

Interim Report
2008

*Live it up,
create the balance.*

(Stock Code: 8032)



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



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This report, 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 (“GEM Listing Rules”) 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 report 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 report misleading; and (3) all opinions expressed in this report 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 results of GreaterChina Technology Group Limited (the "Company") and its subsidiaries (together the "Group") for the six months ended 31 January 2008.

The Company is in the midst of a transformation to enter into the natural resources business. In November 2007, the Company had entered into framework agreement regarding investment in gold and lead reserves through its subsidiary. We believe that this will not only broaden our revenue stream but as well maximize the overall return to our shareholders. We have high hopes in helping to discover or acquire new world class mineral deposits that can assist in the expansion of the Company's natural resources activities and as well providing options for growth within the industry and for the Company as a whole.

At the same time, we remain fully committed to our goal of becoming a leader in producing Traditional Chinese Medicine ("TCM") health supplements, by using TCM-based ingredients, western biotechnology and maintaining high international standards by manufacturing under the USA Good Manufacturing Practice ("GMP") and Australian TGA GMP.

Our herbal supplements business entity "Herbs n Senses Health Products Limited" continues to produce a range of health supplements with the usage of TCM and Chinese herbs by applying pharmaceutical scientific techniques to TCM remedies. As research and development play a major role in the exploration of TCM, the Group continues to utilize advanced biotechnology and the support of renowned academic establishments in the Chinese medicinal field to ensure the consistent efficacy of its products and to maintain the stability of the products' chemical ingredients, with a view to ascertain that the products are of higher quality standard.

In November 2006, the Group took over 100% shareholding interest in Richtungen (Guangdong) Pharmaceutical Company Limited – the pharmaceutical manufacturing plant of western generic medicine in the People's Republic of China. Subsequently, the Group has fully complied with a vertical integration of its business model, research and product development through its own Chinese Medicinal Fungal ("CMF") Proteomics Laboratory, its manufacturing and processing in the pharmaceutical plant in the PRC and its distribution network in Hong Kong, the PRC and worldwide. Hence, the Group has positioned itself as a leader in this cutting edge technology in both Chinese herbal and western medicine.

We will continue to devote our efforts to strengthening our business foundation to ensure we stand a strong position to strive for market opportunities, increase growth potential and thus enhance the shareholders' value.



FINANCIAL REVIEW

Segment Information

For the six months ended 31 January 2008 (the “Interim Period”), the Group recorded a total revenue of HK\$11.0 million, of which HK\$6.1 million was contributed from the Group’s core business of sales of nutraceutical Chinese herbal products and related services, HK\$3.5 million from sales of western medicine in the PRC and HK\$1.4 million from interest income, written back of doubtful debts overprovided and other sundries. For the comparative figures in the corresponding period in last year, the Group earned a total revenue of HK\$18.4 million, of which HK\$11.6 million was generated from sales of nutraceutical Chinese herbal products, HK\$2.5 million from sales of western medicine, HK\$0.2 million arose from advisory and consultation services and HK\$4.1 million arose from interest income and other sundries.

For the interim period, the Group’s revenue from sales of western medicines was increased by 36.9% due to the expanded sales network in the PRC. However, the overall revenue was decreased by 40.3% as the Group’s sales from herbal products was dropped by 47.0%. It is because the Group’s plan to enter into overseas markets was temporarily affected as the Group was still in the course of applying the licenses and health regulatory approval for its health products in certain countries. However, the Group was in the right move to expand overseas and believes that it is able to explore new opportunities for growth in the second half of the financial year. Other revenue and gains were also reduced by 66.5% in the current six months period under review as compared to that in the corresponding period last year, of which negative goodwill of approximately HK\$4 million was recorded. The administrative expenses were increased by approximately 7.5% because of more promotional activities during the period.

The losses attributable to equity holders of the Company for the three months ended 31 January 2008 (the “Quarterly Period”) and Interim Period were HK\$5.5 million and HK\$7.7 million, as compared to the losses attributable to equity holders of the Company of HK\$0.45 million and HK\$5.1 million for the three months and six months ended 31 January 2007. During the Interim Period, approximately loss of HK\$4.0 million was attributable from operation of the pharmaceutical plant.



