

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

2017 ANNUAL
REPORT

For the year ended 31 December 2017

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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CONTENTS

	<i>Pages</i>
General information	2-3
Manager's report	4-10
Statement of responsibilities of the Directors and the Manager	11
Custodian's report	12
Independent auditor's report	13-16
Statement of financial position	17
Statement of comprehensive income	18
Statement of changes in net assets attributable to shareholders	19
Statement of cash flows	20
Notes to the financial statements	21-44
Investment portfolio (unaudited)	45-49
Investment portfolio movements (unaudited)	50
Performance record (unaudited)	51-52

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

GENERAL INFORMATION

Directors

Mr Roger Anthony Hepper
Mr Kee Chong Li Kwong Wing
Mr Nigel David Stead
Mr Mo Chun Wah, Jonathan
(Alternate Director)

Manager

Value Partners Limited
9th Floor, Nexxus 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

HSBC Trustee (Cayman) Limited[#]

P.O. Box 484
HSBC House
68 West Bay Road
Grand Cayman
Cayman Islands KY1-1106

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
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Website : www.valuepartners-group.com

[^] status before 13 December 2017

[#] status effective 13 December 2017

GENERAL INFORMATION (Continued)

Recent awards and achievements

Corporate Awards

- 2017**
- **Benchmark Fund of the Year Awards 2017, Hong Kong
Manager of the Year – Greater China Equity (Outstanding Award)**
Dato' Seri Cheah Cheng Hye and Mr. Louis So (Value Partners' Co-CIOs)
– *Benchmark*
 - **Benchmark Fund of the Year Awards 2017, Hong Kong
Manager of the Year – High Yield Fixed Income**
Mr. Gordon Ip (Value Partners' CIO, Fixed Income)
– *Benchmark*
 - **Benchmark Fund of the Year Awards 2017, Hong Kong
House Award (ETF) – Commodity ETF (Outstanding Achiever)
for Sensible Asset Management**
– *Benchmark*
 - **The 15th China's Financial Annual Champion Awards 2017
Value Partners: Best Fund House of the Year**
– *Hexun.com*
 - **AsiaHedge Awards 2017
Management Firm of the Year: Value Partners**
– *AsiaHedge*
 - **Listed Company Award of Excellence 2017
Value Partners Group Limited – Best Listed Company (Main Board
category)**
– *Hong Kong Economic Journal & PR Asia*
 - **The Asset Benchmark Research Awards 2017 – Asian G3 Bonds
Top Investment House**
Value Partners – Ranked Number 1 in Hedge Fund category
– *The Asset Benchmark Survey*
 - **The Asset Triple A, Asset Servicing, Investor and Fund Management
Awards 2017
Fund Manager of the Year – Long-only Fixed Income (Highly
Commended)**
Mr. Gordon Ip, Value Partners Greater China High Yield Income Fund
– *The Asset*
 - **Asset Management Awards for Excellence 2017
Best Fund Provider – Greater China Equity**
– *Asian Private Banker*

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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MANAGER'S REPORT

The Hong Kong and China stockmarkets had a tremendous year in 2017 on the back of robust earnings growth recovery. The Fund returned 3.5% during the fourth quarter and 38.4% for the whole year of 2017. For reference, the Hang Seng Index rose 8.8% and 41.3%, while the MSCI Golden Dragon Index gained 6.7% and 45.0% (in HKD) over the same corresponding periods. Among the stocks within the indices, growth stocks outperformed value stocks tremendously. While the portfolio remains positioned to benefit from long-term growth in the Greater China markets, our long time track record remains solid with the since-inception annualized return attaining 13.2%. For reference, the Hang Seng Index and the MSCI Golden Dragon Index recorded annualized returns of 9.8% and 9.7%, respectively, over the same period.

China ushers in a new economic cycle

In China, deleveraging and risk control will remain a key policy focus in 2018, as evidenced by the tightening of local government financing after the 19th Party Congress. Although there are concerns that the continued moderation of growth – a consequence of policy tightening – may weigh on market performance, we believe the tightening measures are necessary for China to achieve healthier and higher quality growth in the longer run. We also believe these worries are unfounded because China is entering a new economic cycle where index performance decouples from gross domestic product (GDP) growth.

Traditionally, China's GDP growth is highly correlated with its stockmarket: between 2009 and 2012, the 5-year correlation between GDP growth and the performance of the MSCI China Index stayed consistently above 0.8¹. The correlation has since dropped significantly as the influence of sector- and company-specific micro factors, such as industry consolidation, supply side reform and increasing research and development (R&D) spending, gradually outweighed that of GDP growth trends. As such, an investment approach that puts emphasis on corporate fundamentals is ever more important to realize investment opportunities in China's new cycle.

Industry consolidation bodes well for profitability

Corporate consolidation is gathering pace across various industries in China and is helping large companies to increase market share and strengthen pricing power. The government calls for supply-side reforms, which include reducing the number of state-owned enterprises (SOE), cutting excess capacity and closing down "zombie" firms. Such initiatives are bearing fruit: the market share of industry leaders have increased noticeably over the past five years. For instance, the combined market share of the top five air-conditioning manufacturers in China has expanded by more than 12% between 2012 and 2017² to over 80%. This is leading to stronger pricing power in consolidated enterprises and continues to translate to improved corporate profitability.

