



BEA 東亞銀行

# BEA Capital Growth Fund



**ANNUAL REPORT**  
**(Audited)**

For the period ended 31st December 2008

## **BEA CAPITAL GROWTH FUND**

### **REPORTS AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2008**

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**BEA CAPITAL GROWTH FUND  
MANAGEMENT AND ADMINISTRATION**

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**Manager**

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## **BEA CAPITAL GROWTH FUND**

### **INVESTMENT REPORT FOR THE PERIOD ENDED 31ST DECEMBER 2008**

#### **MARKET REVIEW**

##### **BEA Asia Strategic Growth Fund**

The MSCI Far East ex Japan ex HK Total Return Index recovered slightly in 1Q08 after a promising February. The aggressive cut in rates by the Fed sharply corrected the market over the second month, resulting in a rebound of 7.5% after a loss of 14.2% in January. Another rollercoaster month in March was due to poor sentiment, helped slightly by the rescue of Bear Stearns in late March. The Asean outlook was pessimistic for Malaysia and Indonesia, which suffered from high commodity prices, losing 8.2% and 12.1% respectively.

After the market bottomed out in March, the MSCI Far East ex Japan ex HK Total Return Index continued to rally in April. However, the index was to see a fall that took it from -4.7% in April to -17.6% in June. This was due to poor market sentiment following the Sichuan earthquake in May. Thereafter, material stocks performed the best in anticipation of reconstruction projects throughout the region. 2Q08 continued along the same trend, with the greatest risks still coming from inflation and a possible US recession. Malaysia still continued to struggle with political instability, which had an unsettling effect on its economy.

Following the global financial turmoil, China, South Korea, and Taiwan were hard hit by slumping exports, which dragged down their economies rapidly. The MSCI Far East ex Japan ex HK Total Return Index declined 24.1% in 3Q08. In Asean countries, falling commodity prices have started to improve terms of trade. However, the effect of favorable prices has been offset by reduced export volumes due to falling global demand. Thailand's political instability in 3Q08 hurt the country's tourist industry.

In the last quarter of 2008, the Asian market continued its fall with a 20.7% drop, ending a terrible year at -50.4%. In order to counter contraction from falling exports, government in Asia cut interest rates aggressively and announced stimulus packages during the quarter, including China's 4 trillion RMB package and South Korea's 14 trillion won fiscal stimulus package.

##### **BEA Greater China Growth Fund & BEA Hong Kong Growth Fund**

###### **China & Hong Kong markets**

Both China and Hong Kong markets suffered knock-on effects from world market fears in 1Q08 of a contagious US recession. Inflation measures introduced saw Hong Kong residents gain HK\$35 billion in subsidies, social welfare, and tax concessions. In 2Q08, the HSI's total return at the end of June was -19.03% YTD from a -6.66% YTD performance in April, while the MSCI AC Golden Dragon Net USD Index ended June at -19.46% YTD compared to -5.83% YTD in April. Also ending on a low was sentiment in residential property, due to uncertainties in the global and Chinese equity markets. The property market looks to be on its way down.

In 2H08, China's overall economy weakened with export and industrial production growth slowing following the global financial turmoil. In order to keep GDP growth above 8%, the Chinese Government announced a 4 trillion RMB stimulus package in November to boost fixed asset investment and local demand growth. In addition, the People's Bank of China unexpectedly cut its interest rate by 27 basis points in December.

## **BEA CAPITAL GROWTH FUND**

### **INVESTMENT REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31ST DECEMBER 2008**

### **MARKET REVIEW (CONTINUED)**

#### **BEA Greater China Growth Fund & BEA Hong Kong Growth Fund (Continued)**

The global liquidity crisis sent the HSI down by 18.5% in 3Q08. Weak confidence in the inter-bank market drove the HIBOR rate up significantly, resulting in fears of an interest rate hike in Hong Kong. Fearing deterioration in credit quality, local banks further tightened their lending to SMEs and homebuyers in Hong Kong during 4Q08. Credit tightening in the mortgage market has caused property prices to drop 23% since the peak in April. In economic terms, exports were down and the unemployment rate rose, which suggests that the domestic economy has continued to deteriorate.

