



Corporate Information

Executive Directors

Cheung Wai, *Chairman*
Darwin Hu, *Chief Executive Officer*

Independent Non-executive Directors

Lo Wai Ming
Fong Chi Wah

Company Secretary

Chow Suk Han, Caroline

Chief Financial Officer and Qualified Accountant

Chan Man Ching

Compliance Officer

Cheung Wai

Authorised Representatives

Cheung Wai
Darwin Hu

Audit Committee

Lo Wai Ming
Fong Chi Wah

Auditors

Charles Chan, Ip & Fung CPA Limited
Certified Public Accountants
37th Floor, Hennessy Centre
500 Hennessy Road
Causeway Bay
Hong Kong

Share Registrars

Computershare Hong Kong
Investor Services Limited
Rooms 1901-1905, 19th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head Office and Principal Place of Business

Unit 808, 8th Floor
K. Wah Centre
191 Java Road
North Point
Hong Kong

Stock Code

8083

Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Exchange”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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 principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange of Hong Kong Limited 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 howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of SYSCAN Technology Holdings Limited 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 SYSCAN Technology Holdings Limited. 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.



SYSCAN Technology Holdings Limited
矽感科技控股有限公司*

(Incorporated in Bermuda with limited liability)

HIGHLIGHTS

Facing a very competitive IT environment, the Group managed to achieve a growth of about 70% in turnover for the six-month period ended 30 June 2004. The Group recorded a turnover of approximately HK\$147 million for the first half-year of 2004. The increment in turnover is mainly contributed by the impressive increase of 116.9% in the sales of LCD and CRT monitors. With the Group's effort in promoting sales and controlling costs, the Group recorded a net loss of approximately HK\$2.8 million for the six-month period ended 30 June 2004, representing a substantial decrease in loss by 80.4% over the same period last year.

For the three months ended 30 June 2004, the Group achieved sales of approximately HK\$40.9 million, representing a decrease of 25.3% over the same period last year. The Group has improved its gross margin from 15.6% to 17.4%.

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2004.

* for identification purposes only

FINANCIAL RESULTS

The board of directors (the "Board") of SYSCAN Technology Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and the six months ended 30 June 2004 together with the comparative unaudited figures for the corresponding periods in 2003 as follows:

Condensed Consolidated Income Statement

	Notes	Three months ended June 30		Six months ended June 30	
		2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
Turnover	2, 10	40,946	54,829	146,721	86,483
Cost of sales		(33,833)	(46,256)	(132,080)	(70,372)
Gross profit		7,113	8,573	14,641	16,111
Other Income	3	20,631	217	20,790	1,883
Provision for bad and doubtful receivables		(2,212)	(1,260)	(5,071)	(1,260)
Selling and marketing expenses		(4,713)	(4,936)	(9,706)	(8,716)
General and administrative expenses		(7,632)	(7,829)	(15,421)	(14,955)
Research and development expenses		(7,061)	(2,667)	(8,874)	(4,884)
Profit/(Loss) from operations		6,126	(7,902)	(3,641)	(11,821)
Interest income		20	109	200	133
Interest expense		(2,119)	(2,173)	(4,311)	(4,111)
Gain on deemed disposal of interest in a subsidiary		4,228	-	4,228	-
Profit/(Loss) before taxation	4	8,255	(9,966)	(3,524)	(15,799)
Taxation	5	(7)	-	(7)	(7)
Profit/(Loss) after taxation		8,248	(9,966)	(3,531)	(15,806)
Minority interests		257	747	708	1,411
Profit/(Loss) attributable to shareholders		8,505	(9,219)	(2,823)	(14,395)
Profit/(Loss) per share – Basic	6	HK8.3 cents	HK(9) cents	HK(2.8) cents	HK(14.1) cents
Dividend	11	-	-	-	-

