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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)

MAJOR TRANSACTION INVOLVING ACQUISITION OF APPROXIMATELY 22.49% OF THE ENTIRE ISSUED SHARE CAPITAL OF KBT MOBILE CO., LIMITED, DISCLOSEABLE TRANSACTION INVOLVING DISPOSAL OF THE CDMA SOLUTION AND THE FTA LICENCE AND RESUMPTION OF TRADING

THE KTIC AGREEMENT

On 29 December 2006, the Company entered into the KTIC Agreement to acquire from KTIC, the KTIC Sale Shares, for a total consideration of HK\$19,479,504.20.

The total consideration for the KTIC Sale Shares shall be settled by the Company in the following manner: (i) as to HK\$11,479,504.20 by allotting and issuing 114,795,042 Shares to KTIC credited as fully paid, at the Issue Price on Completion; and (ii) as to the balance of HK\$8,000,000 by delivering to KTIC the Assets owned by subsidiaries of the Company on Completion.

THE KOREA TECHNOLOGY AGREEMENT

On 29 December 2006, the Company entered into the Korea Technology Agreement to acquire from Korea Technology, the Korea Technology Sale Shares, for a total consideration of HK\$5,063,295.80.

The total consideration for the Korea Technology Sale Shares shall be settled by the Company by allotting and issuing 50,632,958 Shares to Korea Technology credited as fully paid, at the Issue Price on Completion.

* *for identification purpose only*

THE CONSIDERATION SHARES

The Consideration Shares represent approximately 31.42% of the existing issued share capital of the Company and approximately 23.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Proposed Acquisitions when aggregated constitute a major transaction on the part of the Company under the GEM Listing Rules and is subject to the approval of the Shareholders at the EGM. The Proposed Disposal constitutes a discloseable transaction on the part of the Company under the GEM Listing Rules. As at the date of this announcement, KTIC is interested in 39,000,000 Shares. To the best of the Directors' knowledge, other than KTIC, no other Shareholder has any material interests in the Agreements and the transactions contemplated thereunder as at the date of this announcement. As KTIC and its associates will be required to abstain from voting for the relevant resolution to approve the Agreements and the transactions contemplated thereunder at the EGM, the Agreements and the transactions contemplated thereunder will be subject to, among other things, the approval of the Shareholders other than KTIC and its associates at the EGM by way of poll. A circular containing, among other matters, further details of the Proposed Acquisitions, the Proposed Disposal and a notice to convene the EGM will be despatched to the Shareholders within 21 days after the publication of this announcement.

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 2 January 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 10 January 2007.

THE KTIC AGREEMENT

Date: 29 December 2006

Parties:

Purchaser: the Company

Vendor: KTIC, an associate company of Korea Technology

KTIC is principally engaged in the provision of merger and acquisition and business consultancy services in South Korea.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) save as to KTIC holding 39,000,000 Shares, KTIC and its ultimate beneficial owner is a third party independent of the Company and its connected persons; and (ii) KTIC is independent of and not acting in concert with any other Shareholders.

Assets to be acquired

Pursuant to the KTIC Agreement, the Company has agreed to acquire and KTIC has agreed to sell the KTIC Sale Shares, representing approximately 15.61% of the entire issued share capital of KBT before and immediately after Completion.

Consideration

The total consideration for the KTIC Sale Shares is HK\$19,479,504.20 and shall be settled by the Company in the following manner:

- (i) as to HK\$11,479,504.20 by allotting and issuing 114,795,042 Shares to KTIC credited as fully paid, at the Issue Price on Completion; and
- (ii) as to the balance of HK\$8,000,000 by delivering to KTIC the Assets owned by subsidiaries of the Company on Completion.

