



hendersoncyber

HENDERSON CYBER LIMITED

恒基數碼科技有限公司*

(Incorporated in the Cayman Islands with limited liability)

**QUARTERLY RESULTS ANNOUNCEMENT
For the three months ended 30th September, 2002**

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.

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This announcement, for which the directors of Henderson Cyber 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 Henderson Cyber Limited. 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.

* for identification purposes only

SUMMARY OF RESULTS

- Turnover for the three months ended 30th September, 2002 amounted to approximately HK\$17,767,000.
- Net loss for the three months ended 30th September, 2002 amounted to approximately HK\$5,593,000.
- The Directors do not recommend the payment of a dividend for the three months ended 30th September, 2002.

RESULTS

The unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 30th September, 2002 together with the comparative figures for the corresponding period in 2001 were as follows:

		Three months ended 30th September	
	Note	2002 HK\$'000	2001 HK\$'000
Turnover	2	17,767	17,297
Other revenue		<u>5,981</u>	<u>6,811</u>
		23,748	24,108
Direct costs and operating expenses		(22,656)	(31,678)
Selling and distribution costs		(4,369)	(3,661)
Administrative expenses		<u>(2,441)</u>	<u>(3,440)</u>
Loss from operations		(5,718)	(14,671)
Finance costs		<u>(8)</u>	<u>(5)</u>
		(5,726)	(14,676)
Share of losses of jointly controlled entities		<u>(3)</u>	<u>(17)</u>
Loss from ordinary activities before taxation		(5,729)	(14,693)
Taxation	3	<u>—</u>	<u>—</u>
Loss from ordinary activities after taxation		(5,729)	(14,693)
Minority interests		<u>136</u>	<u>672</u>
Loss attributable to shareholders		<u>(5,593)</u>	<u>(14,021)</u>
Loss per share	4		
Basic		<u>HK0.1 cent</u>	<u>HK0.3 cent</u>

Notes:

1 Basis of preparation

The principal accounting policies adopted in preparing the unaudited consolidated results of the Group conform with accounting principles generally accepted in Hong Kong and accounting standards issued by the Hong Kong Society of Accountants.

2 Turnover

Turnover represents the sale of goods to customers, revenue from Internet and telecommunications services, income from data centre and network services, and project consultancy and application service provider (“ASP”) service income earned during the period, after elimination of all material intercompany transactions within the Group.

3 Taxation

No provision has been made for Hong Kong Profits Tax as the Group sustained losses for taxation purposes during the period.

No provision for deferred taxation has been made as the Group has a net potential deferred tax asset at 30th September, 2002, the future realisation of which is uncertain.

4 Loss per share

The calculation of basic loss per share for the three months ended 30th September, 2002 is based on the loss attributable to shareholders of HK\$5,593,000 (2001: HK\$14,021,000) and on the weighted average number of 5,000,000,000 (2001: 5,000,000,000) shares in issue during the period.

Diluted loss per share is not presented for the three months ended 30th September, 2002 and 30th September, 2001 because there were no dilutive potential shares in existence during the periods.

PROFIT AND TURNOVER

The Group recorded turnover of HK\$17.8 million for the quarter ended 30th September, 2002, compared with HK\$17.3 million for the quarter ended 30th September, 2001. The Group's loss attributable to shareholders for the quarter ended 30th September, 2002 was HK\$5.6 million, compared with a loss of HK\$14 million of the corresponding period in the previous year.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 30th September, 2002.

