



**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)*

**(stock code: 8150)**

## **2008 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 positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock 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\$22,998,000 for the nine months ended 30th September 2008.
2. The Group has recorded a net loss attributable to shareholders for the nine months ended 30th September 2008 of approximately HK\$2,224,000, representing a basic loss per share of HK\$0.74 cent.
3. The Directors do not recommend the payment of a dividend for the nine months ended 30th September 2008.

## FINANCIAL RESULTS (UNAUDITED)

The board of directors (the “Board” or the “Directors”) of Fast Systems Technology (Holdings) Ltd (the “Company”) is pleased to announce the unaudited results of the Company and its subsidiaries (collectively the “Group”) for the three months and nine months ended 30th September 2008, together with the comparative unaudited figures for the corresponding periods in 2007 (collectively the “Relevant Periods”) as follows:

	<i>Note</i>	Three months ended		Nine months ended	
		30 September		30 September	
		2008	2007	2008	2007
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	<b>5,589</b>	8,570	<b>22,998</b>	28,406
Cost of sales		<b>(4,298)</b>	(7,186)	<b>(17,910)</b>	(23,064)
Gross profit		<b>1,291</b>	1,384	<b>5,088</b>	5,342
Other revenues		<b>(63)</b>	18	<b>1,337</b>	121
Operating expenses					
Distribution costs		<b>(227)</b>	(125)	<b>(1,091)</b>	(356)
Administrative expenses		<b>(1,393)</b>	(1,214)	<b>(4,974)</b>	(3,896)
Other operating expenses		<b>(597)</b>	(492)	<b>(2,042)</b>	(1,754)
Operating (loss)		<b>(989)</b>	(429)	<b>(1,682)</b>	(543)
Finance costs		<b>(166)</b>	(115)	<b>(459)</b>	(421)
(Loss) before taxation		<b>(1,155)</b>	(544)	<b>(2,141)</b>	(964)
Taxation		<b>(2)</b>	41	<b>(83)</b>	(18)
(Loss) after taxation		<b>(1,157)</b>	(503)	<b>(2,224)</b>	(982)
Basic (loss) per share		<b>(0.39) cent</b>	(0.08) cent	<b>(0.74) cent</b>	(0.16) cent
Diluted (loss) per share		<b>(0.39) cent</b>	(0.08) cent	<b>(0.74) cent</b>	(0.16) cent

## BASIS OF PREPARATION

### 1. Principal accounting policies

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

### 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	
		30 September	
		2008	2007
	Note	HK\$'000	HK\$'000
Hong Kong profit tax	(i)	–	–
Overseas taxation	(ii)	83	18
		<u>83</u>	<u>18</u>

*Notes:*

- (i) Hong Kong profits tax has been provided for at the rate of 17.5% (2007: 17.5%) on the respective estimated 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 profits.
- (ii) Taxation for other regions in the PRC represented tax charge on the estimated assessable profits of the 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 2008 is based on the Group's net loss for the period of approximately HK\$2,224,000 (2007: approximately net loss of HK\$982,000) and on 299,000,000 (2007: 600,000,000) ordinary shares in issue during the year.

For the nine months ended 30th September 2008 and the corresponding year in 2007, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options and outstanding convertible notes since their exercise would result in a decrease in loss per share.

**5. Reserves**

Other than the movement of retained earnings during the period, HK\$59,940,000 has been transferred to the contributed surplus account after the Capital Re-organization.

**6. Capital Re-organization**

The proposed Capital Re-organization announced on 5th June 2008 had become effective on 15th August 2008.

**7. Shares and Convertible Bonds Subscription**

The Shares and the Convertible Bonds subscriptions mentioned in the announcement dated 5th June 2008 were completed on 18th August 2008.

**8. Resumption of Share Trading**

Trading in Shares had been suspended since 9:30 a.m. on 3rd April 2006 and was resumed at 9:30 a.m. on 19th August 2008.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the nine months ended 30th September 2008 (2007: Nil).

## **BUSINESS REVIEW**

Total turnover of the Group for the nine months ended 30th September 2008 amounted to approximately HK\$22,998,000, representing a 19% decrease from that of approximately HK\$28,406,000 generated in the corresponding period in 2007. The net loss attributable to shareholders of the Group for the nine months ended 30th September 2008 was approximately HK\$2,224,000 while that of the corresponding period in 2007 was approximately HK\$982,000. Continuing price pressure on optoelectronics products, and low contribution from sapphire watch crystals division caused an overall loss.

### **Sapphire watch crystals division**

Turnover from the Group's optoelectronics products division for the nine months ended 30th September 2008 was approximately HK\$19,442,000 (2007: approximately HK\$24,271,000) representing a decrease of approximately HK\$4,829,000.

### **Optoelectronics products division**

The Group's optoelectronics products division recorded a turnover of approximately HK\$3,556,000 for the nine months ended 30th September 2008 (2007: HK\$4,135,000) representing a decrease of approximately HK\$579,000.

## **FINANCIAL REVIEW**

The Group's unaudited consolidated turnover for the nine months ended 30th September 2008 was approximately HK\$22,998,000, representing a decrease of 19% from the same period of last year. It was mainly due to the deterioration in global economic environments.

Operating costs for the nine months ended 30th September 2008 was approximately HK\$8,107,000, representing an increase of approximately HK\$2,101,000 from the same period of last year. Increase in operating costs was mainly caused by increase of professional expenses incurred for the recent resumption of share trading of the Company.

## PROSPECTS

The Board expects the sales from sapphire distribution division will be mildly decreased with the downturn of the China and global economies.

