
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 CASIL Telecommunications Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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CASTEL

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

31 January 2008

* For identification purpose only

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DEFINITIONS

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

“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, which 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;

DEFINITIONS

“Joint Venture Contract”	Sino-foreign equity joint venture contract in respect of establishment of Jiangsu Longyuan of 15 April 2005;
“Latest Practicable Day”	31 January 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“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 circular, excluding Hong Kong, Macau and Taiwan);
“RMB”	Reminbi, the legal currency of the PRC;
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“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 circular, the exchange rate of RMB:HK\$ is RMB1:HK\$1.06633.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Han Shuwang (*Chairman*)
Mr. Wang Xiaodong
Mr. Li Guang

Non-executive Director:

Mr. Tang Guohong

Independent Non-executive Directors:

Mr. Wang Dechen
Ms. Kan Lai Kuen, Alice
Mr. Gordon Ng

Registered Office:

Ugland House
South Church Street
P.O. Box 309, George Town
Grand Cayman
Cayman Islands
British West Indies

Principal place of business in

Suite 4701, 47th Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

31 January 2008

To the shareholders of the Company

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION
ADDITIONAL INVESTMENT ON SINO-FOREIGN JOINT VENTURE
REGARDING WIND ENERGY FACILITIES

INTRODUCTION

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

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

* For identification purpose only

LETTER FROM THE BOARD

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.

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
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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.*

LETTER FROM THE BOARD

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 RMB121,710,000 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.[△]

[△] CDM has agreed to offer their support on the project.

REASONS FOR AND BENEFIT OF FURTHER INVESTING IN THE JOINT VENTURE

The Company is an investment holding company incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange. 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.

LETTER FROM THE BOARD

The terms of the Supplemental Agreement were negotiated after arm's length negotiation. The board of directors (including the independent non-executive directors) of the Company considered that the transaction had been entered into on normal commercial terms, the terms of the Supplemental Agreement had been 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 contribution 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.

There will not be any material change to the consolidated net tangible asset value of the Group arising therefrom.

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.

LISTING RULES IMPLICATION

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.

LETTER FROM THE BOARD

FURTHER INFORMATION

Your attention is drawn to the information set out in the Appendix to this circular.

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

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE COMPANY AND ANY ASSOCIATED CORPORATION

As at the Latest Practicable Date, none of the Directors and chief executive of the Company or their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or to be recorded in the registrar required to be maintained pursuant to Section 352 of the SFO, or otherwise to be notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of the Listed Issuers in the Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS' INTEREST IN THE COMPANY

As at the Latest Practicable Date, so far as is known to the Directors, the persons/entities (other than a director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Division 2 and 3 of Part XV of the SFO, or, who was, 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 and the amount of each of such person's interest in such securities or in any options in respect of such capital were as follows:

Name	Capacity	Number of shares <i>(note 1)</i>	Percentage of shareholding
CASC	Interest of a controlled corporation <i>(note 2)</i>	2,649,244,000 (L)	73.10%
CALT	Interest of a controlled corporation <i>(note 3)</i>	2,649,244,000 (L)	73.10%
Astrotech	Beneficial Owner	2,649,244,000 (L)	73.10%

Notes:

1. The letter "L" denotes the shareholder's long position in the shares.
2. CASC is deemed to be interested in 2,649,244,000 shares as it holds 100% of the issued share capital of CALT.
3. Astrotech is a wholly owned subsidiary of CALT. Accordingly, CALT is deemed to be interested in all the shares held by Astrotech.

Save as disclosed herein, as at Latest Practicable Date, as is known to the Directors or the chief executive of the Company, there is no other persons/entities (including the Directors or chief executive of the Company) who had any interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Division 2 and 3 of Part XV of the SFO, or who was, 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 and the amount of each of such person's interest in such securities or in any options in respect of such capital.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or was proposing to enter into any service contract with the Company or any member of the Group (except those expiring or determinable by the Company within a year without payment of compensation other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates were considered to have interests in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the directors to be pending or threatened against the Company or any of its subsidiaries.

7. MISCELLANEOUS

- (a) The registered office of the Company is Uglan House, South Church Street, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (b) The principal place of business of the Company is Suite 4701, 47th Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong.
- (c) The secretary of the Company is Mr. Au-Yeung Keung Steve LLB LLM, who is a fellow member of Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants.
- (d) The qualified accountant of the Company is Mr. Han Jiang, who is a Certified Public Accountant of American Institute of Certified Public Accountants (as required under Rule 3.24 of the Listing Rules).
- (e) The English texts of this circular shall prevail over the Chinese texts.