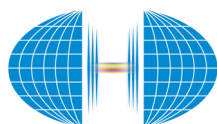


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This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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.



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)

**CONNECTED TRANSACTION
AND
DISCLOSEABLE TRANSACTION
SALE OF INTEREST IN
COTECH INVESTMENT LIMITED**

SUMMARY

On 28 June 2004, Startech, a wholly-owned subsidiary of the Company, and other Vendors entered into the Sale and Purchase Agreement with the Purchaser pursuant to which (i) Startech and other Vendors have agreed to sell the entire issued share capital of Cotech (including the sale of Startech Sale Shares by Startech) to the Purchaser at the Share Consideration of HK\$20,641; and (ii) Startech has agreed to sell to the Purchaser the Startech Shareholder's Loan due and owing from Cotech at the Loan Consideration of HK\$6,224,783; both of which shall be satisfied in cash at Completion.

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are fair and reasonable, are on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole.

Prior to Completion, Cotech is held as to 92.2% by Startech, 5.0% by Fiber Profits and 2.8% by JAVF. The only asset of Cotech is its wholly-owned subsidiary, Eastar. The principal business of Eastar is the provision of local FTNS.

As Towngas is a substantial shareholder holding approximately 18.05% in the Company, the Purchaser, which is wholly-owned by Towngas, is an associate of Towngas and thus a connected person of the Company within the meaning of the GEM Listing Rules. The sale of the Startech Sale Shares and the Startech Shareholder's Loan by Startech to the Purchaser therefore constitutes a connected transaction of the Company for the purpose of the GEM Listing Rules. Since, in respect of the aggregate amount of the Startech Share Consideration and the Loan Consideration payable by the Purchaser to Startech for the Startech Sale Shares and the Startech Shareholder's Loan, each of the applicable percentage ratios for connected transaction purposes is less than 2.5%, the sale of the Startech Sale Shares and the Startech Shareholder's Loan by Startech to the Purchaser is subject to the reporting and announcement requirements under Rules 20.45 to 20.47 of the GEM Listing Rules and the Company is exempt from independent shareholders' approval requirements under the GEM Listing Rules. Further, in applying Rule 19.20 of the GEM Listing Rules, the costs of sales (as an alternative to net profit and gross profit) of Cotech exceeds 5% of the costs of sales of the Company for the year ended 30 June 2003 and therefore, the transaction becomes a discloseable transaction of the Company for the purposes of Rule 19.08 of the GEM Listing Rules. A circular will be despatched to the Shareholders as soon as practicable.

A. THE SALE AND PURCHASE AGREEMENT

1. Date

28 June 2004

2. Parties

Vendors : (a) Startech
(b) Fiber Profits
(c) JAVF

Purchaser : Wang Tack International Limited, a wholly-owned subsidiary of Towngas

3. The Proposed Sale and Purchase

Prior to Completion, Cotech is held as to 99,115,000 Shares (i.e. the Startech Sale Shares) by Startech (representing 92.2% of the entire issued share capital of Cotech), 5,375,000 Shares by Fiber Profits (representing 5.0% of the entire issued share capital of Cotech) and 3,010,000 Shares by JAVF (representing 2.8% of the entire issued share capital of Cotech). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Fiber Profits and JAVF (and their respective ultimate beneficial owners) are independent third parties not connected with any directors, chief executive, management shareholders or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates for the purpose of the GEM Listing Rules.

Pursuant to the Sale and Purchase Agreement:-

- (i) each of the Vendors has agreed to sell the respective number of Shares held by each of them to the Purchaser and the Purchaser has agreed to purchase from the Vendors the entire issued share capital of Cotech. The consideration payable by the Purchaser to Startech, Fiber Profits and JAVF for the purchase of the respective number of Shares from each of them will be HK\$19,031, HK\$1,032 and HK\$578 respectively; and
- (ii) Startech has agreed to sell and the Purchaser has agreed to purchase from Startech the benefits and interests of and in the Startech Shareholder's Loan at the consideration of HK\$6,224,783.

The Share Consideration (including the Startech Share Consideration) and the Loan Consideration shall be satisfied in cash at Completion by the Purchaser.

