



RIVERHILL HOLDINGS LIMITED

山河控股有限公司*

(incorporated in Cayman Islands with limited liability)

(Stock Code: 8127)

THIRD QUARTERLY RESULT 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 nine months ended 31 March 2005 together with the unaudited comparative figures for the corresponding periods in 2004 as follows:

	<i>Notes</i>	For the three months ended 31 March		For the nine months ended 31 March	
		2005	2004	2005	2004
		<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Turnover	2	893	–	1,505	–
Cost of sales		(538)	–	(886)	–
Gross profit		355	–	619	–
General and administrative expenses		(184)	(275)	(434)	(1,080)
Profit/(Loss) from operating activities		171	(275)	185	(1,080)
Impairment loss of subsidiaries de-consolidated and investment in associates		–	–	–	(8,570)
Profit/(Loss) before taxation		171	(275)	185	(9,650)
Taxation	3	(10)	–	(20)	–
Net Profit/(Loss) attributable to shareholders		161	(275)	165	(9,650)
Earnings/(Loss) per share – basic	4	0.04 cents	(0.07 cents)	0.04 cents	(2.33 cents)

NOTES:

1. Basis of preparation

These unaudited 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 and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. All intercompany transactions and balances within the Group have been eliminated on consolidation.

2. Turnover

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

3. Taxation

Hong Kong Profits Tax has been provided in the financial statements at a rate of 17.5% 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 three months ended 31 March		For the nine months ended 31 March	
2005	2004	2005	2004
HK\$'000	HK\$'000	HK\$'000	HK\$'000

Current Taxation

Provision for the period

– Hong Kong

<u>10</u>	–	<u>20</u>	–
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Deferred tax liabilities have not been provided as there were no material temporary differences as at 31 March 2005. Deferred tax assets arising from the Company have not been recognised in respect of tax losses due to the unpredictability of future profit streams.

4. Earnings/(Loss) per share

The calculation of the basic earnings per share for the three months ended 31 March 2005 is based on the net profit attributable to shareholders for the period of approximately HK\$161,000 (2004: Loss of approximately HK\$275,000) and on issued number of 415,000,000 (2004: 415,000,000) ordinary shares in issue during the period.

The calculation of the basic earnings per share for the nine months ended 31 March 2005 is based on the net profit attributable to shareholders for the period of approximately HK\$165,000 (2004: Loss of approximately HK\$9,650,000) and on the issued number of 415,000,000 (2004: 415,000,000) ordinary shares in issue during the period.

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

5. Third quarter dividend

The directors do not recommend the payment of any third quarter dividend in respect of the nine months ended 31 March 2005 (2004: Nil).

6. Movements of reserves

	Share premium		Contributed surplus		Accumulated losses		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July	16,288	16,288	7,906	7,906	(54,328)	(43,588)	(30,134)	(19,394)
Loss for the period	-	-	-	-	(127)	(8,999)	(127)	(8,999)
At 30 September and 1 October	16,288	16,288	7,906	7,906	(54,455)	(52,587)	(30,261)	(28,393)
Profit/(Loss) for the period	-	-	-	-	131	(376)	131	(376)
At 31 December and 1 January	16,288	16,288	7,906	7,906	(54,324)	(52,963)	(30,130)	(28,769)
Profit/(Loss) for the period	-	-	-	-	161	(275)	161	(275)
At 31 March	<u>16,288</u>	<u>16,288</u>	<u>7,906</u>	<u>7,906</u>	<u>(54,163)</u>	<u>(53,238)</u>	<u>(29,969)</u>	<u>(29,044)</u>

BUSINESS REVIEW

Financial Highlights

There have been no material changes to the state of the Company since the issue of the Company's interim report 2005. The general and administrative expenses were squeezed to approximately HK\$184,000 and HK\$434,000 for the three months and nine months ended 31 March 2005.

Staff

As at 31 March 2005, 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 providing system enhancement, systems upgrade, website design and hosting services to small and medium enterprises in Hong Kong and The People's Republic of China ("PRC").

The market condition of web design and hosting services showed a sign of improvement but price competition remained fierce. The focus of the Group's effort will continue to be to market system enhancement, systems upgrade, website design and hosting services to small and medium enterprises in Hong Kong and the People's Republic of China ("PRC"). Management will strive to expand and broaden the customer base in the market by searching new clients from overseas and PRC.

Given the prospects of Macau's gambling and hotel industries, its economy is expected to growth and brings business opportunities for all industries. By forming strategic alliance with MAII, the Group's can explore Macau's market. Therefore, the Group's earning potential and customer base could be strengthened which would have a positive impact on the Group's earning base.

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 nine months ended 31 March 2005 there was no major acquisitions and disposals of assets.

OTHER INFORMATION

Directors' Interests and Short Positions in Share Capital and Options

As at 31 March 2005, 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 directors	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.

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 March 2005, 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 March 2005, no option was granted during the period.

SUBSTANTIAL SHAREHOLDERS

At 31 March 2005, 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%
Global Eagle Investments Limited#	42,382,257	10.21%
Cyber City Technology Limited	57,254,902	13.80%
Digital World Holdings Limited	29,433,725	7.10%

* Cyber Town Company Limited is beneficially owned as to 30% by Mr. Yick Chong San.

Global Eagle Investments Limited disposed 37,423,774 shares of the Company on 6 January 2005. The remaining number of shares held is 42,382,257 representing 10.21% of share holding.

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.

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 March 2005.

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.

On behalf of the board
Sze Edvon Yeung Lung
Executive Director

Hong Kong, 19 April 2005

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

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