

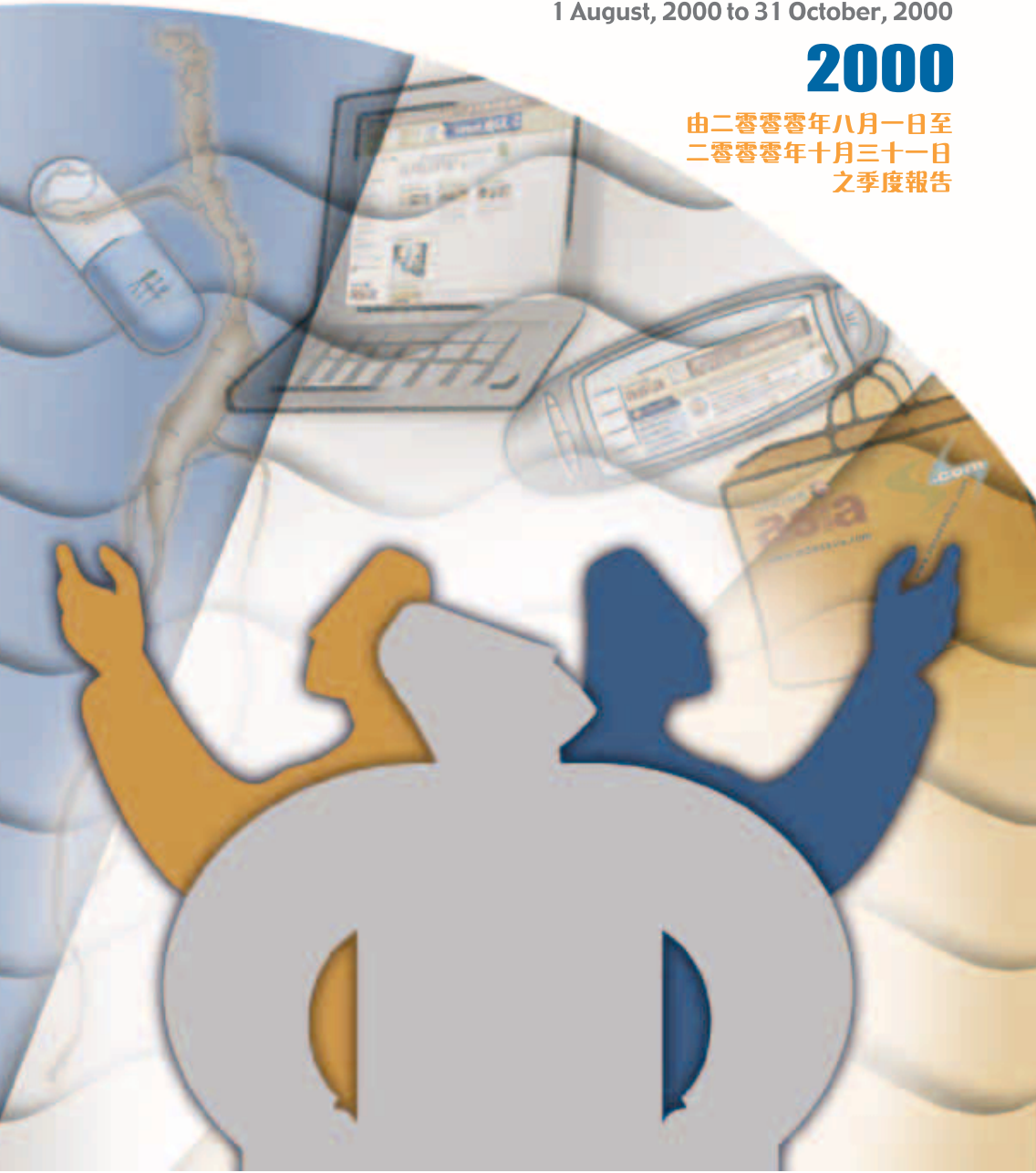


GreaterChina
Technology Group Limited
大中華科技(集團)有限公司
(Incorporated in the Cayman Islands with limited liability)

Quarterly Report for the period from
1 August, 2000 to 31 October, 2000

2000

由二零零零年八月一日至
二零零零年十月三十一日
之季度報告



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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this document, 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 document.

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

On behalf of the Board of Directors' (the "Board"), we hereby present the quarterly unaudited results for GreaterChina Technology Group Limited ("GreaterChina") and its subsidiaries (the "Group") for the period from 1 August, 2000 to 31 October, 2000 (the "Period").

The mission of the Group is to become the largest provider of interactive contents on the Internet within Asia in the health and lifestyle sectors. The Group is focused on providing a balanced portfolio using online and offline technologies to explore possible ventures to promote premium and quality lifestyle.

