



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)

MEMORANDUM OF UNDERSTANDING – ESTABLISH OVERALL CO-OPERATION WITH CHI MEI LIGHTING TECHNOLOGY CORPORATION AND CHI MEI OPTOELECTRONICS CORPORATION RELATING TO LED AND LCD PRODUCTS AND TECHNOLOGIES

Financial Adviser

COMMERZBANK 

Commerzbank AG Hong Kong Branch

The Board is pleased to announce that, on 1 February 2008 after trading hours, the Company entered into the MOU with CMLT and CMO in respect of the overall co-operation in the LED New Lighting Products and the LCD Related Commercial Products and technologies. CMO, one of the world's leading manufacturers of TFT-LCD display panels in terms of production capacity for a wide range of LCD panel displays for televisions and computers (desktop and notebook), possesses the extensive technology capability and product know-how on the manufacturing of display panels. CMLT, a wholly-owned subsidiary of CMO, is principally engaged in the manufacturing and sale of LED products from up-stream LED epitaxy, mid-stream LED chips and down-stream LED packaging and application products.

Pursuant to the MOU, the Company will (i) provide product specification of the market demand for the purpose of research and development and production of the LED New Lighting Products; (ii) establish demonstration centres for the LED New Lighting Products in major cities of the PRC; and (iii) provide distribution channels for the LED New Lighting Products in the PRC. On the other hand, CMLT will (i) provide the parts for the LED New Lighting Products as well as procure suppliers of related parts and components; (ii) provide the assembling and manufacturing flow process of LED New Lighting Products and training to the manufacturers designated by the Company; and (iii) use its commercially best effort to ensure long-term stable supply of parts and components and other up-stream products to the manufacturers designated by the Company of LED New Lighting Products or any new manufacturing entities to be established by the Company in the future. In addition, CMO will use its commercially best effort to provide to the Company the LCD Related Commercial Products and other final products. In view of (i) CMLT's specialized technical knowledge on the LED products market; (ii) CMO being one of the technology leaders in the global TFT-LCD market; and (iii) the opportunity for the Group to capitalize on the advanced technologies and product know-how of CMLT and CMO to develop the LED New Lighting Products and the LCD Related Commercial Products for the high growth consumer electronic products market in the PRC, the Directors consider the terms of the MOU are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

As the subject transactions may or may not proceed, the Shareholders and investors of the Company should exercise cautions when dealings in the securities of the Company.

Background

The Group has the capability of sale and marketing of consumer electronic products in the PRC with the relevant distribution channels. CMLT and CMO have the competitive strengths on applying LED and LCD technologies and manufacturing the application products. As such, the Company entered into the MOU with CMLT and CMO in order to capitalize on the competitive strengths for each of the parties. The objective of the MOU is to provide the LED New Lighting Products and the LCD Related Commercial Products and to develop LED-based and LCD-related technology-based consumer electronic products for tapping into the high growth consumer electronic product market in the PRC.

The MOU

Date

1 February 2008 after trading hours

Parties : The Company

CMLT and CMO

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, CMLT and CMO are Independent Third Parties.

Major Terms

The Company's main responsibilities include:

- 1) to provide product specification of the market demand for the purpose of research and development and production of the LED New Lighting Products;
- 2) to establish demonstration centres for the LED New Lighting Products in major cities of the PRC; and
- 3) to provide a number of distribution channels for the LED New Lighting Products in the PRC.

CMLT's main responsibilities include:

- 1) to provide the parts for the LED New Lighting Products as well as procure suppliers of related parts and components;
- 2) to provide the assembling and manufacturing flow process of LED New Lighting Products and training to the manufacturers designated by the Company; and
- 3) to use its commercially best effort to ensure long-term stable supply of parts and components and other up-stream products to the manufacturers designated by the Company of LED New Lighting Products or any new manufacturing entities to be established by the Company in the future.

CMO's main responsibilities include:

- 1) to use its commercially best effort to provide to the Company the LCD Related Commercial Products and other final products.

Information of CMO and CMLT

CMO is one of the world's leading manufacturers of TFT-LCD display panels in terms of production capacity for a wide range of LCD panel displays for televisions and computers (desktop and notebook). It is a company listed on the Taiwan Stock Exchange and has a market capitalization of approximately TWD261,648 million (equivalent to approximately HK\$63,661.3 million) as at the date of this announcement. CMO possesses extensive technology capability and product know-how on the manufacturing of display panels such as wide-aspect displays for computer monitors with thinner and lighter panels and lower power consumption as well as TFT-LCD television with wider viewing angles, higher contrast ratios, higher definition, higher compatibility and faster response time. The technical capability of CMO is mainly attributable to the strength of its research and development division comprising experienced engineers in the optoelectronics industry.

