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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

The Board would like to announce that on 14 December 2005 the Company entered into the Supplemental Agreement to amend the terms of the Custodian Agreement.

As a result of the amendments made under the Supplemental Agreement, (a) the Custody Fees payable by the Company to the Custodian under the Custodian Agreement will be capped at an aggregate annual limit of HK\$3 million; and (b) the Custodian Agreement will be in force until 3 April 2007 unless otherwise terminated in accordance with the Custodian Agreement, as amended by the Supplemental Agreement.

The Custodian will continue to act as custodian in relation to all Investments which the Company may from time to time deposit with the Custodian in accordance with the Custodian Agreement, as amended by the Supplemental Agreement.

The Transaction under the Supplemental Agreement constitutes a continuing connected transaction of the Company under Rule 14A.34 of the Listing Rules and the aggregate value of consideration on an annual basis is less than 2.5% of the market capitalisation of the Company.

The Directors (including the independent non-executive Directors) are of the view that the entering into of the Supplemental 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 Supplemental Agreement are on normal commercial terms.

1. BACKGROUND

The Board would like to announce that on 14 December 2005 the Company entered into the Supplemental Agreement to amend the terms of the Custodian Agreement.

As a result of the amendments made under the Supplemental Agreement, (a) the Custody Fees payable by the Company to the Custodian under the Custodian Agreement will be capped at an aggregate annual limit of HK\$3 million; and (b) the Custodian Agreement will be in force until 3 April 2007 unless otherwise terminated in accordance with the Custodian Agreement, as amended by the Supplemental Agreement.

The Transaction under the Supplemental Agreement constitutes a continuing connected transaction of the Company under Rule 14A.34 of the Listing Rules and the aggregate value of consideration on an annual basis is less than 2.5% of the market capitalisation of the Company.

2. SUPPLEMENTAL AGREEMENT

On 14 December 2005, the Company and the Custodian entered into the Supplemental Agreement.

2.1 Parties

The Company and the Custodian.

2.2 Terms

(A) Amendments to the Custodian Agreement

- (1) Clause 17(a) of the Custodian Agreement shall be amended such that the Custodian Agreement shall continue in force until 3 April 2007 unless otherwise terminated in accordance with clause 17 of the Custodian Agreement, as amended by the Supplemental Agreement.
- (2) The Custody Fees payable to the Custodian under clause 10 "Fees" of the Custodian Agreement shall be subject to the Cap Amount.

The basis of the calculation of the Custody Fees payable by the Company to the Custodian remains unchanged and is on the same basis as the one set out in the Custodian Agreement. Details of the basis of the calculation of the Custody Fees are set out below in the section headed "Consideration".

The Custodian will continue to act as custodian in relation to all Investments which the Company may from time to time deposit with the Custodian in accordance with the Custodian Agreement, as amended by the Supplemental Agreement.

(B) Other terms of the Custodian Agreement

The Company and the Custodian acknowledge that all the terms of the Custodian Agreement, save and except as amended by the Supplemental Agreement, will remain in full force and effect.

2.3 Consideration

(A) Fee Agreement

The Custodian will be paid for the provision of the services at the rates set out below:

- (1) custody fee of 0.04% – 0.08% per annum depending on the trading market, with a minimum charge of US\$25 per month per account per market;
- (2) transaction fee of US\$30 – US\$80 depending on the trading market for each receipt or delivery of securities;
- (3) fund services fee of 0.06% per annum (minimum US\$15,000 per account per annum) based on the portfolio value as at each month end; and
- (4) interim and year-end reporting and other ad hoc reporting fee of US\$900 per valuation.

The above rates are subject to revision annually by the Custodian with the approval of the Company in accordance with the terms set out in the Custodian Agreement, as amended by the Supplemental Agreement. Shareholders will be notified in writing by the Company of any revision to the Custody Fees.

The Company will also reimburse the Custodian for its reasonable out-of-pocket expenses incurred in the performance of its duties. Fees payable to any sub-custodians will be paid by the Custodian.

The Custody Fees is charged based on the value of securities under custody as at each month end. The Custody Fees includes the Custodian's charges for safekeeping, preparing stock registration, collection of income and corporate action processing for the above markets.

The transaction fee is charged per transaction such as receipt or delivery of stock, free or against payment.

The fund services fee is charged based on the portfolio value as at each month end. The Custodian will provide a daily valuation of the assets under its custody.