During the Period, the management of the Group continues to exercise conservative financial control over the entire operations and at the same time utilizing its best efforts to achieve maximum return to the shareholders.

FINANCIAL REVIEW

For the Period, the Group's revenue was approximately HK\$7.2 million, of which approximately HK\$1.6 million was accounted for from its core business operations and HK\$5.6 million from interest income. The Group had incurred an operating expense of HK\$7.3 million and depreciation and amortization expenses of \$1.9 million, thus making a net loss of HK\$2 million.

At present, the Group still maintains a positive liquidity position, holding fixed bank deposits and balances of approximately HK\$330 million.

BUSINESS REVIEW

Flagship Website – www.greaterchinaherbs.com

The Group continues to dedicate itself to promote Traditional Chinese Medicine by increasing the number of herbs in the Herbal Encyclopedia to over 700 types in English and Chinese and our team is continuously adding technical tools to enhance the users' experience. Our Weekly Hotspots and Doctors' Online sections continue to remain very popular, and as there is a growing number of individuals going online to seek for medical and health related information. Moreover during the period, the online consultations were extended to offline clinical support, thus contributing to the Group a revenue of approximately HK\$100,000.

Second Website – www.ladiesasia.com

Over 9,000 members were registered with the website during the first six months since its launch in May 2000. Based on the substantial growth of our user base, we continue to provide informative social issues as well as a shopping boutique for health products that are of great interest to modern women. A new subscription site within the portal is under development in which it will offer unique short plays and documentaries to our members. This site will not only enhance more visits but also create e-commerce opportunities for the Group to strengthen its revenue model.

E-Commerce Platform – www.senseshop.com

The Group had a soft launch for its e-commerce platform initially in the form of an offline outlet around October, 2000 to explore the market acceptance of the products, the testing of the payment gateway and the efficiency of its logistic and so on. Everything went very smoothly and the responses from our members were very promising.

Other Investment – www.bio-bt.com

A strategic alliance between the Group's wholly-owned subsidiary, Weston Investment Limited ("Weston") and the Institute of Chemical Metallurgy, Chinese Academy of Sciences ("ICM") in which 75% interest is owned by Weston and the other 25% is held by ICM jointly involved in the production of *Bacillus thuringiensis* ("Bt") bioinsecticide. This production of Bt is a unique industrial technique in which the Group believes that this product will definitely replace chemical pesticide in the coming future. The production line is still under experimental testing and if all results prove positive, then by next quarter, the first batch of Bt bioinsecticide will be available for distribution. The Group will bring this product into the untapped market and through its business to business ("B2B") portal, www.bio-bt.com, the Group will expand its Bt development and distribution on a worldwide basis.

Information Technology Services

The Group continues to strengthen and support its information technology team to be more active in the advisory and development role in database architecture, network communications, web programming and design for small medium enterprises. During this period, over 50% of the Group's revenue was attributed from these services.

FUTURE PLANS AND DEVELOPMENTS

During the coming six months, the Group will put most of its time and resources to focus on the following areas:

- Feasibility study on online distance learning education programme on Traditional Chinese Medicine with a renowned medical institution. It is anticipated that both subscription and tuition fees will serve an attractive revenue to the Group.
- Create a full subscription site for members for special visual effects Internet programs, short plays and documentaries.
- Become an application service provider for small medium enterprises to utilize our e-commerce platform by way of rental payment to conduct their e-commerce transactions.
- Continue to position ourselves to be at the forefront in terms of innovation and change.

APPRECIATION

Our Group, GreaterChina Technology Group Limited has well positioned itself to become one of Asia's most focused and innovative information content providers. Technology is definitely the growth industry and we are always in search of good products and investment opportunities to bring in profitable return to our shareholders. I, hereby would like to express my deepest gratitude to all the members of the Board of Directors and staff for their dedication and contribution to the Group and to those who have continuously supported us for their interest in our Group.