The Group achieved sales of approximately HK\$3,556,000 from the optoelectronics products division for the nine months ended 30th September 2008. The Board expects production and sales of ferrules in the fourth quarter of 2008 remain stable. The Board will continue to concentrate its effort on the niche markets that have less competition and controlling its labor 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 6,000,000 share options (after the shares consolidation under which ten shares of HK\$0.10 were consolidated into one share of share of HK\$1.00 took place on 15th August 2008) under the Share Option Scheme to its directors and employees as follows:

	Options held at 1 Jan 2008	Options granted during the year	Options held at 30 Sept 2008	Exercise price HK\$	Grant Date	Exercisable from	Exercisable until
Liao Ko Ping	3,000,000	–	3,000,000	1.58	6 Jun 2002	6 Jun 2005	6 Jun 2012
Liao Lien Shen	1,900,000	–	1,900,000	1.58	6 Jun 2002	6 Jun 2005	6 Jun 2012
Continuous Contract employees	1,100,000	–	1,100,000	1.58	6 Jun 2002	6 Jun 2005	6 Jun 2012

*Note:* The number and exercise price of share options have been adjusted as result of the consolidation of every ten issued and unissued existing shares into one consolidated share took place on 15th August 2008.

Both Mr. Liao Ko Ping and Liao Lien Shen resigned as executive directors of the Company on 19th August 2008 but remain as employees of the Group.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30th September 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") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions in which they are taken or deemed to have under such provisions of the SFO) or 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	Personal interest	Family Interest	Corporate Interest	Other interest	Percentage of issued capital	
					Total	
Ou Kuei Mei ( <i>note 1</i> )	155,000,000	–	–	–	155,000,000	51.84

#### Notes:

1. Ms. Ou Kuei Mei resigned as director of the Company on 2nd October 2008.
2. The number of shares has been adjusted as result of the consolidation of every ten issued and unissued existing shares into one consolidated share took place on 15 August 2008.

Save as disclosed above, as at 30th September 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) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions in which they are taken or deemed to have under such provisions of the SFO) or 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.



## DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed under the paragraph headed "Directors' and chief executive's interests in securities" above, at no time during the period under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## SUBSTANTIAL SHAREHOLDER'S INTERESTS IN SECURITIES

As at 30th September 2008, so far as the Directors are aware the persons who have an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company under section 336 of the SFO, are as follows:

Name of shareholder	Capacity	Number of shares	Underlying shares (Note 5)	Percentage of issued share
Good Capital Resources Limited (Note 1)	Corporate	210,000,000	410,000,000	207.36
Ma Chung Wo Cameron (Note 1)	Beneficial owner	210,000,000	410,000,000	207.36
Charmway Global Invest Limited (Note 2)	Corporate	–	270,000,000	90.30
Leung Heung Ying (Note 2)	Beneficial owner	–	270,000,000	90.30
Ou Kuei Mei	Beneficial owner	155,000,000	–	51.84
Chong Wai Moon Joe (Note 3)	Beneficial owner	29,000,000	110,000,000	36.79
Wealth China & HK Growth Fund (Note 3)	Corporate	29,000,000	110,000,000	36.79

*Notes:*

1. Good Capital Resources Limited, a company incorporated in the British Virgin Islands which is beneficially owned as to 75% and 25% by Dr. Ma Chung Wo, Cameron and Ms. Ou Kuei Mei respectively.
2. Charmway Global Invest Limited, a company incorporated in the British Virgin Island which is wholly owned and beneficially owned by Mr. Leung Heung Ying, Alvin.
3. Mr. Chong Wai Moon Joe is the director and controlling shareholder of Wealth China & HK Growth Fund.
4. The number of shares has been adjusted as result of the consolidation of every ten issued and unissued existing shares into one consolidated share took place on 15 August 2008.
5. On 5 June 2008, the Company, as the issuer of the Convertible Bonds, entered into the CB Subscription Agreements with each of Good Capital Resources Limited, Charmway Global Invest Limited and Wealth China & HK Growth Fund whereby the Company conditionally agreed to issue and Good Capital Resources Limited, Charmway Global Invest Limited and Wealth China & HK Growth Fund conditionally agreed to subscribe for the Convertible Bonds in the principal amounts of HK\$4,100,000, HK\$2,700,000 and HK\$810,000 respectively. All the conditions of the CB Subscription Agreements have been fulfilled, the CB Subscription was completed on 18 August 2008. Details of the CB were disclosed in the circular of the Company dated 22 July 2008.

So far as is known to any director or supervisor, there is no person other than a Director or supervisor or chief executive who, as at 30th September 2008, have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other substantial shareholders whose interest or short position were recorded in the register required to be kept by the Company 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 2008.

## **DIRECTORS' SECURITIES TRANSACTION**

The Company had 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 2008.

## **COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICE**

The Company has applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

## **COMPETING INTERESTS**

During the nine months ended 30th September 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 system. The audit committee comprises three independent non-executive directors, namely, Mr. Wong Kwok Wai, Mr. Liu Chun Ning Wilfred and Mr. Ip Ka Yiu.

The Company's financial statements for the nine months ended 30th September 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.

## **DIRECTORS OF THE COMPANY**

Executive directors of the Company as at the date of this report are Ms. Yu Man Wai Sandy (Chairman) and Mr. Leung Ka Kueng Gary and the independent non-executive directors of the Company as at the date of this report are Mr. Wong Kwok Wai, Mr. Liu Chun Ning Wilfred and Mr. Ip Ka Yiu.

By Order the Board  
**Yu Man Wai Sandy**  
*Chairman*

Hong Kong, 12th November 2008