CMLT, a wholly-owned subsidiary of CMO, is principally engaged in the manufacturing and sale of LED products from up-stream LED epitaxy, mid-stream LED chips and down-stream LED packaging and LED application products.

Reasons for entering into the MOU

The Group is principally engaged in sale and marketing of mobile appliances and relevant parts solutions in the PRC. As mentioned in the announcement of the Company dated 28 January 2008, the Directors considered that the optoelectronic industry, particularly the LED products, for the consumer electronic market, has tremendous potential to the Group. Accordingly, the Directors intend to develop the LED business by leveraging on its expertise in the sale and marketing consumer electronic products in the PRC and enough co-operation with reputable business partners. In view of (i) CMLT's specialized technical knowledge on the LED products market; (ii) CMO being one of the technology leaders in the global

TFT-LCD market; and (iii) the opportunity for the Group to capitalize on the advanced technologies and product know-how of CMLT and CMO to develop the LED New Lighting Products and the LCD Related Commercial Products for the high growth consumer electronic products market in the PRC, the Directors consider the terms of the MOU are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

General

This announcement is intended to set out the salient features of the MOU. Further announcement(s) will be made by the Company in respect of any material development on the possible transaction and actions which will be taken to comply with the disclosure and/or approval requirements under the GEM Listing Rules.

In the event of the consummation of the transactions contemplated under the MOU, the subject transactions may constitute notifiable transactions for the Company under Rule 19.06 of the GEM Listing Rules. As the subject transactions may or may not proceed, the Shareholders and investors of the Company should exercise cautions when dealings in the securities of the Company.

Definitions

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

“Board”	the board of Directors
“CMLT”	Chi Mei Lighting Technology Corporation, incorporated in Taiwan and is a wholly-owned subsidiary of CMO
“CMO”	Chi Mei Optoelectronics Corporation, incorporated as a company limited by shares in Taiwan, and the common shares of which are listed on the Taiwan Stock Exchange
“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, including the independent non-executive director(s) of the Company
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s), or in case of companies, their ultimate beneficial owners(s), who is/are independent of and not connected with the Company and its subsidiaries and its connected persons or in the case of a corporation (the ultimate beneficial owner) its respective associates (which has the same meaning as defined in the GEM Listing Rules)
“LCD”	liquid crystal display, a display technology that uses rod-shaped molecules (liquid crystals) that flow like liquid and bend light
“LCD Related Commercial Products”	LCD application products for the consumer electronics market with a focus on energy savings
“LED”	light emitting diodes, a semiconductor diode that emits light when connected with an electric circuit
“LED New Lighting Products”	LED new lighting products for the consumer electronics market with a focus on energy saving
“MOU”	the non-legally binding memorandum of understanding dated 1 February 2008 after trading hours entered into among the Company, CMLT and CMO in respect of the overall co-operation in the LED New Lighting Products and the LCD Related Commercial Products and technologies
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	the ordinary shares with par value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiwan Stock Exchange”	Taiwan Stock Exchange Corporation

“TFT-LCD”	thin film transistor liquid crystal display, a variant of liquid crystal display which uses thin film transistor technology to improve image quality; typically referring to active matrix screens, being used in televisions, flat panel displays and projectors and provides sharper image with broader viewing angles
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“TWD”	Taiwan dollars, the lawful currency of Taiwan

* *For identification purpose only*

By order of the Board
QUASAR Communication Technology Holdings Limited
Yu Xiao Min
Chairman

Hong Kong, 4 February 2008

All amounts in TWD have been translated in HK\$ at a rate of HK\$1=TWD4.11 in this announcement for illustration only.

As at the date of this announcement, the executive Directors are Ms. Yu Xiao Min, Mr. Cho Hui Jae and Mr. Li Tan Yeung Richard and the independent non-executive Directors are Mr. Sze Lin Tang, Mr. Leung Wing Kin and Mr. Zhang Zhan Liang.

This announcement, for which the Directors collectively and individually accept full responsibilities, includes 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.

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