Conditions precedent

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

- (a) the Company being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of KBT;
- (b) all necessary consents and approvals required to be obtained on the part of the Company and KTIC in respect of the KTIC Agreement and the transactions contemplated thereunder having been obtained;
- (c) the passing by the Shareholders at a general meeting of the Company to be convened and held of an ordinary resolution to approve the KTIC Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the KTIC Consideration Shares to KTIC credited as fully paid;
- (d) the obtaining of a South Korean legal opinion (in form and substance satisfactory to the Company) in relation to the transactions contemplated under the KTIC Agreement;
- (e) the warranties provided by KTIC under the KTIC Agreement remaining true and accurate in all respects; and
- (f) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the KTIC Consideration Shares.

Conditions (a), (d) and (e) above are waivable by the Company under the KTIC Agreement. The Company has no current intention to waive such conditions.

Completion

Completion shall take place at 4:00 p.m. on the second Business Day after all the conditions of the KTIC Agreement have been fulfilled or waived or such later date as may be agreed between the Company and KTIC. The Agreements are inter-conditional and the completion of the KTIC Agreement shall take place simultaneously with the completion of the Korea Technology Agreement.

Upon Completion, KTIC will transfer the KTIC Sale Shares to the Company or its nominee.

KTIC has no current intention to appoint any representatives to the Board upon Completion.

Long-stop date

If all of the conditions are not fulfilled (or as the case may be, waived by the Company) on or before 4:00 p.m. on 27 February 2007, being the date falling 60 days from the date of the KTIC Agreement (or such later date as the Company and KTIC may agree), the KTIC Agreement shall cease and determine.

THE KOREA TECHNOLOGY AGREEMENT

Date: 29 December 2006

Parties:

Purchaser: the Company

Vendor: Korea Technology

Korea Technology is principally engaged in the provision of investment services in South Korea.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) save as to the indirect interests of Korea Technology in 39,000,000 Shares held by KTIC, Korea Technology and its ultimate beneficial owner is a third party independent of the Company and its connected persons; and (ii) save and except KTIC, Korea Technology is independent of and not acting in concert with any other Shareholders.

Assets to be acquired

Pursuant to the Korea Technology Agreement, the Company has agreed to acquire and Korea Technology has agreed to sell the Korea Technology Sale Shares, representing approximately 6.88% of the entire issued share capital of KBT before and immediately after Completion.

Consideration

The total consideration for the Korea Technology Sale Shares is HK\$5,063,295.80 and shall be settled by the Company by allotting and issuing 50,632,958 Shares to Korea Technology credited as fully paid, at the Issue Price on Completion.

Conditions precedent

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

- (a) the Company being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of KBT;
- (b) all necessary consents and approvals required to be obtained on the part of the Company and Korea Technology in respect of the Korea Technology Agreement and the transactions contemplated thereunder having been obtained;
- (c) the passing by the Shareholders at a general meeting of the Company to be convened and held of an ordinary resolution to approve the Korea Technology Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Korea Technology Consideration Shares to Korea Technology credited as fully paid;
- (d) the obtaining of a South Korean legal opinion (in form and substance satisfactory to the Company) in relation to the transactions contemplated under the Korea Technology Agreement;
- (e) the warranties provided by Korea Technology under the Korea Technology Agreement remaining true and accurate in all respects; and
- (f) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Korea Technology Consideration Shares.

Conditions (a), (d) and (e) above are waivable by the Company under the Korea Technology Agreement. The Company has no current intention to waive such conditions.

Completion

Completion shall take place at 4:00 p.m. on the second Business Day after all the conditions of the Korea Technology Agreement have been fulfilled or waived or such later date as may be agreed between the Company and Korea Technology. The Agreements are inter-conditional and the completion of the Korea Technology Agreement shall take place simultaneously with the completion of the KTIC Agreement.

Upon Completion, Korea Technology will transfer the Korea Technology Sale Shares to the Company or its nominee.

Korea Technology has no current intention to appoint any representatives to the Board upon Completion.

Long-stop date

If all of the conditions are not fulfilled (or as the case may be, waived by the Company) on or before 4:00 p.m. on 27 February 2007, being the date falling 60 days from the date of the Korea Technology Agreement (or such later date as the Company and Korea Technology may agree), the Korea Technology Agreement shall cease and determine.