The Company has set the maximum aggregate value of the Custody Fees payable to the Custodian by the Company pursuant the Custodian Agreement, as amended by the Supplemental Agreement, and the Fund Services Service Memorandum in any financial year during the term of the Custodian Agreement, as amended by the Supplemental Agreement, at HK\$3 million, being the Cap Amount. The Cap Amount was determined based on the historical Custody Fees paid to the Custodian by the Company for the three years ended 31 December 2002, 2003 and 2004 and with reference to an estimated growth rate of the fees payable to the Custodian after discussion between the Custodian and the Company. The Custody Fees paid to the Custodian by the Company for the three years ended 31 December 2002, 2003 and 2004 were, HK\$622,694, HK\$904,627 and HK\$1,045,821, respectively.

In the event that the Cap Amount is exceeded, the Custodian shall be entitled to, under the terms of the Supplemental Agreement, terminate its appointment under the Custodian Agreement forthwith by giving notice in writing to the Company.

If during the term of the Custodian Agreement, as amended by the Supplemental Agreement, the aggregate value of the Custody Fees payable to the Custodian by the Company thereunder exceeds the Cap Amount, the Company will take the necessary steps to ensure compliance with the Listing Rules. **As stated in the section headed "Terms" above, the basis of the calculation of the Custody Fees payable by the Company to the Custodian remains unchanged throughout and is on the same basis as the one provided under the Custodian Agreement.**

3. 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 China. The Custodian is a bank incorporated in England with limited liability by the Royal Charter, acting through its branches and/or subsidiaries located in China, Hong Kong and Taiwan. The Custodian is deemed a connected person of the Company under Rule 21.13 of the Listing Rules.

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

4. REASONS FOR THE TRANSACTION

The Directors (including the independent non-executive Directors) are of the view that the terms of the Transaction are fair and reasonable and the entering into of the Supplemental 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 Supplemental Agreement are on normal commercial terms. The Supplemental Agreement will benefit the Shareholders as a whole as such Supplemental Agreement will ensure continuous, uninterrupted custodial services in relation to all Investments which the Company may from time to time deposit with the Custodian, thereby causing minimal disruption to the business of the Company.

5. CONTINUING CONNECTED TRANSACTION

The Transaction constitutes a continuing connected transaction of the Company under Rule 14A.34 of the Listing Rules and the aggregate value of consideration on an annual basis 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 Supplemental 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.

The Transaction will also be subject to the annual review requirement and the reporting requirement respectively under Rules 14A.37 to 14A.41, and Rules 14A.45 and 14A.46 of the Listing Rules.

6. DEFINITIONS

“Board”	means the board of Directors of the Company
“Cap Amount”	means HK\$3 million per financial year, being the maximum aggregate annual value for the fees and expenses payable to the Custodian by the Company during the term under the Custodian Agreement (as amended by the Supplemental Agreement) for the two years ending 31 December 2005 and 2006 and the period ending 3 April 2007
“China”	means the People’s Republic of China
“Company”	means Value Partners China Greenchip Fund Limited
“Custodian”	means Standard Chartered Bank, a bank incorporated in England with limited liability by the Royal Charter, acting through its branches and/or subsidiaries located in China, Hong Kong and Taiwan
“Custodian Agreement”	means the agreement entered into on 28 March 2002 between the Company and the Custodian for the provision of custody services by the Custodian
“Custody Fees”	means the fees payable to the Custodian as remuneration for its services under the Custodian Agreement
“Directors”	means the directors of the Company
“Fund Services Service Memorandum”	means the fund services service memorandum entered into on 15 April 2002 between the Company and the Custodian in relation to the custody services provided by the Custodian to the Company pursuant to the Custodian Agreement
“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 the Custodian for the account of the Company excluding any amount declared as a dividend payable by the Company
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Shareholder(s)”	means registered holders of the Shares from time to time

“Shares”	means shares of par value HK\$0.10 each in the share capital of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	means the agreement entered into on 14 December 2005 between the Company and the Custodian to amend the terms of the Custodian Agreement so as to ensure compliance with the Listing Rules in the payment of Custody Fees
“Transaction”	means the entering into the Supplemental Agreement by the Company and all the transactions contemplated thereunder

On behalf of the Board
So Chun Ki Louis
Chairman

Hong Kong, 15 December 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, Eric.

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