
THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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

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

This circular is for information only and does not constitute an offer or invitation to acquire, purchase or subscribe for securities of Riverhill Holdings Limited.



RIVERHILL HOLDINGS LIMITED

山河控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

DISCLOSABLE TRANSACTION

This circular will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least seven days from the date of its posting.

* For identification only

CHARACTERISTICS OF GEM

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 the GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at <http://www.hkgem.com> in order to obtain up-to-date information on GEM-listed issuers.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	3
The Pledged Deposit	4
Reasons for the Pledge	5
Recent development and present Status of the Pledged Deposit	5
Reasons for Failure to Disclose the Pledged Deposit	6
Rectification measures	7
Information on WPIL	8
Information on the Group	8
Further information	8
Appendix – General information	9

DEFINITIONS

In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

“Announcement”	the announcement of the Company dated 4 March 2003
“associates”	has the meaning ascribed to it in the GEM Listing Rules
“Bank”	Bank of East Asia Limited
“Board”	the board of Directors
“Company”	Riverhill Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Cyber World”	Cyber World Technology Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	Person(s) who is/are independent of and not connected with the chief executive, Directors, management shareholders and substantial shareholders and substantial shareholders of the Company or its subsidiaries and their respective associates
“Latest Practicable Date”	10 April 2003, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Proceeds”	the net proceeds from the Share Offer
“Main Board”	The stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the option market) and which continues to be operated by the Stock Exchange

DEFINITIONS

“management shareholders”	has the meaning ascribed thereto in the GEM Listing Rules
“Overdraft Facility”	the HK\$10,000,000 overdraft provided by the Bank to WPIL on 29 January 2002
“Pledge”	the deed of charge on cash deposit placed with the Bank to secure Third Party Obligations executed by Cyber World in favour of Bank of East Asia Limited dated 29 January 2002
“Pledged Deposit”	the HK\$10,000,000 cash deposits maintained by Cyber World with Bank pledged as security for the Overdraft Facility pursuant to the Pledge
“PRC” or “China”	the People’s Republic of China, while for the purpose of this circular, does not include Hong Kong
“Prospectus”	the prospectus of the Company dated 18 May 2001
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shares”	the shares of HK\$0.01 each in the capital of the Company
“Share Offer”	the offer of shares by the Company as detailed in the Prospectus
“Siping Wei Da”	Siping Wei Da, a company established in the PRC and a wholly owned subsidiary of WPIL
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WPIL”	Well Pacific Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

LETTER FROM THE BOARD



RIVERHILL HOLDINGS LIMITED

山河控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Directors:

Mr Liu Hao

Mr Wang Guo Wei

Mr Yick Chong San

Independent Non-executive Directors:

Prof. Hong Jun Yan

Prof. Zhou Qi Ming

Registered office:

Ugland House

P.O. Box 309

South Church Street

George Town

Grand Cayman

Cayman Islands

British West Indies

Head office and principal

place of business in Hong Kong:

Room 101, St. George Building

2 Ice House Street

Central, Hong Kong.

To the shareholders of the Company

Dear Sir or Madam,

DISCLOSABLE TRANSACTION

INTRODUCTION

The Board announced on 4 March 2003 that Cyber World, a wholly owned subsidiary of the Company, entered into the Pledge, pursuant to which, Cyber World has pledged the Pledged Deposit as security for the Overdraft Facility.

The provision of the Pledged Deposit constituted a disclosable transaction of the Company under the GEM Listing Rules. The purpose of the circular is to provide you with further details of the Pledged Deposit.

On 12 March 2003, the Board further announced that the Bank has exercised its right under the deed of charge on cash deposit entered into between the Bank and Cyber World on 29 January 2002 to set-off the Pledged Deposit against the Overdraft Facility.

* For identification only

LETTER FROM THE BOARD

THE PLEDGED DEPOSIT

Date

29 January 2002

Parties and nature

- Borrower : WPIL, a company incorporated in the British Virgin Islands with limited liability and is beneficially owned as to approximately 37.5% by Sino Talent Limited, as to 30.63% by Chongold Limited, as to approximately 11.06% by Ever Long Investments Holdings Limited, as to approximately 10.81% by Best Gain Enterprise Limited, as to 5% by World Express Investments Limited and as to 5% by First Honour Limited.
- Lender : The Bank
- Pledgor : Cyber World, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company

The Bank, Sino Talent Limited, Chongold Limited and First Honour Limited (together with their respective shareholders) are Independent Third Parties.

