VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

(Incorporated as an exempted company in the Cayman Islands with limited liability)
(Stock Code: 1186)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2005

INTERIM RESULTS

The Board of Directors (the "Board") of Value Partners China Greenchip Fund Limited (the "Company") is pleased to announce the unaudited interim results of the Company for the six months ended 30th June 2005 together with the unaudited comparative figures for the corresponding period in 2004. The interim results have not been audited, but have been reviewed by the Company's Audit Committee.

CONDENSED INCOME STATEMENT

For the six months ended 30th June 2005

		(Unaudited)	
		2005	2004
	Note	*HK$*	*HK$*
Income			
Dividends		7,760,052	4,810,378
Interest on financial assets at fair value through profit or loss		153,979	–
Interest on bank deposits		1,450,102	102,958
Other income		23,941	132,513
Net realised gain on sale of financial assets at fair value through profit or loss		20,848,071	99,767,701
Net change in unrealised appreciation/depreciation in value of financial assets at fair value through profit or loss		(9,486,191)	(141,844,644)
		20,749,954	(37,031,094)
Expenses			
Management fee	5	4,450,944	4,381,817
Performance fee	6	1,416,498	–
Underwriting fee	7	354,124	–
Other operating expenses		1,403,673	973,474
Net exchange losses		318,696	104,702
Total operating expenses		7,943,935	5,459,993
Net income/(loss) before taxation		12,806,019	(42,491,087)
Taxation	8	(2,128,260)	–
Net income/(loss) for the period		10,677,759	(42,491,087)
Basic earnings per share (cents)	10	34.78	(138.41)

CONDENSED BALANCE SHEET
As at 30th June 2005

	Note	(Unaudited) 30th June 2005 HK$	(Audited) 31st December 2004 HK$
Assets			
Financial assets at fair value through profit or loss	3	485,591,636	481,438,738
Amounts receivable on sale of investments		3,909,716	388,083
Dividends receivable		839,714	309,511
Interest receivable		116,325	166,704
Bank balances		162,812,674	156,237,859
Total assets		653,270,065	638,540,895
Liabilities			
Amounts payable on purchase of investments		2,183,417	98,390
Management fee payable		730,273	742,319
Performance fee payable		1,416,498	1,234,508
Accruals and other payables		704,188	863,678
Tax payable		59,038,806	56,910,546
Total liabilities		64,073,182	59,849,441
Net assets		589,196,883	578,691,454
Equity			
Share capital		3,069,000	3,070,000
Share premium		297,458,205	297,629,535
Retained earnings		288,669,678	277,991,919
Total equity		589,196,883	578,691,454
Number of shares in issue		30,690,000	30,700,000
Net asset value per share		19.20	18.85

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation of the condensed financial statements

The unaudited condensed financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim financial reporting" as issued by the International Accounting Standards Committee.

These condensed financial statements should be read in conjunction with the 2004 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31st December 2004 except that the Company has changed certain of its accounting policies following its adoption of the new/revised International Financial Reporting Standards (the "IFRS") which are effective for accounting periods commencing on or after 1st January 2005.

These condensed financial statements have been prepared in accordance with those IFRS standards and interpretations issued and effective as at the time of preparing these condensed financial statements. The IFRS standards and interpretations that will be applicable at 31st December 2005, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these condensed financial statements.

The changes to the Company's accounting policies and the effect of adopting these new policies are set out in note 2 below.

The condensed financial statements are prepared in accordance with IFRS. They have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss.

