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VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

(An exempted company incorporated in the Cayman Islands with limited liability)

(Stock Code: 1186)

**Proposed voluntary withdrawal of listing of
the Shares from the Stock Exchange
and
application for authorisation by the SFC pursuant to
the Securities and Futures Ordinance upon
the proposed conversion of the Company
into an open-ended mutual fund corporation**

Financial adviser to the Company



Goldbond Capital (Asia) Limited

The Board wishes to announce that the Company obtained approval-in-principle in respect of the application for Authorisation from the SFC on 2 February 2007 and proposes a voluntary withdrawal of listing of the Shares from the Stock Exchange.

Upon completion of the Proposed Conversion and the Delisting, the Company will be converted into an open-ended mutual fund corporation and the Shareholders will be given the option to exchange their Shares for New Shares. As part of the Proposed Conversion, the Articles will be amended to allow Shareholders to redeem New Shares, as described in the sub-section headed "Amendments to the Memorandum and Articles" below, and require the Company, at any time, to purchase Shares from them for an amount equal to the net asset value per Share less all applicable charges and allowances.

INTRODUCTION

Reference is made to the circular of the Company dated 28 April 2006, the annual general meeting held on 30 May 2006 and the announcements of the Company dated 18 September 2006 and 18 December 2006.

At the Company's annual general meeting held on 30 May 2006, the Shareholders approved (1) the conversion of the Company into an open-ended mutual fund corporation; (2) the seeking of authorisation of the Company pursuant to section 104 of the SFO from the SFC pursuant to the Mutual Fund Code; and (3) the Company's consulting with the Stock Exchange in respect of the proposed Delisting. The Company subsequently announced on 18 December 2006 that, as part of the proceedings for the Proposed Conversion, the Company submitted the application to seek the Authorisation from the SFC in connection with the Proposed Conversion on 1 December 2006.

The Board wishes to announce that the Company obtained approval-in-principle in respect of the application for Authorisation from the SFC on 2 February 2007 and proposes a voluntary withdrawal of listing of the Shares from the Stock Exchange since the Company will no longer satisfy the listing requirements as an investment company as defined in Chapter 21 of the Listing Rules if the Proposed Conversion proceeds.

The SFC's approval-in-principle is subject to satisfaction of certain conditions imposed by the SFC, including obtaining Shareholders' approval of the Amendments to the Memorandum and Articles and the Amendments to the Investment Management Agreement, and the Delisting becoming effective.

CONVERSION OF THE COMPANY INTO AN OPEN-ENDED MUTUAL FUND CORPORATION

The Proposed Conversion will be effected by (1) amending the Memorandum and Articles, among other things, to comply with the Mutual Fund Code; (2) amending the Investment Management Agreement, among other things, to comply with the Mutual Fund Code; (3) obtaining the Authorisation; and (4) any further actions which may be required by the SFC.

Amendments to the Memorandum and Articles

It is proposed that the objects clause in the Memorandum will be amended to allow the Company to have full power and authority to carry out any object not prohibited under the Cayman Islands Companies Law or any other law of the Cayman Islands.

It is proposed that the Articles will be amended, among other things, to:

- (1) create a new class of redeemable shares with a par value of HK\$0.10 in the share capital of the Company (i.e. the New Shares);
- (2) allow Shareholders to redeem New Shares;
- (3) allow Shareholders to require the Company, at any time, to purchase Shares from them for an amount equal to the Net Asset Value per Share less all applicable charges and allowances; and
- (4) ensure that the investment restrictions contained in the Articles comply with the Mutual Fund Code.

The proposed Amendments to the Memorandum and Articles are subject to approval by way of a special resolution of the Shareholders at the EGM. Subject to such approval being obtained, the revised Memorandum and Articles will become effective on the Effective Date. Full details regarding the proposed Amendments to the Memorandum and Articles will be set out in the circular to be despatched to Shareholders in connection with the Proposed Conversion and the Delisting, and the major changes are summarised below.

A. Creation of the New Shares

In order to become an open-ended mutual fund corporation, it is proposed that a new class of redeemable shares in the Company will be created. As such, the Articles will be amended to provide for such a new class of shares (i.e. the New Shares), including provisions as to the mechanism for the issue and redemption of such shares.