CONSIDERATION

The consideration for the KTIC Sale Shares was agreed between the Company and KTIC and the consideration for the Korea Technology Sale Shares was agreed between the Company and Korea Technology after arm's length negotiations with reference to (i) KBT's expertise in the development and manufacture of 3G mobile appliance in South Korea; and (ii) the results of the preliminary due diligence on KBT conducted by the Group. The difference between the consideration per Sale Share for the Korea Technology Sale Shares and the KTIC Sale Shares was made at the request of KTIC and Korea Technology. The Directors consider the payment terms of the aggregate consideration under the Agreements to be fair and reasonable.

THE CONSIDERATION SHARES

The 165,428,000 new Shares will be issued (as to 114,795,042 new Shares to KTIC and as to 50,632,958 new Shares to Korea Technology) at an issue price of HK\$0.10 per Consideration Share, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

The Issue Price represents:

- (i) a discount of approximately 16.67% to the closing price of HK\$0.12 per Share as quoted on the Stock Exchange on 28 December 2006, being the last trading day immediately prior to the date of the Agreements;
- (ii) a discount of approximately 12.28% to the average of the closing prices of HK\$0.114 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 28 December 2006, being the last trading day immediately prior to the date of the Agreements;

- (iii) a discount of approximately 6.54% to the average of the closing prices of HK\$0.107 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 28 December 2006, being the last trading day immediately prior to the date of the Agreements; and
- (iv) a discount of approximately 46.81% to the net assets value per Share of approximately HK\$0.188 based on the audited consolidated financial statements of the Group as at 31 December 2005.

The Consideration Shares will be allotted and issued pursuant to the specific mandate to be sought at the EGM and will be allotted and issued on the date of Completion.

Based on the closing price of HK\$0.12 per Share as quoted on the Stock Exchange on 28 December 2006, being the last trading day immediately prior to the date of the Agreements, the Consideration Shares have a total value of HK\$19,851,360.

The Consideration Shares represent approximately 31.42% of the existing issued share capital of the Company and approximately 23.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

There is no provision in the Agreements which restricts KTIC and Korea Technology from disposing of the Consideration Shares.

Application for listing

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement and before Completion; and (ii) immediately after Completion and the allotment and issue of the Consideration Shares:

	As at the date of this announcement and before Completion		Immediately after Completion and the allotment and issue of the Consideration Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Shin Dong Hoon	81,200,000	15.42%	81,200,000	11.74%
Choice Media Investments Limited ("Choice Media") (Note 1)	74,621,186	14.17%	74,621,186	10.79%
Pilot Choice Management Limited ("Pilot Choice") (Note 2)	55,536,000	10.55%	55,536,000	8.03%
i.Concept Inc. ("i.Concept") (Note 3)	41,740,196	7.93%	41,740,196	6.03%
KTIC (Note 4)	39,000,000	7.41%	153,795,042	22.23%
Korea Technology (Note 5)	–	–	50,632,958	7.32%
Public Shareholders	234,354,118	44.52%	234,354,118	33.86%
Total:	<u>526,451,500</u>	<u>100%</u>	<u>691,879,500</u>	<u>100%</u>

Notes:

- 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.
- 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 0.63% of the issued share capital of PINE Technology Holdings Limited ("PINE Technology"), the issued shares of which are listed on GEM. PINE Technology has indirect interests in the Company through i.Concept.
- 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.

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

BOARD REPRESENTATION OF THE GROUP

The Company has no current intention to nominate any directors to the board of KBT upon Completion.

INFORMATION ON KBT

KBT is principally engaged in the development and manufacturing of electronic products and parts of GSM mobile phones. Other than the large international companies based in South Korea, such as LG, Samsung and Pantech, KBT is one of the few local South Korean companies that have the capabilities to develop 3G mobile appliances. According to the statistics released by the Small-medium Size Enterprise Authority in South Korea in 2005, KBT was ranked as the 72nd most promising company in South Korea (including listed companies and non-listed companies). In 2005, KBT was also selected as the Innovation-Business Company and Special Military Service Company for Professional Research by Korea Technology Credit Guarantee Fund and Military Manpower Administration respectively.

