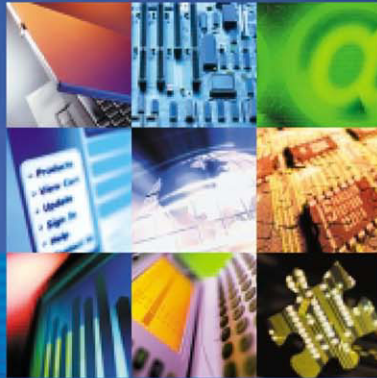




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HENDERSON CYBER LIMITED

(Incorporated in the Cayman Islands with limited liability)

恒基數碼科技有限公司*

(在開曼群島註冊成立的有限公司)

FIRST QUARTERLY REPORT

Period ended 30th September, 2001

首季業績報告

截至2001年9月30日

* 僅供識別

**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.

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 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.

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

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

1st QUARTERLY REPORT

To 30th September, 2001

SUMMARY OF RESULTS

- Turnover for the three months ended 30th September, 2001 amounted to approximately HK\$17,297,000.
- Net loss for the three months ended 30th September, 2001 amounted to approximately HK\$14,021,000.
- The Directors do not recommend the payment of a dividend for the three months ended 30th September, 2001.

RESULTS

The unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 30th September, 2001 together with the comparative figures for the corresponding period in 2000 were as follows:

	Note	For the three months ended 30th September	
		2001 HK\$'000	2000 HK\$'000
Turnover	2	17,297	1,477
Other revenue	3	6,811	12,678
		24,108	14,155
Direct costs and operating expenses		(31,678)	(11,696)
Selling and distribution costs		(3,661)	(11,009)
Administrative expenses		(3,440)	(4,538)
Loss from operations		(14,671)	(13,088)
Finance costs		(5)	—
		(14,676)	(13,088)
Share of losses of jointly controlled entities		(17)	—
Loss from ordinary activities before taxation		(14,693)	(13,088)
Taxation	4	—	—
Loss from ordinary activities after taxation		(14,693)	(13,088)
Minority interests		672	238
Loss attributable to shareholders		(14,021)	(12,850)
Loss per share	5		
Basic		HK0.3 cents	HK0.3 cents

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Notes:

1 Basis of preparation

The principal accounting policies adopted in preparing the unaudited consolidated results of the Group conform to accounting principles generally accepted in Hong Kong and accounting standards issued by the Hong Kong Society of Accountants.

2 Turnover

Turnover represents the sales value of goods sold to customers, revenue from Internet access services, project consultancy service income, rental income from set-top boxes and income from data centre services during the period, after elimination of all material intercompany transactions within the Group.

3 Other revenue

Other revenue mainly consists of interest from deposits placed with the proceeds from the share offer of the Company.

4 Taxation

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

No provision for deferred taxation has been made as the Group has a net potential deferred tax asset at 30th September, 2001, the future realisation of which is uncertain.

5 Loss per share

The calculation of basic loss per share for the three months ended 30th September, 2001 is based on the loss attributable to shareholders of HK\$14,021,000 (2000: HK\$12,850,000) and on the weighted average number of 5,000,000,000 (2000: 4,902,173,913) shares in issue during the period. The weighted average number of shares for the corresponding period in 2000 has been adjusted for the effect of capitalisation issue following the initial public offering of the Company's shares. Diluted loss per share is not presented for the three months ended 30th September, 2001 and 30th September, 2000 because there were no dilutive potential shares in existence during the periods.

1st QUARTERLY REPORT

To 30th September, 2001

PROFIT & TURNOVER

The Group recorded turnover of HK\$17.3 million for the quarter ended 30th September, 2001, compared with HK\$1.5 million for the quarter ended 30th September, 2000. The Group's net loss from operations attributable to shareholders for the quarter ended 30th September, 2001 was HK\$14 million, compared with a loss of HK\$12.9 million of 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, 2001.

BUSINESS REVIEW

The main focus of the Group during the quarter ended 30th September, 2001 was to further develop its Internet services, local wireless Fixed Telecommunications Network Services ("FTNS") business, data centre, high technology and network infrastructure businesses.

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iCare

iCare's major achievements during the quarter ended 30th September, 2001 included:

- The subscription rate of fee-based Internet Service Provider ("ISP") service was boosted by:
 - A promotion campaign with free premium was launched in early July. Bill inserts to Towngas customers together with online and magazine advertising drove an increase in subscription rate of 50% in July and August (compared with the subscription rate in June).
 - A co-operative programme was launched in September with NEC and IBM to promote awareness of and registration to ISP service. Customers who purchase NEC or IBM computers are entitled to a special iCare ISP offer.
 - A co-operative programme was launched in September with HKeducationCITY.net to offer a special iCare ISP service to all teachers and students of primary/secondary schools in Hong Kong.

