

CHAIRMAN'S STATEMENT

The directors are pleased to present the Company's interim report and condensed financial statements for the six months ended 30th June 2004. The condensed income statement, statement of changes in equity and cash flow statement for the six months ended 30th June 2004, and the condensed balance sheet as at 30th June 2004, all of which are unaudited, along with selected explanatory notes, are set out on pages 8 to 16 of this report.

Management discussion and analysis

Due to our cautious approach since late last year, we have been able to limit the damage caused by sharp falls in the price of China-related stocks. Year to date, the Company is down 6.5% ^(Note 1) while the Hang Seng Index and the Hang Seng China Enterprise Index dropped 2.3% and 14.5% respectively. By taking profit and raising our cash levels during the past several months, we have been able to keep many of the gains made previously: the Company has still increased by a very respectable 35.4% over 12 months and 70.2% over two years.

We remain in no rush to buy. The Company currently holds cash of over 25%. To us, China is a long-term bull story with exciting fundamentals. We remain bullish about China over the long term and believe that the country, with its pro-business leadership, is headed for a "soft" landing with 2004 economic growth of at least 8%. With its huge savings, China can absorb excessive investments in such sectors as steel and real estate while bottlenecks in areas such as power generation can be overcome; however, this takes time.

Unfortunately, while the adjustment is taking place, business will suffer and that's why we remain wary. We believe that any landing, soft or hard, will damage corporate profits and share prices generally. If we are correct in our economic predictions, we will be able to purchase stocks at depressed prices in the future. If we have been too pessimistic and the stock market snaps back (possibly because investors are prepared to see through the current setback to the next upturn), we will still benefit because we have a lot of money invested in stocks, even while raising cash.

In the months ahead, we can again concentrate on our real job: stock-picking. During normal times, we will not be distracted by trying to time the market or speculate on whether it will go up or down. We have to be sure, however, that we have sufficient cash to buy – as cheap stocks become available. This concern has driven our caution in recent months.

Note 1: Calculated based on the Company's net asset value as at 30th June 2004, the last valuation day in June 2004, and the net asset value as at 31st December 2003. In determining the above net asset values, investments are valued using their closing prices.

Value Partners China Greenchip Fund Limited

(Incorporated as an exempted company in the Cayman Islands with limited liability)

CHAIRMAN'S STATEMENT *(Continued)*

Liquidity and financial resources

As at 30th June 2004, the Company had bank balances of HK\$203,459,073 and had no borrowing. The Board of Directors believes that the Company has sufficient financial resources to satisfy its commitments and working capital requirements.

Capital structure of the Company

Details of movements in the share capital of the Company during the period are set out in note 6 to the condensed financial statements.

Purchase, sale or redemption of shares

The Company has not purchased, sold or redeemed any of its own shares during the period.

Dividend

The Board of Directors does not recommend the payment of interim dividend.

Value Partners China Greenchip Fund Limited

(Incorporated as an exempted company in the Cayman Islands with limited liability)

CHAIRMAN'S STATEMENT (Continued)

Top ten available-for-sale securities

Name of investee company	Nature of business	Holdings	Cost HK\$	Market value HK\$	Dividend received HK\$	Dividend earned HK\$	% of net assets
NWS Holdings Ltd	Transportation equipment	2,346,000	10,170,379	21,465,900	332,700	332,700	4.09
Weiqiao Textile Co Ltd - H shares	Textiles mill production	1,863,500	21,518,006	21,243,900	24,341	24,341	4.05
Road King Infrastructure Ltd	Transport services	3,713,000	12,185,497	20,792,800	371,300	371,300	3.97
Sinopec Shanghai Petrochemical Co Ltd - H shares	Oil and gas extraction	6,580,000	15,431,168	16,943,500	-	-	3.23
Vtech Holdings Ltd	Software application	1,095,000	6,680,105	16,315,500	301,631	-	3.11
Chaoda Modern Agriculture (Holdings) Ltd	Food and beverage	6,689,700	8,280,102	14,550,098	177,083	-	2.78
Proview International Holdings Ltd	Electrical appliance	7,654,000	7,729,864	13,777,200	222,656	222,656	2.63
Pacific Andes International Holdings Ltd	Wholesale trade	9,152,000	6,744,369	11,440,000	-	-	2.18
Skyworth Digital Holdings Ltd	Electrical appliance	5,092,151	2,891,732	10,438,910	-	-	1.99
Angang New Steel Co Ltd	Metal products	3,544,000	10,161,058	9,746,000	-	-	1.86
			<u>101,792,280</u>	<u>156,713,808</u>	<u>1,429,711</u>	<u>950,997</u>	<u>29.89</u>

Value Partners China Greenchip Fund Limited

(Incorporated as an exempted company in the Cayman Islands with limited liability)

CHAIRMAN'S STATEMENT (Continued)

Directors' and chief executives' interests and short positions in the shares of the Company

As at 30th June 2004, the interests and short positions of each director and chief executive in the shares of the Company, as recorded in the register maintained by the Company under Section 352 of the Hong Kong Securities and Futures Ordinance ("SFO") or as notified to the Company were as follows:

Name of director	Position held	Number of shares on which interested	Capacity	% of holdings
Mr Cheah Cheng Hye	Long position	200,000 (Note 1)	Interests of controlled corporation	0.65

Note 1: These shares are registered in the name of Value Partners Limited, the Manager of the Company. Value Partners Limited is 31.82% beneficially owned by Mr Cheah Cheng Hye. Mr Cheah Cheng Hye is therefore deemed to be interested in these shares by virtue of the SFO.

Substantial shareholders' interests and short positions in the shares of the Company

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30th June 2004, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executives.

Name of director	Position held	Number of shares on which interested	Capacity	% of holdings
Stichting Shell Pensioenfond	Long position	4,000,000	Beneficial owner	13.03
Deutsche Bank Aktiengesellschaft	Long position	994,773 3,765,227 (Note 1)	Beneficial owner Security Interest	3.24 12.26
QVT Associates GP LLC	Long position	3,765,227 (Note 2)	Interests of controlled corporation	12.26
QVT Fund LP	Long position	3,765,227	Beneficial owner	12.26
Sarasin Investmentfonds Sicav-Emergingsar/ Emergingsar-Asia	Long position	3,069,500	Beneficial owner	10.00
Stichting Philips Pensioenfond	Long position	2,400,000	Beneficial owner	7.82
Credit Lyonnais Securities	Long position	1,710,500	Beneficial owner	5.57

CHAIRMAN'S STATEMENT *(Continued)*

Substantial shareholders' interests and short positions in the shares of the Company *(Continued)*

Notes:

1. Deutsche Bank Aktiengesellschaft is deemed to be interested in the shares through its controlled corporation, Deutsche Bank Securities Inc., which has a security interest in the shares.
2. QVT Associates GP LLC is deemed to be interested in the shares through its controlled corporation, QVT Fund LP.

Exposure to fluctuations in exchange rates and related hedges

The Company's assets and liabilities are primarily denominated in Hong Kong and United States dollars. The Company has no significant exposure to foreign exchange fluctuations.

Compliance with the Code of Best Practice of the Listing Rules

None of the directors of the Company is aware of any information which would indicate that the Company is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules of The Stock Exchange of Hong Kong Limited at any time during the six months ended 30th June 2004.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters including a review of the unaudited condensed financial statements for the six months ended 30th June 2004 with directors.

On behalf of the Board
Choi Nga Chung
Chairman

Hong Kong, 26 August 2004