



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)

Major Transaction

Entering into of Sino-foreign joint ventures regarding wind facilities

Sino-foreign equity joint venture contracts in respect of Jiangsu Longyuan and Jilin Sanyuan were entered into by Crownplus, a wholly owned subsidiary of the Company, in respect of the building, maintenance and operation of wind energy plants and facilities in the Jiangsu Province and Jilin Province, the PRC, respectively.

The entering into of the transactions constitutes a major transaction of the Company under the Listing Rules and will be subject to the approval of shareholders of the Company in general meeting.

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

The shares of the Company were suspended from trading on the Stock Exchange with effect from 9:30 a.m. on 18 April 2005 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:30 a.m. on 19 April 2005.

The board of directors of is pleased to announce that Crownplus, a wholly owned subsidiary of the Company, has entered into Sino-foreign equity joint venture contracts in respect of establishment of Jiangsu Longyuan and Jilin Sanyuan respectively on 15 April 2005 in respect of the building, maintenance and operation of wind energy plants and facilities.

Sino-foreign equity joint venture contracts

(1) Jilin Sanyuan

Parties: 1. Longyuan Electric
2. Jilin Jineng 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

Company to be established (name subject to relevant authority's approval): 吉林三源風力發電有限公司, a Sino-foreign equity joint venture enterprise to be established in Jilin Province, the PRC

Business scope (subject to relevant authority's approval): wind power generation; wind field survey and design and construction works; full-set installation, testing, and maintenance and repairs of wind-driven generators; sale of electricity; and related technical consultancy and training

Total investment: RMB811,960,000 (in HK\$ equivalent) (HK\$766,000,000)

Total registered capital: RMB269,020,000 (in HK\$ equivalent) (HK\$253,792,453)

Share of registered capital:	Longyuan Electric	Jilin Jineng Electric	Crownplus
(in HK\$ equivalent)	RMB121,059,000 (HK\$114,206,604)	RMB80,706,000 (HK\$76,137,736)	RMB67,255,000 (HK\$63,448,113)
(% of total registered capital)	(45%)	(30%)	(25%)

Payment of registered capital 1st instalment within 60 days from date of contract: 15% in RMB, 15% in RMB, 15% in US\$ equivalent

Payment of registered capital 2nd instalment before 31 March 2006: 55% in RMB, 55% in RMB, 55% in US\$ equivalent

Payment of registered capital 3rd instalment before 31 March 2007: 30% in RMB, 30% in RMB, 30% in US\$ equivalent

Number of directors a party may nominate	Three (one of whom the chairman of the board and the Company's legal representative)	Two (one of whom the vice chairman of the board)	Two (one of whom the vice chairman of the board)
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Quorum requirements: More than two-third of all directors

Ordinary matters in board meeting: To be approved by more than two-third of all directors

Senior management: One general manager to be nominated by the chairman of the board, approved by the board
Other senior officers including the chief accountant, chief engineer, chief economist, the financial controller to be nominated by the general manager and approved by the board

Major obligations of the joint venture parties: 1. obtain any approval of Jilin Sanyuan's projects;
2. apply for approval, registration and obtain business licence from relevant authorities etc.;
3. confirm matters in relation to equipment, design, making purchase order and delivery of products etc.; and
4. report and obtain approval from relevant authorities regarding the electricity prices

Transfer of registered capital: First right of refusal by remaining joint venture partner
If remaining shareholders do not acquire the proposed joint venture partner, the remaining shareholders are deemed to have consent to such transfer

Term of joint venture: 25 years from the date of the issue of business licence of Jilin Sanyuan

Shares of loss and profits, return of capital: pro rata to the registered capital of each joint venture partner

Governing law: PRC

(2) Jiangsu Longyuan

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 respect ultimate beneficial owners are third parties independent of the Company and its connected persons and are not connected persons of the Group

Company to be established (name subject to relevant authority's approval): 江蘇龍源風力發電有限公司, a Sino-foreign equity joint venture enterprise to be established in Jiangsu Province, the PRC

Business scope (subject to relevant authority's approval): wind power generation; wind field survey and design and construction works; full-set installation, testing, and maintenance and repairs of wind-driven generators; sale of electricity; and related technical consultancy and training

Total investment: RMB872,620,000 (in HK\$ equivalent) (HK\$823,226,415)

Total registered capital: RMB211,610,000 (in HK\$ equivalent) (HK\$199,632,075)

Share of registered capital:	Longyuan Electric	Nantong TSG Electric	Crownplus
(in HK\$ equivalent)	RMB105,805,000 (HK\$99,816,038)	RMB52,902,500 (HK\$49,908,019)	RMB52,902,500 (HK\$49,908,019)
(% of total registered capital)	(50%)	(25%)	(25%)

Payment of registered capital

Number of directors a party may nominate

Quorum requirements: Same as the Sino-foreign equity joint venture contract regarding Jilin Sanyuan

Ordinary matters in board meeting:

Senior management

Major obligations of the joint venture parties: 1. obtain any approval of Jiangsu Longyuan's projects;
2. apply for approval, registration and obtain business licence from relevant authorities etc.;
3. confirm matters in relation to equipment, design, making purchase order and delivery of products etc.; and
4. report and obtain approval from relevant authorities regarding the electricity prices

Term of joint venture: 25 years from the date of the issue of business licence of Jiangsu Longyuan

Shares of loss and profits, return of capital: pro rata to the registered capital of each joint venture partner

Governing law: PRC

The establishment of the joint venture companies will be subject to the approval of the relevant PRC authorities and approvals by the shareholders of all the joint venture partners.

Terms of the articles of association of Jiangsu Longyuan and Jilin Sanyuan mirror those of the respective Sino-foreign joint venture contracts.