The ISP membership (fee-based and free) grew to a total of over 60,000 by 30th September, 2001.

- The iCare Internet-on-TV Set-Top Box (the “STB”) subscribers, ISP users and Internet Content Provider (“ICP”) users grew to a total of over 150,000 by 30th September, 2001.
- New content was introduced including:
 - Fund investment, including an online Q&A section, provided by onlyatfunds.com was introduced in the financial channel (Money Talk) in mid-September.
 - Seasonal attractions, such as a special travel feature in July with an exclusive travel package promotion to Cebu, and a “Round-HK Trip” feature in August, plus specially designed topics recommending various places in Hong Kong, generated traffic and transactions.
 - Pet Photo Contest was held in July to promote the use of the iCare digital photo album. Over 600 entries and 12,000 votes were received, contributing to an increase in pet food orders.
 - In view of the popularity of digital products to Internet users, the iCare Digital Mall (“D-Mall”) was launched in August which focuses on digital, audio, video and electrical products such as digital cameras, DVDs, Hi-Fis, TV sets, computer accessories. The D-Mall was also provided with the bargaining feature which enables customers to bargain online with the electronic shopkeeper for a better price. In order to encourage visits, online advertising and an online bargaining game were organized during the launch. Over 4,000 members participated in the game.
- The clicks and bricks strategy was further developed as follows:
 - Other physical channels of iCare such as direct marketing and phone ordering have also registered encouraging results. For example, the promotion of an exclusive package offer of an IBM PC through the iCare web-site and direct marketing to our customers has generated in excess of HK\$2 million revenue in 2 months.
 - The iCare Hot Spot has proved to be an attractive retail outlet and showroom for iCare products. The sales revenue continued to register encouraging growth during the quarter even under a difficult retail climate in light of global events.
- Total revenue for the quarter ended 30th September, 2001 was HK\$16.6 million, an increase of 41% over the previous quarter. In comparison, the total revenue for the quarter ended 30th September, 2000, the prior financial year, was HK\$0.7 million as the business was then at an initial stage.

Henderson Data Centre ("HDC")

HDC's major achievements during the quarter ended 30th September, 2001 included:

- Continued with the marketing campaign to increase the occupancy of the data centre at Well Tech Centre ("Well Tech") in San Po Kong including:
 - Business alliance with major PC and software vendors to offer bundled data centre services with special promotion on hardware and software.
 - Teaming up with business partner in China to promote International Private Leased Circuit ("IPLC") and data centre services to their clients.
- Continued to enrich value-added services offerings including:
 - Tier 2 International IP transit services targeted at ICP's and ISP's.
 - Web based groupware, such as iOffice, to increase office communication and productivity.
 - Remote visual monitoring over the Internet with web cam.
 - Bandwidth management system to increase service flexibility.
 - Network security, communication applications and automation.
- Merged network operation with Eastar to better serve customer and to maximize utilisation of resources.
- Increased market coverage with external resources by developing channel sales and value-added resellers to sell data centre services.
- Total revenue for the quarter ended 30th September, 2001 was HK\$0.9 million. In comparison, the total revenue for the quarter ended 30th September, 2000, the prior financial year, was negligible as Well Tech had its soft opening on 1st September, 2000.

Eastar

Eastar's major achievements during the quarter ended 30th September, 2001 included:

- Continued with the evaluation of new technologies and suppliers in order to enhance Eastar's broadband network with more advanced technology at the lowest cost. Nortel's decision to abandon further development of LMDS based technology has necessitated further review of Eastar's network deployment.
- Implemented new technologies such as wireless Local Area Network ("LAN"), virtual private network ("VPN") and firewall services.
- Value-added services have been launched including bandwidth monitoring, managed firewall, VPN and IPLC.
- Entered into agreement regarding the usage of blockwiring with Cable & Wireless HKT Limited and agreements with New T&T Hong Kong Limited, Hutchison Global Crossing Limited and New World Telephone Limited are in process.
- Total revenue for the quarter ended 30th September, 2001 was HK\$0.2 million. In comparison, the total revenue for the quarter ended 30th September, 2000, the prior financial year, was nil as Eastar was in the midst of network construction and therefore had no customers.