BUSINESS REVIEW

The main focus of the Group during the quarter ended 30th September, 2002 was to further implement its strategies in the Internet services, data centre, high technology and network infrastructure businesses including its Local Fixed Carrier ("LFC") business.

iCare

iCare's major achievements during the quarter ended 30th September, 2002 included:

- iCare's broadband service, providing 100 megabytes per user mailbox and multiple log-on for 3 megabits per second ("M") and 6M family plans, has experienced satisfactory results since its launch in May 2002 via promotion campaigns including:
 - Special rates offered to credit card holders of Dah Sing Bank and Bank of East Asia, email users of Sina.com and Hotmail, members of Cityline.com, House 18.com, Cyber Senior.org.hk and MOV3.com, staff of Henderson Group and Towngas and users of idHome System and iCare1608.
 - Various upselling programmes have successfully switched over 800 Internet Service Provider ("ISP") and Internet Content Provider ("ICP") subscribers to iCare's broadband service.
 - A new value-added service, "DIY Domain", was launched in mid September to allow customers to host their own website using personal computers as web servers.
- iCare IDD service, iCare1608, has continued to show encouraging results with over 36,000 customers with over 70,000 telephone lines registered as at 30th September, 2002 by the following:
 - Promotion campaigns including discounted rates for IDD calls initiated from mobile phones, IDD calls for Asian destinations, joint promotions with Citibank, Bank of America and Dah Sing Bank, IDD roaming service promotion targeting frequent China travellers, and prepaid calling card promotion targeting the Filipino community.

- The cross selling programmes at Towngas's Customer Service Hotline continued its success and has generated about 2,000 new IDD registrations. Leveraging on Towngas's customer contact points, over 7,500 new customers were acquired through new move-in, regular safety inspections performed by Towngas technicians, and Towngas Avenue as at 30th September, 2002.
- Other promotions were launched including stock quote service and retention campaign targeting inactive customers. Free minutes were offered to customers when choosing credit card auto pay and e-bill payment methods, and this helped to lower billing cost.
- Marketing to commercial customers continued to show encouraging results.
- The iCare Internet-on-TV Set-Top Box (the "STB") subscribers, ISP users, ICP users, broadband users and IDD subscribers grew at a healthy pace to a total of over 239,000 by 30th September, 2002.
- New content, "Stay Cool in Summer" and "All About Sleep" was introduced to iCare's website and was well received by viewers.
- The direct marketing channels, iCare Hot Spots and the iCare shopping mall website, continued to prove the clicks and bricks strategy as highly successful. Popular merchandise includes IBM Thinkpad notebook, Kodak digital camera and photo printer, Tsui Hang Village mooncake coupon, OTO Accugizer and Foot Massager and Tung Fong Hung birdnest gift set.
- iCare Club was set up to reward frequent shoppers. Members are eligible to special discounts and exclusive promotional sales.
- Total revenue for the quarter ended 30th September, 2002 was HK\$16.6 million, which is the same as the total revenue for the quarter ended 30th September, 2001.

Henderson Data Centre ("HDC")

HDC's major achievements during the quarter ended 30th September, 2002 included:

- Upgraded the software version of core switches to improve network reliability.
- Completed power capacity upgrade of the data centre at Well Tech Centre ("Well Tech") with China Light & Power.
- Prepared co-location facilities to accommodate the management systems of Eastar for the second phase network rollout.
- Continued with the co-marketing effort with Henderson Group's companies to increase the occupancy of Well Tech.
- Continued to focus on cost management and efficiency improvement including reduced maintenance costs of electrical and mechanical facilities by renegotiating maintenance contracts.
- Total revenue for the quarter ended 30th September, 2002 was HK\$0.5 million. In comparison, the total revenue for the quarter ended 30th September, 2001 was HK\$0.9 million.

Eastar

Eastar's major achievements during the quarter ended 30th September, 2002 included:

- Received approval from Office of Telecommunications Authority ("OFTA") to convert the wireless FTNS licence to an LFC licence.
- Received the frequency assignment at 5.8/5.9 GHz from OFTA for the second phase network rollout.
- Completed the negotiation and preparation of "Network Provision Contract" and "Site Facilities Construction Agreement" for the second phase network rollout.
- Finalized hubsites locations and network design for the second phase network rollout.
- Commenced the discussion with PCCW-HKT on Type I Interconnection and cable duct lead-in sharing.
- Commenced the discussion with OFTA on road opening coordination and approval.
- Signed blockwiring agreement with New World Telephone.
- Continued with the implementation of blockwiring projects in some selective property sites of Henderson Group.
- Total revenue for the quarter ended 30th September, 2002 was HK\$0.5 million. In comparison, the total revenue for the quarter ended 30th September, 2001 was HK\$0.2 million.

