

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED
(Incorporated as an exempted company in Cayman Islands with limited liability)

2016 ANNUAL
REPORT

For the year ended 31 December 2016

Value Partners Limited

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41 Connaught Road Central, Hong Kong

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In the event of inconsistency, the English text of this Annual Report shall prevail over the Chinese text.

This report shall not constitute an offer to sell or a solicitation of an offer to buy shares in any of the funds.

Subscriptions are to be made only on the basis of the information contained in the explanatory memorandum, as supplemented by the latest semi-annual and annual reports.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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GENERAL INFORMATION

Directors

Mr Roger Anthony Hepper
(appointed on 1 September 2016)
Mr Kee Chong Li Kwong Wing
Mr Nigel David Stead
Mr Mo Chun Wah, Jonathan
(Alternate Director)
Mr Tse Wei Ming, Timothy
(resigned on 1 September 2016)

Manager

Value Partners Limited
9th Floor, Nexus Building
41 Connaught Road Central
Hong Kong

Directors of the Manager

Dato' Seri Cheah Cheng Hye
Mr So Chun Ki Louis
Mr Ho Man Kei, Norman

Custodian and Administrator's Agent

HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

Administrator and Principal Office

Bank of Bermuda (Cayman) Limited
P.O. Box 513
HSBC House
68 West Bay Road
Grand Cayman KY1-1106
Cayman Islands

Registered Office

P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

Auditor

PricewaterhouseCoopers
P.O. Box 258
Grand Cayman, KY1-1104
Cayman Islands

Legal Advisors

With respect to Cayman Islands law
Maples and Calder
53rd Floor, The Center
99 Queen's Road Central
Hong Kong

With respect to Hong Kong law
Deacons
5th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

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VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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GENERAL INFORMATION (Continued)

Recent awards and achievements

Corporate Awards

- 2016**
- **The 14th China's Financial Annual Champion Awards 2016**
Value Partners: Best Asset Management Service Provider of the Year
– *Hexun.com*
 - **The Asset Benchmark Research Awards 2016 – G3 Bonds**
Top Investment House
Value Partners – Ranked 2nd in Hedge Fund category
– *The Asset Benchmark Survey*
 - **The Asset Triple A, Asset Servicing, Investor and Fund Management Awards 2016**
Asset Management Company of the Year (Hong Kong)
Value Partners – Highly Commended Fund House
– *The Asset*
 - **Asset Management Awards 2016**
Fund House of the Year – Hong Kong
– *AsianInvestor*
 - **Asset Management Awards for Excellence 2016**
Best Fund Provider – Greater China Equity
– *Asian Private Banker*
 - **Thomson Reuters Lipper Fund Awards 2016**
Best Equity Group (Hong Kong)
– *Thomson Reuters*
 - **2015 Best of the Best Performance Awards**
Value Partners: 20-Year Award for Greater China
– *Asia Asset Management*
 - **2015 Best of the Best Regional Awards**
Value Partners: Longevity Awards – Best Asset Management House over the last 20 Years (Co-Winner)
– *Asia Asset Management*
 - **International Financial Annual Champion Awards 2015**
Value Partners: Best Asset Management Service Provider
– *SEEC and Hexun.com*

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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MANAGER'S REPORT

2016 was a challenging year for China's stockmarket — it began with a widespread sell-off sparked by the failed circuit-breaking system, and its recovery later in the year was masked by concerns over China's slowdown, RMB depreciation, and poor global investment sentiment.

In the fourth quarter, Value Partners China Greenchip Fund (the Fund) returned -5.2% amid heightened uncertainties post Donald Trump's US Presidential Election victory and emerging market outflows caused by higher inflation expectation in the US and a stronger USD. For reference, Hang Seng Index and MSCI China dropped 5.3% and 7.1% during the period, respectively.

On a full-year basis, the Fund dropped 4.0% in 2016, mainly dragged by performance in the first two months of the year. For reference, Hang Seng Index and MSCI China rose 4.3% and 0.9% during the period, respectively, in a year when large-cap benchmark stocks shined.

Portfolio strategy review

In view of the increased volatility in the market, we remained nimble throughout the year, particularly in the first half of 2016. We de-risked the portfolio by lifting cash weighting to mid-teens percentage in January and February as concerns on China policy implementations emerged. After a more-than-20% broad-based market correction in the first two months, our portfolio returned to fully-invest as we believed valuations overshot on the downside with consensus earnings estimates being excessively conservative.

Outlook

2017 will likely be another volatile year. In the US, a new president with strong business background will take the helm, and in Europe, more presidential and general elections are coming up. In this context, China remains relatively stable both economically and politically.

The Beijing government has made steady progress in pushing ahead supply-side reforms. The China manufacturing purchasing managers' index (PMI) rose to 51.7 in November – its highest reading since July 2014, and sentiment improved the most amongst large corporations. The producer price index (PPI) rallied in 2016 and is poised to strengthen further. Meanwhile, a new round of industrial restocking has also begun. Industrial and corporate profits rebounded, and household income growth continued to grow.

MANAGER'S REPORT (Continued)

The 19th National Congress of the Communist Party of China will be held in the autumn of 2017. This twice-a-decade party congress – the previous was held in 2012 – is closely watched mostly due to a far-reaching change in the makeup of the top leadership of the Communist Party. It is not surprising that, against this backdrop, stability was once again highlighted as a top policy priority for 2017 at the recent Politburo meeting. Faced with political reshuffles, the Party would like anything but surprises.

Meanwhile, Trump has yet to prove to the market if he will put his anti-China rhetoric into protectionist policies. In our view, to make “America great again” via heavy infrastructure investment and tax cuts, a strong China is needed. At its worst, not only will a trade war hurt China but also bring backlash in the US as it will stoke inflation and dent domestic consumption. China, on the other hand, may have more firepower to cushion against such situation given its political control and its economy which is still growing relatively faster than other major economies.

Driven by expectations of continued earnings recovery and fiscal stimulus to maintain growth, we remain constructive on Greater China equities. While we believe global macro and policy uncertainties shall continue, our investment will focus on 1) quality stocks to combat RMB depreciation; 2) companies with strong research and development leadership to avoid cyclical risk, 3) consumption stocks that benefit from the robust spending on living standard improvement; 4) Hong Kong small and mid-cap stocks to embrace the southbound capital flow from the mainland and 5) quality China A-share companies trading at attractive valuations.

From our experience, investing in China is never plain sailing. There will be bumps along the way from external shocks and unexpected hiccups in policies execution. Pressure will still be on as China battles RMB depreciation and capital outflows while managing financial risks in the property and bond markets. In such an uncertain environment, investors should stick to a bottom-up stock-picking approach which focuses on fundamentals.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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MANAGER'S REPORT (Continued)

Corporate update

In December, Value Partners appointed Dr AU King Lun as the VP's Chief Executive Officer (CEO) to strengthen VP's management team at a time that we call "an era of golden opportunities". As the CEO of Value Partners, Dr AU takes charge of the Group's business and corporate affairs. He brings with him almost 30 years of industry experience and network in the Asian asset management industry. Our vision is to become a world-class asset management group, and Dr AU together with the other very-capable managers we already have in our team can help us achieve our vision.

Value Partners Limited

25 April 2017

Fund performance mentioned is referred to Value Partners China Greenchip Fund Limited (Class A shares). All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg (Data computed in HK\$ terms on NAV-to-NAV basis with dividends reinvested) as at 30 December 2016. Performance data is net of all fees.

Individual stock performance is not indicative of fund performance.