The Directors confirm that to the best of the Directors' knowledge, Sino Talent Limited, Chongold Limited and First Honour Limited (together with their respective shareholders) are independent third parties not connected with Styland Holdings Limited, Digital World Holdings Limited, Inworld Group Limited and their respective associates.

Both Ever Long Investments Holdings Limited and Best Gain Enterprise Limited are wholly owned subsidiaries of Styland Holdings Limited, a substantial shareholder of the Company. World Express Investments Limited is a wholly owned subsidiary of Digital World Holdings Limited which in turn owns approximately 7.1% of the issued share capital of the Company.

The Bank provided WPIL the Overdraft Facility and as security to the Overdraft Facility, Cyber World pledged its cash deposits maintained with the Bank in order to maintain a minimum loan-to-deposit ratio of 1:1 at nil consideration. The cash deposits of Cyber World were part of the Listing Proceeds.

The provision of the Pledged Deposit constituted a disclosable transaction under the GEM Listing Rules as the value of the Pledged Deposit exceeded 15% of the value of the net tangible assets of the Company at the relevant time.

LETTER FROM THE BOARD

REASONS FOR THE PLEDGE

The Directors considered that the provision of the Pledged Deposit as security for the Overdraft Facility would provide WPIL with the financial resources required to implement its business plan to establish an intelligent transportation platform for crop transportation business in North Eastern China. The Directors believe that the provision of the Pledged Deposit would secure the Group's position as the sole technology provider for the information technology platform to be established by WPIL in relation to its business plan. The Group would benefit from these new projects as the Group would be supplying software and hardware to the proposed platform. The Directors, including the independent non-executive Directors, now do not consider that the terms of the Pledge to be fair and reasonable and the pledging of the Pledged Deposit is not in the interests of the shareholders of the Company as a whole. The Directors now consider the provision of the Pledged Deposit to be unfair and unreasonable since WPIL has failed to perform its obligations under the Overdraft Facility and the Company has suffered a loss as a result of the forfeiture of the Pledged Deposit by the Bank. Further, the Company will incur legal costs for taking legal actions for compensation in relation to the forfeiture of the Pledged Deposit. Based on the above reasons, the Directors now do not consider the provision of the Pledged Deposit to be fair and reasonable.

RECENT DEVELOPMENT AND PRESENT STATUS OF THE PLEDGED DEPOSIT

Wang Yan, a major shareholder of WPIL has entered into a personal guarantee under seal with Cyber World on 29 January 2003 indemnifying Cyber World for all liabilities, losses damages, costs and expenses which may be suffered or incurred by Cyber World as a result of any failure by WPIL in performing or discharge of its obligations to under the Overdraft Facility. The personal guarantee executed by Wang Yan is subject to Hong Kong laws and is legally enforceable in accordance with its terms.

In February 2003, the Group and WPIL agreed to the release of the Pledged Deposit following the receipt by Siping Wei Da, a wholly owned subsidiary of WPIL of a loan from an Independent Third Party for RMB5.5 million. Upon receipt of the proceeds from this loan, WPIL will repay part of the Overdraft Facility and as a result, HK\$5,000,000 of the Pledged Deposit will be available for release. The Group and WPIL have agreed to extend the balance of the Pledged Deposit of HK\$5,000,000 to 30 June 2003.

On 15 February 2003 WPIL informed the Directors that Siping Wei Da, a wholly owned subsidiary of WPIL had received a loan of RMB5.5 million from an Independent Third Party and was in the process of remitting the proceeds from the loan to repay part of the Overdraft Facility. Upon the repayment of part of the Overdraft Facility by WPIL, the Directors expected that approximately HK\$5 million of the Pledged Deposit would be released by the Bank. The Company had been informed that approval from the Foreign Exchange Bureau for the remittance of the loan proceeds by Siping Wei Da to WPIL had been granted and arrangements were being made to repay the Overdraft Facility.

