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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)

DISCLOSEABLE AND CONNECTED TRANSACTION

AND

PROGRESS ON THE POTENTIAL ACQUISITION OF INTERESTS IN LEGEND CENTURY

SALE AND PURCHASE AGREEMENT

On 20 September 2008, the Company and the Vendor entered into the Sale and Purchase Agreement pursuant to which the Company agreed to buy and the Vendor agreed to sell the Sale Capital.

The Consideration for the sale and purchase of the Sale Capital of HK\$25,000,000 shall be payable in cash by the Company to the Vendor within three Business Days from the date of signing of the Sale and Purchase Agreement as refundable deposit. The parties to the Sale and Purchase Agreement have further verbally agreed that the Consideration shall be payable by the Company to the Vendor as refundable deposit within three Business Days from the date of publication of this announcement instead of the date of signing of the Sale and Purchase Agreement.

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.

Pursuant to Chapter 20 of the GEM Listing Rules, Mr. Xiang, Protex Utility and their associates are required to abstain from voting for the resolution to approve the Acquisition at the EGM. As at the date of this announcement, Mr. Xiang, Protex Utility and their associates did not hold any Shares.

The Independent Board Committee comprising Mr. Sze Lin Tang, Mr. Leung Wing Kin and Mr. Zhang Zhan Liang, all being the independent non-executive Directors, will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee in this regard.

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 within 21 days after the publication of this announcement.

THIRD SUPPLEMENTAL MOU

In order to have sufficient time for the completion of (i) the reorganisation of the Legend Century and its subsidiaries; and (ii) the Due Diligence Review, Ocean Space and the Company entered into the Third Supplemental MOU on 20 September 2008 to extend the date for entering into the Legend Century Formal Agreement until the completion of the Due Diligence Review. The Company shall have the right to terminate the MOU with a three-month prior notice.

As set out in the MOU, the Initial Deposit of HK\$30,000,000 was paid within 14 Business Days from the date of signing of the MOU and the Second Deposit HK\$10,000,000 shall be payable on the date to be mutually agreed by Ocean Space and the Company. Pursuant to the Third Supplemental MOU, the Legend Century Deposit shall be decreased from HK\$40,000,000 to HK\$5,000,000. Ocean Space shall refund HK\$25,000,000 paid by the Company to the Company or its nominees.

SUSPENSION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 14 August 2008 pending the release of the announcement of the Company in relation to the interim results for the six months ended 30 June 2008. Trading in the Shares will continue to be suspended pending the release of the said announcement.

SALE AND PURCHASE AGREEMENT

Date: 20 September 2008 (with the supplemental agreement dated 10 October 2008)

Parties: (1) Purchaser : the Company
(2) Vendor : the Vendor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Company has agreed to acquire and the Vendor has agreed to sell the Sale Capital, representing 24% of the registered and paid up capital of the Target upon completion of the Increase in Capital.

Consideration

The Consideration for the sale and purchase of the Sale Capital of HK\$25,000,000 shall be payable in cash by the Company to the Vendor within three Business Days from the date of signing of the Sale and Purchase Agreement as refundable deposit. The parties to the Sale and Purchase Agreement have further verbally agreed that the Consideration shall be payable by the Company to the Vendor as refundable deposit within three Business Days from the date of publication of this announcement instead of the date of signing of the Sale and Purchase Agreement.

The Consideration was determined with reference to the paid up capital of 24% of the Target of RMB24,000,000 upon completion of the Increase in Capital. The Consideration was agreed between the Vendor and the Company after arm's length negotiations. As such, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Acquisition to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

In the event that Completion does not take place, the Vendor shall forthwith refund to the Company the Deposit, without interest.

Conditions precedent

Completion shall be conditional upon and subject to:

- 1) the completion of the Increase in Capital approval and transactions contemplated thereunder;
- 2) the completion of the capital injection of cash and the Technical Method in the amount of RMB67,200,000 by Protex Utility into the Target; and
- 3) the passing by the Independent Shareholders at an extraordinary general meeting of the Company to be convened and held of an ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated hereunder.

The conditions are not waivable. If the conditions have not been satisfied on or before 31 December 2008, or such later date as the Vendor and the Company may agree, the Vendor shall forthwith refund the Deposit, without interest, to the Company and the Sale and Purchase Agreement shall cease and determine, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place at 4:00 p.m. on the third Business Day after the fulfilment of the conditions or such later date as may be agreed between the Vendor and the Company.