Future Home

Future Home's major achievements during the quarter ended 30th September, 2001 included:

- Implemented Customer Relationship Management System and Smart Card System in a number of Henderson Group estates.
- Installed Car Park Management System in two Henderson Group estates.
- Completed the implementation of IT infrastructure consolidation and upgrade for Well Born Real Estate Management Limited.
- Commenced the design of IT infrastructure consolidation and upgrade for Goodwill Management Limited.
- Developed and introduced the idHOME System which includes the Customer Relationship Management System, Facilities Booking System and information broadcast through TV to over ten thousand households managed by Well Born Real Estate Management Limited.

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To 30th September, 2001

- Installation of network infrastructure for residential projects located at the following sites has been suspended:
 - Service Apartments at 2-20A Minden Avenue
 - 124 - 130 Tai Po Road
 - Yuen Long Town Lot 500
 - Tai Po Town Lot 161, Sam Mun Tsai Road, Tai Po
 - 50 Castle Peak Road, Yuen Long
- Total revenue for the quarter ended 30th September, 2001 was HK\$0.4 million. In comparison, the total revenue for the quarter ended 30th September, 2000, the prior financial year, was HK\$1 million.

IT Investments

IT Investments reviewed a number of opportunities during the quarter ended 30th September, 2001 but did not proceed with any investments.

PROSPECTS

The Group has been actively implementing its strategies during the quarter ended 30th September, 2001. Due to the fact that the Internet, telecommunication and high technology industries are dynamic and fast changing, the Group must be flexible and versatile in order to respond to such changes.

The Group seeks to integrate its existing businesses and wherever possible, to offer "one-stop shopping" and move up the value chain by bundling services together to create higher value-added tailored products and services for the customers.

The Group is exploring 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 Towngas.

The Group, while focused on implementing its strategies in Hong Kong, is also looking for opportunities in other areas of Greater China. The Group will utilize the expertise and connections of Towngas and Henderson Group to accelerate entry to other markets.

iCare

iCare aims to become the portal of choice for PC users. 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 the ISP.

It is anticipated that iCare is well positioned to succeed in establishing itself as the “ultimate family Internet experience”.

HDC

HDC will continue to actively market Well Tech to the customer base of Henderson Group and beyond.

Eastar

Eastar is focusing on the marketing of its services. The large building profile and customer base of Henderson Group is a key advantage in Eastar’s deployment strategy.

Eastar will constantly monitor the fast-changing regulatory environment, market conditions and developments in technology and network deployment which are a fact of life for a technology and telecommunications operator. Eastar will make any necessary adjustments quickly and having regard to cost-effectiveness and revenue-generation capability.

Future Home

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

Future Home will focus on the development, installation and promotion of the idHOME System (which includes the Property Management System and Customer Relationship Management System), Smart Card System and Car Park Management Systems 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.

1st QUARTERLY REPORT

To 30th September, 2001

DIRECTORS' INTERESTS IN SHARES

As at 30th September, 2001, the interests of the Directors of the Company in the equity securities of the Company and its associated corporations as recorded in the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") 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)

Name of Company	Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
Henderson Cyber Limited	Lee Shau Kee	173,898			4,244,996,094 (Note 15)	4,245,169,992
	Lam Ko Yin, Colin	55				55
	Li Kwok Cheung, Arthur	100				100
Henderson Land Development Company Limited	Lee Shau Kee				1,120,352,300 (Note 1)	1,120,352,300
Henderson Investment Limited	Lee Shau Kee	34,779,936			2,071,859,007 (Note 6)	2,106,638,943
	Lam Ko Yin, Colin	11,000				11,000
	Li Kwok Cheung, Arthur	20,000				20,000
Henderson China Holdings Limited	Lee Shau Kee				290,748,477 (Note 13)	290,748,477
Hong Kong Ferry (Holdings) Company Limited	Lee Shau Kee	7,799,220			110,363,090 (Note 7)	118,162,310
	Lam Ko Yin, Colin	150,000				150,000
The Hong Kong and China Gas Company Limited	Lee Shau Kee	2,932,886			1,960,925,256 (Note 8)	1,963,858,142
	Li Kwok Po, David	9,967,348				9,967,348
	Chan Wing Kin, Alfred	93,478 (Note 5)				93,478
	Li Kwok Cheung, Arthur	210,830				210,830
Miramar Hotel and Investment Company, Limited	Lee Shau Kee				235,889,250 (Note 11)	235,889,250

