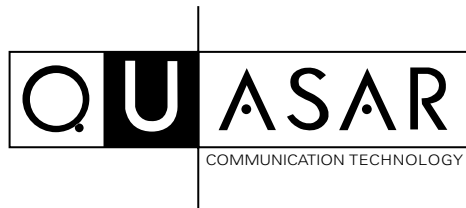


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QUASAR COMMUNICATION TECHNOLOGY HOLDINGS LIMITED

思拓通訊科技控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8171)

PRIVATE PLACING OF NON-LISTED WARRANTS AND RESUMPTION OF TRADING

PLACING OF WARRANTS

The Directors are pleased to announce that on 28 May 2007, the Warrant Placing Agreement was entered into between the Company, the Subscriber and the Guarantor in relation to a private placing of 58,000,000 Warrants to the Subscriber, at an issue price of HK\$0.02 per Warrant.

The Warrants entitle the Subscriber to subscribe for the New Shares at an initial Subscription Price of HK\$0.50 per New Share for a period of 53 weeks commencing from the date of issue of the Warrants. Each Warrant carries the right to subscribe for one New Share.

Completion is subject to the fulfillment of the conditions stated in the section headed "Conditions of the Warrant Placing" in this announcement.

It is intended that the net proceeds from the Warrant Placing of approximately HK\$1,000,000 will be applied towards the general working capital of the Group.

The New Shares will be issued under the General Mandate.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

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 28 May 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 30 May 2007.

WARRANT PLACING AGREEMENT

Date: 28 May 2007

Parties: (i) Issuer: the Company
(ii) Subscriber: the Subscriber
(iii) Guarantor: the Guarantor

Information on the Subscriber and the Guarantor

The Subscriber is a company incorporated in the British Virgin Islands and is principally engaged in investment holding and is wholly and beneficially owned by the Guarantor. The Guarantor is a private investor who has been investing in the securities market in Hong Kong for over ten years.

The Directors confirm that each of the Subscriber and its ultimate beneficial owner, the Guarantor, are third parties independent of the Company and connected persons of the Company (as defined under the GEM Listing Rules). Before entering into of the Warrant Placing Agreement, the Subscriber and the Guarantor did not have any interests in the Shares or any business dealings with the Group.

Number of Warrants

58,000,000 Warrants

Warrant Issue Price

HK\$0.02 per Warrant

Subscription Price

HK\$0.50 per New Share, subject to adjustment based on the prescribed formulas as set out in the instrument creating the Warrants for the happening of the following adjustment events:

- (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
- (ii) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution other than the issue of Shares credited as fully paid on partly paid out of profits or reserves and issued in lieu of a cash dividend being made by the Company, whether on a reduction of capital or otherwise, to the Shareholders;
- (iv) a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;
- (v) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe for new Shares, at a price which is less than 90% of the market price of the Shares on the date of the announcement of the terms of the offer or grant (whether or not such offer or grant is subject to the approval of the Shareholders or other persons) being made by the Company to the Shareholders;
- (vi) an issue wholly for cash being made by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share initially receivable for such securities is less than 90% of the market price of the Shares on the date of the announcement of the terms of issue of such securities (whether or not such issue is subject to the approval of the Shareholders), or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration is less than 90% of such market price;
- (vii) an issue of Shares being made wholly for cash at a price less than 90% of the market price of the Shares on the date of the announcement of the issue (whether or not such issue is subject to the approval of the Shareholders); and
- (viii) the purchase by the Company of Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange or any recognised stock exchange, being a stock exchange recognised for this purpose by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong and the Stock Exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.

Every adjustment to the Subscription Price shall be certified either (at the option of the Company) by the auditors of the Company or by an approved merchant bank.

The Warrant Issue Price and the Subscription Price were negotiated on an arm's length basis between the Company and the Subscriber.

The Subscription Price represents (i) a premium of approximately 3.09% over the closing price of HK\$0.485 per Share as quoted on the Stock Exchange on 25 May 2007, being the last trading day before the date of the Warrant Placing Agreement; and (ii) a discount of approximately 3.47% over the average closing price of approximately HK\$0.518 per Share as quoted on the Stock Exchange for the last five trading days up to and including 25 May 2007.