B. Mechanism for the repurchase of Shares and redemption of New Shares

In order to comply with the requirement of the Mutual Fund Code that there must be at least one regular dealing day per month for the shares or units of collective investment schemes authorised thereunder, it is proposed that the Articles will be amended to provide for the repurchase of Shares and redemption of New Shares. The proposed new provisions may be summarised as follows:

- (1) any repurchase of Shares or redemption of New Shares can be effected on a Valuation Day provided that the requests for each repurchase or redemption, as appropriate, must be received by the Manager on or before 5:00 p.m. on a business day which falls within the period commencing on the 10th day, and ending on the 15th day, of the calendar month in which that Valuation Day falls (or such other days as the Manager may permit at its discretion); and
- (2) the Shares will be repurchased, or New Shares redeemed, at a price equal to the Net Asset Value per Share calculated on the relevant Valuation Day less all applicable charges and allowances.

It is proposed that a charge of up to 5% of the repurchase price per Share or the redemption price per New Share may be imposed. However, no redemption charge will be payable on redemptions of either New Shares which have been held for more than two years or New Shares issued to Shareholders pursuant to the Exchange Option.

C. Amendments to the investment restrictions

In order to comply with the applicable provisions of the Mutual Fund Code, it is proposed that the investment restrictions of the Company, the details of which are currently contained in the Prospectus, will be set out in full in the Articles and amended as set out below.

Limitation on the size of holdings

The major proposed amendments to the limitation on the size of holdings of the Company may be summarised as follows:

- (1) not more than 10% (currently 20%, as stated in the Prospectus) of the Company's latest available Net Asset Value may be invested in Securities (other than Government and other public Securities) issued by any single issuer;
- (2) the Company may not hold more than 10% of any ordinary shares (currently 20% of any one class of security, as stated in the Prospectus) issued by any single issuer;
- (3) not more than 15% (currently 30%, as stated in the Prospectus) of the Company's latest available Net Asset Value may be invested in Securities which are neither listed nor quoted on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such Securities are regularly traded;
- (4) the value of the Company's total holding of warrants and options in terms of the total amount of premium paid (other than for hedging purposes) may not exceed 15% (currently 20%, as stated in the Prospectus) of its latest available Net Asset Value; and
- (5) short sales are allowed (currently prohibited, as stated in the Prospectus) provided as a consequence of such sales the liability of the Company to deliver Securities would not exceed 10% of its latest available Net Asset Value, and for this purpose Securities sold short must be actively traded on a market where short selling is permitted.

Proposed new provisions relating to the limitation on the size of holdings of the Company may be summarised as follows:

- (1) not more than 30% of the Company's latest available Net Asset Value may be invested in Government and other public Securities of a single issue, save that the Company may invest all of its assets in Government and other public securities in at least six different issues; and
- (2) not more than 20% of the Company's latest available Net Asset Value may be invested in (i) commodities, including physical commodities, forward and futures contracts in respect of commodities, options on commodities, options on futures contracts in respect of commodities, and other commodity-based investments and excluding, for this purpose, Securities of companies engaged in the production, processing or trading of commodities, and (ii) futures contracts on an unhedged basis by reference to the net aggregate value of contract prices, whether payable to or by the Company.

It is proposed that the following provisions relating to the limitation on the size of holdings will be removed from the investment restrictions as stated in the Prospectus:

- (1) the Company may not, either on its own or in conjunction with any connected person (as defined under the Listing Rules), take legal, or effective, management control of underlying investments and in no event will the Company itself or through its wholly-owned subsidiaries, if any, own or control more than 30% (or such other percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) of the voting rights in any one company or body, except in relation to such wholly-owned subsidiaries of the Company, if any; and
- (2) not more than 5% of the Company's latest available Net Asset Value may be invested in futures contracts which are traded on the Hong Kong Futures Exchange Limited or any other recognised international futures exchange (but without prejudice to the Manager's right to take positions in such futures contracts in order to protect the assets of the Company against adverse and unusual currency or market fluctuations).

Prohibited transactions

Proposed new provisions relating to prohibited transactions will prohibit the Company from:

- (1) investing in a unit trust, mutual fund corporation or other collective investment scheme which is managed by the Manager or any of its Connected Persons which would result in an increase in the overall total of initial charges, Manager's annual fee, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the shareholders or by the Company. Furthermore, although the requirement that no more than 10% of the Company's latest available Net Asset Value may be invested in other collective investment scheme remains unchanged, a new restriction, namely the objective of such collective investment schemes may not be to invest primarily in any investment prohibited by the other investment restrictions of the Company, and where the objective of such collective investment schemes is to invest primarily in investments restricted by the other investment restrictions of the Company, such holdings may not be in contravention of the relevant limitation, is imposed;
- (2) investing in a Security of any class in any company or body if directors and officers of the Manager individually own more than 0.5% of the total nominal amount of all the issued Securities of that class or collectively own more than 5% of those Securities;
- (3) granting call options over investments held by the Company the total value of which, in terms of the prices at which all such options may be exercised, exceeds 25% of its latest available Net Asset Value; and
- (4) applying any part of the Company's assets in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made unless such call could be met in full out of cash or near cash forming part of the Company which has not been appropriated and set aside for any other purposes and, save with the consent of the Manager or the Board, applying any part of the Company's assets in the acquisition of any other investment which is in the opinion of the Manager or the Board likely to involve the Company in any liability (contingent or otherwise).