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

Name of Company	Name of Director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
Henderson Development Limited	Lee Chau Kee				8,190 (Ordinary A Shares) (Note 2)	8,190 (Ordinary A Shares)
	Lee Chau Kee	35,000,000 (Non-voting Deferred Shares)			15,000,000 (Non-voting Deferred Shares) (Note 3)	50,000,000 (Non-voting Deferred Shares)
	Lee Chau Kee				3,510 (Non-voting B Shares) (Note 14)	3,510 (Non-voting B Shares)
	Lee Ka Kit				8,190 (Ordinary A Shares) (Note 4)	8,190 (Ordinary A Shares)
	Lee Ka Shing				8,190 (Ordinary A Shares) (Note 10)	8,190 (Ordinary A Shares)
Angelfield Investment Limited	Lam Ko Yin, Colin			1 (Note 9)	1	
Henfield Properties Limited	Lee Ka Kit			4,000 (Note 9)	4,000	
Shellson International Limited	Lee Ka Kit			25 (Note 9)	25	
Feswin Investment Limited	Lee Ka Kit			5,000 (Note 9)	5,000	
Perlin Development Limited	Lee Ka Kit			5 (Note 9)	5	
Quickcentre Properties Limited	Lee Ka Kit			1 (Note 9)	1	
Techno Factor (Development) Limited	Lee Ka Kit	2,575,000				2,575,000
Amanwana Limited	Lee Ka Kit	5				5
Maxfine Development Limited	Lee Ka Kit			1,525 (Note 9)		1,525
Shanghai Henfield Properties Co., Ltd.	Lee Ka Kit			(see Note 12)		(see Note 12)

Notes:

- 1 Dr. Lee Shau Kee owned beneficially all the issued share capital of Rimmer (Cayman) Limited which was the trustee of a discretionary trust which held the majority of units in a unit trust ("Unit Trust") and Hopkins (Cayman) Limited which was the trustee of the Unit Trust which beneficially owned all the issued ordinary shares which carry the voting rights in the share capitals of Henderson Development Limited ("HD") and Fu Sang Company Limited ("FS" and which beneficially owned 192,500 of these shares). HD and its subsidiaries owned 1,114,557,200 of these shares. In addition, 5,602,600 of these shares were beneficially owned by a subsidiary of The Hong Kong and China Gas Company Limited ("Towngas"). Dr. Lee Shau Kee was taken to be interested in Towngas as set out in Note 8 by virtue of the SDI Ordinance.
- 2 Dr. Lee Shau Kee was taken to be interested in HD through the Unit Trust, Hopkins (Cayman) Limited and Rimmer (Cayman) Limited as set out in Note 1 by virtue of the SDI Ordinance.
- 3 These shares were beneficially owned by FS. Dr. Lee Shau Kee was taken to be interested in FS through the Unit Trust, Hopkins (Cayman) Limited and Rimmer (Cayman) Limited as set out in Note 1 by virtue of the SDI Ordinance.
- 4 These shares were beneficially owned by the Unit Trust. The units of the Unit Trust were owned by two discretionary trusts in which Mr. Lee Ka Kit was one of the discretionary beneficiaries.
- 5 These shares were jointly held by Mr. Chan Wing Kin, Alfred and his spouse.
- 6 These shares were beneficially owned by FS and certain subsidiaries of Henderson Land Development Company Limited ("HL"). Dr. Lee Shau Kee was taken to be interested in FS and HL as set out in Note 1 by virtue of the SDI Ordinance.
- 7 These shares were beneficially owned by certain subsidiaries of Henderson Investment Limited ("HI"). Dr. Lee Shau Kee was taken to be interested in HI through FS and HL as set out in Note 1 and Note 6 by virtue of the SDI Ordinance.
- 8 These shares were beneficially owned by certain subsidiaries of HI, FS and a subsidiary of HD. Dr. Lee Shau Kee was taken to be interested in HI, FS and HD as set out in Note 1 and Note 6 by virtue of the SDI Ordinance.
- 9 These shares were beneficially owned by a company in which the relevant director is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings.
- 10 These shares were beneficially owned by the Unit Trust. The units of the Unit Trust were owned by two discretionary trusts in which Mr. Lee Ka Shing was one of the discretionary beneficiaries.
- 11 These shares were beneficially owned by certain subsidiaries of HI. Dr. Lee Shau Kee was taken to be interested in HI through FS and HL as set out in Note 1 and Note 6 by virtue of the SDI Ordinance.
- 12 Shanghai Henfield Properties Co., Ltd. was an equity joint venture company in the PRC of which the registered capital was US\$27,000,000. Henfield Properties Limited ("Henfield") (owned as to 40 per cent. by a company controlled by Mr. Lee Ka Kit) and the PRC partner to the joint venture had entered into a joint venture contract under which Henfield and the PRC partner agreed to make contributions to the total amount of investment in the proportion of 99 per cent. and 1 per cent. respectively and to share the profits of the joint venture company in accordance with their equity interest in the joint venture company.
- 13 These shares were beneficially owned by certain subsidiaries of HL. Dr. Lee Shau Kee was taken to be interested in HL as set out in Note 1 by virtue of the SDI Ordinance.
- 14 These shares were beneficially owned by Hopkins (Cayman) Limited as trustee of the Unit Trust. Dr. Lee Shau Kee was taken to be interested in HD through the Unit Trust, Hopkins (Cayman) Limited and Rimmer (Cayman) Limited as set out in Note 1 by virtue of the SDI Ordinance.
- 15 These shares were beneficially owned by a subsidiary of HI, FS, certain subsidiaries of HL and a subsidiary of Towngas. Dr. Lee Shau Kee was taken to be interested in HI, FS, HL and Towngas as set out in Note 1, Note 6 and Note 8 by virtue of the SDI Ordinance.

