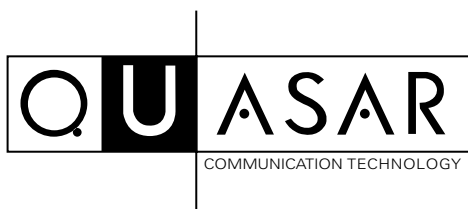


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QUASAR COMMUNICATION TECHNOLOGY HOLDINGS LIMITED

思拓通訊科技控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8171)

SUBSCRIPTION OF NEW SHARES AND NON-LISTED WARRANTS AND RESUMPTION OF TRADING

Financial adviser

COMMERZBANK 

Commerzbank AG Hong Kong Branch

The Board is pleased to announce that the Company, on 21 November 2007, entered into the Share Subscription Agreement and the Warrant Subscription Agreement with the Subscriber in relation to the subscription of (i) an aggregate of 60,000,000 Subscription Shares at the Subscription Price of HK\$0.29 per Subscription Share; and (ii) 45,000,000 Warrants at the Issue Price of HK\$0.02 per Warrant, which entitle the holders thereof to subscribe for up to 45,000,000 Shares at the Exercise Price of HK\$0.28 per Warrant Share, respectively.

SUBSCRIPTION OF NEW SHARES

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber and represents (i) a discount of approximately 19.44% to the closing price of HK\$0.36 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 6.45% to the average of the closing prices of approximately HK\$0.31 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; (iii) a discount of approximately 6.45% to the average of the closing prices of approximately HK\$0.31 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and (iv) a premium of approximately 52.63% over the net asset value per Share of approximately HK\$0.19 as at 30 June 2007 (based on the latest published unaudited net assets of the Group published on the Stock Exchange's website).

The Subscription Shares represent (i) approximately 11.40% of the existing issued share capital of the Company; and (ii) approximately 10.23% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Subscription Shares shall be issued under the General Mandate.

The net proceeds of the Share Subscription of approximately HK\$16.9 million will be applied as general working capital of the Group.

The net price per Subscription Share, after deduction of relevant expenses, is approximately HK\$0.282.

SUBSCRIPTION OF WARRANTS

The Warrants entitle the Subscriber and the holders thereof to subscribe for up to 45,000,000 Warrant Shares at the Issue Price of HK\$0.02 per Warrant, and at the Exercise Price of HK\$0.28 per Warrant Share for a period of 2 years commencing from the date of issue of the Warrants. Each of the Warrants carries the right to subscribe for one Warrant Share.

As at the date of this announcement, the Company has a total of 526,451,500 Shares. Assuming allotment and issue of the Warrant Shares from the full exercise of the subscription rights attaching to the Warrants, the Warrant Shares represent approximately 8.55% of the existing issued share capital of the Company and approximately 7.87% of the issued share capital as enlarged by the issue of the Warrant Shares. The issue of the Warrant Shares will be made under the General Mandate. The Company will apply to GEM Listing Committee for the listing of, and permission to deal in the Warrant Shares. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

The net proceeds of Warrant Subscription of approximately HK\$0.9 million will be applied as general working capital of the Group.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares was suspended from 2:30 p.m. on 21 November 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 23 November 2007.

THE SHARE SUBSCRIPTION AGREEMENT AND THE WARRANT SUBSCRIPTION AGREEMENT

Date : 21 November 2007

Issuer : The Company

Subscriber : The Subscriber, an Independent Third Party

Information on the Subscriber

The Subscriber is a company incorporated in the British Virgin Islands and is principally engaged in investment holding and is wholly and beneficially owned by Ms. Cheung. Ms. Cheung, who was introduced to the Group by a business partner of the Group, is an investor who has been investing in the securities market in Hong Kong for years.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Subscriber and Ms. Cheung, is an Independent Third Party. As at the date of this announcement, the Subscriber and the Ms. Cheung did not hold any Shares or have any business dealings with the Group.

SHARE SUBSCRIPTION AGREEMENT

Number of Subscription Shares

The total number of Subscription Shares subscribed by the Subscriber under the Share Subscription Agreement is 60,000,000 Shares.

