WAFER SYSTEMS

Wafer Systems Limited

威發系統有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8198)

ANNOUNCEMENT

This announcement is made pursuant to Rule 17.15 of the GEM Listing Rules to disclose certain trade receivables of the Group as at 31 December 2004.

As at 31 December 2004, there were 289,944,745 shares of the Company in issue. Based on the average closing price of the Company's shares of HK$0.1266 as stated in the Stock Exchange's daily quotation sheets for the trading days from 23 December, 2004 to 30 December, 2004 (both days inclusive), being the five business days immediately preceding 31 December 2004, the total market capitalization of the Company was approximately HK$36,707,004 as at 31 December 2004.

Pursuant to Rule 17.15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), a disclosure obligation arises where any of the percentage ratios of the relevant advance to an entity from Wafer Systems Limited (the "Company") and its subsidiaries (collectively the "Group") exceeds 8%.

As at 31 December 2004, there were 289,944,745 shares of the Company in issue. Based on the average closing price of the Company's shares of HK$0.1266 as stated in the Stock Exchange's daily quotation sheets for the trading days from 23 December, 2004 to 30 December 2004 (both days inclusive), being the five business days immediately preceding 31 December 2004, the total market capitalization of the Company was approximately HK$36,707,004 (the "Total Market Capitalization") as at 31 December 2004.

As at 31 December 2004, the following trade receivables of the Group exceeded 8% of the Total Market Capitalization.

Customer Name	**Amount due to the Group as at 31 December, 2004** *(HK$'000)*	**% of Total Market Capitalization**
The China Unicom Group	8,147	22%
Maintek Computer (Suzhou) Co., Ltd.	7,060	19%
Guangdong Telecom Appliance Corp.	6,717	18%
Motorola (China) Electronics Ltd.	4,930	13%
Shanxi Branch of China Telecom Group Corporation	3,726	10%

* *For identification purpose only*

These receivables, which resulted from sales of network equipment and provision of services by the Group in its ordinary course of business and on normal commercial terms, are unsecured, interest-free and payable under normal payment terms of the Group.

The above customers and their ultimate beneficial owners are independent third parties not connected with any of the directors, chief executive, management shareholders or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the GEM Listing Rules).

The Company has not made any disclosure under Rule 17.15 of the GEM Listing Rules in respect of the receivables of the above customers before. A further announcement may be made in these respects, if found necessary. The Stock Exchange reserves its right to take action against the Company and/or its directors.

Made by the order of the Board, the directors of which collectively and individually accept responsibility for the accuracy of this announcement.

By Order of the Board
Wafer Systems Limited
Pang Kin Man, Edmond
Company Secretary

Hong Kong, 16 February, 2005.

As at the date of this announcement, the Board consists of one executive Director, namely Mr. CHAN Sek Keung, Ringo, three non-executive Directors, namely Mr. Alasdair Gordon NAGLE, Ms. Clara HO and Mr. KWAN Kit Tong and three independent non-executive Directors, namely Mr. PANG Hing Chung, Alfred, Mr. TSOI Tai Wai, David and Mr. YU Zhonghou.

This announcement, for which the directors of 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 for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement 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 their announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the "Latest Company Announcements" page of the GEM Website at www.hkgem.com for at least 7 days form the date of its publication.