



**GreaterChina**  
Technology Group Limited  
大中華科技(集團)有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Homepage: Greater China Herbs - Home Page



大中華中醫藥網

[www.greaterchinaherbs.com](http://www.greaterchinaherbs.com)

Quarterly Report for the period  
ended 30 April 2000



## CHARACTERISTICS OF THE GROWTH ENTERPRISE 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 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 in order to obtain up-to-date information on GEM-listed issuers.

*This document, for which the directors of GreaterChina Technology Group 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 for the purpose of giving information with regard to GreaterChina Technology Group Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this document 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 document misleading; and (3) all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## CHAIRMAN'S STATEMENT

With our deepest gratitude in thanking all of you your consistent support and encouragement, we hereby present to you our first quarterly unaudited results since the listing of GreaterChina Technology Group Limited (the "Company") on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited on 6 April, 2000.

The mission of the Company and its subsidiaries ("Group") is to become the provider of the largest interactive medium on the Internet with a balanced portfolio of high potential technology ventures that promote a premium quality lifestyle.

The Group's success is highly dependable on its business strategies and management vision. We believe that the key to building successful vertical portals such as the Group's [www.greaterchinaherbs.com](http://www.greaterchinaherbs.com), [www.Ladiesasia.com](http://www.Ladiesasia.com), and our future [www.ceohongkong.com](http://www.ceohongkong.com) is to encourage users to visit the sites frequently and spending more and more time on each visit. Therefore, the Group's vertical sites not only provide specific, in-depth contents to the web users but simultaneously attract special interested groups to visit these sites, thus creating users' stickiness, loyalty and an online community. Hence with a strong portal-to-traffic support, it is inevitable that the Group could operate commerce-related activities effectively, thus generating revenue opportunities. With our experienced and dedicated management team, the Group will definitely hold a positive presence as one of the leaders in today's high-tech Internet business.

## FINANCIAL REVIEW

For the three months period ended 30 April, 2000, the Group's revenue was HK\$3.1 million which comprised of HK\$1.8 million from interest income and HK\$1.3 million from its core business. The total expenditures during this period were accounted to be HK\$5.5 million, thus having a loss of HK\$2.4 million.

Our Group's advertising and other promotional expenses were below our initial budget due to proper cash management and costs consciousness contributed by our management team.

At present, the Group is at a very strong liquidity position, holding a fixed deposit of approximately HK\$330 million.

## BUSINESS REVIEW

### *Flagship Website – [www.greaterchinaherbs.com](http://www.greaterchinaherbs.com)*

The Group's flagship website [www.greaterchinaherbs.com](http://www.greaterchinaherbs.com) is one of the first websites that provide a comprehensive health and medical content with a focus on Traditional Chinese Medicine and therapies on the Internet. Leveraging on its position as one of the largest Traditional Chinese Medicine information providers on the Internet, the Group intends to provide an unique solution to the users that integrates the delivery of online information and the provision of consultation services and health-related products.

As at the period ending 30 April, 2000, [www.greaterchinaherbs.com](http://www.greaterchinaherbs.com) already attained 1 million pageviews and has created approximately 1,300 web pages of both English and Chinese proprietary content. As for the revenue side, [www.greaterchinaherbs.com](http://www.greaterchinaherbs.com) has already placed up to over 40 banner and button advertisements on the website and is now in the process of expanding its advertising opportunities to the worldwide marketplace. Apart from obtaining revenue from online advertising, the Group has already commenced other revenue channels. These revenues are generated through the development and consultation services and the commissioning of the e-commerce platform in which the Group offers to small medium enterprises.

On 20 April, 2000, a strategic alliance was formed between Sunday Communications Limited ("Sunday") and Greaterchinaherbs.com Limited ("GreaterChina"), a wholly owned subsidiary of the Company, which unites Sunday's "Total Access" technology and Greaterchina's fitness, health and beauty information to rollout more enhanced services to serve the lifestyle needs of our users.

During this period, the Group has also established co-branding partnership with our strategic investor Lycos Asia Pte Limited, enhancing our brand awareness and regional market recognition in Hong Kong, Singapore, Malaysia and Taiwan. Furthermore, the Japanese platform of [www.greaterchinaherbs.com](http://www.greaterchinaherbs.com) was also launched sometime in this period, six months well ahead of its original schedule. There are approximately 250 pages of proprietary contents which include 200 herbs on the Herbal Encyclopedia.

