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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)

Connected and Discloseable Transaction **Entering into of joint venture regarding kinetic power plant facilities**

On 30 March 2006, Crownplus, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with Longyuan Electric and Wan Yuan Industry (a connected person of the Company) in respect of the building, maintenance and operation of wind energy plants and facilities in the Liaoning Province of the PRC.

The entering of the transaction constitutes a Connected and Discloseable Transaction of the Company under the Listing Rules. The transaction contemplated under the Joint Venture Agreement is subject to the approval of the Independent Shareholders at a general meeting.

The Company will convene a special general meeting to seek the Independent Shareholders' approval for the Connected and Discloseable Transaction. A circular containing the particulars of the transaction, a letter from the Independent Board Committee and a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as required under the Listing Rules will be despatched to shareholders as soon as practicable.

The board of directors of the Company is pleased to announce that it has entered into the Joint Venture Agreement on 30 March 2006 in respect of the building, maintenance and operation of wind energy plants and facilities in Liaoning, the PRC.

JOINT VENTURE AGREEMENT DATED 30 MARCH 2006

Parties:

1. Longyuan Electric
2. Crownplus, wholly-owned subsidiary of the Company
3. Wan Yuan Industry

To the best of the Company's knowledge, information and belief having made all reasonable enquiry, the other joint venture partners (save for Wan Yuan Industry) 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.

Business scope of the

joint venture company: 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 (subject to approval by the relevant PRC authority).

Total investment: RMB230,000,000
(in HK\$ equivalent) (HK\$ 221,153,846)

Total registered capital: RMB93,800,000
(in HK\$ equivalent) (HK\$ 90,192,308)

Share of registered capital:	Longyuan Electric	Crownplus	Wan Yuan Industry
(in HK\$ equivalent)	RMB42,210,000 (HK\$ 40,586,538)	RMB37,520,000 (HK\$ 36,076,923)	RMB14,070,000 (HK\$ 13,528,846)
(% of total registered capital)	(45%)	(40%)	(15%)

Payment of registered capital 1st instalment within 60 days from date to issue business permit	RMB12,663,000	RMB11,256,000	RMB4,221,000
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Payment of registered capital 2nd instalment before 30 June 2006	RMB25,326,000	RMB22,512,000	RMB8,442,000
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Payment of registered capital 3rd instalment before 31 December 2007	RMB4,221,000	RMB3,752,000	RMB1,407,000
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Rights to nominate number of directors	3 directors	3 directors	1 director
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Conditions

- (1) Relevant approval from the PRC government authorities (including the State Administration of Industry and Commerce) of the establishment of the joint venture company; and
- (2) Independent Shareholders' approval of the transaction contemplated under the Joint Venture Agreement.

The kinetic power plant project to be implemented in the Liaoning Province of the PRC under the Joint Venture Agreement has been approved by the LPDRC as follows:

1. 36 sets of 850 kilowatt wind-driven generators would be put into operation;
2. the total investment and registered capital would be RMB230,000,000 and RMB93,800,000 respectively; and
3. the approval is further subject to environmental, land use, electricity cables connection and capital requirements under the national policies on the development of renewable energy.

Approvals in principal have been obtained from the Forestry Department of the Liaoning Government in respect of the use of land under the project (which is of approximately 900 square meters) and the Liaoning Electric Power Company Limited, an independent third party not being a connected person of the Company and the operator of the electricity grid of Liaoning Province, in respect of the connection of electricity cables by the wind farm with the Liaoning electricity network under the project. The Liaoning Environmental Protection Bureau has also approved the early phase of the project to be implemented.

Consent has been obtained from the Liaoning Price Bureau that when electricity is produced under the project, electricity rate would be determined having regard to provisions under the prevailing national policies and the social overhead costs of advanced corporations.

The joint venture company will be equity accounted for as an associated company of the Company.

REASONS FOR AND BENEFIT OF INVESTING IN THE JOINT VENTURE

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 and has investments in kinetic power plants.

