,891,512)	RMB30,427,500 (HK\$32,445,756)	RMB30,427,500 (HK\$32,445,756)	
	(50%)	(25%)	(25%)	
Currency of the payment	100% in RMB	100% in RMB	100% in US\$ equivalent	
Payment term:	to be paid by 31 July 2008 with no less than 20% thereof before issue of the business licence reflecting the increase in capital			

* All of the original capital in respect of phase I have been paid by the respective joint venture parties.

Phase II of the Wind Energy Project

The phase II of the wind energy project of Jiangsu Longyuan in Rudong, Jiangsu has been approved by the NDRC as follows:

1. the construction size would be 49.5 megawatt;
2. the investment and registered capital in respect thereof would be RMB486,850,000 and RMB122,171,000 respectively;
3. During the production of the first 30,000 hours of electricity, Jiangsu Longyuan would be entitled to electricity rate of RMB0.519 per hour for each kilowatt. From the time that the production of electricity reaches 30,000 hours through the end of the authorised operation period, the electricity price would be calculated according to the average local grid electricity rate. The actual rate would be determined by the relevant price authority;
4. the support from the CDM was to be obtained for ensuring the success of the project^Δ.

^Δ CDM has agreed to offer their support on the project.

Reasons for and benefit of further investing in the Joint Venture

The Group is principally engaged in the businesses of intelligent transportation systems, broadband wireless access systems and equipment, manufacturing and sale of telecommunications products and investment in businesses of renewable energy including wind energy, automotive component parts and rare-earth-permanent magnetic motors.

The Directors considered that the Company would benefit from further investments in the wind energy project as earning base of the Group. Given the shortage of electricity supplies in the PRC and the global trend towards renewable energy for conservation of environment, the further investment into the project is continuation of fulfilling the Group's corporate responsibility.

The Joint Venture has been granted a concession of 25 years by NDRC. During the production of the first 30,000 hours of electricity, the Joint Venture would be entitled to electricity rate of RMB0.509 to RMB0.519 per hour for each kilowatt. From the time that the production of electricity reaches 30,000 hours through the end of the authorised operation period, the electricity price would be calculated according to the average local grid electricity rate. The rate would be determined by the relevant price authority.

The terms of the Supplemental Agreement are negotiated after arm's length negotiation. The board of directors (including the independent non-executive directors) of the Company considers that the transaction was entered into on normal commercial terms, the terms of the Supplemental Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Funding

Pursuant to the Joint Venture Contract, the amount of investment made by each joint venture partner is restricted to their respective contributions in the registered capital of the Joint Venture. The difference between total investment and registered capital will be funded by bank borrowings to be secured by assets of the Joint Venture. Consent to provide loan facilities has been given by China Development Bank.

The total commitment in terms of the share of additional registered capital assumed by the Group amounts to RMB30,427,500 (equivalent to HK\$32,445,756) which will be payable in US\$ cash according to official rate as quoted by the People's Bank of China. The funding of the capital contribution will be provided from the loan from the Company's controlling shareholder, CALT. The Joint Venture has been accounted for as associated company of the Company.

Information on the joint venture partners

Longyuan Electric is a collectively owned enterprise established in Beijing and engages in the provision of technology services and maintenance services of electrical systems and electric appliances; the development, production, sale and transfer of new technology, new facilities and new materials in relation to electricity etc..

Nantong TSG Electric is a sino-foreign joint venture enterprise established in Jiangsu and engages in the production and sale of electricity, heat and related products.

General

The entering into of the Supplemental Agreement constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules. There are no other prior relationship or transactions with each of the joint venture parties and their beneficial owners requiring aggregation therefor.

A circular containing details of the transaction as required under the Listing Rules will be dispatched to shareholders as soon as practicable.

Terms used in this announcement

“Board”	the board of Directors;
“CALT”	中國運載火箭技術研究院 (China Academy of Launch Vehicle Technology), the Company’s controlling shareholder, a legal entity established in the PRC and wholly-owned by CASC
“CASC”	中國航天科技集團公司 (China Aerospace Science and Technology Corporation), a state-owned enterprise established in the PRC and the ultimate controlling shareholder of the Company;
“CDM”	Clean Development Mechanism, established by the Kyoto Protocol in 1997. The CDM enables developed countries and economies in transition of the United Nations Framework Convention on Climate Change to meet their greenhouse gas reduction targets at lower cost through projects in developing countries;
“China Development Bank”	國家開發銀行, a bank directly under the supervision of the State Council of the PRC;
“Company”	CASIL Telecommunications Holdings Limited;
“Crownplus”	Crownplus International Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the legal currency of the Hong Kong Special Administrative Region of the PRC;
“Jiangsu Longyuan”	江蘇龍源風力發電有限公司 (Jiangsu Longyuan Wind Power Company Limited), a sino-foreign equity joint venture enterprise established in Jiangsu Province, the PRC;
“Joint Venture”	Jiangsu Longyuan;
“Joint Venture Contract”	Sino-foreign equity joint venture contract in respect of establishment of Jiangsu Longyuan of 15 April 2005;

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Longyuan Electric”	龍源電力集團公司 (Longyuan Electric Group Corporation), a collectively owned corporation established in Beijing, the PRC;
“Nantong TSG Electric”	南通天生港發電有限公司 (Nantong Tianshenggang Electric Company Limited), a sino-foreign equity joint venture enterprise established in Jiangsu Province, the PRC;
“NDRC”	中華人民共和國國家發展和改革委員會 (National Development and Reform Commission, the PRC);
“PRC”	the People’s Republic of China (but, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan);
“RMB”	Reminbi, the legal currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	the supplemental agreement relating to Joint Venture Contract of 21 January 2008;
“US\$”	the United States dollars, the legal currency of the United States of America;
“%”	per cent.

For the purpose of this announcement, the exchange rate of RMB:HK\$ is RMB1:HK\$1.06633.

By order of the board of directors of
CASIL Telecommunications Holdings Limited
Han Shuwang
Chairman

Hong Kong, 21 January 2008

As at the date of this announcement, the Board comprises Mr. Han Shuwang, Mr. Wang Xiaodong and Mr. Li Guang as Executive Directors, Mr. Tang Guohong as Non-executive Director and Mr. Yiu Ying Wai, Mr. Wong Fai, Philip, Mr. Zhu Shixiong and Mr. Moh Kwen Yung as Independent Non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.