



# **VALUE PARTNERS CHINA GREENCHIP FUND LIMITED**

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

# **2023** ANNUAL REPORT

For the year ended  
31 December 2023



**Value Partners Limited**

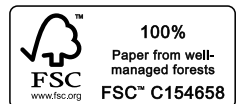
43rd Floor, The Center

99 Queen's Road Central, Hong Kong

Tel: (852) 2880 9263 Fax: (852) 2565 7975

Email: [vp1@vp.com.hk](mailto:vp1@vp.com.hk)

Website: [www.valuepartners-group.com](http://www.valuepartners-group.com)



# VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

## CONTENTS

	<i>Page(s)</i>
General information	2-3
Manager's report	4-9
Statement of responsibilities of the Directors and the Manager	10
Custodian's report	11
Independent auditor's report	12-15
Statement of financial position	16
Statement of comprehensive income	17
Statement of changes in net assets attributable to shareholders	18
Statement of cash flows	19-20
Notes to the financial statements	21-48
Investment portfolio (unaudited)	49-52
Investment portfolio movements (unaudited)	53
Details in respect of financial derivative instruments (unaudited)	54-55
Information on exposure arising from financial derivative instruments (unaudited)	56
Performance record (unaudited)	57-58

# VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

## GENERAL INFORMATION

### Directors

Ms. Lam Mei Kuen, Winnie  
Mr. Lam Wai Sing Wilson (alternate director  
to Ms. Lam Mei Kuen, Winnie)  
Mr. Kee Chong Li Kwong Wing  
Mr. Nigel David Stead (with effect from 1 January  
2024)

### Manager

Value Partners Limited  
43rd Floor, The Center  
99 Queen's 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

HSBC Trustee (Cayman) Limited

### Principal address

Strathvale House  
Ground Floor, 90 North Church Street  
George Town  
Grand Cayman  
Cayman Islands

### Registered address

PO Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

### Auditor

PricewaterhouseCoopers  
P.O. Box 258  
18 Forum Lane  
Camana Bay  
Grand Cayman  
KY1-1104  
Cayman Islands

### Legal Advisors

*With respect to Cayman Islands law*  
Maples and Calder (Hong Kong) LLP  
26th Floor, Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

*With respect to Hong Kong and  
International law*

Deacons  
5th Floor, Alexandra House  
18 Charter Road  
Central  
Hong Kong

### Information available from:

Value Partners Limited  
43rd Floor, The Center  
99 Queen's Road Central  
Hong Kong

Investor hotline: (852) 2143 0688

Fax : (852) 2565 7975

Email : [fis@vp.com.hk](mailto:fis@vp.com.hk)

Website : [www.valuepartners-group.com](http://www.valuepartners-group.com)

# VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

## GENERAL INFORMATION (Continued)

### Recent awards and achievements

Corporate awards	
2023	<ul style="list-style-type: none"><li>• <b>The Lifetime Achievement Award</b> <b>Winner: Dato' Seri Cheah Cheng Hye</b> <i>– Asia Asset Management</i></li><li>• <b>ESG Leading Enterprise Awards of the Year 2022/2023</b> <b>Outstanding performance in Environmental, Social, and Governance (“ESG”) initiatives</b> <i>– Master-Insight</i></li><li>• <b>Best Exchange Traded Fund (ETF) Issuer 2022</b> <b>Winner: Value Partners Malaysia</b> <i>– Bursa Malaysia Award</i></li><li>• <b>Most Promising Overseas Investment Institution award</b> <i>– Insurance Asset Management Association of China</i></li><li>• <b>ESG Elite Award (Distinction)</b> <b>ESG Achievement Awards 2022/2023</b> <b>Winner: Frank Tsui</b> <i>– Institute of ESG &amp; Benchmark and supported by Hang Seng Indexes Company Limited</i></li></ul>
2022	<ul style="list-style-type: none"><li>• <b>Asian Private Banker Asset Management Awards for Excellence 2022</b> <b>Best Fund Provider - Multi-Asset Solution</b> <i>– Asian Private Banker</i></li><li>• <b>2022 China Rankings Top 25 Foreign Firms in China</b> <b>Value Partners is ranked in the 16th</b> <i>– Z-Ben Advisor</i></li><li>• <b>AsianInvestor Asset Management Awards 2022</b> <b>Asset Class Awards: Asia ex-Japan equity</b> <i>– Asianinvestor</i></li></ul>
2021	<ul style="list-style-type: none"><li>• <b>Asian Private Banker Asset Management Awards for Excellence 2021</b> <b>Best Fund Provider - High Yield Bond</b> <i>– Asian Private Banker</i></li><li>• <b>Listed Company Awards of Excellence 2021</b> <b>Value Partners Group Limited: Outstanding Listed Company</b> <i>– Hong Kong Economic Journal</i></li></ul>

# VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

## MANAGER'S REPORT

### Market review

The China equities market was volatile in 2023. While investors turned optimistic toward the market following the country's reopening in late 2022, the nation's post-Covid recovery lost momentum in the succeeding months.

For the full year 2023, the Fund recorded losses of 6.1%, while the MSCI China Index was down 11.2%. Since its inception, the Fund and the index were up 487.8% and 488.5%, respectively.

China's economic data was mixed during the period. On the one hand, CPI figures remained sluggish towards the end of the year, while the manufacturing PMI was disappointing in December, suggesting that demand continues to be weak. Additionally, the muted demand in the property market persisted. On the other hand, retail sales growth continued its upward momentum since the middle of the year, while exports have rebounded YoY in November, albeit both have somewhat benefited from a low base effect.

On the policy front, policymakers highlighted their plans to boost economic growth momentum and facilitate better policy coordination during the Politburo and Central Economic Working Conference held in December. In a rare message, policymakers highlighted the need to seek progress while maintaining stability by "establishing first before breaking the old" (先立后破), suggesting that China has to put new and supportive policies in place first before suppressing current ones to better manage the economic transition process.

Separately, more concrete measures were unveiled to help support economic recovery. For example, Beijing and Shanghai relaxed property policies in December, including cuts to down payment ratios, to boost demand in the ailing property market. In addition, policy banks received RMB 350 billion in loans from the central bank's pledged supplementary lending (PSL) facility at the end of the year, indicating a strong pickup in the infrastructure and affordable housing construction ahead.<sup>1</sup>

Outside of China, market conditions improved further, driven by the US Fed's latest dot plot that suggests a close end to the central bank's interest rate hikes and the possibility of three rate cuts in 2024. Consequently, the 10-year US treasury yield declined, weakening the US dollar and supporting the equities market.

### Performance review

During the period, several of our holdings of technology companies were among the top contributors to the Fund's performance, thanks to the improving outlook in the sector, particularly the potential turnaround of the consumer electronic downcycle and the positive momentum of artificial intelligence and other technologies. A leading e-commerce player was also a top contributor despite the drag in the economy, as it continued to gain market share in the domestic market and has rapidly expanded its overseas business. A telecom operator in China also supported the Fund's performance as it continued to benefit from the growing adoption of 5G.