### *Second Website – [www.Ladiesasia.com](http://www.Ladiesasia.com)*

The Group's second website [www.Ladiesasia.com](http://www.Ladiesasia.com) was successfully launched on 23 May, 2000 and has again positioned itself as the future leader in paving the way for Asian women to unite together to express their inner thoughts and feelings. This Asian women's portal offers online

community, unique and informative content from fashion to beauty, health to sex, career to finance, events to social issues as well as a shopping boutique for health enhancing products and an auction platform is also available. Moreover, through [www.Ladiesasia.com](http://www.Ladiesasia.com) will also be providing fund raising channel for the education of female children in under-developed countries.

## FUTURE PLANS AND DEVELOPMENT

Apart from the aforementioned websites, the Group continues to build other quality lifestyle websites to complement its mission. [www.CEOHONGKONG.com](http://www.CEOHONGKONG.com) is intended to be launched sometime in the fall of this year. It is a subscriber's site and is targeted at businessmen, consultants, accountants and bankers in search of business information. It will also provide another online environment for users to share their business experience, company profile, planning and investment opportunities.

The Korean platform for [www.greaterchinaherbs.com](http://www.greaterchinaherbs.com) is scheduled to be commenced before the end of 2000. As part of the Group's strategies, in order to advance our global presence, the Group has commenced the translation of all our websites into multi-lingual platforms including Chinese, English, Japanese and Korean. Furthermore, the Group has already identified several Traditional Chinese Medicine institutions in the People's Republic of China to jointly organise online distance learning education programme on the Internet via [www.greaterchinaherbs.com](http://www.greaterchinaherbs.com). The users will have to be enrolled under the programme and both subscription and tuition fees will hence substantiate our revenue model.

Within the coming quarter, to initiate the e-commerce operations, the Group has developed an e-commerce platform with the technological support of IBM and an international financial institution to supply the payment gateway. It is anticipated that with a comprehensive content on a multilingual environment, bringing in high traffic and user membership, revenue from e-commerce transactions will be able to facilitate the overall increase of earnings to the Group.

**Kelly Cheng**

*Chairman and Chief Executive Officer*

Hong Kong, 13 June, 2000

## QUARTERLY RESULTS

The Board of Directors of GreaterChina Technology Group Limited (the “Company”) announce that the unaudited consolidated quarterly results of the Company and its subsidiaries (the “Group”) for the three months and the nine months ended 30 April, 2000 and the comparative figures for the corresponding period in 1999, are as follows:

|  | From<br>1 February, 2000<br>to 30 April, 2000<br>HK\$'000 | From<br>1 February, 1999<br>to 30 April, 1999<br>HK\$'000 | From<br>1 August, 1999<br>to 30 April, 2000<br>HK\$'000 | From<br>1 August, 1998<br>to 30 April, 1999<br>HK\$'000 |
|--|---|---|---|---|
| Turnover <i>(Note 2)</i>   | 1,316   | -   | 1,316   | -   |
| Cost of Sales  | -   | -   | -   | -   |
| Gross Profit   | 1,316   | -   | 1,316   | -   |
| Other Revenue  | 1,791   | -   | 1,791   | -   |
| Distribution Costs   | 3,107<br>(1,966)  | -   | 3,107<br>(2,146)  | -   |
| Administrative Expenses  | (2,971)   | (348)   | (5,501)   | (1,045)   |
| Other Operating Expenses   | (534)   | -   | (2,291)   | -   |
| Finance Cost   | (20)  | -   | (20)  | -   |
| Operating Loss before Taxation   | (2,384)   | (348)   | (6,851)   | (1,045)   |
| Taxation <i>(Note 3)</i>   | -   | -   | -   | -   |
| Loss after Taxation, Attributable to<br>Shareholders and Accumulated<br>for the Period | (2,384)   | (348)   | (6,851)   | (1,045)   |
| Loss per Share <i>(Note 4)</i>   | 0.48 cents  | 0.11 cents  | 1.84 cents  | 0.33 cents  |

*Notes:*

**1. Basis of presentation**

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company on 13 January, 2000. The Company's shares have been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 6 April, 2000.

Pursuant to a group reorganisation scheme (the "Reorganisation") which took place during 18 February, 2000 to 26 February, 2000 to rationalise the structure of the Group in preparation for the listing of the Company's shares on the GEM of the Stock Exchange, the Company became the ultimate holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the Prospectus of the Company dated 30 March, 2000.

The Company and its subsidiaries resulting from the abovementioned reorganisation are regarded as a continuing entity. Accordingly, the financial statements of the Group have been prepared on the basis that the Company had always been the holding company of the Group.

**2. Turnover**

Turnover represents advertising income and portal development and consultation income.

**3. Taxation**

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the periods from 1 August, 1999 to 30 April, 2000 and from 1 August, 1998 to 30 April, 1999.