MANAGER'S REPORT (Continued)

R&D spending enhances productivity

China's growth is increasingly driven by "new economy" sectors, and technology and innovation are playing an increasingly important role in the performance of its stockmarket. Meanwhile, China's R&D expenditure is increasing at a faster pace than that of other countries³. With a deep talent pool and policy supports, China is poised for more technological breakthroughs in areas such as high-speed rail, automation, eCommerce and artificial intelligence, etc. These were evidenced by the strong surge in international patent applications from China, as well as China having the largest eCommerce platform in the world.

Outlook

We remain positive on China equities in 2018 as global growth continues to remain solid and as more sectors benefit from earnings recovery. From a sector perspective, we favor the beneficiaries of China's consumption upgrade cycle, technology leaders and financials. Consumption upgrade is a long-term investment theme in China given the nation's rising middle class and urbanization. The beneficiaries of this trend are broad and include home appliance companies, white liquor manufacturers and technology hardware makers etc. On the other hand, we expect earnings growth for China's leading technology companies to continue at a robust pace driven by their capability to expand and create monetization opportunities. Last but not least, we continue to like the financial sector, in particular banks and insurers, for its positive earnings outlook and attractive valuations. We believe China's sustainable economic growth will continue to improve asset quality for banks and help them expand net interest margin. At the same time, insurers are expected to see stronger new-business-value growth and better returns in a favorable investment climate.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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MANAGER'S REPORT (Continued)

Corporate update

As testament to our investment capabilities, we were awarded 27 new performance awards in 2017 and extended our list of accolades to 170 since our founding in 1993. In equities investing, Value Partners was crowned "Management Firm of the Year" in the *AsiaHedge Awards 2017*⁴. At *Benchmark's Fund of the Year Awards 2017*, our Co-Chief Investment Officers Dato' Seri Cheah Cheng Hye and Mr. Louis So were named "Manager of the Year – Greater China equity category (Outstanding Award)"⁵. These achievements demonstrate our dedication and commitment to delivering outstanding results. As always, we will reinvest resources into our infrastructure to uncover value opportunities for our investors.

Value Partners Limited

25 April 2018

1. *Source: Bloomberg.*
2. *Source: Company data, Morgan Stanley Research.*
3. *Source: European Commission. Chinese companies increased their R&D investment by 18.8% in 2016, compared with 7% in the EU and 7.2% in the US.*
4. *The award was based on performance for the full 12-month period, from September 2016 to the end of August 2017.*
5. *The award recognized individuals who have led his/her team to outstanding performances over the consistency of three-year and five-year performances against the benchmark and their peers up to 30 September 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 29 December 2017. 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 materials have been obtained from sources believed to be reliable, but their 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.

MANAGER'S REPORT (Continued)

5 biggest holdings of securities as at 30 November 2017

Stock	Industry	Valuation (2018 Estimates)	Remarks
Alibaba Group (Code: BABA US) Market cap: US\$441.6 billion	Internet	Price: USD172.43 P/E: 27.3x P/B: 6.5x Yield: 0%	Alibaba, founded by Jack Ma in 1999 in China, is one of the world's largest eCommerce companies. Alibaba's online marketplace – "Taobao" and "Tmall"-contribute the vast majority of the company's revenue and is likely to continue delivering solid growth in view of its dominant position, advanced technology and the trend of merchants shifting marketing budgets online from offline. Meanwhile, the company's cloud computing company ("AliCloud") and fintech business ("Ant Financial") are underpinning future growth potential. We are positive about the long term performance of its stock price because: 1) we believe Alibaba would deliver continued high growth of core commerce, as it continues to improve targeting technology and logistic network; 2) Cloud is likely to be another long-term growth driver as an increasing number of enterprises start to embrace cloud services to cut cost and leverage the company's big data technology; 3) we expect it to spin-off high value assets (e.g. Ant Financial, 33% owned by Alibaba) to unlock hidden values.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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MANAGER'S REPORT (Continued)

5 biggest holdings of securities as at 30 November 2017 (Continued)

Stock	Industry	Valuation (2018 Estimates)	Remarks
<p>Chow Tai Fook Jewellery (Code: 1929 HK)</p> <p>Market cap: US\$10.5 billion</p>	Retail	<p>Price: HKD8.20 P/E: 18.7x P/B: 2.5x Yield: 3.6%</p>	<p>Founded in 1929, Chow Tai Fook Jewellery principally engaged in the manufacture and sale of mass luxury and high-end luxury jewelry, as well as the provision of jewelry related services. The company also distributes watches of various brands. The company is expected to benefit from China's consumption upgrade. It is also well-positioned in the eCommerce space to target the specific customer segment. Its Hong Kong and Macau sales turned around with the help of stabilization of tourist spending. The company continues to streamline its cost structure and achieved cost reduction.</p>
<p>Ping An Insurance (Code: 2318 HK)</p> <p>Market cap: US\$194.1 billion</p>	Insurance	<p>Price: HKD81.35 P/E: 14.0x P/EV*: 1.1x Yield: 1.9%</p>	<p>Ping An Insurance is a financial conglomerate that provides insurance, banking, securities, trust and asset management services in China. Albeit the tough operating environment, Ping An has recorded 35% new business value (NBV) growth in the first nine months of 2017, and 34% year-on-year premium growth in life insurance in 2017, thanks to its superior agency force and multi-product platform. It is also a leading player in fintech and is expected to spin-off a few such operations in the coming years.</p>

