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**Quasar Communication Technology Holdings Limited**

(Stock Code : 8171)

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*This report, for which the directors of QUASAR Communication Technology Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to QUASAR Communication Technology Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## HIGHLIGHTS

- Reported a revenue of approximately HK\$172,758,000 for the period ended 30 June 2007
- Achieved a net profit after tax of approximately HK\$6,440,000 and a basic earnings per share of HK1.22 cents for the period ended 30 June 2007

## CONSOLIDATED INCOME STATEMENT

The board (the “Board”) of directors of QUASAR Communication Technology Holdings Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (together, the “Group”) for the six months and the three months ended 30 June 2007, together with the unaudited comparative amounts for the corresponding periods in 2006, as follows:

	Notes	Six months ended 30 June		Three months ended 30 June	
		2007	2006	2007	2006
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE	2	<b>172,758</b>	99,964	<b>89,397</b>	39,005
Cost of sales		<b>(158,974)</b>	(91,633)	<b>(83,005)</b>	(35,983)
Gross profit		<b>13,784</b>	8,331	<b>6,392</b>	3,022
Other income	2	<b>568</b>	914	<b>477</b>	622
Other operating expenses		<b>(6,187)</b>	(4,656)	<b>(3,875)</b>	(1,964)
Finance costs		<b>(925)</b>	(1,353)	<b>(480)</b>	(643)
Profit before taxation	4	<b>7,240</b>	3,236	<b>2,514</b>	1,037
Taxation	5	<b>(800)</b>	(236)	<b>(800)</b>	(236)
Profit for the period		<b><u>6,440</u></b>	<u>3,000</u>	<b><u>1,714</u></b>	<u>801</u>
<b>EARNINGS PER SHARE</b>					
<b>ATTRIBUTABLE TO</b>					
<b>ORDINARY EQUITY</b>					
<b>HOLDERS OF</b>					
<b>THE COMPANY</b>					
Basic					
– For profit for the period	6	<b><u>1.22 cents</u></b>	<u>0.71 cents</u>	<b><u>0.33 cents</u></b>	<u>0.18 cents</u>
Diluted					
– For profit for the period	6	<b><u>N/A</u></b>	<u>N/A</u>	<b><u>N/A</u></b>	<u>N/A</u>

**CONSOLIDATED BALANCE SHEET**

The unaudited consolidated balance sheet as at 30 June 2007, together with the audited consolidated balance sheet as at 31 December 2006, were as follows:

	<i>Notes</i>	<b>Unaudited 30 June 2007 HK\$'000</b>	Audited 31 December 2006 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		113	159
Available-for-sale investments		1,342	1,342
Deferred tax assets		246	246
Prepaid licence fees		3,422	–
		<hr/>	<hr/>
Total non-current assets		5,123	1,747
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories and contract works in progress		19,104	24,224
Trade receivables	7	60,875	53,275
Prepayments, deposits and other receivables		21,498	16,539
Non-current assets held for sale		–	3,822
Cash and bank balances		20,943	23,571
		<hr/>	<hr/>
Total current assets		122,420	121,431
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade payables	8	971	1,934
Bill payables		–	4,544
Trust receipt loans		12,214	12,911
Other payables and accruals		8,494	5,165
Tax payable		5,468	4,668
		<hr/>	<hr/>
Total current liabilities		27,147	29,222
		<hr/>	<hr/>

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
	<i>Notes</i>	<b>2007</b>	2006
		<b>HK\$'000</b>	<b>HK\$'000</b>
NET CURRENT ASSETS		<u>95,273</u>	<u>92,209</u>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		<b>100,396</b>	93,956
NON-CURRENT LIABILITIES			
Deferred tax liabilities		<u>4</u>	<u>4</u>
Net assets		<u><b>100,392</b></u>	<u>93,952</u>
EQUITY			
Issued capital	9	5,265	5,265
Reserves		<u>95,127</u>	<u>88,687</u>
Equity attributable to equity holders of the Company		<u><b>100,392</b></u>	<u>93,952</u>



**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>For the six months ended 30 June</b>	
	<b>2007</b>	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Net cash outflows from operating activities	<b>(1,931)</b>	(6,244)
Net cash outflows from investing activities	–	(21)
Net cash outflows from financing activities	<b>(697)</b>	(35,990)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,628)</b>	(42,255)
Cash and cash equivalents at beginning of the period	<b>23,571</b>	62,602
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>20,943</u></b>	<u>20,347</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b><u>20,943</u></b>	<u>20,347</u>

Notes:

## 1. Basis of preparation and accounting policies

The Company was incorporated in the Cayman Islands on 4 April 2002, as an exempted company with limited liability, under the Companies Law of the Cayman Islands.