INFORMATION ON THE TARGET

The Target was established in the PRC on 21 January 1998 and will be principally engaging in (i) media production and integration; (ii) advertisement production and broadcasting; and (iii) animation production and broadcasting. As at the date of this announcement, the Target has a registered and paid up capital of RMB32,800,000. The registered and paid up capital of the Target are held as to 92% by the Vendor and 8% by Ms. Tian. On 31 July 2008, the Vendor, Ms. Tian and Protex Utility (the entire issued share capital of which are held by Mr. Xiang) entered into the subscription agreement. Pursuant to the subscription agreement, Protex Utility has agreed to inject cash in the amount of RMB10,000,000 equivalent in Hong Kong dollars and the Technical Method with a value of RMB57,200,000 to increase the registered and paid up capital of the Target to RMB100,000,000. As at the date of this announcement, the Target is applying for approval from the relevant governmental authorities for the Increase in Capital. Upon Completion and completion of the Increase in Capital, the registered and paid up capital of the Target will be held as to 67.2% by Protex Utility, 24% by the Company, 6.176% by the Vendor and 2.624% by Ms. Tian.

The Target has not commenced its operations. According to the audited financial statements of the Target prepared under the PRC accounting standard, for the year ended 31 December 2006, the Target did not record any turnover and net profit before and after taxation. The net asset value of the Target Group was approximately RMB32,401,000 as at 31 December 2006.

According to the audited financial statements of the Target prepared under the PRC accounting standard, for the year ended 31 December 2007, the Target did not record any turnover and net profit before and after taxation. The net asset value of the Target Group was approximately RMB32,401,000 as at 31 December 2007.

According to the unaudited management accounts of the Target prepared under the PRC accounting standard, for the six months ended 30 June 2008, the Target did not record any turnover and net profit before and after taxation. The net asset value of the Target was approximately RMB32,401,000 as at 30 June 2008.

REASONS FOR THE PROPOSED ACQUISITION

The Group is principally engaged in sales and marketing of mobile phone appliance and the relevant parts solution in Mainland China market. As set out in the annual report of the Company for the year ended 31 December 2007, as there is fierce competition in the current business operations of the Group, the Board has been seeking opportunities to increase the business scope and the foundation of the Group. In view of the intense competition and falling profit margin, the Company is actively seeking opportunities to other business with higher return than the existing business.

As the Group has the experience in mobile phone business and is now in the development of business in LED and LCD consumer electric appliances, the Directors consider that the Acquisition will assist the promotion of the products of the Group and will assist the Group further broaden the Greater China market.

Based on the above, the Board is of the view that the terms and conditions of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

GENERAL

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.

Pursuant to Chapter 20 of the GEM Listing Rules, Mr. Xiang, Protex Utility and their associates are required to abstain from voting for the resolution to approve the Acquisition at the EGM. As at the date of this announcement, Mr. Xiang, Protex Utility and their associates did not hold any Shares.

The Independent Board Committee comprising Mr. Sze Lin Tang, Mr. Leung Wing Kin and Mr. Zhang Zhan Liang, all being the independent non-executive Directors, will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee in this regard.

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 within 21 days after the publication of this announcement.

THIRD SUPPLEMENTAL MOU

Reference is made to the announcements of the Company dated 18 December 2007, 18 March 2008, 30 June 2008 and 7 July 2008.

Pursuant to the MOU, Ocean Space and the Company shall negotiate in good faith towards one another in ensuring that the Legend Century Formal Agreement be entered into as soon as possible and in any event, not later than 30 September 2008.

In order to have sufficient time for the completion of (i) the reorganisation of the Legend Century and its subsidiaries; and (ii) the Due Diligence Review, Ocean Space and the Company entered into the Third Supplemental MOU on 20 September 2008 to extend the date for entering into the Legend Century Formal Agreement until the completion of the Due Diligence Review. The Company shall have the right to terminate the MOU with a three-month prior notice.

As set out in the MOU, the Initial Deposit of HK\$30,000,000 was paid within 14 Business Days from the date of signing of the MOU and the Second Deposit of HK\$10,000,000 shall be payable on the date to be mutually agreed by Ocean Space and the Company. Pursuant to the Third Supplemental MOU, the Legend Century Deposit shall be decreased from HK\$40,000,000 to HK\$5,000,000. Ocean Space shall refund HK\$25,000,000 paid by the Company to the Company or its nominees.