OTHER FINANCIAL INFORMATION

Except for investment in listed equity securities which the management considered will enhance the overall financial return of the Group, there was no significant investment held by the Group nor material acquisitions or disposals of subsidiaries and affiliated companies during the period.

The current ratio of the Group was 1.2 as at the period end compared to 2.9 as at 31 July 2007. The gearing ratio, defined as the ratio of total borrowings to total assets, was 5.3% as compared to 4.9% as at 31 July 2007. The main reason for the decrease in the current ratio was because the Group's borrowings which mainly comprise short term bank loans amounted to approximately HK\$5.4 million (31 July 2007: HK\$5.2 million) as at the period end, was previously classified as long term liabilities at 31 July 2007. The bank loans are wholly secured by part of the land use rights and properties of the Group. The Group therefore has effectively no exposure to its bankers given that the value of the land use rights exceeds the amount of its bank loans. At 31 January 2008, the Group had cash balance of approximately HK\$1.3 million (31 July 2007: HK\$2.0 million) and the Directors consider the Group does not have liquidity problem.

As major currencies used for the Group's transactions were Hong Kong Dollars and Renminbi, the exchange rate risks of the Group is considered to be minimal.

At 31 January 2008, the Group has operating lease commitments for various offices of the Group amounting to approximately HK\$3.3 million. Other than the aforementioned, there were no other significant capital commitments and contingent liabilities of the Group as at the period end.

The Group employed 82 full time employees as at 31 January 2008 (31 July 2007: 83). Remuneration of the staff comprised of monthly salary, provident fund contributions, medical claims, education allowances and discretionary options issued based on their contribution to the Group. Staff costs including directors' remuneration for the period under review amounted to HK\$3.6 million (six months ended 31 January 2007: HK\$3.8 million).

Overall, the net asset value of the Group was approximately HK\$90 million equivalent to approximately HK\$0.04 per share.



BUSINESS REVIEW

The Group is currently engaged in the research and development, manufacture, marketing and distribution of western medicine and herbal supplements based on TCM. At the same time, the Company is in the midst of transforming into the natural resources business.

During the six months ended 31 January 2008, the Company has achieved the following objectives:

RESEARCH & PRODUCT DEVELOPMENT:

Conduct research and development at the Chinese Medicinal Fungal (CMF) Proteomics Laboratory;

Joint studies and research with the Guangdong Provincial People's Hospital to conduct human clinical trial on Immunomodulatory and Anti-Tumor Activities of HERBSnSENSES™ Cordyceps Polysaccharides Platinum; and

Joint studies and research with the Peking Union Medical College to conduct human clinical trial on Anti-Hepatitis and Anti-Tumor Activities of HERBSnSENSES™ Polysaccharides Liver Enrich.

OPERATION OF A PHARMACEUTICAL MANUFACTURING PLANT:

Expanded the sales network for western medicine in the PRC.



BRAND-BUILDING AND DISTRIBUTION OF HERBSnSENSES™ PRODUCTS:

Continued the brand-building of HERBSnSENSES™ via promotional activities such as advertising via newspaper and magazines, distribution of quarterly newsletters and promotion of membership scheme;

Continued the promotion of membership scheme to strengthen relations with existing members and to recruit new members by promoting the use of the online e-store system and organizing more joint membership programmes with external parties;

Marketing and distribution of HERBSnSENSES™ products via our websites www.herbsnsenses.com and expanding our scope of sphere into more healthcare distribution channels;

Promoting HERBSnSENSES™ products by organizing seminars in Hong Kong as well as major cities in the PRC to educate the public the application and benefit of traditional Chinese medicine;

Participating in various exhibitions of western medicine and nutraceutical products in the PRC to promote the brand-awareness of the Group's products; and

Obtaining licenses and health regulatory approval in Taiwan and Indonesia. Other approvals in Malaysia, Singapore and the UAE are underway.