In early March, WPIL informed the Company that it was in the process of remitting the proceeds from a loan for RMB5.5 million to Hong Kong and WPIL agreed with the Company that subject to any outstanding interests and charges due to the Bank, the entire sum of the loan proceeds will be paid to the Company as partial compensation for the forfeiture of the Pledged Deposit by the Bank.

LETTER FROM THE BOARD

On 12 March 2003, Cyber World received a letter from the Bank informing Cyber World that the Bank has exercised its right under the deed of charge on cash deposit entered into between the Bank and Cyber World on 29 January 2002 to set-off the Pledged Deposit against the Overdraft Facility as partial settlement of the overdue amount under the Overdraft Facility.

On 18 March 2003, formal demand letters have been sent to each of WPIL and Mr Wang Yan demanding HK\$5,000,000 be repaid to the Company and the Company will commence formal legal proceedings against WPIL and Mr Wang Yan on for the recovery of the entire amount of the Pledged Deposit.

In late March 2003, a third party (the “Third Party”) has made an offer to the Company regarding the assignment of the right to recover damages from WPIL and Wang Yan by the Group. However in early April, negotiation for the proposed assignment of the right to recover damages from WPIL and Wang Yan by the Group to the Third Party had been terminated as the parties cannot reach an agreement on the terms for the assignment.

As at the Latest Practicable Date, the amount has not been received by the Company. The Directors anticipate that legal action will commence against WPIL and Wang Yan during the week commencing 14 April 2003.

The Directors consider that the daily operations and the cash flow of the Group will not be affected by the forfeiture of the Pledged Deposit by the Bank. However, as disclosed in the Announcement, the Directors consider that, should the Company not be able to recover the HK\$10,000,000 in full, the Group’s proposed investment for the establishment of a joint venture for the provision of virtual reality and digital community management services and a joint venture for the supply and installation of GPS automatic vehicle locators as stated in the Prospectus may be delayed or the Group may have to fund its investments in these joint ventures from other sources.

REASONS FOR FAILURE TO DISCLOSE THE PLEDGED DEPOSIT AND THE DESPATCH OF THIS CIRCULAR WITHIN THE TIME LIMIT PRESCRIBED UNDER THE GEM LISTING RULES

The Pledged Deposit was pledged as security to the Overdraft Facility which occurred in early 2002 and at the relevant time the Company had only been listed on GEM for several months and the Directors were inexperienced in handling compliance issues in accordance with the GEM Listing Rules. In this connection, the Directors believed that the pledging of the Pledged Deposit was only subject to the disclosure requirements under Rule 17.15 of the GEM Listing Rules but not under Chapter 19 of the GEM Listing Rules, and as such no disclosure would be required from the Company as the Pledged Deposit amounted to less than 25% of the net tangible assets of the Company at the time of the transaction. Due to a decline in the net asset value of the Company, as at 31 December 2002, the Pledged Deposit exceeded 25% of the net asset value of the Company, and as such, the Directors have made relevant disclosure in the interim report of the Company for the six months ended 31 December 2002. The Directors did not consider a separate announcement under Chapter 19 of the GEM Listing Rules in relation to the Pledged Deposits was required.

LETTER FROM THE BOARD

The Company did not consult its sponsor in relation to the provision of the Pledged Deposit and any disclosure requirements that may be required under the GEM Listing Rules. As the Directors held the mistaken belief that the provision of the Pledged Deposit was not a disclosable transaction under the GEM Listing Rules, the Company did not consult its sponsor prior to entering into the Pledge. The Directors will ensure that the Company's sponsor is consulted in the future when the Group enters into any transaction of a material nature.

Pursuant to Rule 19.36, the Company is required to despatch a circular in relation to the Pledge within 21 days of the after the publication of the announcement of the Company on 4 March 2003. The Company was granted waivers by the Stock Exchange to delay the despatch of this circular from 25 March 2003 to 8 April 2003 for reasons which had been stated in two announcements of the Company dated 24 March 2003 and 31 March 2003 respectively.

However, due to the inability of the Directors to reached an agreement on certain information in this circular, which had subsequently been resolved, this circular could not be despatched on or before 8 April 2003.

The failure of the Company to despatch this Circular on 8 April 2003 and the failure of the Company to disclose the Pledged Deposit under Chapter 19 of the GEM Listing Rules constitute breaches of the GEM Listing Rules and the Stock Exchange reserves the right to take further action against the Company and the Directors.