**4. Loss per share**

The calculation of the basic loss per share for the three months and nine months ended 30 April, 2000 is based on the unaudited loss attributable to shareholders of HK\$2,384,000 and HK\$6,851,000 (three months and nine months ended 30 April, 1999: HK\$348,000 and HK\$1,045,000) and the weighted average number of 494,766,222 and 372,569,927 (three months and nine months ended 30 April, 1999: 312,800,000) ordinary shares outstanding. The 312,800,000 ordinary shares outstanding as a result of the Group's Reorganisation prior to its placing of its shares in April 2000, are included in the calculation of the weighted average number of shares as if those shares had been in issue since 1 August, 1998. No diluted loss per shares has been presented as there are no dilutive potential ordinary shares presented in both periods.

## INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the three months and nine months period ended 30 April, 2000 (1999: Nil).

## FINANCIAL RESULTS

During the three months ended 30 April, 2000, the turnover for the Group amounted to HK\$1,316,000 and the unaudited loss attributable to shareholders was HK\$2,384,000.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30 April, 2000, the interests of the Directors and the chief executive of the Company in the share capital of the Company which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Section 28 of Securities (Disclosure of Interests) Ordinance (the "SDI" Ordinance) (including interest which they were deemed or taken to have under Section 31 of or Part I of the Schedule to the SDI Ordinance) or which were required pursuant to Section 29 of the SDI Ordinance to be required, pursuant to the Model Code from Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and The Stock Exchange of Hong Kong Limited were as follows:

### 1. Shares in the Company

| Name of director         | Number of ordinary shares<br>Personal and Total Interest |
|--------------------------|--|
| Ms. Cheng Kit Yin, Kelly | 38,594,020   |

### 2. Shares in China Rich Holdings Limited

| Name of director         | Number of ordinary shares<br>Personal and Total Interest |
|--------------------------|--|
| Ms. Cheng Kit Yin, Kelly | 52,300,000   |

The Company has a share option scheme under which executive directors and employees of the Company or any of its subsidiaries may be granted options to subscribe for shares in the Company. No options were granted since the scheme was approved.



### Options in China Rich Holdings Limited

| Name of director         | Date of Grant    | Exercise Price | Number of share options    |            |           | Outstanding As at 30.4.2000 |
|--------------------------|------------------|----------------|----------------------------|------------|-----------|-----------------------------|
|                          |                  |                | Outstanding As at 1.2.2000 |            | Granted   |                             |
|                          |                  |                | Outstanding                | Exercised  |           |                             |
|                          |                  |                | <i>HK\$</i>                |            |           |                             |
| Ms. Cheng Kit Yin, Kelly | 5 March, 1997    | 0.43           | 5,000,000                  | -          | -         | 5,000,000                   |
|                          | 26 January, 2000 | 0.30           | 4,000,000                  | -          | -         | 4,000,000                   |
|                          | 22 March, 2000   | 0.33           | -                          | 10,000,000 | -         | 10,000,000                  |
| Mr. Kam Shing            | 24 April, 1998   | 0.20           | 2,000,000                  | -          | 2,000,000 | -                           |
|                          | 26 January, 2000 | 0.30           | 3,000,000                  | -          | -         | 3,000,000                   |

Other than disclosed above, at 30 April, 2000, neither the directors nor the chief executives, nor any of their associates, had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and neither the directors nor the chief executives, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the three months period.

### SUBSTANTIAL SHAREHOLDERS

As at 30 April, 2000, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses the following company as having an interest of 10% or more of the issued share capital of the Company:

| Name of Company             | Number of shares | Percentage Holding |
|-----------------------------|------------------|--------------------|
| China Rich Holdings Limited | 250,949,559      | 37%                |

Other than as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 30 April, 2000.

### **SPONSOR INTEREST**

Pursuant to the agreement dated 30 March, 2000 entered into between the Company and Pacific Challenge Capital Limited (“Pacific Challenge”), Pacific Challenge will receive a fee for acting as the Company’s retained sponsor for the period 6 April, 2000 to 31 July 2002.

At 30 April, 2000, neither the directors, employees nor their associates of Pacific Challenge, had any interest in any securities of the Company or any of its associated corporations.

### **YEAR 2000 COMPLIANCE**

In the Group’s prospectus dated 30 March, 2000, the directors reported that the computers and software internally used by the Group are believed to be year 2000 compliant and therefore, the Year 2000 compliance issue had no material adverse impact on the business operations in all functional areas of the Group.

### **AUDIT COMMITTEE**

The Company’s audit committee was formed on 17 March, 2000 comprising the independent non-executive directors, Dr. Lau Lap Ping and Mr. Heng Kwo Seng. The terms of reference of the Audit Committee have been established with regard to Rules 5.23, 5.24 and 5.25 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company’s annual report and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the board of Directors.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTING SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group’s listed securities during the three months ended 30 April, 2000.