There are no outstanding shareholder's loan made by Fiber Profit or JAVF to Cotech.

4. The Share Consideration and the Loan Consideration

The Share Consideration payable by the Purchaser to the Vendors for the Sale Shares under the Sale and Purchase Agreement is HK\$20,641, and was determined with reference to the audited net tangible assets of Cotech as at 31 March 2004 which was HK\$20,641. The amount of the Startech Share Consideration represents the relevant amount of consideration proportional to Startech's shareholding in Cotech prior to Completion.

The consideration payable by the Purchaser to Startech for the Startech Shareholder's Loan under the Sale and Purchase Agreement is HK\$6,224,783, which equals to the amount of the Startech Shareholder's Loan owed by Cotech to Startech as at 31 March 2004 and immediately prior to Completion. The Startech Shareholder's Loan is unsecured and non-interest bearing and repayable on demand after one year from 31 March 2004.

Upon Completion, no gain or loss on disposal will arise as the Startech Share Consideration is based on and equals to Startech's share of the audited net tangible assets of Cotech as at 31 March 2004. The proceeds received by the Group from the sale of the Startech Sale Shares and the Startech Shareholder's Loan will be used for general working capital purpose of the Group but no specific use has been identified by the Group yet.

Upon Completion, Cotech will no longer be a subsidiary of the Company.

5. Completion

Completion of the Sale and Purchase will take place on 29 June 2004 (or such other date as the Vendors and the Purchaser may agree in writing).

B. CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION

Towngas is a substantial shareholder holding approximately 18.05% of the entire issued share capital of the Company as at the date of this announcement. The Purchaser, which is wholly-owned by Towngas, is an associate of Towngas and thus a connected person of the Company within the meaning of the GEM Listing Rules. The sale of the Startech Sale Shares and the Startech Shareholder's Loan by Startech to the Purchaser therefore constitutes a connected transaction of the Company for the purpose of the GEM Listing Rules. Since, in respect of the aggregate amount of the Startech Share Consideration and the Loan Consideration payable by the Purchaser to Startech for the Startech Sale Shares and the Startech Shareholder's Loan, each of the "assets ratio", "consideration ratio" and the "revenue ratio" for connected transaction purposes is less than 2.5%, the sale of the Startech Sale Shares and the Startech Shareholder's Loan by Startech to the Purchaser is a connected transaction within Rule 20.32 of the GEM Listing Rules and the Company is only subject to the reporting and announcement requirements under Rules 20.45 to 20.47 of the GEM Listing Rules. The Company is exempt from independent shareholders' approval requirements under the GEM Listing Rules. Further, in applying Rule 19.20 of the GEM Listing Rules, the costs of sales (as an alternative to net profit and gross profit) of Cotech exceeds 5% of the costs of sales of the Company for the year ended 30 June 2003 and therefore, the transaction becomes a discloseable transaction of the Company for the purposes of Rule 19.08 of the GEM Listing Rules. A circular will be despatched to the Shareholders as soon as practicable.

C. INFORMATION ON COTECH AND EASTAR

1. Cotech

Cotech was incorporated in the BVI on 7 July 1999. As at the date of this announcement, it has an authorised share capital of HK\$110,000,000 divided into 110,000,000 shares of HK\$1.00 each and the issued share capital of Cotech is HK\$107,500,000. The only asset of Cotech is its wholly-owned subsidiary, Eastar. Based on Cotech's audited financial statements, the consolidated net losses before taxation and extraordinary items of Cotech for the years ended 30 June 2002 and 2003 and the nine months ended 31 March 2004 were approximately HK\$64.85 million, HK\$13.3 million and HK\$3.5 million respectively. There were no tax provisions required and extraordinary items for the years ended 30 June 2002 and 2003 nor for the nine months ended 31 March 2004.

