



FAST SYSTEMS TECHNOLOGY (HOLDINGS) LIMITED

東光集團有限公司*

(incorporated in the Cayman Islands with limited liability)

2007 THIRD 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\$28,406,000 for the nine months ended 30th September, 2007.
2. The Group has recorded a net loss attributable to shareholders for the nine months ended 30th September, 2007 of approximately HK\$982,000, representing a basic loss per share of HK\$0.16 cent.
3. The Directors do not recommend the payment of a dividend for the nine months ended 30th September, 2007.

FINANCIAL RESULTS (UNAUDITED)

The board of directors (the “Board” or the “Directors”) 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 and nine months ended 30th September, 2007, together with the comparative unaudited figures for the corresponding periods in 2006 (collectively the “Relevant Periods”) as follows:

	Notes	Three months ended 30th September,		Nine months ended 30th September,	
		2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Turnover	2	8,570	15,178	28,406	39,880
Cost of sales		(7,186)	(12,986)	(23,064)	(31,952)
Gross profit		1,384	2,192	5,342	7,928
Other revenues	2	18	8	121	432
Operating expenses					
Distribution costs		(125)	(425)	(356)	(2,005)
Administrative expenses		(1,214)	(1,143)	(3,896)	(3,235)
Other operating expenses		(492)	(1,183)	(1,754)	(3,079)
Operating (loss)/profit		(429)	(551)	(543)	41
Finance costs		(115)	(231)	(421)	(965)
(Loss)/Profit before taxation		(544)	(782)	(964)	(924)
Taxation	3	41	106	(18)	0
(Loss) after taxation		(503)	(676)	(982)	(924)
Basic (loss) per share	4	(0.08)cent	(0.11) cent	(0.16) cent	(0.15) cent
Diluted (loss) per share	4	(0.08)cent	(0.11) cent	(0.16) cent	(0.15) cent

BASIS OF PREPARATION

1. Principal accounting policies

The principal accounting policies adopted in the preparation of these accounts are as per audited report 2006.

2. Turnover

Turnover comprised the net invoiced value (excluding value-added tax) of merchandise sold net of allowances for returns and discounts.

3. Taxation

- (a) The amount of taxation charged/(credited) to the consolidated profit and loss account represents:

		For the nine months ended 30th September,	
		2007	2006
	Notes	HK\$'000	HK\$'000
Hong Kong profit tax	(i)	—	—
Overseas taxation	(ii)	18	—
		<u>18</u>	<u>—</u>

Notes:

- (i) Hong Kong profits tax has been provided for at the rate of 17.5% (2006: 17.5%) on the respective estimated assessable profits of 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.
- (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. Loss/earnings per share

The calculation of basic loss per share for the nine months ended 30th September, 2007 is based on the Group's net loss for the year of approximately HK\$982,000 (2006: approximately net loss of HK\$924,000) and on 600,000,000 (2006: 600,000,000) ordinary shares in issue during the year.

For the nine months ended 30th September, 2007 and nine months ended 30th September, 2006, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options and outstanding convertible note since their exercise would result in a decrease in loss per share.

5. Reserves

There has been no movement of reserves, other than retained earnings, during the period (2006: Nil).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30th September, 2007 (2006: Nil).

BUSINESS REVIEW

Total turnover of the Group for the nine months ended 30th September, 2007 amounted to approximately HK\$28,406,000, representing a 28.8% decrease from that of approximately HK\$39,880,000 generated in the corresponding period in 2006. The net loss attributable to shareholders of the Group for the nine months ended 30th September, 2007 was approximately HK\$982,000 while that of the corresponding period in 2006 was approximately HK\$924,000. Continuing price pressure on optoelectronics products, and low contribution from sapphire watch crystals division caused an overall loss.

Sapphire watch crystals division

The turnover of the sapphire watch crystals division for the nine months ended 30th September, 2007 was approximately HK\$24,271,000 (2006: approximately HK\$17,022,000) representing an increase of approximately HK\$7,249,000.

Optoelectronics products division

The Group's optoelectronics products division recorded a turnover of approximately HK\$4,135,000 for the nine months ended 30th September, 2007 (2006: HK\$3,404,000) representing an increase of approximately HK\$731,000.

Watches distribution division

The operation of the watches distribution was ceased and discontinued in December 2006.

FINANCIAL REVIEW

The Group's unaudited consolidated turnover for the nine months ended 30th September, 2007 was approximately HK\$28,406,000, representing a decrease of 28.8% from the same period of last year. It was mainly due to the discontinuation of the operation of watches distribution division in December 2006.

Operating costs for the nine months ended 30th September, 2007 was approximately HK\$6,006,000, representing a decrease of approximately HK\$2,313,000 or 27.8% from the same period of last year. Decrease in operating expenses was also mainly caused by the discontinuation of the operation of the watches distribution division in December 2006.

PROSPECTS

The Board expects the sales from sapphire distribution division to be slowly improved with introduction of better cost and internal control in the fourth quarter of 2007.

The Group achieved sales of approximately HK\$4,135,000 from the optoelectronics products division for the nine months ended 30th September, 2007. The Board expects production and sales of ferrules in fourth quarter of 2007 remain stable or to be mildly improved. The Board will continue to concentrate its effort on the niche markets that are under less competition and controlling its labour and production costs.

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 30th September, 2007	Exercise price HK\$	Grant Date	Exercisable from	Exercisable until
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

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SECURITIES

As at 30th September, 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 5.46 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:

- 80,000,000 Shares are held by Grandford Holdings Limited which is wholly owned by Mr. Liao Lien Shen.
- 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 30th September, 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 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDER'S INTERESTS IN SECURITIES

As at 30th September, 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:

- 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.
- 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 30th September, 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.

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 nine months ended 30th September, 2007.

DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors of the Company have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the period ended 30th September, 2007.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICE

For the nine months ended 30th September 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 nine months ended 30th September, 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. Ha Tak Kong, Ms. Yeung Mo Sheung, Ann, Mr. Lau Siu Hung, Ricky. The chairman of the audit committee is Mr. Ha Tak Kong.

The Company's financial statements for the nine months ended 30th September, 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 November, 2007