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## THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION

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The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, 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 circular.

This circular, 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 circular 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 circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

**If you are in doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in Henderson Cyber Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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**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)**

**PROPOSALS FOR:**

**GENERAL MANDATES TO REPURCHASE THE COMPANY'S  
OWN SHARES AND TO ISSUE SHARES  
RE-ELECTION OF THE RETIRING DIRECTORS  
AND  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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A notice convening the annual general meeting of the Company to be held at the Ballroom, B3 Level, The Ritz-Carlton Hong Kong, 3 Connaught Road Central, Hong Kong on 2nd November, 2004 at 3:00 p.m., is set out in the Annual Report for the year ended 30th June, 2004.

This circular will remain on the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its posting and on the Company's website at [www.hendersoncyber.com](http://www.hendersoncyber.com).

\* for identification purposes only

27th September, 2004

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## CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE

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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 Stock 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.

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the expressions as stated below will have the following meanings:*

“Articles of Association”	the Articles of Association of the Company;
“Annual General Meeting”	the annual general meeting of the Company to be held at the Ballroom, B3 Level, The Ritz-Carlton Hong Kong, 3 Connaught Road Central, Hong Kong on 2nd November, 2004 at 3:00 p.m.;
“Company”	Henderson Cyber Limited;
“Directors”	the directors of the Company;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue Mandate”	the general and unconditional mandate to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution approving the Issue Mandate;
“Latest Practicable Date”	23rd September, 2004, being the latest practicable date prior to the printing of this circular;
“Notice”	the notice convening the Annual General Meeting dated 27th September, 2004 contained in the Company’s annual report for the year ended 30th June, 2004;
“Repurchase Mandate”	the general mandate to exercise the power of the Company to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution approving the Repurchase Mandate;
“Shares”	the shares of nominal value of HK\$0.10 each in the share capital of the Company;
“Shareholders”	registered holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.



**hendersoncyber**

**HENDERSON CYBER LIMITED**

**恒基數碼科技有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

*Executive Directors:*

Dr. Lee Shau Kee (*Chairman*)  
Chan Wing Kin, Alfred  
Lam Ko Yin, Colin  
Lee Ka Kit  
Lee Ka Shing  
Yip Ying Chee, John  
Douglas H. Moore

*Independent Non-Executive Directors:*

Dr. Li Kwok Po, David  
Professor Ko Ping Keung  
Woo Ka Biu, Jackson

*Registered Office:*

Scotia Centre, 4th Floor,  
P.O. Box 2804,  
George Town,  
Grand Cayman,  
Cayman Islands

*Head Office and Principal  
Place of Business:*

72-76th Floors,  
Two International Finance Centre,  
8 Finance Street, Central,  
Hong Kong

27th September, 2004

*To the shareholders of the Company*

Dear Sir or Madam,

**PROPOSALS FOR:**

**GENERAL MANDATES TO REPURCHASE THE COMPANY'S  
OWN SHARES AND TO ISSUE SHARES  
RE-ELECTION OF THE RETIRING DIRECTORS  
AND  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The purpose of this circular is to provide you with information regarding the proposals for the Repurchase Mandate, the Issue Mandate, the re-election of the retiring Directors and the amendments to the Articles of Association and to seek your approval at the Annual General Meeting in connection with, inter alia, such matters.

\* for identification purposes only

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## LETTER FROM THE BOARD OF DIRECTORS

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### PROPOSED GENERAL MANDATES TO REPURCHASE THE COMPANY'S OWN SHARES AND TO ISSUE SHARES

At the annual general meeting held on 29th October, 2003, general mandates were given to the Directors: (i) to exercise the powers of the Company to repurchase Shares up to a maximum of 10 per cent. of the issued share capital of the Company as at the date of the ordinary resolution and (ii) to allot, issue and deal with Shares not exceeding 20 per cent. of the issued share capital of the Company as at the date of the ordinary resolution. Such mandates will lapse at the conclusion of the Annual General Meeting.

An ordinary resolution set out in the Notice will be proposed at the Annual General Meeting to grant the Repurchase Mandate to the Directors.

The Repurchase Mandate would continue in force until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by law or the Articles of Association to be held or until the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever is the earlier.

Separate ordinary resolutions will also be proposed at the Annual General Meeting to grant the Issue Mandate to the Directors and extending the Issue Mandate by adding to it the number of Shares repurchased by the Company under the Repurchase Mandate.

The explanatory statement required by the GEM Listing Rules to be included in this circular is set out in the Appendix I hereto.

### PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

In accordance with Article 87(1) of the Articles of Association, Messrs. Chan Wing Kin, Alfred, Lam Ko Yin, Colin and Douglas H. Moore shall retire by rotation at the Annual General Meeting and, being eligible, have offered themselves for re-election. Their biographical details which are required to be disclosed by the GEM Listing Rules are set out in Appendix II to this circular.

### PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Certain amendments were made to the GEM Listing Rules which became effective on 31st March, 2004, subject to transitional arrangements. The Company is therefore required to make corresponding amendments to the Articles of Association. The major proposed amendments to the Articles of Association include the following:

- (a) Article 2(1) To alter the definitions of "associates" and "Subsidiary and Holding Company" such that the terms will have the meaning attributed to them under the GEM Listing Rules;

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## LETTER FROM THE BOARD OF DIRECTORS

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- (b) Article 88 To comply with the requirement of a minimum seven-day period for lodgment by shareholders of the notice to nominate a Director which shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting;
- (c) Articles 102, 103(1), 103(2), 103(3) and 103(4) To comply with the requirement that subject to certain exceptions, a Director shall abstain from voting at the board meeting on any matter in which he or any of his associates has a material interest and is not to be counted towards the quorum of the relevant board meeting;
- (d) New Article 76A To comply with the requirement that any votes cast by or on behalf of any Shareholder in contravention of such requirement or restriction shall not be counted, where such Shareholder is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution; and
- (e) New Article 100A To specify that a Director shall not vote (nor be counted in the quorum) on any resolution of the board meeting concerning his own appointment or the appointment of any of his associates as holder of any office or place of profit with the Company or any other company in which the Company is interested.

Full text of the proposed amendments to the Articles of Association is set out in resolution number 5 of the Notice.

### **DEMAND FOR POLL AT THE ANNUAL GENERAL MEETING**

In accordance with Article 66 of the Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded or otherwise required under the GEM Listing Rules. A poll may be demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or

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## LETTER FROM THE BOARD OF DIRECTORS

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- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

Whether or not you intend to attend the Annual General Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting. The return of a form of proxy will not preclude you from attending and voting in person if you so wish.

Yours faithfully  
**Lee Shau Kee**  
*Chairman*



This Appendix serves as an explanatory statement, as required by the GEM Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

## **1. GEM LISTING RULES RELATING TO THE REPURCHASE OF SHARES**

The GEM Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on GEM subject to certain restrictions. The Company is empowered by its memorandum and articles of association to repurchase its own Shares.

## **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 5,000,000,000 Shares.

Subject to the passing of the ordinary resolution number 4B set out in the Notice and on the basis that no Shares are issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 500,000,000 Shares.

## **3. REASONS FOR THE REPURCHASE**

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its shareholders. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per share and/or earnings per share of the Company and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and the Shareholders.

## **4. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association, the GEM Listing Rules and any applicable laws.

Pursuant to the Repurchase Mandate, repurchases would be financed by the Company's internal resources and/or available banking facilities.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital or gearing position of the Company compared with that as at 30th June, 2004, being the date of its last audited accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

## 5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on GEM during each of the previous twelve months were as follows:

		Highest HK\$	Lowest HK\$
2003	September	0.325	0.220
	October	0.250	0.178
	November	0.200	0.174
	December	0.208	0.165
2004	January	0.270	0.178
	February	0.320	0.250
	March	0.350	0.242
	April	0.246	0.246
	May	0.170	0.156
	June	0.300	0.143
	July	0.241	0.214
	August	0.300	0.241

## 6. UNDERTAKING AND DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to the Company.

No other connected persons (as defined under the GEM Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the GEM Listing Rules and any applicable laws.

**7. TAKEOVERS CODE AND SHARE REPURCHASES**

If a shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. Accordingly, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code. The controlling shareholder of the Company owns 66.67% and together with its associated company in aggregate own 84.9% of the existing share capital of the Company. If the present shareholdings and capital structure of the Company remain the same, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Mandate.

**8. SHARE REPURCHASE MADE BY THE COMPANY**

The Company had not purchased any of its Shares (whether on GEM or otherwise) in the previous six months preceding the date of this circular.

The following are the biographical details of Messrs. Alfred Chan Wing Kin, Colin Lam Ko Yin and Douglas H. Moore, all of whom shall retire by rotation at the Annual General Meeting in accordance with Article 87(1) of the Articles of Association and, being eligible, have offered themselves for re-election:

**CHAN Wing Kin, Alfred**, *B.Sc.(Eng), M.Sc.(Eng), C.Eng., F.H.K.I.E., F.I.Mech.E., F.I.G.E.M., F.E.I.*, aged 53. Mr. Chan joined The Hong Kong and China Gas Company Limited ("China Gas") in 1992 as General Manager — Marketing and was appointed as General Manager — Marketing & Customer Service in 1995. He was appointed to the Board of Directors of China Gas in January 1997 and as Managing Director in May 1997. He was appointed a Director of the Company in January 2000. He holds a B.Sc. (Eng) degree and a M.Sc. (Eng) degree from the University of Hong Kong.