The views expressed are the views of Value Partners Limited only and are subject to change based on market and other conditions. The information provided does not constitute investment advice and it should not be relied on as such. All material has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. This material contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

MANAGER'S REPORT (Continued)

5 biggest holdings of securities as at 30 November 2016

Stock	Industry	Valuation (2017 Estimates)	Remarks
<p>Alibaba Group (Code: BABA US)</p> <p>Market cap: US\$219.1 billion</p>	Internet	<p>Price: USD87.81 P/E: 25.78x P/B: 5.15x Yield: 0%</p>	<p>Alibaba, founded by Jack Ma in 1999 in China, is one of the world's largest e-commerce companies. Alibaba's online marketplace "Taobao" contributes the vast majority of the company's revenue. It is likely to continue delivering solid growth due to its monopoly position and the current trend of marketing budgets shifting from offline to online. Meanwhile, the company's cloud computing company ("AliCloud") and fintech business ("Ant Financial") underpin future growth potential. For example, Ant Financial, 33% owned by Alibaba, is a crucial component of Alibaba's fintech business. Going forward, the re-rating of Alibaba's stock is possible with 1) improved disclosure on solid operational matrix; 2) solid quarterly earnings, which could ease concerns about macro slowdown; 3) spin-offs of high value assets (e.g. AliCloud and Ant Financial) to unlock hidden value.</p>
<p>Hangzhou Hikvision Digital Technology (Code: 002415 CH)</p> <p>Market cap: US\$20.9 billion</p>	Industrial electronics	<p>Price: CNY23.81 P/E: 14.9x P/B: 4.7x Yield: 2.6%</p>	<p>Hangzhou Hikvision is one of the global leading video surveillance vendors, with around 25% and 6% market share in China and the overseas markets respectively. The company has continued to maintain a solid market position and strong financials. With the launch of the Shenzhen Hong Kong Stock Connect in December 2016, the company is considered one of the top investments. With increasing demand for surveillance and continued technology upgrades, we expect the China/overseas video surveillance market to post 10-15% CAGRs over the next three years. The company is expected to further gain market share through scale benefits, cost advantages, technological strength and total solution capacity.</p>

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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MANAGER'S REPORT (Continued)

Stock	Industry	Valuation (2017 Estimates)	Remarks
Largan Precision (Code: 3008 TT) Market cap: US\$15.7 billion	Electronic components	Price: TWD3,780.00 P/E: 16.2x P/B: 5.1x Yield: 2.2%	Largan Precision manufactures and distributes lenses for electronic products including mobile phones, laptops, tablets and digital cameras. The company is a clear winner in the dual-camera upgrade cycle, as it has the unique technology and knowhow to deliver designs for large-scale production at a decent margin. The optical zoom feature on the new iPhone 7 Plus clearly displays this trend. Largan is gaining market share in this high-end specification segment as smartphone makers attempt to differentiate. Looking forward, three catalysts are fuelling the growth of Largan: 1) promising market growth due to rapid pick-up in dual cameras; 2) higher average selling price supported by specification migration; 3) share price gain underpinned by Largan's business mix change and notable advantages over competitors.
PetroChina (Code: 857 HK) Market cap: US\$201.2 billion	Energy	Price: HKD5.78 P/E: 20.9x P/B: 0.8x Yield: 2.2%	PetroChina is the largest oil and gas producer and distributor playing a dominant role in the oil and gas industry in China. It engages in a wide range of activities related to oil and natural gas, including exploration, development, production and marketing. As China is expected to achieve moderate and stable economic growth, oil and gas demand in China is likely to continue its current upward trajectory. With the oil price hovering at a relatively low level, the company will also benefit as oil recovers.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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MANAGER'S REPORT (Continued)

Stock	Industry	Valuation (2017 Estimates)	Remarks
SIIC Environment (Code: SIIC SP) Market cap: US\$0.9 billion	Wastewater treatment	Price: SGD0.58 P/E: 10.6x P/B: 1.0x Yield: 0.5%	SIIC Environment ("SIIC") is a Singapore-listed company, which conducts operations in wastewater treatment, water purification treatment and system automation in China. Being a state-owned enterprise, SIIC enjoys strong support from banks and local governments, signifying it has the potential to become one of the leading water companies in China. In 2015, it completed an acquisition of a group of water treatment companies, which helped enhance its water treatment capacity and extend its geographical presence in China. The company's financial leverage is lower than most of its local peers, enabling it to do more mergers and acquisitions as well as greenfield projects in the future. As the Chinese government is increasingly paying attention to water quality and environment protection, the company is set to benefit from further environmental protection policies.

Note: The above investments made up 21% of Value Partners China Greenchip Fund Limited as at 30 November 2016. The stock prices are based on the closing of 30 December 2016.

Individual stock performance/yield is not necessarily indicative of overall fund performance.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

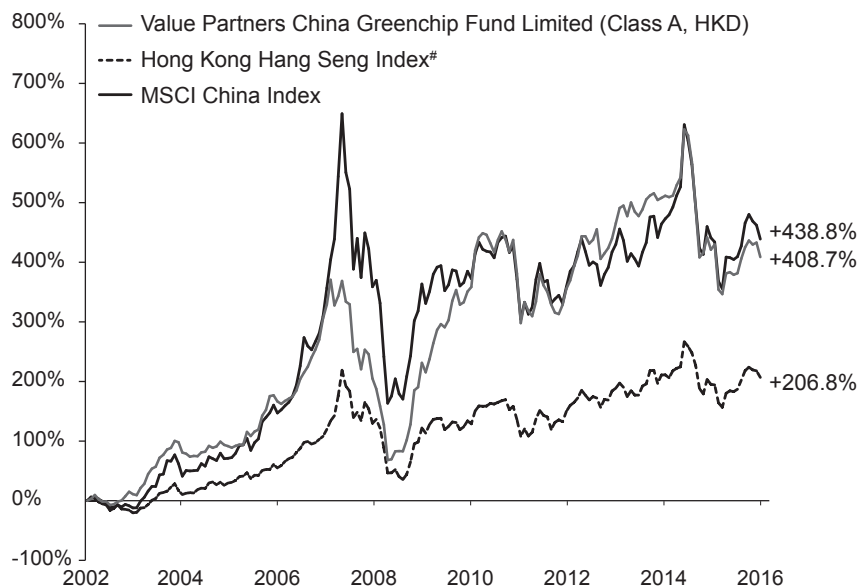
(Incorporated as an exempted company in the Cayman Islands with limited liability)

MANAGER'S REPORT (Continued)

Value Partners China Greenchip Fund Limited – NAV as at 31 December 2016

Classes	NAV per share
Class A HKD and Class N	HKD50.87
Class A USD	USD8.42
Class A AUD Hedged	AUD8.59
Class A CAD Hedged	CAD8.36
Class A NZD Hedged	NZD8.82
Class A2 QDis HKD	HKD9.27
Class Z	USD9.60

Since launch return compared to indices
From 8 April 2002 to 31 December 2016



* Hang Seng Index refers to Hang Seng Price Return Index up to 31 December 2014, thereafter it is the Hang Seng Total Return Index. Hang Seng Total Return Index includes dividend reinvestment whereas Hang Seng Price Return Index does not take into account reinvestment of dividends.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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STATEMENT OF RESPONSIBILITIES OF THE DIRECTORS AND THE MANAGER

Directors' and Manager's responsibilities

The Directors and the Manager, Value Partners Limited, (the "Management") is required by the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong and the amended and restated Memorandum and Articles of Association dated 19 March 2007 (as amended) to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of Value Partners China Greenchip Fund Limited (the "Fund") at the end of that period and of the transactions for the period then ended. In preparing these financial statements, the Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Management is also required to manage the Fund in accordance with the amended and restated Memorandum and Articles of Association dated 19 March 2007 (as amended) and take reasonable steps for the prevention and detection of fraud and other irregularities.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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CUSTODIAN'S REPORT

We hereby confirm that, in our opinion, the Manager, Value Partners Limited has, in all material respects, managed Value Partners China Greenchip Fund Limited in accordance with the provisions of the amended and restated Memorandum and Articles of Association dated 19 March 2007 (as amended) for the year ended 31 December 2016.

For and on behalf of

HSBC Institutional Trust Services (Asia) Limited

Custodian

25 April 2017

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Value Partners China Greenchip Fund Limited (the "Fund") as at 31 December 2016, and its financial transactions and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The Fund's financial statements which are set out on pages 17 to 46, comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to shareholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF VALUE PARTNERS CHINA GREENCHIP FUND LIMITED (Continued)

Other Information

The Directors and the Manager (the "Management") are responsible for the other information. The other information comprises the General information, Manager's report, Statement of responsibilities of the Directors and the Manager, Custodian's report, Investment portfolio, Investment portfolio movement and Performance record (but does not include the financial statements and our auditor's report thereon).

