



THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

9 October 2006

The GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the “GEM Listing Committee”) censures the following parties for breaching the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GLR”):

- 1. Fast Systems Technology (Holdings) Limited (the “Company”);**
- 2. Mr Liao Lien Shen, an executive director of the Company (“Mr LS Liao”);**
- 3. Mr Liao Ko Ping, an executive director of the Company (“Mr KP Liao”); and**
- 4. Mr Liao Chin Te, an executive director of the Company (“Mr CT Liao”).**

On 4 July 2006, the GEM Listing Committee conducted a hearing into the conduct of the Company and Mr LS Liao, Mr KP Liao and Mr CT Liao (collectively, the “Relevant Directors”) in relation to the obligations under the GLR and the Director’s Declaration, Undertaking and Acknowledgement (Form A) signed by each of the Relevant Directors in the form set out in Appendix 6a of the GLR (the “Director’s Undertaking”).

Facts

I. Delayed Financial Results

The financial year end date of the Company was 31 December. Rules 18.03, 18.48A, 18.49 and 18.50C of the GLR required that the Company publish and despatch its annual results and report (the “Annual Results and Report”) by no later than 31 March of the following calendar year.

The financial first quarter period of the Company ended on 31 March of each year. Rules 18.66, 18.67 and 18.79 required that the Company publish and despatch its first quarter results and report of each financial year (the “First Quarter Results and Report”) by no later than 15 May of the same year.

The financial interim period of the Company ended on 30 June of each year. Rules 18.53, 18.54 and 18.78 required that the Company publish and despatch its interim results and report of each financial year (the “Interim Results and Report”) by no later than 14 August of the same year.

The Listing Division alleged that the Company breached the relevant provisions of the GLR in relation to multiple delays in the publication and despatch of the following financial results and reports:

1. The Company's 2002 Annual Results and Report, which should have been published on or before 31 March 2003, were not published and despatched until 22 April 2003 and 2 May 2003 respectively. The Division alleged that the Company breached Rules 18.03, 18.48A, 18.49 and 18.50C.
2. The Company's 2003 Annual Results and Report, which should have been published on or before 31 March 2004, were not published and despatched until 16 September 2004 and 22 September 2004 respectively. The Division alleged that the Company breached Rules 18.03, 18.48A, 18.49 and 18.50C.
3. The Company's 2004 First Quarter Results and Report, which should have been published on or before 15 May 2004, were not published and despatched until 28 September 2004 and 5 October 2004 respectively. The Division alleged that the Company breached Rules 18.66, 18.67 and 18.79.
4. The Company's 2004 Interim Results and Report, which should have been published on or before 14 August 2004, were not published and despatched until 28 September 2004 and 5 October 2004 respectively. The Division alleged that the Company breached Rules 18.53, 18.54 and 18.78.
5. The Company's 2004 Annual Results and Report, which should have been published on or before 31 March 2005, were not published and despatched until 25 July 2005 and 29 July 2005 respectively. The Division alleged that the Company breached Rules 18.03, 18.48A, 18.49 and 18.50C.
6. The Company's 2005 First Quarter Results and Report, which should have been published on or before 15 May 2005, were not published and despatched until 25 July 2005 and 29 July 2005 respectively. The Division alleged that the Company breached Rules 18.66, 18.67 and 18.79.

II Advances to Entities

The then Rule 17.15 required that disclosure should be made by the prescribed method when any of the percentage ratios of the Group's advances to an entity exceeded 8 per cent. Rule 17.17 further required the Company to publish an announcement immediately thereafter.

The Company did not disclose in a timely manner certain trade receivables of the Group, due from two customers as at 31 December 2004, which represented 24.1 per cent and 15.9 per cent respectively of the market capitalisation of the Company as at 31 December 2004 (the "Advances"). The percentage thresholds were not tracked by the Company and disclosure was not made at the material time. The Company only made the relevant announcement on 12 August 2005, which amounted to a delay of eight months and 12 days.

The Division alleged that the Company breached the then Rule 17.15 and Rule 17.17 of the GLR.

III The Relevant Directors

In April 2005, the Division commenced investigation into the Company's breaches arising from delayed 2003 Annual Results and Report, 2004 First Quarter Results and Report and 2004 Interim Results and Report. In November 2005, the Division commenced further investigation focusing on the Company's breaches arising from the 2004 Annual Results and Report and the 2005 First Quarter Results and Report. The Division sent enquiry letters and reminder letters to Mr LS Liao (in his capacity as Chairman and an executive director, and for and on behalf of the Company) and requested him to provide information as to the reasons for the delays, the audit process and internal control systems of the Company. However, during the course of investigation, the Division experienced significant difficulty in obtaining replies from Mr LS Liao.

The Division alleged that Mr LS Liao breached the Director's Undertaking in failing to co-operate in the investigation conducted by the Division by failing to answer questions addressed to him promptly and openly and/or to produce the originals or copies of documents promptly.

