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SYSCAN Technology Holdings Limited

矽感科技控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8083)

PLACING OF NEW SHARES PURSUANT TO GENERAL MANDATE

Placing Agent



THE PLACING AGREEMENT

On 14 April 2010 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent, up to 409,000,000 Placing Shares at a price of HK\$0.162 per Placing Share on a best effort basis.

The maximum of 409,000,000 Placing Shares represent approximately (i) 19.66% of the existing issued share capital of the Company of 2,080,523,540 Shares as at the date of this announcement; and (ii) 16.43% of the issued share capital of the Company as enlarged by the issue of a maximum of 409,000,000 Placing Shares.

Assuming all the 409,000,000 Placing Shares are successfully placed by the Placing Agent, the gross proceeds from the Placing will be approximately HK\$66.26 million. After taking into account the estimated expenses of approximately HK\$1.91 million in relation to the Placing, the net proceeds from the Placing of approximately HK\$64.35 million is intended to be used as general working capital of the Group. The net price per Placing Share is expected to be approximately HK\$0.157.

Shareholders and potential investors should note that completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

* For identification purpose only

GEM LISTING RULES IMPLICATION

The Placing Shares will be issued under the General Mandate which was granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the date of AGM. The issue of the Placing Shares pursuant to the General Mandate is not subject to the approval of the Shareholders.

THE PLACING AGREEMENT

Date

14 April 2010 (after trading hours)

Issuer

The Company

Placing Agent

Oriental Patron Asia Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons and are not themselves connected persons of the Company.

Placing Shares

Pursuant to the Placing Agreement, the Placing Agent agreed to procure, on a best effort basis, subscribers for a maximum of 409,000,000 Placing Shares at the Placing Price. The maximum of 409,000,000 Placing Shares represent approximately (i) 19.66% of the existing issued share capital of the Company of 2,080,523,540 Shares as at the date of this announcement; and (ii) 16.43% of the issued share capital of the Company as enlarged by the issue of a maximum of 409,000,000 Placing Shares. Assuming all the 409,000,000 Placing Shares are successfully placed by the Placing Agent, the aggregate nominal value of the Placing Shares is HK\$4.09 million.

Ranking of Placing Shares

The Placing Shares will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.162 represents:

- (i) a discount of approximately 18.18% to the closing price of HK\$0.198 per Share as quoted on the Stock Exchange on 14 April 2010, being the date of the Placing Agreement;
- (ii) a discount of approximately 19.48% to the average closing price of HK\$0.2012 per Share in the last five consecutive trading days up to and including the date of the Placing Agreement; and
- (iii) a discount of approximately 23.66% over the average closing price of HK\$0.2122 per Share in the last ten consecutive trading days up to and including the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent on the date of the Placing Agreement with reference to the prevailing market prices of the Shares. The Directors (including the independent non-executive Directors) consider that the Placing Price is fair and reasonable.

Placees

The Placing Shares will be placed to no less than six Placees, who are individual, institutional or professional investors. The Placing Agent shall use its best endeavours to procure that the Placing Shares are placed to persons who are and whose ultimate beneficial owners are third parties (i) who are not and who will not as a result of the Placing become connected persons of the Company; and (ii) who are independent of, not connected with and not acting in concert with any connected person of the Company.

Conditions precedent to the Placing Agreement

Completion of the Placing is conditional upon fulfillment of the following conditions:

- (i) the GEM Listing Committee of the Stock Exchange agreeing to grant a listing of and permission to deal in the Placing Shares; and
- (ii) all requisite consents and approvals (if necessary) from the competent authorities for the Placing having been obtained by the Company.

The Company and the Placing Agent shall exercise all its reasonable endeavours to procure the satisfaction of the above conditions by 13 May 2010 or such later date as the Company and the Placing Agent may agree in writing. If the conditions above are not fulfilled by 5:00 p.m. on 13 May 2010, all the rights, obligations and liabilities of the Placing Agent and the Company under the Placing Agreement shall cease and determine and none of the parties thereto shall have any claim against any of the other of them in respect of the Placing save for all reasonable costs, charges, and expenses already incurred in accordance with the terms of the Placing Agreement.