Our opinion on the Fund's financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Fund's financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with IFRS, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

In addition, Management is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Memorandum and Articles of Association dated 19 March 2007 (as amended) (the "Memorandum and Articles of Association") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "SFC Code").

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF
VALUE PARTNERS CHINA GREENCHIP FUND LIMITED (Continued)**

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Memorandum and Articles of Association and the SFC Code.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF VALUE PARTNERS CHINA GREENCHIP FUND LIMITED (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report, including the opinion, has been prepared for and only for the Fund in accordance with the terms of our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Memorandum and Articles of Association and the SFC Code.

PricewaterhouseCoopers

Cayman Islands

25 April 2017

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	<i>Note</i>	2016 <i>HK\$</i>	2015 <i>HK\$</i>
Assets			
Deposits with brokers		–	95,998,511
Financial assets at fair value through profit or loss	3(d)	3,142,584,900	4,448,601,660
Amounts receivable on sales of investments		68,022,299	894,547,738
Amounts receivable on subscription of shares		–	929,828
Dividends and interest receivables		3,013,760	1,909,116
Other receivables		135,529	186
Bank balances		<u>91,696,902</u>	<u>144,683,979</u>
Total assets		<u>3,305,453,390</u>	<u>5,586,671,018</u>
Liabilities			
Financial liabilities at fair value through profit or loss	3(d)	102,961	24,878
Amounts payable on purchase of investments		31,824,377	877,908,242
Amounts payable on redemption of shares		4,906,192	2,237,390
Management fee and performance fee payable		4,052,552	5,763,171
Bank overdrafts		103,447,256	142,709,423
Accruals and other payables		<u>1,416,674</u>	<u>750,111</u>
Liabilities (excluding net assets attributable to shareholders)		<u>145,750,012</u>	<u>1,029,393,215</u>
Net assets attributable to shareholders	4	<u>3,159,703,378</u>	<u>4,557,277,803</u>

Signed by:
Director

The notes on pages 21 to 46 are an integral part of these financial statements.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 HK\$	2015 HK\$
Income			
Dividends		117,885,035	87,089,168
Interest on bank deposits		51,299	29,118
Net realised loss on investments		(153,499,540)	(568,311,803)
Change in unrealised loss on investments		(32,933,687)	(244,431,063)
Other income		13	847
Net foreign exchange loss		(2,248,675)	(3,311,517)
		<u>(70,745,555)</u>	<u>(728,935,250)</u>
Expenses			
Management fee	5(a)	(55,081,943)	(79,248,414)
Transaction costs		(53,438,307)	(33,348,319)
Administration and custodian fees	5(c)	(6,218,187)	(8,621,158)
Interest expense		(5,939,794)	(4,388,192)
Safe custody and bank charges		(175,116)	(265,645)
Legal and professional fees		(1,688,351)	(1,058,182)
Auditor's remuneration		(364,722)	(240,649)
Other operating expenses		(3,282,683)	(2,456,885)
		<u>(126,189,103)</u>	<u>(129,627,444)</u>
Loss before tax		(196,934,658)	(858,562,694)
Withholding tax on dividends and other investment income	6(d)	(4,716,432)	(3,577,174)
Loss after tax and before distributions		(201,651,090)	(862,139,868)
Distributions to shareholders	7	—	(27,942,859)
Decrease in net assets attributable to shareholders from operations		<u>(201,651,090)</u>	<u>(890,082,727)</u>

The notes on pages 21 to 46 are an integral part of these financial statements.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE
TO SHAREHOLDERS**

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 <i>HK\$</i>	2015 <i>HK\$</i>
Net assets attributable to shareholders as at 1 January	4,557,277,803	5,244,176,255
Issue of shares	224,262,810	3,028,883,192
Redemption/repurchase of shares	<u>(1,420,186,145)</u>	<u>(2,825,698,917)</u>
Net (decrease)/increase from share transactions	<u>(1,195,923,335)</u>	<u>203,184,275</u>
Loss after tax and before distributions	(201,651,090)	(862,139,868)
Distributions to shareholders	<u>—</u>	<u>(27,942,859)</u>
Decrease in net assets attributable to shareholders from operations	<u>(201,651,090)</u>	<u>(890,082,727)</u>
Net assets attributable to shareholders as at 31 December	<u><u>3,159,703,378</u></u>	<u><u>4,557,277,803</u></u>

The notes on pages 21 to 46 are an integral part of these financial statements.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 HK\$	2015 HK\$
Cash flows from operating activities		
Decrease in net assets attributable to shareholders from operations	(201,651,090)	(890,082,727)
Adjustments for:		
Dividends and interest on bank deposits	(117,936,334)	(87,118,286)
Withholding tax on dividends and other investment income	4,716,432	3,577,174
Distribution	–	27,942,859
	<u>(314,870,992)</u>	<u>(945,680,980)</u>
Decrease/(increase) in deposits with brokers	95,998,511	(81,497,340)
Decrease in financial assets at fair value through profit or loss	1,306,016,760	910,016,140
Decrease in financial liabilities at fair value through profit or loss	78,083	24,878
Decrease/(increase) in amounts receivable on sales of investments	826,525,439	(625,435,594)
(Decrease)/increase in amounts payable on purchase of investments	(846,083,865)	467,395,433
Increase in other receivables	(135,343)	(115)
Decrease in management fee and performance fee payable and accruals and other payables	(1,044,056)	(16,886,186)
(Decrease)/increase in bank overdraft	<u>(39,262,167)</u>	<u>110,331,723</u>
Cash generated from/(used in) operations	1,027,222,370	(181,732,041)
Dividends and interest on bank deposits received	116,831,690	94,857,005
Withholding tax on dividends and other investment income paid	<u>(4,716,432)</u>	<u>(3,577,174)</u>
Net cash inflow/(outflow) from operating activities	<u>1,139,337,628</u>	<u>(90,452,210)</u>
Cash flows from financing activities		
Proceeds from issue of shares	225,192,638	3,044,803,378
Payments on redemption/repurchase of shares	(1,417,517,343)	(2,831,043,282)
Distributions paid to shareholders	–	(35,561,927)
Net cash (outflow)/inflow from financing activities	<u>(1,192,324,705)</u>	<u>178,198,169</u>
Net (decrease)/increase in cash and cash equivalents	(52,987,077)	87,745,959
Cash and cash equivalents as at 1 January	<u>144,683,979</u>	<u>56,938,020</u>
Cash and cash equivalents as at 31 December, representing bank balances	<u>91,696,902</u>	<u>144,683,979</u>

The notes on pages 21 to 46 are an integral part of these financial statements.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Value Partners China Greenchip Fund Limited (the “Fund”) was a close-ended investment company registered with limited liability in the Cayman Islands on 16 January 2002. On 19 March 2007, a special resolution was passed at the Extraordinary General Meeting to adopt the amended and restated Memorandum and Articles of Association of the Fund to become an open-ended investment company. The Fund is also registered as a mutual fund under the Mutual Funds Law (revised) of the Cayman Islands on 19 March 2007, and is governed by the laws of the Cayman Islands and regulated by the Cayman Islands Monetary Authority. Besides, the Fund is authorised by the Securities and Futures Commission of Hong Kong and is required to comply with the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the “Code”).

The Fund’s investment objective is to achieve 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.

The Fund’s investment activities are managed by Value Partners Limited (the “Manager”). The Fund’s administration is delegated to HSBC Institutional Trust Services (Asia) Limited, an affiliate of the Bank of Bermuda (Cayman) Limited (the “Administrator”). The registered office of the Fund is P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

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 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.

All references to net assets throughout this document refer to net assets attributable to shareholders unless otherwise stated.

Standards and amendments to existing standards effective 1 January 2016

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2016 that had a material impact on the Fund.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

Standards that are not yet effective and have not been early adopted by the Fund

IFRS 9 “Financial instruments”, addresses the classification, measurement and recognition financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (“OCI”) and fair value through profit and loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. There were no changes to classification and measurement for financial liabilities at fair value through profit and loss, except for the requirement to recognize changes in own credit risk in other comprehensive income. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Fund is yet to assess IFRS 9’s full impact.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

(b) Financial assets at fair value through profit or loss

(i) Classification

The Fund classifies its investments as financial assets at fair value through profit or loss. These financial assets are classified as held for trading.