The Division also alleged that Mr KP Liao, as the compliance officer of the Company, had breached his duty pursuant to Rule 5.15(1) (during the period prior to 31 March 2004) and Rule 5.20(1) (during the period on or after 31 March 2004) in failing to assist and advise the Board to implement procedures to ensure that the Company complied with the GLR. In breaching Rules 5.15(1) and 5.20(1) (applicable at the relevant time intervals), Mr KP Liao also breached the Director's Undertaking to comply with the GLR.

Moreover, the Division alleged that each of Mr LS Liao, Mr KP Liao and Mr CT Liao breached the Director's Undertaking in failing to use his best endeavours to procure the Company's compliance with the GLR.

Decision

The GEM Listing Committee concluded that:

1. the Company breached the following:
 - a. Rules 18.03, 18.48A, 18.49 and 18.50C for delays in publication and despatch of the Company's:
 - i. 2002 Annual Results and Report;
 - ii. 2003 Annual Results and Report; and
 - iii. 2004 Annual Results and Report;

- b. Rules 18.66, 18.67 and 18.79 for delays in publication and despatch of the Company's:
 - i. 2004 First Quarter Results and Report; and
 - ii. 2005 First Quarter Results and Report;
 - c. Rules 18.53, 18.54 and 18.78 for delays in publication and despatch of the Company's 2004 Interim Results and Report; and
 - d. The then Rule 17.15 and Rule 17.17 for delays in disclosure of the Advances.
2. Mr LS Liao breached the Director's Undertaking in failing to use his best endeavours to:
- a. co-operate in the investigation conducted by the Listing Division, including answering promptly and openly questions raised and promptly producing documents requested; and
 - b. procure the Company's compliance with the GLR.
3. Mr KP Liao breached the following:
- a. the then Rule 5.15(1) (during the period prior to 31 March 2004) and Rule 5.20(1) (during the period on or after 31 March 2004) in failing to fulfil his duty as the Compliance Officer of the Company; and
 - b. the Director's Undertaking in failing to comply with the GLR and to use his best endeavours to procure the Company's compliance with the GLR.
4. Mr CT Liao breached the Director's Undertaking in failing to use his best endeavours to procure the Company's compliance with the GLR.

The GEM Listing Committee decided to impose a public censure on the Company and each of the Relevant Directors for their respective breaches mentioned in paragraphs (1) to (4) above.

In addition, the GEM Listing Committee required the Company to take measures to improve its internal control system and management capability as follows:

1. the Company must appoint a Compliance Adviser, acceptable to the Exchange, to provide guidance and advice on the Company's GLR compliance issues. Such appointment shall be made, and the function of the Compliance Adviser shall be designated, in accordance with Chapter 6A of the GLR in force from time to time. The appointment shall be completed within 45 days from 13 September 2006. The appointment shall end no later than the date on which the Company complies with Rule 18.03 in respect of its financial results for the second full financial year from the date of its appointment;

2. Without prejudice to the requirement in paragraph (1) above, the Company must appoint a financial adviser, acceptable to the Exchange, to conduct a compliance audit on the internal control system and management capability of the Company. The appointment shall be completed within 45 days from 13 September 2006. The Company shall procure that the financial adviser submit to the Exchange a compliance audit report, together with any proposed remedial measures, timetable and progress, within six months from the date of such appointment.

Head of Listing, Richard Williams, commented: "The decision of the Listing Committee in this case based on multiple delays in the disclosure of financial information carries four distinct and important regulatory messages.

First as in many other cases bearing similar characteristics that the Committee will publicly discipline listed issuers and their directors if they should fail to comply with their clear and unambiguous obligation to publish financial information as to the performance of the listed issuer on a regular and timely basis where required and in respect of transactions where disclosure requirements are triggered.

Second, that co-operation with any investigation conducted by the Listing Division is an important obligation imposed on directors by the terms of their personal undertaking to the Exchange. Failure to perform that obligation can and will give rise to public sanction. This element of the decision continues a recent trend in decisions of the Committee and provides further evidence of the importance that the Committee attaches to this obligation and its compliance.

Third, the role of the Compliance Officer will be closely examined. The GEM Listing Rules place specific responsibilities on this individual. It is of paramount importance that the individual taking up this position is properly equipped in terms of qualifications and training in order that the individual can effectively discharge that role. If the individual charged with those responsibilities fails to perform these obligations this decision demonstrates that they may be subject to disciplinary action and receive a public sanction.

Fourth, the decision also indicates that in addition to the imposition of sanctions in respect of past conduct, the Committee will also require remedial action where necessary in the interests of improving corporate governance. Here the Committee has directed the appointment of professional advisers within a specific time frame to review internal systems and controls. It is likely that similar actions may form a part of further decisions going forward and issuers should be aware of the need to address compliance issues professionally and in a timely manner."