VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

(Stock Code: 1186)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2005

RESULTS

The Board of Directors (the "Board") of Value Partners China Greenchip Fund Limited (the "Fund") is pleased to announce the audited financial statements of the Fund for the year ended 31st December 2005.

INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2005

	Note	**2005**	2004
		HK$	*HK$*
Income			
Dividends		**20,900,619**	13,069,004
Interest on financial assets at fair value through profit or loss		**576,374**	80,970
Interest on bank deposits		**3,767,993**	1,144,331
Other income		**23,941**	432,051
Net realised gain on financial assets at fair value through profit or loss		**33,688,073**	119,068,829
Net unrealised gain/(loss) on financial assets at fair value through profit or loss		**20,422,201**	(108,630,278)
Total investment income		**79,379,201**	25,164,907
Expenses			
Management fee	3	**9,273,355**	8,645,063
Performance fee	4	**13,194,921**	1,234,508
Underwriting fee	5	**3,298,730**	308,627
Custodian, transaction handling and fund services fees		**1,036,703**	1,045,821
Directors' fees		**421,855**	320,000
Legal and professional fees		**816,133**	258,144
Auditors' remuneration		**215,900**	231,366
Transaction costs		**1,598,821**	–
Other operating expenses		**909,233**	550,701
Net foreign exchange loss		**721,091**	587,411
Total operating expenses		**31,486,742**	13,181,641
Profit before tax		**47,892,459**	11,983,266
Income tax income	6	**51,161,390**	–
Withholding tax on dividends and other investment income	6	**(20,193)**	(12,651)
Profit for the year		**99,033,656**	11,970,615
Basic earnings per share	8	**3.23**	0.39

BALANCE SHEET
AS AT 31ST DECEMBER 2005

	2005 HK$	2004 HK$
Assets		
Financial assets at fair value through profit or loss	**622,949,549**	481,438,738
Amounts receivable on sale of financial assets at fair value through profit or loss	**5,258,657**	388,083
Dividends and interest receivable	**2,758,300**	476,215
Bank balances	**70,279,575**	156,237,859
Total assets	**701,246,402**	638,540,895
Equity		
Share capital	**3,065,000**	3,070,000
Share premium	**296,781,901**	297,629,535
Retained earnings	**377,025,575**	277,991,919
Total equity	**676,872,476**	578,691,454
Liabilities		
Amounts payable on purchase of financial assets at fair value through profit or loss	**582,713**	98,390
Management fee and performance fee payable	**14,027,498**	1,976,827
Accruals and other payables	**4,014,559**	863,678
Tax payable	**5,749,156**	56,910,546
Total liabilities	**24,373,926**	59,849,441
Total liabilities and equity	**701,246,402**	638,540,895

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). They have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities held at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires the exercise of judgement in the process of applying the Fund's accounting policies.

Adoption of new/revised IFRS

In 2005, the Fund 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: disclosure 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 Fund'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 Fund's accounting policies.
- IAS 21 (revised 2003) had no material effect on the Fund's accounting policies. The functional currency of the Fund 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 classification and disclosures of financial instruments.
- IAS 39 (revised 2003) affected the categories of financial assets and liabilities for recognition and measurement purposes. The Fund redesignated its available-for-sale financial instruments as financial assets at fair value through profit or loss on adoption of IAS 39 (revised 2003). Fair value gains and losses on available-for-sale instruments were previously recognised in the income statement.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. There was no impact on opening net assets at 1st January 2004 from the adoption of any of the above-mentioned standards. All references to net assets throughout this document refer to net assets attributable to shareholders unless otherwise stated.

No additional disclosure is included in relation to segment reporting, as the Fund's activities are limited to a single business segment. The Fund is organised into a single business segment, focusing on achieving medium-term capital growth through investing in companies established in Greater China or which derive a majority of their revenue from business related to Greater China, whether in the form of direct investment or trade.

2. Income and expenses

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised in the 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 Fund estimates cash flows considering all contractual terms of the financial instrument 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.

Expenses are accounted for on an accruals basis.

3. Management fee

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

4. Performance fee

The Manager is entitled to receive a performance fee which represents 12% of the product of the average number of shares in issue during the year and the amount by which the net asset value per share as at 31st December of each year (the "performance fee valuation day") before accrual of performance fee exceeds the higher of (i) the net asset value per share on the day dealing in shares of the Fund on the Hong Kong Stock Exchange 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 (after payment of the performance fee). The performance fee is calculated and accrued daily and payable yearly in arrears.

5. 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 31st December of each year from 2002 to 2006 (both years inclusive) (the "underwriting fee valuation day") before accrual of underwriting fee and performance fee exceeds the higher of (i) the net asset value per share on the day dealing in shares of the Fund on the Hong Kong Stock Exchange 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 (after payment of the underwriting fee and performance fee). The underwriting fee is calculated and accrued daily and payable yearly in arrears.

6. Taxation

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

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

	2005	2004
	HK$	*HK$*
Hong Kong profits tax	**51,161,390**	–

The tax on the Fund's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the Fund as follows:

	2005	2004
	HK$	*HK$*
Profit before tax	**47,892,459**	11,983,266
Tax calculated at a tax rate of 17.5% (2004: 17.5%)	**8,381,180**	2,097,072
Income not subject to tax	**(4,317,007)**	(2,485,120)
Expenses not deductible for tax purposes	**1,684,983**	231,734
Tax losses for which no deferred income tax asset was recognised	**–**	156,314
Write-back of tax payable	**(56,910,546)**	–
Tax income	**(51,161,390)**	–

Overseas withholding tax was charged on certain dividend and investment income received during the year.