NATURAL RESOURCES BUSINESS:

Signed framework agreement in relation to potential investment in gold and lead reserves.



FUTURE PLANS AND DEVELOPMENT

In the near future, the Group will continue to expand business within the Group's stated industry of healthcare and western medicine but at the same time setting up a natural resources platform in this part of the world:

RESEARCH & PRODUCT DEVELOPMENT:

Research and development in the search of value added therapeutic products to advance and enhance the Group's Cordyceps product range;

Research and development on other TCM product lines, including herbal and pharmaceutical product lines, either in cooperation with external research institutions or in-house;

Research and development in new product range such as western herbs and/or western medicine to enhance the Group's competitiveness;

Continue the Proteomics research with a target to identify 20,000 groups of proteins to set up a "Human Disease Proteoms" database;

Discovery of protein-based marker and drug for diagnostic and therapeutic treatment; and

Collaboration with local and foreign institutions and universities in the field of research and clinical trials.

OPERATION OF A PHARMACEUTICAL MANUFACTURING PLANT:

Setting up of an international Good Manufacturing Practice (GMP) facility in the PRC;

Reinforce the brand-awareness of its existing pharmaceutical products and expand its distribution network in the PRC market;

Obtain licenses and health regulatory approval on some of its western medicinal formulae in the PRC;



Setting up a manufacturing plant for HERBSnSENSES™ Cordyceps and other product series for the distribution in the PRC;

Establishing strategic partnership to increase the income source; and

Enhance its existing research and development center to upgrade into a more innovative, state-of-the-art laboratory.

BRAND-BUILDING AND DISTRIBUTION OF HERBAL AND OTHER PRODUCTS:

Official launching of HERBSnSENSES™ Cordyceps, HERBSnSENSES™ Lingzhi, HERBSnSENSES™ Polysaccharides and HERBSnSENSES™ Perilla Seed Oil in the PRC, the USA, Canada, Europe and the Middle East;

Obtaining licenses and health regulatory approval in the PRC, Canada, Malaysia, Singapore, Thailand, Indonesia, Philippines, Japan and Korea;

Organising regular seminars on health issues in Hong Kong and the PRC;

Participating in exhibitions and promotions in Hong Kong, the PRC, the USA, Canada, Europe, Japan and Korea;

Strengthening the penetration rate of HERBSnSENSES™ products to the current distribution channel of chain stores;

Exhibitions and promotions in Hong Kong, the PRC, Japan, Europe, Korea, Canada and the USA;

Opening of more concept counters at prestigious department stores or reputable pharmacies; and

Enhancing the brand awareness of HERBSnSENSES™ products via Television commercials.



NATURAL RESOURCES BUSINESS:

Set up a joint venture with Vietnam partners to review historical data, perform feasibility studies on gold and lead mines in Hoa Binh, Vietnam; and

Continue to search for more business opportunities in relation to natural resources.

APPRECIATION

I would like to take this opportunity to express my gratitude to all members of the Board and staff for their dedication and contribution to the Group and to those who have continuously supported us.

