



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, 2005**

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 nine months ended 31st March, 2005 amounted to approximately HK\$62,721,000.
- Net loss for the nine months ended 31st March, 2005 amounted to approximately HK\$4,302,000.
- The Directors do not recommend the payment of a dividend for the nine months ended 31st March, 2005.

RESULTS

The unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and the nine months ended 31st March, 2005 together with the comparative unaudited figures for the corresponding periods in 2004 were as follows:

	Note	Three months ended 31st March		Nine months ended 31st March	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover	2	20,731	22,773	62,721	65,735
Other revenue		4,699	2,841	12,131	9,000
Other net (loss) / income		(26)	1	(23)	(43)
		25,404	25,615	74,829	74,692
Direct costs and operating expenses		(18,943)	(24,016)	(59,201)	(71,583)
Selling and distribution costs		(4,871)	(4,291)	(14,246)	(12,606)
Administrative expenses		(1,839)	(2,054)	(5,668)	(6,850)
Loss from operations		(249)	(4,746)	(4,286)	(16,347)
Finance costs		(3)	(1)	(4)	(3)
Loss on disposal of investment securities		—	—	—	(788)
		(252)	(4,747)	(4,290)	(17,138)
Share of losses of jointly controlled entities		(4)	(4)	(12)	(12)
Loss from ordinary activities before taxation		(256)	(4,751)	(4,302)	(17,150)
Income tax	3	—	—	—	—
Loss from ordinary activities after taxation		(256)	(4,751)	(4,302)	(17,150)
Minority interests		—	17	—	1,297
Loss attributable to shareholders		(256)	(4,734)	(4,302)	(15,853)
Loss per share	4				
Basic		HK0.01 cent	HK0.09 cent	HK0.09 cent	HK0.32 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 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 and the nine months ended 31st March, 2005 is based on the loss attributable to shareholders of HK\$256,000 and HK\$4,302,000 (2004: HK\$4,734,000 and HK\$15,853,000) respectively and on the weighted average number of 5,000,000,000 and 5,000,000,000 (2004: 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, 2005 and 31st March, 2004 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, 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>
At 1st July, 2004	83,866	443,707	(267,554)	260,019
Loss for the period	—	—	(4,302)	(4,302)
At 31st March, 2005	<u>83,866</u>	<u>443,707</u>	<u>(271,856)</u>	<u>255,717</u>

PROFIT & TURNOVER

The Group recorded turnover of HK\$62.7 million for the nine months ended 31st March, 2005, compared with HK\$65.7 million for the nine months ended 31st March, 2004. The Group's loss attributable to shareholders for the nine months ended 31st March, 2005 was HK\$4.3 million, compared with a loss of HK\$15.9 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, 2005.

BUSINESS REVIEW

The main focus of the Group during the quarter ended 31st March, 2005 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 31st March, 2005 included:

Internet Access Services:

Though competition in broadband market was fierce among active double-or-triple-play operators, iCare managed to grow its number of broadband subscribers through the following marketing and promotional activities:

- New broadband service plan offering attractive tariff and flexible contract options, supported by online and magazine advertising, China Gas bill inserts reaching 1.5 million households, channel partners' program, and POP program at Towngas Customer Centres and iCare Hotspots.
- Aggressive retention offers, with or without premium gifts, encouraging customer contracts' renewal and minimizing churn.

New 56K Dial-up Internet service plans were also introduced to meet sectoral demand for lower usage or less Internet bandwidth.

International Direct Dialling-Services:

The number of registered iCare1608 IDD line numbers had reached 355,000 at the end of March 2005. Overall profitability improved with the help of the following marketing and promotion activities:

- Special tariff offer for Asian and European destinations such as Indonesia, Taiwan, Singapore, France, Switzerland, and Italy, supported by China Gas bill inserts reaching 1.5 million households, online advertising, and POP program at Towngas Customer Centres and iCare Hotspots.
- Retention programs for valued customers and reactivation programs for inactive customers, promoted through direct mailing.

e-Commerce and Merchandising Services:

iCare's retail business continued to gain popularity and registered satisfactory sales growth during the period. Details of accomplishments are as follows:-

- Continuing popular redemption coupon program, attracting strong purchases of products such as Innotec Ceramic Heaters, JSA infra-red Halogen Heaters, Sunbeam-heat emitting blankets, Turbo Panel Heaters, Amcor dehumidifiers, Euron DVD recorders, Nikon Coolpix 4200 digital cameras, Teed magnetic bikes, Superior foot massage plates, DXG mini DV-cams, Korean G-dragon mobile phones, Compaq Presario notebook computers, Germany Bug scales, Scaleman electronic fat weights, Sota electronic face trimmers, Korean Beetune MP3 players and other MP3 quality brands.
- Securing new location for iCare Hotspot at the Dragon Centre in West Kowloon, scheduled for opening in mid-May 2005, which will further enhance penetration of iCare's redemption coupon program to Towngas' customer base.
- Increasing membership base of iCare's frequent shopper club, iCare Club, to over 48,000 and enhancing sales of e-commerce and merchandising services through HK\$30 cash coupon gift program ended in March 2005 (which was well-received by more than 8% of iCare Club members).