#### **Taiwan market**

The MSCI Taiwan Index performed well in 1Q08, outperforming the benchmark by 2.5% in March. Overall market sentiment was helped by the expected victory of presidential candidate Ma Ying-jeou. However, the strength of the Taiwanese currency and the country's reliance on exports could prove painful to many consumer product providers, such as high tech companies. 2Q08 saw a different result with politics this time hurting the market after the controversial appointment of a TSU member to the head of the Mainland Affairs Council. Markets fell in each of the three 2Q months, with a 3% drop in May corresponding to falls in the Hong Kong and China markets. In June, the MSCI Taiwan Index fell 11.5%, due in part to global oil price hikes while domestically, reserve ratios of NT dollar demand deposits were unexpectedly raised by 1.25%.

The MSCI Taiwan Index declined 28.1% in 3Q08. Weak September industrial production forced the Taiwanese Government to cut the interest rate to 3% and ban short selling in October. Taiwan's 3Q08 GDP contracted by 1.02% YoY due to sluggish export growth along with decreasing private consumption and fixed capital formation. By the end of 2008, the MSCI Taiwan Index had slumped 48.7%.

#### **BEA Global Bond Fund**

The early outlook for 2008 was positive for global bonds. Government bonds performed strongly as investors moved to higher-quality paper following credit rating and solvency problems in the bond insurance industry. All credit sectors underperformed as spreads widened, and as the US housing market continued to struggle. Volatility affected markets from the first day of the year as weak US economic data led to fears of a recession. The Fed responded by cutting rates twice in January by a total of 1.25% and, despite inflationary effects from rising commodity prices, by cutting rates further in March to 2.25%. As investors moved to safer parts of the bond market, US Treasuries outperformed significantly. However, credit spreads stabilised towards the end of the period, when the Fed orchestrated a deal to bail out troubled investment bank Bear Stearns.

Investors' risk appetites returned to the bond markets in April, following the rescue of Bear Stearns, and corporate bonds and high-yield markets showed signs of recovery. However, the European inter-bank borrowing rate remained high. Despite this, the global economic outlook continued to deteriorate. Interest rates were cut further in the UK and US, and credit and high-yield spreads tightened, reflecting a slight swing in investor sentiment. Towards the end of May, the US dollar strengthened as GDP growth was revised upwards and expectations increased that the Fed could change the direction of its existing monetary policy. Corporate bonds recovered some of the ground lost during a difficult first quarter of the year and outperformed US Treasuries.

## **BEA CAPITAL GROWTH FUND**

### **INVESTMENT REPORT (CONTINUED) FOR THE PERIOD ENDED 31ST DECEMBER 2008**

#### **MARKET REVIEW (CONTINUED)**

##### **BEA Global Bond Fund (Continued)**

The third quarter was one of the most turbulent in history as government yields moved slightly down following a flight to quality. The unprecedented market events began with the nationalisation of mortgage facilitators Fannie Mae and Freddie Mac. This was followed by Lehman Brothers filing for bankruptcy, which threw the market into even greater turmoil. This led to a merger between the Bank of America and Merrill Lynch and the rescue of AIG by the US Fed. The quarter ended on further bad news as the US bailout plan designed to clean up toxic debt in the banking system was rejected and a temporary ban on short-selling of financials was imposed. The combination of the two was detrimental to investor confidence and saw most of the world's major indices fall sharply.

In the last quarter, the global bond market advanced a bit as the global financial crisis escalated into a worldwide recession, forcing investors to seek out safer assets. The flight to safety stoked demand for government securities to such a degree that yields fell to record levels. Governments intervened decisively in an effort to alleviate the crisis, first flooding markets with liquidity to lessen funding constraints, and later by taking substantial direct stakes in banks to keep the financial system afloat. However, inter-bank lending rates remained exorbitant as banks remained reluctant to lend to each other, while credit markets froze as liquidity constraints forced institutions to reduce leverage. Fund redemptions also accelerated, with forced sales sending credit spreads to record levels, nearly doubling for asset classes such as high yield, emerging market debt, and certain types of asset-backed securities.