Completion

Completion of the Placing shall take place on the third Business Day following the satisfaction of all the conditions precedent to the Placing Agreement (or such later date to be agreed in writing between the Company and the Placing Agent).

Placing commission

The Placing Agent shall receive a placing commission of 2.5% of the amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed by the Placing Agent.

General Mandate

As at the date of the AGM, the total number of Shares in issue was 2,047,286,540. The maximum number of Shares that can be issued under the General Mandate is 409,457,308 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM.

As at the date of this announcement, the General Mandate has not been utilised since it was granted and the number of new Shares that could be issued by the Company under the General Mandate is 409,457,308 Shares.

Application for listing

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following chart sets out the possible effects of the Placing on the shareholding structure of the Company assuming no Shares will be issued or repurchased during the period between the date of this announcement and the date of completion of the Placing:–

Name of the Shareholders	As at the date of this announcement		Immediately upon completion of the Placing assuming a maximum of 409,000,000 Placing Shares are successfully placed	
	Number of Shares held	%	Number of Shares held	%
Mr. Cheung Wai (<i>Note</i>)	848,112,045	40.76%	848,112,045	34.07%
<i>Public Shareholders</i>				
Places	0	0.00%	409,000,000	16.43%
Other Public Shareholders	<u>1,232,411,495</u>	<u>59.24%</u>	<u>1,232,411,495</u>	<u>49.50%</u>
Total	<u>2,080,523,540</u>	<u>100.00%</u>	<u>2,489,523,540</u>	<u>100.00%</u>

Note: Mr. Cheung Wai is the Chairman of the Group and an executive Director

REASONS FOR THE PLACING

The Directors consider that the Placing represents a good opportunity to raise capital for the Company and broaden the Shareholder base and capital base of the Company. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Assuming all the 409,000,000 Placing Shares are successfully placed by the Placing Agent, the gross proceeds from the Placing will be approximately HK\$66.26 million. After taking into account the estimated expenses of approximately HK\$1.91 million in relation to the Placing, the net proceeds from the Placing of approximately HK\$64.35 million is intended to be used as general working capital of the Group. The net price per Placing Share is expected to be approximately HK\$0.157.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not carried out any equity fund raising exercise in the 12-month period immediately preceding the date of this announcement.

Shareholders and potential investors should note that completion of the Placing is subject to the fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

GEM LISTING RULES IMPLICATION

The Placing Shares will be issued under the General Mandate which was granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the date of the AGM. The issue of the Placing Shares pursuant to the General Mandate is not subject to the approval of the Shareholders.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“acting in concert”	has the meaning ascribed thereto in the Hong Kong Code on Takeovers and Mergers
“AGM”	the annual general meeting of the Company held on 30 April 2009 at which (among others) resolution for the grant of the General Mandate to the Directors was passed by the Shareholders
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors

“Business Day”	a day (other than a Saturday or a Sunday) on which banks are generally open for business in Hong Kong
“Company”	SYSCAN Technology Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the GEM
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“General Mandate”	the general mandate which was granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the AGM to issue and allot up to 409,457,308 new Shares, representing 20% of the issued share capital of the Company on the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Placing”	the placing of up to 409,000,000 Placing Shares on a best effort basis
“Placing Agent”	Oriental Patron Asia Limited, a corporation licensed to carry on type 1 (dealing in securities), type 6 (advising on corporate finances) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 14 April 2010 in respect of the Placing
“Placing Price”	HK\$0.162 per Placing Share
“Placing Shares”	Up to a maximum of 409,000,000 new Shares to be issued under the Placing
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board of
SYSCAN Technology Holdings Limited
Cheung Wai
Chairman

Hong Kong, 14 April 2010

As at the date of this announcement, the Board of Directors comprises two executive Directors, namely Mr. Cheung Wai and Mr. Frank Cheung, and three independent non-executive Directors, namely Dr. Fong Chi Wah, Mr. Jin Qingjun and Mr. Wang Ruiping.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 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 this 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 for at least 7 days from the date of its posting and on the Company’s website at www.syscangroup.com.