Jilin Sanyuan

The kinetic power plant project of Jilin Sanyuan has been approved by the NDRC as follows:

- the period of authorised operation would be 25 years
- the construction size would be 100 megawatt
- the total investment and registered capital would be RMB811,960,000 and RMB269,020,000 respectively
- prior to the production of 30,000 hours of electricity, Jilin Sanyuan would be entitled to a electricity rate of RMB0.509 per hour for each kilowatt. After the production of electricity has reached 30,000 hours until the end of the authorised operation period, the electricity price would be calculated according to the average local grid electricity price. The actual price would be determined by the relevant price authority
- the approval is subject to the application of CDM.

Approval in principal has been obtained from the Jilin Land Bureau in respect of the use of land under the project pursuant to article 26 of the PRC Land Law. Jilin Sanyuan will be responsible for payment in respect of the land allocated for such purpose and represents part of the total investment. It is expected that Jilin Sanyuan will be allocated approximately 552,300 sq. m. land for the purpose of installation of wind turbines, laying of connecting cables, the main plant and other offices. The exact area of the land to be allocated will be subject to final measurement after installation and construction.

Jiangsu Longyuan

The kinetic power plant project of Jiangsu Longyuan has been approved by the NDRC as follows:

- the period of authorised operation would be 25 years
- the construction size would be 100.5 megawatt
- the total investment and registered capital would be RMB872,620,000 and RMB211,610,000 respectively
- prior to the production of 30,000 hours of electricity, Jiangsu Longyuan would be entitled to a electricity rate of RMB0.519 per hour for each kilowatt. After the production of electricity has reached 30,000 hours until 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
- the approval is subject to the application of CDM.

Reasons for and benefit of investing in the joint ventures

The Group is principally engaged in the businesses of intelligent transportation systems, broadband wireless access systems and equipment, and manufacturing and sale of telecommunications products.

Nevertheless, the Directors considered that the Company would benefit from the entering into of such joint venture contracts, as the transactions will widen the business scope and earning base of the Group. Given the shortage of electricity supplies in the PRC and the global trend towards renewable energy for environment reasons, the investment by the Company into such power supply project is also fulfilling the Group corporate responsibility.

Both joint ventures have been granted a concession of 25 years by NDRC. Prior to the production of 30,000 hours of electricity, the joint ventures would be entitled to a electricity rate of RMB0.509 to RMB0.519 per hour for each 千瓦 (kilowatt). After the production of electricity has reached 30,000 hours until 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 joint venture contracts and articles of association are negotiated after arm's length negotiation and taking into account that for each of the joint venture to enjoy tax allowance, a foreign investment of 25% in the registered capital is required. The board of directors (including the independent non-executive directors) of the Company considers that the transactions was entered into on normal commercial terms, the terms of the Sino-foreign joint venture contracts of Jiangsu Longyuan and Jilin Sanyuan are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Funding

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

The share of registered capital to be contributed by the Group amounted to an aggregate of RMB120,157,500 (equivalent to approximately HK\$113,356,132) and will be payable in US\$ according to official rate as quoted by the People's Bank of China. The funding of the capital contribution will be by way of internal resources and bank borrowings. The joint ventures will be accounted for as associated companies 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 the Jiangsu Province and engages in the production and sale of electricity, heat and related products.

Jilin Jineng Electric is a limited liability company established in the Jilin Province and engages in the investment in the construction of electricity projects, leasing of electricity facilities and equipment, production and sale of electricity and heat products, sales of electric machineries and appliances, electronic calculator and components and construction materials.

Suspension and resumption of trading

The shares of the Company were suspended from trading on the Stock Exchange with effect from 9:30 a.m. on 18 April 2005 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:30 a.m. on 19 April 2005.

Directors

As at the date of this announcement, the board of Directors of the Company comprises Messrs. Rui Xiaowu, Wang Xiaodong, Zhou Xiaoyun, Han Jiang, Guo Xianpeng and Xu Jian Hua as executive directors, Mr. Ma Yucheng as non-executive director, and Messrs. Zhu Shixiong, Moh Kwen Yung, Yiu Ying Wai and Wong Fai, Philip as independent non-executive directors.

General

Given the Sino-foreign joint venture contracts were entered into on the same date with Longyuan Electric and other local joint venture partners, the considerations payable by the Company were aggregated. The entering into of the transactions constitutes a major transaction of the Company under the Listing Rules and will be subject to the approval of shareholders of the Company in general meeting.

A circular containing information as may be required under the Listing Rules (including information in relation to the extraordinary general meeting to be held for the approval of the transaction) will be dispatched to shareholders as soon as practicable.

Terms used in this announcement

"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;
"Group"	The Company and its subsidiaries;
"HK\$"	Hong Kong dollars, 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 Energy Company Limited), a Sino-foreign equity joint venture enterprise to be established in Jiangsu Province, the PRC;
"Jilin Jineng Electric"	吉林省吉能電力集團有限公司 (Jilin Jineng Electric Group Company Limited), a limited liability company established in Jilin Province, the PRC;
"Jilin Sanyuan"	吉林三源風力發電有限公司 (Jilin Sanyuan Wind Energy Company Limited), a Sino-foreign equity joint venture enterprise to be established in Jilin Province, the PRC;
"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管理委員會 (National Development and Reform Commission, the PRC);
"PRC"	The People's Republic of China;
"RMB"	Reminbi, the legal currency of the PRC;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited; and
"US\$"	The United States dollars, the legal currency of the United States of America.

For the purpose of this announcement, the exchange rate of RMB:HK\$ is RMB1.06:HK\$1.00.

By order of the board of directors of
CASIL Telecommunications Holdings Limited
Wang Xiaodong
Vice-chairman and Managing Director

Hong Kong, 18 April, 2005

* For identification purpose only