



hendersoncyber

HENDERSON CYBER LIMITED

恒基數碼科技有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8023)

**QUARTERLY RESULTS ANNOUNCEMENT
For the nine months ended 31st March, 2004**

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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 nine months ended 31st March, 2004 amounted to approximately HK\$65,735,000.
- Net loss for the nine months ended 31st March, 2004 amounted to approximately HK\$15,853,000.
- The Directors do not recommend the payment of a dividend for the nine months ended 31st March, 2004.

RESULTS

The unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and the nine months ended 31st March, 2004 together with the comparative unaudited figures for the corresponding periods in 2003 were as follows:

	Note	Three months ended 31st March		Nine months ended 31st March	
		2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Turnover	2	22,773	19,126	65,735	58,533
Other revenue		2,841	5,573	9,000	17,642
Other net (loss) / income		1	4	(43)	4
		25,615	24,703	74,692	76,179
Direct costs and operating expenses		(24,016)	(21,628)	(71,583)	(69,165)
Selling and distribution costs		(4,291)	(3,221)	(12,606)	(10,920)
Administrative expenses		(2,054)	(2,015)	(6,850)	(7,037)
Loss from operations		(4,746)	(2,161)	(16,347)	(10,943)
Provision for impairment loss on data centre and network equipment and facilities		—	—	—	(3,857)
		(4,746)	(2,161)	(16,347)	(14,800)
Finance costs		(1)	(3)	(3)	(14)
Loss on disposal of investment securities		—	—	(788)	—
		(4,747)	(2,164)	(17,138)	(14,814)
Share of losses of jointly controlled entities		(4)	(3)	(12)	(10)
Loss from ordinary activities before taxation		(4,751)	(2,167)	(17,150)	(14,824)
Taxation	3	—	—	—	—
Loss from ordinary activities after taxation		(4,751)	(2,167)	(17,150)	(14,824)
Minority interests		17	67	1,297	(47)
Loss attributable to shareholders		(4,734)	(2,100)	(15,853)	(14,871)
Loss per share	4				
Basic		HK0.09 cent	HK0.04 cent	HK0.32 cent	HK0.30 cent

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 (“HKSA”).

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 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.

In the current period, the Group adopted, for the first time, Statement of Standard Accounting Practice 12 (Revised) “Income Taxes” issued by the HKSA. During the current and prior periods, the Group recognised deferred tax assets to the extent of its deferred tax liabilities arising from any taxable temporary differences in the same period. Accordingly, there is no deferred taxation effect on the results of the Group.

4. Loss per share

The calculation of basic loss per share for the three months and the nine months ended 31st March, 2004 is based on the loss attributable to shareholders of HK\$4,734,000 and HK\$15,853,000 (2003: HK\$2,100,000 and HK\$14,871,000) respectively and on the weighted average number of 5,000,000,000 and 5,000,000,000 (2003: 5,000,000,000 and 5,000,000,000) shares respectively in issue during the periods.

Diluted loss per share is not presented for the three months and the nine months ended 31st March, 2004 and 31st March, 2003 because there were no dilutive potential shares in existence during the periods.

5. Reserves

	Capital reserve HK\$'000	Share premium HK\$'000	Profit and loss account HK\$'000	Total HK\$'000
At 1st July, 2002	86,179	443,707	(232,725)	297,161
Loss for the period	—	—	(14,871)	(14,871)
At 31st March, 2003	<u>86,179</u>	<u>443,707</u>	<u>(247,596)</u>	<u>282,290</u>
At 1st July, 2003	86,725	443,707	(249,736)	280,696
Capital surplus contributed by minority shareholders	468	—	—	468
Capital reserves realised upon disposal of investment securities	(1,231)	—	—	(1,231)
Loss for the period	—	—	(15,853)	(15,853)
At 31st March, 2004	<u>85,962</u>	<u>443,707</u>	<u>(265,589)</u>	<u>264,080</u>

PROFIT & TURNOVER

The Group recorded turnover of HK\$65.7 million for the nine months ended 31st March, 2004, compared with HK\$58.5 million for the nine months ended 31st March, 2003. The Group's loss attributable to shareholders for the nine months ended 31st March, 2004 was HK\$15.9 million, compared with a loss of HK\$14.9 million for the corresponding period in the previous year.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31st March, 2004.