MANAGER'S REPORT (Continued)

5 biggest holdings of securities as at 30 November 2017 (Continued)

Stock	Industry	Valuation (2018 Estimates)	Remarks
Sands China (Code: 1928 HK) Market cap: US\$41.7 billion	Consumer services	Price: HKD40.35 P/E: 22.8x P/B: 9.5x Yield: 5.1%	Sands China is the biggest integrated resort and casino operator in Macau. After opening its latest resort Parisian in August 2016, the company now has over 12,000 suites and hotel rooms, 1,635 table games, and the widest diversity of retail and catering facilities. We expect Parisian will continue to ramp up successfully; management is now planning on new projects to improve existing resorts' productivity. With the largest hotel capacity on hand, Sands China will benefit the most from the upcoming infrastructure upgrade in Macau.
VTech Holdings (Code: 303 HK) Market cap: US\$3.3 billion	Technology, hardware and equipment	Price: HKD102.40 P/E: 13.6x P/B: 5.3x Yield: 7.0%	Headquartered in Hong Kong, VTech designs and manufactures consumer electronic products. The company is the global leader in electronic learning products from infancy through toddler and preschool and the world's largest manufacturer of cordless phones. It also provides highly sought-after contract manufacturing services. The company's acquisition of Leapfrog and Snom will support sales growth of the electronic learning products (ELPs) and telecommunication (TEL) segments amid a still-tough industry environment.

*EV = Embedded value

Note: The above investments made up 28.5% of Value Partners China Greenchip Fund Limited as at 30 November 2017. The stock prices are based on the closing of 29 December 2017.

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 2017

Classes	NAV per share
Class A HKD and Class N	HKD70.42
Class A USD	USD11.61
Class A AUD Hedged	AUD11.97
Class A CAD Hedged	CAD11.63
Class A NZD Hedged	NZD12.24
Class A2 QDis HKD	HKD12.58
Class Z	USD13.11

Since launch return compared to indices

From 8 April 2002 to 31 December 2017



[#] 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.

[^] Investors should note that figures are for non-redeemable Class N shares which may differ from those of classes currently available for subscription (namely Class A and Class A2 QDis), due to differences in launch date. For Class A HKD, the since launch return is +99.2%.

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 Manager 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 Manager 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 2017.

For and on behalf of

HSBC Institutional Trust Services (Asia) Limited

Custodian

25 April 2018

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 2017, 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 44, comprise:

- the statement of financial position as at 31 December 2017;
- 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.

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 movements and Performance record (but does not include the Fund's financial statements and our auditor's report thereon).

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 (Continued)

Other Information (Continued)

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").

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.

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)

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.
- 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.

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)

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 2018

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 2017

	<i>Note</i>	2017 <i>HK\$</i>	2016 <i>HK\$</i>
Assets			
Financial assets at fair value through profit or loss	<i>3(d)</i>	3,091,997,565	3,142,584,900
Amounts receivable on sales of investments		3,939,630	68,022,299
Amounts receivable on subscription of shares		773,761	–
Dividends and interest receivables		460,409	3,013,760
Other receivables		91,355	135,529
Bank balances		<u>40,354,907</u>	<u>91,696,902</u>
Total assets		<u>3,137,617,627</u>	<u>3,305,453,390</u>
Liabilities			
Financial liabilities at fair value through profit or loss	<i>3(d)</i>	1,809	102,961
Amounts payable on purchase of investments		17,828,676	31,824,377
Amounts payable on redemption of shares		39,990,679	4,906,192
Management fees payable		3,505,059	4,052,552
Performance fees payable		94,711,306	–
Distribution payable		3,035,471	–
Bank overdrafts		80,441,655	103,447,256
Accruals and other payables		<u>1,219,007</u>	<u>1,416,674</u>
Liabilities (excluding net assets attributable to shareholders)		<u>240,733,662</u>	<u>145,750,012</u>
Net assets attributable to shareholders	<i>4</i>	<u>2,896,883,965</u>	<u>3,159,703,378</u>

Signed by:
Director

The notes on pages 21 to 44 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 2017

