



**FAST SYSTEMS TECHNOLOGY (HOLDINGS) LIMITED**

**東 光 集 團 有 限 公 司\***

*(incorporated in Cayman Islands and re-domiciled and continued in Bermuda with limited liability)*

## **2008 Interim 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 positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. 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.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*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\$17,409,000 for the six months ended 30th June 2008.
2. The Group has recorded a net loss attributable to shareholders for the six months ended 30th June 2008 of approximately HK\$1,067,000, representing a basic loss per share of HK\$0.18 cent.
3. The Directors do not recommend the payment of a dividend for the six months ended 30th June 2008.

## FINANCIAL RESULTS (UNAUDITED)

The board of directors (the “Board” and “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 six months ended 30th June 2008, together with the comparative unaudited figures for the corresponding period in 2007 (collectively the “Relevant Periods”) as follows:

### CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Three months ended 30th June		Six months ended 30th June	
		2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Turnover	2	8,847	11,277	17,409	19,836
Cost of sales		<u>(7,034)</u>	<u>(8,857)</u>	<u>(13,612)</u>	<u>(15,878)</u>
Gross profit		1,813	2,420	3,797	3,958
Other revenues	2	779	93	1,400	103
Operating expenses					
Distribution costs		(464)	(29)	(864)	(231)
Administrative expenses		(2,047)	(1,666)	(3,581)	(2,682)
Other operating expenses		<u>(176)</u>	<u>(443)</u>	<u>(1,445)</u>	<u>(1,262)</u>
Operating (loss)/profit		(95)	375	(693)	(114)
Finance costs		<u>(147)</u>	<u>(118)</u>	<u>(293)</u>	<u>(306)</u>
(Loss)/profit before taxation		(242)	257	(986)	(420)
Taxation	3	<u>(81)</u>	<u>(59)</u>	<u>(81)</u>	<u>(59)</u>
(Loss)/profit after taxation		<u>(323)</u>	<u>198</u>	<u>(1,067)</u>	<u>(479)</u>
Basic (loss)/earnings per share	4	<u>(0.05) cent</u>	<u>0.03 cent</u>	<u>(0.18) cent</u>	<u>(0.08) cent</u>
Diluted (loss)/earnings per share	4	<u>(0.05) cent</u>	<u>0.03 cent</u>	<u>(0.18) cent</u>	<u>(0.08) cent</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

		<b>Unaudited</b>	Audited
		<b>30th June</b>	31st December
		<b>2008</b>	2007
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Non-current assets		<u>10,873</u>	<u>12,224</u>
Current assets	5	17,026	17,652
Current liabilities	6	<u>(18,975)</u>	<u>(20,039)</u>
Net current liabilities		<u>(1,949)</u>	<u>(2,387)</u>
Total assets less current liabilities		8,924	9,837
Non-current liabilities		<u>(8,423)</u>	<u>(8,274)</u>
Net assets		<u><b>501</b></u>	<u><b>1,563</b></u>
Financed by:			
Shareholders' funds		<u>501</u>	<u>1,563</u>
		<u><b>501</b></u>	<u><b>1,563</b></u>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For six months ended 30th June 2008

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30th June</b>	
	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Net cash outflow from operating activities	<b>(2,046)</b>	(511)
Net cash inflow from returns on investments and servicing of finance	<b>1</b>	4
Taxation paid	<b>(73)</b>	(81)
Net cash outflow from investing activities	<b>(57)</b>	(38)
Net cash inflow/(outflow) from financing	<b>149</b>	(1,424)
	<hr/>	<hr/>
Decrease in cash and cash equivalents	<b>(2,026)</b>	(2,050)
Cash and cash equivalent at 1st January	<b>5,162</b>	2,928
	<hr/>	<hr/>
Cash and cash equivalent at 30th June	<b>3,136</b>	878
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<b>3,136</b>	878
	<hr/>	<hr/>
	<b>3,136</b>	878
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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For six months ended 30th June 2008

	Share capital	Share premium	Exchange reserve	Contributed surplus	Accumulated loss	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2008	60,000	1,797	2,609	14,608	(77,451)	1,563
Net loss for the period	—	—	5	—	(1,067)	(1,062)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June 2008	<b>60,000</b>	<b>1,797</b>	<b>2,614</b>	<b>14,608</b>	<b>(78,518)</b>	<b>501</b>
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At 1st January 2007	60,000	1,796	1,345	14,608	(73,702)	4047
Net loss for the period	—	—	(306)	—	(479)	(785)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June 2007	<b>60,000</b>	<b>1,796</b>	<b>1,039</b>	<b>14,608</b>	<b>(74,181)</b>	<b>3,262</b>
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## BASIS OF PREPARATION

### 1. Principal accounting policies

The principal accounting policies adopted in the preparation of these accounts are as per audited report 2007.