2. Eastar

Eastar is a company limited by shares and was incorporated in Hong Kong on 20 September 1999. As at the date of this announcement, it has an authorised share capital of HK\$35,000,000 divided into 35,000,000 shares of HK\$1.00 each, all of which are issued and owned by Cotech. The principal activity of Eastar is the provision of local FTNS. Based on Eastar's audited financial statements, Eastar had net operating losses of HK\$64.82 million, HK\$13.28 million and HK\$3.49 million for the years ended 30 June 2002 and 2003 and the nine months ended 31 March 2004 respectively. There were no tax provisions required and extraordinary items for the years ended 30 June 2002 and 2003 nor for the nine months ended 31 March 2004.

D. REASON FOR THE PROPOSED SALE OF EASTAR

Operating at a loss

Eastar was awarded a local wireless FTNS licence by OFTA in February 2000 to operate a LMDS-based broadband communications network. The licence has an initial term of 15 years from 16 February 2000 subject to an extension of a further 15 years with the approval of OFTA.

The LMDS technology as an alternative solution to fibre or copper for last mile coverage was not a success. The original licence awarded in February 2000 was for a local wireless FTNS by means of the LMDS technology which telecommunications operators are not using extensively, and the supplier to Eastar's LMDS network has discontinued to provide LMDS-based equipment and maintenance and back-up services. High capital costs and a general preference in the market for fibre connections instead of radio connections have limited the scope of LMDS. In addition, the key suppliers of LMDS equipment for Eastar decided to stop their productions and support services because of the downturn in worldwide demand.

As a term of its licence, Eastar was required to fulfil certain performance milestones by specified dates, for which Eastar has satisfied the requirements. Eastar has invested a total of HK\$52.6 million in network equipment and facilities, of which a provision for impairment loss of HK\$40.1 million has been made as LMDS equipment becomes obsolete. As at 30 June 2003, Eastar had accumulated losses of approximately HK\$103.9 million. Since the end of 2001, Eastar has downsized its operations by suspending the network rollout of LMDS sites while the evaluation of more cost effective technologies was being pursued.

Poor future prospects

Eastar has been assessing the viability of proceeding with further investment in its LFC business, having successfully applied to OFTA for an amendment of the wireless FTNS licence to a FTNS licence in 2002. Eastar has recently conducted a full review of the LFC business assessing its market positioning, product offering, pricing trends and customer uptake. Deregulation has resulted in significant price reduction in the past few years in the international call and bandwidth markets. Similar downward pricing trend is expected to extend to the local loop wholesale market targeted by Eastar. A substantial portion of the Group's financial resources will be required to develop the business of Eastar to a level that could bring profit to the Group.

On this premise, any further substantial investment in Eastar will entail the following risks and uncertainties:-

- * the uncertain payback period for investment in the business currently conducted by Eastar due to intense price and product competition in the industry;
- * the risks associated with the fast changing nature of the development of the telecommunication industry, such as the risks of pre-mature obsolescence. Such risks may result in significant write-offs in the accounts of the Group; and

- * since Eastar has not yet developed a sizeable customer base in the telecommunication industry, more time and costs will be required to develop the business currently conducted by Eastar to acquire the market share in the industry and thus to achieve the optimal economy of scale.

Given the conditions and prospects of the market and without further substantial investment, the Directors believe that Eastar will not develop into a profitable business.

Lack of other buyers in market

It is difficult to find other buyers in the market willing to pay a premium to acquire Eastar, especially given that Eastar does not have a large customer base and most of its capital equipment has been or will be written off as obsolete. There is no restriction on the number of applicants for FTNS licences and no premium is payable for the licences.

Given the above, the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are fair and reasonable, are on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole.

E. GENERAL INFORMATION

The principal business activities of the Group are internet services, merchandising services, data centre services, intelligent building services and IT investments and the principal business activity of the Purchaser is information technology investment.

The principal business activities of Towngas are the production, distribution and marketing of gas and related activities, telecommunications and investment holding.

F. EXCEPTIONAL MOVEMENT IN SHARE PRICE AND VOLUME

The Company has noted today's increase in the price and trading volume of the shares of the Company and is not aware of any reasons for such increase.