Proposed new provisions relating to prohibited transactions will allow the Company to:

- (1) invest in SFC authorised/permitted real estate investment trusts (REITs);
- (2) grant or create in favour of any person any option provided that, in the case of call options, where the option is covered by Securities and, in the case of put options, where the option is covered by cash or near cash in each case held by the Company throughout the period from the grant of the option to the exercise of the option;
- (3) make a loan provided that the prior written consent of both the custodian and the Board are obtained; and
- (4) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person in respect of borrowed money provided that the prior written consent of both the custodian and Board are obtained.

It is proposed that the following provision relating to prohibited transactions will be removed from the investment restrictions as stated in the Prospectus:

- (1) the Company may not invest directly in physical commodities (or any options, rights or interests in respect thereof).

Stock lending

Proposed new provisions in respect of stock lending by the Company may be summarised as follows:

- (1) any security lending agreement may be entered into only if (i) the relevant Securities lent are fully paid-up Securities listed or quoted on a Market; (ii) the amount of the consideration (including the value of any collateral security) given for the relevant Securities exceeds the value of such Securities at any one time based on daily marked to market values; (iii) the counterparts' financial standings, either based on reputable credit rating agencies, or, in the reasonable opinion of the Manager, are equivalent to at least A2/P2; and (iv) the Company is entitled at any time to terminate the agreement and demand the immediate return of all Securities lent; and
- (2) no more than 50% of Securities of the same issue, or of the same kind (by value to be determined in accordance with the Articles), held in respect of the Company may be the subject of security lending agreements at any one time.

Any incremental income earned from any security lending agreement may be split between the Company and any security lending agent in such proportion as the Manager may determine in each case, provided that the amount payable to any security lending agent should not exceed 30% of such incremental income.

Amendments to the Investment Management Agreement

On 1 April 2005, a supplemental agreement was entered into between the Company and Value Partners Limited, the Manager, to, amongst others, extend the term of the Investment Management Agreement, which expired on 3 April 2005, for two years commencing on 4 April 2005 and the relevant resolutions were passed on 27 January 2006 by way of poll. The Company confirmed that it is in compliance with Chapter 14A of the Listing Rules regarding the transaction under the existing Investment Management Agreement. Shareholders are advised to refer to the announcements of the Company 1 April 2005, 8 November 2005, 16 December 2005 and 29 December 2005 relating to the Investment Management Agreement.

In order to comply with the applicable provisions in the Mutual Fund Code, it is proposed that the Investment Management Agreement will be amended, and full details regarding the proposed amendments will be set out in the circular to be despatched to Shareholders in connection with the Proposed Conversion and the Delisting. The major proposed amendments may be summarised as follows:

- (1) the duties of the Manager will be amended to include:
 - (i) approving and entering into any agreements or documents relating to the management or investment of the portfolio of the Company;
 - (ii) maintaining the books and records of the Company and preparing, or causing to be prepared, the Company's accounts and reports; and
 - (iii) ensuring that the Articles are made available for inspection by public in Hong Kong;
- (2) the power of the Manager to appoint investment adviser(s) will be subject to the prior approval of the SFC;
- (3) the current management fee of 1.5% per annum will remain unchanged, however this will become subject to a maximum of 2% per annum;
- (4) the current, and maximum, performance fee will increase from 12% to 15% of the appreciation in the Net Asset Value per Share or New Shares, as appropriate;
- (5) the term of appointment of the Manager will change from a fixed term to an indefinite term continuing until terminated in accordance with the provisions of the Investment Management Agreement;
- (6) a new clause will be included which provides that, if (i) the Directors shall form the opinion for good and sufficient reason and shall so state in writing to the Manager that a change of Manager is desirable in the interests of the Shareholders; or (ii) the SFC withdraws its approval of the Manager as manager of the Company, the Directors will be able to remove the Manager from office, and the SFC must be informed by the Directors of any decision to remove the Manager;

- (7) a new clause will be included which provides that, upon the retirement or dismissal of the Manager, the Directors must appoint a new manager as soon as possible, subject to the prior approval of the SFC;
- (8) a list of goods and services which the Manager is not permitted to receive by way of soft commissions will be included; and
- (9) the annual limit of all amounts payable by the Company to the Manager will be removed.