Save as disclosed above, none of the Directors, Chief Executive or their associates had any interests in any securities of the Company or its associated corporations as defined in the SDI Ordinance.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

(i) Options to subscribe for shares in the Company

As at 30th September, 2001, the following Directors of the Company had interests in options to subscribe for shares ("Share Options") in the Company, which were granted on 28th June, 2000 at a consideration of HK\$1.00 for each grant of options and have been accepted by the Directors, under the Pre-IPO Share Option Plan (the "Option Plan") approved by the shareholders of the Company on 28th June, 2000:

Name of Director	Number of Share Options at 1st July, 2001	Number of Share Options offered and accepted during the period	Number of Share Options outstanding at 30th September, 2001
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

Each of the above Directors will be entitled to exercise at the price of HK\$1.25 per share (i) thirty per cent. of the Share Options so granted at any time after the expiry of 12 months from 14th July, 2000, (ii) a further thirty 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.

Apart from the above Directors, Share Options to subscribe for an aggregate of 20,000,000 shares of the Company have been granted at a consideration of HK\$1.00 for each grant of options to 66 other grantees on 28th June, 2000 at the exercise price of HK\$1.25 per share, of which 2,500,000 shares granted to 16 grantees have lapsed pursuant to the Option Plan. Except for the 16 grantees whose Share Options have lapsed, the Share Options granted to each of the above grantees are subject to the same limitations on timing of exercise as those of the above Share Options granted to the Directors.

To 30th September, 2001

On 4th October, 2000, options to subscribe for an aggregate of 150,000 shares of the Company at a consideration of HK\$1.00 for each grant of options were granted to 2 grantees at the exercise price of HK\$0.89 per share under the Share Option Scheme which was also approved by the shareholders of the Company on 28th June, 2000. An option to subscribe for 50,000 shares granted to one of the grantees has lapsed pursuant to the Share Option Scheme. The other grantee will be entitled to exercise (i) thirty per cent. of the option so granted at any time after the expiry of 12 months from the date of acceptance of the option ("Date of Acceptance"), (ii) a further thirty per cent. of the option so granted at any time after the expiry of 24 months from the Date of Acceptance and (iii) the remaining option at any time after the expiry of 36 months from the Date of Acceptance and, in each case, not later than four years from the Date of Acceptance.

As at 30th September, 2001, Share Options granted by the Company to subscribe for a total of 29,500,000 shares in the Company under the Option Plan and 100,000 shares in the Company under the Share Option Scheme remained outstanding, representing in aggregate approximately 0.6% of the existing issued share capital of the Company.

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(ii) Options to subscribe for shares in associated corporation

As at 30th September, 2001, 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 - 3 years commencing on
Colin Lam Ko Yin	1,500,000	21/08/2001
Lee Ka Kit	1,500,000	02/11/2001

The above Directors will be entitled to exercise the share options in whole or in part at the price of HK\$4.00 per share at any time during the respective exercisable periods.