**MANAGER'S REPORT (Continued)****Performance review (Continued)**

On the other hand, our exposure to consumer-related names dragged the Fund's performance, given ongoing concerns over the soft demand in the country. In particular, our holding of an e-commerce player was down following its announcement of a weak set of guidance for the next few quarters, as it plans to allocate more resources to defend its market share, which would impact its margins. Our exposure to financials, including insurance companies, was also among the key detractors to the Fund's performance due to expectations of rate cuts in China, which may impact their investment returns.

**Outlook**

Volatility is expected to persist in the China equities market, given the country's still shaky property market and policy uncertainty that may impact investor confidence. We would closely track the upcoming third plenum, which will likely be held in the coming quarter, as it may focus on structural economic reforms and to see whether there would be any additional policy support.

Although we expect the Chinese economy to follow a U-shape recovery due to the significant and persistent drag in the property market, we view that the combination of supportive policies, undemanding valuations, low investor positioning, and more favorable external conditions should help cushion any further significant downside in the market.

We will continue to be agile and diligent in our investment approach as the choppy market conditions will likely remain elevated. We believe that our long-held approach of investing in high-quality companies that can ride through uncertainties remains a long-term winning formula.

We continue to focus on leading companies with strong competitive moats and sound prospects, especially those well-positioned to tap the growth potential arising from rising consumption, internet business development, technology advancement, and the growing demand for wealth management solutions.

1. *People's Bank of China, 02 January 2024*

## 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 31 December 2023

Stock	Industry	Valuation (2024 Estimates)	Remarks
Taiwan Semiconductor Manufacturing (Code: 2330 TT)  Market cap: US\$502.9 billion	Semiconductors and semiconductor equipment	Price: TWD593.0 P/E: 15.6x P/B: 3.7x Yield: 2.2%	Taiwan Semiconductor Manufacturing is a world-class independent semiconductor foundry. It provides integrated circuit (IC) design houses with integrated services for process design, wafer manufacturing, and testing. As a global leader with more than 50% share of the outsourcing market, the company has consistently outperformed competitors in technology and profitability. We think the company is well-positioned to continue to benefit from the growing IC manufacturing outsourcing market and the rising demand for the Internet of Things trend, AI chips and new application areas.
Tencent Holdings (Code: 700 HK)  Market cap: US\$357.5 billion	Media and entertainment	Price: HK\$293.6 P/E: 14.0x P/B: 2.5x Yield: 0.9%	Tencent is a leading provider of online games, premium messaging services, internet value-added services, and advertising and e-commerce services in China. By leveraging its large active user base, it offers good long-term monetization potential. Tencent's largest online user platform allows it to monetize other services, such as payment and performance ads, while its strength in mobile and PC gaming offers long-term growth opportunities.



# 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 31 December 2023 (Continued)

Stock	Industry	Valuation (2024 Estimates)	Remarks
China Mobile (Code: 941 HK)  Market cap: US\$182.6 billion	Telecommunication services	Price: HK\$64.8 P/E: 8.8x P/B: 0.9x Yield: 8.0%	China Mobile provides communications and information services throughout Mainland China and Hong Kong. As of June 2023, the company had about 985 million mobile customers and 286 million wireline broadband customers. The company has continued to report resilient earnings growth, driven by the growing adoption of 5G.
China Telecom Corp Ltd (Code: 728 HK)  Market cap: US\$65.8 billion	Telecom services	Price: HK\$3.74 P/E: 9.4x P/B: 0.7x Yield: 7.5%	China Telecom (CT) is one of the three nationwide telecom operators in China and the incumbent fixed line carrier in the southern provinces. The telecom industry revenue continued to show improving dynamics. CT is benefitting from the higher pricing for 5G and a better competitive environment. We also believe more value should be ascribed to the IDC (Internet Data Center) and the cloud business of telcos. "Industrial Digitalization" is a good growth driver for the telcos, especially for CT as an incumbent fixed line operator.
Alibaba Group Holding (Code: 9988 HK)  Market cap: US\$196.9 billion	Retailing	Price: HK\$75.6 P/E: 8.1x P/B: 1.2x Yield: 0.5%	Alibaba is one of the world's largest e-commerce companies. Alibaba's online marketplaces, Taobao and Tmall, contribute most of the company's revenue. In addition, the company's leading cloud service, Alibaba Cloud, is another long-term growth driver as more enterprises are starting to embrace cloud services.

Note: The above investments made up 34.1% of Value Partners China Greenchip Fund as of 31 December 2023. The stock prices are based on the closing of 31 December 2023.

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 2023

Classes	NAV per share
Class A HKD	HKD58.78
Class A USD	USD9.63
Class A AUD Hedged	AUD8.90
Class A CAD Hedged	CAD9.08
Class A NZD Hedged	NZD9.15
Class A2 QDis HKD	HKD9.29
Class Z	USD11.44

# VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

## MANAGER'S REPORT (Continued)

### Performance since launch From 8 April 2002 to 31 December 2023



# Hang Seng Index refers to Hang Seng Index (Price Return) up to 31 Dec 2004, thereafter it is the Hang Seng Index (Total Return). Hang Seng Index (Total Return) includes dividend reinvestment whereas Hang Seng Index (Price Return) does not take into account reinvestment of dividends.

\* MSCI China Index (Total Net Return) since fund inception to present which takes into account of dividend reinvestment after deduction of withholding tax.

^ Annualised return is calculated from inception based on published NAV

^ Refers to chain link return of Class N & Class A HKD, Class N since inception (7 Sep 2002) to 17 Dec 2020 and Class A since 18 Dec 2020. Class N was firstly launched in 2002 & closed for subscription from 26 Mar 2007. Class A was launched on 27 Mar 2007 with the same NAV of Class N. Therefore Classes A & N have the same NAV since 27 Mar 2007. Class N was fully redeemed on 17 Dec 2020 and NAV was no longer available. Hence Class A is now the representative share class after 17 Dec 2020. For Class A, return since launch i.e. 27 Mar 2007 return and annualised return are +144.1% and +6.2% respectively.

Fund performance mentioned is referred to Value Partners China Greenchip Fund Limited (Class A shares). All performance and index figures are sourced from HSBC Institutional Trust Services (Asia) Limited, Bloomberg and Morningstar (Data computed in HK\$ terms on NAV-to-NAV basis with dividends reinvested) as at 31 December 2023. Performance data is net of all fees. All indices are for reference only.

# VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

## 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 ("the Code") 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**

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

### **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 2023.

For and on behalf of

**HSBC Institutional Trust Services (Asia) Limited**

Custodian  
25 April 2024

# 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 FOR THE SHAREHOLDERS (AS A BODY)

### Report on the audit of the financial statements

#### *Our opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Value Partners China Greenchip Fund Limited (the Fund) as at 31 December 2023, and of its financial transactions and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

#### *What we have audited*

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- 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, comprising material accounting policy information and other explanatory information.

