

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 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. The Fund utilized these two facilities during the year, although there were no amounts outstanding as at 30 June 2004 and 2003.

11 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 amount of business with the brokers on behalf of the Fund and commission is paid on these transactions.

The goods and services must be of demonstrable benefit to the Fund and may include research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis and data and quotation services, computer hardware and software incidental to the above goods and services; clearing and custodian services and

investment-related publications.

12 SUBSEQUENT EVENT

Bermuda Trust (Far East) Limited, the Trustee and Registrar will be named as HSBC Institutional Trust Services (Asia) Limited with effect from 1 November 2004.

13 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Trustee and the Manager on 21st October 2004.