7. Dividends

The directors do not recommend the payment of a dividend.

8. Earnings per share

The basic earnings per share is calculated by dividing the profit for the year of HK$99,033,656 (2004: HK$11,970,615) by the weighted average number of shares in issue during the year, being 30,675,534 (2004: 30,700,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Value Partners China Greenchip Fund Limited gained a net 17.1% in 2005, while the Hang Seng Index and MSCI China Free Index recorded gains of 4.5% and 15.9% respectively. As previously announced in September, we are pleased to report that the tax provision write-back in the amount of HK$56.9 million contributed to 8.4% of the Fund's performance in 2005. Since inception, the Fund has returned 125.3%. Over the same period, Hang Seng Index and MSCI China Free Index rose by 38.7% and 85% respectively.

To make our money, we relied on sharp and accurate stock-picking; the Fund as a whole remained defensive, keeping a high level of cash, as we did not want to take too many risks. This blend, combining greater safety with decent profits, describes how we did our job in 2005.

We expect that 2006 is going to be a very volatile year, not only for China-related stocks, which are our focus, but for financial markets around the world.

Volatility aside, the good news is that genuine value-stocks have become easier to find in the China-related markets. Other Asian markets, such as those of Japan, Korea and India, were more popular than those of China, so we now enjoy more overlooked value.

We also have new opportunities arising from Beijing's drive to sell off state enterprises. This has resulted in a huge number of initial public offerings (IPOs) of Chinese enterprises, with some reasonable-quality assets offered at attractive prices. Because the Shanghai and Shenzhen stock markets have been depressed, these offerings have all taken place on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). In 2005, 4 of the world's 10 largest IPOs took place in Hong Kong, making it the busiest market for new issues, and this strong trend should continue into 2006.

Value Partners' reputation as a pioneer-investor in China-related equities has also opened new doors. We have become a leading investor in "private chips", which refer to privately controlled businesses on the Chinese mainland, typically small to mid-sized companies, many of which have used the Hong Kong Stock Exchange to raise funding. This is an emerging asset class that has been largely ignored by institutional funds, for fear of corporate-governance problems. We have moved in aggressively, but as always, we stick to a strict value-investing discipline, driven by bottom-up research, which has kept us in good health.

Especially in the last quarter of 2005, we have been able to put cash to work fairly quickly, with the cash level down to 8% by year end, much lower than the 10% to 20% cash level seen for much of 2004 and 2005, when we faced a shortage of value opportunities (as stated, we do not compromise on our discipline, so we have been willing to be patient until we can get it right).

We had talked about a slowdown in China's economic growth before, and this is now happening, with signs that exports are growing less quickly than before, while companies have become less aggressive in spending capital. Economic growth in 2005, estimated at 10.1%, is projected to slow to 7.5% to 8.5% in 2006, and 7% to 8% in 2007.

As previously discussed, we welcome the slower pace. We long complained about how hard it has been for companies to make profits in China, due to vast over-capacity in a wide range of products and services. Slowing growth is beginning to improve capital-spending discipline, which should gradually cut over-capacity, while the economy, still robust despite the lower growth rate, is generating strong consumer spending to absorb the surplus production. The over-capacity problem remains burdensome and it will not disappear quickly, but the situation is more likely to get better than worse.

We are pleased to report that Value Partners Limited, the Manager, has won the Enterprise Award in the 2005 Hong Kong Business Awards competition organised by DHL and South China Morning Post to give recognition to Hong Kong's most successful businesses. Value Partners Limited is the first asset-management firm to win this keenly contested prize, which in previous years went to companies in commerce and industry.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December 2005, the Fund had bank balances of HK$70,279,896 and had no borrowing. The board of directors believes that the Fund has sufficient financial resources to satisfy its commitments and working capital requirements.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

On 28th June 2005, the Fund purchased 10,000 shares with a par value of HK$0.10 each of the Fund at a price of HK$17.20 per share on the Hong Kong Stock Exchange. On 7th July 2005, the Fund purchased an additional 40,000 shares with a par value of HK$0.10 each of the Fund at prices ranging from HK$16.90 per share to HK$17.00 per share on the Hong Kong Stock Exchange. The purchases involved a total cash outlay of HK$172,330 and HK$680,304 respectively. The aggregate prices of the purchased shares were charged to equity. All the purchased shares were cancelled.

Save as disclosed above, the Fund has not purchased or sold any of the Fund's shares during the year ended 31st December 2005 and the Fund has not redeemed any of its shares during the year ended 31st December 2005.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Fund recognizes the importance of good corporate governance to the Fund's healthy growth and has formulated corporate governance practices appropriate to the Fund's needs. The directors of the Fund consider that the Fund has complied with the Code on Corporate Governance Practices as set out in Appendix 14 (the "Code") of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31st December 2005, except that the Fund does not have a chief executive officer position. Due to the nature of the Fund, being a closed ended investment company, the day-to-day management is delegated to the Manager.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Fund and discussed internal controls and financial reporting matters including a review of the financial statements for the year.

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

The Fund has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31st December 2005.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The annual report of the Fund, which will contain all the information required by the Listing Rules, will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

On behalf of the Board
So Chun Ki Louis
Chairman

Hong Kong, 20th April 2006

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.