According to the audited consolidated financial statements of KBT for the year ended 31 December 2004, the turnover was approximately KRW156,360,085,000 (equivalent to approximately HK\$1,063,674,000), the net profit before taxation and extraordinary items was approximately KRW6,573,391,000 (equivalent to approximately HK\$44,717,000) and the net profit after taxation and extraordinary items was approximately KRW6,173,797,000 (equivalent to approximately HK\$41,999,000).

According to the audited consolidated financial statements of KBT for the year ended 31 December 2005, the turnover was approximately KRW100,233,002,000 (equivalent to approximately HK\$771,023,000), the net loss before taxation and extraordinary items was approximately KRW9,400,460,000 (equivalent to approximately HK\$72,311,000) and the net loss after taxation and extraordinary items was approximately KRW9,457,577,000 (equivalent to approximately HK\$72,751,000). The net loss before and after taxation and extraordinary items were mainly due to (i) keen competition in the market which deteriorated the gross profit margin; (ii) recognition of an impairment loss on development costs and trade receivables; and (iii) increase in interest expenses due to the increase in bank borrowings.

According to the audited consolidated financial statements of KBT for the seven months ended 31 July 2006, the turnover was approximately KRW58,303,558,000 (equivalent to approximately HK\$459,083,000) and the net profit before taxation and extraordinary items was approximately KRW468,083,000 (equivalent to approximately HK\$3,686,000) and the net profit after taxation and extraordinary items was approximately KRW919,907,000 (equivalent to approximately HK\$7,243,000). The improvement of the profitability of KBT during the seven months ended 31 July 2006 was mainly due to (i) an income tax refund; (ii) no recognition of impairment loss on development costs and trade receivables; and (iii) the appreciation of KRW.

As at 31 July 2006, the net assets value of KBT is approximately KRW8,914,894,000 (equivalent to approximately HK\$72,479,000). The principal assets of KBT were cash and bank balances (including time deposits) and inventories of approximately KRW6,960,892,000 (equivalent to approximately HK\$56,593,000) and approximately KRW6,901,194,000 (equivalent to approximately HK\$56,107,000) respectively and the principal liabilities of KBT were short term bank borrowings and trade payables of approximately KRW8,935,103,000 (equivalent to approximately HK\$72,643,000) and approximately KRW3,803,233,000 (equivalent to approximately HK\$30,921,000) respectively.

INFORMATION ON THE ASSETS

The Assets are a CDMA solution and a FTA licence. The CDMA solution is the technical know-how and solution development of the mobile appliances under the CDMA communication standard.

The Group acquired the CDMA solution and the FTA licence in September 2004 and November 2004 respectively. The consideration of the Assets was determined based on the net book value of the Assets, which was HK\$8,028,000 as at 30 September 2006. The Group has not conducted any valuation on the Assets after 30 September 2006.

According to the management accounts of the subsidiaries of the Company holding the Assets for the year ended 31 December 2004, there were no turnover and net profits generated from the Assets.

According to the management accounts of the subsidiaries of the Company holding the Assets for the year ended 31 December 2005, the turnover generated from the Assets was approximately HK\$2,543,000 and the net profit before and after taxation and extraordinary items generated from the Assets were approximately HK\$1,451,000.

According to the management accounts of the subsidiaries of the Company holding the Assets for the six months ended 30 June 2006, the turnover generated from the Assets was approximately HK\$2,412,000 and the net profit before and after taxation and extraordinary items generated from the Assets were approximately HK\$72,000.

REASONS FOR THE PROPOSED ACQUISITIONS

The Group is engaged in the provision of customised solutions for cellular phones in the PRC.