The directors considered that the Company would benefit from the entering into of the Joint Venture Agreement, as the transaction will strengthen the Group's investment in kinetic power plants. Given the shortage of electricity supplies in the PRC and the global trend towards renewable energy for environmental reasons, the investment by the Company into such power supply project is also fulfilling the Group's corporate responsibility.

The joint venture company is entitled to benefits in tax and loan financing, as well as sales guarantee at fixed price from electricity net enterprises under the PRC Regenerable Energies Law which has come into effect on 1st January 2006.

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

FUNDING

Pursuant to the Joint Venture Agreement, 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. The funding of the Company's capital contribution will be by way of internal resources and bank borrowings.

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.

Wan Yuan Industry is a collectively owned enterprise established in Beijing and engages in business pertaining to system integration, system control, electronic information technology, provision of mechanical equipment, and production of facilities and products which promote environmental conservation etc.

CONNECTED AND DISCLOSEABLE TRANSACTION

Wan Yuan Industry, established as a collectively owned enterprise and invested by CALT which is in turn a substantial shareholder of the Company, is a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Joint Venture Agreement constitutes a connected transaction of the Company under the Listing Rules. The total investment under the Joint Venture Agreement of RMB37,520,000 (approximately HK\$36,076,923) represents approximately 10.15% of the latest published consolidated total assets of the Group of HK\$355,393,000 and 8.98% of the market-capitalization of the Company. Accordingly, the Joint Venture Agreement is subject to the approval of the Independent Shareholders of the Company (being shareholders of the Company excluding CALT and its associates) voting at a general meeting convened to approve the Joint Venture Agreement pursuant to rule 14A.18 of the Listing Rules.

GENERAL

An Independent Board Committee comprising all the independent non-executive directors of the Company has been appointed to consider the terms of the Joint Venture Agreement and the Connected and Discloseable Transaction. Somerley Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Joint Venture Agreement. A circular containing, among others, (i) details of the Connected and Discloseable Transaction, (ii) a letter from the Independent Board Committee and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders will be dispatched by the Company to its shareholders as soon as practicable.

DIRECTORS

As at the date of this announcement, the board of directors of the Company comprises of Mr. Han Shuwang, Mr. Wang Xiaodong and Mr. Li Guang as executive directors, Mr. Wu Yansheng, Mr. Liang Xiaohong and Mr. Tang Guohong, as non-executive directors and Mr. Yiu Ying Wai, Mr. Wong Fai, Philip, Mr. Zhu Shixiong and Mr. Moh Kwen Yung, as independent non-executive directors.

TERMS USED IN THIS ANNOUNCEMENT

“CALT”	中國運載火箭技術研究院(China Academy of Launch Vehicle Technology)#, a legal entity established in the PRC;
“Company”	CASIL Telecommunications Holdings Limited;
“Connected and Discloseable Transaction”	The transaction contemplated under the Joint Venture Agreement;
“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;
“Independent Board Committee”	An independent committee of the board of directors comprising Mr. Zhu Shixiong, Mr. Moh Kwen Yung, Mr. Yiu Ying Wai and Mr. Wong Fai, Philip, being all the independent non-executive directors.
“Independent Financial Adviser”	Somerley Limited, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Connected and Discloseable Transaction;
“Independent Shareholders”	All shareholders of the Company excluding CALT and its associates;
“Joint Venture Agreement”	The joint venture agreement dated 30 March 2006 and entered into by the Company, Longyuan Electric and Wan Yuan Industry;
“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;
“LPDRC”	遼寧省發展和改革委員會 (Liaoning Provincial 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;

“Wan Yuan Industry”

北京萬源工業公司 (Beijing Wan Yuan Industry Corporation)#, a collectively owned corporation established in Beijing, the PRC.

These PRC entities do not have English name, the English names set out in herein are for identification purpose only.

For the purpose of this announcement, the exchange rate of RMB:HK\$ is RMB1.04 :HK\$1.00.

By order of the board of directors of
CASIL Telecommunications Holdings Limited

Wang Xiaodong
Executive Director

Hong Kong, 30 March 2006

** For identification purpose only*

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