Change in custodian and appointment of administrator

The custodian of the Company will change from Standard Chartered Bank to HSBC Institutional Trust Services (Asia) Limited at 1 Queen's Road Central, Hong Kong. In addition, Bank of Bermuda (Cayman) Limited will be appointed as the administrator of the Company. Both the change of custodian and appointment of administrator will be effected on the Effective Date. Shareholders should note that, upon the Effective Date, the register of members of the Company will be transferred from the existing share registrar of the Company to Bank of Bermuda (Cayman) Limited and thereafter all Shares registration functions will be carried out through HSBC Institutional Trust Services (Asia) Limited as the administrator's agent. Upon such a transfer, HSBC Institutional Trust Services will perform "Know Your Customer" procedures on all Shareholders whose names appear on the register of members of the Company.

THE DELISTING

The Company is currently a closed-ended investment company listed on the Stock Exchange under Chapter 21 of the Listing Rules. If the Proposed Conversion, which is subject to the conditions detailed below, proceeds, the Shares will have to be delisted since the Company will no longer satisfy the listing requirements as an investment company as defined in Chapter 21 of the Listing Rules. The Company has therefore submitted an application for approval from the Listing Committee of the Stock Exchange for the proposed voluntary withdrawal of listing of the Shares on the Stock Exchange pursuant to Chapter 6 of the Listing Rules, subject to the conditions set out below.

CONDITIONS OF THE PROPOSED CONVERSION AND THE DELISTING

The Proposed Conversion is conditional upon:

- (1) approval of the Amendments to the Memorandum and Articles by the Shareholders;
- (2) approval of the Amendments to the Investment Management Agreement by the Shareholders;
- (3) grant by the SFC of the Authorisation;
- (4) the Delisting becoming effective; and
- (5) any other conditions imposed by the SFC and/or the Stock Exchange,

where none of the conditions will be able to be waived by the Company, in whole or in part, unless the SFC allows the Company to waive any of the conditions.

The Delisting is conditional upon:

- (1) approval of the Delisting by at least 75% of the votes attaching to the Shares held by the Disinterested Shareholders voting either in person or by proxy at the EGM;
- (2) the number of votes cast against the resolution set out in (1) above being not more than 10% of the votes attaching to the Shares held by the Disinterested Shareholders permitted to vote either in person or by proxy at the EGM;
- (3) the approval from the Listing Committee of the Stock Exchange for the withdrawal of listing of the Shares on the Stock Exchange; and
- (4) completion of the Proposed Conversion,

where none of the conditions will be able to be waived by the Company, in whole or in part, unless the Stock Exchange allows the Company to waive any of the conditions.

As the Proposed Conversion and the Delisting will be inter-conditional on each other, they will both complete on the same day.

THE EXCHANGE OPTION

As soon as practicable after the Effective Date, the Company will despatch the Exchange Notice to Shareholders, which should be completed, signed and returned by Shareholders who wish to exercise the Exchange Option to HSBC Institutional Trust Services (Asia) Limited, the then custodian and administrator's agent of the Company. Upon the receipt of a duly completed and signed Exchange Notice within the Exchange Period, the Company will repurchase and cancel the Shares and issue the same number of New Shares to such Shareholders as soon as practicable thereafter.

As an alternative to exercising the Exchange Option, existing Shareholders may elect to continue to hold their Shares and, for so long as any Shareholders continue to hold Shares, the Company will have two classes of shares in issue, one class being non-redeemable (i.e. the Shares) and one class being redeemable (i.e. the New Shares). The rights and privileges attached to the Shares and the New Shares will be substantially the same except for the right of redemption attached to, and the redemption charge imposed on, the New Shares. Existing Shareholders will be allowed under the proposed revised Memorandum and Articles to require the Company, at any time, to purchase Shares from them for an amount equal to the Net Asset Value per Share less all applicable charges and allowances.

ARRANGEMENT FOR EXERCISING THE EXCHANGE OPTION OR REQUESTING THE COMPANY TO REPURCHASE THE SHARES

Shareholders who wish to exchange the Shares for New Shares should lodge their share certificates together with the duly completed and signed Exchange Notice with HSBC Institutional Trust Services (Asia) Limited, to effect an exchange during the Exchange Period. Persons who hold their Shares through brokers may instruct their brokers either to transfer the share certificates to their own names to carry out the abovementioned exchange procedure or, if their brokers agree to continue to provide nominee services, to continue to act as their nominees to effect the exchange on their behalf.