Kelly Cheng

Chairman and Chief Executive Officer

Hong Kong, 11 March 2008

UNAUDITED CONSOLIDATED RESULTS

The Board of Directors (the "Board") of GreaterChina Technology Group Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the periods from 1 November 2007 to 31 January 2008 (the "Quarterly Period") and from 1 August 2007 to 31 January 2008 (the "Interim Period") together with the comparative unaudited consolidated results for the corresponding periods in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	For the three months ended 31 January		For the six months ended 31 January	
		2008 (Unaudited) HK\$	2007 (Unaudited) HK\$	2008 (Unaudited) HK\$	2007 (Unaudited) HK\$
Turnover	3	5,008,106	10,509,683	9,624,532	14,326,396
Cost of sales		(1,622,205)	(7,571,105)	(2,675,822)	(8,597,348)
Gross profit		3,385,901	2,938,578	6,948,710	5,729,048
Other revenue and gains	3	842	4,064,444	1,375,596	4,106,423
Selling, administrative and other operating expenses		(8,854,835)	(7,362,277)	(15,812,888)	(14,714,863)
Loss on operating activities	5	(5,468,092)	(359,255)	(7,488,582)	(4,879,392)
Finance costs		(68,329)	(93,756)	(168,153)	(239,573)
Loss before taxation		(5,536,421)	(453,011)	(7,656,735)	(5,118,965)
Taxation	6	-	-	-	-
Loss for the period		(5,536,421)	(453,011)	(7,656,735)	(5,118,965)
Attributable to:					
Equity holders of the Company		(5,536,421)	(417,524)	(7,656,735)	(4,827,743)
Minority interest		-	(35,487)	-	(291,222)
		(5,536,421)	(453,011)	(7,656,735)	(5,118,965)
Loss per share					
Basic	7	0.27 cents	0.02 cents	0.38 cents	0.27 cents
Diluted	7	N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

At 31 January 2008

	Notes	31 January 2008 (Unaudited) HK\$	31 July 2007 (Audited) HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	56,811,195	57,596,866
Land use rights	9	28,178,745	27,103,001
Intangible assets	10	2,434,337	2,683,923
Held-to-maturity securities	11	780,000	780,000
Available-for-sale investment	11	194,200	194,200
		88,398,477	88,357,990
Current assets			
Inventories		4,935,925	4,293,823
Trade receivables	12	5,071,973	4,191,846
Other receivables, deposits and prepayments	13	3,005,514	7,298,418
Bank balances and cash		1,263,992	1,974,778
		14,277,404	17,758,865
Current liabilities			
Trade payables	14	1,742,979	1,105,868
Other payables and accruals		5,073,434	3,853,971
Receipts in advance		–	926,424
Other tax payables		–	108,894
Interest-bearing bank borrowings	15	5,432,893	–
Obligations under a finance lease		137,473	162,206
		12,386,779	6,157,363
Net current assets		1,890,625	11,601,502
Total assets less current liabilities		90,289,102	99,959,492
Non-current liabilities			
Interest-bearing bank borrowings	15	–	5,162,783
Obligations under a finance lease		223,388	227,847
		223,388	5,390,630
Net assets		90,065,714	94,568,862
EQUITY			
Share capital	16	20,389,039	20,389,039
Reserves	17	69,676,675	74,179,823
Equity attributable to equity holders of the Company		90,065,714	94,568,862

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 31 January 2008

	For the six months ended	
	31 January	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Total equity at 1 August	94,568,862	89,204,336
Increase in share capital arising from open offer	–	12,205,440
Premium arising from open offer	–	4,444,897
Net loss for the period	(7,656,735)	(5,118,965)
Exchange differences arising on translation of overseas operations	3,153,587	970,221
Minority interest	–	(4,403,857)
Total equity at 31 January	90,065,714	97,302,072

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 31 January 2008

	For the six months ended	
	31 January	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Net cash used in operating activities	(686,895)	(5,456,962)
Net cash used in investing activities	(12,858)	(4,429,577)
Net cash used in financing activities	(29,192)	16,650,337
Increase/(decrease) in cash and cash equivalents	(728,945)	6,763,798
Cash and cash equivalents at 1 August	1,974,778	389,678
Effect of foreign exchange rate changes	18,159	—
Cash and cash equivalents at 31 January	1,263,992	7,153,476



NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (1998 Revision) of the Cayman Islands. The Company's shares have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of the Group are trading of Chinese herbal products, provision of portal development and information technology advisory services and consultation services, and manufacture and sale of western medicine.

2. BASIS OF PREPARATION

The condensed unaudited consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Chapter 18 of the GEM Listing Rules. They have been prepared on the historical cost basis except for certain financial investments, which are measured at fair values.

The accounting policies and methods of computation used in the preparation of these financial statements are the same as those adopted in preparing the annual audited financial statements for the year ended 31 July 2007.