BUSINESS REVIEW

The main focus of the Group during the quarter ended 31st March, 2004 was to further implement its strategies in the Internet services, data centre, high technology and network infrastructure business. In light of the challenging conditions faced by the businesses of the Group, the Group in refining its strategies sought to reduce expenses and preserve resources wherever possible.

iCare

iCare's major achievements during the quarter ended 31st March, 2004 included:

Internet Access Services:

- The number of Internet Service Provider ("ISP") users (broadband and narrowband) has been growing steadily with the support of various promotion programmes during the period.
- A special student plan for 56K ISP was launched in February 2004 offering HK\$28 monthly charge to all students in Hong Kong. Promotion for the programme included:
 - Towngas bill insert reaching 1.5 million households.
 - Promotion targeting at schools and educational websites.
 - Online promotion.
- Ongoing retention programme for ISP proved to be very effective in retaining customers and increasing customer loyalty.
- Promotion for Fax@ease targeting at SME's was launched in the first quarter of 2004 to gain subscription. An online promotion campaign was also implemented to target the online community.

International Direct Dialing Services:

- The registered iCare1608 IDD telephone lines rose to over 275,000 as at the end of March 2004.
- A major IDD marketing initiative was launched in March 2004 offering 22 free minutes exclusively to all Towngas customers every month until 31st December, 2004. The programme is supported via:
 - MTR ad campaign.
 - Direct mail programme.
 - Towngas bill insert reaching 1.5 million households.
 - POP programme at Towngas Centres and iCare Hotspots.
- A direct mail programme was implemented in February 2004 to encourage IDD usage to Asian destinations.
- A new co-branded prepaid calling card through partnering with Master Communications Ltd. was launched in March 2004 and was well received.

e-Commerce and Merchandising Services:

- To extend the reach of iCare products to more customers, iCare co-operated with Roadshow, a subsidiary of Kowloon Motor Bus (KMB) Company, to promote and sell selected merchandises from iCare in KMB buses in March 2004 via their on-board TV infotainment system. Interested customers just needed to call a hotline number to leave their contact information, and iCare customer service hotline would call them back to arrange for delivery of the goods. The response was very encouraging and both companies agreed to continue this type of co-operation in the coming months.
- Top sales products during the period included Compaq Presario personal computers, Grandvision MPEG-4 digital video camera, Aiptek digital camera, MSC MP3 players, Award massage chair, Princess cordless warming food tray, Kenwood bread maker, Innotech ceramic heater, Princess infra-red foot spa, Shark wireless vacuum cleaner, e-Health foot massager, Amcor dehumidifier, electric foot warmer, Neotec skin humidifier, etc.
- To further magnify the effect of the iCare coupon redemption programme and e-shopping site, another new iCare Hotspot was opened in March 2004 in Prudential Centre locating at the Jordan MTR exit. With this new retail outlet, the number of Hotspots has increased to two in Kowloon, three in Hong Kong Island and four in the New Territories, making a total of nine Hotspots located throughout the territory.
- The membership base of iCare's frequent shopper club, iCare Club, grew to over 22,000 in the end of March 2004. The gift coupon programme of sending HK\$30 cash coupon to all club members resulted in a good response rate of close to 10%. This has helped increase the Hotspot sales revenue by around 15%.

Subscribers and Revenue:

- The iCare Internet-on-TV Set-Top Box (“STB”) subscribers, ISP users, Internet Content Provider (“ICP”) users, IDD subscribers and iCare Club members grew to a total of about 372,000 by the end of March 2004.
- Total revenue for the quarter ended 31st March, 2004 was HK\$21.7 million. In comparison, the total revenue for the quarter ended 31st March, 2003 was HK\$17.5 million.

