



Directors' Business Review 董事會業務回顧

On behalf of the Board of Directors, the business performance of CASIL Telecommunications Holdings Ltd. (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2006 is summarized in the following paragraphs.

謹代表董事會，概述航天科技通信有限公司（「本公司」）及其附屬公司（統稱「本集團」）於截至二零零六年十二月三十一日止財政年度之業務表現。

RESULTS SUMMARY

As of 31 December 2006, the Group's turnover for the year 2006 amounted to HK\$156.20 million with a loss of HK\$65.23 million in contrast to those for the year 2005 of HK\$185.78 million and HK\$29.36 million respectively. The loss for the year was mainly attributable to various allowances relating to the telecommunication business made whereas there were expense increases upon the investment and development period of new businesses.

業績摘要

截至二零零六年十二月三十一日，本集團2006年年度之營業額為15,620萬港元，虧損6,523萬港元，2005年度相較營業額為18,578萬港元及虧損為2,936萬港元。本年度虧損主要由於電訊相關業務方面的撥備，新業務正處於投入和培育期導致費用增加。

BUSINESS REVIEW AND PROSPECTS

While the Group continued the sales of communication equipment and the application services of Global Positioning System (GPS) for the year 2006, the Group also continued increasing its investments in new business intensively, aiming at exploring new operations and new earning sources for its future development during the year. In addition to continuation of increasing the investments in wind energy plant project with the total accumulated investments to date of HK\$100 million, the Group on 15 February 2007 and 27 March 2007 entered into agreements whereby the Group will further acquire from its parent company, China Academy of Launch Vehicle Technology ("CALT"), new businesses comprising research and development and production of wind energy facilities, automotive engine management systems and components manufacturing, automotive sealing products manufacturing, rare-earth-permanent magnetic motors manufacturing, at the purchase consideration of HK\$900 million. The details of the proposed acquisitions that will be completed by 30 September 2007 were set out in an announcement made by the Company on 2 April 2007.

業績回顧與展望

本集團2006年年度除繼續經營通信設備銷售及全球衛星定位 (GPS) 應用服務等項業以外，本集團亦積極拓展新的業務領域，為本集團未來發展培育新的經營業務和新的盈利增長點。一方面持續增加投資風力發電場項目，目前已累計投入1.00億港元，另一方面，更於二零零七年二月十五日及二零零七年三月二十七日，與母公司中國運載火箭技術研究院（「火箭院」）簽訂有關本集團進一步從母公司收購業務之協議，收購業務包括風電設備之研發、製造，汽車發動機管理系統及配件之製造、車身密封系統之製造、稀土電機之研發、製造項目，收購代價為9.00億港元。此項須於二零零七年九月三十日前完成之建議收購事項詳情，本公司已刊於二零零七年四月二日公佈內。



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The Group has confidence to bring new profits and returns from the new areas of new energy businesses (wind energy plant and generator), new material business (rare-earth-permanent magnetic motors), automotive component (electrical spraying and sealing strip) apart from the telecommunication business through these successive efforts.

Telecommunication Business

The major customers of the Group's communication business are operators in the PRC such as China Mobile, China Unicom, China Telecom, China Netcom and China Railcom. We provide these operators as well as those in the markets of Europe and America with communication equipment of high capability/price value. However, due to the reduction of investment in infrastructure of 5.8GHz wireless access network by those major operators and the drop in profit margin in consequence of the keen competition, the sales of communication products for the year recorded a decrease as compared with last year.

On 22 November 2006, the Company entered into an agreement with Brightness International Holdings Ltd. whereby it disposed of 60% of the entire equity interests in CASTEL Videotech (Hong Kong) Ltd. in disposing its 60% interest of its video conferencing business in effect in the course of introduction of new capital injection in the business and acquiring the experience of the said purchaser in the PRC distribution network with a view to extending the sales in PRC market.

本集團有信心通過這一系列的努力，為集團除在電信相關業務以外的新能源（風力發電場和發電機），新材料（稀土電機等），汽車零備件（電噴，密封條）等領域帶來新的利潤和回報。

電訊相關業務

本集團通信業務主要客戶為中國移動、中國聯通、中國電信、中國網通及中國鐵通等內地運營商，及歐美市場上，為他們提供性價比優勝的通信產品，但今年這幾個主要運營商對5.8GHz無線接入網基本建設投資壓縮和競爭導致毛利率的下降，使得今年通信產品銷售相對去年出現下滑。

於二零零六年十一月二十二日，本公司與嘉耀國際控股有限公司簽訂協議出售航通視訊技術（香港）有限公司之60%股權權益，即出售本公司於視訊業務之60%權益以引進新資金投入及獲取買方於中國分銷網絡經驗以擴大大公司於中國之市場。

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Wind Energy Projects

On 30 March 2006, Crownplus International Ltd., a wholly-owned subsidiary of the Company, entered into a joint venture agreement with Longyuan Electric Group Corporation and Beijing Wan Yuan Industry Corporation in respect of building, maintenance and operation of wind energy plants and facilities in the Liaoning Province of the PRC. This is the third wind energy plant project following those in Jiangsu and Jilin, PRC.

The Group will benefit from the joint venture in strengthening the Group's investment in wind energy power plants given the shortage of electricity supplies in the PRC and the global trend towards renewable energy for environmental reasons assuring the tremendous demands in the future.