FINANCIAL RESULTS (Cont'd)
Condensed Consolidated Statement of Changes in Equity

	As at 1 January 2003 <i>(Audited)</i> HK\$'000	Movements HK\$'000	As at 30 June 2003 <i>(Unaudited)</i> HK\$'000
Share capital	102,264	100	102,364
Share premium	101,378	(52)	101,326
Capital reserve	198,068	-	198,068
Statutory reserve fund	439	-	439
Cumulative translation adjustments	1,403	204	1,607
Accumulated deficit	(250,471)	(14,395)	(264,866)
	<u>153,081</u>	<u>(14,143)</u>	<u>138,938</u>
	As at 1 January 2004 <i>(Audited)</i> HK\$'000	Elimination of Accumulated Losses HK\$'000	As at 30 June 2004 <i>(Unaudited)</i> HK\$'000
Share capital	1,024	-	1,024
Share premium	-	-	-
Capital reserve	198,068	-	198,068
Statutory reserve fund	439	-	439
Cumulative translation adjustments	1,592	-	1,788
Accumulated deficit	(141,563)	79,107	(65,279)
	<u>59,560</u>	<u>79,107</u>	<u>136,040</u>

FINANCIAL RESULTS (Cont'd)
Condensed Consolidated Balance Sheet

	Notes	As at 30 June 2004 (Unaudited) HK\$'000	As at 31 December 2003 (Audited) HK\$'000
Non-current assets			
Intangible assets	7	2,619	3,112
Properties, machinery and equipment		45,655	46,581
Properties under development		125,460	123,706
Interest in an associated company		-	-
Long-term loan receivable		-	189
Long-term investments		13,871	14,059
Total non-current assets		<u>187,605</u>	<u>187,647</u>
Current assets			
Inventories		41,346	60,083
Trade receivables	8	46,806	48,424
Prepayments, deposits and other receivables		39,472	15,449
Cash and bank balances		42,084	24,759
Total current assets		<u>169,708</u>	<u>148,715</u>
Current liabilities			
Short-term secured bank loans		(131,981)	(128,302)
Trade payables	9	(41,426)	(59,105)
Current portion of interest-bearing borrowings		(141)	(141)
Due to a director		(3)	(3)
Accruals and other payables		(26,576)	(7,854)
Amount due to an associated company		(19,049)	-
Total current liabilities		<u>(219,176)</u>	<u>(195,405)</u>
Net current liabilities		<u>(49,468)</u>	<u>(46,690)</u>
Total assets less current liabilities		<u>138,137</u>	<u>140,957</u>
Non-current liabilities			
Interest-bearing borrowings		(701)	(772)
		<u>137,436</u>	<u>140,185</u>
Minority interests		(1,396)	(1,518)
Net assets		<u>136,040</u>	<u>138,667</u>
Capital and reserves			
Share capital		1,024	1,024
Reserves		200,295	279,206
Accumulated deficit		(65,279)	(141,563)
Shareholders' equity		<u>136,040</u>	<u>138,667</u>

FINANCIAL RESULTS (Cont'd)

Condensed Consolidated Cash Flow Statement

	For the six months ended June 30	
	2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
Net cash inflow from operating activities	15,765	(7,514)
Net cash outflow from investing activities	(2,048)	(1,508)
Net cash outflow before financing activities	13,717	(9,022)
Net cash inflow from financing activities	3,608	7,530
Increase in cash and bank balances	17,325	(1,492)
Cash and bank balances, beginning of the six-month period	24,759	71,586
Cash and bank balances, end of the six-month period	<u>42,084</u>	<u>70,094</u>

Notes:

1. Basis of presentation

The condensed interim financial statements have been prepared in accordance with the Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the applicable 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 adopted are consistent with those set out in the annual financial statements for the year ended 31 December 2003.

The condensed interim financial statements are unaudited, but have been reviewed by the audit committee.

2. Turnover comprises the net invoiced value of merchandise sold after allowances for returns and discounts and exclusion of value-added tax.

FINANCIAL RESULTS (Cont'd)

3. Other income

	For the three months ended June 30		For the six months ended June 30	
	2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
Sales of Patents	18,868	-	18,868	-
Written back of other receivables	-	-	-	853
Written back of inventories	1,200	-	1,200	-
Sundries	563	217	722	1,030
	<u>20,631</u>	<u>217</u>	<u>20,790</u>	<u>1,883</u>

4. Profit/(Loss) before taxation

Profit/(Loss) before taxation was determined after charging (crediting):

	For the three months ended June 30		For the six months ended June 30	
	2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
Interest income	(20)	(109)	(200)	(133)
Interest expense	2,119	2,173	4,311	4,111
Depreciation	1,460	840	3,122	3,232
Amortisation	356	123	627	239
	<u>3,915</u>	<u>3,027</u>	<u>7,860</u>	<u>7,715</u>

5. Taxation

No provision for Hong Kong profits tax was made as the Group had no assessable profit in Hong Kong during the three-month period and the six-month period ended 30 June 2004 (2003: Nil).