As at the Latest Practicable Date, Mr. Chan does not have any interests in the shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance. He has personal interest in 32,000 shares in Henderson Land Development Company Limited, an associated corporation of the Company as disclosed in the Report of Directors of the Company for the financial year ended 30th June, 2004. He is a director of China Gas, Towngas Investment Company Limited and Technology Capitalization Limited, all of whom are substantial shareholders of the Company which have aggregate interests in 902,700,000 shares in the Company, representing 18.05% of the issued share capital of the Company.

As at the Latest Practicable Date, Mr. Chan has entered into a service contract with the Company and is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. The service contract is of an initial term of three years commencing on 1st April, 2000 and shall continue thereafter until and unless terminated by not less than two months' notice in writing served by either party on the other. Mr. Chan is entitled to such management bonus which the board of directors of the Company may determine and approve without limitation but shall abstain from voting and not be counted in the quorum in respect of any resolution of the board of directors of the Company regarding the amount of management bonus payable to himself. An annual director's fee of HK\$20,000.00 stated in the service contract was determined by the board of directors of the Company with reference to his duties and responsibilities and is subject to shareholders' approval at general meetings.

**LAM Ko Yin, Colin**, *B.Sc., A.C.I.B., M.B.I.M., F.C.I.L.T.*, aged 53. Mr. Lam joined Henderson Land Development Company Limited ("HL") in 1982 and has been an Executive Director since 1985 and Vice Chairman since 1993. He has also been an Executive Director of Henderson Investment Limited ("HI") since 1988 and Vice Chairman since 1993. He was appointed a Director of the Company in April 2000 and has been involved in the business of the Group since 1998. He holds a B.Sc. (Honours) degree from the University of Hong Kong and has over 31 years' experience in banking and property development. He is also the Chairman and director of Hong Kong Ferry (Holdings) Company Limited and a director of The Hong Kong and China Gas Company Limited ("China Gas") and Miramar Hotel and Investment Company, Limited. Mr. Lam was appointed a Director of The University of Hong Kong Foundation for Educational Development and Research Limited in October 2003.

As at the Latest Practicable Date, Mr. Lam is taken to be interested in 55 shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Lam is a director of China Gas, a substantial shareholder of the Company and a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development Limited, HL, HI, Best Selection Investments Limited and Felix Technology Limited, all of whom are controlling shareholders of the Company, which in aggregate have interests in 4,244,996,094 shares in the Company, representing 84.9% of the issued share capital of the Company.

As at the Latest Practicable Date, Mr. Lam has entered into a service contract with the Company and is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. The service contract is of an initial term of three years commencing on 1st April, 2000 and shall continue thereafter until and unless terminated by not less than two months' notice in writing served by either party on the other. Mr. Lam is entitled to such management bonus which the board of directors of the Company may determine and approve without limitation but shall abstain from voting and not be counted in the quorum in respect of any resolution of the board of directors of the Company regarding the amount of management bonus payable to himself. An annual director's fee of HK\$20,000.00 stated in the service contract was determined by the board of directors of the Company with reference to his duties and responsibilities and is subject to shareholders' approval at general meetings.

**Douglas H. MOORE**, LL.B., aged 46, Chief Executive Officer of the Company. He was appointed a Director of the Company in May 2001. Prior to joining the Company in April 2000, Mr. Moore was a director of Credit Suisse Investment Advisory (Hong Kong) Limited, a subsidiary of Credit Suisse Group-Zurich where he worked for six years as head of the Hong Kong market. He practised international taxation law for 10 years before joining Credit Suisse and has extensive experience in finance, management, high technology and strategic planning. He was a director of Blu Spa Holdings Limited, a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

As at the Latest Practicable Date, Mr. Moore does not have any interests in the shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Moore is General Manager of Strategic Planning Department of Henderson Land Development Company Limited, a controlling shareholder of the Company, which has interests in 4,244,968,019 shares in the Company, representing 84.9% of the issued share capital of the Company.

As at the Latest Practicable Date, Mr. Moore has not entered into any service contracts with the Company and is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company without any specified period for termination. The director's fees payable to him shall be proposed and subject to shareholders' approval at general meetings.