	Note	2017 HK\$	2016 HK\$
Income			
Dividends		79,401,576	117,885,035
Interest on bank deposits		103,291	51,299
Net realised gains/(losses) on investments		703,501,686	(153,499,540)
Change in unrealised gains/losses on investments		476,846,458	(32,933,687)
Other income		47,617	13
Net foreign exchange losses		(3,755,953)	(2,248,675)
		<u>1,256,144,675</u>	<u>(70,745,555)</u>
Expenses			
Management fees	5(a)	(47,664,457)	(55,081,943)
Performance fees		(94,711,307)	–
Transaction costs		(41,925,961)	(53,438,307)
Administration and custodian fees	5(c)	(5,514,176)	(6,218,187)
Interest expense		(7,781,594)	(5,939,794)
Safe custody and bank charges		(9,489)	(175,116)
Legal and professional fees		(1,029,033)	(1,688,351)
Auditor's remuneration		(410,705)	(364,722)
Other operating expenses		(1,354,106)	(3,282,683)
		<u>(200,400,828)</u>	<u>(126,189,103)</u>
Profit/(loss) before tax		1,055,743,847	(196,934,658)
Withholding tax on dividends and other investment income	6(d)	(3,198,101)	(4,716,432)
Profit/(loss) after tax and before distributions		1,052,545,746	(201,651,090)
Distributions to shareholders	7	(14,794,830)	–
Increase/(decrease) in net assets attributable to shareholders from operations		<u>1,037,750,916</u>	<u>(201,651,090)</u>

The notes on pages 21 to 44 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 2017

	2017 HK\$	2016 HK\$
Net assets attributable to shareholders as at 1 January	3,159,703,378	4,557,277,803
Issue of shares	258,113,326	224,262,810
Redemption/repurchase of shares	(1,558,683,655)	(1,420,186,145)
Net decrease from share transactions	(1,300,570,329)	(1,195,923,335)
Profit/(loss) after tax and before distributions	1,052,545,746	(201,651,090)
Distributions to shareholders	(14,794,830)	—
Increase/(decrease) in net assets attributable to shareholders from operations	1,037,750,916	(201,651,090)
Net assets attributable to shareholders as at 31 December	<u>2,896,883,965</u>	<u>3,159,703,378</u>

The notes on pages 21 to 44 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 2017

	2017 HK\$	2016 HK\$
Cash flows from operating activities		
Increase/(decrease) in net assets attributable to shareholders from operations	1,037,750,916	(201,651,090)
Adjustments for:		
Dividends and interest on bank deposits	(79,504,867)	(117,936,334)
Withholding tax on dividends and other investment income	3,198,101	4,716,432
Distribution	14,794,830	–
	<u>976,238,980</u>	<u>(314,870,992)</u>
Decrease in deposits with brokers	–	95,998,511
Decrease in financial assets at fair value through profit or loss	50,587,335	1,306,016,760
(Decrease)/increase in financial liabilities at fair value through profit or loss	(101,152)	78,083
Decrease in amounts receivable on sales of investments	64,082,669	826,525,439
Decrease in amounts payable on purchase of investments	(13,995,701)	(846,083,865)
Decrease/(increase) in other receivables	44,174	(135,343)
Decrease in management fees payable	(547,493)	(1,710,619)
Increase in performance fees payable	94,711,306	–
(Decrease)/increase in accruals and other payables	(197,667)	666,563
Decrease in bank overdrafts	(23,005,601)	(39,262,167)
	<u>1,147,816,850</u>	<u>1,027,222,370</u>
Dividends and interest on bank deposits received	82,058,218	116,831,690
Withholding tax on dividends and other investment income paid	(3,198,101)	(4,716,432)
	<u>1,226,676,967</u>	<u>1,139,337,628</u>
Net cash inflow from operating activities	<u>1,226,676,967</u>	<u>1,139,337,628</u>
Cash flows from financing activities		
Proceeds from issue of shares	257,339,565	225,192,638
Payments on redemption/repurchase of shares	(1,523,599,168)	(1,417,517,343)
Distributions paid to shareholders	(11,759,359)	–
	<u>(1,278,018,962)</u>	<u>(1,192,324,705)</u>
Net cash outflow from financing activities	<u>(1,278,018,962)</u>	<u>(1,192,324,705)</u>
Net decrease in cash and cash equivalents	(51,341,995)	(52,987,077)
Cash and cash equivalents as at 1 January	91,696,902	144,683,979
	<u>40,354,907</u>	<u>91,696,902</u>
Cash and cash equivalents as at 31 December, representing bank balances	<u>40,354,907</u>	<u>91,696,902</u>

The notes on pages 21 to 44 are an integral part of these financial statements.

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”). Prior to 13 December 2017, Bank of Bermuda (Cayman) Limited was the administrator of the Fund. With effective on and from 13 December 2017, HSBC Trustee (Cayman) Limited (the “Administrator”) was appointed as the Administrator of the Fund. The Fund’s administration is delegated to HSBC Institutional Trust Services (Asia) Limited, an affiliate of the Administrator. The registered office of the Fund is P.O. Box 309, Uglund 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.

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 and amendments to existing standards effective 1 January 2017

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2017 that had a material impact on the Fund.

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

IFRS 9 'Financial Instruments' addresses the classification, measurement and derecognition of financial assets and liabilities. It replaces the multiple classification and measurement models in IAS 39 and is effective for reporting periods beginning on or after 1 January 2018.