2. Changes in accounting policies

In 2005, the Company adopted the new/revised standards of IFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

IAS 1 (revised 2003)	Presentation of financial statements
IAS 8 (revised 2003)	Accounting policies, changes in accounting estimates and errors
IAS 10 (revised 2003)	Events after the balance sheet date
IAS 21 (revised 2003)	The effects of changes in foreign exchange rates
IAS 24 (revised 2003)	Related party disclosures
IAS 32 (revised 2003)	Financial instruments: disclosures and presentation
IAS 33 (revised 2003)	Earnings per share
IAS 39 (revised 2003)	Financial instruments: recognition and measurement

The adoption of IAS 1, 8, 10, 21, 24, 32, 33 and 39 (all revised 2003) resulted in some changes to the Company's accounting policies. In summary:

- IAS 1 (revised 2003) has affected disclosures.
- IAS 8, 10 and 33 (all revised 2003) had no material effect on the Company's policies.
- IAS 21 (revised 2003) had no material effect on the Company's policy. The functional currency of the Company has been re-evaluated based on the guidance to the revised standard and is still considered appropriate.
- IAS 24 (revised 2003) has affected the identification of related parties and some other related-party disclosures.
- IAS 32 (revised 2003) has affected the presentation and disclosures of financial instruments.
- IAS 39 (revised 2003) affected the categories of financial assets for recognition and measurement purposes. The Company redesignated its available-for-sale financial instruments as financial assets at fair value through profit or loss on adoption of IAS 39 (revised 2003).

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All standards adopted by the Company that are relevant to its operations were applied retrospectively other than IAS 39 (revised 2003) – the derecognition of financial assets is applied prospectively. This standard requires simultaneous adoption with IAS 32 (revised 2003). There was no impact on opening net assets at 1st January 2004 from the adoption of any of the above-mentioned standards.

3. Financial assets at fair value through profit or loss

This category has 2 sub-categories: financial assets held for trading, and those designated by management as fair value through profit or loss at inception. Financial assets held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the short term. Derivative financial instruments are also categorised as held for trading, as the Company does not designate any derivative financial instruments as hedges in a hedging relationship.

Regular-way purchases and sales of investments are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value, and transaction costs for all financial assets carried at fair value through profit or loss are expensed as incurred. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the condensed income statement in the period in which they arise. Interest income on debt instruments is calculated using the effective interest method and presented separately in the condensed income statement.

4. Income and expenses

Dividend income is recognised on the date it is declared payable by the investee company and when the Company's right to receive payment is established.

Interest income is recognised in the condensed income statement for all debt instruments using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

All major expenses are accounted for on an accruals basis.

5. Management fee

The Manager is entitled to receive a management fee which represents 1.5% per annum of the net asset value of the Company. The management fee is calculated and accrued daily and payable monthly in arrears.

6. Performance fee

The Manager is entitled to receive a performance fee which represents 12% of the amount by which the net asset value per share as at 31st December of each year (the "performance fee valuation day") exceeds the higher of (i) the net asset value per share on the day dealing in shares of the Company on The Stock Exchange of Hong Kong Limited commenced and (ii) the highest value for the net asset value per share as at the performance fee valuation day for any preceding year in which a performance fee was last calculated and paid. The performance fee is calculated and accrued daily and payable yearly in arrears.

7. Underwriting fee

The Underwriter, CLSA Limited, is entitled to receive an underwriting fee which represents 3% of the amount by which the net asset value per share as at 31 December of each year from 2002 to 2006 (both years inclusive) (the "underwriting fee valuation day") exceeds the higher of (i) the net asset value per share on the day dealing in shares of the Company on The Stock Exchange of Hong Kong Limited commenced and (ii) the highest value for the net asset value per share as at the underwriting fee valuation day for any preceding year in which an underwriting fee was last calculated and paid. The underwriting fee is calculated and accrued daily and payable yearly in arrears.

8. Taxation

The Company has obtained from the Governor-in-Council of the Cayman Islands an undertaking that, in accordance with Section 6 of the Tax Concession Law (1999 Revision), for a period of 20 years from 22nd January 2002, no laws of the Cayman Islands imposing any tax on profits, income, gains or appreciation will apply to the Company.

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit for the period.