(ii) Recognition/derecognition

Regular-way purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the statement of comprehensive income in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial assets at fair value through profit or loss (Continued)

(iv) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on last traded prices at the close of trading on the reporting date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Over-the-counter derivatives that are not traded in an active market is determined by using broker quotes or valuation techniques.

(c) Income

Dividends are recognised when the right to receive payment is established.

Interest income is recognised in the statement of comprehensive income on a time-proportionate basis using the effective interest method.

(d) Expenses

Expenses are accounted for on an accrual basis.

(e) Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in the statement of comprehensive income as an expense.

(f) Distributions payable to shareholders

Proposed distributions to shareholders are recognised in the statement of comprehensive income when they are appropriately authorised and no longer at the discretion of the Fund. The distribution on the shares is recognised as a finance cost in the statement of comprehensive income.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Foreign currency translation

The financial statements are presented in Hong Kong dollar, which is the Fund's functional and presentation currency.

The Fund has adopted Hong Kong dollar as the functional currency of the Fund since the subscriptions and redemptions of the Fund are mainly transacted in Hong Kong dollars. In addition, performance measurement and reporting to the shareholders as well as settlement of fees and expenses are carried out in Hong Kong dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(h) Taxation

The Fund currently incurs withholding tax imposed by certain countries on investment income and capital gains. Such income is recorded gross of withholding tax in the statement of comprehensive income.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and exclude overdrafts with the broker as they are restricted for investment purposes. Bank overdrafts are shown in current liabilities in the statement of financial position.

(j) Redeemable shares

The net asset value per shares is computed for each dealing day. The price at which shares are issued or redeemed is calculated by reference to the net asset value per share as at the close of business on the relevant dealing day.

Shares of the Fund are redeemable at the options of the shareholders and are classified as financial liabilities in the statement of financial position which represents the net assets attributable to shareholders (or "net asset value" or "net assets" or "NAV"). The shares are carried at the redemption amount that is payable at the reporting date if the shareholders exercise their right to redeem their shares of the Fund.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit and counterparty risk and liquidity risk.

The risks and respective risk management policies employed by the Fund to manage these risks are discussed below:

(a) Market risk

(i) Foreign exchange risk

The Fund may hold assets denominated in currencies other than the Hong Kong dollar, the functional currency, it may therefore be exposed to foreign exchange risk. The Fund's overall currency positions are monitored on a daily basis by the Manager.

The table below includes both monetary and non-monetary assets and liabilities held in foreign currencies together with the percentage of reasonable possible change in foreign currencies and the estimated impact on net assets.

	Total net foreign currency exposures		Percentage change	Estimated impact on net assets
	Non-monetary net assets <i>HK\$ equivalent</i>	Monetary net assets/ (liabilities) <i>HK\$ equivalent</i>		
As at 31 December 2016				
Australian dollar	–	36,036,922	+/-5	+/-1,801,846
Canadian dollar	–	3,046,375	+/-5	+/-152,319
Indonesian rupiah	–	347	+/-5	+/-17
Korean won	–	702,862	+/-5	+/-35,143
New Zealand dollar	–	10,169,323	+/-5	+/-508,466
Pound sterling	–	24	+/-5	+/-1
Renminbi	–	38,537,877	+/-5	+/-1,926,894
Singapore dollar	112,189,627	–	+/-5	+/-5,609,481
Taiwan dollar	187,386,012	67,093,058	+/-5	+/-12,723,954
United States dollar*	<u>465,222,582</u>	<u>(89,296,271)</u>	+/-0	–
	<u>764,798,221</u>	<u>66,290,517</u>		

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

	Total net foreign currency exposures		Percentage change %	Estimated impact on net assets HK\$
	Non-monetary net assets HK\$ equivalent	Monetary net assets/ (liabilities) HK\$ equivalent		
As at 31 December 2015				
Australian dollar	–	81,830,513	+/-5	+/-4,091,526
Canadian dollar	–	6,616,756	+/-5	+/-330,838
Indonesian rupiah	–	339	+/-5	+/-17
Korean won	–	718,053	+/-5	+/-35,903
New Zealand dollar	–	17,249,649	+/-5	+/-862,482
Pound sterling	–	29	+/-5	+/-1
Renminbi	43,149,420	67,513,871	+/-5	+/-5,533,165
Singapore dollar	131,488,570	(1)	+/-5	+/-6,574,428
Taiwan dollar	224,788,738	176,358,418	+/-5	+/-20,057,358
United States dollar*	701,963,779	76,168,320	+/-0	–
	<u>1,101,390,507</u>	<u>426,455,947</u>		

* The United States dollar is currently linked to the Hong Kong dollar, the functional currency, within a narrow range, and is therefore not exposed to significant foreign exchange risk.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Price risk

The Manager manages price risk primarily through diversification of the portfolio and through a careful selection of securities and other financial instruments within specified limits as stated in the Explanatory Memorandum. The Fund's overall market positions are monitored on a daily basis by the Manager.

As at 31 December 2016 and 2015, the Fund had no exposure to securities greater than 10% of net assets.

The Fund's overall market exposures were as follows:

	% of net assets	
	2016	2015
Financial assets at fair value through profit or loss		
Listed equity securities		
China	–	5.12
Hong Kong		
– H shares	9.57	19.57
– Red chips	5.96	22.68
– Others	59.72	30.87
Singapore	6.19	2.89
Taiwan	5.93	4.93
United States	7.04	1.48
	<hr/>	<hr/>
	94.41	87.54
Participation notes	5.04	10.03
Listed equity warrants	–	0.03
Currency forwards	0.00	0.01
	<hr/>	<hr/>
	99.45	97.61
	<hr/> <hr/>	<hr/> <hr/>
Financial liabilities at fair value through profit or loss		
Currency forwards	(0.00)	(0.00)
	<hr/>	<hr/>
	(0.00)	(0.00)
	<hr/> <hr/>	<hr/> <hr/>

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

The table below shows the analysis of equity securities, equity linked note and participation notes by industry.

	2016	2015
	%	%
Consumer discretionary	31.47	12.49
Information technology	25.07	11.91
Consumer staples	9.90	8.39
Industrials	8.71	21.64
Real estate	6.07	8.59
Energy	5.09	–
Utilities	4.07	7.27
Healthcare	–	3.51
Materials	3.89	0.03
Financials	3.72	22.90
Telecommunication services	2.01	3.27
	<u>100.00</u>	<u>100.00</u>

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

The table below summarises the sensitivity of the Fund's portfolio of listed equity securities, participation notes and listed equity warrants to equity price movements. The analysis is based on the assumptions that the MSCI China Index increased/decreased with all other variables held constant and that the fair value of the Fund's portfolio of listed equity securities and notional value of the Fund's derivatives moved according to their historical correlation with the index. The Manager does not manage price risk with reference to any market index. The index used below is for guidance and performance comparison purposes only.

	Percentage change		Estimated impact on net assets	
	2016	2015	2016	2015
	%	%	HK\$	HK\$
MSCI China Index	+/-30	+/-30	+/-667,828,254	+/-1,353,618,965

(iii) Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Cash at banks is subject to interest rate risk as the return is derived from the current inter-bank lending rates. Debt securities are also subject to interest rate risk; however, the interest rate risk is not actively managed as it is not considered significant. As a result, no sensitivity analysis was deemed necessary.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk

The Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges that the Manager considers to be well established. All transactions in listed securities are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has received payment. In a purchase, payment is made when the securities have been received by the broker. If either party fails to meet its obligation, the trade will fail.

The table below shows the exposures to major counterparties at the reporting date. The credit ratings are issued by Moody's.