##### **BEA Hong Kong Dollar (HK\$) Bond Fund**

Financial institutions continued to report further writedowns on mortgage-related investments. To replenish their depleted balance sheets, they began raising capital by issuing bonds and new shares. The inflation rate quickly rose globally, driven mainly by sharp rises in oil and food prices. The Fed cut its rate to 2% on 30th April and kept its rate unchanged at the FOMC's meeting on 25th June, as high inflation prevented central banks from making further rate cuts to stimulate the economy. Central banks around the world faced a dilemma between managing monetary policy under a stagflation scenario. Credit spreads, a measurement of market risk, remained steady in the HKD bond market as HKD issuers have generally been in good condition.

3Q08 was the most hectic quarter in recent financial history as the global financial system was in distress due to financial crises erupting in the US and Europe. The HKD bond market remained relatively stable as the strong credit profile of the city enabled it to perform despite poor market conditions. Nevertheless, the HKD yield curve dipped downwards, in tandem with the US, during the quarter. The HKD yield curves dipped to a historical level while credit spreads remained stable for HKD denominated issues.

In order to improve domestic liquidity and bring down local interest rates, the Hong Kong Monetary Authority ("HKMA") took swift action to comfort the domestic market by providing unlimited deposit protection to all bank depositors, and by injecting ample liquidity into the inter-bank lending market in October. US Government yields continued to dive in November on the back of a further slowdown in economic activity and rising unemployment across the nation. As the HKD was strong versus the USD, and had touched the upper ceiling of the range of the pegged exchange rate, the HKMA pumped a substantial amount of local dollars into the Hong Kong financial system.

## **BEA CAPITAL GROWTH FUND**

### **INVESTMENT REPORT (CONTINUED) FOR THE PERIOD ENDED 31ST DECEMBER 2008**

BEA Capital Growth Fund (the "Fund") was established by a Trust Deed dated 22nd September 2000, as amended between BEA Union Investment Management Limited as Manager and Bank of East Asia (Trustees) Limited as Trustee. It is governed by the laws of Hong Kong Special Administrative Region of the People's Republic of China. The Fund was authorised by the Securities and Futures Commission of Hong Kong and approved by the Mandatory Provident Fund Schemes Authority of Hong Kong.

The Fund is an umbrella fund which offers five investment funds with different investment objectives and policies. The investment funds of the Fund are:

BEA Asia Strategic Growth Fund	- launched on 15th April 2003
BEA Global Bond Fund	- launched on 1st March 2004
BEA Hong Kong Growth Fund	- launched on 10th December 2004
BEA Greater China Growth Fund	- launched on 1st September 2006
BEA Hong Kong Dollar (HK\$) Bond Fund <sup>1</sup> (collectively the "Sub-Funds")	- launched on 6th November 2007

#### **Trustee's commentary**

The Trustee of the Fund confirmed that, to the best of the knowledge and belief of the Trustee, the investment objectives and policies of the Fund were complied with based on the information received from the Manager of the Fund during the period.

The respective investment objectives and policies of each of the investment funds are set out below. There have been no changes to the investment objectives and policies during the period.

#### **BEA Asia Strategic Growth Fund**

##### **Investment objective**

The investment objective of BEA Asia Strategic Growth Fund is to provide investors with long term capital growth in US dollar terms through investing in a diversified portfolio consisting primarily of listed securities of companies whose principal business activities are conducted in the Asia Pacific region (including but not limited to Singapore, Malaysia, Korea, Taiwan, Thailand, Indonesia, the Philippines, India and China but excluding Japan and Hong Kong.)