The United States subsidiary had no assessable profit subject to United States federal income tax and California State income tax and, consequently, was liable to California State income tax of approximately HK\$7,000 (2003: HK\$7,000), being the minimum amount for a company in a tax loss position.

No provision for Mainland China enterprise income tax was made as the Mainland China subsidiaries (except for one subsidiary in Shanghai which was liable to an income tax of approximately HK\$105 (2003: HK\$42) and HK\$113 (2003: HK\$192) during the three-month period and the six-month period ended 30 June 2004 respectively) had no assessable profit during the three-month period and the six-month period ended 30 June 2004 (2003: Nil).

No provision for Taiwan income tax was made as the Group had no assessable profit in Taiwan during the three-month period and the six-month period ended 30 June 2004 (2003: Nil).

There was no significant unprovided deferred taxation for the three-month period and the six-month period ended 30 June 2004 (2003: Nil).

FINANCIAL RESULTS (Cont'd)

6. Profit/(loss) per share

The calculation of the basic profit/(loss) per share for the three-month period and the six-month period ended 30 June 2004 respectively were based on the unaudited profit attributable to shareholders of approximately HK\$8,505,000 (2003: loss of HK\$9,219,000) for the three-month period ended 30 June 2004 and the unaudited loss attributable to shareholders of approximately HK\$2,823,000 (2003: loss of HK\$14,395,000) for the six-month period ended 30 June 2004 and on the weighted average number of approximately 102,364,328 shares (2003: 102,364,300 shares) in issue during the three-month period ended 30 June 2004 and approximately 102,364,328 shares (2003: 102,359,900 shares) in issue during the six-month period ended 30 June 2004.

No diluted profit/(loss) per share is presented as the outstanding employee share options are anti-dilutive.

7. Intangible assets

The amount represents the unamortised portion of software development fee at the end of the six-month period.

8. Trade receivables

	As at 30 June 2004 (Unaudited) HK\$'000	<i>As at 31 December 2003 (Audited) HK\$'000</i>
Trade receivables (net of provision)	<u>46,806</u>	<u>48,424</u>

The Group normally grants to its customers credit periods ranging from one to three months.

Aging analysis of trade receivables is as follows:

	As at 30 June 2004 (Unaudited) HK\$'000	<i>As at 31 December 2003 (Audited) HK\$'000</i>
Current to 90 days	40,467	39,932
91 to 180 days	6	6,137
Over 180 days	6,333	2,355
	<u>46,806</u>	<u>48,424</u>

FINANCIAL RESULTS (Cont'd)

9. Trade payables

	As at 30 June 2004 (Unaudited) HK\$'000	<i>As at 31 December 2003 (Audited) HK\$'000</i>
<i>Trade creditors</i>	41,426	<i>59,105</i>

Aging analysis of trade payables is as follows:

	As at 30 June 2004 (Unaudited) HK\$'000	<i>As at 31 December 2003 (Audited) HK\$'000</i>
<i>Current to 90 days</i>	35,550	<i>55,423</i>
<i>91 to 180 days</i>	4,764	<i>2,763</i>
<i>Over 180 days</i>	1,112	<i>919</i>
	41,426	<i>59,105</i>

FINANCIAL RESULTS (Cont'd)
10. Turnover and segment information

The Group's turnover and contribution to profit/(loss) before taxation for the six-month period from 1 January to 30 June 2004, analyzed by principal activity and geographical location, are as follows:

