



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: DISPOSAL OF PREMISES

The Board announce that on 11 October 2004, a provisional agreement for the sale and purchase of the Premises was entered into between the Vendor and the Purchaser.

Pursuant to the terms of the Provisional Agreement, a formal agreement between the Vendor and the Purchaser is expected to be signed on or before 5 November 2004.

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, amongst things, further details relating to the disposal of premises will be despatched to the shareholders of the Company as soon as practicable.

PROVISIONAL AGREEMENT DATED 11 OCTOBER 2004

Parties:

Vendor: Magicsound Company Limited, a wholly-owned subsidiary of the Company.

Purchaser: Smart Develop Holdings Limited. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and the ultimate beneficial owner of the Purchaser are Independent Third Parties.

Property: All Those Workshop & Office Space on the 9th Floor, Workshop on the 10th Floor and Workshop on the 11th Floor of Sui Ying Industrial Building, No. 1 Yuk Yat Street and No. 41 Lok Shan Road, Tokwanan, Kowloon, Hong Kong, which is mainly used for the purpose of warehouse except that part of Premises is rented out to an Independent Third Party with one month notice to terminate the tenancy agreement whose leasing period was from 11 April 2003 to 10 April 2005. Upon completion, the Vendor shall deliver vacant possession of the Premises to the Purchaser.

Date: 11 October 2004

Consideration: The purchase price for the Premises is HK\$21,670,000 which has been determined on normal commercial terms and arm's length negotiation between the parties with reference to the market value of comparable properties and recent valuation report prepared by an independent professional valuer to the Incorporated owners of Phase One of Sui Ying Industrial Building in relation to the property of 12-storey industrial building located at Sui Ying Industrial Building, No.1 Yuk Yat street and No. 41 Lok Shan Road, Tokwanan, Kowloon, Hong Kong but no professional valuation has been made by the Vendor regarding the Premises for the purpose of the Disposal. The net book value of the Premises as shown in the audited accounts of the Company for the year ended 31 December 2003 is approximately HK\$13,820,000. The net profits (both before and after taxation and extraordinary items) attributable to the Premises for the two years ended 31 December 2003 are both approximately HK\$24,000. Upon completion of the Disposal, the Company will realize a gain of approximately HK\$7,478,000 net of expenses in its profits and loss accounts. The Directors including the independent non-executive directors consider that the terms of the transaction including the consideration are fair and reasonable and in the interests of the Company and its shareholders as a whole. The condition to give good title to the Premises in accordance with condition 9 in Part A Conveyancing and Property Ordinance (Cap. 219) will be incorporated into the Formal Agreement, although not in Provisional Agreement. The purchase price shall be paid by the Purchaser to the Vendor in the following manner:—

- A non-refundable initial deposit of HK\$2,167,000 has been paid upon signing of the Provisional Agreement;
- Upon signing of the Formal Agreement, a further non-refundable deposit of HK\$1,083,500 shall be paid on or before 5 November 2004; and
- The balance of the purchase price of HK\$18,419,500 shall be paid upon completion which should take place on or before 11 January 2005.

REASONS FOR THE DISPOSAL

The principal activity of the Company is investment holding. The principal activities of its subsidiaries consisted of property investment and distribution of broadband business, ITS business and telecommunication products. The principal activity of the Purchaser is investment holding.

As the premises are over 20 years old, the maintenance costs of the Premises are also high. The Board considers that the Disposal is in the interests of the Company and consideration of the Disposal is fair and reasonable. The Board wishes to reallocate net proceeds generated from the Disposal to better opportunities with higher returns. The Board is constantly reviewing the Company's business strategy in maximizing shareholders value. It will continue to explore and identify attractive business opportunities as it has done so in the past. As at the date of this announcement, the Company has not entered into any binding agreement to that effect. At present, the Company does not have any designated use for the net proceeds. If any appropriate investment opportunity arises, the Board will consider to apply part or all of the net proceeds on the new investment (including but not limited to property investment).

FORMAL AGREEMENT

Pursuant to the terms of the Provisional Agreement, a formal agreement for the Disposal will be entered into by the parties on or before 5 November 2004.

COMPLETION DATE

The sale and purchase pursuant to the Provisional Agreement is scheduled to be completed on or before 11 January 2005.

GENERAL

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, amongst things, further details relating to the disposal of premises will be despatched to shareholders of the Company as soon as practicable.

DEFINITIONS:

"Board"	the board of Directors
"Company"	CASIL Telecommunications Holdings Limited, a company incorporated in the Cayman Islands with limited liability
"Directors"	the directors of the Company
"Disposal"	the proposed disposal of the Premises pursuant to the Provisional Agreement
"Formal Agreement"	the agreement to be entered pursuant to the Provisional Agreement relating to the disposal on or before 5 November 2004
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Third Party"	the person who is not a connected person (as defined in the Listing Rules) of the Company and is a third party independent of and not connected with the Company or its connected persons (as defined in the Listing Rules)
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Purchaser"	Smart Develop Holdings Limited
"Premises"	All Those Workshop & Office Space on the 9th Floor, Workshop on the 10th Floor and Workshop on the 11th Floor of Sui Ying Industrial building, No. 1 Yuk Yat Street and No. 41 Lok Shan Road, Tokwanan, Kowloon, Hong Kong
"Provisional Agreement"	a provisional agreement for sale and purchase dated 11 October 2004 between the Vendor and the Purchaser, in relation to, inter alia, the disposal of the Premises
"Vendor"	Magicsound Company Limited, a wholly-owned subsidiary of the Company

Made by the order of the Board of the Company the directors of which individually and jointly accept responsibility for the accuracy of this statement.

By order of the Board
Wang Xiaodong
Managing Director

Hong Kong, 13 October 2004

As at the date of this announcement, the Board comprises Mr. Rui Xiaowu (Chairman), Mr. Wang Xiaodong (Vice-chairman and Managing Director), Mr. Zhou Xiaoyun, Mr. Han Jiang, Mr. Guo Xiaopeng and Mr. Xu Jian Hua as executive directors, Mr. Ma Yucheng as non-executive director and Mr. Zhu Shixiong, Mr. Moh Khen Yung, Mr. Lau Tit Shing, Mr. Yiu Ying Wai and Mr. Wong Fai, Philip as independent non-executive directors.

* For identification purpose only