Fast Systems Technology (Holdings) Limited

東 光 集 團 有 限 公 司*

(Incorporated in the Cayman Islands and re-domiciled and continued in Bermuda with limited liability)

(stock code: 8150)

2009 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 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.

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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$4,964,000 for the three months ended 31st March, 2009.

2. The Group has recorded a net loss attributable to shareholders for the three months ended 31st March, 2009 of approximately HK$2,980,000, representing a basic loss per share of HK$0.61 cents.

3. The directors do not recommend the payment of a dividend for the three months ended 31st March, 2009.

QUARTERLY 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 (hereinafter collectively referred to as the "Group") for the three months ended 31st March, 2009 together with the unaudited comparative figures for the corresponding period in 2008, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		Three months ended 31st March	
		2009	2008
	Note	***HK$'000***	*HK$'000*
Turnover	*2*	**4,964**	8,562
Cost of sales		**(3,971)**	(6,578)
Gross profit		**993**	1,984
Other revenue		**7**	621
Loss on disposal of marketable securities		**(1,457)**	–
Operating expenses			
Selling and distribution costs		**(250)**	(400)
Administrative expenses		**(1,588)**	(1,534)
Other expenses		**(443)**	(1,269)
Operating loss		**(2,738)**	(598)
Finance costs		**(158)**	(146)

		Three months ended 31st March	
		2009	2008
	Note	***HK$'000***	*HK$'000*
Loss before taxation		**(2,896)**	(744)
Income tax expense	*3*	**(84)**	–
Loss for the quarter		**(2,980)**	(744)
Other comprehensive income:			
Exchange differences on translating foreign operations		**(159)**	3
Total comprehensive income for the quarter		**(3,139)**	(741)
Loss attributable to equity holders of the Company		**(2,980)**	(744)
Total comprehensive income attributable to equity holders of the Company		**(3,139)**	(741)
Loss per share			
Basic – for the quarter	*4*	**(0.61 cents)**	(0.12 cents)
Diluted – for the quarter		**N/A**	N/A

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31st March, 2009 (Expressed in Hong Kong dollars)

	Share capital	Share Premium reserve	Exchange reserve	Contributed surplus	Convertible bonds reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1st January 2008	60,000	1,797	2,609	14,608	–	(77,451)	1,563
Total comprehensive income for the quarter	–	–	3	–	–	(744)	(741)
As at 31st March 2008	60,000	1,797	2,612	14,608	–	(78,195)	822
As at 1st January 2009	299	3,948	3,097	–	3,559	(10,187)	716
Convertible bonds converted into shares	351	3,258	–	–	(1,642)	–	1,967
Total comprehensive income for the quarter	–	–	(159)	–	–	(2,980)	(3,139)
As at 31st March 2009	650	7,206	2,938	–	1,917	(13,167)	(456)

NOTE TO FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The unaudited condensed consolidated accounts have been prepared to comply with the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The accounting policies and method of computation used in the preparation of these results are consistent with those used in the annual accounts for the year ended 31st December, 2008. The Group has adopted new or revised standards, amendments to standards and interpretations of Hong Kong Financial Reporting Standards which are effective for accounting periods commencing on or after 1st January, 2009. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the consolidated accounts and does not result in substantial changes to the Group's accounting policies except certain changes on the presentation of the consolidated accounts.

HKAS 1 (Revised), "Presentation of Financial Statements", requires all non-owner changes in equity to be shown in a performance statement, but entities can choose whether to present one performance statement (a statement of comprehensive income) or two statements (a profit and loss account and a statement of comprehensive income). The Group has elected to present a consolidated statement of comprehensive income.

2. Turnover

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

3. Income tax expense

(a) The amount of taxation charged to the consolidated statement of comprehensive income (unaudited) represents:

		Three months ended 31st March	
		2009	2008
	Note	***HK$'000***	*HK$'000*
Hong Kong profits tax	*(i)*	**84**	–
Overseas profits tax	*(ii)*	**–**	–
		84	–

Notes:

(i) Hong Kong profits tax has been provided at the rate of 16.5% on the respective estimated profit of companies within the Group operating in Hong Kong during the period. (2008: Nil)

(ii) Overseas profits tax has not been provided as the overseas subsidiaries had no taxable income for the period.

(b) There are no material unrecognized deferred tax assets and liabilities for the period.

4. Loss per share

The calculation of basic loss per share for 3 months ended 31st March, 2009 is based on the Group's loss attributable to equity holders of the Company for the period of approximately HK$2,980,000 (2008: approximately HK$744,000) and on the weighted average number of 485,111,111 (2008: 600,000,000) ordinary shares in issue during the period.

