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VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

(Stock Code: 1186)

ANNOUNCEMENT

Continuing Connected Transaction with Value Partners Limited

The Board would like to announce that on 1 April 2005 the Company entered into the Renewal Agreement to extend the Investment Management Agreement for two years commencing on 4 April 2005. The basis of the calculation of the management fee and performance fee payable by the Company to the Manager is on the same basis as the one set out in the Investment Management Agreement.

The Directors (including the independent non-executive Directors) are of the view that the entering into of the Renewal Agreement by the Company is in the interests of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Company and the terms of the Renewal Agreement are on normal commercial terms.

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RENEWAL AGREEMENT

On 1 April 2005, the Company and the Manager entered into the Renewal Agreement.

Parties

The Company and the Manager.

Terms

The Company and the Manager entered into the Renewal Agreement to extend the term of the Investment Management Agreement for two years commencing on 4 April 2005. The basis of the calculation of the management fee and performance fee payable by the Company to the Manager is on the same basis as the one set out in the Investment Management Agreement. Details of the basis of the calculation of the management fee and performance fee are set out below in the section headed "Consideration".

Pursuant to the Renewal Agreement, the Manager will manage and supervise all of the Investments and provide various administrative services to the Company in accordance with the Investment Management Agreement, as amended by the Renewal Agreement.

Consideration

The Company will pay a management fee to the Manager of 1.5% per annum (based on a 360-day year) of the Net Asset Value of the Company, calculated and accrued daily and payable in arrears to the Manager at the end of the calendar month.

The Manager will also be entitled to receive a performance fee from the Company calculated by reference to the increase in the Net Asset Value per Share as at the relevant Performance Fee Valuation Day. The next Performance Fee Valuation Day will be 31 December 2005.

A performance fee will be payable to the Manager if the Net Asset Value per Share (as defined below), calculated on the relevant Performance Fee Valuation Day, is greater than the Base Net Asset Value per Share (as defined below). The fee payable shall be 12% of the appreciation in the Net Asset Value per Share (as defined below), calculated as at the Valuation Point on the relevant Performance Fee Valuation Day over the Base Net Asset Value per Share (as defined below) for each Share then in issue, calculated as follows:

$$(A-B) \times C \times D$$

—————
E

Where:

"A" is the Net Asset Value per Share, calculated on the relevant Performance Fee Valuation Day, before the deduction of any provision for the performance fee and the underwriting fee and provided that for the purpose of this calculation only the Net Asset Value shall be calculated by including any distribution which has been declared or paid during the Relevant Performance Period.

"B" is the Base Net Asset Value per Share which shall be the greater of the Net Asset value per Share on the day dealing in Shares of the Company on the Stock Exchange commences and the highest value for "A" as at the Valuation Point for any preceding Relevant Performance Period in relation to which a performance fee was last calculated and paid (after deduction of all fees including any performance fee in respect of such preceding Relevant Performance Period).

“C” is the aggregate number of Shares in issue during the Relevant Performance Period, calculated by adding the total number of Shares in issue as at the Valuation Point on each Business Day of the Relevant Performance Period.

“D” is 12% or, subject to the approval of the Shareholders by ordinary resolution in general meeting (which approval shall, for the avoidance of doubt, only be required in connection with a proposal to increase such rate), such other percentage figure agreed from time to time between the Manager and the Directors.

“E” is the number of Business Days in the Relevant Performance Period.

The maximum fees payable to the Manager under the Renewal Agreement, being the Cap Amount, is HK\$13 million per annum, has been determined by taking into account the management fees and performance fees paid to the Manager for the three years ended 31 December 2002, 2003 and 2004. The management fees and performance fees paid to the Manager for the three years ended 31 December 2002, 2003 and 2004 were, HK\$4,351,051, HK\$43,584,322 and HK\$9,879,571, respectively. The amount paid to the Manager in 2003 was higher than the other two years as a result of the better performance of the Company in that particular year. In the event that the Cap Amount is exceeded, the Manager shall be entitled to, under the terms of the Renewal Agreement, terminate its appointment under the Investment Management Agreement forthwith by giving notice in writing to the Company.

INFORMATION OF THE PARTIES INVOLVED

The Company is a close-ended investment company and is principally engaged in investments in listed and unlisted companies related to Greater China. The Manager is licensed for Types 1, 4, 5 and 9 regulated activities in Hong Kong. The Manager is deemed a connected person of the Company under Rule 21.13 of the Listing Rules. In addition, Mr Cheah Cheng Hye, a director of the Company, is also a director and the single largest shareholder of the Manager holding 31.82%.

The Company confirms that, save as disclosed above, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Manager and their respective ultimate beneficial owners are Independent Third Parties.