#### *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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

# 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 FOR THE SHAREHOLDERS (AS A BODY)(Continued)**

### **Report on the audit of the financial statements (Continued)**

#### ***Other information***

The Board of Directors and Manager (collectively, the Management) are responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the 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 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 of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards, 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 Hong Kong Securities and Futures Commission (the SFC Code).

# 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 FOR THE SHAREHOLDERS (AS A BODY)(Continued)

### Report on the audit of the financial statements (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 Appendix E of 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

(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 FOR THE SHAREHOLDERS (AS A BODY)(Continued)**

#### **Report on the audit of the financial statements (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 Matters under the Relevant Disclosure Provisions of the Memorandum and Articles of Association and Appendix E of the SFC Code**

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 Appendix E of the SFC Code.

#### **PricewaterhouseCoopers**

P.O. Box 258,  
18 Forum Lane,  
Camana Bay,  
Grand Cayman, KY1-1104,  
Cayman Islands  
25 April 2024

# 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 2023

	Note(s)	2023 HK\$	2022 HK\$
<b>Assets</b>			
<b>Current assets</b>			
Financial assets at fair value through profit or loss	4(d)	862,817,576	1,146,258,440
Amounts receivable on issue of shares		493	100,076
Dividends and interest receivables		1,554,898	586,246
Other receivables		-	56,214
Cash and cash equivalents	6(f)	<u>9,680,645</u>	<u>10,996,725</u>
<b>Total assets</b>		<u>874,053,612</u>	<u>1,157,997,701</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial liabilities at fair value through profit or loss		800	-
Amounts payable on redemption of shares		21,305,549	1,289,644
Management fees payable		1,084,441	1,479,785
Distribution payable	9	1,452,217	1,708,939
Accruals and other payables	6(d), 6(f)	<u>577,425</u>	<u>594,092</u>
<b>Liabilities (excluding net assets attributable to shareholders)</b>		<u>24,420,432</u>	<u>5,072,460</u>
<b>Net assets attributable to shareholders</b>	5	<u>849,633,180</u>	<u>1,152,925,241</u>

Signed by:

Director

The notes on pages 21 to 48 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 2023

	Note(s)	2023 HK\$	2022 HK\$
<b>Income</b>			
Dividends		31,389,878	44,353,736
Interest on bank deposits	6(f)	83,611	15,695
Net realised losses on investments		(150,042,388)	(298,319,571)
Change in unrealised gains/losses on investments		83,309,616	(184,446,319)
Other income		-	22
Net foreign exchange losses		(193,006)	(1,659,711)
		<u>(35,452,289)</u>	<u>(440,056,148)</u>
<b>Expenses</b>			
Management fees	6(a)	(15,613,300)	(19,456,304)
Transaction costs	6(f), 8	(3,070,941)	(5,675,377)
Administration and custodian fees	6(c)	(1,447,429)	(1,869,557)
Interest expenses	6(f)	(98,560)	(819,558)
Safe custody and bank charges	6(f)	(170,490)	(204,751)
Legal and professional fees		(577,527)	(220,516)
Auditor's remuneration		(361,535)	(361,167)
Other operating expenses	6(d), 6(f)	(760,478)	(1,028,062)
		<u>(22,100,260)</u>	<u>(29,635,292)</u>
<b>Loss before tax</b>		(57,552,549)	(469,691,440)
Withholding tax on dividends and other investment income	7(d)	(2,849,346)	(3,825,061)
<b>Loss after tax and before distributions</b>		(60,401,895)	(473,516,501)
Distributions to shareholders	9	(6,227,402)	(7,122,039)
<b>Decrease in net assets attributable to shareholders from operations</b>		<u>(66,629,297)</u>	<u>(480,638,540)</u>

The notes on pages 21 to 48 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 2023

	2023 HK\$	2022 HK\$
<b>Net assets attributable to shareholders as at beginning of the year</b>	1,152,925,241	1,728,498,542
Issue of shares	35,158,026	99,619,781
Redemption of shares	(271,820,790)	(194,554,542)
<b>Net decrease from share transactions</b>	(236,662,764)	(94,934,761)
Loss after tax and before distributions	(60,401,895)	(473,516,501)
Distributions to shareholders	(6,227,402)	(7,122,039)
<b>Decrease in net assets attributable to shareholders from operations</b>	(66,629,297)	(480,638,540)
<b>Net assets attributable to shareholders as at end of the year</b>	<u>849,633,180</u>	<u>1,152,925,241</u>

The movement of number of shares in issue during the years were as follows:

Number of shares	As at 1 January 2023	Issue of shares	Redemption of shares	As at 31 December 2023
Class A HKD	13,133,321	177,638	(3,256,650)	10,054,309
Class A USD	353,087	33,053	(80,257)	305,883
Class A AUD Hedged	93,172	98	(6,402)	86,868
Class A CAD Hedged	63,576	16,797	(1,649)	78,724
Class A NZD Hedged	64,949	644	(6,489)	59,104
Class A2 QDis HKD	28,153,859	1,950,193	(6,179,555)	23,924,497
Class Z	58,000	-	(30,000)	28,000

Number of shares	As at 1 January 2022	Issue of shares	Redemption of shares	As at 31 December 2022
Class A HKD	13,992,571	749,864	(1,609,114)	13,133,321
Class A USD	407,202	48,697	(102,812)	353,087
Class A AUD Hedged	214,857	2,619	(124,304)	93,172
Class A CAD Hedged	77,245	112,723	(126,392)	63,576
Class A NZD Hedged	134,775	23,248	(93,074)	64,949
Class A2 QDis HKD	29,934,475	2,937,259	(4,717,875)	28,153,859
Class Z	114,000	-	(56,000)	58,000

The notes on pages 21 to 48 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 2023

	2023 HK\$	2022 HK\$
<b>Cash flows from operating activities</b>		
Decrease in net assets attributable to shareholders from operations	(66,629,297)	(480,638,540)
Adjustments for:		
Dividends and interest on bank deposits	(31,473,489)	(44,369,431)
Interest expenses	98,560	819,558
Withholding tax on dividends and other investment income	2,849,346	3,825,061
Distribution to shareholders	6,227,402	7,122,039
	<u>(88,927,478)</u>	<u>(513,241,313)</u>
Decrease in financial assets at fair value through profit or loss	283,440,864	566,493,716
Increase in financial liabilities at fair value through profit or loss	800	-
Decrease in amounts payable on purchase of investments	-	(49,513,459)
Decrease/(increase) in other receivables	56,214	(21,990)
Decrease in management fees payable	(395,344)	(702,729)
Increase/(decrease) in accruals and other payables	26,802	(94,692)
Decrease in bank overdraft	-	(26,063,285)
	<u>194,201,858</u>	<u>(23,143,752)</u>
Cash generated from/(used in) operations	194,201,858	(23,143,752)
Dividends and interest on bank deposits received	27,655,491	45,121,128
Interest expenses paid	(142,029)	(778,035)
	<u>221,715,320</u>	<u>21,199,341</u>
<b>Net cash inflow from operating activities</b>	<u>221,715,320</u>	<u>21,199,341</u>

The notes on pages 21 to 48 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 (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 HK\$	2022 HK\$
<b>Cash flows from financing activities</b>		
Distributions paid to shareholders	(6,484,124)	(7,230,123)
Proceeds from issue of shares	35,257,609	109,525,513
Payments on redemption of shares/ repurchase of shares	<u>(251,804,885)</u>	<u>(197,588,274)</u>
<b>Net cash outflow from financing activities</b>	<u>(223,031,400)</u>	<u>(95,292,884)</u>
<b>Net decrease in cash and cash equivalents</b>	(1,316,080)	(74,093,543)
Cash and cash equivalents as at beginning of the year	<u>10,996,725</u>	<u>85,090,268</u>
<b>Cash and cash equivalents as at end of the year, representing bank balances</b>	<u><u>9,680,645</u></u>	<u><u>10,996,725</u></u>

The notes on pages 21 to 48 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 Act (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 primarily (i.e. not less than 70% of the Fund’s Net Asset Value) 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 in, or trade with, Greater China. This includes companies incorporated and/or listed outside Greater China.