Save for the connected transaction and discloseable transaction described in this announcement, the Company confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 or 20 of the GEM Listing Rules, nor is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

G. TERMS USED IN THIS ANNOUNCEMENT

“assets ratio”	has the meaning ascribed to it under the GEM Listing Rules
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of directors of the Company

“BVI”	British Virgin Islands
“Company”	Henderson Cyber Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Completion”	the completion of the Sale and Purchase Agreement in accordance with its terms
“consideration ratio”	has the meaning ascribed to it under the GEM Listing Rules
“Cotech”	Cotech Investment Limited, a company incorporated in the BVI
“Directors”	the directors of the Company
“Estar”	Estar Technology Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Cotech
“Fiber Profits”	Fiber Profits Limited, a company incorporated in the BVI, which holds 5,375,000 Shares, representing 5% of the entire issued share capital of Cotech prior to Completion
“FTNS”	fixed telecommunications network services
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JAVF”	Japan Asia Venture Fund, a venture capital fund registered in the Netherlands, which holds 3,010,000 Shares, representing 2.8% of the entire issued share capital of Cotech prior to Completion
“LFC”	local fixed carrier

“LMDS”	local multipoint distribution system
“Loan Consideration”	the consideration for the sale and purchase of the Startech Shareholder’s Loan, being an amount of HK\$6,224,783
“OFTA”	The Office of the Telecommunications Authority
“percentage ratios”	has the meaning ascribed to it under the GEM Listing Rules
“Purchaser”	Wang Tack International Limited, a company incorporated in the BVI and wholly-owned by Towngas
“revenue ratio”	has the meaning ascribed to it under the GEM Listing Rules
“Sale and Purchase”	the sale of the Sale Shares by the Vendors and the purchase of the Sale Shares by the Purchaser; and the sale of the Startech Shareholder’s Loan by Startech and the purchase of the Startech Shareholder’s Loan by the Purchaser
“Sale and Purchase Agreement”	the agreement dated 28 June 2004 entered into by the Vendors and the Purchaser in relation to the Sale and Purchase
“Sale Shares”	107,500,000 Shares representing the entire issued share capital of Cotech
“Shareholder(s)”	holder(s) of the shares of HK\$0.10 each in the issued share capital of the Company
“Share(s)”	share(s) of HK\$1.00 each in the issued share capital of Cotech
“Share Consideration”	HK\$20,641, being the total consideration payable by the Purchaser to the Vendors for the purchase of the Sale Shares
“Startech”	Startech Investment Limited, a company incorporated in the BVI and wholly-owned by the Company, which holds 99,115,000 Shares representing 92.2% of the entire issued share capital of Cotech prior to Completion
“Startech Sale Shares”	99,115,000 Shares held by Startech, representing 92.2% of the entire issued share capital of Cotech prior to Completion

“Startech Share Consideration”	HK\$19,031, being the consideration payable by the Purchaser to Startech for the sale and purchase of the Startech Sale Shares
“Startech Shareholder’s Loan”	the shareholder’s loan in the amount of HK\$6,224,783 due and owing from Cotech to Startech as at 31 March 2004, which is unsecured, non-interest bearing and repayable on demand after one year from 31 March 2004
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	if a company controls the composition of the board of directors of another company, or controls more than half of the voting right or holds more than half of issued share capital of another company (excluding any part of it which carries no right to participate beyond a specified amount in a distribution of either profits and capital), the second mentioned company is regarded as a subsidiary of the first mentioned company
“Towngas”	The Hong Kong and China Gas Company Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the main board of the Stock Exchange, which holds approximately 18.05% of the entire issued share capital of the Company as at the date of this announcement
“Vendor(s)”	Startech, Fiber Profits and JAVF, the vendors of the Sale Shares, Startech being also the vendor of the Startech Shareholder’s Loan

By order of the Board
John Yip Ying Chee
Secretary

Hong Kong, 28 June 2004

As at the date of this announcement, the Board is comprised of seven executive Directors, namely Dr. LEE Shau Kee, Mr. CHAN Wing Kin, Alfred, Mr LAM Ko Yin, Colin, Mr. LEE Ka Kit, Mr. LEE Ka Shing, Mr. Douglas H. MOORE, Mr. YIP Ying Chee, John, and three independent non-executive Directors, namely Dr. The Hon. LI Kwok Po, David, Professor KO Ping Keung and Mr. WOO Ka Biu, Jackson.

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.

** For identification purposes only*