VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

(A Cayman Islands exempted limited liability company)
(Stock Code: 1186)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2006

INTERIM RESULTS

The Board of Directors (the "Board") of Value Partners China Greenchip Fund Limited (the "Fund") is pleased to announce the unaudited interim results of the Fund for the six months ended 30th June 2006 together with the comparative figures for 2005. The interim results have not been audited, but have been reviewed by the Fund's Audit Committee.

CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE 2006

		(Unaudited)	
		2006	2005
	Note	***HK$***	*HK$*
Income			
Dividends		**9,856,746**	7,760,052
Interest on financial assets at fair value through profit or loss		**939,212**	153,979
Interest on bank deposits		**991,532**	1,450,102
Other income		**–**	23,941
Net realised gain on financial assets at fair value through profit or loss		**69,643,752**	20,848,071
Net unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss		**99,227,777**	(9,486,191)
Net foreign exchange gain/(loss)		**411,224**	(318,696)
Total investment income		**181,070,243**	20,431,258
Expenses			
Management fee	3	**6,007,110**	4,450,944
Performance fee	4	**18,706,676**	1,416,498
Underwriting fee	5	**4,676,669**	354,124
Other operating expenses		**4,270,393**	1,403,673
Total operating expenses		**33,660,848**	7,625,239
Profit before taxation		**147,409,395**	12,806,019
Tax expense	6	**(24,260,797)**	(2,128,260)
Profit for the period		**123,148,598**	10,677,759
Basic earnings per share *(cents)*	8	**401.79**	34.78

CONDENSED BALANCE SHEET

AS AT 30TH JUNE 2006

	(Unaudited) 30th June 2006 *HK$*	(Audited) 31st December 2005 *HK$*
Assets		
Financial assets at fair value through profit or loss	**768,596,891**	622,949,549
Amounts receivable on sale of financial assets at fair value through profit or loss	**4,493,131**	5,258,657
Dividends and interest receivables	**1,279,464**	2,758,300
Bank balances	**85,393,620**	70,279,896
Total assets	**859,763,106**	701,246,402
Equity		
Share capital	**3,065,000**	3,065,000
Share premium	**296,781,901**	296,781,901
Retained earnings	**500,174,173**	377,025,575
Total equity	**800,021,074**	676,872,476
Liabilities		
Financial liabilities at fair value through profit or loss	**2,191,726**	–
Amounts payable on purchase of financial assets at fair value through profit or loss	**2,701,380**	582,713
Management fee and performance fee payable	**19,722,203**	14,027,498
Accruals and other payables	**5,116,770**	4,014,559
Tax payable	**30,009,953**	5,749,156
Total liabilities	**59,742,032**	24,373,926
Total equity and liabilities	**859,763,106**	701,246,402

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

1. Basis of preparation

This condensed interim financial information for the half-year ended 30th June 2006 has been prepared in accordance with IAS 34 "Interim financial reporting". The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31st December 2005.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st December 2005.

The following amendments to standards are mandatory for financial year ending 31st December 2006:

- Amendment to IAS 39, Amendment "The fair value option", effective for annual periods beginning on or after 1st January 2006. This amendment does not have any impact on the classification and valuation of the Fund's financial instruments classified as at fair value through profit or loss prior to 1st January 2006 as the Fund is able to comply with the amended criteria for the designation of financial instruments at fair value through profit or loss.

The following new standard has been issued but is not effective for 2006 and has not been early adopted;

- IFRS 7 "Financial instruments: Disclosures", effective for annual periods beginning on or after 1st January 2007. The Fund assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment to IAS 1. The Fund will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1st January 2007.

The condensed balance sheet presents assets and liabilities in increasing order of liquidity and does not distinguish between current and non-current items. All the Fund's assets and liabilities are held for the purpose of being traded or are expected to be realised within 1 year.

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 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 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.

The management fee payable as at 30th June 2006 was HK$1,015,527 (31st December 2005: HK$832,577).

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 period 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 and underwriting 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 and underwriting fee). The performance fee is calculated and accrued daily and payable yearly in arrears.

The performance fee payable as at 30th June 2006 was HK$18,706,676 (31st December 2005: HK$13,194,921).