REASONS FOR THE TRANSACTION

The Directors (including the independent non-executive Directors) are of the view that the entering into of the Renewal Agreement by the Company is in the interests of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Company and the terms of the Renewal Agreement are on normal commercial terms. The renewal of the Investment Management Agreement will benefit the Shareholders as a whole as such renewal will ensure there is continuous, uninterrupted management and supervision of the Investments and also continuous, uninterrupted provision of administrative services to the Company, thereby causing minimal disruption to the Company.

CONTINUING CONNECTED TRANSACTION

The transactions contemplated under the Renewal Agreement constitute continuing connected transactions of the Company under Rule 14A.34 of the Listing Rules and the aggregate value of consideration on an annual basis, being the Cap Amount, under the Renewal Agreement is less than 2.5% of the market capitalisation of the Company.

In the event that the Cap Amount is exceeded or may be exceeded or when there is a material change to the terms of the Renewal Agreement, the Company shall comply with the relevant requirements of the Listing Rules. The Board shall monitor the performance of the Company closely in order to ensure that the Cap Amount is not exceeded and shall ensure that the relevant requirements of the Listing Rules are complied with well before the Cap Amount is reached.

DEFINITIONS

“Board”	means the board of Directors of the Company
“Business Day”	means a day (other than a Saturday) on which the Stock Exchange is open for normal trading and on which banks in Hong Kong are open for general business provided that, where as a result of a Number 8 Typhoon Signal being hoisted or a Black Rainstorm warning being issued or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Manager otherwise determines
“Cap Amount”	means HK\$13 million per annum, being the value of the Renewal Agreement
“Company”	means Value Partners China Greenchip Fund Limited
“Directors”	means the directors of the Company
“Futures Contract”	means any futures contract which is traded on the Futures Exchange or a Recognised Futures Exchange
“Futures Exchange”	means Hong Kong Futures Exchange Limited

“Greater China”	means the People’s Republic of China, but for the purposes of this announcement and the Company’s investment objective and investment approach and for geographical reference, includes Taiwan and Hong Kong and excludes Macau
“Independent Third Party” or “Independent Third Parties”	means third part(y)/(ies) independent of the Company and connected persons of the Company (as defined in the Listing Rules)
“Investments”	means all of the Company’s assets (including cash) for the time being deposited or deemed deposited with Standard Chartered Bank for the account of the Company excluding any amount declared as a dividend payable by the Company
“Investment Management Agreement”	means the agreement entered into by the Company and the Manager on 28 March 2002 for the management of the Investments
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Manager”	means Value Partners Limited or its successors
“Market”	means the following, in any part of the world: <ul style="list-style-type: none"> (i) in relation to any Security: the Stock Exchange or a Recognised Stock Exchange; and (ii) in relation to any Futures Contract: the Futures Exchange or a Recognised Futures Exchange
“Net Asset Value”	means the net asset value of the Company or, as the context may require, the net asset value per Share, calculated pursuant to the articles of association of the Company
“Performance Fee Valuation Day”	means the last Business Day of each calendar year
“Recognised Futures Exchange”	means an international futures exchange which is recognised by the SFC or which is approved by the Directors and the Manager
“Recognised Stock Exchange”	means an international stock exchange which is recognised by the SFC or which is approved by the Directors and the Manager
“Relevant Performance Period”	means the period commencing 1 January to 31 December (both dates inclusive) in each successive calendar year
“Renewal Agreement”	means the agreement entered into on 1 April 2005 between the Company and the Manager to extend the Investment Management Agreement which has expired on 3 April 2005
“Security” or “Securities”	means any share, stock, debenture, loan stock, bond, security, commercial paper, acceptance, trade bill, treasury bill, instrument or note of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, or of any government or local government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing): <ul style="list-style-type: none"> (i) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any Unit Trust (as defined in the articles of association of the Company); (ii) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing; (iii) any instrument commonly known or recognised as a security; (iv) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and (v) any bill of exchange and any promissory note
“SFC”	means the Securities and Futures Commission of Hong Kong

“Share”	means shares of par value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	means registered holders of the Shares from time to time
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Valuation Point”	means the official close of trading on the Market on each Business Day on which any Security, commodity, or Futures Contract comprised in the Company’s portfolio is traded and, if assets comprising the Company’s portfolio are traded on more than one Market, the official close of trading on the last Market to close or such other time or times as determined by the Manager from time to time provided that there shall always be a Valuation Point on each Business Day

On behalf of the Board
So Chun Ki Louis
Chairman

Hong Kong, 1 April 2005

As at the date of this announcement, the executive directors of the Company are Mr. Cheah Cheng Hye, Mr. Teng Ngiek Lian, Mr. Ngan Wai Wah and Mr. So Chun Ki Louis, the non-executive director is Mr. Yeung Kin Sing and the independent non-executive directors are Mr. Li Aubrey Kwok Sing, Mr. Paul Marin Theil and Mr. Ng Ka Wai.

Please also refer to the published version of this announcement in The Standard.