Shareholders who wish to request the Company to repurchase the Shares should contact HSBC Institutional Trust Services (Asia) Limited, the custodian and administrator's agent of the Company upon Delisting. Persons who hold their Shares through brokers may instruct their brokers to transfer the share certificates to their own names to carry out the abovementioned repurchase procedure or, if the brokers agree to continue to provide nominee services, to continue to act as their nominees to effect the repurchase on their behalf.

Persons who hold Shares through brokers and wish to transfer their Shares into their own names are reminded that any registration of their Shares in their own names will be subject to the normal "Know Your Customer" procedures performed by HSBC Institutional Trust Services (Asia) Limited. Persons who hold Shares through brokers and wish to request the Company to repurchase their Shares will also be subject to the same "Know Your Customer" procedures performed by HSBC Institutional Trust Services (Asia) Limited.

For any further enquiry regarding the above arrangement, please contact either Mr. Timothy Tse, the Company Secretary of the Company at (852) 2880 9263 or Mr. Alvin Chan, the Officer – Investor Services, Alternative Fund Services of HSBC Institutional Trust Services (Asia) Limited at (852) 2847 2676.

INFORMATION ON THE COMPANY

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 16 January 2002. The principal investment objective of the Company is to achieve medium-term capital growth through investing mainly in listed and unlisted 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. Its investments are normally made in the form of equity or debt related securities.

The Company seeks to invest primarily in companies, typically with a small market capitalisation below US\$200.0 million or its equivalent while the investment manager of the Company typically performs its own investment research, including but not limited to frequent company visits, and focuses on companies that do not attract research coverage by major international institutional investors.

The Company was listed on the Stock Exchange on 8 April 2002 and was intended to have an initial life of five years from the date of the placing of the Shares when the Company was listed on the Stock Exchange. Under the current Articles, Shareholders have the opportunity to vote in general meeting to extend the life of the Company for successive periods of two years each, or else upon the expiration of the initial term of five years (or such longer term if the life of the Company is extended in the manner described above), the Company will be wound up and dissolved in accordance with the Cayman Islands Companies Law.

FINANCIAL INFORMATION OF THE COMPANY

Set out below is a summary of the financial information of the Company extracted from the 2005 annual report of the Company.

	2004	2005
	<i>HK\$</i>	<i>HK\$</i>
<i>For the year ended 31 December</i>		
Total investment income	25,164,907	79,379,201
Net profit before tax	11,983,266	47,892,459
Net profit after tax	11,970,615	99,033,656
Basic earnings per Share	0.39	3.23
<i>As at 31 December</i>		
Net asset value	578,691,454	676,872,476

For the six months ended 30 June 2006, the Company recorded unaudited consolidated total investment income of approximately HK\$181.1 million (2005: approximately HK\$20.4 million) and unaudited profit attributable to Shareholders was approximately HK\$123.1 million (2005: approximately HK\$10.7 million), with basic earnings per Share of approximately HK\$4.0 (2005: approximately HK\$0.4). As at 30 June 2006, the unaudited net asset value of the Company amounted to approximately HK\$800.0 million (2005: approximately HK\$589.2 million). The latest published unaudited net asset value per Share was HK\$32.4807 as at 31 January 2007.

NATURE OF ASSETS OF INVESTMENT PLAN

A summary of the underlying assets in the investment portfolio of the Company, including the country of origin of such investee companies as at 30 June 2006 and as disclosed in the latest interim report of the Company is set out below:

Listed Equity Securities

China

China Vanke Co Ltd – B shares	CSG Holding Co Ltd – B shares
Dazhong Transportation (Group) Co Ltd – B shares	Konka Group Co Ltd – B shares
Luthai Textile Co Ltd – B shares	Shanghai Diesel Engine Co Ltd – B shares
Shanghai Friendship Group Co Ltd – B shares	Shanghai Zhenhua Port Machinery (Group) Co Ltd – B shares
Weifu High-Technology Co Ltd – B shares	