3. TURNOVER AND OTHER REVENUE AND GAINS

	For the three months ended 31 January		For the six months ended 31 January	
	2008 (unaudited) HK\$	2007 (unaudited) HK\$	2008 (unaudited) HK\$	2007 (unaudited) HK\$
Turnover				
Sales	5,008,106	10,440,183	9,623,532	14,136,219
Rendering of services	–	69,500	1,000	190,177
	5,008,106	10,509,683	9,624,532	14,326,396
Other revenue				
Interest income	842	229,980	23,184	271,959
Others	–	7,914	1,352,412	7,914
	842	237,894	1,375,596	279,873
Other gains and losses				
Recognition of negative goodwill	–	3,817,383	–	3,817,383
Gain on disposal of property, plant and equipment	–	9,167	–	9,167
	–	3,826,550	–	3,826,550

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Details of the business segments are summarized as follows:

- (a) the herbal products segment engages in the trading of Chinese herbal products;
- (b) the advisory services segment engages in the provision of portal development and information technology advisory services and consultation services; and
- (c) the western medicine products segment engages in the manufacture and sale of western medicine products.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

(a) Business segments

The following table present revenue and results for the Group's business segments for the period:

	Herbal products		Advisory services		Western medicine products		Consolidated	
	2008	2007	2008	2007	2008	2007	22008	2007
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Segment Revenue								
Turnover	6,139,692	11,592,215	1,000	190,177	3,483,840	2,544,004	9,624,532	14,326,396
Segment Results								
	(97,076)	236,011	1,000	(1,946,523)	(3,853,771)	(3,960,089)	(3,949,847)	(5,670,601)
Unallocated corporate expenses							(3,538,735)	791,209
Loss from operating activities							(7,488,582)	(4,879,392)
Finance costs							(168,153)	(239,573)
Loss before taxation							(7,656,735)	(5,118,965)
Taxation							-	-
Loss for the period							(7,656,735)	(5,118,965)

(b) **Geographical segments**

The following table provides an analysis of the Group's turnover by geographical market:

	Turnover		Loss from	
	for the six months		operating activities	
	ended 31 January		for the six months	
	2008	2007	2008	2007
	HK\$	HK\$	HK\$	HK\$
By geographical market:				
Hong Kong	6,140,692	11,782,392	(3,618,763)	(1,158,876)
The People's Republic of China ("PRC")	3,483,840	2,544,004	(4,037,972)	(3,960,089)
	9,624,532	14,326,396	(7,656,735)	(5,118,965)
Unallocated corporate expenses			-	-
Loss from operating activities			(7,656,735)	(5,118,965)

5. LOSS FROM OPERATING ACTIVITIES

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

	For the three months ended 31 January		For the six months ended 31 January	
	2008 (Unaudited) HK\$	2007 (Unaudited) HK\$	2008 (Unaudited) HK\$	2007 (Unaudited) HK\$
Depreciation	1,584,450	1,453,816	3,262,046	3,353,048
Amortisation of intangible assets	179,465	170,284	358,930	342,524
Amortisation of land use rights	157,491	149,435	314,981	300,583
Research and development costs	7,000	–	7,000	–
Provision for doubtful debts	116,344	–	116,344	–
Provision for slow moving inventories	626	–	626	–
Net foreign exchange gains	(341,950)	(35)	(503,160)	(35)
Minimum lease payments under operating leases in respect of land and buildings	495,636	438,481	997,272	659,039
Auditors' remuneration	–	–	–	–
Staff costs including directors' remuneration:				
Salaries and other benefits	1,793,227	1,924,751	3,529,134	3,857,388
Share-based payment	–	–	–	–
Pension scheme contributions	22,827	14,162	40,429	(35,082)
	1,816,054	1,938,913	3,569,563	3,822,306

6. TAXATION

No provision for Hong Kong profits tax has been made as the Group had no assessable profits for the six months ended 31 January 2008 (2007: Nil). No provision for PRC enterprise income tax has been made as the PRC subsidiary incurred a loss for the six months ended 31 January 2008 (2007: Nil).