The Fund’s investment activities are managed by Value Partners Limited (the “Manager”). HSBC Trustee (Cayman) Limited (the “Administrator”) is 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, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

### 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material 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 as issued by the IASB (“IFRS Accounting Standards”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Manager to exercise its 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 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

#### (a) Basis of preparation (Continued)

##### *Standards and amendments to existing standards effective 1 January 2023*

The Fund has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- Definition of Accounting Estimates – amendments to IAS 8
- Disclosure of Accounting Policies – amendments to IAS 1 and IFRS Practice Statement 2

There are no material impact on the financial statements of the Fund.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023, and have not been early adopted 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 and liabilities at fair value through profit or loss

##### (i) *Classification*

###### *– Assets*

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective.



## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

#### **(b) Financial assets and liabilities at fair value through profit or loss (Continued)**

##### **(i) Classification (Continued)**

###### *– Liabilities*

The Fund short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

As such, the Fund classifies all of its investment portfolio as financial assets or liabilities as fair value through profit or loss.

The Fund's policy requires the management to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

All derivatives are carried in assets when amounts are receivable by the Fund and in liabilities when amounts are payable by the Fund.

##### **(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.

# 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 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

#### (b) Financial assets and liabilities 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.

The Fund utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

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

#### (c) **Income**

##### (i) *Interest income*

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

##### (ii) *Dividends*

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

#### (d) **Expenses**

Expenses are accounted for on an accrual basis and are charged to the statement of comprehensive income.

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

#### **(e) Transaction costs**

Transaction costs are costs incurred to acquire/dispose 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 recognised in the statement of comprehensive income as an expense.

#### **(f) Redeemable participating shares**

Redeemable shares are classified as financial liabilities and are issued or redeemed at the holder's option at prices based on the Fund's net asset value per share as at the close of business on the relevant dealing day. The Fund's net asset value per share is calculated by dividing the net assets attributable to the shareholders with the total number of outstanding shares.

The redeemable shares will be issued when the signed application for subscription or switching of shares in the relevant class has been received. The subscription monies should be received no more than three business days after the close of the relevant dealing period. The amounts receivable on issue of shares are recognised when the subscription applications are received but not yet settled.

The redemption monies will be paid with the maximum interval between the receipt of a properly documented request for redemption of shares and payment of the redemption proceeds to the shareholders may not exceed one calendar month. The amounts payable on redemption of shares are recognised when the redemption requests are received but not yet settled.

#### **(g) Distributions payable to shareholders**

Proposed distributions to shareholders are recognised in the statement of comprehensive income when they are appropriately authorised. The Manager expects to be able to pay distributions from the net distributable income generated by the Fund from its investment but in the event that such net distributable income is insufficient to pay distributions as it declares, the Manager may in its discretion determine that such distributions may be paid from capital. The distribution on the shares is recognised 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 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

#### (h) Foreign currency translation

##### (i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates (“the functional currency”). The performance of the Fund is measured and reported to the shareholders in Hong Kong dollar (“HK\$”). The Manager considers HK\$ as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in HK\$, which is the Fund’s functional and presentation currency.

##### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “net foreign exchange losses”.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within “net realised losses on investments” and “change in unrealised gains/losses on investments”.

#### (i) **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.

#### (j) **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.

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

#### **Fair value of financial instruments not quoted in an active market**

The Fund holds financial instruments that are not traded or quoted in an active market. The Fund uses its judgement to select the appropriate methods and make assumptions based on market conditions existing at the end of each reporting period to estimate the fair value of such financial instruments.

Valuation techniques include the market approach using prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities such as net asset values as provided by fund administrators, broker quotes and last transacted price. Broker quotes obtained from the pricing sources (such as pricing agencies or bond/debt market makers) may be indicative and not executable or binding. The Fund would exercise judgement and estimates on the quantity and quality of pricing sources uses. Where no market data is available, the Fund may value positions using its own models. Although best estimate is used in estimating fair values, there are inherent limitations in any valuation technique. Estimated fair values may differ from the values that would have been used if a readily available market existed.

As at 31 December 2023, the investment held by the Fund included unlisted equity securities of HK\$Nil (2022: HK\$Nil), which are classified as level 3 investments. Refer to Note 4(d) for further details.

# 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 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 HK\$, 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. Non-monetary investments include equity securities and equity related derivatives. Monetary investments include currency forwarding.

	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		
<b>As at 31 December 2023</b>				
Australian dollar	-	4,112,383	+/-5	+/-205,619
Canadian dollar	-	4,242,316	+/-3	+/-127,269
Indonesian rupiah	-	306	+/-3	+/-9
New Zealand dollar	-	2,670,995	+/-5	+/-133,550
Renminbi	27,429,117	491,354	+/-5	+/-1,396,024
Singapore dollar	-	58,719	+/-1	+/-587
Taiwan dollar	159,847,075	6,525,572	+/-5	+/-8,318,632
United States dollar*	50,750,109	(7,894)	+/-0	-
	<u>238,026,301</u>	<u>18,093,751</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 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 HK\$ equivalent		
<b>As at 31 December 2022</b>				
Australian dollar	-	4,779,100	+/-5	+/-238,955
Canadian dollar	-	3,578,618	+/-5	+/-178,931
Indonesian rupiah	-	302	+/-5	+/-15
New Zealand dollar	-	3,153,042	+/-5	+/-157,652
Renminbi	114,486,224	546,753	+/-5	+/-5,751,649
Singapore dollar	-	231,119	+/-5	+/-11,556
South Korean won	-	5	+/-5	+/-0
Taiwan dollar	149,269,770	6,882,515	+/-5	+/-7,807,614
United States dollar*	44,005,931	349,370	+/-0	-
	<u>307,761,925</u>	<u>19,520,824</u>		

\* The United States dollar is currently linked to the HK\$, 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)

### 4 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 2023 and 2022, 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	
	2023	2022
<b>Financial assets at fair value through profit or loss</b>		
<b>Listed equity securities</b>		
China	3.23	9.93
Hong Kong		
– H shares	19.40	22.07
– Red chips	13.41	6.19
– Others	40.70	44.45
Taiwan	18.81	12.95
The United States of America	5.98	3.82
	<hr/>	<hr/>
	101.53	99.41
<b>Unlisted equity securities*</b>	–	–
<b>Forward exchange contracts</b>	0.02	0.01
	<hr/>	<hr/>
<b>Total</b>	<u>101.55</u>	<u>99.42</u>
<b>Financial liabilities at fair value through profit or loss</b>		
<b>Forward exchange contracts</b>	(0.00)	–
	<hr/>	<hr/>

\* As at 31 December 2023, the fair value of two (2022: two) delisted equity securities 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)

### 4 FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Market risk (Continued)

##### (ii) Price risk (Continued)

The table below shows the analysis of equity securities by industry.

