



FAST SYSTEMS TECHNOLOGY (HOLDINGS) LIMITED
東 光 集 團 有 限 公 司*

(incorporated in the Cayman Islands with limited liability)

2007 First Quarterly Report

* *For identification purpose only*

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Fast Systems Technology (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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 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

1. The Group has recorded total turnover of approximately HK\$8,559,000 for the three months ended 31st March, 2007.
2. The Group has recorded a net loss attributable to shareholders for the three months ended 31st March, 2007 of approximately HK\$677,000, representing a basis loss per share of HK\$0.11 cent.
3. The Directors do not recommend the payment of a dividend for the three months ended 31st March, 2007.

QUARTERLY FINANCIAL RESULTS (UNAUDITED)

The board of directors (the “Board”) of Fast Systems Technology (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31st March, 2007, together with the comparative unaudited figures for the corresponding period in 2006 as follows:

		Three months ended 31st March,	
		2007	2006
	Notes	HK\$'000	HK\$'000 (Restated)
Turnover	2	8,559	6,354
Cost of sales		(7,021)	(4,949)
Gross profit		1,538	1,405
Other revenues	2	10	419
Operating expenses			
Selling and distribution costs		(202)	(137)
Administrative expenses		(1,016)	(1,006)
Other operating expenses		(819)	(205)
Operating (loss)/profit		(489)	476
Finance costs		(188)	(383)
(Loss)/Profit before taxation		(677)	93
Taxation	3	0	0
(Loss)/profit from Continuing Operations		(677)	93

Notes:

- (i) Hong Kong Profits Tax was provided for at the rate of 17.5% (2006: 17.5%) on the respective estimated assessable profits of the companies within the Group operating in Hong Kong during the year. The Company and the subsidiaries operated in Hong Kong were in loss-making position for the current year and accordingly did not have any taxable profit.
 - (ii) Taxation for other regions in the PRC represented tax charge on the estimated assessable profits of two PRC subsidiaries calculated at rates prevailing in the PRC. Both PRC subsidiaries were in loss-making position for the current year and accordingly did not have any taxable profit.
- (b) No recognition of the potential deferred taxation asset relating to tax losses has been made as the recoverability of this potential deferred taxation asset is uncertain.

4. Discontinued operation

The Group ceased its watch distribution business in Taiwan during 2006.

The results of the watch distribution business for the period under review are as follows:

	<i>Notes</i>	Three months ended	
		31st March,	2006
		2007	2006
		HK\$'000	HK\$'000
			(Restated)
Turnover		—	4,626
Cost of sales		—	(3,932)
Gross profit		—	694
Operating expenses			
Selling and distribution costs		—	(800)
Other operating expenses		—	(400)
Operating (loss)/profit		—	(506)

5. Loss/earnings per share

The calculation of basic loss per share for the 3 months ended 31st March, 2007 is based on the Group's net loss for the year of approximately HK\$677,000 (2006: approximately HK\$413,000) and on 600,000,000 (2006: 600,000,000) ordinary shares in issue during the year.

The calculation of basic loss per share from Continuing Operations for the 3 months ended 31st March, 2007 is based on the Group's net loss for the year of approximately HK\$677,000 (2006: approximately HK\$93,000 net profit) and on 600,000,000 (2006: 600,000,000) ordinary shares in issue during the year.

A diluted loss per share for the 3 months ended 31st March, 2007 and 3 months ended 31st March, 2006 was not disclosed as the exercise of the Company's outstanding share options and outstanding convertible note had an anti-dilutive effect on the basic loss per share.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31st March, 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the three months ended 31st March, 2007, the Group recorded a turnover of approximately HK\$8,559,000 (2006: approximately HK\$6,354,000) for the Continuing Operations. Loss attributable to shareholders of the Group for the three months ended 31st March, 2007 was approximately HK\$677,000 while loss attributable to shareholders of the Group for the corresponding period in 2006 was approximately HK\$413,000 while profit for the Continuing Operations in the first quarter of 2006 was approximately HK\$93,000. Although sales for the Continuing Operations was increased drastically, the loss for the period was increased due to reduced profit margins in both synthetic sapphire watch crystal division and ferrules division.

Sapphire watch crystals division

The turnover of the sapphire watch crystals for the three months ended 31st March, 2007 was approximately HK\$7,471,000 (2006: approximately HK\$5,385,000) representing an increase of approximately HK\$2,086,000 which was mainly due to increase in sales to Hong Kong customers.

Optoelectronics products division

The Group's optoelectronics products division recorded a turnover of approximately HK\$1,088,000 for the three months ended 31st March, 2007 (2006: approximately HK\$969,000). Increase in sales was mainly caused by concentrated sales effort to serve a few key customers and gained more orders from them.

Watches distribution division (discontinued operation)

The Group's watch distribution division was discontinued in end of 2006, thus no turnover was recorded for the three months ended 31st March, 2007 (2006: approximately HK\$4,626,000).

Prospects

The Board expects competition in the Hong Kong and Swiss market will still be very keen. However, the sales in the second quarter of 2007 would be stable.

The Board expects to secure more orders from its existing key customers and further develop the specialized ferrules niche market, which offer better price and less competition.

