



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 three months ended 30th September, 2004

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, 2004 amounted to approximately HK\$21,898,000.
- Net loss for the three months ended 30th September, 2004 amounted to approximately HK\$3,064,000.
- The Directors do not recommend the payment of a dividend for the three months ended 30th September, 2004.

RESULTS

The unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 30th September, 2004 together with the comparative figures for the corresponding period in 2003 were as follows:

		Three months ended 30th September	
	Note	2004 HK\$'000	2003 HK\$'000
Turnover	2	21,898	21,262
Other revenue		3,414	3,165
Other net loss		<u>—</u>	<u>(25)</u>
		25,312	24,402
Direct costs and operating expenses		(21,631)	(24,106)
Selling and distribution costs		(4,662)	(4,016)
Administrative expenses		(2,080)	(2,570)
		<u>(3,061)</u>	<u>(6,290)</u>
Loss from operations		(3,061)	(6,290)
Finance costs		(1)	(1)
		<u>(3,062)</u>	<u>(6,291)</u>
Share of losses of jointly controlled entities		(2)	(4)
		<u>(3,064)</u>	<u>(6,295)</u>
Loss from ordinary activities before taxation		(3,064)	(6,295)
Income tax	3	<u>—</u>	<u>—</u>
		(3,064)	(6,295)
Loss from ordinary activities after taxation		(3,064)	(6,295)
Minority interests		<u>—</u>	<u>1,212</u>
		(3,064)	(5,083)
Loss attributable to shareholders		<u>(3,064)</u>	<u>(5,083)</u>
Loss per share	4		
Basic		<u>HK0.06 cent</u>	<u>HK0.10 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 Institute of Certified Public Accountants.

2. Turnover

Turnover represents the sale of goods to customers, revenue from Internet and telecommunications services, income from data centre 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. Income tax

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

4. Loss per share

The calculation of basic loss per share for the three months ended 30th September, 2004 is based on the loss attributable to shareholders of HK\$3,064,000 (2003: HK\$5,083,000) and on the weighted average number of 5,000,000,000 (2003: 5,000,000,000) shares in issue during the period.

Diluted loss per share is not presented for the three months ended 30th September, 2004 and 30th September, 2003 because there were no dilutive potential shares in existence during the periods.

5. Reserves

	2004			2003	
	Capital reserve HK\$'000	Share premium HK\$'000	Profit and loss account HK\$'000	Total HK\$'000	Total HK\$'000
At 1st July	83,866	443,707	(267,554)	260,019	280,696
Capital surplus contributed by minority shareholders	—	—	—	—	468
Loss for the period	—	—	(3,064)	(3,064)	(5,083)
At 30th September	<u>83,866</u>	<u>443,707</u>	<u>(270,618)</u>	<u>256,955</u>	<u>276,081</u>

PROFIT & TURNOVER

The Group recorded turnover of HK\$21.9 million for the quarter ended 30th September, 2004, compared with HK\$21.3 million for the quarter ended 30th September, 2003. The Group's loss attributable to shareholders for the quarter ended 30th September, 2004 was HK\$3.1 million, compared with a loss of HK\$5.1 million for 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, 2004.

BUSINESS REVIEW

The main focus of the Group during the quarter ended 30th September, 2004 was to further implement its strategies in the Internet services, data centre, high technology and network infrastructure businesses. 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 30th September, 2004 included:

Internet Access Services:

In response to fierce competition in the market, aggressive acquisition and retention programs were launched during the period with the support of the following marketing and promotion activities:-

- New service plan promotion for broadband service was launched with the support of magazine and online advertising, China Gas bill insert reaching 1.5 million households, POP program at Towngas Customer Centres and iCare Hotspots. New service plans bundled with premium giving out free digital camera and mobile phone were also introduced.
- Direct mail program to selected housing estates was carried out to encourage registration.
- On-going retention program encouraging customer contract renewal to minimize churn continued to have satisfactory result.