Henderson Data Centre (“HDC”)

HDC’s major achievements during the quarter ended 31st March, 2004 included:

- Commenced a study on energy saving program for chiller plant.
- Introduced a load balancing function for Internet broadband access services.
- Commenced a feasibility study on utilizing existing facilities for tele-conferencing services.
- Expanded the scope of network monitoring services with an existing customer.
- Signed independent reselling agreements with 2 reseller agents to enhance the sales channels for HDC.
- Continued to focus on cost management and efficiency improvement.
- Total revenue for the quarter ended 31st March, 2004 was HK\$0.7 million. In comparison, the total revenue for the quarter ended 31st March, 2003 was HK\$0.5 million.

Eastar

Eastar’s major achievements during the quarter ended 31st March, 2004 included:

- Commenced a feasibility study on free space optical links for short haul data transmission with an equipment supplier.
- Continued with the implementation of blockwiring projects in some selective property sites of Henderson Group.
- Total revenue for the quarter ended 31st March, 2004 was HK\$0.3 million. In comparison, the total revenue for the quarter ended 31st March, 2003 was HK\$0.4 million.

Future Home

Future Home’s major achievements during the quarter ended 31st March, 2004 included:

- Continued development of the idHOME System which includes Property Management System, Customer Relationship Management System, Facilities Booking System and information broadcast through TV for one of the Henderson Group estates managed by Well Born Real Estate Management Limited.

- Continued development of Contract Management System and Asset Management System for Well Born Real Estate Management Limited.
- Commenced installation of the Remote Monitoring System for one of the Henderson Group estates managed by Well Born Real Estate Management Limited.
- Concluded user requirements of the attendance management system with Megastrength Security Services Company Limited.
- Obtained new maintenance contract of the Car Park Management System for one of the Henderson Group estates managed by Well Born Real Estate Management Limited.
- Commenced network design and server enhancement for one of the Henderson Group estates managed by Well Born Real Estate Management Limited.
- Total revenue for the quarter ended 31st March, 2004 was HK\$0.4 million. In comparison, the total revenue for the quarter ended 31st March, 2003 was HK\$1.4 million.

IT Investments

IT Investments reviewed a number of opportunities during the quarter ended 31st March, 2004 but did not proceed with any investments.

PROSPECTS

In spite of cautious optimism on the outlook for the general economy, the Group will remain cautious in the implementation of its strategies during the financial year ending 30th June, 2004 due to a more uncertain outlook for the existing businesses of the Group.

The Internet, telecommunication and high technology industries are dynamic, fast changing, subject to intense competition and often require large capital investments. The Group must be flexible and versatile in order to respond to such changes but must also ensure that such businesses are sustainable and attractive.

The Group will seek to integrate its existing businesses where such integration contributes to a sustainable and attractive business. If the return is too uncertain or distant, integration of the existing businesses will not be an objective.

The Group has been and will continue to explore 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 China Gas.

The Group, while focused on implementing its strategies in Hong Kong, is also looking to opportunities in other areas of Greater China. The Group will utilize the expertise and connections of China Gas 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, Internet and telecommunication services:

- With respect to distribution of goods, iCare, via its website, direct marketing channels and iCare Hot Spots, will continue to seek growth while achieving satisfactory margins.
- With respect to Internet services, iCare will continue to develop market share in broadband services and retain ISP customers.
- With respect to telecommunication services, iCare will seek to continue with the encouraging growth of iCare1608.
- 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 both STB subscribers and PC users via broadband or the ISP.

We are cautiously optimistic that iCare is well positioned to succeed in establishing itself as a widely accepted brand for the distribution of goods, Internet and telecommunication services.

HDC

In light of the challenging operating environment which HDC continues to face, it will continue to optimize the operational efficiency and to explore cost-effective sales channels with respect to the revenue-generation potential.

Eastar

With regard to intense price and product competition, risk of fast changing technologies and cost and time to acquire sufficient market share to achieve the necessary critical mass for an economically viable operation, Eastar has decided not to proceed with any further substantial investment in its Local Fixed Carrier and Internet Service Provider businesses. Eastar will therefore consider various options available to it.