The amount of taxation charged to the condensed income statement represents:

	(Unaudited)	
	2005	2004
	HK$	*HK$*
Hong Kong profits tax	2,128,260	–

There was no material unprovided deferred taxation for the period.

Overseas withholding tax was charged on certain dividend and interest income received during the period.

9. Interim Dividend

The Board of Directors does not recommend the payment of an interim dividend for the 6 months ended 30th June 2005 (2004: nil).

10. Earnings per share

The basic earnings per share is calculated by dividing the net income for the period of HK$10,677,759 (2004: net loss of HK$42,491,087) by the weighted average number of ordinary shares in issue during the period, being 30,699,834 (2004: 30,700,000).

11. Events after the balance sheet date

Subsequent to the balance sheet date, the Company has cleared its tax position with the Inland Revenue Department for the years of assessment 2002/03 and 2003/04. Accordingly, the Company has written back the tax payable in the condensed balance sheet in respect of these 2 years of assessment on 5th September 2005. Subsequent to 5th September 2005, the Company has also cleared its tax position with the Inland Revenue Department for the year of assessment 2004/05.

MANAGEMENT DISCUSSION AND ANALYSIS

Since last year, the market for China-related stocks has been driven more by excess liquidity, rather than by true value. A lot of that money has been chasing big cap stocks. Consequently, small cap stocks underperformed the overall market.

As of 30th June 2005, the Company returned 1.9% year-to-date. Over the same period, the Hang Seng Index fell by 0.2% and the MSCI China Free Index rose 3.1%. Our current focus is on research and company visits rather than buying stocks. As a value investor, we will not buy unless we can identify investments with the right fundamentals and trading at attractive prices. If this means we have to wait for a better entry opportunity, we can afford to be patient.

For this reason, the cash level in the Company remains relatively high at 18%. We have also carried out limited hedging from time to time. This is done by selling contracts on the Hong Kong Futures Exchange Limited. But the futures contracts do not represent a major allocation.

What it all amounts to, is that we are waiting. Our aim is to make a big harvest from stock investing using our wealth of research and experience. But this strategy cannot be rushed. The outlook for China-related investments remain promising over the medium term, with the Beijing government committed to rapid economic growth in order to create jobs and maintain social stability. But in the short term, we have concerns about excessive speculation.

At the last annual general meeting, a general mandate to buy back up to 10% of the Company was granted. In fact, we have bought back some shares in the first half of 2005 because we believe it would help increase shareholders' value when the shares are traded at an attractive discount to net asset value.

Since inception, the Company has returned 95.9%. Over the same period, the Hang Seng Index was up by 32.4% and the MSCI China Free Index rose 64.5%. We have created tremendous value for our shareholders and will continue to do our best to increase return on our investments.

PURCHASE, SALE OR REDEMPTION OF SHARES

On 28th June 2005, the Company repurchased 10,000 ordinary shares with a par value of HK$0.10 each at HK$17.233 per share on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The repurchase involved a total cash outlay of HK$172,330. The aggregate purchase price was charged to equity. All of the repurchased shares were cancelled.

Save as disclosed above, the Company has not purchased, sold or redeemed any of its shares during the 6 months ended 30th June 2005.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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 on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") at any time during the 6 months ended 30th June 2005, except that the Company does not have a chief executive officer position because the nature of the Company is a close-ended investment company, therefore day-to-day management is delegated to the Manager.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted Appendix 10 of the Listing Rules on the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"). All directors have confirmed, following specific inquiry made by the Company, that they have complied with the required standards set out in the Model Code during the period.

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 6 months ended 30th June 2005 with directors.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

By order of the Board
So Chun Ki Louis
Chairman

Hong Kong, 13th September 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, Franco and Mr. So Chun Ki Louis, the non-executive director is Mr. Yeung Kin Sing, William and the independent non-executive directors are Mr. Li Aubrey Kwok Sing, Mr. Paul Marin Theil and Mr. Ng Ka Wai, Eric.

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