### 2. Turnover, Business and Geographical Segments

#### *Primary reporting format — business segment*

#### Six months ended 30th June 2008

	Synthetic sapphire watch crystals <i>HK\$'000</i>	Optoelectronic products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover	<u>15,121</u>	<u>2,288</u>	<u>17,409</u>
Segment results	<u>1,056</u>	<u>956</u>	2,012
Interest income			1
Unallocated expenses			<u>(2,706)</u>
Loss from operations			<u>(693)</u>
Finance costs			<u>(293)</u>
Loss before taxation			<u>(986)</u>
Income tax charge			<u>(81)</u>
Loss for the period			<u><u>(1,067)</u></u>

#### Six months ended 30th June 2007

	Synthetic sapphire watch crystals <i>HK\$'000</i>	Optoelectronic products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover	<u>17,625</u>	<u>2,211</u>	<u>19,836</u>
Segment results	<u>2,258</u>	<u>(31)</u>	2,227
Interest income			4
Unallocated expenses			<u>(2,345)</u>
Loss from operations			<u>(114)</u>
Finance costs			<u>(306)</u>
Loss before taxation			<u>(420)</u>
Income tax charge			<u>(59)</u>
Loss for the period			<u><u>(479)</u></u>

*Secondary reporting format — geographical segment*

**Turnover for six months ended 30th June**

	<b>2008</b>	2007
	<i><b>HK\$'000</b></i>	<i>HK\$'000</i>
Europe	12,220	9,148
Hong Kong	1,942	9,612
Taiwan	959	0
PRC	2,288	1,076
	<u>17,409</u>	<u>19,836</u>
	<u><b>17,409</b></u>	<u><b>19,836</b></u>

**3. Taxation**

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

		<b>For the six months ended 30th June</b>	
		<b>2008</b>	2007
	<i>Notes</i>	<i><b>HK\$'000</b></i>	<i>HK\$'000</i>
Hong Kong profit tax	<i>(i)</i>	<b>0</b>	0
Overseas taxation	<i>(ii)</i>	<u><b>81</b></u>	<u>59</u>
		<u><b>81</b></u>	<u>59</u>
		<u><b>81</b></u>	<u><b>59</b></u>

*Notes:*

- (i) Hong Kong Profits Tax was provided for at the rate of 16.5% (2007: 17.5%) on the respective estimated assessable profits of the companies within the Group operating in Hong Kong during the year.
- (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. Loss per share

The calculation of basic loss per share for the 6 months ended 30th June 2008 is based on the Group's net loss for the period of approximately HK\$1,067,000 (2007: approximately net loss of HK\$479,000) and on 600,000,000 (2007: 600,000,000) ordinary shares in issue during the period.

For the 6 months ended 30th June 2008 and 6 months ended 30th June 2007, 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. Current assets

At 30th June 2008, the balance of current assets included trade receivables of HK\$4,501,000 (31st December 2007: HK\$4,900,000). The Group's terms on credit sales primarily range from 30 to 90 days.

The ageing analysis of the trade receivables at reporting date is as follows:

	<b>30th June 2008 HK\$'000</b>	31st December 2007 HK\$'000
Current	2,319	2,241
31-60 days	876	2,243
61-90 days	511	246
Over 90 days	795	170
	<u>4,501</u>	<u>4,900</u>

#### 6. Current liabilities

At 30th June 2008, the balance of current liabilities included trade payables of HK\$4,119,000 (31st December 2007: HK\$4,846,000). The ageing analysis of the trade payables at reporting date is as follows:

	<b>30th June 2008 HK\$'000</b>	31st December 2007 HK\$'000
Current	1,574	1,386
31-60 days	427	1,014
61-90 days	1,016	0
Over 90 days	1,102	2,446
	<u>4,119</u>	<u>4,846</u>



## 7. Commitments

### (a) Capital commitments

At 30th June 2008, the Group had no capital commitments (31st December 2007: Nil) contracted but not provided for in respect of the purchases and construction on fixed assets.

### (b) Commitments under operating leases

At 30th June 2008, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Other fixed assets	
	30th June 2008 HK\$'000	31st December 2007 HK\$'000	30th June 2008 HK\$'000	31st December 2007 HK\$'000
Less than one year	140	68	0	0
More than one year and less than five years	140	0	0	0
	<u>280</u>	<u>68</u>	<u>0</u>	<u>0</u>

## 8. Contingent liabilities

At 30th June 2008, the Group had no material contingent liabilities (31st December 2007: Nil).

