

IMPORTANT

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

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

This circular, for which the directors (“**Directors**”) of Riverhill Holdings Limited (the “**Company**”) 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 for the purpose of giving information with regard to the Company. The Directors of the Company having made all reasonable enquires, confirm that, to the best of their knowledge and belief, (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) 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.



RIVERHILL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE OF ITS OWN SHARES

The notice convening the annual general meeting of the Company to be held at The Crystal Room I, 3/F., Panda Hotel, 3 Tsuen Wah Street, Tsuen Wan, N.T., Hong Kong on 31 October 2003 at 10:00 a.m. is set out in the 2003 Annual Report.

A form of proxy for the annual general meeting is enclosed with the 2003 Annual Report. Whether or not you propose to attend the annual general meeting, you are requested to complete the form of proxy and return the same to the Company’s branch share registrar in Hong Kong, Tengis Limited at 28th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting if you so wish.

This circular will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for 7 days from the date of its posting.

26 September 2003

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 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 Interest website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“2003 Annual Report”	the audited consolidated financial statements and the reports of the directors and auditors of the Company for the year ended 30 June 2003
“AGM”	the annual general meeting of the Company to be held at The Crystal Room I, 3/F., Panda Hotel, 3 Tsuen Wah Street, Tsuen Wan, N.T., Hong Kong on 31 October 2003 at which the 2003 Annual Report will be adopted
“Commission”	Securities and Futures Commission
“Company”	Riverhill Holdings Limited, a company incorporated in the Cayman Islands with limited liability
“Directors”	directors of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	26 September 2003, being the latest practicable date prior to the printing of this circular
“Main Board”	The stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) and which continues to be operated by the Stock Exchange
“New Issue Mandate”	the general mandate to allot, issue and deal with Shares not exceeding 20 per cent. of the issued share capital of the Company as at the date of passing of the resolution approving the New Issue Mandate and adding to such general mandate so granted to the directors any shares representing the aggregate nominal amount of the shares repurchased by the Company after the granting of the Repurchase Mandate
“Repurchase Mandate”	the general mandate to exercise the power of the Company to repurchase Shares up to a maximum of 10 per cent. of the issued share capital of the Company as at the date of the resolution approving the Repurchase Mandate
“Share(s)”	share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers approved by the Commission as amended from time to time

LETTER FROM THE BOARD OF DIRECTORS



RIVERHILL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Mr. Ng Kay Kwok
Mr. Shum Sai

Independent Non-Executive Directors:

Prof. Hong Jun Yan
Prof. Zhou Qi Ming

Registered Office:

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New Territories
Hong Kong

26 September 2003

To the Shareholders of the Company

Dear Sir or Madam,

GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE OF ITS OWN SHARES

INTRODUCTION

On 8 November 2002, resolutions were passed by Shareholders giving general unconditional mandates to the Directors to:

- (a) allot, issue and deal with Shares not exceeding 20 per cent. of the aggregate of the total nominal value of the share capital of the Company in issue at the date of passing such resolution;
- (b) to repurchase Shares not exceeding 10 per cent. of the aggregate of the total nominal value of the share capital of the Company in issue at the date of passing such resolution; and
- (c) add to the allotment mandate for issuing Shares set out in (a) above the number of Shares repurchased by the Company pursuant to the repurchase mandate set out in (b) above.

LETTER FROM THE BOARD OF DIRECTORS

The abovementioned general mandates will expire at the conclusion of the AGM and the purpose of this circular is to request your support to renew the general mandates at the AGM.

The Schedule to this circular contains an explanatory statement, as required by rule 13.08 of the GEM Listing Rules, to provide the requisite information to the Shareholders to enable the Shareholders to make an informed decision on whether to vote for or against the resolution to grant the New Issue Mandate and the Repurchase Mandate.

NEW ISSUE MANDATE

At the AGM, an ordinary resolution will be proposed which, if passed, will give the Directors the New Issue Mandate. In addition, conditional upon the proposed resolution to grant to the Directors the Repurchase Mandate being passed, an ordinary resolution will be proposed to authorise the Directors to allot, issue and otherwise deal with new Shares up to an amount equal to the aggregate nominal amount of the Shares repurchased by the Company in order to provide flexibility for issuing new Shares when it is in the interests of the Company.