	2016 HK\$	2015 HK\$
Counterparty		
Cash with bank		
Aa2	91,696,902	144,683,979
Deposits with brokers		
Unrated*	–	95,998,511
Investments placed with custodian		
Aa2	3,142,584,900	4,448,601,660
Amounts receivable on subscription of shares		
Unrated*	–	929,828

* *The credit quality of deposits with brokers and amounts receivable on subscription of shares that are neither past due nor impaired can be assessed by historical information about counterparties default rates. The Manager considers there is no significant risk on such deposits and amounts receivable on subscription of shares at the reporting date as there was no default history on such deposit and amounts receivable on subscription of shares in the past.*

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets, excluding equity securities, as shown in the statement of financial position.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The table below analyses the Fund's financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The table below reflects captions of the statement of financial position items and shows how much of the net assets can be redeemed if the Manager does not exercise the 10% redemption gate.

	Less than 3 months	
	2016	2015
	HK\$	HK\$
Net assets attributable to shareholders	3,159,703,378	4,557,277,803
Derivatives	102,961	24,878
Amounts payable on purchase of investments	31,824,377	877,908,242
Amounts payable on redemption of shares	4,906,192	2,237,390
Management fee and performance fee payable	4,052,552	5,763,171
Overdraft bank balances	103,447,256	142,709,423
Accruals and other payables	1,416,674	750,111
	<u>3,305,453,390</u>	<u>5,586,671,018</u>

Capital management

The capital of the Fund is represented by the net assets attributable to shareholders which is subject to daily subscriptions and redemptions of redeemable shares. The Fund's objective for capital management is to provide returns and long-term capital growth for shareholders.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

Capital management (Continued)

In order to maintain the capital structure, the Manager performs the following:

- Monitor subscriptions and redemptions activities relative to liquid assets;
- To protect the interest of shareholders and in exceptional circumstances, the Manager may limit the total number of shares redeemed on any redemption day to 10% in aggregate of the total number of shares in issue; and
- Monitor fund investment guidelines and restrictions, in accordance with the Explanatory Memorandum.

The markets in which the Fund invests may be relatively illiquid and the liquidity of these markets may fluctuate substantially over time. Investment of the Fund's assets in relatively illiquid securities may restrict the ability of the Fund to dispose of its investments at a price and time that it wishes. The risk of illiquidity also arises in the case of over-the-counter transactions. As at 31 December 2016, the Manager considers that the amount of such illiquid investments is relatively insignificant compared to the net assets attributable to shareholders and the majority of the Fund's asset can be realised within 7 days or less to generate cash inflows for managing liquidity risk.

Below presents a list of investors who held more than 10% of the net assets of the Fund:

Investor	% of net assets
As at 31 December 2016	
Investor 1	26.29
Investor 2	19.07
Investor 3	11.41
As at 31 December 2015	
Investor 1	22.94
Investor 2	23.37

(d) Fair value estimation

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value as at the reporting date.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
As at 31 December 2016				
Assets				
Listed equity securities	2,956,934,875	–	26,258,400*	2,983,193,275
Participation notes	–	159,348,407	–	159,348,407
Currency forwards	–	43,218	–	43,218
	<u>2,956,934,875</u>	<u>159,391,625</u>	<u>26,258,400</u>	<u>3,142,584,900</u>
Liabilities				
Currency forwards	–	(102,961)	–	(102,961)
	<u>–</u>	<u>(102,961)</u>	<u>–</u>	<u>(102,961)</u>
As at 31 December 2015				
Assets				
Listed equity securities	3,944,085,772	–	45,444,200*	3,989,529,972
Participation notes	–	457,228,187	–	457,228,187
Listed equity warrants	1,396,132	–	–	1,396,132
Currency forwards	–	447,369	–	447,369
	<u>3,945,481,904</u>	<u>457,675,556</u>	<u>45,444,200</u>	<u>4,448,601,660</u>
Liabilities				
Currency forwards	–	(24,878)	–	–
	<u>–</u>	<u>(24,878)</u>	<u>–</u>	<u>–</u>

* As at 31 December 2016, listed equity securities include 2 investments (2015: 2) whose trading was suspended. The corresponding fair value is based on the market value of the suspended investment just before its suspension, with a discount range from 62% to 91% (2015: 33% to 89%) taken into consideration.

As at 31 December 2016 and 2015, there is 1 delisted equity security whose fair value was fully marked to zero.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equity securities. The Fund does not adjust the quoted price for these investments.

Financial instruments that trade in markets that are not considered to be active and are valued based on quoted market prices or broker quotes, or financial instruments for which there is no active market and are valued based on valuation models supported by observable inputs are classified within level 2.

Investments classified within level 3 have significant unobservable inputs, as they are traded infrequently.

The Manager considers that changes in the inputs to the valuation models would not have a significant effect on the net asset value of the Fund. No quantitative analysis has been presented. The table below summarises the key unobservable inputs adopted by the Manager in determining the fair value.

	Fair value	Valuation technique	Unobservable inputs
As at 31 December 2016			
Equity securities	26,258,400	Discounted Last transacted price from over-the-counter market	Discount rate
As at 31 December 2015			
Equity securities	45,444,200	Discounted Last transacted price from over-the-counter market	Discount rate

There is no transfer between levels for the year ended 31 December 2016. The following table presents the transfer between levels for the year ended 31 December 2015, which is related to the suspension of trading of a listed equity security.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$
2015			
Transfer between levels 1 and 3	(55,533,280)	–	55,533,280

The following table presents the movement in level 3 investments for the year. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

	2016 HK\$	2015 HK\$
Opening balance	45,444,200	1,778,000
Transfer from level 1 to 3	–	55,533,280
Unrealised gains/losses	<u>(19,185,800)</u>	<u>(11,867,080)</u>
Closing balance	<u>26,258,400</u>	<u>45,444,200</u>
Changes in unrealised gains/losses for the year included in the statement of comprehensive income for investments held at the end of the year	<u>(19,185,800)</u>	<u>(11,867,080)</u>

Other assets and liabilities are carried at amortised cost and their carrying values are a reasonable approximation of fair value.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(e) Derivative financial instruments

The Fund's derivative financial instruments at the reporting date are detailed as follows:

	Notional amount	Fair value	
		Assets HK\$	Liabilities HK\$
As at 31 December 2016			
Forward currency contract	AUD6,389,689	–	(86,863)
Forward currency contract	CAD516,949	–	(16,098)
Forward currency contract	NZD1,806,175	43,218	–
Participation notes on China equities	RMB142,685,019	159,348,407	–
		<u>159,391,625</u>	<u>(102,961)</u>
As at 31 December 2015			
Forward currency contract	AUD13,984,468	385,853	–
Forward currency contract	CAD1,173,550	–	(24,878)
Forward currency contract	NZD2,973,393	61,516	–
Participation notes on China equities	RMB375,135,964	457,228,187	–
Equity warrant on Hong Kong equities	HKD20,535,447	1,396,132	–
		<u>459,071,688</u>	<u>(24,878)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)**4 SHARES**

Up to 19 August 2016, the authorised share capital was HK\$20,000,000 divided into 200,000,000 shares of par value of HK\$0.10 per share. With effect from 19 August 2016, an ordinary resolution was passed to increase the authorised share capital of the Fund to HK\$200,000,000 divided into 2,000,000,000 shares of a nominal or par value of HK\$0.1 per share.

The issued share capital of the Fund exceeded the authorised share capital for the period from 1 June 2015 to 29 February 2016. Based on advice received, the Fund considered the issuance of shares in excess of the authorised share capital did not affect the investors as the investors continued to have the same economic position represented by the valuation of their shares. With effect from 1 March 2016, the number of issued shares of the Fund remained within its authorised share capital.

The Fund's capital is represented by the issued shares. They are entitled to payment of a proportionate share based on the Fund's net assets on each valuation day. The Fund's capital is shown as net assets attributable to shareholders in the statement of financial position. The Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions/repurchases, such liquidity being augmented by disposal of listed securities where necessary.

Shares of the Fund are issued in 11 classes, Class A, Class A2 QDis, Class N, Class Z, Class A USD, Class A AUD Hedged, Class A CAD Hedged, Class A EUR Hedged, Class A NZD Hedged, Class A SGD Hedged and Class A GBP Hedged. All shares except Class N shares are subject to daily cash redemptions/repurchases of shares.