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 performance fee and underwriting 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 performance fee and underwriting fee). The underwriting fee is calculated and accrued daily and payable yearly in arrears.

The underwriting fee payable as at 30th June 2006 was HK$4,676,669 (31st December 2005: HK$3,298,730).

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 Concession Law (1999 Revision), 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% (2005: 17.5%) on the estimated assessable profit for the period.

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

	(Unaudited)	
	2006	2005
	HK$	*HK$*
Hong Kong profits tax	**24,260,797**	2,128,260

7. Interim Dividend

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th June 2006 (2005: nil).

8. Basic earnings per share and net asset value per share

The basic earnings per share is calculated by dividing the profit for the period of HK$123,148,598 (2005: HK$10,677,759) by the weighted average number of shares in issue during the period, being 30,650,000 (2005: 30,699,834).

The net asset value per share is calculated by dividing the net assets included in the condensed balance sheet of HK$800,021,074 (2005: HK$676,872,476) by the number of shares in issue at 30th June 2006, being 30,650,000 (31st December 2005: 30,650,000). Net asset value per share was HK$26.10 as at 30th June 2006 (31st December 2005: HK$22.08).

MANAGEMENT DISCUSSION AND ANALYSIS

The Fund returned 18.2% net in first-half 2006, a better result than the 17.1% achieved for all of 2005. For comparison, the Hang Seng Total Return Index and MSCI China Free Total Return Index were up 11.6% and 23.9% respectively in the first 6 months of 2006.

On the back of the region's strong stock-market rally in the past few quarters, we have become more vigilant and unloaded selected holdings where valuation appear diminished. Nonetheless, our key holdings continued to perform sturdily, with Vtech Holdings Ltd and Road King Infrastructure Ltd climbing 52.8% and 58% respectively in first-half 2006. Currently, our biggest investments include the following sectors: China's fast-expanding private enterprises; companies newly privatized by the state; businesses that benefit from a rising Renminbi and/or rising consumer spending; enterprises in rural and the interior part of China; exporters with global leadership in their niche; infrastructural companies with good cash flows; and an eclectic collection of China-related special situation stocks.

To our expectation, the stock market has become more volatile into 2006 on renewed concern over higher inflation and interest rates worldwide. At this stage, it is important to avoid getting distracted by a very volatile market and stick to our core competence: bottom-up stock-picking, based on company visits and original research. To do this, Value Partners Limited now has far more resources than in the past, with 54 people working in the firm, including 18 investment professionals carrying out an estimated 1,500 company visits a year, across the Chinese mainland and in other parts of Asia as well.

Excessive liquidity kept China's economy growing at a rapid pace, despite another round of administrative measures in the second quarter. If the problem lingers on, the Chinese government may take further steps, including raising interest rates and allowing the Renminbi to rise higher and faster. Then again, the big picture has not really changed: Beijing's biggest concerns are creating urban employment, reducing rural poverty and maintaining social stability, so it will do everything it can to keep growth healthy, but with more emphasis on "quality" growth than before.

Longer term, China's rising wealth has to be matched by rising consumer spending. The average Chinese household saves a lot because it feels insecure, lacking confidence in the country's education, health-care and welfare systems, so measures to bring improvements should gradually encourage consumers to spend more. Our portfolio composition implies that if the Chinese consumer stays healthy, the Fund's investments should remain fundamentally sound.

Purchase, sale or redemption of shares

The Fund has not purchased, sold or redeemed any of its shares during the 6 months ended 30th June 2006.

Compliance with the Code on Corporate Governance Practices

None of the directors of the Fund is aware of any information which would indicate that the Fund 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 2006, except that the Fund does not have a chief executive officer position because the nature of the Fund is a closed-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 Fund 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 Fund, 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 Fund and discussed internal controls and financial reporting matters including a review of the unaudited condensed interim financial information for the 6 months ended 30th June 2006 with directors.

Publication of Interim Results

The interim report of the Fund for the six months ended 30th June 2006 containing all the detailed information will be despatched to shareholders of the Fund and available on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk in due course.

For and on behalf of the Board
So Chun Ki Louis
Chairman

Hong Kong, 18th September 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.