REPURCHASE MANDATE

An ordinary resolution will be proposed at the AGM to grant to the Directors the Repurchase Mandate, details of which are set out in ordinary resolution 5 in the notice of AGM. The Shares which may be repurchased pursuant to Repurchase Mandate is limited to a maximum of 10 per cent. of the issued share capital of the Company at the date of passing of the resolution approving the Repurchase Mandate, i.e. 41,500,000 Shares.

Details of the aforesaid two ordinary resolutions are set out in ordinary resolution 4 and 5 in the notice of AGM.

ANNUAL GENERAL MEETING

A notice of the AGM is set out on page 3 the 2003 Annual Report.

A form of proxy for the AGM is enclosed with the 2003 Annual Report. Whether you intend to attend the AGM or not, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tengis Limited at 28th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for the AGM. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM in person if you so wish.

RECOMMENDATION

The Directors are of the opinion that the proposals referred to in this circular are in the best interests of the Company and the Shareholders and recommend all Shareholders to vote in favour of all the resolutions relating to the New Issue Mandate and the Repurchase Mandate to be proposed at the AGM.

Yours faithfully
For and on behalf of the board of Directors of
Riverhill Holdings Limited
Ng Kay Kwok
Director

This is an explanatory statement given to all Shareholders relating to the resolution to be proposed at the AGM authorising the Repurchase Mandate. This explanatory statement contains all the information required pursuant to rule 13.08 and other relevant provisions of the GEM Listing Rules and the Stock Exchange.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 415,000,000 Shares.

Subject to the passing of the ordinary resolution 5 set out in the notice of AGM and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 41,500,000 Shares, representing 10 per cent. of the issued share capital of the Company, during the course of the period from the passing of the resolution until (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of Repurchase Mandate by ordinary resolution of Shareholders in general meeting, whichever occurs first.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and Shareholders for the Directors to have general authority from Shareholders to enable the Company to repurchase Shares in the market repurchases of Shares will only be made when the Directors believe that such repurchase will benefit the Company and Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or its earnings per share of the Company.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association, the GEM Listing Rules and the applicable laws of the Cayman Islands. The Company may not repurchase its own Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

4. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the 2003 Annual Report) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the GEM in each of the twelve calendar months preceding of the date of this document were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
September 2002	0.345	0.245
October 2002	0.250	0.128
November 2002	0.180	0.100
December 2002	0.245	0.175
January 2003	0.220	0.199
February 2003	0.210	0.189
March 2003	0.200	0.180
April 2003	0.190	0.168
May 2003	0.206	0.186
June 2003	0.188	0.141
July 2003	0.120	0.099
August 2003	suspended	suspended
September 2003 (up to the Latest Practicable Date)	suspended	suspended

6. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

7. TAKEOVERS CODE CONSEQUENCE

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a shareholder, or a group of shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the following Shareholders are interested in more than 10 per cent. of the Shares then in issue:

Name	Number of Shares	Percentage holding
Cyber Town Company Limited (<i>Note 1</i>)	105,921,569	25.52%
Cyber City Technology Limited (<i>Note 2</i>)	57,254,902	13.80%
Global Eagle Investments Limited (<i>Note 3</i>)	114,509,804	27.59%

Notes:

1. 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 per cent. by Prof. He Xiao Feng, as to 35 per cent. by Prof. Liu Wei and as to 30 per cent. by Mr. Yick Chong San.
2. Cyber City Technology Limited was incorporated in the British Virgin Islands and the entire issued share capital of which is beneficially owned as to 35 per cent. by Prof. Yang Kai Zhong, as to 35 per cent. by Prof. Wu Lun and as to 30 per cent. by Prof. He Xiao Feng.
3. 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.

In the event that the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the total interests of the above Shareholders in the Shares would be increased to:

Name	Percentage holding
Cyber Town Co. Ltd.	28.36%
Cyber City Technology Ltd.	15.33%
Global Eagle Investments Limited	30.65%

As a consequence arised under the Takeover Code, Global Eagle Investments Limited would be obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

The Company may not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 20 per cent..

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their associates (as defined in the GEM Listing Rules) has notified the Company of any present intention, if the Repurchase Mandate is approved by the Shareholders to sell shares to the Company or its subsidiaries.

No connected person (as defined in the GEM Listing Rules) has notified the Company that it has a present intention to sell shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

8. SHARES REPURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company (whether on the GEM or otherwise) during the period from the six calendar months immediately preceding the date of this document.