

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. RELATED PARTY TRANSACTIONS

The following is a summary of the transactions entered into during the year between the Fund and the Manager and its connected persons. Connected persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong. The transactions disclosed below do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

- (a) As at 30 June 2006, no units (2005: 43,743.99) were held by Colonial First State Investment Managers Limited, a related company of the Manager.

- (b) Subscription charge

The Manager is entitled to a preliminary charge of 2% relating to unit subscriptions in the Fund. For the year ended 30 June 2006, no subscription charge has been levied by the Manager as no units were issued.

- (c) Management fee

The Manager is entitled to receive in arrears a monthly management fee from the Fund, accrued on and calculated 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 by giving not less than three months' written notice to the Trustee and the unitholders. For the year ended 30 June 2006, a management fee of US\$445,573 (2005: US\$353,624) was incurred by the Fund, of which US\$40,678 (2005: US\$30,657) remained payable at 30 June 2006.

Except as disclosed above, there were no transactions with related parties during the year.

12. CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS PER UNIT

The change in net assets attributable to unitholders per unit was calculated based on the net change in net assets attributable to unitholders from operations for the year of US\$9,724,647 (2005: US\$5,685,584) and the weighted average number of units for the year of 1,164,295.80 (2004: 1,201,330.60).

13. SOFT COMMISSION ARRANGEMENTS

On 13 June 2005, the Manager ceased to generate soft dollar commissions in relation to investment transactions entered on behalf of the Fund. Goods and services will continue to be received by the Manager under existing soft dollar arrangements until the soft dollar balances have been fully utilised.

14. DISTRIBUTION

No distribution was paid in respect of the year ended 30 June 2006 (2005: Nil).