Future Home

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

Future Home will focus on the development, installation and promotion of the idHOME system, smart card system, car park management system, estate 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 31st March, 2004, the interests and short positions of each Director of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“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 pursuant to the GEM Listing Rules were as follows:

Ordinary Shares (unless otherwise specified)

Long Position

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Cyber Limited	Lee Chau Kee	1	173,898		4,244,996,094		4,245,169,992	84.90
	Lee Ka Kit	1				4,244,996,094	4,244,996,094	84.90
	Lee Ka Shing	1				4,244,996,094	4,244,996,094	84.90
	Lam Ko Yin, Colin	2	55				55	0.00
Henderson Land Development Company Limited	Lee Chau Kee	3			1,122,938,300		1,122,938,300	61.88
	Lee Ka Kit	3				1,122,938,300	1,122,938,300	61.88
	Lee Ka Shing	3				1,122,938,300	1,122,938,300	61.88
	Woo Ka Biu, Jackson	4		2,000			2,000	0.00
Henderson Investment Limited	Lee Chau Kee	5	34,779,936		2,075,859,007		2,110,638,943	74.92
	Lee Ka Kit	5				2,075,859,007	2,075,859,007	73.68
	Lee Ka Shing	5				2,075,859,007	2,075,859,007	73.68
Henderson China Holdings Limited	Lee Chau Kee	6			325,133,977		325,133,977	65.32
	Lee Ka Kit	6				325,133,977	325,133,977	65.32
	Lee Ka Shing	6				325,133,977	325,133,977	65.32
	Woo Ka Biu, Jackson	7	544,802				544,802	0.11

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

Long Position

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Development Limited	Lee Shau Kee	8			8,190 (Ordinary A Shares)		8,190 (Ordinary A Shares)	100.00
	Lee Shau Kee	9			3,510 (Non-voting B Shares)		3,510 (Non-voting B Shares)	100.00
	Lee Shau Kee	10	35,000,000 (Non-voting Deferred Shares)		15,000,000 (Non-voting Deferred Shares)		50,000,000 (Non-voting Deferred Shares)	100.00
	Lee Ka Kit	8				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Kit	9				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Kit	10				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Lee Ka Shing	8				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Shing	9				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Shing	10				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
Angelfield Investment Limited	Lam Ko Yin, Colin	11			1		1	50.00
China Investment Group Limited	Woo Ka Biu, Jackson	12			16,000		16,000	5.33
Henfield Properties Limited	Lee Ka Kit	13			4,000	6,000	10,000	100.00

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

Long Position

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Heyield Estate Limited	Lee Chau Kee	14			100		100	100.00
	Lee Ka Kit	14				100	100	100.00
	Lee Ka Shing	14				100	100	100.00
Pettystar Investment Limited	Lee Chau Kee	15			3,240		3,240	80.00
	Lee Ka Kit	15				3,240	3,240	80.00
	Lee Ka Shing	15				3,240	3,240	80.00
Shellson International Limited	Lee Ka Kit	16			25	75	100	100.00

Save as disclosed above, none of the Directors or Chief Executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as defined in the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

(i) Options to subscribe for shares in the Company

As at 31st March, 2004, 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, 2003	Number of share options granted during the period	Number of share options exercised during the period	Number of share options lapsed during the period	Number of share options outstanding at 31st March, 2004
Dr. Lee Chau 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, 2003	Number of share options granted during the period	Number of share options exercised during the period	Number of share options lapsed during the period	Aggregate number of share options outstanding at 31st March, 2004
28/06/2000	1,850,000	—	—	—	1,850,000

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, 2003	Number of share options granted during the period	Number of share options exercised during the period	Number of share options lapsed during the period	Aggregate number of share options outstanding at 31st March, 2004
28/06/2000	13,800,000	—	—	150,000	13,650,000

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, 2003	Number of share options granted during the period	Number of share options exercised during the period	Number of share options lapsed during the period	Aggregate number of share options outstanding at 31st March, 2004
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 31st March, 2004, share options for a total of 27,500,000 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:

<u>Categories of Grantees</u>	<u>Number of Grantees</u>	<u>Number of share options</u>
<u>Option Plan</u>		
Directors	9	12,000,000
Employees	4	1,850,000
Other participants	<u>39</u>	<u>13,650,000</u>
	<u>52</u>	<u>27,500,000</u>
<u>Share Option Scheme</u>		
Employee	<u>1</u>	<u>100,000</u>

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 nine months ended 31st March, 2004.