Class N shares represent the non-redeemable shares issued by the Fund prior to the delisting of the Fund from the Hong Kong Stock Exchange on 26 March 2007. Since then, Class N Shares of the Fund are closed for subscription. Shares of other classes are offered for both subscriptions and redemptions.

The Directors of the Fund currently do not intend to pay dividends with respect to Class A Shares, Class A USD Shares, Class A AUD Hedged Shares, Class A CAD Hedged Shares, Class A EUR Hedged Shares, Class A NZD Hedged Shares, Class A SGD Hedged Shares, Class A GBP Hedged Shares, Class Z Shares and non-redeemable Class N Shares (collectively referred to as "Accumulation Classes"). Therefore, any net income and net realised profits attributable to the shares of the Accumulation Classes will be reflected in their respective net assets. For Class A2 QDis Shares ("Distribution Class"), the Directors currently aim to make quarterly dividend distributions to relevant shareholders. However, there is neither a guarantee that such dividends will be made nor will there be a target level of dividend payout.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SHARES (Continued)

Number of shares in issue

The movement of number of shares in issue during the year was as follows:

	Class N	Class A HKD	Class A USD	Class A AUD Hedged
As at 1 January 2015	1,353,750	57,157,941	1,162,205	629,870
Subscription of shares	–	18,102,412	4,552,742	6,636,207
Redemption/repurchase of shares	<u>(486,166)</u>	<u>(22,475,570)</u>	<u>(2,933,150)</u>	<u>(5,704,363)</u>
As at 31 December 2015 and 1 January 2016	867,584	52,784,783	2,781,797	1,561,714
Subscription of shares	–	2,169,210	386,394	224,960
Redemption/repurchase of shares	<u>(845,584)</u>	<u>(15,204,021)</u>	<u>(1,901,972)</u>	<u>(1,042,250)</u>
As at 31 December 2016	<u>22,000</u>	<u>39,749,972</u>	<u>1,266,219</u>	<u>744,424</u>
	Class A CAD Hedged	Class A NZD Hedged	Class A2 QDis	Class Z
As at 1 January 2015	38,906	306,651	134,850,756	–
Subscription of shares	162,645	1,113,980	76,181,775	–
Redemption/repurchase of shares	<u>(68,647)</u>	<u>(1,094,162)</u>	<u>(63,380,610)</u>	<u>–</u>
As at 31 December 2015 and 1 January 2016	132,904	326,469	147,651,921	–
Subscription of shares	–	8,963	3,537,044	720,118
Redemption/repurchase of shares	<u>(71,085)</u>	<u>(130,447)</u>	<u>(48,388,850)</u>	<u>(20,118)</u>
As at 31 December 2016	<u>61,819</u>	<u>204,985</u>	<u>102,800,115</u>	<u>700,000</u>

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SHARES (Continued)

Number of shares in issue (Continued)

	2016	2015
Net asset value per share		
Class N	HKD50.87	HKD52.97
Class A HKD	HKD50.87	HKD52.97
Class A USD	USD8.42	USD8.77
Class A AUD Hedged	AUD8.59	AUD8.89
Class A CAD Hedged	CAD8.36	CAD8.76
Class A NZD Hedged	NZD8.82	NZD9.04
Class A2 QDis	HKD9.27	HKD9.65
Class Z	USD9.60	–

5 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS

The following is a summary of significant related party transactions/transactions entered into during the period between the Fund and the Manager and its connected persons. Connected persons of the Manager are those as defined in the Code. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) 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 attributable to Class A, Class A2 QDis, Class N, Class A USD, Class A AUD Hedged, Class A CAD Hedged, Class A EUR Hedged, Class A NZD Hedged, Class A SGD Hedged and Class A GBP Hedged shares, and 0.75% per annum of the net asset value of the Fund attributable to Class Z shares. The management fee is calculated and accrued daily and payable monthly in arrears.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS (Continued)

(b) Performance fee

The Manager is entitled to receive a performance fee which represents 15% 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 the last business day of each calendar year (the “performance fee valuation day”) before accrual of performance fee exceeds the higher of (i) the initial issue price of the shares 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.

(c) Administration and custodian fees

The Administrator and the Custodian, HSBC Institutional Trust Services (Asia) Limited, are entitled to receive the following fees:

A variable fee of (i) 0.17% per annum on the first US\$400 million of the net asset value of the Fund; (ii) 0.15% per annum on the next US\$400 million of the net asset value of the Fund and (iii) 0.13% per annum thereafter, subject to a minimum of US\$5,000 per month. The variable fee is calculated and accrued daily and payable monthly in arrears.

(d) Directors’ fees

Directors’ fees for the year ended 31 December 2016 were HK\$6,319 (2015: HK\$287,638). As at 31 December 2016, no directors’ fees were outstanding (2015: Nil).

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS (Continued)

(e) Manager's and its related parties' holding in the Fund

The Manager and its related parties held shares of the Fund as follows:

	As at 1 January	Issue of shares	Redemption/ repurchase of shares	As at 31 December
Year 2016				
Class A				
Director of the Manager	328,169	–	–	328,169
Bright Starlight Limited**	270,135	–	–	270,135
Value Partners Limited*	2,608,379	–	(2,608,379)	–
Class A AUD Hedged				
Value Partners Limited*	1,117	–	(1,117)	–
Class A CAD Hedged				
Value Partners Limited*	1,121	–	(1,121)	–
Class A NZD Hedged				
Value Partners Limited*	1,208	–	(1,208)	–
Class A USD				
Value Partners Limited*	1,032	–	(1,032)	–

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS (Continued)

(e) Manager's and its related parties' holding in the Fund (Continued)

	As at 1 January	Issue of shares	Redemption/ repurchase of shares	As at 31 December
Year 2015				
Class A				
Director of the Manager	328,169	–	–	328,169
Bright Starlight Limited**	270,135	–	–	270,135
Value Partners Limited*	2,608,379	–	–	2,608,379
Class A AUD Hedged				
Value Partners Limited*	1,117	–	–	1,117
Class A CAD Hedged				
Value Partners Limited*	1,121	–	–	1,121
Class A NZD Hedged				
Value Partners Limited*	1,208	–	–	1,208
Class A USD				
Value Partners Limited*	1,032	–	–	1,032

* Value Partners Limited is the Manager.

** Bright Starlight Limited is indirectly but wholly-owned by a company incorporated in the British Virgin Islands, as trustee for a discretionary trust, the discretionary objects of which include certain members of the family of a director of the Manager's parent company.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS (Continued)

(f) Preliminary charges

The Manager is entitled to receive a preliminary charge on issue of shares which represents up to 5% of the issue price. For the year ended 31 December 2016, total preliminary charges on issue of shares, amounting to HK\$1,004,521 (2015: HK\$17,276,460), were received by the Manager. The preliminary charges are not reflected in the financial statements of the Fund.

(g) Cross trades with funds managed by the Manager and/or its associates

During the year ended 31 December 2016 and 2015, the Fund has transacted with other funds which are also managed by the Manager and/or its associates. The Fund purchased and sold investments amounting to HK\$2,779,320 and nil (2015: HK\$23,877,971 and HK\$38,639,299) respectively from such funds. The transactions were carried out at fair value of the investments on the date of the transactions.

(h) Other transactions and balances with the Custodian and its related parties

In addition to the administration and custodian fees of HK\$6,218,187 (2015: HK\$8,621,158), as disclosed in note 5(c), the Fund had the following additional transactions with the Custodian and its related parties. All such transactions were entered into in the ordinary course of business and were on normal commercial terms.

	2016	2015
	<i>HK\$</i>	<i>HK\$</i>
Interest income	51,299	29,118
Transaction costs*	(149,990)	(159,917)
Safe custody and bank charges	(553,166)	(310,828)
Company secretary and registered office fee	(81,499)	(81,408)
Interest expense	<u>(5,939,794)</u>	<u>(4,388,192)</u>

* *The Fund paid commission to a related parties of the Custodian for the purchases and sales of investments. The total aggregate value and the average commission rate of these transactions for the year ended 31 December 2016 are HK\$126,033,015 and 0.15% respectively (2015: HK\$967,500,042 and 0.28% respectively). For the year ended 31 December 2016, these transactions represent 0.48% (2015: 2.57%) of the total purchases and sales of investments of the Fund.*

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS (Continued)

(h) Other transactions and balances with the Custodian and its related parties (Continued)

In addition to the administration and custodian fee payables of HK\$461,183 (2015: HK\$628,980), as disclosed in note 5(c), the Fund had the following additional balances with the Custodian and its related parties.