Except for the above, at no time during the period was the Company or any of its holding companies, subsidiary companies or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th September, 2001, the interests of substantial shareholders, other than Directors of the Company, in the ordinary shares of the Company (the "Shares") as recorded in the register required to be kept under Section 16(1) of the SDI Ordinance were as follows:

Name of Company	No. of Shares in which interested
Felix Technology Limited	3,333,213,616
Technology Capitalization Limited	902,700,000
Best Selection Investments Limited (Note 1)	3,333,213,616
Henderson Investment Limited (Notes 1 and 2)	3,333,213,616
Henderson Land Development Company Limited (Notes 1, 2 and 3)	3,342,268,019
Towngas Investment Company Limited (Note 4)	902,700,000
The Hong Kong and China Gas Company Limited (Notes 4 and 5)	902,700,000
Henderson Development Limited (Notes 1, 2, 3 and 6)	3,342,268,019
Rimmer (Cayman) Limited (Note 7)	3,342,296,094
Hopkins (Cayman) Limited (Note 7)	3,342,296,094

Notes:

- 1 As Felix Technology Limited ("Felix Technology") is a wholly-owned subsidiary of Best Selection Investments Limited ("Best Selection"), Best Selection had a deemed interest in the 3,333,213,616 Shares held by Felix Technology under the SDI Ordinance.
- 2 As Best Selection is a wholly-owned subsidiary of Henderson Investment Limited ("HI"), HI had a deemed interest in the 3,333,213,616 Shares held by Felix Technology under the SDI Ordinance.
- 3 Of these Shares, 3,333,213,616 are duplicated in the interest described in Note 1 and Note 2, as HI is a subsidiary of Henderson Land Development Company Limited ("HL").
- 4 As Technology Capitalization Limited ("Technology Capitalization") is a wholly-owned subsidiary of Towngas Investment Company Limited ("Towngas Investment"), Towngas Investment had a deemed interest in the 902,700,000 Shares held by Technology Capitalization under the SDI Ordinance.
- 5 As Towngas Investment is a wholly-owned subsidiary of The Hong Kong and China Gas Company Limited ("Towngas"), Towngas had a deemed interest in the 902,700,000 Shares held by Technology Capitalization under the SDI Ordinance.
- 6 As HL is a subsidiary of Henderson Development Limited ("HD"), HD had a deemed interest in the 3,342,268,019 Shares in which HL was deemed to have an interest under the SDI Ordinance.
- 7 Of these Shares, 3,342,268,019 are duplicated in the interest described in Note 6. Rimmer (Cayman) Limited was the trustee of a discretionary trust which held the majority of units in a unit trust ("Unit Trust"). Hopkins (Cayman) Limited as trustee of the Unit Trust beneficially owned all the issued ordinary shares which carry the voting rights in the share capital of HD and also all the issued ordinary shares in Fu Sang Company Limited ("FS"). Accordingly, each of Rimmer (Cayman) Limited and Hopkins (Cayman) Limited had a deemed interest in the 3,342,268,019 Shares by virtue of their interest in the discretionary trust, the Unit Trust and HD and the SDI Ordinance in addition to its interest in the Shares held by FS. The beneficiaries of the discretionary trust referred to herein are certain members of Dr. Lee Shau Kee's family.

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COMPETING INTERESTS

Newspeed Technology Limited, a wholly-owned subsidiary of Henderson Investment Limited, the Company's holding company, has a 8.9% interest in iLink Holdings Limited, the businesses of which include the operation of data centres in Hong Kong.

Save as disclosed above, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the three months ended 30th September, 2001, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

INTEREST OF SPONSOR

As notified by the Company's retained sponsor, The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), an associate (as defined in Note 3 to Rule 6.35 of the GEM Listing Rules) of HSBC held 50,152,000 shares (representing approximately 1% of the issued share capital of the Company) as at 30th September, 2001.

Pursuant to the sponsor's agreement dated 3rd July, 2000 entered into between the Company and HSBC Investment Bank Asia Limited ("HIBA") and the novation agreement ("Novation Agreement") dated 29th January, 2001 entered into between the Company, HIBA and HSBC, HSBC will receive a fee for acting as the Company's retained sponsor for the period from 29th January, 2001, the date on which the Novation Agreement takes effect, to 30th June, 2002.

Save for the above, HSBC has no other interest in the Company as at 30th September, 2001.

AUDIT COMMITTEE

The Company has established an Audit Committee on 25th May, 2000 which comprises two Independent Non-executive Directors and reports to the Board of 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 controls.

By Order of the Board

Lee Shau Kee

Chairman

Hong Kong, 14th November, 2001