Hong Kong

Aeon Credit Service (Asia) Co Ltd	Baoye Group Co Ltd – H shares
BYD Co Ltd – H shares	Chaoda Modern Agriculture (Holdings) Ltd
Chia Hsin Cement Greater China Holding Corp	China Green (Holdings) Ltd
China Resources Land Ltd	China Shenhua Energy Co Ltd – H shares
CNOOC Ltd	CP Pokphand Co Ltd
Dongfeng Motor Group Co Ltd – H shares	EcoGreen Fine Chemicals Group Ltd
Enerchina Holdings Ltd	Far East Consortium International Ltd
First Natural Foods Holdings Ltd	Glorious Sun Enterprises Ltd
Good Friend International Holdings Inc	Great Wall Motor Co Ltd – H shares
Group Sense (International) Ltd	Guangzhou Investment Co Ltd
Guangzhou Pharmaceutical Co Ltd – H shares	GZI Transport Ltd
Heng Tai Consumables Group Ltd	HKR International Ltd
Hop Fung Group Holdings Ltd	Hopefluent Group Holdings Ltd
Karrie International Holdings Ltd	Kingmaker Footwear Holdings Ltd
Kowloon Development Co Ltd	Lee & Man Holding Ltd
Lijun International Pharmaceutical (Holding) Co Ltd	Mainland Headwear Holdings Ltd

Mirabell International Holdings Ltd
NewOcean Energy Holdings Ltd
Ocean Grand Holdings Ltd
Panva Gas Holdings Ltd
Pico Far East Holdings Ltd
Road King Infrastructure Ltd
Shimao Property Holdings Ltd
Shougang Concord Century Holdings Ltd
Solomon Systech (International) Ltd
Sun Hing Vision Group Holdings Ltd
Tongda Group Holdings Ltd
TPV Technology Ltd
Varitronix International Ltd
Vtech Holdings Ltd

Singapore

China Essence Group Ltd
Elec & Eltek International Co Ltd
Surface Mount Technology (Holdings) Ltd

Taiwan

Zinwell Corp

United Kingdom

China Biodiesel International Holding Co Ltd

Unlisted Equity Securities

Barbados

Coral Waters (Barbados) SRL

Cayman Islands

Shui On Land Ltd – Junior preference shares

Debt Securities

Hong Kong dollar

Coral Waters (Barbados) SRL Convertible
Note 0% 31/10/2007

Jinheng Automotive Safety Technology
Holdings Ltd Convertible Note 7%
7/04/2007

United States dollar

China Hui Yuan Juice Holdings Co Ltd
Convertible Bonds Variable Coupon
28/06/2011

Warrants

Hong Kong

Shui On Land Ltd 12/10/2008

Futures

Hong Kong

Hang Seng China Enterprises Index Futures
07/2006

Natural Beauty Bio-technology Ltd
NWS Holdings Ltd
Pacific Andes International Holdings Ltd
PetroChina Co Ltd – H shares
Proview International Holdings Ltd
Shanghai Real Estate Ltd
Shinhint Acoustic Link Holdings Ltd
Shui On Construction and Materials Ltd
Starlight International Holdings Ltd
Tingyi (Cayman Islands) Holdings Corp
Topsearch International (Holdings) Ltd
Truly International Holdings Ltd
VS International Group Ltd
Zhejiang Shibao Co Ltd – H shares

China Fishery Group Ltd
Pacific Andes (Holdings) Ltd
Want Want Holdings Ltd

Shui On Land Ltd – Senior preference
shares

Golden Meditech Co Ltd 1% 06/09/2007

Spread Prospects Holdings Ltd 4%
01/12/2006

Shui On Development (Holding) Ltd 8.5%
Senior Notes B 12/10/2008

Topsearch International (Holdings) Ltd
31/10/2008

Hang Seng Index Futures 07/2006

SHAREHOLDING STRUCTURE OF THE COMPANY

The Company does not have any outstanding options, and there are no other classes of securities of the Company in issue. As at the date of this announcement, there are 30,650,000 Shares in issue, and the interests of the Director and the substantial Shareholders are set out below:

Name of Shareholder	Number of Shares held	Approximate %
Mr. Cheah Cheng Hye	200,000	0.65%
QVT Financial GP LLC ⁽¹⁾	9,090,000	29.66%
QVT Associates GP LLC ⁽²⁾	7,754,559	25.30%
Deutsche Bank Aktiengesellschaft ⁽³⁾	6,940,000	22.64%
Stichting Shell Pensioenfond	4,000,000	13.05%
Sarasin Investmentfonds SICAV-Emergingsar/ Emergingsar-Asia	3,069,500	10.01%

Notes:

- (1) QVT Financial GP LLC is deemed to be interested in the Shares through its controlled corporation, QVT Financial LP.
- (2) QVT Associates GP LLC is deemed to be interested in the Shares through its controlled corporation, QVT Fund LP.
- (3) Deutsche Bank Aktiengesellschaft is deemed to be interested in 6,940,000 Shares through its controlled corporation, Deutsche Bank AG London Branch, which has a security interest in the Shares.