OUTSTANDING SHARE OPTIONS

On 21st July, 2001, the Company adopted a share option scheme (the “Share Option Scheme”), the principal terms of which are set out in the section headed “Share Option Scheme” in appendix IV to the Company’s prospectus dated 27th July, 2001. Since the adoption of the Share Option Scheme, the Company has granted 60,000,000 share options under the Share Option Scheme to its directors and employees as follows:

	Options held at 1st January, 2007	Options granted during the year	Options held at 31st March, 2007	Exercise price	Grant Date	Exercisable from	Exercisable until HK\$
Liao Ko Ping	30,000,000	—	30,000,000	0.158	6th June, 2002	6th June, 2005	6th June, 2012
Liao Lien Shen	19,000,000	—	19,000,000	0.158	6th June, 2002	6th June, 2005	6th June, 2012
Continuous Contract employees	11,000,000	—	11,000,000	0.158	6th June, 2002	6th June, 2005	6th June, 2012

Convertible notes

On 2nd January, 2004, the Company issued a convertible note of US\$1 million (equivalent to approximately HK\$7.8 million) to Shuttle Inc., an independent third party. The convertible note bears interest at 6% per annum which is payable quarterly in arrear from the issue date of 2nd January, 2004 to the maturity date of 30th June, 2006. The convertible note is guaranteed by the Company and jointly guaranteed by directors, Mr. Liao Lien Shen and Mr. Liao Ko Ping. The holder of the convertible note is entitled to convert in full into 78,000,000 ordinary shares of the Company at any time before the maturity date at a conversion price of HK\$0.10 per ordinary share. The convertible note was repaid on maturity.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SECURITIES

As at 31st March, 2007, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.4 of the GEM Listing Rules were as follows:

Long positions in shares

Name of Director	Note	No. of Shares held				Total
		Personal Interest	Family Interest	Corporate Interest	Other Interest	
Mr. Liao Lien Shen	1	—	—	80,000,000	—	80,000,000
Mr. Liao Ko Ping	2	11,233,336	—	195,000,000	—	206,233,336

Notes:

1. 80,000,000 Shares are held by Grandford Holdings Limited which is wholly owned by Mr. Liao Lien Shen.
2. 195,000,000 Shares are held by Dynasty Resources Limited which is wholly owned by Mr. Liao Ko Ping.

Save as disclosed above, as at 31st March, 2007, none of the directors and chief executive of the Company has any interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.4 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDER'S INTERESTS IN SECURITIES

As at 31st March, 2007, the following persons (other than the directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Name of Shareholder	Capacity	Number of shares	Percentage of issued share
OMAX Technologies Inc.	Beneficial owner	74,776,666 (<i>Note 1</i>)	12.46%
TIS Securities (HK) Limited	Beneficial owner	13,760,000	2.29%
	Interests in controlled corporation	19,400,000 (<i>Note 2</i>)	3.23%

Notes:

1. By virtue of the provisions of the SFO, Mr. Huang Ching Fang, Mr. Huang Ching Yun, Mr. Huang Sheng Chia and Mr. Kodo Yasumasa, being the beneficial shareholders of OMAX Technologies Inc. who are collectively entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of OMAX Technologies Inc. are deemed to be interested in 74,776,666 shares representing approximately 12.46% of the entire issued share capital of the Company. Mr. Huang Ching Fang is also interested in 2,670,000 shares representing approximately 0.45% of the entire issued share capital of the Company which are held by Taiunion Investment Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Huang Ching Fang.
2. Such 19,400,000 shares were held by Taiwan International Capital (HK) Limited, which is a wholly owned subsidiary of TIS Securities (HK) Limited.

Save as disclosed above, as at 31st March, 2007, the directors were not aware of any other person (other than the directors and chief executives of the Company) who had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

MANAGEMENT SHAREHOLDERS' INTERESTS IN SECURITIES

Other than the interests disclosed above in respect of the substantial shareholders, the directors and chief executive of the Company and their associates (as defined in the GEM Listing Rules), as at 31st March, 2007, no other person is individually and/or collectively entitled to exercise or control the exercise of five per cent. or more of the voting power at the general meetings of the Company and are able, as a practicable manner, to direct or influence the management of the Company.

PURCHASE, SALE, REDEMPTION OR CANCELLATION OF SHARES BY THE COMPANY AND/OR SUBSIDIARIES

Neither the Company nor its subsidiaries has purchased, sold, redeemed or cancelled any of the Company's shares during the three months ended 31st March, 2007.

CODE ON CORPORATE GOVERNANCE PRACTICES

For the three months ended 31st March, 2007, the Company fully complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules.

COMPETING INTERESTS

During the three months ended 31st March, 2007, none of the directors or the management shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had an interest in a business that competed with or might compete with the business of the Group.

AUDIT COMMITTEE

As required by Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee with written terms of reference which deal clearly with its authority and duties. The audit committee's principal duties are the review and supervision of the Company's financial reporting process and internal control systems. The audit committee comprises three independent non-executive directors, namely Mr. Chin Chang Ming, Ms. Sun Hsi Chen, and Mr. Lam Ngai Ming. The chairman of the audit committee is Mr. Chin Chang Ming.

The Company's financial statements for the first quarter ended 31st March 2007 have been reviewed by the audit committee. The audit committee considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the Stock Exchange, and disclosures have been fully made.

By Order of the Board
Liao Ko Ping
Managing Director

Hong Kong, 14th May, 2007