	2023	2022
	%	%
Communication services	22.20	30.09
Information technology	21.53	17.77
Consumer discretionary	21.19	15.87
Financials	12.43	12.00
Industrials	8.08	8.70
Consumer staples	4.77	8.53
Health care	3.36	3.40
Materials	2.21	1.65
Energy	2.00	1.15
Real estate	1.53	0.84
Utilities	0.70	–
	100.00	100.00

The table below summarises the sensitivity of the Fund's portfolio of listed equity securities 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	
	2023	2022	2023	2022
	%	%	HK\$	HK\$
MSCI China Index	+/-20	+/-30	+/-146,276,252	+/-270,866,348

# 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 FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Market risk (Continued)

##### (iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or future cash flow will fluctuate due to changes in market interest rates.

The table below summaries the Fund's financial assets and liabilities at the reporting date which expose it to the risk associated with the effects of fluctuations in the prevailing levels of market interest rates, categorised by remaining maturity dates.

	Less than 1 month	
	2023	2022
	HK\$	HK\$
Cash and cash equivalents	<u>9,680,645</u>	<u>10,996,725</u>
Interest sensitivity gap	<u><u>9,680,645</u></u>	<u><u>10,996,725</u></u>

The bank balances are placed at short term market interest rate and the Manager considers that the Fund is not subject to significant amount of risk due to the stable and low fluctuation in the prevailing levels of market interest rates.

#### (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.

# 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 FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Credit and counterparty risk (Continued)

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

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
<b>Counterparty</b>		
Cash with bank		
Aa2	9,680,645	-
Aa3	-	10,996,725
Investments placed with custodian		
Aa2	862,817,576	-
Aa3	-	1,146,258,440
Amounts receivable on issue of shares		
Unrated	493	100,076

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2023, amount receivable on issue of shares, dividends and interest receivables, other receivables, bank balances are held with counterparties with a credit rating of Aa2 (2022: Aa3) or higher and are due to be settled within 1 week. Applying the requirements of IFRS 9, the expected credit loss ("ECL") is immaterial for the Fund and, as such, no ECL has been recognised within the financial statements.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets 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)

### 4 FINANCIAL RISK MANAGEMENT (Continued)

#### (c) Liquidity risk

The table below analyses the Fund's non-derivative 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 month	
	2023 HK\$	2022 HK\$
Net assets attributable to shareholders	849,633,180	1,152,925,241
Financial liabilities at fair value through profit and loss	800	-
Amounts payable on redemption of shares	21,305,549	1,289,644
Management fees payable	1,084,441	1,479,785
Distribution payable	1,452,217	1,708,939
Accruals and other payables	577,425	594,092
	<u>874,053,612</u>	<u>1,157,997,701</u>

As at 31 December 2023, the Fund was subject to one (2022: one) passive hedging arrangement with its derivative counterparty. The arrangement gives the Fund and the counterparty the legally enforceable right to set-off certain financial assets and liabilities. The Fund and its counterparties have elected to settle all the financial assets and liabilities on a gross basis. Although, each party has the option to settle the financial assets and liabilities on a net basis in the event of default of the other party. Accordingly, all the financial assets and liabilities has been recognised in the statement of financial position on a gross basis.

As at 31 December 2023 and 2022, there were no derivatives held by the Fund subject to such passive hedging arrangement with its derivative counterparty.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****4 FINANCIAL RISK MANAGEMENT (Continued)****(c) Liquidity risk (Continued)*****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.

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 2023 and 2022, 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 total assets 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:

<b>Investor</b>	<b>% of net assets</b>
<b>As at 31 December 2023</b>	
Investor 1	26.94
<b>As at 31 December 2022</b>	
Investor 1	27.97

# 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 FINANCIAL RISK MANAGEMENT (Continued)

#### (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\$
<b>As at 31 December 2023</b>				
<b>Financial assets at fair value through profit or loss</b>				
Listed equity securities	862,629,128	-	-	862,629,128
Unlisted equity securities	-	-	-*	-
Forward exchange contracts	-	188,448	-	188,448
	<u>862,629,128</u>	<u>188,448</u>	<u>-</u>	<u>862,817,576</u>
<b>Financial liabilities at fair value through profit or loss</b>				
Forward exchange contracts	-	(800)	-	(800)
	<u>-</u>	<u>(800)</u>	<u>-</u>	<u>(800)</u>
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<b>As at 31 December 2022</b>				
<b>Financial assets at fair value through profit or loss</b>				
Listed equity securities	1,146,107,113	-	-	1,146,107,113
Unlisted equity securities	-	-	-*	-
Forward exchange contracts	-	151,327	-	151,327
	<u>1,146,107,113</u>	<u>151,327</u>	<u>-</u>	<u>1,146,258,440</u>

\* As at 31 December 2023, the fair value of two (2022: two) delisted equity securities 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)

### 4 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 are traded in markets are not considered to be active and are valued based on quoted market prices or broker quotes, or financial instruments that are not traded in 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.

	Fair value <i>HK\$</i>	Valuation technique	Unobservable inputs	Range of inputs
<b>As at 31 December 2023</b>				
Unlisted equity securities	–	Discounted last transacted price	Discount rate	100%
<b>As at 31 December 2022</b>				
Unlisted equity securities	–	Discounted last transacted price	Discount rate	100%

Valuation techniques use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The sensitivity to unobservable inputs is based on management's expectation of reasonable possible shifts in these inputs, taking into consideration historical volatility and estimations of future market movements.

# 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 FINANCIAL RISK MANAGEMENT (Continued)

#### (d) Fair value estimation (Continued)

The determination of what constitutes 'observable' requires significant judgement by the Board of Directors. The Board of Directors considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The estimates and assumptions made have a significant risk of causing a material adjustment to the carrying amounts of the investments.

The Fund uses its judgement to select the appropriate methods and make assumptions based on market conditions existing at the end of each reporting period. 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.

There is no transfer between levels for the years ended 31 December 2023 and 2022.

There is no movement in level 3 investments for the years ended 31 December 2023 and 2022.