REASONS FOR THE PROPOSED CONVERSION AND THE DELISTING

As the life of the Company will expire on 3 April 2007 as contemplated under article 192 of the Articles, the Board wishes to proceed, as soon as practicable, with the Proposed Conversion.

The Board believes that the conversion of the Company into an open-ended SFC authorised mutual fund corporation would eliminate the discount of the market price to Net Asset Value of the Company; allow subscription and redemption of the New Shares at Net Asset Value (plus any applicable fiscal and purchase charges and initial charge for subscription, or less any applicable fiscal and sale charges and redemption charge for redemption); and extend the life of the Company indefinitely. If authorised by the SFC, the Company will also be exempted from Hong Kong profits tax. Since the Company will no longer satisfy the listing requirements as an investment company as defined in Chapter 21 of the Listing Rules if the Proposed Conversion proceeds, the Company proposes a voluntary withdrawal of listing of the Shares from the Stock Exchange

In the event that the Proposed Conversion and the Delisting are not completed on or before the expiry of the life of the Company on 3 April 2007, the life of the Company will be extended for a further two years to 3 April 2009, as approved by the Shareholders by way of an ordinary resolution on 30 May 2006.

Following the Delisting, the Shareholders will be able to liquidate, or exit, their investment in the Shares and New Shares as follows.

If the Shareholders have exercised the Exchange Option and hold New Shares, or in the case of the Shareholders who have not exercised the Exchange Option and continue to hold Shares, the Shareholders will be able to redeem New Shares or to require the Company, at any time, to purchase Shares from them (as applicable), in each case for an amount equal to the Net Asset Value per Share less all applicable charges and allowance by submitting a redemption notice or purchase notice respectively to the Company. Under the terms of the proposed Amendments to the Memorandum and Articles, payment must be made within one calendar month from the receipt of a properly documented redemption notice or purchase notice (as the case may be).

The Directors consider this to be a reasonable, and indeed a better, alternative means of exit as the trading price has been most of the time below the Net Asset Value per Share. In addition, an EGM will be convened to seek the approval in respect of the Delisting from the Disinterested Shareholders. The Delisting may proceed only if, inter alia, at least 75% of the votes attaching to the Shares held by the Disinterested Shareholders (voting either in person or by proxy at the EGM) vote in favour and no more than 10% of the votes attaching to the Shares held

by the Disinterested Shareholders (voting in person or by proxy at the EGM) vote against the Delisting. The Directors consider that the Company is in compliance with Rule 6.12 of the Listing Rules regarding the Delisting. The Directors, including the independent non-executive Directors, consider that the Proposed Conversion and the Delisting are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EXPECTED TIMETABLE

The timetable for the Delisting and related matters is currently expected to be as follows:

2007

EGM	Monday, 19 March
Announcement of the results of the EGM to be published in newspapers	Tuesday, 20 March
Last day of dealings in the Shares on the Stock Exchange	Tuesday, 20 March
Dealings in the Shares on the Stock Exchange ceased	Wednesday, 21 March
Last day of listing of the shares on the Stock Exchange	Friday, 23 March
Withdrawal of the listing of the Shares on the Stock Exchange at 9:30 a.m.	Monday, 26 March
Authorisation of the Company as an authorised mutual fund under section 104 of the SFO	Monday, 26 March
Despatch of Exchange Notice	Monday, 26 March
Last day for lodging the Exchange Notice	Friday, 25 May

Further announcement will be made should there be any changes to the above expected timetable.

GENERAL MATTERS RELATING TO PROPOSED CONVERSION AND DELISTING

The Proposed Conversion and the Delisting will be conditional upon, among other things, the approval of the Shareholders voting at the EGM. A circular, setting out particulars of the Proposed Conversion and the Delisting, a letter of advice from the Independent Board Committee to the Shareholders, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Shareholders and the notice of the EGM to approve, amongst others, the Proposed Conversion, the Delisting and the Amendments to the Memorandum and Articles, will be despatched to the Shareholders as soon as practicable. The Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will abstain from voting at the EGM on the resolution to approve the Delisting and such resolution shall be decided on a poll. The only executive Director who is also a Shareholder, Mr. Cheah Cheng Hye, and his associate (if any), will abstain from voting. The Company does not have a chief executive.