##### **Investment policy**

BEA Asia Strategic Growth Fund invests primarily in listed securities of companies whose principal business activities are conducted in the Asia Pacific region. The maximum exposure of the investment fund to any one of the Singapore, Malaysia, Korea, Taiwan or China markets will not exceed 50% of its assets and the maximum exposure of the investment fund to any one of the Thailand, Indonesia, the Philippines and India markets will not exceed 30% of its assets.

## **BEA CAPITAL GROWTH FUND**

### **INVESTMENT REPORT (CONTINUED) FOR THE PERIOD ENDED 31ST DECEMBER 2008**

#### **BEA Asia Strategic Growth Fund (Continued)**

##### **Investment policy (Continued)**

In addition to equities, the portfolio of BEA Asia Strategic Growth Fund may from time to time include cash, deposits, fixed interest securities, instruments with floating interest rates and short-term papers such as treasury bills, certificates of deposit, bankers' acceptances and short-term commercial papers.

It is intended that, at any one time, at least 60% of the assets of BEA Asia Strategic Growth Fund other than cash or deposits will be invested in equity securities.

BEA Asia Strategic Growth Fund may enter into financial futures and options contracts for hedging purposes only.

#### **BEA Global Bond Fund**

##### **Investment objective**

The investment objective of BEA Global Bond Fund is to provide investors with total investment return over the medium to long term through investing into a diversified range of global bonds denominated in various major currencies (including but not limited to, US dollars, Euro, Pounds Sterling, Japanese Yen and Hong Kong dollars).

##### **Investment policy**

BEA Global Bond Fund's assets will normally be invested between 20% to 100% in government bonds, 0% to 50% in corporate bonds and 0% to 50% in other structured products, such as asset backed securities and mortgage backed securities. Investments will be made mainly in the United States, Europe and Asia, but may include other markets.

BEA Global Bond Fund may enter into financial futures contracts for hedging purposes only.

#### **BEA Hong Kong Growth Fund**

##### **Investment objective**

The investment objective of BEA Hong Kong Growth Fund is to provide investors with long term capital growth in HK dollar terms through investing in a diversified portfolio consisting primarily of securities of companies, either listed in or with operations or interests principally, in Hong Kong.

##### **Investment policy**

BEA Hong Kong Growth Fund will invest primarily in listed securities in Hong Kong. In addition to equities, its portfolio may from time to time include cash, deposits, fixed interest securities, instruments with floating interest rates and short-term papers such as treasury bills, certificates of deposit, bankers' acceptances and short-term commercial papers.

At any one time, up to 100% of the assets of BEA Hong Kong Growth Fund may be invested in equity securities. BEA Hong Kong Growth Fund may enter into financial futures and options contracts for hedging purposes only.

## **BEA CAPITAL GROWTH FUND**

### **INVESTMENT REPORT (CONTINUED) FOR THE PERIOD ENDED 31ST DECEMBER 2008**

#### **BEA Greater China Growth Fund**

##### **Investment objective**

The investment objective of BEA Greater China Growth Fund is to provide investors with long-term capital growth through investing in a portfolio consisting of listed securities of companies that derive or are expected to derive a significant portion of their revenues from goods produced or sold, investments made or services performed in Greater China, which includes the People's Republic of China (PRC), the Special Administrative Regions of Hong Kong and Macau and Taiwan.

##### **Investment policy**

Normally not less than 80% of the assets of the BEA Greater China Growth Fund will be invested directly in equities. Any remaining assets will be held in cash or cash equivalents. In times of extreme volatility of the markets or during severe adverse market conditions, the BEA Greater China Growth Fund may hold a substantial portion of its assets in cash or cash equivalents, or invest in short-term money market instruments to safeguard the investment portfolio of the BEA Greater China Growth Fund. In addition, at least 30% of the assets of the BEA Greater China Growth Fund will be held in Hong Kong dollar currency investments as measured by effective currency exposure.

#### **BEA Hong Kong Dollar (HK\$) Bond Fund**

##### **Investment objective**

The investment objective of BEA Hong Kong Dollar (HK\$) Bond Fund is to provide investors with long term capital growth in HK dollar terms through investing in a portfolio consisting primarily of HK dollar denominated interest bearing securities.