Future Home

Future Home's major achievements during the quarter ended 30th September, 2002 included:

- Commenced installation of private broadband infrastructure for forty-eight management offices of Hang Yick Properties Management Limited.
- Commenced installation of Car Park Management System in three Henderson Group estates.
- Installed Attendance and Access Control System with smart card and image verification facility to one construction site of E Man Construction Company Limited.
- Implemented the idHOME System which includes Property Management System, Customer Relationship Management System, Facilities Booking System and information broadcast through TV in one Henderson Group estate managed by Well Born Real Estate Management Limited.
- Completed the design and development of an attendance management system for Well Born Real Estate Management Limited and Hang Yick Properties Management Limited.
- Completed the design and development of a payroll and attendance system for Megastrength Security Services Company Limited.

- Installed a smart card access control system to one Henderson Group estate.
- Total revenue for the quarter ended 30th September, 2002 was HK\$0.8 million. In comparison, the total revenue for the quarter ended 30th September, 2001 was HK\$0.4 million.

IT Investments

IT Investments reviewed a number of opportunities during the quarter ended 30th September, 2002 but did not proceed with any investments.

PROSPECTS

The Group has been actively implementing its strategies during the quarter ended 30th September, 2002. Due to the fact that the Internet, telecommunication and high technology industries are dynamic and fast changing, the Group must be flexible and versatile in order to respond to such changes.

The Group seeks to integrate its existing businesses and wherever feasible, to offer “one-stop shopping”. The objective is to either reduce costs or move up the value chain by bundling services together to create higher value-added tailored products and services for the customers.

The Group is exploring a range of partnerships and alliances with leading technology companies to accelerate access to technologies and further enhance the relationship with the large customer bases of Henderson Group and Towngas.

The Group, while focused on implementing its strategies in Hong Kong, is also looking for opportunities in other areas of Greater China. The Group will utilize the expertise and connections of Towngas and Henderson Group to accelerate entry to other markets.

iCare

iCare aims to become a well-established and widely accepted brand for the distribution of goods and Internet and telecommunication services. With respect to distribution of goods, iCare, via its website, direct marketing channels and Hot Spots, will continue to seek growth while achieving satisfactory margins. With respect to Internet services, iCare will continue to develop market share in Internet broadband services and retain ISP customers. With respect to telecommunication services, iCare will seek to continue with the encouraging growth of iCare1608 since its launch. iCare will continue to expand the breadth of its infotainment and e-commerce offerings on its portal site. The rich content and desirable offerings will make it a popular site for PC users via broadband or the ISP.

It is anticipated that iCare is well positioned to succeed in establishing itself as a widely accepted brand for the distribution of goods and Internet and telecommunication services.

HDC

HDC will continue to optimize the operational efficiency with respect to the revenue-generation potential and is also expected to facilitate the network rollout of Eastar by providing equipment co-location and management services.

Eastar

Eastar will actively prepare for the second phase network rollout while aiming to achieve cost benefit and time efficiency at a higher level by combining both wireless and wireline technologies for future service delivery. The LFC licence is considered to be necessary and essential for Eastar's development. Partnering with affiliated entities and leveraging on available resources within Henderson Group will further provide the competitive advantages.

Future Home

Future Home will continue to provide IT network infrastructure and upgrade for companies in Henderson Group.

Future Home will focus on the development, installation and promotion of the idHOME System, Smart Card System, Car Park Management System and Attendance and Access Control System for Henderson Group developments and is exploring opportunities to provide these systems to other customers.

IT Investments

IT Investments will continue to look for sound investment opportunities in companies with attractive valuations, good growth potential, sound management and products or services where there is a synergy with the Group's activities.