The Independent Board Committee comprising all independent non-executive Directors of the Company who have no direct or indirect interest in the Proposed Conversion and the Delisting other than as a Shareholder of the Company will be established to advise the Shareholders in respect of the Proposed Conversion and the Delisting. The Independent Board Committee to be established will approve the appointment of the independent financial adviser to advise the Independent Board Committee in respect of the Proposed Conversion and the Delisting.

Dealings in the Shares will continue during the period when the conditions of the Delisting remain unfulfilled. Any Shareholder or other person contemplating selling or purchasing Shares during such period who is in any doubt about his position is recommended to consult his professional adviser.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Amendments to the Memorandum and Articles”	proposed amendments to the Memorandum and Articles in order to comply with the Mutual Fund Code and other applicable laws
“Amendments to the Investment Management Agreement”	proposed amendments to the Investment Management Agreement in order to comply with the Mutual Fund Code
“Articles”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Authorisation”	authorisation of the Company pursuant to section 104 of the SFO by the SFC under the Mutual Fund Code
“Board”	the board of Directors
“Cayman Islands Companies Law”	the Companies Law (2004 Revision) of the Cayman Islands
“commodity” or “commodities”	gold, silver, platinum, any other precious metal and any other commodity or merchandise of any nature (other than currency) and any option in respect of any of the foregoing except any option defined in the Articles as a futures contract
“Company”	Value Partners China Greenchip Fund Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Connected Person(s)”	in relation to a company <ol style="list-style-type: none">(1) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or(2) any person or company controlled by a person who or which meets one or both of the descriptions given in (1); or(3) any member of the group of which that company forms part; or(4) any director or officer of that company or of any of its connected persons as defined in (1), (2) or (3).
“Delisting”	the voluntary withdrawal of the listing of the Shares from the Stock Exchange
“Directors”	the directors of the Company
“Disinterested Shareholders”	all those holders of Shares save for the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates, who are required by the Listing Rules to abstain from voting in favour of the resolution regarding the proposed Delisting (although any such Directors, chief executive or their respective associates are entitled to vote against the resolution and, if they do so, will fall within the definition of Disinterested Shareholder)

“Effective Date”	the date on which the Proposed Conversion and the Delisting become unconditional
“EGM”	the extraordinary general meeting to be convened in connection with the Proposed Conversion and the Delisting
“Exchange Option”	an option to be granted to the Shareholders to exchange their Shares for New Shares, which is exercisable during the Exchange Period
“Exchange Period”	the period commencing on the Effective Date and ending on the day which is two months after the Effective Date
“Exchange Notice”	a notice to be completed and signed by Shareholders who wish to exercise the Exchange Option
“futures contract(s)”	any futures contract which is traded on a Market
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the board of Directors to be formed for the purpose of advising the Disinterested Shareholders in connection with the Proposed Conversion and the Delisting
“Investment Management Agreement”	the investment management agreement dated 28 March 2002 and entered into between the Company and Value Partners Limited, as amended by various supplemental agreements
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manager”	Value Partners Limited or its successors
“Market”	the following, in any part of the world; <ul style="list-style-type: none"> (1) in relation to any Security, any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which such Securities are regularly traded; and (2) in relation to any commodity or futures contract, any futures exchange, over-the-counter market or other organised futures market that is open to the international public and on which such commodities or futures contracts are regularly traded
“Memorandum”	the memorandum of association of the Company
“Mutual Fund Code”	the SFC’s Code on Unit Trusts and Mutual Funds
“Net Asset Value”	the net asset value of the Company or the Shares or New Shares, as appropriate, as calculated in accordance with the provisions of the Articles
“New Shares”	a new class of redeemable shares with a par value of HK\$0.10 in the share capital of the Company which may be evidenced either by contract notes issued by the administrator’s agent or share certificates of the Company
“Proposed Conversion”	the proposed conversion of the Company into an open-ended mutual fund corporation authorised by the SFC under the Mutual Fund Code
“Prospectus”	the listing document issued by the Company dated 3 April 2002

“Securities” or “Security”	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): (1) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any unit trust; (2) 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; (3) any instrument commonly known or recognised as a security; (4) 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 (5) any bill of exchange and any promissory note.
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended and supplemented from time to time
“Shares”	the non-redeemable shares with a par value of HK\$0.10 each in the share capital of the Company
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Day”	the last business day of each calendar month
“%”	per cent.

For and on behalf of the Board
Value Partners China Greenchip Fund Limited
So Chun Ki, Louis
Chairman

Hong Kong, 15 February 2007

As at the date of this announcement, the executive Directors 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.