##### **Investment policy**

The Manager anticipates a majority of the portfolio will be invested in bonds issued by governments, quasi-governmental organisations, multilateral international agencies and blue chip corporations.

The value of the portfolio's holding of HK dollar denominated securities shall not be less than 70% of the net asset value of BEA Hong Kong Dollar (HK\$) Bond Fund. BEA Hong Kong Dollar (HK\$) Bond Fund may enter into financial futures contracts for hedging purpose only.

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED) FOR THE PERIOD ENDED 31ST DECEMBER 2008

#### INVESTMENT INCOME AND PERFORMANCE

##### BEA Asia Strategic Growth Fund

	2008 US\$	2007 US\$	2006 US\$
Net losses excluding capital (depreciation)/ appreciation	(470,162)	(597,563)	(143,502)
Capital (depreciation)/appreciation - realised and unrealised	(54,348,741)	32,437,193	18,761,483
Income derived from investments			
Dividends	2,189,158	2,013,878	1,710,760
Interest on bank deposits	40,118	235,140	67,851
Total investments	55,091,706	119,000,869	79,112,608

##### BEA Global Bond Fund

	2008 US\$	2007 US\$	2006 US\$
Net losses excluding capital appreciation	(1,922,729)	(2,487,032)	(1,503,768)
Capital appreciation - realised and unrealised	3,635,475	4,484,768	2,562,439
Income derived from investments			
Interest on bank deposits	20,349	29,452	22,297
Total investments	60,821,430	45,775,741	44,594,616

##### BEA Hong Kong Growth Fund

	2008 HK\$	2007 HK\$	2006 HK\$
Net gains excluding capital (depreciation)/ appreciation	16,543,709	3,527,783	2,563,024
Capital (depreciation)/appreciation - realised and unrealised	(617,349,809)	232,385,813	54,397,642
Income derived from investments			
Dividends	28,376,589	10,544,621	4,268,056
Interest on bank deposits	609,475	1,175,626	250,226
Total investments	754,117,503	1,205,899,085	189,156,570

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED) FOR THE PERIOD ENDED 31ST DECEMBER 2008

#### INVESTMENT INCOME AND PERFORMANCE (CONTINUED)

##### BEA Greater China Growth Fund

	2008	2007	Period from 1st September 2006 to 31st December 2006
	HK\$	HK\$	HK\$
Net gain/(losses) excluding capital (depreciation)/ appreciation	3,106,461	(3,044,384)	(1,174,782)
Capital (depreciation)/appreciation - realised and unrealised	(193,303,138)	77,663,477	18,129,011
Income derived from investments			
Dividends	9,364,489	4,479,856	307,705
Interest on bank deposits	116,583	290,628	122,495
Total investments	226,824,858	295,326,039	124,597,493

##### BEA Hong Kong Dollar (HK\$) Bond Fund

	Period from 6th November 2006 to 31st December 2008 HK\$
Net losses excluding capital appreciation	(446,938)
Capital appreciation - realised and unrealised	7,343,282
Income derived from investments	
Interest on bank deposits	55,025
Total investments	99,973,032

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED) FOR THE PERIOD ENDED 31ST DECEMBER 2008

#### PERFORMANCE TABLE

##### BEA Asia Strategic Growth Fund

##### Net asset value as at 31st December

		Total net asset value US\$	Net asset value per unit US\$
2008	- Class A	27,597,062	18.17
	- Class B	30,689,188	16.66
	- Class C	826,510	16.66
2007	- Class A	51,988,454	37.01
	- Class B	70,539,558	34.51
	- Class C	2,284,658	34.51
2006	- Class A	36,671,738	26.55
	- Class B	42,465,019	25.16
	- Class C	1,754,434	25.16
<b>Transaction costs</b>		US\$	
2008	- Class A	214,905	
	- Class B	379,159	
	- Class C	10,328	
<b>Fund expense ratio</b>		%	
2008	- Class A	0.17	
	- Class B	1.83	
	- Class C	1.86	