The Subscription Shares, in aggregate, represent (i) approximately 11.40% of the existing issued share capital of the Company; and (ii) approximately 10.23% of the issued share capital of the Company as enlarged by the allotment and issue of Subscription Shares.

The Subscription Shares, upon issue, will rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price of HK\$0.29 per Subscription Share represents:

- (i) a discount of approximately 19.44% to the closing price of HK\$0.36 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a discount of approximately 6.45% to the average of the closing prices of approximately HK\$0.31 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 6.45% to the average of the closing prices of approximately HK\$0.31 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 52.63% over the net asset value per Share of approximately HK\$0.19 as at 30 June 2007 (based on the latest published unaudited net assets of the Group published on the Stock Exchange's website).

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent trading prices of the Shares as shown above. The Directors (including the independent non-executive Directors) consider that the Subscription Price and the terms and conditions of the Share Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net price per Subscription Share, after deduction of relevant expenses, is approximately HK\$0.282.

Upon signing of the Share Subscription Agreement, an amount of HK\$15,000,000 has been paid by the Subscriber as to (i) HK\$900,000 to the Company as a non-refundable deposit; and (ii) the remaining balance of HK\$14,100,000 as a refundable deposit to an escrow agent (the "Escrow Agent") jointly appointed by the Company and the Subscriber. Such refundable deposit will be deposited by the Escrow Agent to an interest-bearing Hong Kong dollar savings deposit account opened and maintained with a licensed bank in Hong Kong and in case the Share Subscription Agreement is terminated or lapsed, the Share Subscription Refundable Deposit, together with the interest accrued, will be refunded to the Subscriber in full.

General Mandate to issue the Subscription Shares

The Subscription Shares will be issued and allotted under the general mandate granted by the Shareholders at the annual general meeting of the Company held on 25 June 2007. Pursuant to the General Mandate, the Directors are authorised to allot and issue up to 105,290,300 Shares. As at the date of this announcement, none of the General Mandate was utilised.

Condition of the Share Subscription

Completion of the Share Subscription is conditional upon the GEM Listing Committee granting the listing of and permission to deal in the Subscription Shares on or before 31 December 2007 or such other later date as the Subscriber and the Company may agree in writing.

If the condition of the Share Subscription is not fulfilled on or before 31 December 2007 (or such later date as may be agreed between the Company and the Subscriber), the Share Subscription Agreement will cease and determine and the neither of the parties shall have any claim against the other, save for any antecedent breaches of the provisions thereof.

Completion of the Share Subscription

Completion of the Share Subscription is expected to take place at the principal place of business of the Company in Hong Kong (or such other place as may be agreed between the parties to the Share Subscription Agreement in writing) on the third Business Day following the fulfillment of the condition set out in the sub-paragraph headed “Condition of the Share Subscription” above (or such other date as may be agreed between the parties to the Share Subscription Agreement in writing).

Application for listing

The Company will apply to the GEM Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

WARRANT SUBSCRIPTION AGREEMENT

Number of Warrants

A total of 45,000,000 Warrants will be issued under the Warrant Subscription Agreement and a total of 45,000,000 Warrant Shares will be issued under the General Mandate.

Issue Price

HK\$0.02 per Warrant.

Exercise Price

HK\$0.28 per Warrant Share, subject to adjustments for, among other things, subdivision or consolidation or reclassification of Shares, issue of Shares by way of capitalization of profit or reserves, distribution in cash or specie to the Shareholders or grant to Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries, or offer to Shareholders new Shares for subscription by way of rights, or shall grant to Shareholders any options, warrants or other rights to subscribe for or purchase any Shares, or issue for cash any securities which are convertible into or exchangeable for or carry rights of subscription for new Shares, or issue for cash of any Shares or the repurchase of any Shares or securities convertible into Shares or any rights to acquire Shares by the Company.

Upon signing of the Warrant Subscription Agreement, the Subscriber has deposited a refundable deposit in the amount of HK\$900,000 to the Escrow Agent which will deposit the same to an interest-bearing Hong Kong dollar savings deposit account opened and maintained with a licensed bank in Hong Kong. Such deposit, together with the interest accrued, will be refunded to the Subscriber in full in case the Warrant Subscription Agreement is terminated or lapsed.

