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**CHINA INNOVATION  
INVESTMENT LIMITED**

**中國創新投資有限公司**

*(incorporated in the Cayman Islands  
with limited liability)*

**(Stock Code: 1217)**



**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 OF STRATEGIC COOPERATION IN RELATION TO  
CNGC OPTOELECTRONIC PROJECTS  
COOPERATION FRAMEWORK AGREEMENT**

This joint announcement is made pursuant to Rule 13.09(1) of the Listing Rules or Rule 17.10 of the GEM Listing Rules, as the case may be.

Reference is made to the announcement of China Innovation dated 7 January 2008 in respect of a non-legally binding memorandum of understanding entered into between China Innovation and the Optoelectronic Bureau of China North Industries Group Corporation\* (中國兵器工業集團公司) (“CNGC”), pursuant to which China Innovation has been granted a first right of refusal to invest in two optoelectronic projects under CNGC in the PRC, namely Shanghai Morning Optoelectronic Technology Limited\* (上海大晨光電科技有限公司) (“SMOTL”), primarily engaged in the New LED Lighting Project, and Yunnan Tianda Photovoltaic Co., Ltd.\* (雲南天達光伏科技股份有限公司) (“Yunnan Tianda”), primarily engaged in the New Solar Energy Project. In addition, China Innovation has also been granted a first right of refusal to participate in the capital restructuring of CNGC Optoelectronic Projects and a right to introduce strategic investor(s) for the said projects.

Reference is made to the joint announcement of China Innovation and QUASAR dated 18 March 2008 in respect of a cooperation letter of intent entered into between China Innovation, QUASAR and Nanjing North Information Industry Group Co., Ltd.\* (南京北方信息產業集團有限公司) (“NNII”), a wholly-owned subsidiary of CNGC, pursuant to which the three parties will participate in the share restructuring of Nanjing North Weihaw Optics Electronics Co., Ltd.\* (南京北方慧華光電有限公司) (“NNWO”) which is currently controlled by NNII and engaged in the New Media LCD Project. Upon completion of the restructuring, NNWO will continue to regard civil and military dual-use optoelectronic products as its principal scope of business.

\* For identification purposes only

The Boards of China Innovation and QUASAR are pleased to announce that on 18 June 2008, China Opto-Electro Industries Co., Ltd\* (北京北方光電有限公司) (“COEI”), a wholly-owned subsidiary of CNGC, China Innovation and QUASAR entered into a Cooperation Framework Agreement, pursuant to which China Innovation and QUASAR have been granted a first right of refusal to acquire not more than 30% equity interests or not more than 30 million shares in COEI under the capital restructuring of COEI. China Innovation and QUASAR have also agreed to contribute to COEI the first right of refusal to invest in SMOTL (New LED Lighting Project), Yunnan Tianda (New Solar Energy Project) and NNWO (New Media LCD Project) to avoid potential competition.

As the transactions may or may not proceed, China Innovation Shareholders and QUASAR Shareholders as well as investors of China Innovation and QUASAR should exercise with cautions when dealing in the securities of China Innovation and QUASAR.

Reference is made to the announcement of China Innovation dated 7 January 2008 in respect of a non-legally binding memorandum of understanding entered into between China Innovation and the Optoelectronic Bureau of China North Industries Group Corporation\* (中國兵器工業集團公司) (“CNGC”), pursuant to which China Innovation has been granted a first right of refusal to invest in two optoelectronic projects under CNGC in the PRC, namely Shanghai Morning Optoelectronic Technology Limited\* (上海大晨光電科技有限公司) (“SMOTL”), primarily engaged in the New LED Lighting Project, and Yunnan Tianda Photovoltaic Co., Ltd.\* (雲南天達光伏科技股份有限公司) (“Yunnan Tianda”), primarily engaged in the New Solar Energy Project. In addition, China Innovation has also been granted a first right of refusal to participate in the capital restructuring of CNGC Optoelectronic Projects and a right to introduce strategic investor(s) for the said projects.

Reference is made to the joint announcement of China Innovation and QUASAR dated 18 March 2008 in respect of a cooperation letter of intent entered into between China Innovation, QUASAR and Nanjing North Information Industry Group Co., Ltd.\* (南京北方信息產業集團有限公司) (“NNII”), a wholly-owned subsidiary of CNGC, pursuant to which the three parties will participate in the share restructuring of Nanjing North Weihaw Optics Electronics Co., Ltd.\* (南京北方慧華光電有限公司) (“NNWO”) which is currently controlled by NNII and engaged in the New Media LCD Project. Upon completion of the restructuring, NNWO will continue to regard civil and military dual-use optoelectronic products as its principal scope of business.

The Boards of China Innovation and QUASAR are pleased to announce that on 18 June 2008, China Opto-Electro Industries Co., Ltd\* (北京北方光電有限公司) (“COEI”), China Innovation and QUASAR entered into a Cooperation Framework Agreement.