(ii) Options to subscribe for shares in associated corporation

As at 31st March, 2004, 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:

<u>Name of Director</u>	<u>Number of share options</u>	<u>Exercisable Period</u>
Lam Ko Yin, Colin	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 31st March, 2004, the interests and short positions of every person, other than Directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long Positions

Name of Company	Number of Shares in which interested	% Interest
Technology Capitalization Limited (Note 1)	902,700,000	18.05
Towngas Investment Company Limited (Note 1)	902,700,000	18.05
The Hong Kong and China Gas Company Limited (Note 1)	902,700,000	18.05
Felix Technology Limited (Note 1)	3,333,213,616	66.67
Best Selection Investments Limited (Note 1)	3,333,213,616	66.67
Henderson Investment Limited (Note 1)	4,235,913,616	84.72
Henderson Land Development Company Limited (Note 1)	4,244,968,019	84.90
Henderson Development Limited (Note 1)	4,244,968,019	84.90
Rimmer (Cayman) Limited (Note 1)	4,244,996,094	84.90
Riddick (Cayman) Limited (Note 1)	4,244,996,094	84.90
Hopkins (Cayman) Limited (Note 1)	4,244,996,094	84.90

Notes:

1 Of these shares, Dr. Lee Shau Kee was the beneficial owner of 173,898 shares, and for the remaining 4,244,996,094 shares, (i) 902,700,000 shares were owned by Technology Capitalization Limited, a wholly-owned subsidiary of Towngas Investment Company Limited which was 100% held by The Hong Kong and China Gas Company Limited (“China Gas”) which in turn was 36.72% held by Henderson Investment Limited (“HI”); (ii) 3,333,213,616 shares were owned by Felix Technology Limited, a wholly-owned subsidiary of Best Selection Investments Limited which was 100% held by HI which in turn was 73.48% held by Henderson Land Development Company Limited (“HL”); (iii) 4,014,271 shares, 1,816,644 shares, 1,714,027 shares, 1,086,250 shares and 423,211 shares were respectively owned by Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited, Gainwise Investment Limited and Darnman Investment Limited, all of which were wholly-owned subsidiaries of Kingslee S.A. which was 100% held by HL which in turn was 61.87% held by Henderson Development Limited (“HD”); and (iv) 28,075 shares were owned by Fu Sang Company Limited (“Fu Sang”).

Hopkins (Cayman) Limited (“Hopkins”) as trustee of a unit trust (the “Unit Trust”) owned all the issued ordinary shares of HD and Fu Sang. Rimmer (Cayman) Limited (“Rimmer”) and Riddick (Cayman) Limited (“Riddick”), as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by Dr. Lee Shau Kee. Dr. Lee Shau Kee was taken to be interested in these shares by virtue of the SFO. As directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.