The Exercise Price of HK\$0.28 represents:

- (i) a discount of approximately 22.22% to the closing price of HK\$0.36 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 9.68% to the average of the closing prices of approximately HK\$0.31 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 9.68% to the average of the closing prices of approximately HK\$0.31 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 47.37% over the net asset value per Share of approximately HK\$0.19 as at 30 June 2007 (based on the latest published unaudited net assets of the Group published on the Stock Exchange's website).

The aggregate of the Issue Price and the Exercise Price of HK\$0.30 represents:

- (i) a discount of approximately 16.67% to the closing price of HK\$0.36 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 3.23% to the average of the closing prices of approximately HK\$0.31 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 3.23% to the average of the closing prices of approximately HK\$0.31 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 57.89% over the net asset value per Share of approximately HK\$0.19 as at 30 June 2007 (based on the latest published unaudited net assets of the Group published on the Stock Exchange's website).

Both the Issue Price and the aggregate of the Issue Price and the Exercise Price are determined after arm's length negotiations between the Company and the Subscriber with reference to the recent trading prices of the Shares. Given that the aggregate of the Issue Price and the Exercise Price is at a discount of approximately 3.23% to the last five trading days up to and including the Last Trading Day and at

a premium of approximately 57.89% to the net asset value per Share as at 30 June 2007, the Directors consider that the aggregate of the Issue Price and the Exercise Price and the terms and conditions of the Warrant Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Transferability

Subject to all applicable laws and regulations, the Warrants may be transferable to any person (save as the connected person of the Company) in integral multiples of 1,000,000 Warrants (or if at the time of transfer, the outstanding number of Warrants are less than 1,000,000, the whole but not part of the outstanding Warrants). The Company and the Directors will notify the Stock Exchange for any dealings by the connected persons of the Company in the Warrants from time to time immediately upon the Company becoming aware of it.

Completion of the Warrant Subscription

Completion of the Warrants will take place on the third Business Day after the fulfillment of the conditions referred to in the section headed “Conditions of the Warrants” below.

Information of the Warrants

The Warrants will be issued to the Subscriber upon completion of the Warrants in registered form and constituted by a deed poll. The Warrants will rank pari passu in all respects among themselves. Each Warrant carries the right to subscribe for one Warrant Share at the Exercise Price and is issued at the Issue Price. The Warrants are not listed on the GEM of the Stock Exchange or any other recognised stock exchanges.

The subscription rights attaching to the Warrants may be exercised at any time during a period of 2 years commencing from the date of issue of the Warrants. The Warrant Shares, when fully paid and allotted, will rank pari passu in all respects with the then existing issued Shares.

Upon full exercise of the subscription rights attaching to the Warrants, the Warrant Shares represents (i) approximately 8.55% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 7.87% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares from the full exercise of the subscription rights attaching to the Warrants; and (iii) approximately 7.13% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the allotment and issue of the Warrant Shares from the full exercise of the subscription rights attaching to the Warrants.

Conditions of the Warrant Subscription

Completion of the Warrant Subscription shall be subject to and conditional upon, among other things, the following:

- (i) (if required) the GEM Listing Committee shall have approved the issue of the Warrants either unconditionally or subject to conditions to which neither the Company nor the Subscriber shall reasonably object and the satisfaction of such conditions; and
- (ii) the GEM Listing Committee granting the listing of, and the permission to deal in, the Warrant Shares.

If the conditions of the Warrant Subscription are not fulfilled on or before 31 December 2007 (or such later date as may be agreed between the Company and the Subscriber), the Warrant Subscription Agreement will be terminated and ceased to have any effect and neither of the parties shall have any claim against the other, save for any antecedent breaches of the provisions thereof.

Voting rights for the holders of the Warrants

The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being holders of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Mandate to issue the Warrant Shares

The Warrant Shares will be allotted and issued under the General Mandate. The Warrant Shares to be allotted and issued upon full exercise of the subscription rights attached to the Warrants utilize approximately 42.74% of the General Mandate.