	<i>Turnover</i>		<i>Contribution to profit/(loss) before taxation</i>	
	2004 From 1 January to 30 June (unaudited) HK\$'000	<i>2003 From 1 January to 30 June (unaudited) HK\$'000</i>	2004 From 1 January to 30 June (unaudited) HK\$'000	<i>2003 From 1 January to 30 June (unaudited) HK\$'000</i>
<i>By principal activity:</i>				
- optical image capturing devices unit	19,388	21,183	1,935	3,946
- modules unit	3,640	2,711	363	505
- chips and other optoelectronic products unit	9,008	9,707	899	1,808
- LCD and CRT monitors unit	114,685	52,882	11,444	9,852
	<u>146,721</u>	<u>86,483</u>	14,641	16,111
Other income			20,790	1,883
Gain on deemed disposal of interest in a subsidiary			4,228	-
Interest income			200	133
Finance costs			(4,311)	(4,111)
Selling and marketing expenses			(9,706)	(8,716)
Provision for bad and doubtful receivables			(5,071)	(1,260)
General and administrative expenses			(15,421)	(14,955)
Research and development expenses			(8,874)	(4,884)
Taxation			(7)	(7)
Minority interests			708	1,411
			<u>(2,823)</u>	<u>(14,395)</u>

FINANCIAL RESULTS (Cont'd)

10. Turnover and segment information (Cont'd)

b.	Turnover		Contribution to profit/(loss) before taxation	
	2004 From 1 January to 30 June (unaudited) HK\$'000	2003 From 1 January to 30 June (unaudited) HK\$'000	2004 From 1 January to 30 June (unaudited) HK\$'000	2003 From 1 January to 30 June (unaudited) HK\$'000
By geographical location:				
- Australia	-	940	-	175
- Canada	-	1,074	-	200
- France	290	-	29	-
- Germany	192	-	19	-
- Korea	976	239	97	45
- Singapore	414	279	41	52
- Taiwan	83,619	49,324	8,344	9,189
- Hong Kong	92	2,835	10	528
- Mainland China	19,210	13,076	1,917	2,436
- Japan	312	168	31	31
- The United States of America	41,530	17,556	4,144	3,270
- The United Kingdom	5	979	1	182
- Others	81	13	8	3
	146,721	86,483	14,641	16,111
Other income			20,790	1,883
Gain on deemed disposal of interest in a subsidiary			4,228	-
Interest income			200	133
Finance costs			(4,311)	(4,111)
Selling and marketing expenses			(9,706)	(8,716)
Provision for bad and doubtful receivables			(5,071)	(1,260)
General and administrative expenses			(15,421)	(14,955)
Research and development expenses			(8,874)	(4,884)
Taxation			(7)	(7)
Minority interests			708	1,411
			(2,823)	(14,395)

11. Interim dividend

The Board does not recommend the payment of an interim dividend for the three-month period and the six-month period ended 30 June 2004 (2003: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Facing a very competitive IT environment, the Group managed to achieve a growth of about 70% in turnover for the six-month period ended 30 June 2004. The Group recorded a turnover of approximately HK\$147 million for the first half-year of 2004. The increment in turnover is mainly contributed by the impressive increase of 116.9% in the sales of LCD and CRT monitors. With the Group's effort in promoting sales and controlling costs, the Group recorded a net loss of approximately HK\$2.8 million for the six-month period ended 30 June 2004, representing a substantial decrease in loss by 80.4% over the same period last year.

For the three months ended 30 June 2004, the Group achieved sales of approximately HK\$40.9 million, representing a decrease of 25.3% over the same period last year. The Group has improved its gross margin from 15.6% to 17.4%. As at 30 June 2004, the Group has a total of HK\$42.1 million cash on hand and a total bank loan of approximately HK\$132.8 million. The Group's current ratio is at 0.77 times.

Research and development

For the three-month period ended 30 June 2004, the Group has continued its effort in strengthening its research and development team on existing, as well as, new products. The research and development expenses had been increased by 164.8% as compared to the corresponding period last year.

The Group continues to refine the 2D barcode technology. For instance, we has participated in several discussion forums during the period.

Based on the 2D barcode technology, the Group has also developed a new learning machine that can be used for learning different languages. The Group expects the first delivery of this new learning machine to commence in the third quarter of 2004.

The development of the multimedia display controllers that can enhance the LCD image display is at its final stage. The Group is planning to launch the first batch of this multimedia display controllers, namely ViewTech 101, in the fourth quarter of 2004.

Production

The directors believe that the current production capacity can fulfill the production needs in the coming year. The production lines for LCD monitors and scanners is running smoothly.