RECTIFICATION MEASURES

In order to ensure that the GEM Listing Rules are complied with in the future, the Directors have advised that the following measures will be implemented:

the legal advisers to the Company have been asked by the Board to organise a seminar for reinforcing and reminding the Directors of their duties as directors of a listed company and various requirements under the GEM Listing Rules on or around the time when the Board will meet to consider the Group's third quarter results for 2002-2003;

a compliance committee of Directors comprising the compliance officer and another Director will be formed prior to the Board meeting to be held in or around mid-May for considering and approving the third quarter results of the Group for 2002-2003. The terms of reference of the compliance committee are to assist and work with the compliance officer in carrying out his duties and responsibilities as laid down in the GEM Listing Rules and to review and suggest ways to improve the existing compliance procedures of the Company. Meetings of the compliance committee will be held at quarterly intervals in normal circumstances or where the circumstances so warrant. The sponsor of the Company will be invited to attend all meetings of the compliance committee with copy of minutes of the meeting sent to the sponsor of the Company for review and record purposes; and

LETTER FROM THE BOARD

a special committee of the Directors comprising the financial Director and another Director will be constituted prior to the Board meeting to be held in or around mid-May for considering and approving the third quarter results of the Group for 2002-2003 to work with the existing audit committee. The primary objectives of the special committee are to review the existing internal control of the Group and to suggest ways for improving the internal procedures of the Group.

With the above improvement, the Directors believe that compliance with the GEM Listing Rules will be performed effectively in the future.

INFORMATION ON WPIL

WPIL is engaged in the provision of transportation services to primarily crop growing entities in North Eastern China. It has over 100 trucks operating in the region. WPIL is interested in establishing an intelligent transportation platform for crop transportation business in North Eastern China to minimise the delay caused in the linkage of railway and road transportation, and storage cost. As at 31 October 2002, Siping Wei Da, being the only operating subsidiary of WPIL has an unaudited net asset value of approximately RMB65 million and WPIL is an investment holding company, no accounts have been prepared.

INFORMATION ON THE GROUP

The Group is engaged in the research, development and provision of integrated applications and solutions using Geographic Information System, Remote Sensing, Global Positioning Systems, virtual reality, internet and networking technology. When the Group provided the Pledged Deposit, the Board considered that the terms of the Pledge were fair and reasonable and was in the interests of the Company and its shareholders as a whole.

FURTHER INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

Yours faithfully
For and on behalf of the Board of
Riverhill Holdings Limited
Yick Chong San
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and is not misleading;
- (b) there are no other facts the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the share capital of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SF Ordinance (including interests or short positions which they have taken or deemed to have under the SFO), or which were required, pursuant to the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Ordinary Shares

Name of Directors	Number of shares		Total
	Personal interests	Corporate interests	
Wang Guo Wei	1,920,000	Nil	1,920,000
Liu Hao	1,200,000	Nil	1,200,000
Yik Chong San	Nil	105,921,569	105,921,569

(Note 1)

Note:

1. These Shares are held by Cyber Town Company Limited and Cyber Town Company limited is beneficially owned as to 30% by Mr Yick Chong San.

(b) Rights to Acquire Shares or Debentures

As at the Latest Practicable Date, the Directors had the following personal interests in the options to subscribe for shares:

Name	Date of grant	No. of options outstanding at the Latest Practicable Date	Exercise price of options (HK\$)
Wang Guo Wei	14 May 2001	1,760,000	0.6
Liu Hao	14 May 2001	8,160,000	0.6
Yick Chong San	14 May 2001	5,760,000	0.6
Hong Jun Yun	14 May 2001	400,000	0.6
Zhou Qi Ming	14 May 2001	400,000	0.6
		16,480,000	

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of, the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(c) Substantial Shareholders

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the persons/companies (not being a Director or chief executive of the Company) who have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO are as follows:

	Personal interest	Number of Shares Corporate interest	Total	Percentage of issued share capital
Global Eagle Investments Limited (Note 1)	Nil	114,509,804	114,509,804	27.59%
Cyber Town Company Limited (Note 2)	Nil	105,921,569	105,921,569	25.52%
Cyber City Technology Limited (Note 3)	Nil	57,254,902	57,254,902	13.8%
Digital World Holdings Limited (Note 4)	Nil	29,433,725	29,433,725	7.1%