International Direct Dialling-Services:

The number of registered iCare1608 IDD telephone lines reached 344,000 as of 30th September, 2004 and usage was stimulated by the following marketing and promotion activities:-

- Special tariff promotion for Asian and European countries targeting at China Gas customers was launched in the period. The program was supported by China Gas bill insert reaching 1.5 million households, online advertising, and POP program at Towngas Customer Centres and iCare Hotspots.
- On-going retention and reactivation program by offering attractive tariff for designated destinations was promoted to inactive customers through direct marketing.

e-Commerce and Merchandising Services:

iCare continued to enjoy encouraging results from the e-Commerce and Merchandising business due to the growing popularity of the conveniently located iCare Hotspots and the attractive coupon redemption products that iCare had carefully selected. Details of accomplishments are as follows:-

- Top sales products during the period included Hitachi and Midea air conditioners, Compaq Presario personal computers, JVC digital camcorders, Grand Vision MP3 players, LifeCam digital cameras, Panasonic refrigerators, Innotec air coolers, Italy Moel mosquito killers, Superior slimming belts, Citiciser magnetic athletic bikes, foldable bicycles, etc.
- Enhancements were carried out for the iCare Hotspots including renovation of the shop in Leighton Centre, installation of display panels and DVD players in all the shops to promote new products, sales training for sales officers and a special direct marketing promotion of the new Hotspot in Grand Century Place to all the iCare Club members.
- In order to monitor product quality and customer service, customer satisfaction survey is carried out on weekly basis to probe customer responses. This helps to quickly identify quality issues so that iCare can take the necessary actions promptly.
- The membership base of iCare's frequent shopper club, iCare Club, grew to over 33,000 in the end of September 2004. During the period, a lucky draw program was launched for those club members who purchased over HK\$200 at the Hotspot. This program has attracted more than 5,000 purchases at iCare's Hotspots.

Subscribers and Revenue:

- The iCare Internet-on-TV Set-Top Box ("STB") subscribers, Internet Service Provider ("ISP") users, Internet Content provider ("ICP") users, IDD registered accounts and iCare Club members grew to a total of over 418,000 by the end of September 2004.
- Total revenue for the quarter ended 30th September, 2004 was HK\$21.0 million. In comparison, the total revenue for the quarter ended 30th September, 2003 was HK\$20.3 million.

Henderson Data Centre (“HDC”)

HDC’s major achievements during the quarter ended 30th September, 2004 included:

- Completed the implementation of an energy saving program for chiller plant and lighting.
- Partnered with external vendor to offer call centre solution.
- Completed an evaluation on IP PABX and feasibility study to provide telephony service via the broadband network to commercial customer. A proposal has been accepted by Office of The Government Chief Information Officer (“OGCIO”) for the Seminar and Showcase about IP Centrex held on 15th October, 2004 at OGCIO’s Information Technology Solution Centre at Cyberport.
- Reached an agreement with our existing customers to extend the network operations service from October 2004.
- Continued to focus on cost management and efficiency improvement.
- Total revenue for the quarter ended 30th September, 2004 was HK\$0.8 million. In comparison, the total revenue for the quarter ended 30th September, 2003 was HK\$0.5 million.

Future Home

Future Home’s major achievements during the quarter ended 30th September, 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.
- Completed submission of tender to supply and install Access Control System and Car Park Management System for one of the Henderson Group estates.
- Continued network design and server enhancement for one of the Henderson Group estates managed by Well Born Real Estate Management Limited.
- On-going evaluation on hardware component of Home Automation System, Access Control System and Car Park Management System.
- Total revenue for the quarter ended 30th September, 2004 was HK\$0.4 million. In comparison, the total revenue for the quarter ended 30th September, 2003 was HK\$0.4 million.

IT Investments

IT Investments reviewed a number of opportunities during the quarter ended 30th September, 2004 but did not proceed with any investments.

PROSPECTS

The Group will remain cautious in the implementation of its strategies during the financial year ending 30th June, 2005 due to an 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 may 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 Hotspots, 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, to develop new services and to explore cost-effective sales channels with respect to the revenue-generation potential.