Classification and measurement of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

On adoption of IFRS 9 the Fund's investment portfolio will continue to be classified as fair value through profit or loss. Other financial assets which are held for collection will continue to be measured at amortised cost with no material impact expected from application of the new impairment model. As a result, the adoption of IFRS 9 is not expected to have a material impact on the Fund's financial statements.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

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)

(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.

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			Estimated
	Non- monetary net assets <i>HK\$ equivalent</i>	Monetary net assets <i>HK\$ equivalent</i>	Percentage change %	impact on net assets <i>HK\$</i>
As at 31 December 2017				
Australian dollar	–	25,397,876	+/-5	+/-1,269,894
Canadian dollar	–	4,832,914	+/-5	+/-241,646
Indonesian rupiah	–	347	+/-5	+/-17
Korean won	–	186,359	+/-5	+/-9,318
New Zealand dollar	–	4,974,649	+/-5	+/-248,732
Renminbi	248,355,117	10,125	+/-5	+/-12,418,262
Singapore dollar	94,161,485	1,892,738	+/-5	+/-4,802,711
Taiwan dollar	58,729,226	12,703,030	+/-5	+/-3,571,613
United States dollar*	<u>380,966,222</u>	<u>20,385,055</u>	+/-0	–
	<u>782,212,050</u>	<u>70,383,093</u>		

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 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>		

* 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.

(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 2017 and 2016, the Fund had no exposure to securities greater than 10% of net assets.

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 Fund's overall market exposures were as follows:

	% of net assets	
	2017	2016
Financial assets at fair value through profit or loss		
Listed equity securities		
China	8.57	–
Hong Kong		
– H shares	18.18	9.57
– Red chips	6.82	5.96
– Others	54.72	59.72
Singapore	3.25	6.19
Taiwan	2.03	5.93
United States	11.60	7.04
	<hr/>	<hr/>
	105.17	94.41
Participation notes	1.55	5.04
Currency forwards	0.02	0.00
	<hr/>	<hr/>
	106.74	99.45
	<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/>

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.

	2017	2016
	%	%
Information technology	28.55	25.07
Consumer discretionary	27.81	31.47
Financials	14.90	3.72
Consumer staples	12.79	9.90
Industrials	3.63	8.71
Utilities	3.62	4.07
Energy	2.07	5.09
Real estate	2.02	6.07
Materials	1.92	3.89
Healthcare	1.52	–
Telecommunication services	1.17	2.01
	100.00	100.00

The table below summarises the sensitivity of the Fund's portfolio of listed equity securities and participation notes 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	
	2017	2016	on net assets	
	%	%	2017	2016
			<i>HK\$</i>	<i>HK\$</i>
MSCI China Index	+/-30	+/-30	+/-777,194,300	+/-667,828,254

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)

(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.

(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.

Counterparty	2017 HK\$	2016 HK\$
Cash with bank		
Aa2	40,354,907	91,696,902
Investments placed with custodian		
Aa2	3,091,997,565	3,142,584,900
Amounts receivable on subscription of shares		
Unrated*	773,761	—

* *The credit quality of 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 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.

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	
	2017	2016
	<i>HK\$</i>	<i>HK\$</i>
Net assets attributable to shareholders	2,896,883,965	3,159,703,378
Financial liabilities at fair value through profit and loss - derivatives	1,809	102,961
Amounts payable on purchase of investments	17,828,676	31,824,377
Amounts payable on redemption of shares	39,990,679	4,906,192
Management fee and performance fee payable	98,216,365	4,052,552
Distribution payable	3,035,471	–
Overdraft bank balances	80,441,655	103,447,256
Accruals and other payables	<u>1,219,007</u>	<u>1,416,674</u>
	<u><u>3,137,617,627</u></u>	<u><u>3,305,453,390</u></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.

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.

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)

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 2017, 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 2017	
Investor 1	29.39
Investor 2	15.85
Investor 3	13.67
As at 31 December 2016	
Investor 1	26.29
Investor 2	19.07
Investor 3	11.41

(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.

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
As at 31 December 2017				
Assets				
Listed equity securities	3,033,328,656	–	13,129,200*	3,046,457,856
Participation notes	–	44,896,703	–	44,896,703
Currency forwards	–	643,006	–	643,006
	<u>3,033,328,656</u>	<u>45,539,709</u>	<u>13,129,200</u>	<u>3,091,997,565</u>
Liabilities				
Currency forwards	–	(1,809)	–	(1,809)
	<u>–</u>	<u>(1,809)</u>	<u>–</u>	<u>(1,809)</u>

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)

* As at 31 December 2017, listed equity securities include 2 investments (2016: 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 81% to 95% (2016: 62% to 91%) taken into consideration.

As at 31 December 2017 and 2016, there is 1 delisted equity security whose fair value was fully marked to zero.

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 estimates that the amount of the level 3 investments is not significant to the Fund and 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 on the next page summarises the key unobservable inputs adopted by the Manager in determining the 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)

(d) Fair value estimation (Continued)

	Fair value HK\$	Valuation technique	Unobservable inputs
As at 31 December 2017			
Equity securities	13,129,200	Discounted Last transacted price from over-the-counter market	Discount rate
As at 31 December 2016			
Equity securities	26,258,400	Discounted Last transacted price from over-the-counter market	Discount rate

There is no transfer between levels for the year ended 31 December 2017 and 2016.