## INTERIM DIVIDEND

The Board does not recommend the payments of an interim dividend for the six months ended 30th June 2008 (2007: Nil).

## BUSINESS REVIEW

Total turnover of the Group for the six months ended 30th June 2008 amounted to approximately HK\$17,409,000, representing a 12.2% decrease from that of approximately HK\$19,836,000 generated in the corresponding period in 2007. Loss attributable to shareholders of the Group for the six months ended 30th June 2008 was approximately HK\$1,067,000 while that of the corresponding period in 2007 was approximately loss of HK\$479,000.

### Sapphire watch crystals division

The turnover of the sapphire watch crystals for the six months ended 30th June 2008 was approximately HK\$15,121,000 (2007: approximately HK\$17,625,000) representing a decrease of approximately HK\$2,504,000.

### **Optoelectronics products division**

The Group recorded a turnover of approximately HK\$2,288,000 for the six months ended 30th June 2008 (2007: HK\$2,211,000) representing an increase of approximately HK\$77,000.

### **Financial Review**

Total turnover of the Group for the six months ended 30th June 2008 amounted to approximately HK\$17,409,000, representing a 12.2% decrease from that of approximately HK\$19,836,000 generated in the corresponding period in 2007. Decrease in total turnover was mainly caused by a decrease of approximately 14.2% in the turnover of the sapphire watch crystals division as compared with the corresponding period in 2007. Nevertheless, the turnover of the optoelectronics products division was increased by 3.5% as compared with the corresponding period in 2007. Loss attributable to shareholders of the Group for the six months ended 30th June 2008 was approximately HK\$1,067,000 while that of the corresponding period in 2007 was approximately loss of HK\$479,000.

Operating costs for the six months ended 30th June 2008 was approximately HK\$5,890,000, representing an increase of approximately HK\$1,715,000 or 41% from the same period of last year. Increase in operating expenses was mainly due to the increase in related to application for resumption of trading of the Shares of the Company and staff salaries.

### **Liquidity and Financial Resources**

As at 30th June 2008, the Group had cash and bank balances of approximately HK\$3,136,000 which were approximately HK\$2,258,000 more than that at 30th June 2007.

As at 30th June 2008, the Group had short term bank loan of approximately RMB9,420,000.

In view of the current cash position, the future cash flow from operation and continuous financial support from major shareholders, the Directors believed that the Group has sufficient financial resources to meet its operation need.

## Foreign Exchange

The Group has transactional currency exposures as the sales and purchases of the Group were mainly transacted in United States dollars, Swiss Franc, Chinese Renminbi, Japanese Yen, Euro, New Taiwan dollars and Hong Kong dollars. While the Group does not currently engaged in hedging to manage its currency risk, as it considers the cost associated with such hedging arrangements would exceed the benefits, management will continue to monitor the relevant circumstances and will take such measures as it deem prudent.

## PROSPECTS

Orders for synthetic sapphire watch crystals is expected to be stable in the third quarter of 2008. The Group achieved sales of approximately HK\$2,288,000 for the six months ended 30th June 2008 from optoelectronics products division. The Board expects to concentrate its effort on the niche market that are under less competition and control 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 2008	Options granted during the year	Options held at 30th June 2008	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 June 2008, 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	Percentage of issued capital
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Mr. Liao Lien Shen	1	—	—	80,000,000	—	80,000,000	13.3%
Mr. Liao Ko Ping	2	11,233,336	—	195,000,000	—	206,233,336	34.3%

#### 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 June 2008, 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 June 2008, 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 (Note 1)	12.46%

*Note:*

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.

Save as disclosed above, as at 30th June 2008, 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 six months ended 30th June 2008.

## 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 June 2008.

## COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICE

For the six months ended 30th June 2008, 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 six months ended 30th June 2008, 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 and Mr. Lau Siu Hung Ricky. The chairman of the audit committee is Mr. Ha Tak Kong.

The Company's financial statements for the six months ended 30th June 2008 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 August 2008

### *Members of the Board:*

Mr. Liao Lien Shen, *Chairman*

Mr. Liao Ko Ping, *Managing Director*

Mr. Ng Ming Wah, *Executive Director*

Mr Fong Chi Ho, *Executive Director*

Mr. Ha Tak Kong, *Independent Non-executive Director*

Ms. Yeung Mo Sheung, Ann, *Independent Non-executive Director*

Mr. Lan Siu Hung, Ricky, *Independent Non-executive Director*