According to the audited consolidated financial statements of the Group for the year ended 31 December 2004, the turnover from continuing operations was approximately HK\$488,352,000, the net loss before taxation and extraordinary items from continuing operations was approximately HK\$5,167,000 and the net loss after taxation and extraordinary items from continuing operations was approximately HK\$5,979,000.

According to the audited consolidated financial statements of the Group for the year ended 31 December 2005, the turnover from continuing operations was approximately HK\$273,760,000, the net profit before taxation and extraordinary items from continuing operations was approximately HK\$7,076,000 and the net profit after taxation and extraordinary items from continuing operations was approximately HK\$6,438,000.

The Directors consider that the Proposed Acquisitions would have a positive impact on the future development of the 3G mobile phone products of the Group in the PRC and other new market segments.

According to Analysis International, a company principally engaged in the provision of business information in relation to technology, media and telecom industry in the PRC on the internet, The PRC's 3G subscriber base will reach 270 million by 2011. Currently, only large international mobile phone manufacturers have the technology to develop 3G mobile appliances. Although the Group has a solid existing customer base in the PRC, the Group does not have any operations relating to 3G mobile phone products.

KBT is one of the South Korean companies who have the capabilities to develop 3G mobile appliances. KBT is expected to complete its development of 3G mobile appliances by the end of 2007. Therefore, by combining technology of KBT to develop 3G mobile appliances and the solid existing customer base of the Group in the PRC, the Group and KBT could form a business alliance through the Proposed Acquisitions, to allow the Group to grasp the potential business opportunities in the PRC in the near future.

KBT also has a large customer base in Taiwan, Middle-east and South America. The Proposed Acquisitions could enlarge and widen the existing customer base of the Group, which will be beneficial to the future development of the Group.

Based on the above-mentioned reasons, the Directors believe that the Proposed Acquisitions would further enhance the future growth of the Group in order to maximise returns to Shareholders.

Taking into account the benefits of the Proposed Acquisitions, the Board is of the view that the terms of the Proposed Acquisitions are fair and reasonable and the Proposed Acquisitions are in the interests of the Company and the Shareholders as a whole.

There is no current intention to change the composition of the Board upon Completion.

Upon Completion, the Group will hold approximately 22.49% of the entire issue share capital of KBT and the Proposed Acquisitions will be accounted as an interest in an associate in the consolidated financial statements of the Group.

REASONS FOR THE PROPOSED DISPOSAL

The Directors consider that the market share of CDMA mobile phones are decreasing and GSM mobile phones are becoming more dominant in the PRC market.

The FTA licence is the full-type approval certificate for testing and accreditation of mobile appliances under a set of required testing standards which including hardware, software and electromagnetic compatibility. The original idea to acquire the FTA licence was to target overseas customers that intend to enter the PRC market by certifying the products of such customers, however, the projected sales was far below the expected level.

The Director believes that the disposal of the Assets would enable the Group to focus on its core business, including the GSM mobile appliances development. As such, the Directors considered that the disposal of the Assets will not have any material financial impact on the Group. The Directors consider that the terms of the Proposed Disposal are fair and reasonable and the Proposed Disposal is in the interests of the Company and the Shareholders as a whole.

The net proceeds from the Proposed Disposal will be HK\$8,000,000 as stipulated in the KTIC Agreement.

FINANCIAL EFFECT OF THE PROPOSED DISPOSAL

It is estimated that, upon Completion, the Group will record a loss on disposal of approximately HK\$28,000 for the year ending 31 December 2007, which will be reflected in the consolidated income statement of the Group for the year ending 31 December 2007.

