

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**8. TRANSACTIONS WITH MANAGER AND ITS
CONNECTED PERSONS (CONTINUED)**

venture company partially owned by the intermediate holding company of the Manager. CMG CH China was no longer considered to be a Connected Person of the Manager or the Fund as at 30 June 2003.

(b) Subscription charge

The Manager is entitled to a preliminary charge of 2% relating to unit subscriptions in the Fund.

(c) Management fee

The Manager is entitled to receive in arrears a monthly management fee from the Fund, accrued on and calculated as at each dealing day at the rate of 1.5% per annum of the net asset value of the Fund. The Manager may increase the rate of management fee payable in respect of the Fund up to 2.25% per annum on giving not less than three months written notice of such increase to the Trustee and the unitholders. For the year ended 30 June 2003, a management fee of US\$351,648 (2002: US\$11,575) was incurred by the Fund, of which US\$24,811 (2002: US\$11,576) remained payable at 30 June 2003.

9. TRUSTEE FEE

The Trustee is entitled to receive in arrears a monthly trustee fee from the Fund, accrued on and calculated as at each dealing day at the rate of 0.08% per annum of the net asset value of the Fund. The Trustee may increase the rate of the trustee fee up to 1% per annum on giving not less than three months' written notice of such increase to the Manager and the unitholders. For the year ended 30 June 2003, trustee fee of US\$18,755 (2002: US\$617) was incurred by the Fund, of which US\$1,323 (2002: US\$617) remained payable at 30 June 2003.

10. ADMINISTRATION FEE

In its capacity as Registrar, the Trustee is entitled to receive in arrears a monthly administration fee from the Fund, accrued on and calculated as at each Dealing Day at the rate of 0.12% per annum of the net asset value of the Fund, subject to a minimum fee of US\$1,000 per month. For the year ended 30 June 2003, an administration fee of US\$28,132 (2002: US\$1,000) was incurred by the Fund, of which US\$1,985 (2002: US\$1,000) remained payable at 30 June 2003.

**11. UNCOMMITTED BANK OVERDRAFT AND
FOREIGN EXCHANGE FACILITIES**

The Fund has arranged uncommitted overdraft and foreign exchange facilities with The Bank of Bermuda Limited, Hong Kong Branch (the "Branch"). The overdraft facility limit is the lesser of US\$25,000,000 or 25% of the net asset value of the Fund. The foreign exchange facility limit is the lesser of US\$100,000,000 or 100% of the net asset value of the Fund. The overdraft balance shall bear interest at 2.25% per annum above the overnight interbank rate and shall be repayable on demand by the Branch. To secure these two facilities, the Fund has granted the Branch a charge over all present and future investments of the Fund. As at 30 June 2003, the Fund had not utilized these two facilities.

12. SOFT COMMISSION ARRANGEMENTS

During the year, the Manager and its Connected Persons entered into soft commission arrangements with brokers under which certain goods and services used to support investment decision making were received. The Manager and its Connected Persons do not make direct payment for these goods and services but transact an agreed