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)

### 4 FINANCIAL RISK MANAGEMENT (Continued)

#### (e) Financial derivative instruments

The Fund's financial derivative 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>
<b>As at 31 December 2023</b>			
Forward currency contract	AUD741,327	65,936	-
Forward currency contract	CAD685,442	73,168	-
Forward currency contract	NZD535,073	49,344	-
Forward currency contract	AUD27,926	-	(364)
Forward currency contract	CAD25,964	-	(84)
Forward currency contract	NZD3,537	-	(352)
		<u>188,448</u>	<u>(800)</u>
<b>As at 31 December 2022</b>			
Forward currency contract	AUD899,313	103,158	-
Forward currency contract	CAD616,521	38,961	-
Forward currency contract	NZD636,928	9,208	-
		<u>151,327</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)

### 5 NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

The authorised share capital of the Fund was HK\$200,000,000 divided into 2,000,000,000 shares of a nominal or par value of HK\$0.1 per share.

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 HKD 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)

### 5 NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS (Continued)

#### Number of shares in issue

Number of shares and the net asset value per unit at the reporting date was as follows:

	2023	2022
<b>Number of shares</b>		
Class A HKD	10,054,309	13,133,321
Class A USD	305,883	353,087
Class A AUD Hedged	86,868	93,172
Class A CAD Hedged	78,724	63,576
Class A NZD Hedged	59,104	64,949
Class A2 QDis HKD	23,924,497	28,153,859
Class Z	28,000	58,000
	<b>2023</b>	<b>2022</b>
<b>Net asset value per share</b>		
- Class A HKD	HKD58.78	HKD62.61
- Class A USD	USD9.63	USD10.28
- Class A AUD Hedged	AUD8.90	AUD9.64
- Class A CAD Hedged	CAD9.08	CAD9.69
- Class A NZD Hedged	NZD9.15	NZD9.79
- Class A2 QDis HKD	HKD9.29	HKD10.14
- Class Z	USD11.44	USD12.11

# 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 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE MANAGER, THE CUSTODIAN AND THEIR 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 fees

The Manager is entitled to receive a management fees which represents 1.5% per annum of the net asset value of the Fund attributable to Class A HKD, 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 fees is calculated and accrued daily and payable monthly in arrears.

#### (b) Performance fees

The Manager is entitled to receive a performance fees 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 fees valuation day") before accrual of performance fees 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 fees valuation day for any preceding year in which a performance fees was last calculated and paid (after payment of the performance fees). The performance fees 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 administration and custodian fees.

A variable fee of (i) 0.135% per annum on the first HK\$1,170 million of net asset value of the Fund; (ii) 0.13% per annum on the next HK\$5,070 million of net asset value of the Fund; and (iii) 0.125% per annum of net asset value of the Fund thereafter, subject to a minimum of HK\$35,000 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 2023 were HK\$39,036 (2022: HK\$39,046). As at 31 December 2023, directors' fees of HK\$38,844 (2022: HK\$Nil) 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)

### 6 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE MANAGER, THE CUSTODIAN AND THEIR CONNECTED PERSONS (Continued)

#### (e) Manager's and its related parties' holding in the Fund and entitled to profit from the transactions in units

The Manager and its related parties held units of the Fund and entitled to profit from transactions in units as follows:

	As at 1 January	Issue of shares	Redemption /repurchase of shares	As at 31 December
<b>2023</b>				
<b>Class A HKD</b>				
Director of the Manager	400,391	–	–	400,391
<b>Class A USD</b>				
Bright Starlight Limited*	50,202	–	(50,202)	–
Director of the Manager's parent company	–	50,202	–	50,202
<b>2022</b>				
<b>Class A HKD</b>				
Director of the Manager	400,391	–	–	400,391
<b>Class A USD</b>				
Bright Starlight Limited*	100,402	–	(50,200)	50,202

\* 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.

Note During the years ended 31 December 2023 and 2022, the Manager and its related parties' holding in the Fund are entitled to the distribution based on their holding of the units of the relevant Fund, refer to Note 9 for details.

## 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 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE MANAGER, THE CUSTODIAN AND THEIR CONNECTED PERSONS (Continued)

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

In addition to the administration and custodian fees of HK\$1,447,429 (2022: HK\$1,869,557), as disclosed in note 6(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.

	2023 HK\$	2022 HK\$
Interest income	83,611	15,695
Transaction costs*	(68,712)	(199,928)
Safe custody and bank charges	(170,490)	(204,751)
Company secretary and registered office fees	(164,297)	(146,352)
Annual service fees	(40,272)	(120,907)
Interest expenses	(98,560)	(819,558)

\* Included in transaction cost are paid commission to the related parties of the Custodian for the purchases and sales of investments during the years ended 31 December 2023 and 2022 as follows:

	2023 HK\$	2022 HK\$
<b>The Hongkong and Shanghai Banking Corporation Limited</b>		
Total commission paid	14,467	153,904
The total aggregate value of the purchases and sales	9,659,082	107,831,694
Average rate of commission	0.15%	0.14%
% of transactions to the total purchases and sales of the Fund	0.73%	4.39%

## 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 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE MANAGER, THE CUSTODIAN AND THEIR CONNECTED PERSONS (Continued)

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

In addition to the administration and custodian fees payable of HK\$91,557 (2022: HK\$129,134), as disclosed in note 6(c), the Fund had the following additional balances with the Custodian and its related parties.

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Financial assets at fair value through profit or loss	862,817,576	1,146,258,440
Cash and cash equivalents	9,680,645	10,996,725
Interest income receivable	5,032	1,934
Transaction costs payable	(3,546)	(1,575)
Company secretary and registered office fees prepayment	901	28,085
Annual service fees payable	(7,566)	(7,592)
Interest expenses payable	-	(43,469)
	<u>                    </u>	<u>                    </u>

During the years ended 31 December 2023, the Fund entered into forward exchange contracts with The Hongkong and Shanghai Banking Corporation Limited, a connected person of the Trustee, with realised loss amounting to HK\$5,021 (2022: HK\$1,345,288). As at 31 December 2023, the Fund held the outstanding forward exchange contracts as financial assets HK\$188,448 (2022: HK\$151,327) and financial liabilities HK\$800 (2022: HK\$Nil) with The Hongkong and Shanghai Banking Corporation Limited.

# VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7 TAXATION

#### (a) Cayman Islands

The Fund has obtained an undertaking from the Financial Secretary of the Cayman Islands that, in accordance with the existing trust law of the Cayman Islands, for a period of 50 years from 20 October 2008, 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 dividends 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.

According to Caishui [2014] No. 81 and Caishui [2016] No. 127, capital gains derived by overseas investors from the trading of China A Shares via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are temporarily exempt from PRC corporate income tax.

The Fund invests in A-Shares is subjected to 10% withholding income tax ("WIT") on dividend income derived from the shares. WIT was charged on dividend income received from the shares during the years ended 31 December 2023 and 2022.

#### *Capital gains tax on H-shares in PRC*

The Fund has investments in shares of companies in PRC listed on the Hong Kong Stock Exchange ("H-shares"). Under general taxing provisions of the Corporate Income Tax Law ("CIT Law"), a Fund could be technically subject to 10% WIT on the PRC sourced capital gains, unless exempt or reduced under relevant double tax treaties. However, there may be practical difficulty for the PRC tax authorities to impose and collect WIT on such capital gains. The 10% WIT has not been strictly enforced by local tax bureau on capital gains derived by non-tax resident enterprises of the PRC from the trading of H-Shares. Where capital gains are derived from trading of H-Shares, VAT in general is not imposed as the purchase and disposal are often concluded and completed outside the PRC.

