



RIVERHILL HOLDINGS LIMITED

山河控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8127)

INTERIM RESULTS ANNOUNCEMENT 2005

CHARACTERISTICS OF THE GROWTH ENTERPRISES MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK 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 market more suited to professional and other sophisticated investors.

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This announcement for which the directors of Riverhill Holdings Limited (the “Directors”) collectively and individually accept 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 (“GEM Listing Rules”) for the purpose of giving information with regard to Riverhill Holdings Limited. The Directors, having made all responsible enquiries, confirm that, to the best of their knowledge and belief (1) the information contained in this audited annual result 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; (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and founded on bases and assumptions that are fair and reasonable.

* for identification purpose only

RESULTS

The board of directors of the Company presents the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 31 December 2004 together with the unaudited comparative figures for the corresponding periods in 2003 as follows:

		For the three months ended 31 December		For the six months ended 31 December	
		2004	2003	2004	2003
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		Unaudited	Unaudited	Unaudited	Unaudited
Turnover	2	612	–	612	–
Cost of sales		(348)	–	(348)	–
Gross profit		264	–	264	–
General and administrative expenses		(123)	(376)	(250)	(806)
Profit/(Loss) from operating activities	3	141	(376)	14	(806)
Impairment loss of subsidiaries de-consolidated and investment in associates		–	–	–	(8,570)
Profit/(Loss) before taxation		141	(376)	14	(9,376)
Taxation	4	(10)	–	(10)	–
Net Profit/(Loss) attributable to shareholders		131	(376)	4	(9,376)
Profit/(Loss) per share – basic	5	0.03 cent	(0.09 cent)	0.001 cent	(2.26 cents)

CONSOLIDATED BALANCE SHEET

As at 31 December 2004

	As at 31 December 2004 <i>HK\$'000</i> Unaudited	As at 30 June 2004 <i>HK\$'000</i> Audited
Non-current assets		
Fixed assets	134	–
Interests in associates	–	–
	<hr/> 134	<hr/> –
Current assets		
Trade receivables	62	–
Prepayments, deposits and other receivables	13,145	13,069
Cash and bank balances	275	6
	<hr/> 13,482	<hr/> 13,075
Current liabilities		
Trade payables	186	–
Other payables and accrued liabilities	2,050	1,709
Tax payable	10	–
	<hr/> 2,246	<hr/> 1,709
Net current assets	<hr/> 11,236	<hr/> 11,366
Net assets	<hr/> 11,370	<hr/> 11,366
Capital and reserves		
Issued capital	41,500	41,500
Reserves	(30,130)	(30,134)
	<hr/> 11,370	<hr/> 11,366

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2004

	31 December 2004	31 December 2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Net cash inflow/(outflow) from operating activities	269	(427)
Net cash outflow from investing activities	–	–
Net cash inflow from financing activities	–	100
	<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents	269	(327)
Cash and cash equivalents at beginning of period	6	351
	<hr/>	<hr/>
Cash and cash equivalents at end of period	<u>275</u>	<u>24</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 31 December 2004

	Share capital	Share premium	Contributed surplus	Accumulated losses	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 July 2003	41,500	16,288	7,906	(43,588)	22,106
Loss for the period	–	–	–	(9,376)	(9,376)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	<u>41,500</u>	<u>16,288</u>	<u>7,906</u>	<u>(52,964)</u>	<u>12,730</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 July 2004	41,500	16,288	7,906	(54,328)	11,366
Profit for the period	–	–	–	4	4
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	<u>41,500</u>	<u>16,288</u>	<u>7,906</u>	<u>(54,324)</u>	<u>11,370</u>

Notes:

1. Basis of preparation and accounting policies

The unaudited consolidated interim financial statements are prepared in accordance with Statements of Standard Accounting Practice issued by the Hong Kong Institute of Certified Public Accountants, the disclosure requirements set out in Chapter 18 of the GEM Listing Rules. The accounting policies adopted in the preparation of the unaudited consolidated interim financial statements of the Group are consistent with those adopted by the Group in its annual report for the year ended 30 June 2004.

2. Turnover and segment information

Turnover represents the value of services rendered and the net invoice value of goods sold, after allowances for returns, trade discounts and sales tax.

Segment information is presented in respect of the Group's business. Summary details of the business segments are as follows:

- (a) the sales of software and hardware;
- (b) the provision of information technology contract services; and
- (c) the investment holding which refers to investments in subsidiaries and associates.

	Sales of software and hardware		Provision of information technology contract services		Investment holding		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to customers	–	–	612	–	–	–	612	–
Segment results	–	–	264	–	(250)	(806)	14	(806)
Impairment loss of subsidiaries de-consolidated and investment in associates							–	(8,570)
Profit/(Loss) before taxation							14	(9,376)
Taxation							(10)	–
Net profit/(loss) attributable to shareholders							4	(9,376)

3. Profit/(Loss) from operating activities

The Group's profit/(loss) from operating activities is arrived at after charging:

	For the three months ended 31 December		For the six months ended 31 December	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of services rendered	348	–	348	–
Depreciation	3	13	4	36
Minimum lease payments under operating lease in respect of land and buildings	30	20	–	39
	<u>30</u>	<u>20</u>	<u>–</u>	<u>39</u>

4. Taxation

Hong Kong Profits Tax has been provided in the financial statements at a rate of 17.5% (2003: Nil) on the estimated assessable profits of a subsidiary for the period. No provision for tax is required for the Company as no assessable profits were generated by the Company during the period.