GEM LISTING RULES IMPLICATIONS

The Proposed Acquisitions when aggregated constitute a major transaction on the part of the Company under the GEM Listing Rules and is subject to the approval of the Shareholders at the EGM. The Proposed Disposal constitutes a discloseable transaction on the part of the Company under the GEM Listing Rules. As at the date of this announcement, KTIC is interested in 39,000,000 Shares. To the best of the Directors' knowledge, other than KTIC, no other Shareholder has any material interests in the Agreements and the transactions contemplated thereunder as at the date of this announcement. As KTIC and its associates will be required to abstain from voting for the relevant resolution to approve the Agreements and the transactions contemplated thereunder at the EGM, the Agreements and the transactions contemplated thereunder will be subject to, among other things, the approval of the Shareholders other than KTIC and its associates at the EGM by way of poll. A circular containing, among other matters, further details of the Proposed Acquisitions, the Proposed Disposal and a notice to convene the EGM will be despatched to the Shareholders within 21 days after the publication of this announcement.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 2 January 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 10 January 2007.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“acting in concert”	has the meaning ascribed to it in the Code on Takeovers and Mergers
“Agreements”	the KTIC Agreement and the Korea Technology Agreement
“Assets”	the CDMA solution and the FTA licence
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally 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 and the issued shares of which are listed on GEM
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreements
“connected persons”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration Shares”	165,428,000 new Shares to be allotted and issued by the Company (as to 114,795,042 new Shares to KTIC and as to 50,632,958 new Shares to Korea Technology) as part consideration for the Proposed Acquisitions
“Director(s)”	the director(s), including the independent non-executive directors, of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Agreements and the transactions contemplated thereunder

“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
“Issue Price”	the issue price of HK\$0.10 per Consideration Share
“KBT”	KBT Mobile Co., Limited, a company incorporated in the South Korea with limited liability
“Korea Technology”	Korea Technology Investment Corporation, a company incorporated in South Korea and is the vendor of the Korea Technology Sale Shares
“Korea Technology Agreement”	the conditional sale and purchase agreement dated 29 December 2006 entered into between the Company and Korea Technology in relation to the sale and purchase of the Korea Technology Sale Shares
“Korea Technology Consideration Shares”	50,632,958 new Shares to be allotted and issued by the Company to Korea Technology as the consideration under the Korea Technology Agreement
“Korea Technology Sale Shares”	50,000 ordinary shares of KRW5,000 each in the share capital of KBT
“KTIC”	KITC M&A, Inc., a company incorporated in South Korea, an associated company of Korea Technology and is the vendor of the KTIC Sale Shares
“KTIC Agreement”	the conditional sale and purchase agreement dated 29 December 2006 entered into between the Company and KTIC in relation to the sale and purchase of the KTIC Sale Shares
“KTIC Consideration Shares”	114,795,042 new Shares to be allotted and issued by the Company to KTIC as part consideration under the KTIC Agreement
“KTIC Sale Shares”	113,360 ordinary shares of KRW5,000 each in the share capital of KBT

“PRC”	The People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Acquisitions”	the proposed acquisitions of the Sale Shares by the Company as contemplated under the Agreements
“Proposed Disposal”	the proposed disposal of the Assets by the Company as contemplated under the KTIC Agreement
“Sale Shares”	the KTIC Sale Shares and the Korea Technology Sale Shares
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“South Korea”	the Republic of Korea
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“KRW”	South Korean won, the lawful currency for the time being of South Korea
“%”	per cent.

For the purpose of this announcement, unless otherwise specified, conversions of (i) KRW into HK\$ for the year ended 31 December 2004 are based on the approximate average exchange rate of KRW147 to HK\$1.00; (ii) KRW into HK\$ for the year ended 31 December 2005 are based on the approximate average exchange rate of KRW130 to HK\$1.00; (iii) KRW into HK\$ for the period from 1 January 2006 to 31 July 2006 are based on the approximate average exchange rate of KRW127 to HK\$1.00; and (iv) KRW into HK\$ as at 31 July 2006 are based on the approximate exchange rate of KRW123 to HK\$1.00.

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

Hong Kong, 9 January 2007

The executive Directors as at the date of this announcement are Mr. Chan Ka Wo, Mr. Ra Chang Ju and Mr. Ong Se Mon and the independent non-executive Directors as at the date of this announcement 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 responsibility, 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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