No provision was made for taxation from such gains in the financial statements as the Manager believes that the taxation on capital gains derived from H-Shares is not probable under the current enforcement environment

#### (d) Other jurisdictions

Overseas withholding tax was charged on certain dividends and investment income received during the years ended 31 December 2023 and 2022.



# 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 TRANSACTION COSTS

Transaction costs are costs incurred to acquire/dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers.

During the years ended 31 December 2023 and 2022, following transaction costs were incurred by the Fund.

	<b>2023</b> <i>HK\$</i>	<b>2022</b> <i>HK\$</i>
Brokerage fees	1,325,675	2,625,947
Other transaction costs	1,691,021	3,003,406
Transaction handling fees	54,245	46,024
	<u>3,070,941</u>	<u>5,675,377</u>

### 9 DISTRIBUTION TO DISTRIBUTION CLASSES

As referred to in Note 5, the Manager may determine to make a distribution out of the net income and/or capital attributable to Distribution Classes only. The table below summarises the dividend distribution made during the reporting period. The distribution is included in the statement of comprehensive income and is made to the Distribution Classes only.

	<b>2023</b> <i>HK\$</i>	<b>2022</b> <i>HK\$</i>
Total comprehensive loss for the year	(66,629,297)	(480,638,540)
Distributions to Distribution Classes shareholders during the year	<u>(6,227,402)</u>	<u>(7,122,039)</u>

The Fund has no undistributed net income at the beginning of the year and at the end of the year.

The table below summarises the dividend distribution made during the reporting period:

Classes	2023	2022	Frequency	Ex-dividend dates*
Class A2 QDis shares	HKD0.0607	HKD0.0607	Quarterly	Last business day of March, June, September and December.

\* Last business day of each quarter in 2023 are 31 March 2023, 30 June 2023, 29 September 2023, 29 December 2023.

Last business day of each quarter in 2022 are 31 March 2022, 30 June 2022, 30 September 2022, 31 December 2022.

# VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 10 SOFT DOLLAR 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 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.

For the year ended 31 December 2023, the Manager obtained the services through soft dollar arrangements on transactions amounting to HK\$399,401,366 (2022: HK\$1,127,975,551). The related commission that have been paid by the Fund for these transactions amounted to HK\$568,524 (2022: HK\$1,694,033).

### 11 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 25 April 2024.

# 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 2023

	Holdings	Fair value HK\$	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			
<b>Listed equity securities</b>			
<b>China</b>			
Kweichow Moutai Co Ltd A Shares (SHHK)	4,638	8,788,886	1.03
Maxscend Microelectronics Co Ltd A Shares (SZHK)	64,135	9,928,337	1.17
Zhejiang Sanhua Intelligent Controls Co Ltd A Shares (SZHK)	269,900	8,711,893	1.03
		27,429,116	3.23
<b>Hong Kong - H Shares</b>			
China BlueChemical Ltd H Shares	9,670,000	19,049,900	2.24
China Construction Bank Corp H Shares	4,111,000	19,116,150	2.25
China International Capital Corp Ltd H Shares	354,400	4,061,424	0.48
China Longyuan Power Group Corp Ltd H Shares	1,015,000	6,008,800	0.71
China Merchants Bank Co Ltd H Shares	810,500	22,045,600	2.59
China Railway Construction Corp Ltd H Shares	3,532,000	16,353,160	1.93
China Telecom Corp Ltd H Shares	11,050,000	41,327,000	4.86
Ping An Insurance (Group) Co of China Ltd H Shares	657,500	23,242,625	2.74
ZTE Corp H Shares	780,400	13,610,176	1.60
		164,814,835	19.40
<b>Hong Kong - Red Chips</b>			
Beijing Tong Ren Tang Chinese Medicine Co Ltd	2,063,000	25,044,820	2.95
China Mobile Ltd	825,000	53,460,000	6.29
China Resources Land Ltd	470,000	13,160,000	1.55
China State Construction International Holdings Ltd	560,000	5,056,800	0.59
CNOOC Ltd	1,326,000	17,238,000	2.03
		113,959,620	13.41

# 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 2023

	Holdings	Fair value HK\$	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)</b>			
<b>Listed equity securities (Continued)</b>			
<b><i>Hong Kong - Others</i></b>			
AIA Group Ltd	569,000	38,720,450	4.56
Alibaba Group Holding Ltd	545,500	41,239,800	4.85
Anta Sports Products Ltd	228,400	17,301,300	2.04
Baidu Inc	72,300	8,394,030	0.99
Bosideng International Holdings Ltd	2,798,000	9,820,980	1.16
Chinasoft International Ltd	1,116,000	6,684,840	0.79
First Pacific Co Ltd	6,780,000	21,085,800	2.48
Galaxy Entertainment Group Ltd	208,000	9,100,000	1.07
JD.com Inc	60,664	6,824,700	0.80
Kerry Logistics Network Ltd	1,314,500	10,805,190	1.27
Kingboard Holdings Ltd	795,500	14,859,940	1.75
Li Ning Co Ltd	355,000	7,419,500	0.87
Luk Fook Holdings (International) Ltd	334,000	6,997,300	0.82
Meituan	144,070	11,799,333	1.39
NetEase Inc	80,800	11,360,480	1.34
New Oriental Education & Technology Group Inc	112,600	6,221,150	0.73
Nissin Foods Co Ltd	1,589,000	9,931,250	1.17
Techtronic Industries Co Ltd	209,000	19,447,450	2.29
Tencent Holdings Ltd	262,500	77,070,000	9.07
Truly International Holdings Ltd	1,616,000	1,292,800	0.15
Xiamen Yan Palace Birds Nest Industry Co Ltd	149,600	1,346,400	0.16
Yum China Holdings Inc	24,400	8,105,680	0.95
		<u>345,828,373</u>	<u>40.70</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 2023

	Holdings	Fair value HK\$	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)</b>			
<b>Listed equity securities (Continued)</b>			
<b><i>Taiwan</i></b>			
Gigabyte Technology Co Ltd	202,000	13,652,871	1.61
MediaTek Inc	18,000	4,642,260	0.55
Micro-Star International Co Ltd	287,000	14,876,578	1.75
MSSCORPS Co Ltd	109,000	3,918,988	0.46
Sporton International Inc	91,000	5,572,491	0.66
Sunonwealth Electric Machine Industry Co Ltd	138,000	3,769,455	0.44
Taiwan Semiconductor Manufacturing Co Ltd	554,000	83,474,808	9.82
Tong Yang Industry Co Ltd	373,000	7,203,000	0.85
Unimicron Technology Corp	420,000	18,782,480	2.21
Universal Vision Biotechnology Co Ltd	56,180	3,954,144	0.46
		159,847,075	18.81
<b><i>The United States of America</i></b>			
PDD Holdings Inc ADR	33,207	37,952,542	4.47
TAL Education Group ADR	129,714	12,797,567	1.51
		50,750,109	5.98