These unaudited consolidated interim report have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies adopted in preparing the unaudited consolidated interim report were in consistent with those applied for the audited annual report for the year ended 31 December 2006.

## 2. Revenue and other income

The principal activity of the Group was involved in sales and marketing of mobile appliance and its relevant parts solution in Mainland China. Revenue, which is also the Group’s turnover, represents the value of services rendered during the period.

An analysis of revenue and other income is as follows:

	Six months ended 30 June		Three months ended 30 June	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Rendering of services	<b>172,758</b>	99,964	<b>89,397</b>	39,005
Other income				
Interest income	<b>201</b>	177	<b>110</b>	58
Others	<b>367</b>	737	<b>367</b>	564
	<b>568</b>	914	<b>477</b>	622

### 3. Segmental information

No business segment information is presented as over 90% of the Group's revenue and assets relate to the provision of cellular phone solutions in Mainland China market.

No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China.

### 4. Profit before taxation

The Group's profit before taxation is arrived at after charging:

	Six months ended 30 June		Three months ended 30 June	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Cost of inventories sold	158,974	91,633	83,005	35,983
Auditors' remuneration	176	160	88	160
Minimum lease payments under operating lease in respect of land and buildings	225	267	113	132
Depreciation	46	52	23	26
Amortisation of prepaid licence fees	400	–	400	–
Employee benefits expense, including directors' remuneration – wages, salaries and others	2,465	2,458	1,246	941
– net pension scheme contributions	52	45	26	18
	<b>2,517</b>	<b>2,503</b>	<b>1,272</b>	<b>959</b>

**5. Taxation**

Hong Kong profits tax has been made for the six months and three months ended 30 June 2007 (six months and three months ended 30 June 2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. No profits tax or income tax has been provided for the six months and three months ended 30 June 2007 (six months and three months ended 30 June 2006: Nil).

	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Group				
Current – Hong Kong				
Charge for the current period	<b>800</b>	236	<b>800</b>	236

**6. Earnings per share attributable to ordinary equity holders of the Company**

The calculation of basic earnings per share is based on the net profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the period.

A diluted earnings per share for the period has not been disclosed as no diluting events existed during the period.

The calculations of basic earnings per share are based on:

	<b>Six months</b>		<b>Three months</b>	
	<b>ended 30 June</b>		<b>ended 30 June</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Earnings</b>				
Net profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<b>6,440</b>	3,000	<b>1,714</b>	801
<b>Number of shares</b>				
	<b>Six months</b>		<b>Three months</b>	
	<b>ended 30 June</b>		<b>ended 30 June</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>526,451,500</b>	422,850,395	<b>526,451,500</b>	439,266,885

## 7. Trade receivables

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

The aged analysis of the trade receivables as at 30 June 2007 and 31 December 2006, based on the invoice date, is as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2007</b>	2006
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within 1 month	27,754	27,205
1 to 2 months	22,312	9,622
2 to 3 months	7,875	2,274
Over 3 months	2,934	14,174
	<u>60,875</u>	<u>53,275</u>

**8. Trade payables**

The aged analysis of the trade payables as at 30 June 2007 and 31 December 2006, based on the invoice date, is as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2007</b>	2006
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within 1 month	957	–
1 to 2 months	–	–
2 to 3 months	–	–
Over 3 months	<b>14</b>	1,934
	<u>971</u>	<u>1,934</u>
	<u><b>971</b></u>	<u>1,934</u>

**9. Share capital****Shares**

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2007</b>	2006
	<b>HK\$'000</b>	<b>HK\$'000</b>
Authorised:		
1,000,000,000 (31 December 2006: 1,000,000,000)		
ordinary shares of HK\$0.01 each	<u><b>10,000</b></u>	<u>10,000</u>
Issued and fully paid:		
526,451,500 (31 December 2006: 526,451,500)		
ordinary shares of HK\$0.01 each	<u><b>5,265</b></u>	<u>5,265</u>

**10. Post balance sheet events**

- (i) The Company entered into a warrant placing agreement with a subscriber and a 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 of the Company at an initial subscription price of HK\$0.50 per new share (subject to adjustment) for a period of 53 weeks commencing from the date of issue of the warrants. Each warrant carries the right to subscribe for each new share.