	2016	2015
	<i>HK\$</i>	<i>HK\$</i>
Bank balance	91,145,050	144,683,979
Bank overdrafts	(103,447,256)	(142,709,423)
Interest income receivable	–	186
Transaction costs payable	(12,124)	(12,788)
Company secretary and registered office fee payable	(20,364)	(20,352)
Interest expense payable	(758,328)	–

6 TAXATION

(a) Cayman Islands

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 22 January 2002, no laws thereafter enacted in the Cayman Islands imposing any tax on profits, income, gains or appreciations will apply to the Fund.

(b) Hong Kong

No provision for Hong Kong profits tax has been made as the dividend and interest income and realised gains on sale of investments of the Fund are excluded from the charge to profits tax under Section 14, 26 or 26A of the Hong Kong Inland Revenue Ordinance.

(c) People's Republic of China ("PRC")

In preparing these financial statements, the Manager has made certain assumptions and used various estimates concerning the tax exposure which is dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

The Fund invests in various derivative instruments linked to "A" shares of companies listed in the PRC. Prior to 17 November 2014, a 10% tax was withheld by the relevant Qualified Foreign Institutional Investors ("QFIIs") on all PRC sourced dividends and realised capital gains. With effect from 17 November 2014, a 10% tax is only withheld on all PRC sourced dividends.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 TAXATION (Continued)

(d) Other jurisdictions

Overseas withholding tax was charged on certain dividend and investment income received during the years ended 31 December 2016 and 2015.

7 DISTRIBUTION TO SHAREHOLDERS

The following distribution statement is in relation to the Class A2 QDis where the Manager currently intends to make quarterly dividends distribution to shareholders (actual distribution frequency subject to Manager's discretion).

	2016 <i>HK\$</i>	2015 <i>HK\$</i>
Undistributed profit brought forward	–	–
Net profit allocated to Class A2 QDis for the year	–	<u>27,942,859</u>
Amount available for distribution	–	<u>27,942,859</u>
Distribution of HKD0.0565 per share on 57,723,037 Class A2 QDis shares ex 31 March 2015	–	(7,867,990)
Distribution of HKD0.0856 per share on 82,763,386 Class A2 QDis shares ex 30 June 2015	–	(12,810,878)
Distribution of HKD0.0488 per share on 118,992,653 Class A2 QDis shares ex 30 September 2015	–	<u>(7,263,991)</u>
Total distributions to shareholders	–	<u>(27,942,859)</u>
Undistributed profit	<u>–</u>	<u>–</u>

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 SOFT COMMISSION ARRANGEMENTS

The Manager and/or any company associated with it and its delegates may enter into soft dollars/ commission sharing arrangements with brokers through which brokerage transactions are entered on behalf of clients under management. The Manager may receive, and are entitled to retain, research products and services (known as soft dollar benefits) which are of demonstrable benefit to the Sub-fund (as may be permitted under applicable rules and regulations) from brokers and other persons through whom investment transactions are carried out (the "brokers"). Soft dollars may be received from them provided that the quality of transaction execution is consistent with best execution standards and brokerage rates are not in excess of the customary full-service brokerage rates.

Such soft dollar benefits may include research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services and software incidental to the above goods and services; clearing and custodian services and investment related publications. For the avoidance of doubt, soft dollar benefits do not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employee salaries or direct money payments.

The Manager will consider many judgemental factors deemed relevant in determining whether a broker will provide best execution. In general, investment orders will be allocated to brokers based on the range and overall quality of services offered by the broker. The core factors in determining the quality of services are the execution performance and capability of the broker. Other factors, such as the quality and quantity of research and investment ideas offered, access to potential investee companies and commission rate charges, would also be taken into consideration. Soft dollar benefits received from brokers should not be a determinant factor on allocating orders among brokers. The Manager has implemented policies and procedures to ensure that transactions executed with brokers pursuant to a soft dollar commission sharing arrangement are conducted in the best execution standard. Soft dollars benefits received by the Manager are used to facilitate in the Manager's investment management process, such benefits assist the Manager in fulfilling its overall duty to clients and may be used in servicing any or all of the Manager's client accounts over which the Manager exercises investment discretion. The Manager does not usually attempt to allocate/ attribute the soft dollar benefits to individual client account, as goods and services obtained may be beneficial to all clients in general, including those client accounts that do not generate credit to acquire the soft dollar benefits.

9 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 25 April 2017.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 31 DECEMBER 2016

	Holdings	Fair value HK\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed Equity Securities			
<i>Hong Kong – H Shares</i>			
China BlueChemical Ltd H Shrs	17,224,000	37,031,600	1.17
China Railway Construction Corp Ltd H Shrs	1,605,500	16,022,890	0.51
Industrial and Commercial Bank of China Ltd H Shrs	6,842,000	31,815,300	1.01
PetroChina Co Ltd H Shrs	27,668,000	159,921,040	5.06
Ping An Insurance (Group) Co of China Ltd H Shrs	1,176,500	45,648,200	1.44
Sinotrans Ltd H Shrs	3,489,000	12,071,940	0.38
Zhuzhou CRRC Times Electric Co Ltd H Shrs	1,500	59,025	–
		<u>302,569,995</u>	<u>9.57</u>
<i>Hong Kong – Red Chips</i>			
BOC Hong Kong Holdings Ltd	1,150,500	31,926,375	1.01
China Overseas Land & Investment Ltd	1,794,000	36,866,700	1.17
China Unicom (Hong Kong) Ltd	3,470,000	31,334,100	0.99
Chu Kong Shipping Development Ltd	14,552,000	29,977,120	0.95
Guotai Junan International Holdings Ltd	3,149,000	7,526,110	0.24
Hua Hong Semiconductor Ltd	3,962,000	34,310,920	1.09
Technovator International Ltd	5,462,000	16,167,520	0.51
		<u>188,108,845</u>	<u>5.96</u>

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2016

	Holdings	Fair value HK\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed Equity Securities (Continued)			
<i>Hong Kong – Others</i>			
AAC Technologies Holdings Inc	636,000	44,806,200	1.42
ASM Pacific Technology Ltd	647,500	53,192,125	1.68
Cafe de Coral Holdings Ltd	390,000	9,808,500	0.31
Champion REIT	11,143,000	46,800,600	1.48
China Dongxiang Group Co Ltd	5,999,000	8,398,600	0.27
China Lesso Group Holdings Ltd	15,002,000	75,460,060	2.39
China ZhengTong Auto Services Holdings Ltd	7,215,500	16,307,030	0.52
Chow Tai Fook Jewellery Group Ltd	12,227,200	72,507,296	2.29
CK Hutchison Holdings Ltd	360,500	31,687,950	1.00
Comba Telecom Systems Holdings Ltd	7,074,000	9,762,120	0.31
CT Environmental Group Ltd	10,020,000	15,631,200	0.49
Dali Foods Group Co Ltd	7,752,000	31,783,200	1.01
Eagle Nice (International) Holdings Ltd	2,610,000	5,715,900	0.18
EVA Precision Industrial Holdings Ltd	2,920,000	2,511,200	0.08
Fairwood Holdings Ltd	2,707,000	76,608,100	2.42
Galaxy Entertainment Group Ltd	755,000	25,519,000	0.81
Goodbaby International Holdings Ltd	8,044,000	29,843,240	0.94
Greatview Aseptic Packaging Co Ltd	4,599,000	18,304,020	0.58
Haier Electronics Group Co Ltd	5,555,000	67,771,000	2.14
Hengan International Group Co Ltd	1,011,000	57,576,450	1.82
HKT Trust and HKT Ltd	3,353,000	31,887,030	1.01
International Housewares Retail Co Ltd	18,876,000	30,579,120	0.97
Johnson Electric Holdings Ltd	3,221,000	66,030,500	2.09
Kingboard Chemical Holdings Ltd	684,000	16,074,000	0.51
Kingboard Laminates Holding Ltd	4,179,000	31,843,980	1.01
Langham Hospitality Investments Ltd	17,366,500	54,357,145	1.72
Lee & Man Paper Manufacturing Ltd	10,958,000	65,967,160	2.09
Li Ning Co Ltd	7,921,500	38,577,705	1.22
Logan Property Holdings Co Ltd	12,666,000	37,111,380	1.17
Man Wah Holdings Ltd	9,282,400	48,732,600	1.54
Minth Group Ltd	3,258,000	78,680,700	2.49
Nameson Holdings Ltd	3,212,000	5,460,400	0.17
Pou Sheng International (Holdings) Ltd	14,126,000	31,500,980	1.00
Real Gold Mining Ltd*	1,270,000	1,016,000	0.03