# 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 2023

	Holdings	Fair value HK\$	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)</b>			
<b>Unlisted equity securities</b>			
<i>Hong Kong</i>			
Euro-Asia Agricultural (Holdings) Co Ltd	4,266,000	-	-
Real Gold Mining Ltd	1,270,000	-	-
		<u>-</u>	<u>-</u>
<b>Forward exchange contracts</b>		<u>188,448</u>	<u>0.02</u>
<b>Total financial assets at fair value through profit or loss</b>		<u>862,817,576</u>	<u>101.55</u>
<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			
<b>Forward exchange contracts</b>		<u>(800)</u>	<u>(0.00)</u>
<b>Total financial liabilities at fair value through profit or loss</b>		<u>(800)</u>	<u>(0.00)</u>
<b>Total investments, net</b>		<u>862,816,776</u>	<u>101.55</u>
<b>Total investments, at cost</b>		<u>1,016,844,489</u>	

## VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

### INVESTMENT PORTFOLIO MOVEMENT (UNAUDITED)

FOR THE YEAR ENDED 31 DECEMBER 2023

	% of net assets	
	2023	2022
<b>Listed equity securities</b>		
China	3.23	9.93
Hong Kong		
– H shares	19.40	22.07
– Red chips	13.41	6.19
– Others	40.70	44.45
Taiwan	18.81	12.95
The United States of America	5.98	3.82
	<hr/>	<hr/>
	101.53	99.41
<b>Unlisted equity securities</b>	-	-
<b>Forward exchange contracts</b>	0.02	0.01
	<hr/>	<hr/>
<b>Total investments, net</b>	<u>101.55</u>	<u>99.42</u>

## VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

### DETAILS IN RESPECT OF FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED)

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

#### Financial assets:

##### Forward exchange contracts

Currency sold	Amount sold	Currency bought	Amount bought	Settlement date	Counterparty	Fair value HK\$
AUD	23,136	HKD	123,436	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	116
CAD	21,268	HKD	125,846	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	387
HKD	3,902,718	AUD	744,236	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	64,217
HKD	106,209	AUD	20,227	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	1,603
HKD	3,986,737	CAD	687,962	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	71,540
HKD	109,356	CAD	18,748	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	1,241
HKD	2,524,728	NZD	520,374	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	48,251
HKD	68,973	NZD	14,161	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	1,045
HKD	2,610	NZD	538	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	48
						<u>188,448</u>



## VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

### DETAILS IN RESPECT OF FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED) (Continued)

#### Financial Liabilities:

#### Forward exchange contracts

Currency sold	Amount sold	Currency bought	Amount bought	Settlement date	Counterparty	Fair value HK\$
HKD	149,215	AUD	27,926	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(364)
HKD	153,245	CAD	25,964	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(84)
NZD	16,142	HKD	79,714	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(100)
HKD	97,554	NZD	19,679	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	<u>(252)</u>
						<u><u>(800)</u></u>

## VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

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

### INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED)

The lowest, highest and average gross exposure arising from the use of financial derivative instruments for any purpose as a proportion to the Fund's total net asset value for the years ended 31 December 2023 and 2022.

	<b>2023</b>	<b>2022</b>
	% of NAV	% of NAV
Lowest gross exposure	0.94%	0.95%
Highest gross exposure	3.92%	7.07%
Average gross exposure	1.68%	2.32%

The lowest, highest and average net exposure arising from the use of financial derivative instruments for investment purpose as a proportion to the Fund's total net asset value for the years ended 31 December 2023 and 2022.

	<b>2023</b>	<b>2022</b>
	% of NAV	% of NAV
Lowest net exposure	-	-
Highest net exposure	-	-
Average net exposure	-	-

# 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)

	2023	2022	2021
<b>Net assets</b>	HK\$849,633,180	HK\$1,152,925,241	HK\$1,728,498,542
<b>Net asset value per share</b>			
Class A HKD	HKD58.78	HKD62.61	HKD86.30
Class A USD	USD9.63	USD10.28	USD14.17
Class A AUD Hedged	AUD8.90	AUD9.64	AUD13.75
Class A CAD Hedged	CAD9.08	CAD9.69	CAD13.61
Class A NZD Hedged	NZD9.15	NZD9.79	NZD13.64
Class A2 QDis	HKD9.29	HKD10.14	HKD14.31
Class Z	USD11.44	USD12.11	USD16.58

### Performance record for the past 10 years

#### Highest issue price per share

	Class A HKD <i>HKD</i>	Class N <i>HKD</i>	Class A USD <i>USD</i>	Class A AUD Hedged <i>AUD</i>	Class A CAD Hedged <i>CAD</i>	Class A NZD Hedged <i>NZD</i>	Class A2 QDis <i>HKD</i>	Class Z <i>USD</i>
2023	71.96	–	11.76	11.04	11.12	11.24	11.66	13.87
2022	87.03	–	14.31	13.86	13.72	13.76	14.43	16.74
2021	107.96	–	17.92	17.48	17.23	17.46	18.19	20.67
2020	92.36	86.95	15.34	14.99	14.77	14.91	15.57	17.68
2019	69.96	69.96	11.60	11.70	11.42	11.56	12.14	13.26
2018	76.29	76.29	12.57	12.97	12.59	13.23	13.63	14.20
2017	72.09	72.09	11.88	12.26	11.94	12.52	12.92	13.44
2016	55.29	55.29	9.15	9.32	9.10	9.54	10.08	10.18
2015	73.59	73.59	12.41	12.60	12.44	12.73	13.60	–
2014	62.82	62.82	10.64	10.69	10.65	10.66	11.78	10.57

## 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 (Continued)

	Lowest redemption price per share							
	Class A HKD <i>HKD</i>	Class N <i>HKD</i>	Class A USD <i>USD</i>	Class A AUD Hedged <i>AUD</i>	Class A CAD Hedged <i>CAD</i>	Class A NZD Hedged <i>NZD</i>	Class A2 QDis <i>HKD</i>	Class Z <i>USD</i>
2023	55.98	–	9.16	8.50	8.66	8.73	8.90	10.86
2022	48.51	–	7.91	7.52	7.53	7.63	7.91	9.31
2021	82.83	–	13.60	13.20	13.07	13.09	13.79	15.90
2020	50.25	50.25	8.37	8.26	8.13	8.18	8.68	9.58
2019	52.46	52.46	8.65	8.85	8.61	8.74	9.22	9.84
2018	51.61	51.61	8.50	8.73	8.48	8.61	9.12	9.65
2017	51.01	51.01	8.44	8.61	8.38	8.84	9.30	9.63
2016	43.44	43.44	7.16	7.29	7.18	7.43	7.92	9.47
2015	48.58	48.58	8.05	8.14	8.05	8.27	8.90	–
2014	56.18	56.18	9.90	9.92	9.93	9.92	10.61	10.01