The warrant placing was completed on 3 July 2007. No subscription of the new shares of the Company has been made by the subscriber since the completion of the warrant placing.

- (ii) The Group entered into sales and purchases agreements with KTIC M&A, Inc (“KTIC”) and Korea Technology Investment Corporation (“Korea Technology”) to acquire 22.49% of the entire issued share capital of KBT Mobile Co., Limited on 29 December 2006 and re-entered into revised sales and purchases agreements (collectively “New Agreements”) with the same parties to acquire 38.29% of the entire issued share capital of KBT Mobile Co., Limited on 30 March 2007.

As the conditions precedent to the New Agreements had not been fulfilled, the New Agreements was terminated in accordance with its terms specified in the New Agreements. The parties to the New Agreements entered into the termination agreements (the “Termination Agreements”) on 3 July 2007 to terminate the New Agreements with immediate effect. Pursuant to the New Agreements, no deposit was paid to KTIC and Korea Technology.

The directors consider that the terms and conditions of the Termination Agreements are fair and reasonable and in the interests of the Company and shareholders as a whole.

**INTERIM DIVIDENDS**

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial review and outlook

For the six months period ended 30 June 2007, turnover of the Group increased by approximately 72.82% to around HK\$172,758,000 (six months period ended 30 June 2006: HK\$99,964,000). The increase in turnover was due to (i) continuous increase in market demand driven by the rural markets in the People's of Republic of China (the "PRC"); (ii) the rapid growth of low-end mobile phone market stimulated by the low-income townspeople; (iii) continuous increase in market demand for smart phones with features of music, high-pixel camera and video playing and receiving broadcast TV programming driven by young adults with strong purchasing power; and (iv) faster pace of new types of mobile phones launched into the PRC mobile phone market.

For the six months period ended 30 June 2007, the Group recorded a profit of approximately HK\$6,440,000 (six months period ended 30 June 2006: HK\$3,000,000) which represented an increase of 114.67% (six months period ended 30 June 2006: a decrease of 29.26%). For the period under review, the earnings per share was HK1.22 cents (2006: HK0.71 cents). It is encouraging that the Group was able to achieve substantial improvements on net profit for the period. The improvements in the financial performance of the Group was due to (i) the focus on strengthening the Group's core competence in developing innovative product features which is one of the main streams of the market development; (ii) the solid customer base established by the Group; and (iii) effective cost control.

By the end of June 2007, the total number of mobile phone subscribers in the PRC reached 502 million, representing an increase of 41 million when compared with the amounts at the beginning of 2007. China's Ministry of Information Industry predicts that mobile phone subscribers in the PRC will reach 600 million by 2010 and the number of the PRC mobile phone subscribers in 2007 is forecasted to reach 520 million. With increasing resources allocated to the construction of China's rural area and the PRC Government's policy of developing the southwestern and northwestern regions of the PRC, the low-end mobile phone market will continue to develop. Meanwhile, as the living standards of people from big and medium-sized cities are continuously being uplifted, they will also renew their mobile phones more frequently, especially for those young adults having high purchasing power. The emergence of 3G in the PRC in the near future is another opportunity which further enhances the development of the PRC mobile phone industry in the long term. As such, it is expected that China's mobile phone industry will maintain a stable growth in the near future.

With the booming effect of the economy in the PRC, improved environment for fair competition and operations of the PRC mobile phone industry created by the PRC Government and the emergence of 3G in the PRC in the near future, we are very confident that the PRC mobile phone industry is now at its prosperous period. We are confident that the Group will be able to capitalise on every opportunity that may arise from time to time and strive to maximise returns for our shareholders.

### **Operational review**

The Company entered into a warrant placing agreement with a subscriber and a guarantor in relation to a private placing on 28 May 2007. Such private placing was completed on 3 July 2007 with net proceeds approximately HK\$1,000,000 which was used as general working capital of the Group.