Kelly Cheng
Chairman and Chief Executive Officer

Hong Kong, 11 December, 2000

RESULTS

The Board of Directors (the “Board”) of GreaterChina Technology Group Limited (the “Company”) announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the period from 1 August, 2000 to 31 October, 2000 (the “Period”) together with comparative unaudited proforma combined results of the Group for the corresponding period in 1999 as follows:

	Notes	From 1 August, 2000 to 31 October, 2000 HK\$	From 1 August, 1999 to 31 October, 1999 HK\$
Turnover	2	1,554,250	–
Cost of sales		(1,488)	–
Gross profit		1,552,762	–
Other income		5,622,988	–
Administration expenses		(7,829,752)	(1,979,434)
Loss from operations		(654,002)	(1,979,434)
Finance costs		(1,369,450)	–
Loss before taxation		(2,023,452)	(1,979,434)
Taxation	3	–	–
Net loss for the Period		<u>(2,023,452)</u>	<u>(1,979,434)</u>
Loss per share	4	<u>(0.30) cent</u>	<u>(0.63) cent</u>

Note:

1. GROUP REORGANISATION

The Company was incorporated in the Cayman Islands on 13 January, 2000 as an exempted company with limited liability under the Companies Law (1998 Revision) of the Cayman Islands.

Pursuant to a group reorganisation (“Group Reorganisation”) to rationalise the structure of the Group in preparation for the listing of the Company’s shares on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited, the Company became the holding company of the Group on 20 February, 2000. The shares of the Company have been listed on the GEM since 6 April, 2000.

Under the Group Reorganisation, China Rich Holdings Limited (“China Rich”) and its subsidiaries (the “China Rich Group”) transferred all their assets and liabilities relating to their operation of the website – www.greaterchinaherbs.com to Greaterchinaherbs.com Limited, in consideration for the issue of one share of Greaterchinaherbs.com Limited to China Rich; China Rich then transferred two shares of Greaterchinaherbs.com Limited to the Company in consideration for shares issued by the Company.

The combined result of the Group for the period from 1 August, 1999 to 31 October, 1999 has been prepared on the basis that the current group structure had been in existence throughout that period and on the basis that the Group had operated the website business – *www.greaterchinaherbs.com* throughout that period.

2. TURNOVER

Turnover represents advertising income, portal development and information technology advisory income and consultation income received and receivable during the Period and is analysed as follows:

	From 1 August, 2000 to 31 October, 2000 HK\$	From 1 August, 1999 to 31 October, 1999 HK\$
Advertising income	505,000	–
Portal development and information technology advisory income	949,250	–
Consultation income	100,000	–
	<hr/>	<hr/>
	1,554,250	–
	<hr/> <hr/>	<hr/> <hr/>

3. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group did not have any assessable profits during the Period.

There was no significant unprovided deferred taxation during the Period or at 31 October, 2000.

4. LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss for the Period of HK\$2,023,452 and on the weighted average of 678,080,000 shares in issue during the Period. The calculation of the loss per share for the period from 1 August, 1999 to 31 October, 1999 is based on the combined loss for the period HK\$1,979,434 and on the assumption that 312,800,000 shares of the Company had been in issue throughout the period. No diluted loss per share has been presented because the effect of exercising all the potential ordinary shares of a subsidiary is anti-dilutive.

QUARTERLY DIVIDEND

The directors do not recommend the payment of quarterly dividend for the period from 1 August, 2000 to 31 October, 2000 (1999: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND OPTIONS

(i) Shares

As at 31 October, 2000, the interests of the directors and the chief executive of the Company in the share capital of the Company and the associated corporation pursuant to section 29 of the Hong Kong Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Shares in the Company

Name of director	Number of Shares Personal and Total Interests
Ms. Cheng Kit Yin, Kelly	44,046,020

Shares in China Rich Holdings Limited

Name of director	Number of Shares Personal and Total Interests
Ms. Cheng Kit Yin, Kelly	52,300,000

(ii) Options

Options in the Company

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 Share Option Scheme was approved.

Options in China Rich Holdings Limited

Name of director	Date of grant	Exercise price HK\$	Number of share options			
			Outstanding as at 1.8.2000	Granted	Exercised	Outstanding as at 31.10.2000
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	26 January, 2000	0.30	3,000,000	-	-	3,000,000

Other than as disclosed above, at no time during the Period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors nor the chief executive, 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.

Other than as disclosed above and nominees shares in certain subsidiaries held in trust for the Group, at 31 October, 2000, neither the directors nor the chief executive, nor any of their associates, had any interests in any securities of the Company or any of its associated corporations as defined by the SDI Ordinance.

SUBSTANTIAL SHAREHOLDERS

As at 31 October, 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	Number of Shares
China Rich Holdings Limited	258,451,559

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 31 October, 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 from 6 April, 2000 to 31 July, 2002.

At 31 October, 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 corporation.

YEAR 2000

In the Company'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.

The Group has not experienced to date any significant adverse consequences in connection with the year 2000 issue. However, the directors will continue their oversight of date change issues during the year 2000.

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 Kwoo 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, financial statements, half-year reports and quarterly reports and to provide advice and comments thereon to the Board of Directors.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the period from 1 August, 2000 to 31 October, 2000.