A diluted loss per share for the 3 months ended 31st March, 2009 and 3 months ended 31st March, 2008 has not been disclosed as the potential shares arising from the exercise and conversion of the Company's share options and convertible bonds would decrease the loss per share of the Group for the period and is regarded as anti-dilutive.

5. Subsequent events

(a) On 28th April, 2009, the Company entered into a joint venture agreement with 內蒙古鑫睿商貿有限公司(Nei Meng Gu Xin Rui Sheng Mao Company Limited), a company incorporated in Inner Mongolia with limited liabilities, to which the parties agreed to form a joint venture company in the PRC. Details of the establishment of the joint venture company are set out in the announcement dated 28th April, 2009.

(b) Pursuant to ordinary resolution passed by the shareholders on the Company's Annual General Meeting held on 6th May, 2009, Bonus Issue will be made on the basis of 3 Bonus shares, credited as fully paid, for every 1 existing issued share held by the shareholders. Details of the Bonus Issue are set out in the announcement dated 27th March, 2009.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31st March, 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the three months ended 31st March, 2009 the Group recorded a turnover of approximately HK$4,964,000 (2008: approximately HK$8,562,000). Loss attributable to shareholders of the Group for the three months ended 31st March, 2009 was approximately HK$2,980,000 while loss attributable to shareholders of the Group for the corresponding period in 2008 was approximately HK$744,000. The loss for the period was mainly due to the decrease in turnover.

Sapphire watch crystals division

The turnover of the sapphire watch crystals for the three months ended 31st March, 2009 was approximately HK$4,611,000 (2008: approximately HK$7,335,000) representing a decrease of approximately HK$2,724,000 which as a result of the keen competition in the market and the decrease in market demand since the global economic downturn.

Optoelectronics products division

The Group's optoelectronics products division recorded a turnover of approximately HK$353,000 for the three months ended 31st March, 2009 (2008: approximately HK$1,227,000) representing a decrease of approximately HK$874,000. Decrease in sales was mainly due to the significant drop in market demand.

FINANCIAL REVIEW

The Group's unaudited consolidated turnover for the three months ended 31st March, 2009 was approximately HK$4,964,000 representing a decrease of approximately HK$3,598,000 or 42% for the same period of last year. Decrease in turnover was also mainly due to the decrease in market demand since the global economic downturn.

Operating expenses for the three months ended 31st March, 2009 was approximately HK$2,281,000 representing a decrease of approximately HK$922,000 or 16.5% for the same period of last year. Decrease in operating expenses was mainly due to the decrease of legal and professional fee.

Prospects

Owing to the global economic downturn brought about by the sub-prime mortgage credit crisis in the United States, and the uprising costs of production, the Group believes that the operation in the Group's watches business would remain challenging in year 2009. In order to broaden its income stream and to diversify the risk of reliance on single industry, the Group decided to invest in the energy-efficient street-lamp markets in the PRC and took successfully steps in April 2009.

A remarkable development of the Company is that on 28 April 2009, the Company entered into a Joint Venture ("JV") Agreement with Nei Meng Gu Xin Rui Sheng Mao Co. Ltd（內蒙古鑫睿商貿有限公司）("Xin Rui") pursuant to which the parties thereto agreed to form a new JV Company, whose equity interest will be owned as to 80% by Xin Rui and as to 20% by the Company.

Xin Rui has been promoting municipal energy-saving road lights and system project in various parts of the PRC, though which it has accumulated enormous experience in the technical application of products, marketing promotion, usage of energy conservation models and brand positioning thereof. It has become an operation investor and professional service provider in respect of municipal development that focus on energy conservation planning as well as implementation, and gradually established the brand "鑫睿節能" among investors.

The Company and Xin Rui will focus on joint development of the eco-road lighting system project in the PRC. Scope of the project includes lamp purchasing project (BT), lamp replacement project (EMC). The Company and Xin Rui will work jointly in respect of project financing, investments and acquisitions.

Pursuant to the JV Agreement, the registered capital of the JV Company will be RMB20,000,000, of which Xin Rui will contribute RMB16,000,000 and the Company will contribute RMB4,000,000 by way of cash in full upon the incorporation of the JV Company. The registered capital of the JV Company has been determined after arm's length negotiations between Xin Rui and the Company with reference to the intended scale of operations of the JV Company. The Company will also arrange for third party(ies) to provide project financing to the JV Company by way of loans in an aggregate amount of not less than RMB200 million to support its eco-road lighting system project and Xin Rui will grant a right of first refusal to the Company for providing the supply of products, technical support and project financing in relation to the project. Such funding will be arranged as and when necessary, and only if the JV Company has successfully executed "Energy-Efficient Street Lamp Replacement and/or Purchasing Agreements" with various municipalities in China.