Notes:

1. Global Eagle Investments Limited was incorporated in the British Virgin Islands and is a wholly-owned subsidiary of Styland Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the Main Board.
2. Cyber Town Company Limited was incorporated in the British Virgin Islands and its entire issued share capital of which is beneficially owned as to 35% by Prof. He Xiao Feng, as to 35% by Prof. Liu Wei and as to 30% by Mr Yick Chong San.
3. Cyber City Technology Limited was incorporated in the British Virgin Islands and its entire issued share capital of which is beneficially owned as to 35% by Prof. Yang Kai Zhong, as to 35% by Prof. Wu Lun and as to 30% by Prof. He Xiao Feng.
4. These Shares are held as to 14,313,725 Shares by Vital Tech Company Limited and as to 15,120,000 Shares by Dynamic Rich Limited, both of which are wholly owned subsidiaries of Digital World Holdings Limited.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person who has an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. INTERESTS OF THE SPONSOR

Pursuant to the sponsor agreement entered into between the Company and Anglo Chinese Corporate Finance, Limited, Anglo Chinese Corporate Finance, Limited has received and will receive a fee for acting as the sponsor of the Company from the date on which the Shares are listed on GEM on 30 June 2001 and for two years thereafter until 30 June 2003.

As at the Latest Practicable Date, neither Anglo Chinese Corporate Finance, Limited nor its directors or employees or associates (as referred to in note 3 to Rule 6.35 of the GEM Listing Rules) has any interests in the Shares, including options or rights to subscribe for any Shares.

4. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of themselves or the management shareholders of the Company or their respective associates had any interests in a business which competes or may compete with the business of the Group.

5. LITIGATION

Save as disclosed in the Circular, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

6. SERVICE CONTRACTS

Each of Mr Wang Guo Wei, Mr Liu Hao and Mr Yick Chong San, being all the executive Directors, has entered into a continuous service contract with the Company on 8 May 2001 with retrospective effect from 1 December 2000 unless terminated by either party thereto giving to the other not less than three months' notice in writing, or otherwise in accordance with its terms.

As at the Latest Practicable Date, none of the Directors has entered into any services contract with any member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

7. MISCELLANEOUS

- (a) The registered office of the Company is located at Ugland House, P.O. Box 309, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (b) The head office and principal place of business of the Company in Hong Kong is located at Room 101, St. George's Building, 2 Ice House Street, Central, Hong Kong.
- (c) The compliance officer of the Company is Mr Liu Hao, an executive Director.
- (d) The company secretary of the Company is Mr Yick Chong San.

- (e) The qualified accountant of the Company is Mr Yick Chong San. Mr Yick is an associate member of the Association of Chartered Certified Accountants in the United Kingdom.
- (f) The Company has established an audit committee with written terms of reference in compliance with Rules 5.23 to 5.24 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. The audit committee has two members comprising Prof. Hong Jun Yan and Prof. Zhou Qi Ming.

Prof. Hong Jun Yan is a professor of the Department of International Economics of Peking University. Prof. Hong holds a master's degree in arts from Peking University and a bachelor's degree in arts from Yenching University. He has extensive teaching and research experience in business and economics. In the 1980s, Prof. Hong was granted a research fellowship by Columbia University and University of Michigan, Ann Arbor in the United States. He has also been teaching at Peking University for more than 40 years. Prof. Hong was appointed as an independent non-executive Director on 4 May 2001.

Prof. Zhou Qi Ming is an associate professor of the Department of Geography at the Hong Kong Baptist University. Prof. Zhou holds a doctor's degree in philosophy from the School of Geography at the University of New South Wales, Australia. Before joining the Hong Kong Baptist University in 1997, he has taught at the University of New South Wales since 1990. Apart from teaching, Prof. Zhou has also been a consultant providing advice on GIS to various organizations such as the Lands Department and Agricultural and Fishery Department OF Hong Kong, Asian Development Bank, The Ministry of Science and Technology in Mainland China and the United Nations. He was appointed as an independent non-executive Director on 4 May 2001.