## **PRINCIPAL TERMS OF THE COOPERATION FRAMEWORK AGREEMENT**

- 1) China Innovation and QUASAR will be granted a first right of refusal to acquire not more than 30% equity interests or not more than 30 million shares of COEI under the capital restructuring of COEI;
- 2) China Innovation and QUASAR agree to contribute directly to COEI the first right of refusal to invest in SMOTL (New LED Lighting Project), Yunnan Tianda (New Solar Energy Project) and NNWO (New Media LCD Project) to avoid potential competition;

- 3) QUASAR agrees to procure its subsidiaries to purchase or use the aforementioned three new products from COEI as its top priority. COEI agrees to establish customer service centres and product integration centres to facilitate the marketing activities of QUASAR. COEI also guarantees that the profit margin will not be over 1.5%.

## **REASONS FOR ENTERING INTO THE COOPERATION FRAMEWORK AGREEMENT**

COEI intends to restructure its capital and transform into a product integration centre and product sales centre for the three new industries (namely the New LED Lighting Project, New Solar Energy Project and New Media LCD Project) of CNGC. Upon completion of its capital restructuring, COEI may directly invest in SMOTL, Yunnan Tianda and NNWO.

China Innovation is an investment company pursuant to Chapter 21 of the Listing Rules. Its principal investment objective is to seek medium-term capital gain by investing in listed and unlisted companies mainly in Hong Kong and the PRC. China Innovation intends to directly invest in up to 30% equity interests in COEI under its capital restructuring.

QUASAR Group is principally engaged in the sales and marketing of mobile phones and provision of relevant parts solutions in the PRC. In view of the intense competition of the PRC mobile phone industry, the QUASAR Board is actively seeking opportunities to broaden the revenue base of QUASAR Group. Having considered that optoelectronic industry is one of the key commercial applications of national defense technology, the QUASAR Directors therefore consider that the civil and military dual-application of optoelectronic products, in particular the three new products, may provide great potential to generate returns for QUASAR Group.

## **GENERAL**

This joint announcement is intended to set out the salient features of the Cooperation Framework Agreement. Further announcement(s) will be made by China Innovation and QUASAR, respectively in respect of any material development on the possible transactions and actions to comply with the disclosure and/or approval requirements under the Listing Rules and GEM Listing Rules, respectively.

If the consummation of the transactions contemplated under the Cooperation Framework Agreement are materialised, the subject transactions may constitute notifiable transactions for China Innovation and QUASAR under Rule 14.06 of the Listing Rules and Rule 19.06 of the GEM Listing Rules, respectively. As the transactions may or may not proceed, China Innovation Shareholders and QUASAR Shareholders as well as investors of China Innovation and QUASAR should exercise with cautions when dealing in the securities of China Innovation and QUASAR.

## DEFINITIONS

In this announcement, unless otherwise defined, the following terms shall have the meanings set out below:

“China Innovation”	China Innovation Investment Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“China Innovation Board”	the board of China Innovation Directors
“China Innovation Director(s)”	the director(s) of China Innovation, including the independent non-executive Director(s) of China Innovation
“China Innovation Share(s)”	the ordinary share(s) with par value of HK\$0.01 each in the capital of China Innovation
“China Innovation Shareholder(s)”	holder(s) of the China Innovation Share(s)
“CNGC Optoelectronic Projects”	all the optoelectronic entities under CNGC and its corresponding capital restructuring
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“LCD”	liquid crystal displays
“LED”	light emitting diode, a semiconductor diode that emits light when connected with an electric circuit
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China
“QUASAR”	QUASAR Communication Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM of the Stock Exchange
“QUASAR Board”	the board of QUASAR Directors
“QUASAR Director(s)”	the director(s) of QUASAR, including the independent non-executive director(s) of QUASAR
“QUASAR Group”	QUASAR and its subsidiaries from time to time

“QUASAR Share(s)”	the ordinary share(s) with par value of HK\$0.01 each in the capital of QUASAR
“QUASAR Shareholder(s)”	holder(s) of the QUASAR Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board  
**China Innovation Investment Limited**  
**Wang Qing Yu**  
*Chairman*

By order of the Board  
**QUASAR Communication  
Technology Holdings Limited**  
**Xiang Xin**  
*Executive Director and  
Chief Executive Officer*

Hong Kong, 19 June 2008

*As at the date of this announcement, the executive Directors of China Innovation are Mr. Xiang Xin, Mr. Chan Cheong Yee and Mr. Wong Chak Keung; the non-executive Directors are Mr. Wang Qing Yu (Chairman) and Mr. Ng Kwong Chue Paul; the independent non-executive Directors are Mr. David Wang Xin, Mr. Zang Hong Liang and Mr. Lee Wing Hang.*

*As at the date of this announcement, the executive Directors of QUASAR are Mr. Xiang Xin, Mr. Wong Chak Keung, 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 QUASAR 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 QUASAR. The QUASAR 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.*

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