	For the six months ended 31 December 2004	For the six months ended 31 December 2003
	HK'000	HK'000
	Unaudited	Unaudited

Current Taxation

Provision for the period
– Hong Kong

	<u>10</u>	<u>–</u>
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Deferred tax liabilities have not been provided as there were no material temporary differences as at 31 December 2004. Deferred tax assets arising from the Company have not been recognised in respect of tax losses due to the unpredictability of future profit streams.

5. Earning per share

The calculation of the basic earning per share for the three months ended 31 December 2004 is based on the net profit attributable to shareholders for the period of HK\$131,000 (2003: Loss of HK\$376,000) and on issued number of 415,000,000 (2003: 415,000,000) ordinary shares in issue during the period.

The calculation of the basic earning per share for the six months ended 31 December 2004 is based on the net profit attributable to shareholders for the period of HK\$4,000 (2003: Loss of HK\$9,376,000) and on the issued number of 415,000,000 (2003: 415,000,000) ordinary shares in issue during the period.

The diluted earning per share has not been presented as the outstanding options had an anti-dilutive effect on the basic earning per share for the period.

6. Trade receivables

The Group's turnover is entered into on credit terms ranging from 30 to 90 days. The aging analysis of trade receivables at the respective balance sheet dates were as follows:

	As at 31 December 2004 <i>HK'000</i> Unaudited	As at 31 December 2003 <i>HK'000</i> Unaudited
0 – 30 days	24	–

7. Interim dividend

The directors do not recommend the payment of any interim dividend in respect of the six months ended 31 December 2004 (2003: Nil).

BUSINESS REVIEW

Financial Highlights

The general and administrative expenses was squeezed to HK\$123,000 and HK\$250,000 for the three months and six months ended 31 December 2004 respectively. The net assets value of the Group as at 31 December 2004 was at approximately HK\$11,370,000. The Group began to generate turnover since November 2004 with a gross profit margin at approximately 43% and accordingly incurred a net profit of HK\$131,000 and HK\$4,000 for the three months and six months ended 31 December 2004 respectively.

Liquidity and Financial resources

During the period, the Group financed its operations with internally generated cash flows. The Group had net current assets and net assets of HK\$11,236,000 and HK\$11,379,000 respectively as at 31 December 2004. The current ratio as at 31 December 2004 was 6.00 times (2003: 17.59 times).

Staff

As at 31 December 2004, the Group has maintained six full-time employees and 12 external IT engineering consultants.

Outlook in Business

To adhere to the business plan as mentioned in the first quarter report 2005, the Group has begun to generate turnover since November 2004 by entering several service contracts. Although all income was generated from clients located in Hong Kong, the Group is also placing substantial effort to expand its operations by searching new clients from overseas including PRC and Macau in order to boost up the growth of profit.

Moreover, the Group will continue to explore ways and means of developing the Group's investments, which with prudent management can be expected to show real growth in the years ahead.

Major Acquisitions and Disposals of Assets

During the six months ended 31 December 2004 there was no major acquisitions and disposals of assets.

OTHER INFORMATION

Directors' Interests and Short Positions in Share, underlying shares and debentures of the Company

As at 31 December 2004, the interests and short positions of the directors of the Company and their respective associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 or 345 of Part XV 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, were as follows:

Ordinary shares of the Company

Name of director	Number of shares held and nature of interest		
	Personal	Corporate	Total
Shum Sai	4*	–	4
Cheung Kwok Chiu, Kris	2,000*	–	2,000
	<u>2,004</u>	<u>–</u>	<u>2,004</u>

* During the period, Mr. Shum Sai and Mr. Cheung Kwok Chiu received 2 and 1,000 shares respectively as dividend by being a Shareholder of Styland Holdings Limited, the holding company of Global Eagle Investments Limited which is one of the substantial shareholders of the Company.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2004, the following interests of 5% or more in the issued share capital of the Company were recorded in the register:

Name of shareholder	Number of shares held	Percentage of share holding
Cyber Town Company Limited	105,921,569	25.52%
Cyber City Technology Limited	57,254,902	13.80%
Global Eagle Investments Limited	42,382,257	10.21%
Digital World Holdings Limited	29,433,725	7.10%

Save as disclosed above, no other person had an interest or short position in the share capital of the Company that was required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEMES

- (a) The Company adopted a share option scheme (the “Share Option Scheme”) on 14 May 2001 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations.

As at 31 December 2004, no option was granted by the Company under the Share Option Scheme since its adoption.

- (b) Pursuant to a written resolution of the sole shareholder of the Company dated 4 May 2001, the Company also adopted the Pre-IPO Share Option Scheme.

As at 31 December 2004, no option was granted during the period.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the period.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the period, none of the directors nor the substantial shareholders of the Company had any interest in any business that directly or indirectly competed with the business of the Group.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the board practices and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules throughout the period ended 31 December 2004.

AUDIT COMMITTEE

The Company's audit committee was formed on 4 May 2001 with written terms of reference in compliance with GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual report, financial statements, interim reports and quarterly reports and to provide advice and comments thereon to the board of directors.

As at the date of this announcement, the Directors of the Company are:

Executive Directors

Mr. Sze Edvon Yeung Lung

Mr. Shum Sai

Independent Non-executive Directors

Mr. Fu Wing Kwok, Ewing

Mr. Chu Chi Kong, Francis

Mr. Cheung Kwok Chiu, Kris

On behalf of the Board

Sze Edvon Yeung Lung

Executive Director

Hong Kong 2 February 2005

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