MANAGEMENT DISCUSSION AND ANALYSIS *(Cont'd)***Sales and Marketing**

The delay in the introduction of new products has caused the western market to perform far from our expectation. During this period, we have focused our efforts on expanding our product offering in the industrial and corporate document management sector. In the European market, we are trying to bundle more popular software so that our products can become more attractive to customers. Moreover, we are developing a European website where customers can assess to the family of SYSCAN's imaging products and solutions and make purchases through the Internet directly.

Investment and Acquisition

During the six-month period ended 30 June 2004, the Group has decreased its equity interest of 深圳市世紀開元實業有限公司 from 85% to 41.65%. The investment in 深圳市華實信達科技發展有限公司 has been increased from 70% to 91.43% as the directors expects a great market potential for tax machine in Mainland China.

Financial Resources and Liquidity

As at 30 June 2004, the Group has a cash balance of approximately HK\$42,084,000. The RMB-denominated total bank borrowing is HK\$131,981,000, secured by the Group's land use right and office premises in Shenzhen. These RMB-denominated bank borrowing comprised: (1) a one-year term loan of RMB120,000,000, which will mature in April 2005, (2) a bank loan of RMB19,900,000 which will mature in September 2004, and (3) two mortgaged loans of RMB710,000 and RMB417,000 which will respectively mature in October 2012 and November 2007. The interest rates for the aforesaid bank loans range from 4.5% to 5.3%.

As at 30 June 2004, the total current assets over the total current liabilities is 0.77 times. The ratio of all liabilities to total assets is about 61.9%. As most sales are made in US dollar, no hedging arrangement is made to offset the exposures to fluctuations in exchange rates.

As at 30 June 2004, the Group has no contingent liability as the Directors are aware.

Intellectual Property

The Directors believe that the intellectual property is an important asset of the Group as our revenue is based on the fruits of years of vigorous research and development as well as marketing efforts. As of 30 June 2004, the Group has 20 trademarks, product names and logos applications filed under processing in different countries and regions, of which 19 trademarks have been approved. In addition, the Group has been granted 64 patents and 69 patents are filed in different countries and regions under processing as of 30 June 2004.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)**Employees**

As at 30 June 2004, the Group has approximately 624 employees. The Directors believe that good quality of its employees is a company asset which affects growth and improves profitability. Employees are remunerated according to their performance and work experience. In addition to basic salaries and retirement scheme, staff benefits include share options and performance bonus.

Future Prospects

The Group believes that the IT market is now booming again especially those relating to the Group's patented technology. For instance, the introduction of the new 2D barcode products, which the directors believe, will bring significant contribution to the Group in the coming year. We will continue to strengthen our presence in the IT market and adopt more cost-effective marketing schemes with the aim of strengthening the Group's competitiveness and overall financial performance.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 June 2004, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the required standards of dealing by directors of the Company as referred to in Rule 5.46 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") are as follows:

Long Positions in shares of the Company

Name	Number of ordinary shares held				Total	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Other interests		
Mr Cheung Wai	720,000	-	10,310,000 (Note 2)	-	11,030,000	10.78%
Mr Darwin Hu	3,840,000	1,615,600 (Note 1)	-	-	5,455,600	5.33%

Notes:

1. *These shares were held by Mrs Sonya Hsiu-Yu Hu, the spouse of Mr Darwin Hu.*
2. *4,800,000 shares and 5,510,000 shares were held by Haing Assets Limited and Simrita Investments Limited respectively (both companies are incorporated in the British Virgin Islands and are beneficially owned by Mr Cheung Wai).*

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS (Cont'd)**Long positions in underlying shares of the Company**

On 2 March 2000, the Company adopted Share Option Scheme A and Scheme B under which share options to subscribe for shares of the Company may be granted under the terms and conditions stipulated in Scheme A and Scheme B.

Share Option Scheme A ceased to be effective (save for the options granted) upon the listing of the Company on 14 April 2000. At the annual general meeting of the Company held on 26 April 2002, shareholders of the Company approved the adoption of a new Share Option Scheme C and the termination of Share Option Scheme B.

Since its adoption and up to 30 June 2004, no options have been granted to the Directors of the Company under both Share Option Scheme A and Scheme C.