The following table presents the movement in level 3 investments for the year.

	2017 HK\$	2016 HK\$
Opening balance	26,258,400	45,444,200
Unrealised gains/losses	<u>(13,129,200)</u>	<u>(19,185,800)</u>
Closing balance	<u>13,129,200</u>	<u>26,258,400</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>(13,129,200)</u>	<u>(19,185,800)</u>

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

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 <i>Long/(short)</i>	Fair value	
		Assets <i>HK\$</i>	Liabilities <i>HK\$</i>
As at 31 December 2017			
Forward currency contract	AUD4,335,801	460,617	–
Forward currency contract	CAD873,530	104,174	–
Forward currency contract	NZD938,181	78,215	–
Forward currency contract	(AUD17,786)	–	(1,809)
Participation notes on China equities	RMB37,411,012	<u>44,896,703</u>	<u>–</u>
		<u>45,539,709</u>	<u>(1,809)</u>
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	<u>159,348,407</u>	<u>–</u>
		<u>159,391,625</u>	<u>(102,961)</u>

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.

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)

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.

The Fund may enter into certain currency related transactions in order to hedge the currency exposure of the assets of the Fund attributable to a particular class into the class currency of the relevant class. Any financial instruments used to implement such strategies with respect to one or more classes shall be assets/liabilities of the Fund as a whole but will be attributable to the relevant classes and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant class.

Shares of the Fund are issued in different classes. 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.

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 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 and 1 January 2017	22,000	39,749,972	1,266,219	744,424
Subscription of shares	–	1,150,853	1,007,052	163,268
Redemption/repurchase of shares	<u>–</u>	<u>(13,872,452)</u>	<u>(1,422,263)</u>	<u>(542,469)</u>
As at 31 December 2017	<u>22,000</u>	<u>27,028,373</u>	<u>851,008</u>	<u>365,223</u>
	Class A CAD Hedged	Class A NZD Hedged	Class A2 QDis	Class Z
As at 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 and 1 January 2017	61,819	204,985	102,800,115	700,000
Subscription of shares	23,506	170,582	7,191,629	–
Redemption/repurchase of shares	<u>(16,508)</u>	<u>(297,787)</u>	<u>(45,269,549)</u>	<u>(82,000)</u>
As at 31 December 2017	<u>68,817</u>	<u>77,780</u>	<u>64,722,195</u>	<u>618,000</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)

	2017	2016
Net asset value per share		
Class N	HKD70.42	HKD50.87
Class A HKD	HKD70.42	HKD50.87
Class A USD	USD11.61	USD8.42
Class A AUD Hedged	AUD11.97	AUD8.59
Class A CAD Hedged	CAD11.63	CAD8.36
Class A NZD Hedged	NZD12.24	NZD8.82
Class A2 QDis	HKD12.58	HKD9.27
Class Z	USD13.11	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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

(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 2017 were HK\$275,028 (2016: HK\$6,319). As at 31 December 2017 and 2016, no directors' fees were outstanding.

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 2017				
Class A				
Director of the Manager	328,169	72,222	–	400,391
Bright Starlight Limited**	270,135	–	(270,135)	–
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 Limited is the Manager.

** Bright Starlight Limited is indirectly but wholly-owned by a company incorporated in the British Virgin Islands, as the 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.

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 2017, total preliminary charges on issue of shares, amounting to HK\$1,931,068 (2016: HK\$1,004,521), 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 2017 and 2016, the Fund has transacted with other funds which are also managed by the Manager and/or its associates. The Fund did not purchase and sell investments from such funds during the year ended 31 December 2017 (2016: purchased and sold investments amounting to HK\$2,779,320 and nil respectively). 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\$5,514,176 (2016: HK\$6,218,187), 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.

	2017	2016
	<i>HK\$</i>	<i>HK\$</i>
Interest income	101,868	51,299
Transaction costs*	(93,442)	(149,990)
Safe custody and bank charges	(381,847)	(553,166)
Company secretary and registered office fee	(84,935)	(81,499)
Interest expense	<u>(7,023,265)</u>	<u>(5,939,794)</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 2017 are HK\$1,139,414 and 0.13% respectively (2016: HK\$126,033,015 and 0.15% respectively). For the year ended 31 December 2017, these transactions represent 4.56% (2016: 0.48%) 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\$401,679 (2016: HK\$461,183), as disclosed in note 5(c), the Fund had the following additional balances with the Custodian and its related parties.

	2017	2016
	<i>HK\$</i>	<i>HK\$</i>
Bank balance	40,354,907	91,145,050
Bank overdrafts	(80,441,655)	(103,447,256)
Interest income receivable	2,497	–
Transaction costs payable	(1,857)	(12,124)
Company secretary and registered office fee payable	(20,513)	(20,364)
Interest expense payable	(110,418)	(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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 TAXATION (Continued)

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

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.

(d) Other jurisdictions

Overseas withholding tax was charged on certain dividend and investment income received during the years ended 31 December 2017 and 2016.

