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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)

PROGRESS ON DISCLOSEABLE AND CONNECTED TRANSACTION

Reference is made to the Announcement in relation to the proposed acquisition of the Sale Capital by the Company from the Vendor pursuant to the Sale and Purchase Agreement. Terms used herein shall have the same meanings as defined in the Announcement unless otherwise stated herein.

Pursuant to the Sale and Purchase Agreement, a Deposit shall be paid by the Company to the Vendor within three Business Days from the date of publication of the Announcement. As at the date hereof, the Deposit has been paid to the Vendor by the Company, which constitutes an advance to an entity pursuant to Rule 17.15 of the GEM Listing Rules.

The Acquisition may or may not proceed, and Shareholders and investors are advised to exercise caution when dealing in the Shares.

Reference is made to the announcement of the Company dated 10 October 2008 (the "Announcement") in relation to the proposed acquisition of the Sale Capital by the Company from the Vendor pursuant to the Sale and Purchase Agreement. Terms used herein shall have the same meanings as defined in the Announcement unless otherwise stated herein.

Pursuant to the Sale and Purchase Agreement, the refundable deposit of HK\$25,000,000 (the "Deposit") shall be paid by the Company to the Vendor within three Business Days from the date of publication of the Announcement.

As at the date hereof, the Deposit has been paid to the Vendor by the Company, which constitutes an advance to an entity pursuant to Rule 17.15 of the GEM Listing Rules. The Deposit will not bear any interest. Save as disclosed above, no further payment has been made by the Company to the Vendor as at the date hereof.

The Deposit exceeded 8% of the assets ratio of the Group as defined under Rule 19.07(1) of the GEM Listing Rules and constitutes an advance to an entity pursuant to Rule 17.15 of the GEM Listing Rules. The Acquisition constitutes a discloseable transaction on the part of the Company under the GEM Listing Rules. The Acquisition involves the Company acquiring interests in the Target where Protex Utility, an associate of Mr. Xiang, will be a substantial shareholder of the Target upon Completion. Pursuant to the GEM Listing Rules, the Acquisition will also constitute a non-exempted connected transaction on the part of the Company.

A circular containing, among other matters, further information on the Acquisition, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the letter from the Independent Board Committee to the Independent Shareholders, will be despatched to the Shareholders in due course.

The Acquisition may or may not proceed, and Shareholders and investors are advised to exercise caution when dealing in the Shares.

By order of the Board
QUASAR Communication Technology Holdings Limited
Xiang Xin
Chairman

Hong Kong, 15 October 2008

As at the date of this announcement, the executive Directors are Mr. Xiang Xin, Mr. Yang Xiao Ming, Mr. Wong Chak Keung and Mr. Cho Hui Jae 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.

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*