Save for the above, no other amendments were made to the MOU.

The Directors wish to reiterate that the Legend Century Acquisition may or may not proceed. Shareholders are advised to exercise caution when dealing in the securities of the Company. Further announcement(s) in relation to the Legend Century Acquisition will be made as and when appropriate in compliance with the GEM Listing Rules.

SUSPENSION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 14 August 2008 pending the release of the announcement of the Company in relation to the interim results for the six months ended 30 June 2008. Trading in the Shares will continue to be suspended pending the release of the said announcement.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Capital by the Company from the Vendor pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or 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 Capital in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected persons”	has the meaning ascribed to this term under the GEM Listing Rules

“Consideration”	the consideration of HK\$25,000,000 payable by the Company to the Vendor for the Acquisition and to be satisfied in the manner as described in this announcement
“Deposit”	the deposit in the amount of HK\$25,000,000 payable in cash by the Company to the Vendor
“Directors”	the directors of the Company
“Due Diligence Review”	the due diligence review on Legend Century and its subsidiaries by the Company
“EGM”	the extraordinary general meeting of the Company to be convened by the Company to approve the Acquisition
“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
“Increase in Capital”	the increase in the registered and paid up capital of the Target from RMB32,800,000 to RMB100,000,000
“Independent Board Committee”	the independent committee of the Board, comprising the independent non-executive Directors, formed for the purpose of advising Independent Shareholders in relation to the Acquisition
“Independent Shareholders”	Shareholders which are not required to abstain from voting at the general meeting to approve a connected transaction
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Initial Deposit”	the initial deposit in the amount of HK\$30,000,000 paid in cash by the Company to Ocean Space within four Business Days from the date of signing of the MOU
“Legend Century”	Legend Century Investments Limited, a company incorporated in the British Virgin Islands
“Legend Century Acquisition”	the potential acquisition of the entire issued share capital of Legend Century

“Legend Century Deposit”	the Initial Deposit and the Second Deposit
“Legend Century Formal Agreement”	the formal sale and purchase agreement to be entered into between Ocean Space and the Company with respect to the Legend Century Acquisition
“MOU”	the memorandum of understanding (as supplemented by the first supplemental memorandum of understanding dated 18 March 2008 and the second supplemental memorandum of understanding dated 7 July 2008 and entered into between the Company and Ocean Space) entered into between the Company and Ocean Space on 18 December 2007 in relation to the Legend Century Acquisition
“Ms. Tian ”	Ms. Tian Chun Fen, an Independent Third Party
“Mr. Xiang”	Mr. Xiang Xin, an executive Director and the chairman of the Company
“Ocean Space”	Ocean Space Development Limited, a company incorporated in the British Virgin Islands
“PRC”	the People’s Republic of China
“Protex Utility”	Protex Utility Computing (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and the entire issued share capital of which are held by Mr. Xiang
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 20 September 2008 (as supplemented by the supplemental agreement dated 10 October 2008) entered into between the Company and the Vendor in relation to the sale and purchase of the Sale Capital
“Sale Capital”	the registered and paid up capital of the Target in the amount of RMB24,000,000, representing 24% of the registered and paid up capital upon completion of the Increase in Capital
“Second Deposit”	the second deposit in the amount of HK\$10,000,000 payable in cash by the Company to Ocean Space on a date to be mutually agreed by Ocean Space and the Company
“Share(s)”	ordinary share(s) 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

“Target”	廣東愛威文化發展有限公司 (Guangdong Allwin Culture Development Co., Ltd.)* (to be renamed as博思(中國)媒體發展有限公司 (Protex (China) Media Development Co., Ltd.)*), a limited company established in the PRC
“Technical Method”	the unpatented technical method developed by Protex Utility which includes multimedia advertisement distribution technique, which involves CDMA or GPRS wireless networks to distribute multimedia advertisements, the value of which is being determined by an independent valuer in the PRC
“Third Supplemental MOU”	the third supplemental memorandum of understanding dated 20 September 2008 and entered into between the Company and Ocean Space
“Vendor”	Ms. Zhuang Xiao Shan
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 10 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