Details of the options granted to the Directors of the Company under Share Option Scheme B since its adoption and up to 30 June 2004 are as follows:

<u>Name</u>	<u>Date of grant</u> <i>(dd/mm/yy)</i>	<u>Exercise period</u> <i>(dd/mm/yy)</i>	<u>Subscription price per share</u>	<u>No. of underlying shares comprising the options granted</u>	<u>No. of underlying shares comprising the options exercised</u>	<u>No. of underlying shares comprising the options lapsed</u>	<u>No. of underlying shares comprising the options outstanding</u>
Mr Cheung Wai	19/6/2000	19/6/2001 to 18/6/2010	HK\$3.30	500,000	-	-	500,000
Mr Darwin Hu	19/6/2000	19/6/2001 to 18/6/2010	HK\$3.30	500,000	-	-	500,000
	17/1/2001	17/1/2002 to 16/1/2011	HK\$2.06	1,800,000	-	-	1,800,000
				<u>2,800,000</u>	<u>-</u>	<u>-</u>	<u>2,800,000</u>

Save as disclosed above, as at 30 June 2004, none of the directors had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) 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 required standards of dealing by directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 30 June 2004, there was no other person (other than a director or chief executive of the Company) who had any interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in shares of the Company

<u>Name</u>	<u>Capacity</u>	<u>Nature of interests</u>	<u>Number of shares</u>	<u>Percentage of issued share capital</u>
Mr Cheung Wai (Note 1)	Beneficial owner	Personal & Corporate	11,030,000	10.78%
Mr Darwin Hu (Note 1)	Beneficial owner	Personal & Family	5,455,600	5.33%
Mr Joseph Liu (Note 2)	Beneficial owner	Personal & Family	7,200,000	7.03%

Notes:

- Details of the interests of Mr Cheung Wai and Mr Darwin Hu are duplicated in the section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS" disclosed above.*
- In addition to 1,920,000 shares held by Mr Joseph Liu, 5,280,000 shares are held by Messrs Emmy Liu, Shirley Liu, Hui Chuan Liu and H. S. Liu, family associates of Mr Joseph Liu.*

EMPLOYEE SHARE OPTIONS

The Company has three employee share option schemes, namely Share Option Scheme A, Share Option Scheme B and Share Option Scheme C (collectively the “Schemes”). As at 30 June 2004, details of all the share options (including the options granted to the directors of the Company disclosed above in the sub-section “Long positions in underlying shares of the Company” under the section “DIRECTORS AND CHIEF EXECUTIVE’S INTERESTS) under the Schemes are as follows:

Scheme A

Class of optionees	Date of grant	Exercise period	Subscription price per share	Number of underlying shares				Balance as at 30 June 2004
				Beginning of year	Granted during the six-month period	Lapsed during the six-month period	Exercised during the six-month period	
Directors, chief executive, management shareholders or substantial shareholders or their respective associates	-	-	-	-	-	-	-	-
Optionees with options granted in excess of the individual limit	-	-	-	-	-	-	-	-
Employees working under continuous employee contracts	2 March 2000	2 March 2000 to 1 March 2010	HK\$0.4844	2,124,000	-	(1,120,000)	-	1,004,000
Suppliers of goods and services	-	-	-	-	-	-	-	-
All other optionees	2 March 2000	2 March 2000 to 1 March 2010	HK\$0.4844	1,144,000	-	-	-	1,144,000
				<u>3,268,000</u>	<u>-</u>	<u>(1,120,000)</u>	<u>-</u>	<u>2,148,000</u>

EMPLOYEE SHARE OPTIONS (Cont'd)