On 3 July 2007, the Company entered into the Termination Agreements to terminate the acquisition of 38.29% of the entire issued share capital of KBT Mobile Co., Limited. The termination does not have any material adverse impact on the business of the Group and is of the best interests of the shareholders. The Group still takes an active interest in identifying other opportunities that may help to enhance the development of the 3G mobile phone products of the Group in the PRC.

With the encouraging results achieved in the period under review, the Group will continue to optimise and improve operational efficiency while at the same time ensuring the quality of products and services to be delivered to our customers in future.

### **Liquidity, financial resources and gearing**

The Group continued to finance its product solutions development and operation mainly through internally generated fund. As mentioned above, the Company entered into a subscription agreement with the subscriber in the current period to raise fund with net proceeds approximately of HK\$1,000,000 which was used as the Group's general working capital.

The Group maintained a healthy liquidity position with a current ratio of approximately 4.51 (30 June 2006: 4.00) and total cash on hand amounted to approximately HK\$20,943,000 (30 June 2006: HK\$20,347,000) with no pledged deposits placed in banks for securing any borrowings or banking facilities. As at 30 June 2007, the gearing ratio based on total debts over total equity was approximately 12.17% (30 June 2006: 13.43%).

**Capital structure and fluctuation in exchange**

During the period under review, sales and purchases of the Group were mainly transacted in US dollars and Hong Kong dollars. As at 30 June 2007, substantial portion of the assets and liabilities of the Group were current in nature, and the amounts were principally denominated in US dollars and Hong Kong dollars, foreign exchange risk was considered to be minimal.

**Employees**

As at 30 June 2007, there was a total of 22 (30 June 2006: 22) full-time staff employed by the Group. The staff costs, including directors' remuneration, for the six months period ended 30 June 2007 were approximately HK\$2,517,000 (six months period ended 30 June 2006: HK\$2,503,000). The total amount comprised salaries, wages and allowance, medical and insurance coverage, pension fund scheme and discretionary bonus.

**Significant investments and material acquisitions**

During the period under review, the Group did not have any significant investment or material acquisitions. The Group continued to maintain its 8% long-term interest in the joint venture (the "JV"), Hangzhou Young-Bird Communication Telecom Co., Ltd. The JV is principally engaged in the design, manufacture, sale and maintenance of CDMA repeaters.

As at 30 June 2007 and 31 December 2006, neither the Group nor the Company had any significant commitments.

**Charge and contingent liabilities**

There were guarantees to the extent of HK\$50,000,000 (30 June 2006: HK\$160,000,000) given to banks by the Company in respect of banking facilities available to certain wholly owned subsidiaries. As at 30 June 2007, there was no charges on any assets of the Group.

**DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL**

As at 30 June 2007, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

**Long positions in ordinary shares**

<b>Name of director</b>	<b>Number of shares</b>	<b>Type of interest and capacity</b>	<b>Percentage of interests</b>
Chan Ka Wo	74,621,186	Corporate interest <i>(through holding the entire issued shares of Choice Media Investments Limited)</i>	14.17%
Ra Chang Ju	14,338,235	Corporate interest <i>(through holding the entire issued shares of Digit Success Investments Limited)</i>	2.72%
Ong Se Mon	55,536,000	Corporate and other <i>(through holding the entire issued shares of Pilot Choice Management Limited and Note 1)</i>	10.55%

*Note:*

- Other than the interest in Pilot Choice Management Limited, Mr. Ong Se Mon is also beneficially interested in the shares registered under the name of i.Concept Inc. ("i.Concept") and i.Concept is an indirect wholly owned subsidiary of PINE Technology Holdings Limited ("PINE Technology") and Mr. Ong Se Mon is beneficially interested in approximately 0.26% of the issued share capital of PINE Technology. PINE Technology has 6.79% indirect interest in the Company.