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 442,000 by the end of March 2005.
- Total revenue for the quarter ended 31st March, 2005 was HK\$19.5 million. In comparison, the total revenue for the quarter ended 31st March, 2004 was HK\$21.7 million.

Henderson Data Centre ("HDC")

HDC's major achievements during the quarter ended 31st March, 2005 included:

- Expanded the Internet Transit Service with an existing customer.
- Customer acquisition for data centre services.
- Expanded the System Integration Service with an existing customer.
- Awarded a project for the remote surveillance service from a retail-chain store company.
- Launched the Anti-Spam Email Service.
- Continued to study the Intelligent Home Service.
- Continued to focus on cost management and efficiency improvement.
- Total revenue for the quarter ended 31st March, 2005 was HK\$1.0 million. In comparison, the total revenue for the quarter ended 31st March, 2004 was HK\$0.7 million.

Future Home

Future Home's major achievements during the quarter ended 31st March, 2005 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.
- 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 31st March, 2005 was HK\$0.6 million. In comparison, the total revenue for the quarter ended 31st March, 2004 was HK\$0.4 million.

IT Investments

IT Investments reviewed a number of opportunities during the quarter ended 31st March, 2005 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 exploring 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 Henderson Group and China Gas 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 marketing of iCare1608.
- iCare will continue to maintain the attractiveness of its infotainment and e-commerce offerings on its portal site. The rich content and desirable offerings will continue to make it a popular site for net surfers.

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 31st March, 2005, 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 Positions

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
	Chan Wing Kin, Alfred	5	32,000				32,000	0.00
Henderson Investment Limited	Lee Chau 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
	Leung Yuk Kwong	7	310				310	0.00
Henderson China Holdings Limited	Lee Chau Kee	8			325,133,977		325,133,977	65.32
	Lee Ka Kit	8				325,133,977	325,133,977	65.32
	Lee Ka Shing	8				325,133,977	325,133,977	65.32
	Woo Ka Biu, Jackson	9	544,802				544,802	0.11

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

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Development Limited	Lee Shau Kee	10			8,190 (Ordinary A Shares)		8,190 (Ordinary A Shares)	100.00
	Lee Shau Kee	11			3,510 (Non-voting B Shares)		3,510 (Non-voting B Shares)	100.00
	Lee Shau Kee	12	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	10				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Kit	11				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Kit	12				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Lee Ka Shing	10				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Shing	11				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Shing	12				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
China Investment Group Limited	Woo Ka Biu, Jackson	13			16,000		16,000	5.33
Henfield Properties Limited	Lee Ka Kit	14			4,000	6,000	10,000	100.00
Heyield Estate Limited	Lee Shau Kee	15			100		100	100.00
	Lee Ka Kit	15				100	100	100.00
	Lee Ka Shing	15				100	100	100.00

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

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Pettystar Investment Limited	Lee Shau Kee	16			3,240		3,240	80.00
	Lee Ka Kit	16				3,240	3,240	80.00
	Lee Ka Shing	16				3,240	3,240	80.00
Shellson International Limited	Lee Ka Kit	17			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

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"):

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 31st March, 2005
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 four employees of the Company at the consideration of HK\$1.00 for each grant of options under the Option Plan:

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 31st March, 2005
28/06/2000	1,850,000	—	—	1,850,000	—

The following were the particulars of share options of thirty nine other participants under the Option Plan:

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 31st March, 2005
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 was 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. All share options granted to the aforesaid Directors, employees and other participants of the Company under the Option Plan lapsed on 14th July, 2004.

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”):

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 31st March, 2005
04/10/2000	100,000	—	—	100,000	—

Subject to the terms and conditions of the Share Option Scheme, the employee of the Company was 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. Share options granted to the aforesaid employee of the Company under the Share Option Scheme lapsed on 30th September, 2004.

As at 31st March, 2005, 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 31st March, 2005.

(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:

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

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, 2005, 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 37.05% 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 Mightyarden 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 37.05% 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 Mr. Leung Yuk Kwong was the beneficial owner of these shares.

- 8** 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.
- 9** Mr. Woo Ka Biu, Jackson was the beneficial owner of these shares.
- 10** These shares were held by Hopkins as trustee of the Unit Trust.
- 11** These shares were held by Hopkins as trustee of the Unit Trust.
- 12** Of these shares, Dr. Lee Shau Kee was the beneficial owner of 35,000,000 shares, and for the remaining 15,000,000 shares were owned by Fu Sang.
- 13** These shares were held by Pearl Assets Limited which was 60% owned by Mr. Woo Ka Biu, Jackson.
- 14** 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.
- 15** 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.
- 16** 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.
- 17** 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 31st March, 2005.

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 nine months ended 31st March, 2005, 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, Independent Non-executive Director, Professor Ko Ping Keung, Independent Non-executive Director and Mr. Woo Ka Biu, Jackson, Non-executive Director. 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, 2005.

By Order of the Board
Lee Shau Kee
Chairman

Hong Kong, 12th May, 2005

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) non-executive director: Jackson Woo Ka Biu; and (3) independent non-executive directors: David Li Kwok Po, Ko Ping Keung and Leung Yuk Kwong.

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.