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2016

	Holdings	Fair value HK\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed Equity Securities (Continued)			
<i>Hong Kong – Others (Continued)</i>			
Samsonite International	1,895,700	41,989,755	1.33
Sands China Ltd	443,200	14,935,840	0.47
Scud Group Ltd*	63,106,000	25,242,400	0.80
Suga International Holdings Ltd	1,372,000	3,114,440	0.10
Sun Hung Kai Properties Ltd	161,000	15,778,000	0.50
Tao Heung Holdings Ltd	19,022,000	36,902,680	1.17
Techtronic Industries Co Ltd	1,142,000	31,747,600	1.00
Tencent Holdings Ltd	435,000	82,519,500	2.61
Texhong Textile Group Ltd	3,809,000	39,994,500	1.27
Texwinca Holdings Ltd	6,180,000	31,332,600	0.99
VTech Holdings Ltd	682,200	70,744,140	2.24
Want Want China Holdings Ltd	13,190,000	65,554,300	2.08
WH Group Ltd	4,309,500	27,020,565	0.86
Win Hanverky Holdings Ltd	13,312,000	16,640,000	0.53
Xiabuxiabu Catering Management (China) Holdings Co Ltd	6,082,000	32,660,340	1.03
Xinyi Glass Holdings Ltd	88,000	557,920	0.02
Xtep International Holdings Ltd	13,652,500	44,507,150	1.41
Yue Yuen Industrial (Holdings) Ltd	2,416,000	68,010,400	2.15
		<u>1,887,064,621</u>	<u>59.72</u>
<i>Singapore</i>			
SIIC Environment Holdings Ltd	35,780,000	112,189,627	3.55
Dairy Farm International Holdings Ltd	1,493,800	83,288,750	2.64
		<u>195,478,377</u>	<u>6.19</u>

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2016

	Holdings	Fair value HK\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed Equity Securities (Continued)			
<i>Taiwan</i>			
ITEQ Corp	9,000	71,911	—
Largan Precision Co Ltd	79,000	71,841,168	2.27
Sporton International Inc	311,000	12,723,068	0.40
Synnex Technology International Corp	1,403,850	10,947,404	0.35
Taiwan Semiconductor Manufacturing Co Ltd	2,108,000	91,802,461	2.91
		<u>187,386,012</u>	<u>5.93</u>
<i>United States</i>			
Alibaba Group Holding Ltd Spon ADR	209,226	142,470,396	4.51
Tarena International Inc ADR	136,790	15,900,873	0.50
Weibo Corp SPON ADR	148,884	46,874,761	1.48
Yum China Holdings Inc	76,751	15,546,127	0.49
ZTO Express Cayman Inc ADR	19,159	1,793,268	0.06
		<u>222,585,425</u>	<u>7.04</u>
Participation Notes			
CICC Financial Trading Ltd (Wuliangye Yibin Co Ltd A Shrs) ELN 12/17/2017	1,189,038	45,762,002	1.45
CICC Financial Trading Ltd (Hangzhou Hikvision Digital Technology Co Ltd A Shrs) P Note 05/06/2018	2,429,508	64,565,042	2.04
Societe Generale (Fuyao Group Glass Industry Co Ltd A Shrs) P Note 04/10/2017	2,357,011	49,021,363	1.55
		<u>159,348,407</u>	<u>5.04</u>

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2016

	Holdings	Fair value <i>HK\$</i>	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Unlisted Equity Securities			
<i>Hong Kong</i>			
Euro-Asia Agricultural (Holdings) Co Ltd	4,266,000	—	—
		-----	-----
Currency Forwards		43,218	(0.00)
		-----	-----
Total financial assets at fair value through profit or loss		<u>3,142,584,900</u>	<u>99.45</u>
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS			
Currency Forwards		(102,961)	(0.00)
		-----	-----
Total financial liabilities at fair value through profit or loss		<u>(102,961)</u>	<u>(0.00)</u>
Total investments, net		<u>3,142,481,939</u>	<u>99.45</u>
Total investments, at cost (inclusive of transaction cost)		<u>3,382,629,835</u>	

* *The trading of the equity securities has been suspended.*

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

INVESTMENT PORTFOLIO MOVEMENT (UNAUDITED)

AS AT 31 DECEMBER 2016

	% of net assets	
	2016	2015
Listed equity securities		
China	–	5.12
Hong Kong		
– H shares	9.57	19.57
– Red chips	5.96	22.68
– Others	59.72	30.87
Singapore	6.19	2.89
Taiwan	5.93	4.93
United States	7.04	1.48
	<hr/>	<hr/>
	94.41	87.54
Participation notes	5.04	10.03
Listed equity warrants	–	0.03
Currency forwards	(0.00)	0.01
	<hr/>	<hr/>
Total investment, net	<u>99.45</u>	<u>97.61</u>

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

PERFORMANCE RECORD (UNAUDITED)

Net assets (at last traded price)

	2016	2015	2014
Net assets	HK\$3,159,703,378	HK\$4,557,277,803	HK\$5,244,176,255
Net asset value per share			
Class A HKD and Class N	HKD50.87	HKD52.97	HKD60.92
Class A USD	USD8.42	USD8.77	USD10.26
Class A AUD Hedged	AUD8.59	AUD8.89	AUD10.37
Class A CAD Hedged	CAD8.36	CAD8.76	CAD10.35
Class A NZD Hedged	NZD8.82	NZD9.04	NZD10.39
Class A2 QDis	HKD9.27	HKD9.65	HKD11.30
Class Z	USD9.60	–	–

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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PERFORMANCE RECORD (UNAUDITED)

Performance record for the past 10 years

	Highest issue price per share						
	Class A		Class A	Class A	Class A	Class A2	Class Z
	HKD	Class A	AUD	CAD	NZD	QDis	
	and Class N HKD	USD USD	Hedged AUD	Hedged CAD	Hedged NZD	HKD	USD
2016	55.29	9.15	9.32	9.10	9.54	10.08	10.18
2015	73.59	12.41	12.60	12.44	12.73	13.60	–
2014	62.82	10.64	10.69	10.65	10.66	11.78	10.57
2013	59.50	–	–	–	–	11.33	10.49
2012	51.09	–	–	–	–	–	–
2011	55.18	–	–	–	–	–	–
2010	54.87	–	–	–	–	–	–
2009	39.62	–	–	–	–	–	–
2008	35.46	–	–	–	–	–	–
2007	47.05	–	–	–	–	–	–

	Lowest redemption price per share						
	Class A		Class A	Class A	Class A	Class A2	Class Z
	HKD	Class A	AUD	CAD	NZD	QDis	
	and Class N HKD	USD USD	Hedged AUD	Hedged CAD	Hedged NZD	HKD	USD
2016	43.44	7.16	7.29	7.18	7.43	7.92	9.47
2015	48.58	8.05	8.14	8.05	8.27	8.90	–
2014	56.18	9.90	9.92	9.93	9.92	10.61	10.01
2013	48.49	–	–	–	–	9.89	9.88
2012	40.48	–	–	–	–	–	–
2011	37.96	–	–	–	–	–	–
2010	39.09	–	–	–	–	–	–
2009	18.29	–	–	–	–	–	–
2008	16.81	–	–	–	–	–	–
2007	35.35	–	–	–	–	–	–