There was no significant unprovided deferred taxation during the six months ended 31 January 2008.

7. LOSS PER SHARE

The calculation of basis losses per share are based on the net losses attributable to equity holders for the Quarterly Period and Interim Period of HK\$5,536,421 and HK\$7,656,735 respectively and on the weighted average number of shares of 2,038,903,866 in issue during the periods. The calculation of basis loss per share in the corresponding periods last year are based on the net loss attributable to equity holders for the three months and six months ended 31 January 2007 of HK\$417,524 and HK\$4,827,743 respectively and on the weighted average number of shares of 2,034,240,000 and 1,795,939,598 respectively during the three months and six months ended 31 January 2007.

Diluted loss per share amount for the three months and six months ended 31 January 2008 and 2007 has not been disclosed as the share options outstanding during those periods had an anti-dilutive effect on the basic loss per share for those periods.

8. PROPERTY, PLANT AND EQUIPMENT

During the 6 months ended 31 January 2008, additions to fixed assets amounted to HK\$12,858 and there were no disposal of fixed assets.

9. LAND USE RIGHTS

The land use rights are valid for a period of 50 years from 1999 and situated in the PRC. At 31 January 2008, part of the land use rights of the Group with a net book value of approximately HK\$11.7 million (31 July 2007: HK\$11.2 million) were pledged to a bank to secure the bank loans (note 15).

10. INTANGIBLE ASSETS

The intangible assets represent traditional Chinese medicine formulae, certain protocols for herbal medicine and licences for western medicine acquired by the Group.

11. INVESTMENTS IN SECURITIES

	31 January 2008 (Unaudited) HK\$	31 July 2007 (Audited) HK\$
Held-to-maturity securities		
Unlisted debt securities at amortised cost	780,000	780,000
Available-for-sale investments		
Unlisted investments at fair value	194,200	194,200

12. TRADE RECEIVABLES

The Group allows an average credit period 60 to 90 days to its trade customers. An aged analysis of the trade receivables as at the balance sheet date, based on invoice date, and net of provisions was as follows:

	31 January 2008 (Unaudited) <i>HK\$</i>	31 July 2007 (Audited) <i>HK\$</i>
0-60 days	1,931,944	1,512,896
61-90 days	527,632	527,866
Over 90 days	2,612,397	2,151,084
	<hr/> 5,071,973 <hr/>	<hr/> 4,191,846 <hr/>

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 January 2008 (Unaudited) <i>HK\$</i>	31 July 2007 (Audited) <i>HK\$</i>
Other receivables	1,461,860	3,813,030
Utility and other deposits	1,467,711	2,765,133
Prepayments	75,943	720,255
	<hr/> 3,005,514 <hr/>	<hr/> 7,298,418 <hr/>

14. TRADE PAYABLES

As at 31 January 2008, the aged analysis of trade payables was as follows:

	31 January 2008 (Unaudited) <i>HK\$</i>	31 July 2007 (Audited) <i>HK\$</i>
0-60 days	538,491	227,904
61-90 days	124,962	222,754
Over 90 days	1,079,526	655,210
	<hr/> 1,742,979 <hr/>	<hr/> 1,105,868 <hr/>

15. INTEREST-BEARING BANK BORROWINGS

As at 31 January 2008, the bank loans are secured by certain buildings and part of the land use rights (note 9) with a total net book value of approximately HK\$30.8 million (31 July 2007: HK\$30.9 million).

	31 January 2008 (Unaudited) <i>HK\$</i>	31 July 2007 (Audited) <i>HK\$</i>
Within one year	5,432,893	–
In the second year	–	5,162,783
	<hr/>	<hr/>
Bank loans – secured	5,432,893	5,162,783
	<hr/> <hr/>	<hr/> <hr/>

16. SHARE CAPITAL

	31 January 2008 (Unaudited) <i>HK\$</i>	31 July 2007 (Audited) <i>HK\$</i>
Authorised:		
5,000,000,000 ordinary shares of HK\$0.01 each	50,000,000	50,000,000
	<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid:		
2,038,903,866 ordinary shares of HK\$0.01 each	20,389,039	20,389,039
	<hr/> <hr/>	<hr/> <hr/>