DISCLOSURE OF INTERESTS

Directors' Interests in Shares

As at 30th September, 2002, the interests of the Directors of the Company in the equity securities of the Company and its associated corporations as recorded in the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”) or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the GEM Listing Rules were as follows:

Ordinary Shares (unless otherwise specified)

Name of Company	Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
Henderson Cyber Limited	Lee Shau Kee	173,898			4,244,996,094 (Note 15)	4,245,169,992
	Lam Ko Yin, Colin	55				55
Henderson Land Development Company Limited	Lee Shau Kee				1,122,938,300 (Note 1)	1,122,938,300
	Woo Ka Biu, Jackson		2,000			2,000
Henderson Investment Limited	Lee Shau Kee	34,779,936			2,075,859,007 (Note 6)	2,110,638,943
	Lam Ko Yin, Colin	11,000				11,000
Henderson China Holdings Limited	Lee Shau Kee				325,133,977 (Note 13)	325,133,977
	Woo Ka Biu, Jackson	544,802				544,802
Hong Kong Ferry (Holdings) Company Limited	Lee Shau Kee	7,799,220			110,363,090 (Note 7)	118,162,310
	Lam Ko Yin, Colin	150,000				150,000

Ordinary Shares (unless otherwise specified) (Cont'd)

Name of Company	Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
The Hong Kong and China Gas Company Limited	Lee Shau Kee	3,226,174			2,157,017,776 (Note 8)	2,160,243,950
	Li Kwok Po, David	10,964,082				10,964,082
	Chan Wing Kin, Alfred	102,825 (Note 5)				102,825
Miramar Hotel and Investment Company, Limited	Lee Shau Kee				252,105,250 (Note 11)	252,105,250
Henderson Development Limited	Lee Shau Kee				8,190 (Ordinary A Shares) (Note 2)	8,190 (Ordinary A Shares)
	Lee Shau Kee	35,000,000 (Non-voting Deferred Shares)			15,000,000 (Non-voting Deferred Shares) (Note 3)	50,000,000 (Non-voting Deferred Shares)
	Lee Shau Kee				3,510 (Non-voting B Shares) (Note 14)	3,510 (Non-voting B Shares)
	Lee Ka Kit				8,190 (Ordinary A Shares) (Note 4)	8,190 (Ordinary A Shares)
	Lee Ka Shing				8,190 (Ordinary A Shares) (Note 10)	8,190 (Ordinary A Shares)
Angelfield Investment Limited	Lam Ko Yin, Colin				1 (Note 9)	1

Ordinary Shares (unless otherwise specified) (Cont'd)

Name of Company	Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
China Investment Group Limited	Woo Ka Biu, Jackson			16,000 (Note 9)		16,000
Henfield Properties Limited	Lee Ka Kit			4,000 (Note 9)		4,000
Shellson International Limited	Lee Ka Kit			25 (Note 9)		25
Feswin Investment Limited	Lee Ka Kit			5,000 (Note 9)		5,000
Perlin Development Limited	Lee Ka Kit			5 (Note 9)		5
Quickcentre Properties Limited	Lee Ka Kit			1 (Note 9)		1
Techno Factor (Development) Limited	Lee Ka Kit	2,575,000				2,575,000
Amanwana Limited	Lee Ka Kit	5				5
Maxfine Development Limited	Lee Ka Kit			1,525 (Note 9)		1,525
Shanghai Henfield Properties Co., Ltd.	Lee Ka Kit			(see Note 12)		(see Note 12)

Notes:

- 1 Dr. Lee Shau Kee owned beneficially all the issued share capital of Rimmer (Cayman) Limited which was the trustee of a discretionary trust which held the majority of units in a unit trust (“Unit Trust”) and Hopkins (Cayman) Limited which was the trustee of the Unit Trust which beneficially owned all the issued ordinary shares which carry the voting rights in the share capitals of Henderson Development Limited (“HD”) and Fu Sang Company Limited (“FS” and which beneficially owned 192,500 of these shares). HD and its subsidiaries owned 1,117,143,200 of these shares. In addition, 5,602,600 of these shares were beneficially owned by a subsidiary of The Hong Kong and China Gas Company Limited (“Towngas”). Dr. Lee Shau Kee was taken to be interested in Towngas as set out in Note 8 by virtue of the SDI Ordinance.
- 2 Dr. Lee Shau Kee was taken to be interested in HD through the Unit Trust, Hopkins (Cayman) Limited and Rimmer (Cayman) Limited as set out in Note 1 by virtue of the SDI Ordinance.
- 3 These shares were beneficially owned by FS. Dr. Lee Shau Kee was taken to be interested in FS through the Unit Trust, Hopkins (Cayman) Limited and Rimmer (Cayman) Limited as set out in Note 1 by virtue of the SDI Ordinance.
- 4 These shares were beneficially owned by the Unit Trust. The units of the Unit Trust were owned by two discretionary trusts in which Mr. Lee Ka Kit was one of the discretionary beneficiaries.
- 5 These shares were jointly held by Mr. Chan Wing Kin, Alfred and his spouse.
- 6 These shares were beneficially owned by FS and certain subsidiaries of Henderson Land Development Company Limited (“HL”). Dr. Lee Shau Kee was taken to be interested in FS and HL as set out in Note 1 by virtue of the SDI Ordinance.
- 7 These shares were beneficially owned by certain subsidiaries of Henderson Investment Limited (“HI”). Dr. Lee Shau Kee was taken to be interested in HI through FS and HL as set out in Note 1 and Note 6 by virtue of the SDI Ordinance.
- 8 These shares were beneficially owned by certain subsidiaries of HI, FS and a subsidiary of HD. Dr. Lee Shau Kee was taken to be interested in HI, FS and HD as set out in Note 1 and Note 6 by virtue of the SDI Ordinance.
- 9 These shares were beneficially owned by a company in which the relevant director is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings.
- 10 These shares were beneficially owned by the Unit Trust. The units of the Unit Trust were owned by two discretionary trusts in which Mr. Lee Ka Shing was one of the discretionary beneficiaries.
- 11 These shares were beneficially owned by certain subsidiaries of HI. Dr. Lee Shau Kee was taken to be interested in HI through FS and HL as set out in Note 1 and Note 6 by virtue of the SDI Ordinance.
- 12 Shanghai Henfield Properties Co., Ltd. was an equity joint venture company in the PRC of which the registered capital was US\$27,000,000. Henfield Properties Limited (“Henfield”) (owned as to 40 per cent. by a company controlled by Mr. Lee Ka Kit) and the PRC partner to the joint venture had entered into a joint venture contract under which Henfield and the PRC partner agreed to make contributions to the total amount of investment in the proportion of 99 per cent. and 1 per cent. respectively and to share the profits of the joint venture company in accordance with their equity interest in the joint venture company.
- 13 These shares were beneficially owned by certain subsidiaries of HL. Dr. Lee Shau Kee was taken to be interested in HL as set out in Note 1 by virtue of the SDI Ordinance.

- 14 These shares were beneficially owned by Hopkins (Cayman) Limited as trustee of the Unit Trust. Dr. Lee Shau Kee was taken to be interested in HD through the Unit Trust, Hopkins (Cayman) Limited and Rimmer (Cayman) Limited as set out in Note 1 by virtue of the SDI Ordinance.
- 15 These shares were beneficially owned by a subsidiary of HI, FS, certain subsidiaries of HL and a subsidiary of Towngas. Dr. Lee Shau Kee was taken to be interested in HI, FS, HL and Towngas as set out in Note 1, Note 6 and Note 8 by virtue of the SDI Ordinance.

Save as disclosed above, none of the Directors, Chief Executive or their associates had any interests in any securities of the Company or its associated corporations as defined in the SDI Ordinance.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

(i) Options to subscribe for shares in the Company

As at 30th September, 2002, the following Directors of the Company had interests in options to subscribe for shares in the Company which were granted on 28th June, 2000 at the consideration of HK\$1.00 for each grant of options under the Pre-IPO Share Option Plan of the Company (the "Option Plan"):