The aggregate of the Warrant Issue Price and the Subscription Price represents (i) a premium of approximately 7.22% over the closing price of HK\$0.485 per Share as quoted on the Stock Exchange on 25 May 2007; and (ii) a premium of approximately 0.39% over the average closing price of approximately HK\$0.518 per Share as quoted on the Stock Exchange for the last five trading days up to and including 25 May 2007.

The Board considers that both the Subscription Price and the aggregate of it with the Warrant Issue Price are fair and reasonable, which are determined after arm's length negotiations between the Company and the Subscriber with reference to the recent trading prices of the Shares, and are in the interests of the Company and the Shareholders as a whole.

Transferability

The Warrants are transferable only to third parties independent of the Company and connected persons of the Company (as defined under the GEM Listing Rules), in integral multiples of 10,000,000 Warrants (or if at the time of transfer, the outstanding number of Warrants are less than 10,000,000 Warrants, the whole but not part of the outstanding Warrants). Apart from the aforesaid, there are no restrictions on the transfer of the Warrants from the Subscriber to other parties, and no consent from the Company is required before such transfer is to take place.

Completion Date

Completion will take place on the third Business Day after the fulfillment of the conditions referred to in the section headed "Conditions of the Warrant Placing" below.

Information of the Warrants

The Warrants will be issued to the Subscriber upon Completion in registered form and constituted by a deed poll. The Warrants will rank pari passu in all respects among themselves.

Each Warrant carries the right to subscribe for one New Share at the Subscription Price and is issued at the Warrant Issue Price.

The subscription rights attaching to the Warrants may be exercised at any time during a period of 53 weeks commencing from the date of issue of the Warrants at integral multiples of 10,000,000 Warrants. Where the number of the outstanding Warrants is less than 10,000,000 Warrants, the Subscriber shall have the right to exercise the whole but not part of the outstanding number of Warrants to subscribe for the New Shares in cash at the Subscription Price per New Share. The New Shares, when fully paid and allotted, will rank pari passu in all respects with the then existing issued Shares. The Warrants are not convertible into further rights to subscribe securities.

A total of 58,000,000 Warrants are proposed to be issued. Upon full exercise of the subscription rights attaching to the Warrants, a total of 58,000,000 New Shares, representing (i) approximately 11.02% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.92% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares from the full exercise of the subscription rights attaching to the Warrants.

Conditions of the Warrant Placing

Completion shall be subject to and conditional upon, among other things, the following:

- (1) (if required) the Listing Committee of the Stock Exchange shall have approved the issue of the Warrants either unconditionally or subject to conditions to which neither the Company nor the Subscriber shall reasonably object and the satisfaction of such conditions; and
- (2) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the New Shares.

If the conditions of the Warrant Placing Agreement are not fulfilled on or before 5:00 p.m. on or before 30 June 2007 (or such later date as may be agreed between the Company and the Subscriber), the Warrant Placing Agreement will terminate and cease to have any effect and none of the parties shall have any claim against the other save for any antecedent breaches of the provisions thereof.

Voting rights for the holders of the Warrants

The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Mandate to issue the New Shares

The General Mandate was granted to the Directors pursuant to an ordinary resolution of the Company passed at its annual general meeting on 27 June 2006 to allot and issue up to 20% of the aggregate nominal amount of the share capital of the Company in issue on that date, being HK\$4,874,515 and divided into 487,451,500 Shares.

The New Shares will be allotted and issued upon the exercise in full of the subscription rights attaching to the Warrants will be allotted and issued under the General Mandate. The 58,000,000 New Shares to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants utilise approximately 59.49% of the General Mandate. Approximately 40.00% of the General Mandate was previously utilised prior to the Warrant Placing.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

REASONS FOR THE WARRANT PLACING

The Group is principally engaged in sales and marketing of mobile appliance and its relevant parts solution in the PRC.

The Group can raise fund to strengthen its financial position through the Warrant Placing.

It is intended that the net proceeds from the Warrant Placing of approximately HK\$1,000,000 and any proceeds from the issue of the New Shares upon full exercise of the subscription rights attaching to the Warrants in future will be applied towards the general working capital of the Group and as funds for future development of the Group when investment opportunities arise. As at the date of this announcement, the Company has not identified any specific investment plans.