Save as disclosed above, as at 30 June 2007, none of the directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS

At 30 June 2007, the persons who have interests in shares of the Company as recorded in the register required to be kept under section 336 of the SFO or have otherwise notified to the Company were as follows:

### Long positions in ordinary shares

Name of shareholder	Capacity	Number of shares	Percentage of interests
Shin Dong Hoon	Beneficial owner	81,200,000	15.42%
Choice Media Investments Limited (Note 1)	Beneficial owner	74,621,186	14.17%
Pilot Choice Management Limited (Note 2)	Beneficial owner	55,536,000	10.55%
i.Concept (Note 3)	Beneficial owner	35,740,196	6.79%
Pan Eagle Limited (Note 3)	Corporate interests	35,740,196	6.79%
Pine Technology (BVI) Limited (Note 3)	Corporate interests	35,740,196	6.79%
PINE Technology (Note 3)	Corporate interests	35,740,196	6.79%
KTIC (Note 4)	Beneficial owner	39,000,000	7.41%
Shenyin Wanguo Strategic Investments (H.K.) Limited (Note 5)	Beneficial owner	20,000,000	3.80%
Shenyin Wanguo Trading (H.K.) Limited (Note 5)	Beneficial owner	20,900,000	3.97%
Shenyin Wanguo (H.K.) Limited (Note 5)	Corporate interests	40,900,000	7.77%

**Short positions in ordinary shares**

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Percentage of interests</b>
i.Concept	Beneficial owner	20,312,575	3.86%
Pan Eagle Limited	Corporate interests	20,312,575	3.86%
Pine Technology (BVI) Limited	Corporate interests	20,312,575	3.86%
PINE Technology	Corporate interests	20,312,575	3.86%

*Notes:*

1. These shares are registered in the name of Choice Media Investments Limited. Mr. Chan Ka Wo legally and beneficially owns the entire issued share capital of Choice Media Investments Limited. Accordingly, Mr. Chan Ka Wo is deemed to be interested in all the share registered in the name of Choice Media Investments Limited.
2. The entire issued share capital of Pilot Choice Management Limited is legally and beneficially owned by Mr. Ong Se Mon. The shares referred to herein relate to the same parcel of shares in the Company held by Pilot Choice Management Limited.
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 Pan Eagle Limited 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 all 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. The entire issued share capital of Shenyin Wanguo Strategic Investments (H.K.) Limited and Shenyin Wanguo Trading (H.K.) Limited are legally and beneficially owned by Shenyin Wanguo (H.K.) Limited. Accordingly, Shenyin Wanguo (H.K.) Limited to be interested in all the shares registered in the name of Shenyin Wanguo Strategic Investments (H.K.) Limited and Shenyin Wanguo Trading (H.K.) Limited.

Save as disclosed above, as at 30 June 2007, the Company has not been notified of any other person (other than a director or the chief executive of the Company) having an interest or short position in shares of Company representing 5% or more of the issued share capital of the Company.

## **COMPETING INTERESTS**

None of the directors or the management shareholders of the Company or their respective associates as defined in the GEM Listing Rules had any interest in business that competed or might compete with business of the Group during the period under review.

## **SHARE OPTION SCHEME**

As at 30 June 2007, no option has been granted or agreed to be granted by the Company under the share option scheme.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

During the period under review, the Company has complied with the requirements of the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 15 of the GEM Listing Rules, except that the Company has no fixed terms of appointment for independent non-executive directors. However, they are appointed subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the Bye-laws. Such practice deviates from the provision A.4.1 of the CG Code which requires that non-executive directors be appointed for a specific term. The Board has discussed and concluded the current practice of appointing independent non-executive directors without specific terms but otherwise subject to rotation and re-election by shareholders was fair and reasonable, and does not intend to change the current practice at the moment.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Company by the directors. All directors confirmed that they complied with the required standards as set out in the Rules 5.48 to 5.67 of the GEM Listing Rules throughout the period under review.

## **AUDIT COMMITTEE**

The Company established an audit committee (the “Committee”) on 16 July 2002 in accordance with the requirements of the GEM Listing Rules. The Committee has three members comprising Mr. Lo Hang Fong, Mr. Li Meng Long and Mr. Choy Mun Kei.

The Committee has already reviewed the Group’s unaudited consolidated interim report for the six months ended 30 June 2007.

## **DIRECTORS OF THE COMPANY**

As at the date of this report, executive directors of the Company are Mr. Chan Ka Wo, Mr. Ra Chang Ju, Mr. Ong Se Mon and Mr. Cho Hui Jae and the independent non-executive directors of the Company are Mr. Lo Hang Fong, Mr. Li Meng Long and Mr. Choy Mun Kei.

By order of the Board

**QUASAR Communication Technology Holdings Limited**

**Chan Ka Wo**

*Chairman*

Hong Kong, 14 August 2007