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 systems, estate management system, attendance and access control system and home automation 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, 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 Shau 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 Shau 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
	Chan Wing Kin, Alfred	5	32,000				32,000	0.00
Henderson Investment Limited	Lee Shau Kee	6	34,779,936		2,075,859,007		2,110,638,943	74.92
	Lee Ka Kit	6				2,075,859,007	2,075,859,007	73.68
	Lee Ka Shing	6				2,075,859,007	2,075,859,007	73.68
Henderson China Holdings Limited	Lee Shau Kee	7			325,133,977		325,133,977	65.32
	Lee Ka Kit	7				325,133,977	325,133,977	65.32
	Lee Ka Shing	7				325,133,977	325,133,977	65.32
	Woo Ka Biu, Jackson	8	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	9			8,190 (Ordinary A Shares)		8,190 (Ordinary A Shares)	100.00
	Lee Shau Kee	10			3,510 (Non-voting B Shares)		3,510 (Non-voting B Shares)	100.00
	Lee Shau Kee	11	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	9				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Kit	10				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Kit	11				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Lee Ka Shing	9				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Shing	10				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Shing	11				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
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
Heyield Estate Limited	Lee Shau Kee	14			100		100	100.00
	Lee Ka Kit	14				100	100	100.00
	Lee Ka Shing	14				100	100	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
Pettystar Investment Limited	Lee Shau 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 any of its associated corporations as defined in the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

(i) Options to subscribe for shares in the Company

The following were the particulars of share options of the following Directors of 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") and these options lapsed on 14th July, 2004:

Name of Director	Number of share options at 1st July, 2004	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 30th September, 2004
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	—

The following were the particulars of share options of employees of the Company at the consideration of HK\$1.00 for each grant of options under the Option Plan and these options lapsed on 14th July, 2004:

Date of Grant	Aggregate number of share options at 1st July, 2004	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 30th September, 2004
28/06/2000	1,850,000	—	—	1,850,000	—

The following were the particulars of share options of all other participants under the Option Plan and these options lapsed on 14th July, 2004:

Date of Grant	Aggregate number of share options at 1st July, 2004	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 30th September, 2004
28/06/2000	13,650,000	—	—	13,650,000	—

Subject to the terms and conditions of the Option Plan, each of the above Directors, employees and other participants had been 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.

The following were particulars of share options of the employee of the Company under the Share Option Scheme of the Company (the “Share Option Scheme”) and these options lapsed on 30th September, 2004:

Date of Grant	Aggregate number of share options at 1st July, 2004	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 30th September, 2004
04/10/2000	100,000	—	—	100,000	—

Subject to the terms and conditions of the Share Option Scheme, the employee of the Company had been 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, 2004, there were no outstanding share options under the Option Plan and the Share Option Scheme.

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 period ended 30th September, 2004.

(ii) Options to subscribe for shares in associated corporation

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 and the options granted to Mr. Lam Ko Yin, Colin and Mr. Lee Ka Kit lapsed on 21st August, 2004 and 2nd November, 2004 respectively:

Name of Director	Number of share options	Exercisable Period
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 had been 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, 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 Biu, Jackson.
- 5 Mr. Chan Wing Kin, Alfred was the beneficial owner of these shares.
- 6 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.

- 7 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.
- 8 Mr. Woo Ka Bui, Jackson was the beneficial owner of these shares.
- 9 These shares were held by Hopkins as trustee of the Unit Trust.
- 10 These shares were held by Hopkins as trustee of the Unit Trust.
- 11 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.
- 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 Andco 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.

Save as disclosed above, there were no other persons with interests recorded in the register required to be kept under Section 336 of the SFO as at 30th September, 2004.

COMPETING INTERESTS

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, 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 three months ended 30th September, 2004.

By Order of the Board
Lee Shau Kee
Chairman

Hong Kong, 12th November, 2004

As at the date of this announcement, the Board comprises: (1) executive directors: Lee Shau Kee (Chairman), Alfred Chan Wing Kin, Colin Lam Ko Yin, Lee Ka Kit, Lee Ka Shing, John Yip Ying Chee and Douglas H. Moore; and (2) independent non-executive directors: David Li Kwok Po, Ko Ping Keung and Jackson Woo Ka Biu.

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.