Immediately after Completion, there will be no change to the composition of the Board and the principal business engaged by the Group.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

81,200,000 Shares and 39,000,000 Shares were issued for cash at a subscription price of HK\$0.09 per Share and HK\$0.1 per Share on 24 May 2006 and 1 November 2006, respectively, for a total cash consideration, before expenses, of HK\$11,208,000.

The net proceeds from the above mentioned subscriptions of Shares of approximately HK\$7,200,000 and HK\$3,800,000 respectively were intended to be and were applied towards the general working capital of the Group.

Saved as disclosed above, there was no other fund raising activity of the Group for the 12 months immediately preceding the date of this announcement.

CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 526,451,500 Shares in issue. The shareholding structure of the Company before and after the full exercise of the subscription rights attaching to the Warrants are as follows:

Shareholders	As at the date of this announcement		Immediately after full exercise of the subscription rights attached to the Warrants	
	<i>Number of Shares</i>	<i>Approximate percentage</i>	<i>Number of Shares</i>	<i>Approximate percentage</i>
Shin Dong Hoon	81,200,000	15.42%	81,200,000	13.89%
Choice Media Investments Limited (“ Choice Media ”) <i>(Note 1)</i>	74,621,186	14.17%	74,621,186	12.77%
Pilot Choice Management Limited (“ Pilot Choice ”) <i>(Note 2)</i>	55,536,000	10.55%	55,536,000	9.50%
i.Concept Inc. (“ i.Concept ”) <i>(Note 3)</i>	41,740,196	7.93%	41,740,196	7.14%
Public Shareholders				
KTIC M&A, Inc.	39,000,000	7.41%	39,000,000	6.67%
Subscriber	–	–	58,000,000	9.92%
Other public Shareholders	234,354,118	44.52%	234,354,118	40.11%
Subtotal:	<u>273,354,118</u>	<u>51.93%</u>	<u>331,354,118</u>	<u>56.70%</u>
Total	<u>526,451,500</u>	<u>100.00%</u>	<u>584,451,500</u>	<u>100.00%</u>

Notes:

1. 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.
2. 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.
3. 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.

The Directors confirm that there are no other warrants, options or similar rights outstanding that confers rights to subscribe for or purchase shares of the Company that requires disclosure under Chapter 21 of the GEM Listing Rules.

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 28 May 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 30 May 2007.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	QUASAR Communication Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Completion”	completion of the Warrant Placing in accordance with the terms and conditions of the Warrant Placing Agreement

“Directors”	the directors, including independent non-executive directors, of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders in an annual general meeting of the Company convened and held on 27 June 2006
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Luk Kam, the guarantor under the Warrant Placing Agreement and the legal and beneficial owner of the entire issued share capital of the Subscriber
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“New Share(s)”	new Share(s) which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrant(s)
“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)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Favor Net Enterprises Limited, the subscriber under the Warrant Placing Agreement
“Subscription Price”	an initial Subscription Price of HK\$0.50 per New Share (subject to adjustment) at which holder of the Warrants may subscribe for the New Shares
“Warrant(s)”	58,000,000 non-listed warrants to be issued by the Company at the Warrant Issue Price, each entitles the holder thereof to subscribe for one New Share at the Subscription Price of HK\$0.50 (subject to adjustment) at any time during a period of 53 weeks commencing from the date of issue of the Warrants

“Warrant Issue Price”	HK\$0.02 per Warrant to be issued pursuant to the Warrant Placing
“Warrant Placing”	a private placing of the Warrants at the Warrant Issue Price pursuant to the Warrant Placing Agreement
“Warrant Placing Agreement”	the conditional subscription agreement dated 28 May 2007 and entered into between the Company, the Subscriber and the Guarantor in relation to the subscription of 58,000,000 Warrants by the Subscriber
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 29 May 2007

* *for identification purpose only*

The executive Directors as at the date of this announcement are Mr. Chan Ka Wo, Mr. Ra Chang Ju, Mr. Ong Se Mon and Mr. Cho Hui Jae 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.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its posting.