

FAST SYSTEMS TECHNOLOGY (HOLDINGS) LTD :
THIS COMPANY IS VERY WEAK

Fast Systems Technology (Holdings) Ltd must be considered one of the riskiest new listings to come to The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd for some time.

There is a possibility that the Company will not be able to survive on its existing Capital Structure, with the present, cash-raising exercise, being woefully inadequate, all things considered.

This is TARGET's opinion on reading the Prospectus of Fast Systems, to be known by Stock Code 8150 to those brave souls who decide to buy into this Company.

Fast Systems describes itself in the following manner:

'The Group is a provider of high-precision polishing technology for use on hard substances in the PRC (People's Republic of China), which technology comprises wide-ranging engineering techniques of cutting, slicing, dicing, diamond sawing, grinding, flat lapping, shaping, thinning, chemical polishing and diamond polishing ...

'The principal business of the Group includes the manufacture and sale of customised synthetic sapphire watch crystals used in the watch manufacturing industry by the application of the high-precision polishing technology developed by the Group... '.

In short, Fast Systems manufactures and sells watch crystals.

While it can boast of making its first profits, ever, in the 2000 Financial Year, ended December 31, 2000, (a) those profits are questionable had consideration been given to the inclusion of notional interest on shareholders' loans, amounting to about \$HK19.14 million (b) the extremely low level of emoluments, paid to Senior Management/Executive Directors and (c) the heavy concentration of sales to the 5 largest customers of the Company in the 1999 Financial Year and the 2000 Financial Year. (More about these matters, later on in this analysis)

Fast Systems is Offering 19.80 million, 10-cent shares at a Premium of 20 cents per share to the investing public of the Hongkong Special Administrative Region (HKSAR) and, at the same time, the Company is Placing 70.20 million shares, on the same basis.

At the end of the day, Fast Systems hopes to raise, net of expenses, about \$HK19 million.

This amount of money is, according to Page 114 of the Prospectus, to be used as follows:

1. \$HK3.80 million to finance the expansion of the Company's production facilities for the manufacture of synthetic sapphire watch crystals in the PRC;
2. \$HK12 million to be used to finance the purchase of machinery and equipment for the production of optoelectronic products, including zirconia ferrules and sleeves and fibre optical products;
3. \$HK1.60 million to be used for research and development; and,
4. \$HK1.60 million to be used as working capital.

For the Financial Year, ended December 31, 2001, the Company turned in ... [CLICK TO ORDER FULL ARTICLE](#)

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