2 Mr. Lam Ko Yin, Colin was the beneficial owner of these shares.

- 3 Of these shares, (i) 570,743,800 shares were owned by HD; (ii) 7,092,000 shares and 870,100 shares were respectively owned by Sandra Investment Limited and Mightygarden Limited, both of which were wholly-owned subsidiaries of HD; (iii) 222,045,300 shares, 145,090,000 shares, 61,302,000 shares, 55,000,000 shares and 55,000,000 shares were respectively owned by Believegood Limited, Cameron Enterprise Inc., Prosglass Investment Limited, Fancy Eye Limited and Spreadral Limited, all of which were wholly-owned subsidiaries of Glorious Asia S.A. which in turn was 100% held by HD; (iv) 5,602,600 shares were owned by Superfun Enterprises Limited, a wholly-owned subsidiary of China Gas which was 36.72% held by HI. HI was 73.48% held by HL which in turn was 61.87% held by HD; and (v) 192,500 shares were owned by Fu Sang. Dr. Lee Shau Kee was taken to be interested in China Gas, HD and Fu Sang as set out in Note 1 and HL by virtue of the SFO. As directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.
- 4 These shares were owned by the wife of Mr. Woo Ka Bui, Jackson.
- 5 Of these shares, Dr. Lee Shau Kee was the beneficial owner of 34,779,936 shares, and for the remaining 2,075,859,007 shares, (i) 802,854,200 shares, 602,168,418 shares, 363,328,900 shares, 217,250,000 shares and 84,642,341 shares were respectively owned by Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited, Gainwise Investment Limited and Darnman Investment Limited, all of which were wholly-owned subsidiaries of Kingslee S.A. which in turn was 100% held by HL; and (ii) 5,615,148 shares were owned by Fu Sang. Dr. Lee Shau Kee was taken to be interested in HL and Fu Sang as set out in Notes 1 and 3 and HI by virtue of the SFO. As directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.
- 6 Of these shares, 175,000,000 shares, 75,233,977 shares and 74,900,000 shares were respectively owned by Primeford Investment Limited, Timsland Limited and Quantum Overseas Limited, all of which were wholly-owned subsidiaries of Brightland Enterprises Limited which in turn was 100% held by HL. Dr. Lee Shau Kee was taken to be interested in HL as set out in Note 3 and Henderson China Holdings Limited (“HC”) by virtue of the SFO. As directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.
- 7 Mr. Woo Ka Bui, Jackson was the beneficial owner of these shares.
- 8 These shares were held by Hopkins as trustee of the Unit Trust.
- 9 These shares were held by Hopkins as trustee of the Unit Trust.
- 10 Of these shares, Dr. Lee Shau Kee was the beneficial owner of 35,000,000 shares, and the remaining 15,000,000 shares were owned by Fu Sang.
- 11 The 1 share was held by Flourish Land Company Limited which was 99% owned by Mr. Lam Ko Yin, Colin.
- 12 These shares were held by Pearl Assets Limited which was 60% owned by Mr. Woo Ka Bui, Jackson.
- 13 Of these shares, (i) 4,000 shares were owned by Applecross Limited which was wholly-owned by Mr. Lee Ka Kit, and (ii) 6,000 shares were owned by Henderson (China) Investment Company Limited, a wholly-owned subsidiary of Andcoe Limited which was wholly-owned by HC.

- 14** Of these shares, (i) 80 shares were owned by Tactwin Development Limited, a wholly-owned subsidiary of HL; (ii) 10 shares were owned by Henderson Finance Company Limited, a wholly-owned subsidiary of HD; and (iii) 5 shares each were owned by Perfect Bright Properties Inc. and Furnline Limited, both of which were wholly-owned subsidiaries of Jetwin International Limited. Triton (Cayman) Limited as trustee of a unit trust owned all the issued share capital of Jetwin International Limited. Triumph (Cayman) Limited and Victory (Cayman) Limited, as trustees of respective discretionary trusts, held units in the unit trust. The entire issued share capital of Triton (Cayman) Limited, Triumph (Cayman) Limited and Victory (Cayman) Limited were owned by Dr. Lee Shau Kee who was taken to be interested in such shares by virtue of the SFO. As discretionary beneficiaries of the discretionary trusts holding units in such unit trust, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in such shares by virtue of the SFO.
- 15** Of these shares, (i) 3,038 shares were owned by HL; and (ii) 202 shares were owned by Allied Best Investment Limited which was 50% held by each of Perfect Bright Properties Inc. and Furnline Limited, both of which were wholly-owned subsidiaries of Jetwin International Limited.
- 16** Of these shares, (i) 25 shares were owned by Shine King International Limited which was wholly-owned by Mr. Lee Ka Kit; and (ii) 75 shares were owned by Henderson (China) Investment Company Limited, a wholly-owned subsidiary of Andco Limited which was wholly-owned by HC.

COMPETING INTERESTS

Newspeed Technology Limited, a wholly-owned subsidiary of Henderson Investment Limited, the Company's holding company, had a 8.9 per cent. interest in iLink Holdings Limited ("iLink") until the privatisation of iLink in December 2003. The businesses of iLink 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 nine months ended 31st March, 2004, 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 Quarterly Report for the nine months ended 31st March, 2004.

By Order of the Board
Lee Shau Kee
Chairman

Hong Kong, 13th May, 2004

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.