REASONS FOR THE SHARE SUBSCRIPTION, WARRANT SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in sales and marketing of mobile appliance and relevant parts solutions in the PRC. The Directors consider the Share Subscription, the Warrant Subscription and the issue of the Warrant Shares provide opportunities for the Group to raise additional funds for further expansion of the Company, such as acquisition of companies which could create synergetic value to the Group. The Share Subscription, together with the Warrant Subscription, will strengthen the Group's capital base and financial position. Assuming the subscription rights attaching to the Warrants are fully exercised, a total of the 45,000,000 Warrant Shares will be issued, which represent only approximately 43% of the aggregate number of the Subscription Shares and the Warrant Shares. Accordingly, the Warrant Subscription provides an opportunity for the Group to raise funds without an immediate and significant dilution effect on the shareholding of the existing Shareholders.

The net proceeds from the Share Subscription will amount to approximately HK\$16.9 million and the net proceeds from the Warrant Subscription will amount to approximately HK\$0.9 million. The Company intends to apply the aggregate net proceeds from the Share Subscription and the Warrant Subscription of approximately HK\$17.8 million, together with the proceeds from the issue of the Warrant Shares upon full exercise of the subscription rights attaching to the Warrants in the future, will be applied towards general working capital of the Group and as funds for future development of the Group when investment opportunities arise. As at the date of this announcement, the Company has not identified any specific investment plans.

FUND RAISING ACTIVITIES OF THE GROUP FOR THE PAST TWELVE MONTHS

The following table summaries the fund raising activities of the Group for the 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
28 May 2007	Placing of 58,000,000 non-listed warrants at the price of HK\$0.02 per warrant	Approximately HK\$1.0 million	General working capital	HK\$1.0 million has been applied for general working capital purpose

CHANGE IN SHAREHOLDING STRUCTURE

The Directors have confirmed that (i) save for the Outstanding Warrants, there are no other outstanding options or convertible securities; and (ii) the number of Warrants, when in aggregate with the number of Outstanding Warrants will not exceed 20% of the issued share capital of the Company as at the date of issue of the Warrants.

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the Share Subscription; and (iii) immediately after the completion of the Share Subscription and assuming all subscription rights attaching to the Warrants and the Outstanding Warrants are exercised in full:

	As at the date of this announcement		Immediately after completion of the Share Subscription		Immediately after completion of the Share Subscription and full exercise of the subscription rights attaching to the Warrants and the Outstanding Warrants	
	Share	%	Share	%	Share	%
Mr. Shin Dong Hoon	81,200,000	15.42	81,200,000	13.85	81,200,000	11.78
Choice Media Investment Limited ("Choice Media") (Note 1)	74,621,186	14.17	74,621,186	12.72	74,621,186	10.82
Pilot Choice Management Limited ("Pilot Choice") (Note 2)	55,536,000	10.55	55,536,000	9.47	55,536,000	8.06
i.Concept Inc. ("i.Concept") (Note 3)	41,740,196	7.93	41,740,196	7.12	41,740,196	6.05
	<hr/>		<hr/>		<hr/>	
	253,097,382	48.07	253,097,382	43.16	253,097,382	36.71
Public Shareholders:						
KTIC M&A, Inc. (Note 4)	39,000,000	7.41	39,000,000	6.65	39,000,000	5.66
Subscriber	–	–	60,000,000	10.23	105,000,000	15.23
Other Public Shareholders	<u>234,354,118</u>	<u>44.52</u>	<u>234,354,118</u>	<u>39.96</u>	<u>292,354,118</u>	<u>42.40</u>
	<u>526,451,500</u>	<u>100.00</u>	<u>586,451,500</u>	<u>100.00</u>	<u>689,451,500</u>	<u>100.00</u>

Note 1: The Shares are registered in the name of Choice Media. Mr. Chan Ka Wo, an executive Director, legally and beneficially owns the entire issued share capital of Choice Media. Accordingly, Mr. Chan Ka Wo is deemed to be interested in all the Shares registered in the name of Choice Media.

Note 2: The entire issued share capital of Pilot Choice is legally and beneficially owned by Mr. Ong Se Mon, an executive Director. The Shares referred herein relate to the same parcel of Shares held by Pilot Choice. Mr. Ong Se Mon is also beneficially interested in an approximately 0.14% of the issued share capital of PINE Technology Holdings Limited, the issued shares of which are listed on GEM, which in turn has indirect interests in the Company through i.Concept.