Scheme B

Class of optionees	Date of grant	Exercise period	Subscription price per share	Number of underlying shares				Balance as at 30 June 2004
				Beginning of year	Granted during the six-month period	Lapsed during the six-month period	Exercised during the six-month period	
Directors, chief executive, management shareholders or substantial shareholders or their respective associates	19 June 2000	19 June 2001 to 18 June 2010	HK\$3.30	1,000,000	-	-	-	1,000,000
	17 January 2001	17 January 2002 to 16 January 2011	HK\$2.06	1,800,000	-	-	-	1,800,000
Optionees with options granted in excess of the individual limit	-	-	-	-	-	-	-	-
Employees working under continuous employee contracts	12 July 2000	12 July 2001 to 11 July 2010	HK\$2.46	405,000	-	-	-	405,000
	4 December 2000	4 December 2001 to 3 December 2010	HK\$1.016	170,000	-	-	-	170,000
	17 January 2001	17 January 2002 to 16 January 2011	HK\$2.06	1,540,000	-	-	-	1,540,000
	13 August 2001	13 August 2002 to 12 August 2011	HK\$2.75	570,000	-	-	-	570,000
Suppliers of goods and services	-	-	-	-	-	-	-	-
All other optionees	4 December 2000	4 December 2001 to 3 December 2010	HK\$1.016	500,000	-	(500,000)	-	0
	17 January 2001	17 January 2002 to 16 January 2011	HK\$2.06	400,000	-	(400,000)	-	0
				<u>6,385,000</u>	<u>-</u>	<u>(900,000)</u>	<u>-</u>	<u>5,485,000</u>

EMPLOYEE SHARE OPTIONS (Cont'd)

Scheme C

Class of optionees	Date of grant	Exercise period	Subscription price per share	Number of underlying shares				
				Beginning of year	Granted during the six-month period	Lapsed during the six-month period	Exercised during the six-month period	Balance as at 30 June 2004
Directors, chief executive, management shareholders or substantial shareholders or their respective associates	-	-	-	-	-	-	-	-
Optionees with options granted in excess of the individual limit	-	-	-	-	-	-	-	-
Employees working under continuous employee contracts	14 May 2002	14 May 2003 to 13 May 2012	HK\$1.412	2,861,000	-	(1,000,000)	-	1,861,000
	14 August 2002	14 August 2003 to 13 August 2012	HK\$1.00	1,135,000	-	-	-	1,135,000
	12 November 2002	12 November 2003 to 11 November 2012	HK\$1.00	250,000	-	-	-	250,000
	26 March 2003	26 March 2004 to 25 March 2013	HK\$1.00	2,087,000	-	(240,000)	-	1,847,000
	13 August 2003	13 August 2004 to 12 August 2013	HK\$1.00	280,000	-	-	-	280,000
Suppliers of goods and services	-	-	-	-	-	-	-	-
All other optionees	14 May 2002	14 May 2003 to 13 May 2012	HK\$1.412	130,000	-	-	-	130,000
	14 August 2002	14 August 2003 to 13 August 2012	HK\$1.00	700,000	-	-	-	700,000
	12 November 2002	12 November 2003 to 11 November 2012	HK\$1.00	100,000	-	-	-	100,000
				<u>7,543,000</u>	<u>-</u>	<u>(1,240,000)</u>	<u>-</u>	<u>6,303,000</u>

EMPLOYEE SHARE OPTIONS *(Cont'd)*

The Directors consider it inappropriate to value all the options that can be granted during the six-month period ended 30 June 2004 under all the schemes of the Company on the assumption that a number of factors crucial for the valuation cannot be determined. Such factors include the exercise period, the date of exercise and the conditions, such as performance targets, if any, that an option is subject to. Accordingly, any valuation of the options based on various speculative assumptions would be meaningless and misleading to the shareholders.

Save as disclosed above, during the six-month period ended 30 June 2004, none of the Directors, employees and eligible optionees of the Company or its subsidiaries were granted share options to subscribe for shares in the Company.

COMPETING INTERESTS

The Directors are not aware of, as at 30 June 2004, any business or interest of each Director, management shareholder and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six-month period ended 30 June 2004, there were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

BOARD PRACTICES AND PROCEDURES

The Company has complied throughout the six-month period ended 30 June 2004 the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company established an audit committee (the "Committee") on 2 May 2000 with written terms of reference in compliance with the GEM Listing Rules. The Committee comprises two independent non-executive directors, namely Mr Lo Wai Ming and Mr Fong Chi Wah. The primary duties of the Committee are to review and supervise the financial reporting process and internal control systems of the Group.

The Committee (who were of the opinion that the preparation of the unaudited results for the six-month period ended 30 June 2004 has complied with applicable accounting standards, the Stock Exchange and legal requirements and that adequate disclosures had been made) has reviewed the Company's unaudited results for the six-month period ended 30 June 2004 and the draft of this report, and has provided advice and comments thereon.

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

Hong Kong, 12 August 2004