Others

The Group has made an announcement on 2 April 2007 that the Group entered into acquisition agreements with its parent company, CALT, in exploring new businesses of new energy, new materials, and automotive component and developing larger profit centres.

風力發電項目

於二零零六年三月三十日，本公司之全資附屬公司加冠國際有限公司與龍源電力集團公司及北京萬源工業公司訂立一份關於在中國遼寧省建設、維護及經營風力發電廠及設施之合資經營協議。這是本集團繼中國江蘇省及吉林省風力發電廠之後參與的第三家風力發電廠專案。

由於中國電力供應短缺，本集團將會受惠於合營企業，以加強本集團在風力發電廠之投資，加上因環保理由全球趨向使用再生能源，確保日後之龐大需求。

其他

本集團已於二零零七年四月二日公告，與母公司(火箭院)簽訂收購專案協定，將進一步拓展新業務從新能源、新材料和汽車零部件業務中培育出更大的盈利點。

HUMAN RESOURCES AND REMUNERATION POLICY 人力資源及薪酬政策

As at 31 December 2006, the Group had 37 employees (2005: 41 employees) in the Hong Kong head office and 428 employees (2005: 531 employees) in the China Mainland offices. Remuneration of employee is determined according to individual employee's performance and the prevailing trends in different areas and reviewed on an annual basis. The Group also provides Mandatory Provident Fund and medical insurance to its employees. In addition, discretionary performance bonus and share option schemes are available and are at the discretion of the Directors.

於二零零六年十二月三十一日，本集團香港總部共有員工37人（二零零五年：41人），而中國內地辦事處共428人（二零零五年：531人）。員工薪酬之訂定乃按照個別僱員之表現及不同地區現行之薪金趨勢而釐定，每年會進行檢討。本集團也提供強積金及醫療保險。本集團亦設有由董事酌情釐定之表現花紅及購股權計劃。

FINANCIAL REVIEW

財務回顧

Liquidity and Financial Resources

流動資金及財務資源

Total borrowings of the Group as at 31 December 2006 were HK\$265,667,000 (2005: HK\$105,652,000), which were fixed rate borrowings (2005: HK\$58,765,000). All borrowings of the Group were determined at market interest rate. The Group has not issued any financial instruments for hedging or other purposes.

於二零零六年十二月三十一日，本集團之總貸款為265,667,000港元（二零零五年：105,652,000港元）乃固定息率貸款（二零零五年：58,765,000港元）。本集團之貸款均按市場利率釐定。本集團並無發行任何金融工具作為對沖或其他用途。

Gearing ratio (total borrowings over shareholders' equity) as at 31 December 2006 was 294% (2005: 70%).

於二零零六年十二月三十一日，負債比率（借貸總額除以股東權益）為294%（二零零五年：70%）。

Pledge of Assets

資產抵押

As at 31 December 2006, certain assets of the Group of HK\$1,537,000 (2005: HK\$11,631,000) have been pledged to secure bank facility.

於二零零六年十二月三十一日，本集團共以1,537,000港元（二零零五年：11,631,000港元）之若干資產抵押予銀行作為銀行融資的抵押。

Exchange and Other Exposures

Most of the Group's business transactions were conducted in Hong Kong dollars, Renminbi and United States dollars. The Group expected that the exposure to exchange rates fluctuation was minimal and therefore has not engaged in any hedging activities.

The Group did not have any contingent liabilities as at 31 December 2006.

A loan of US\$6,000,000 (HK\$46,800,000) from a related company, China Great Wall Industry Corporation, ("Great Wall") which was an associate or wholly-owned subsidiary (from December 2004) of China Aerospace Science & Technology Corporation, included in borrowings was described as a loan from an independent third party or not separately disclosed in the previous reported financial statements from those 31 December 2001 inadvertently. The loan was separately disclosed as a loan from Great Wall in the consolidated financial statements herein. This connected loan transaction was and is exempted from any disclosure or shareholders approval requirements under the Rule 14.24(8) of the former Listing Rules and Rule 14A.65(4) of the current Listing Rules by virtue of normal commercial term of interest rate 4.25% per annum and no security over the assets of the Group as the condition for the provision.

APPRECIATION

I would like to take this opportunity to thank my fellow directors and all the staff members for their hard work and dedication during the year under review.

By Order of the Board

Wu Yansheng

Chairman

Hong Kong, 19 April 2007

匯兌及其他風險

本集團之大部份業務交易皆以港元、人民幣及美元計值。預期本集團的匯兌波動風險極低，故並無進行任何對沖活動。

於二零零六年十二月三十一日本集團概無或有負債。

計入借貸中來自關連公司，即中國航天科技集團之聯營公司(自二零零四年十二月為全資附屬公司)中國長城工業總公司(「長城」)之貸款6,000,000美元(46,800,000港元)，於過往自二零零一年十二月三十一日已呈報之財務報表內在不為意下列為來自獨立第三方之貸款或並無分開披露。該筆貸款於本報告內綜合財務報表單獨披露為來自長城之貸款。因貸款條款年利率4.25厘為一般商業條款，及並無抵押本集團資產作為提供貸款之條件，該關連貸款交易過往及現時按前上市規則第14.24(8)條及現行上市規則第14A.65(4)條獲豁免需披露及股東批准之規定。

鳴謝

本人謹藉此機會就各董事及員工於回顧年度之努力及貢獻深表謝意。

承董事會命

吳燕生

董事長

香港，二零零七年四月十九日