Note 3: The entire issued share capital of i.Concept is legally and beneficially owned by Pan Eagle Limited and the entire issued share capital of which is legally and beneficially owned by Pine Technology (BVI) Limited. The entire issued share capital of Pine Technology (BVI) Limited is, in turn, legally and beneficially owned by Pine Technology. Accordingly, each of Pan Eagle Limited, Pine Technology (BVI) Limited and PINE Technology is deemed to be interested in the Shares registered in the name of i.Concept.

Note 4: The issued share capital of KTIC is owned as to approximately 45.05% by Korea Technology. Korea Technology is a company listed on the Korean Securities Dealers Automated Quotation.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares was suspended from 2:30 p.m. on 21 November 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 23 November 2007.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks generally are open for business in Hong Kong throughout their normal business hours
“Company”	QUASAR Communication Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Director(s)”	the director(s) of the Company from time to time
“Exercise Price”	an initial exercise price of HK\$0.28 per Warrant Share (subject to adjustment) at which holder(s) of the Warrants may subscribe for the Warrant Shares
“GEM”	Growth Enterprise Market
“GEM Listing Committee”	the listing sub-committee of the board of the Stock Exchange with responsibility for GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange

“General Mandate”	the general mandate to authorize the Directors to allot and issue up to 105,290,300 Shares pursuant to the resolution held at the annual general meeting of the Company held on 25 June 2007
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) which is/are third party(ies) independent of the Company and its connected person(s) as defined under the GEM Listing Rules
“Issue Price”	HK\$0.02 per Warrant to be issued pursuant to the Subscription Agreement
“Last Trading Day”	21 November 2007, being the last trading day of the Shares on which the Subscription Agreement was entered into
“Ms. Cheung”	Ms. Cheung Chung Yip, an Independent Third Party
“Outstanding Warrants”	58,000,000 non-listed warrants issued by the Company at an issue of price of HK\$0.02 per warrant, each entitles the holder thereof to subscribe for one new Share at the subscription price of HK\$0.50 (subject to adjustment) at any time during a period of 53 weeks commencing from 3 July 2007
“PRC”	the People’s Republic of China
“Share(s)”	the ordinary shares with par value of HK\$0.01 each in the capital of the Company
“Share Subscription”	the subscription of the Subscription Shares at the Subscription Price pursuant to the Subscription Agreement
“Share Subscription Agreement”	the subscription agreement dated 21 November 2007 entered into between the Company and the Subscriber in relation to the Share Subscription
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Pretty Profit Enterprises Ltd., being the subscriber of the Subscription Shares and the Warrants and is wholly-owned by Ms. Cheung
“Subscription Price”	HK\$0.29 per Subscription Share

“Subscription Share(s)”	the 60,000,000 new Shares to be issued by the Company pursuant to the Subscription Agreement
“Warrant(s)”	the 45,000,000 non-listed warrant(s) to be issued by Company pursuant to the Subscription Agreement
“Warrant Share(s)”	the 45,000,000 new Shares to be issued by the Company upon full exercise of the Warrants pursuant to the Subscription Agreement
“Warrant Subscription”	the subscription of the Warrants by the Subscriber at the Issue Price
“Warrant Subscription Agreement”	the subscription agreement dated 21 November 2007 entered into between the Company and the Subscriber in relation to the Warrant Subscription
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
QUASAR Communication Technology Holdings Limited
Chan Ka Wo
Chairman

Hong Kong, 22 November 2007

As at the date of this announcement, the executive Directors are Mr. Chan Ka Wo, Mr. Ra Chang Ju, Mr. Ong Se Mon and Mr. Cho Hui Jae and the independent non-executive Directors are Mr. Lo Hang Fong, Mr. Li Meng Long and Mr. Choy Mun Kei.

This announcement, for which the Directors collectively and individually accept full responsibilities, include particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material aspects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumption that are fair and reasonable.

This announcement will remain on GEM website on the “Latest Company Announcements” page for at least 7 days from the date of its posting.

* *For identification purposes only*