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).

	2017 <i>HK\$</i>	2016 <i>HK\$</i>
Undistributed profit brought forward	–	–
Net profit allocated to Class A2 QDis for the year	<u>14,794,830</u>	<u>–</u>
Amount available for distribution	<u>14,794,830</u>	<u>–</u>
Distribution of HKD0.0469 per share on 94,853,364 Class A2 QDis shares ex 31 March 2017	4,448,623	–
Distribution of HKD0.0469 per share on 82,664,909 Class A2 QDis shares ex 30 June 2017	3,876,984	–
Distribution of HKD0.0469 per share on 73,214,323 Class A2 QDis shares ex 29 September 2017	3,433,752	–
Distribution of HKD0.0469 per share on 64,722,195 Class A2 QDis shares ex 29 December 2017	<u>3,035,471</u>	<u>–</u>
Total distributions to shareholders	<u>(14,794,830)</u>	<u>–</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 2018.

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 2017

	Holdings	Fair value <i>HK\$</i>	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed Equity Securities			
<i>China</i>			
Inner Mongolia Yili Industrial Group Co Ltd	1,522,690	58,823,814	2.03
Kweichow Moutai Co Ltd	145,787	122,033,057	4.21
Wuliangye Yibin Co Ltd	704,099	<u>67,498,246</u>	<u>2.33</u>
		----- 248,355,117	----- 8.57
<i>Hong Kong – H shares</i>			
China International Capital Corp Ltd	4,706,800	76,532,568	2.64
China Life Insurance Co Ltd H Shrs	2,727,000	66,947,850	2.31
China Pacific Insurance Group Co Ltd H Shrs	751,600	28,222,580	0.97
Huaneng Renewables Corp Ltd H Shrs	6,644,000	17,606,600	0.61
Huatai Securities Co Ltd H Shrs	904,600	14,075,576	0.49
New China Life Insurance Co Ltd H Shrs	1,231,900	65,783,460	2.27
PetroChina Co Ltd H Shrs	11,746,000	64,015,700	2.21
Ping An Insurance (Group) Co of China Ltd H Shrs	1,610,500	131,014,175	4.52
Zhuzhou CRRC Times Electric Co Ltd H Shrs	630,100	32,040,585	1.11
ZTE Corp H Shrs	1,040,800	<u>30,547,480</u>	<u>1.05</u>
		----- 526,786,574	----- 18.18
<i>Hong Kong – Red chips</i>			
Beijing Tong Ren Tang Chinese Medicine Co Ltd	4,419,000	46,929,780	1.62
China Overseas Land & Investment Ltd	1,044,000	26,256,600	0.91
Citic Telecom International Holdings Ltd	17,550,000	36,328,500	1.25
CPMC Holdings Ltd	6,353,000	39,325,070	1.36
Guotai Junan International Holdings Ltd	19,905,000	<u>48,767,250</u>	<u>1.68</u>
		----- 197,607,200	----- 6.82

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 2017

	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>			
Anta Sports Products Ltd	642,000	22,758,900	0.79
ASM Pacific Technology Ltd	272,500	29,675,250	1.02
China Maple Leaf Educational Systems Ltd	108,000	989,280	0.03
China New Higher Education Group Ltd	8,698,000	35,139,920	1.21
China Yongda Automobiles Services Holdings Ltd	4,593,500	41,295,565	1.43
China Yuhua Education Corp Ltd	17,998,000	70,552,160	2.44
China ZhengTong Auto Services Holdings Ltd	4,691,000	37,105,810	1.28
Chinasoft International Ltd	16,040,000	83,247,600	2.87
Chow Tai Fook Jewellery Group Ltd	12,820,800	105,130,560	3.63
Cosmo Lady (China) Holdings Co Ltd	8,947,000	25,320,010	0.87
Cowell E Holdings Inc	16,633,000	43,911,120	1.52
Crocodile Garments Ltd	9,601,000	8,064,840	0.28
EVA Precision Industrial Holdings Ltd	3,516,000	4,324,680	0.15
Galaxy Entertainment Group Ltd	1,747,000	109,536,900	3.78
Giordano International Ltd	1,990,000	8,278,400	0.29
Goodbaby International Holdings Ltd	461,000	1,977,690	0.07
Haitian International Holdings Ltd	407,000	9,564,500	0.33
Hengan International Group Co Ltd	1,186,000	102,885,500	3.55
HSBC Holdings Plc	367,600	29,389,620	1.01
Kingboard Laminates Holding Ltd	5,221,500	63,597,870	2.20
KWG Property Holding Ltd	3,965,000	36,200,450	1.25
Li Ning Co Ltd	5,608,000	35,498,640	1.23
Luk Fook Holdings International Ltd	750,000	25,162,500	0.87
Nine Dragons Paper Holdings Ltd	1,547,000	19,368,440	0.67
Nissin Foods Co Ltd	8,555,000	28,060,400	0.97
Real Gold Mining Ltd	1,270,000	508,000	0.02
Sands China Ltd	2,636,800	106,394,880	3.67
Scud Group Ltd	63,106,000	12,621,200	0.44
Tao Heung Holdings Ltd	722,000	1,003,580	0.03
Techtronic Industries Co Ltd	1,832,000	93,340,400	3.22
Ten Pao Group Holdings Ltd	15,456,000	27,048,000	0.93
Tencent Holdings Ltd	217,600	88,345,600	3.05
Trigiant Group Ltd	2,060,000	2,183,600	0.08