Name of Director	Number of share options at 1st July, 2002	Number of share options granted during the period	Number of share options outstanding at 30th September, 2002
Dr. Lee Shau Kee	2,400,000	—	2,400,000
Chan Wing Kin, Alfred	1,200,000	—	1,200,000
Lam Ko Yin, Colin	1,200,000	—	1,200,000
Lee Ka Kit	1,200,000	—	1,200,000
Lee Ka Shing	1,200,000	—	1,200,000
Yip Ying Chee, John	1,200,000	—	1,200,000
Dr. Li Kwok Po, David	1,200,000	—	1,200,000
Professor Ko Ping Keung	1,200,000	—	1,200,000
Douglas H. Moore	1,200,000	—	1,200,000

Particulars of outstanding share options of employees of the Company at the consideration of HK\$1.00 for each grant of options under the Option Plan are as follows:

Date of Grant	Aggregate number of share options at 1st July, 2002	Number of share options granted during the period	Aggregate number of share options outstanding at 30th September, 2002
28/06/2000	1,250,000	—	1,250,000

Particulars of outstanding share options of all other participants under the Option Plan are as follows:

Date of Grant	Aggregate number of share options at 1st July, 2002	Number of share options granted during the period	Number of share options lapsed during the period	Aggregate number of share options outstanding at 30th September, 2002
28/06/2000	14,500,000	—	100,000	14,400,000

Subject to the terms and conditions of the Option Plan, each of the above Directors, employees and other participants will be entitled to exercise at the price of HK\$1.25 per share (i) 30 per cent. of the share options so granted at any time after the expiry of 12 months from 14th July, 2000, (ii) a further 30 per cent. of the share options so granted at any time after the expiry of 24 months from 14th July, 2000 and (iii) the remaining share options at any time after the expiry of 36 months from 14th July, 2000 and, in each case, not later than four years from 14th July, 2000.

Particulars of outstanding share options of the employee of the Company under the Share Option Scheme of the Company (the “Share Option Scheme”) are as follows:

Date of Grant	Aggregate number of share options at 1st July, 2002	Number of share options granted during the period	Aggregate number of share options outstanding at 30th September, 2002
04/10/2000	100,000	—	100,000

Subject to the terms and conditions of the Share Option Scheme, the employee of the Company will be entitled to exercise at the price of HK\$0.89 per share (i) 30 per cent. of the share options so granted at any time after the expiry of 12 months from 16th October, 2000 (the date of acceptance of the share options), (ii) a further 30 per cent. of the share options so granted at any time after the expiry of 24 months from 16th October, 2000 and (iii) the remaining share options at any time after the expiry of 36 months from 16th October, 2000 and, in each case, not later than four years from 16th October, 2000.

As at 30th September, 2002, share options for a total of 27,650,000 shares in the Company under the Option Plan and 100,000 shares in the Company under the Share Option Scheme remained outstanding, representing in aggregate approximately 0.6 per cent. of the existing issued share capital of the Company. These share options were granted to the following categories of grantees:

Categories of Grantees	Number of Grantees	Number of share options
Option Plan		
Directors	9	12,000,000
Employees	3	1,250,000
Other participants	42	14,400,000
	54	27,650,000
Share Option Scheme		
Employee	1	100,000

Save as disclosed above, no share options under the Option Plan and the Share Option Scheme had been granted, exercised, cancelled or lapsed during the three months ended 30th September, 2002.

(ii) Options to subscribe for shares in associated corporation

As at 30th September, 2002, the following Directors of the Company had interests in options to subscribe for shares in Henderson China Holdings Limited, an associated corporation of the Company:

Name of Director	Number of share options	Exercisable Period
Colin Lam Ko Yin	1,500,000	21/08/2001 – 20/08/2004
Lee Ka Kit	1,500,000	02/11/2001 – 01/11/2004

The above Directors will be entitled to exercise the share options in whole or in part at the price of HK\$4.00 per share at any time during the respective exercisable periods.