17. RESERVES

The movements in the reserves of the Group are as follows:

	Share premium account HK\$	Share-based payment reserve HK\$	Translation reserve HK\$	Accumulated losses HK\$	Attributable to equity holders of the Company HK\$	Minority interest HK\$	Total HK\$
Balance at 31 July 2006	394,291,209	71,125	1,473,993	(319,464,030)	76,372,297	4,695,079	81,067,376
Net loss for the year	-	-	-	(11,893,389)	(11,893,389)	(291,222)	(12,184,611)
Arising from increase in equity interest in a subsidiary	-	-	-	-	-	(4,403,857)	(4,403,857)
Recognition of equity-settled share-based payment	-	41,000	-	-	41,000	-	41,000
Open offer of share subscription	4,611,452	-	-	-	4,611,452	-	4,611,452
Exercise of share options	191,903	(14,676)	-	-	177,227	-	177,227
Exchange differences arising on translation of overseas operations	-	-	4,871,236	-	4,871,236	-	4,871,236
Balance at 31 July 2007 (audited)	399,094,564	97,449	6,345,229	(331,357,419)	74,179,823	-	74,179,823
Net loss for the period	-	-	-	(7,656,735)	(7,656,735)	-	(7,656,735)
Exchange differences arising on translation of overseas operations	-	-	3,153,587	-	3,153,587	-	3,153,587
Balance at 31 January 2008	399,094,564	97,449	9,498,816	(339,014,154)	69,676,675	-	69,676,675

18. RELATED PARTIES TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. There were no transactions between the Group and other related parties during the six months ended 31 January 2008.



INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 31 January 2008 (2007: Nil).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 January 2008, the interests and short positions of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.49 to 5.67 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules"), were as follows:

Long positions in ordinary shares of the Company

Name of director	Capacity	Number of shares	Percentage of the Company's issued share capital
Ms. Cheng Kit Yin, Kelly	Beneficial owner	1,072,004,230	52.58
Mr. Man Kong Yui	Interest of spouse	9,501,000	0.47
Ms. Kuo Kwan	Beneficial owner	3,663,866	0.18

The interests of the directors in the share options of the Company are separately disclosed under the section "Share Option Scheme" of this report.

In addition to the above, a director has non-beneficial personal equity interest in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.49 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the share option scheme under the section "Share Option Scheme" of this report, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 January 2008, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions

Name	Number of ordinary shares held	Percentage of the Company's issued share capital
China Global Gains Investment Limited	135,616,000	6.65

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.



SHARE OPTION SCHEME

Pursuant to an ordinary resolution in writing of the sole shareholder of the Company passed on 21 February 2000, the Company adopted a share option scheme (the “Old Scheme”) pursuant to which the directors were authorised to grant options to employees of the Company or its subsidiaries, including executive directors of such companies, to subscribe for shares of the Company. Options granted under the Old Scheme will entitle the holder to subscribe for shares from the date of grant up to 20 February 2010.

On 8 April 2002, the Company passed an ordinary resolution regarding the termination of the Old Scheme and adopted a new share option scheme (the “Revised Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations in compliance with the amended Chapter 23 of the GEM Listing Rules. All the share options granted under the Old Scheme which remained outstanding on the date of termination of that scheme continue to be valid and exercisable in accordance with the provisions of that scheme.

Eligible participants of the Revised Scheme include the Company’s directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, and any minority shareholder in the Company’s subsidiaries. The Revised Scheme became effective on 18 April 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Revised Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Revised Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.



Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences from the date of acceptance of the offer for the grant of options but shall end in any event not later than ten years from the date on which the offer for grant of the option is made subject to the provisions for early termination thereof.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Movements of share options of the Company during the period are as follows:

	Date of grant of share options	Exercise price HK\$	Number of share options at 1 August 2007 and 31 January 2008
Directors			
Ms. Cheng Kit Yin, Kelly	19.12.2000	0.140	24,873,950
	4.6.2002	0.151	80,541,849
	14.6.2006	0.048	12,436,975
Dr. Lau Lap Ping	19.4.2002	0.151	1,554,622
	14.6.2006	0.048	1,263,908
Mr. Man Kong Yui	14.6.2006	0.048	1,263,908
Mr. Yeung Chi Hung	14.6.2006	0.048	1,263,908
			123,199,120
Other employees			
In aggregate	19.12.2000	0.140	1,554,622
	19.4.2002	0.151	310,924
	14.6.2006	0.048	310,924
	13.7.2007	0.149	500,000
	13.7.2007	0.149	500,000
			3,176,470
Others			
Consultant (<i>Note</i>)	15.6.2007	0.189	10,000,000
			136,375,590

Note: Pursuant to the agreement dated 15 June 2007, the Company granted 10,000,000 options to an independent consultant at an exercise price of HK\$0.189 each. These options will become exercisable when the consultant succeeds in introducing commercial projects to the Group and subject to the approval of the Company.



At the balance sheet date, the Company had 136,375,590 share options outstanding under the Old Scheme and the Revised Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 136,375,590 additional ordinary shares of the Company and additional share capital of HK\$1,363,756 and share premium of HK\$17,612,663 (before issue expenses).

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

For the Interim Period, the Company has adopted the rules set out in Rules 5.48 to 5.67 (where applicable) of the GEM Listing Rules as the code for dealing in securities of the Company by the Directors (the “Code”). All Directors have complied with the required standard as set out in the code.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Code of Corporate Governance Practices (the “CG Code”) set out in Appendix 15 of the GEM Listing Rules throughout the Interim Period, except for the deviations to Code Provisions A.2.1 and A.4.1 as explained as follows:

Chairman and chief executive officer

At present, Ms. Cheng Kit Yin, Kelly is both the Chairman and Chief Executive Officer of the Company who is responsible for managing the Board and the Group’s business. The Company considers that the combination of the roles of Chairman and Chief Executive Officer can effectively formulate and implement the Company’s strategies. The Company also considers that under the supervision of its Board and its independent non-executive directors (“INEDs”), a balancing mechanism exists so that the interests of shareholders are adequately and fairly represented. The Company considers that there is no imminent need to change the arrangement.



Non-executive directors

The Code provision A.4.1 provides that non-executive directors should be appointed for specific terms, subject to re-election. The Company has deviated from this provision in that all INEDs are not appointed for specific terms. They are, however, subject to retirement by rotation at least once every three years.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 1 August 2005 with written terms of reference. The remuneration committee comprised Dr. Lau Lap Ping (chairman of the remuneration committee), Mr. Man Kong Yui and Mr. Yeung Chi Hung. The written terms of reference include the specific duties of making recommendations to the Board of Directors of the Company on the Company's policy and structure for all remuneration of directors and senior management, having the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management and making recommendations to the Board of Directors of the remuneration of the non-executive directors.

AUDIT COMMITTEE

The Company's audit committee was formed on 17 March 2000 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's internal control procedures, annual reports, financial statements, half-year reports and quarterly reports and to provide advice and comments thereon to the board of directors. The audit committee currently comprises three independent non-executive directors, Dr. Lau Lap Ping, Mr. Man Kong Yui and Mr. Yeung Chi Hung. The audit committee has reviewed the draft of this report and has provided advice and comments thereon.



DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the six months ended 31 January 2008, the directors are not aware of any business or interest of the directors, the management shareholders and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

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 Company's listed securities during the six months ended 31 January 2008.

By order of the Board
GreaterChina Technology Group Limited
Kelly Cheng
Chairman and Chief Executive Officer

Executive Directors:

Ms. Cheng Kit Yin, Kelly
Ms. Kuo Kwan

Independent Non-executive Directors:

Dr. Lau Lap Ping
Mr. Man Kong Yui
Mr. Yeung Chi Hung

Hong Kong, 11 March 2008