

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.



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)

**PROPOSED VERY SUBSTANTIAL ACQUISITION AND CONNECTED
TRANSACTION RELATING TO THE PROPOSED ACQUISITION OF THE
ENTIRE ISSUED SHARE CAPITAL OF
ADVANCED GRADE HOLDINGS LIMITED;
APPLICATION FOR WHITEWASH WAIVER;
OPEN OFFER OF 406,855,905 OFFER SHARES ON THE BASIS OF FOUR
OFFER SHARES FOR EVERY TEN EXISTING SHARES IN ISSUE ON THE
RECORD DATE
AND
UPDATE STATUS**

On 18 June 2007, the Independent Shareholders approved the Sale and Purchase Agreements and the Whitewash Waiver. The Group is now in the process of obtaining of the necessary approvals issued by the relevant PRC authorities for the Restructuring and the Proposed Acquisition (the "PRC Approvals"). The PRC Approvals are expected to be obtained on or before 31 August 2007. The Proposed Acquisition is expected to be completed on or before 30 September 2007.

Obtaining of the PRC Approvals before the Posting Date is one of the conditions for the Open Offer. According to the current progress, the Directors expect that the PRC Approvals will not be obtained on or before 18 July 2007. Therefore, the Open Offer will not be implemented as the expected timetable stated in the Announcement. Further announcement for the revised timetable will be made as soon as practicable.

Terms used herein have the meanings ascribed to therein in the announcement in connection with a proposed very substantial acquisition issued by the Company dated 2 April 2007 (the "Announcement") unless the context requires otherwise.

UPDATE STATUS FOR THE PROPOSED ACQUISITION

As stated in the Announcement, the Company entered into the Sale and Purchase Agreements for the acquisition of the entire issued share capital of Advanced Grade. Details of the Proposed Acquisition were disclosed in a circular of the Group dated 1 June 2007.

As announced by the Company on 18 June 2007, the Independent Shareholders approved the Sale and Purchase Agreements and the Whitewash Waiver at the EGM. The Group is now in the process of obtaining of the necessary approvals issued by the relevant PRC authorities for the Restructuring and the Proposed Acquisition (the “PRC Approvals”). The PRC Approvals are expected to be obtained on or before 31 August 2007. The Proposed Acquisition is expected to be completed on or before 30 September 2007.

UPDATE STATUS FOR THE OPEN OFFER

To cater for the cash consideration of the Proposed Acquisition, the Company proposed to raise approximately HK\$142 million, before expenses, by issuing 406,855,905 Offer Shares. As part of the proceeds of the Open Offer will be used as consideration for the Proposed Acquisition, the completion of the Open Offer will take place before the Completion. According to the expected timetable stated in the Announcement, the last day of dealing in Shares on a cum-entitlement basis (for the Open Offer) will be on 9 July 2007 and the Company will despatch the Prospectus Documents in respect of the Open Offer on 18 July 2007.

Obtaining of the PRC Approvals before the Posting Date is one of the conditions for the Open Offer. According to the current progress, the Directors expect that the PRC Approvals will not be obtained on or before 18 July 2007, the expected Posting Date. **Therefore, the Open Offer will not be implemented as the expected timetable stated in the Announcement. Further announcement for the revised timetable of the Open Offer will be made as soon as practicable.**

Shareholders and investors are reminded that the completion of the Proposed Acquisition and the Open Offer are conditional upon the satisfaction of various conditions precedent and should therefore exercise caution when dealing in the Shares.

On behalf of the Board of
CASIL Telecommunications Holdings Limited
Au-Yeung Keung Steve
Company Secretary

Hong Kong, 6 July 2007

As at the date of this announcement, the Board comprises 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* *For identification only*