Except for the above, at no time during the period was the Company or any of its holding companies, subsidiary companies or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th September, 2002, the interests of substantial shareholders, other than Directors of the Company, in the ordinary shares of the Company (the "Shares") as recorded in the register required to be kept under Section 16(1) of the SDI Ordinance were as follows:

Name of Company	Number of Shares in which interested
Felix Technology Limited	3,333,213,616
Technology Capitalization Limited	902,700,000
Best Selection Investments Limited (Note 1)	3,333,213,616
Henderson Investment Limited (Notes 1 and 2)	3,333,213,616
Henderson Land Development Company Limited (Notes 1, 2 and 3)	3,342,268,019
Towngas Investment Company Limited (Note 4)	902,700,000
The Hong Kong and China Gas Company Limited (Notes 4 and 5)	902,700,000
Henderson Development Limited (Notes 1, 2, 3 and 6)	3,342,268,019
Rimmer (Cayman) Limited (Note 7)	3,342,296,094
Hopkins (Cayman) Limited (Note 7)	3,342,296,094

Notes:

- 1 As Felix Technology Limited ("Felix Technology") is a wholly-owned subsidiary of Best Selection Investments Limited ("Best Selection"), Best Selection had a deemed interest in the 3,333,213,616 Shares held by Felix Technology under the SDI Ordinance.
- 2 As Best Selection is a wholly-owned subsidiary of Henderson Investment Limited ("HI"), HI had a deemed interest in the 3,333,213,616 Shares held by Felix Technology under the SDI Ordinance.
- 3 Of these Shares, 3,333,213,616 are duplicated in the interest described in Note 1 and Note 2, as HI is a subsidiary of Henderson Land Development Company Limited ("HL").
- 4 As Technology Capitalization Limited ("Technology Capitalization") is a wholly-owned subsidiary of Towngas Investment Company Limited ("Towngas Investment"), Towngas Investment had a deemed interest in the 902,700,000 Shares held by Technology Capitalization under the SDI Ordinance.
- 5 As Towngas Investment is a wholly-owned subsidiary of The Hong Kong and China Gas Company Limited ("Towngas"), Towngas had a deemed interest in the 902,700,000 Shares held by Technology Capitalization under the SDI Ordinance.
- 6 As HL is a subsidiary of Henderson Development Limited ("HD"), HD had a deemed interest in the 3,342,268,019 Shares in which HL was deemed to have an interest under the SDI Ordinance.
- 7 Of these Shares, 3,342,268,019 are duplicated in the interest described in Note 6. Rimmer (Cayman) Limited was the trustee of a discretionary trust which held the majority of units in a unit trust ("Unit Trust"). Hopkins (Cayman) Limited as trustee of the Unit Trust beneficially owned all the issued ordinary shares which carry the voting rights in the share capital of HD and also all the issued ordinary shares in Fu Sang Company Limited ("FS"). Accordingly, each of Rimmer (Cayman) Limited and Hopkins (Cayman) Limited had a deemed interest in the 3,342,268,019 Shares by virtue of their interest in the discretionary trust, the Unit Trust and HD and the SDI Ordinance in addition to its interest in the Shares held by FS. The beneficiaries of the discretionary trust referred to herein are certain members of Dr. Lee Shau Kee's family.

COMPETING INTERESTS

Newspeed Technology Limited, a wholly-owned subsidiary of Henderson Investment Limited, the Company's holding company, has a 8.9 per cent. interest in iLink Holdings Limited, the businesses of which include the operation of data centres in Hong Kong.

Save as disclosed above, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group.

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

During the three months ended 30th September, 2002, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee was established on 25th May, 2000 and reports to the Board of Directors. The members of the Audit Committee are Dr. Li Kwok Po, David, Professor Ko Ping Keung and Mr. Woo Ka Biu, Jackson, all of whom are Independent Non-executive Directors. The written terms of reference include the authority and duties of the Audit Committee and amongst its principal duties are the review and supervision of the Company's financial reporting process and internal control procedures. The Audit Committee members have reviewed the First Quarterly Report of the Company for the three months ended 30th September, 2002.

By Order of the Board
Lee Shau Kee
Chairman

Hong Kong, 13th November, 2002

This Announcement will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the day of its posting and on the Company's website at www.hendersoncyber.com.