

CHAIRMAN'S STATEMENT

The directors are pleased to present the Company's Interim Report and condensed financial statements for the six months ended 30th June 2003. The income statement, cash flow statement and statement of changes in equity for the Company for the six months ended 30th June 2003, and the balance sheet as at 30th June 2003 of the Company, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 5 to 13 of this report.

Management discussion and analysis

For the first six months of 2003, the net asset value of the Company has increased by 28.1%¹, placing the Company among the best performing China funds. In the same period, the Hang Seng Index was up 2.7%, and the MSCI China Free Index, 15.4%.

The excellent performance of the Company can be attributed mainly to the following two factors. First of all, investors have become more positive toward China-related stocks since the SARS (severe acute respiratory syndrome) outbreak was brought under control during June 2003. Secondly, industrial companies, which account for more than 50% of the Company's portfolio, continue to perform well. Indeed, among the Company's top ten best-performing stocks in the first half of this year, seven of them belong to the industrial sector.

Despite the SARS outbreak, China's GDP grew 8.2% in the first half of 2003. The impact of the SARS outbreak, as we had expected, turned out to be temporary. Moreover, we are impressed by the way China's new leadership has handled the crisis. Accountability (two senior government officials were sacked for mishandling the crisis in the initial stage) and transparency (information was more forthcoming) have been improved significantly. These will bode well for the market in the future.

For the foreseeable future, industrial stocks will remain our focus. They represent one of the best breeds in our investment universe. Typically, these are companies owned and managed by entrepreneurs, in many cases, from Hong Kong and Taiwan. Their businesses involve primarily in manufacturing goods for exporting to developed markets, such as North America and Europe. China's favorable production environment, including productive and cheap labor force and tax incentives, has made these industrial companies formidable competitors in the world market.

¹ Calculated based on the Company's NAV as at 30th June 2003, last valuation day in June, and the NAV as at 31st December 2002. In determining NAVs, the investments are valued using their closing prices.

Value Partners China Greenchip Fund Limited

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

CHAIRMAN'S STATEMENT (Continued)

Liquidity and financial resources

As at 30th June 2003, the Company had bank balances of HK\$23,563,529 and had no borrowing. The Board of Directors believes that the Company has sufficient financial resources to satisfy its commitments and working capital requirements.

Capital structure of the Company

Details of movements in the share capital of the Company during the period are set out in note 6 of the condensed financial statements.

Purchase, sales or redemption of shares

The Company has not purchased, sold or redeemed any of its own shares during the period.

Dividend

The Board of Directors does not recommend the payment of interim dividend.

Top ten available-for-sale securities

Name of investee company	Nature of business	Holdings	Cost	Market value	Dividend received	Dividend earned	% of net asset
			HK\$	HK\$	HK\$	HK\$	
Victory City International							
Holdings Ltd	Textiles mill production	15,400,000	10,703,339	41,195,000	462,000	-	10.56%
Petrochina Co Ltd	Oil & gas extraction	10,162,000	15,978,596	23,626,650	670,042	670,042	6.06%
Road King Infrastructure Ltd	Transport services	3,713,000	12,185,497	17,265,450	297,040	297,040	4.43%
China International Marine							
Containers Co Ltd - B share	Transportation equipment	1,708,627	14,724,709	15,223,867	-	-	3.90%
Orient Overseas International Ltd	Marine transportation	1,262,000	4,540,871	13,187,900	246,090	246,090	3.38%
Skyworth Digital Holdings Ltd	Electrical appliance	16,394,000	9,412,767	12,459,440	76,000	76,000	3.19%
Oriental Press Group Ltd	Printing & publishing	7,396,000	10,846,664	11,907,560	-	-	3.05%
Pacific Andes International							
Holdings Ltd	Fishery	6,952,000	6,475,399	9,668,160	-	-	2.48%
Denway Motors Ltd	Transportation equipment	2,704,000	7,591,606	9,531,600	81,520	81,520	2.44%
United Food Holdings Ltd	Food & beverage	4,500,000	13,210,809	9,295,931	364,007	364,007	2.38%
			<u>105,670,257</u>	<u>163,361,558</u>	<u>2,196,699</u>	<u>1,734,699</u>	<u>41.87%</u>

Value Partners China Greenchip Fund Limited

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

CHAIRMAN'S STATEMENT (Continued)

Directors' and chief executives' interests and short positions in the shares of the Company

As at 30th June 2003, the interests and short positions of each director and chief executive in the shares of the Company, as recorded in the register maintained by the Company under Section 352 of the Hong Kong Securities and Futures Ordinance ("SFO") or as notified to the Company were as follows:

Name of director	Number of shares on which interested	Capacity	% of holdings
Mr. Cheah Cheng Hye	200,000 (Note 1)	Interest of controlled corporation	0.65%

Note 1: These shares are registered in the name of Value Partners Limited, the Manager of the Company. Value Partners Limited is 32.5% beneficially owned by Mr. Cheah Cheng Hye. Mr. Cheah Cheng Hye is therefore deemed to be interested in these shares by virtue of the SFO.

Substantial shareholders' interests and short positions in the shares of the Company

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 30th June 2003, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executives.

Name of shareholder	Number of shares on which interested	Capacity	% of holdings
Deutsche Bank AG, London Branch	6,100,000	Beneficial owner	19.87%
Stichting Philips Pensioenfond	2,400,000	Beneficial owner	7.82%
Stichting Shell Pensioenfond	4,000,000	Beneficial owner	13.03%

Exposure to fluctuations in exchange rates and related hedges

The Company's assets and liabilities are primarily denominated in Hong Kong and US dollars. The Company has no significant exposure to foreign exchange fluctuations.

Compliance with the Code of Best Practice of the Listing Rules

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 of Best Practice as set out in Appendix 14 to the Listing Rules of The Stock Exchange of Hong Kong Limited at any time during the six months ended 30th June 2003.

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 six months ended 30th June 2003 with directors.

On behalf of the Board
Chung David Kuohsien
Chairman

26th August 2003