All project financing capitals arranged by the Company for the JV Company will enjoy the following investment return: (1) for Lamp Purchasing Projects (BT), the annualized return will not be less than 28%, and (2) for Lamp Replacement Projects (EMC), the annual revenue will be equal to 50% of the revenue received by the JV Company on those projects.

The JV Company will engage in the 中國綠色道路照明 business, which involves the systematic promotion of selected energy-efficient street lamps, such as High-Frequency Electrode-Less Lamps, to municipalities throughout China, and also of the accelerated replacement of the over 40 million energy-wasting High-Pressure Sodium Street Lamps in China by the selected energy efficient alternatives. The JV Company is expected to sign "Energy-Efficient Street Lamp Replacement and/or Purchasing Agreements" with 12 municipalities in 2009 alone, including cities in Hubei, Jiangxi, Sichuan, Shanghai, Anhui, Yunnan, Tibet, Liaoning, Qinghai, and Ningxia.

A professional management team, includes aspects of technical, marketing, project management and research and development, will be appointed so as to enrich the business operation of the JV Company.

Currently, most of the street lamps in the PRC are High-Pressure Sodium Lamps, which consume much more electricity than the energy-efficient street lamps being developed and marketed by Xin Rui. In recent years, the PRC government has been putting a lot of emphasis on energy efficiency and has promulgated policies and rules to encourage and promote urban energy saving. However, up to now, less than 5% of the 48 million High-Pressure Sodium Lamps in China has been replaced by the much more energy-efficient High Frequency Electrode-Less Lamps, which reduces energy consumption by at least 40%. The Board believes that with the continuing economic growth, urbanization and building of roads and highways in the PRC, and that the global trend, as well as the trend in China, will be to accelerate the promotion of energy conservation and sustainable economic development. The formation of the JV Company will create the best opportunity for the Group to exploit the significant profit opportunities provided by the energy-efficient street-lamp markets in the PRC.

In view of the upcoming funds to be invested in energy-efficient street-lamp markets in the PRC, the Board is currently exploring various options to enlarge the group's capital base, which include the proposal to issue new shares or to issue convertible notes in order to provide additional funding to the Group. The Company will also intend to seek project financing through third party(ies).

Although the global economic downturn may continue to exit throughout year 2009, the Board believes that energy-efficient products and environmental protection markets will be the blue ocean in the world wide business, especially in the PRC. The Board believes that the signing of the abovementioned agreement is a breakthrough investment to broaden the Group's experience in energy-efficient products and environmental protection markets.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 March 2009, 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 31 March 2009, 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 shareholders	**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	95.38%
Ma Chung Wo Cameron *(Note 1)*	Beneficial owner	210,000,000	410,000,000	95.38%
Ou Kuei Mei *(Note 1)*	Beneficial owner	52,500,000	102,500,000	23.85%

Name of shareholders	Capacity	Number of shares	Underlying Shares *(Note 5)*	Percentage of issued share
Chong Wai Moon Joe *(Note 2)*	Beneficial owner	99,100,000	–	15.25%
Wealth China & HK Growth Fund *(Note 2)*	Corporate	99,100,000	–	15.25%
Chan Chun Kin	Beneficial owner	50,000,000	–	7.70%

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. Mr. Chong Wai Moon Joe is the director and controlling shareholder of Wealth China & HK Growth Fund.

3. 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.

4. 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 31 March 2009, 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.

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 31 March 2009.

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 share during the three months ended 31 March 2009.

BONUS ISSUE OF SHARE

The Board proposed the bonus issue to the shareholders of the Company on the basis of 3 bonus shares for every 1 existing issued share held by the shareholders. The proposed issue was approved by shareholders at annual general meeting held on 6 May 2009. Details of the issue were disclosed in the circular of the Company dated 2 April 2009.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

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 three months ended 31 March 2009, 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 four independent non-executive directors, namely, Mr. Wong Kwok Wai, Mr. Liu Chun Ning Wilfred, Mr. Tsui Siu Hung and Mr. Kwai Sze Kit.

The Company's financial statements for the three months ended 31 March 2009 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, Mr. Tsui Siu Hung and Mr. Kwai Sze Kit.

By Order the Board
Yu Man Wai Sandy
Chairman

Hong Kong, 13th May, 2009