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 2017

	Holdings	Fair value <i>HK\$</i>	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed Equity Securities (Continued)			
<i>Hong Kong – Others (Continued)</i>			
VTech Holdings Ltd	2,077,100	212,695,040	7.34
Xingda International Holdings Ltd	16,063,000	44,494,510	1.54
Xinyi Glass Holdings Ltd	1,874,000	<u>19,077,320</u>	<u>0.66</u>
		<u>1,584,748,735</u>	<u>54.72</u>
<i>Singapore</i>			
SIIC Environment Holdings Ltd	31,260,100	<u>94,161,485</u>	<u>3.25</u>
<i>Taiwan</i>			
Primax Electronics Ltd	837,000	17,411,878	0.60
Sporton International Inc	627,280	26,511,209	0.92
Taiwan Semiconductor Manufacturing Co Ltd	245,000	<u>14,806,139</u>	<u>0.51</u>
		<u>58,729,226</u>	<u>2.03</u>
<i>United States</i>			
Alibaba Group Holding Ltd ADR	159,296	214,642,696	7.41
Baidu Inc ADR	11,265	20,617,455	0.71
Four Seasons Education Cayman Inc	359,518	25,284,919	0.87
NetEase Inc ADR	11,944	32,207,381	1.11
Weibo Corp	35,452	28,662,339	0.99
Yum China Holdings Inc	46,860	<u>14,654,729</u>	<u>0.51</u>
		<u>336,069,519</u>	<u>11.60</u>
Participation Notes			
CICC Financial Trading Ltd (Wuliangye Yibin Co Ltd A Shrs) P Note 12/17/2018	168,819	16,184,284	0.56
CICC Financial Trading Limited (Gree Electric Appliances Inc) P Note 17/11/2020	547,500	<u>28,712,419</u>	<u>0.99</u>
		<u>44,896,703</u>	<u>1.55</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 2017

	Holdings	Fair value HK\$	% 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		<u>643,006</u>	<u>0.02</u>
Total financial assets at fair value through profit or loss		<u>3,091,997,565</u>	<u>106.74</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 2017

	Holdings	Fair value <i>HK\$</i>	% of net assets
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS			
Currency Forwards		<u>(1,809)</u>	<u>(0.00)</u>
Total financial liabilities at fair value through profit or loss		<u><u>(1,809)</u></u>	<u><u>(0.00)</u></u>
Total investments, net		<u><u>3,091,995,756</u></u>	<u><u>106.74</u></u>
Total investments, at cost (inclusive of transaction cost)		<u><u>2,873,772,844</u></u>	

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 2017

	% of net assets	
	2017	2016
Listed equity securities		
China	8.57	–
Hong Kong		
– H shares	18.18	9.57
– Red chips	6.82	5.96
– Others	54.72	59.72
Singapore	3.25	6.19
Taiwan	2.03	5.93
United States	11.60	7.04
	<hr/>	<hr/>
	105.17	94.41
Participation notes	1.55	5.04
Currency forwards	0.02	(0.00)
	<hr/>	<hr/>
Total investment, net	<u>106.74</u>	<u>99.45</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)

	2017	2016	2015
Net assets	HK\$2,896,883,965	HK\$3,159,703,378	HK\$4,557,277,803
Net asset value per share			
Class A HKD and Class N	HKD70.42	HKD50.87	HKD52.97
Class A USD	USD11.61	USD8.42	USD8.77
Class A AUD Hedged	AUD11.97	AUD8.59	AUD8.89
Class A CAD Hedged	CAD11.63	CAD8.36	CAD8.76
Class A NZD Hedged	NZD12.24	NZD8.82	NZD9.04
Class A2 QDis	HKD12.58	HKD9.27	HKD9.65
Class Z	USD13.11	USD9.60	–

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

PERFORMANCE RECORD (UNAUDITED) (Continued)

Performance record for the past 10 years

	Highest issue price per share						
	Class A	Class A	Class A	Class A	Class A	Class A2	Class Z
	HKD and		AUD	CAD	NZD		
	Class N	USD	Hedged	Hedged	Hedged	QDis	USD
HKD	USD	AUD	CAD	NZD	HKD		
2017	72.09	11.88	12.26	11.94	12.52	12.92	13.44
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	–	–	–	–	–	–

	Lowest redemption price per share						
	Class A	Class A	Class	Class	Class	Class A2	Class Z
	HKD and		A AUD	A CAD	A NZD		
	Class N	USD	Hedged	Hedged	Hedged	QDis	USD
HKD	USD	AUD	CAD	NZD	HKD		
2017	51.01	8.44	8.61	8.38	8.84	9.30	9.63
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	–	–	–	–	–	–