

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. AMOUNTS DUE FROM/TO BROKERS

	2006 US\$	2005 US\$
Balances due from brokers:		
Receivables for securities sold	<u>47,337</u>	<u>—</u>
Balances due to brokers:		
Payables for securities purchased	<u>198,970</u>	<u>55,787</u>

8. UNCOMMITTED BANK OVERDRAFT AND FOREIGN EXCHANGE FACILITIES

The Fund had arranged uncommitted overdraft and foreign exchange facilities with The Bank of Bermuda Limited, Hong Kong Branch (the "Branch"). On 15 October 2004, the Branch transferred the arrangement to The Hongkong and Shanghai Banking Corporation Limited ("HSBC") under the Transfer of Facility and Security Agreement (the "Transfer Agreement"). The overdraft facility limit is the lesser of US\$6,000,000 and 25% of the net asset value of the Fund. The foreign exchange facility limit is the lesser of US\$3,600,000 and 15% of the net asset value of the Fund. The overdraft balance shall bear interest at 0.5% above HSBC's best lending rate for United States dollars and 2.6% below HSBC's best lending rate for Hong Kong dollars. The terms under the Transfer Agreement are subject to renewal on an annual basis.

To secure these two facilities, the Fund has granted HSBC a charge over all present and future investments of the Fund. The Fund utilized both facilities during the year. As at 30 June 2006, the outstanding amount payable under the overdraft facility was US\$105,958 (2005: Nil). There was no outstanding amount payable under the foreign exchange facility as at 30 June 2006 (2005: Nil).

9. NUMBER OF UNITS IN ISSUE

	Year ended 30.6.2006	Year ended 30.6.2005
Balance brought forward	1,176,513.62	1,226,648.01
Units redeemed	<u>(31,699.76)</u>	<u>(50,134.39)</u>
Balance carried forward	<u>1,144,813.86</u>	<u>1,176,513.62</u>

The Fund paid US\$826,963 (2005: US\$991,347) in aggregate for the units redeemed. No units were issued during the year (2005: Nil).

10. TRUSTEE FEE AND ADMINISTRATION 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%. With effect from 1 November 2005, the rate of trustee fees was reduced to 0.05% per annum of the net asset value of the Fund. The Trustee may increase the rate for the trustee fee up to 1% per annum by giving not less than three months' notice to the Manager and the unitholders. For the year ended 30 June 2006, a trustee fee of US\$18,794 (2005: US\$18,860) was incurred by the Fund, of which US\$1,354 (2005: US\$1,633) remained payable at 30 June 2006.

Also in its capacity as Registrar, the Trustee is entitled to receive in arrears a monthly administration fee from the Fund, accrued on and calculated at each dealing day at the rate of 0.12%. With effect from 1 November 2005, the rate of administration fee reduced to 0.1% 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 2006, an administration fee of US\$32,333 (2005: US\$28,290) was incurred by the Fund, of which US\$2,709 (2005: US\$2,449) remained payable as at 30 June 2006.