##### BEA Global Bond Fund

##### Net asset value as at 31st December

		Total net asset value US\$	Net asset value per unit US\$
2008	- Class A	37,630,240	12.24
	- Class B	25,672,262	11.70
	- Class C	-	-
2007	- Class A	13,999,839	11.64
	- Class B	33,782,007	11.23
	- Class C	-	-
2006	- Class A	13,416,887	11.08
	- Class B	32,472,737	10.79
	- Class C	-	-
<b>Transaction costs</b>		US\$	
2008	- Class A	-	
	- Class B	-	
	- Class C	-	
<b>Fund expense ratio</b>		%	
2008	- Class A	0.10	
	- Class B	1.05	
	- Class C	-	

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED) FOR THE PERIOD ENDED 31ST DECEMBER 2008

#### PERFORMANCE TABLE (CONTINUED)

##### BEA Hong Kong Growth Fund

##### Net asset value as at 31st December

		Total net asset value HK\$	Net asset value per unit HK\$
2008	- Class A	550,831,139	129.90
	- Class B	284,862,166	123.94
	- Class C	-	-
2007	- Class A	756,270,116	242.73
	- Class B	513,552,909	235.41
	- Class C	-	-
2006	- Class A	185,921,178	161.62
	- Class B	7,006,152	159.55
	- Class C	-	-
<b>Transaction costs</b>		HK\$	
2008	- Class A	2,273,184	
	- Class B	1,584,787	
	- Class C	-	
<b>Fund expense ratio</b>		%	
2008	- Class A	0.10	
	- Class B	1.76	
	- Class C	-	

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED) FOR THE PERIOD ENDED 31ST DECEMBER 2008

#### PERFORMANCE TABLE (CONTINUED)

##### BEA Greater China Growth Fund

##### Net asset value as at 31st December

		Total net asset value HK\$	Net asset value per unit HK\$
2008	- Class A	145,272,599	90.52
	- Class B	102,778,236	87.48
	- Class C	-	-
2007	- Class A	90,086,854	171.65
	- Class B	219,803,491	168.65
	- Class C	-	-
2006	- Class A	7,020,890	118.50
	- Class B	123,600,980	118.37
	- Class C	-	-
<b>Transaction costs</b>		HK\$	
2008	- Class A	788,948	
	- Class B	926,032	
	- Class C	-	
<b>Fund expense ratio</b>		%	
2008	- Class A	0.24	
	- Class B	1.94	
	- Class C	-	

##### BEA Hong Kong Dollar (HK\$) Bond Fund

##### Net asset value as at 31st December

		Total net asset value HK\$	Net asset value per unit HK\$
2008	- Class A	94,693,162	106.96
	- Class B	5,665,733	106.45
	- Class C	-	-
<b>Transaction costs</b>		HK\$	
2008	- Class A	-	
	- Class B	-	
	- Class C	-	
<b>Fund expense ratio</b>		%	
2008	- Class A	0.45	
	- Class B	0.88	
	- Class C	-	

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED)

FOR THE PERIOD ENDED 31ST DECEMBER 2008

### PERFORMANCE RECORD

		Highest issue price per unit US\$	Lowest redemption price per unit US\$	Net annualised investment return (Note 1) %
<b>BEA Asia Strategic Growth Fund</b>				
2008	- Class A	36.50	14.32	(50.91%)
	- Class B	34.03	13.17	(51.72%)
	- Class C	34.03	13.17	(51.72%)
2007	- Class A	42.70	25.32	39.40%
	- Class B	39.92	23.92	37.16%
	- Class C	39.92	23.92	37.16%
2006	- Class A	26.55	19.93	30.02%
	- Class B	25.17	19.06	27.91%
	- Class C	25.17	19.06	27.91%
2005	- Class A	20.43	16.15	23.83%
	- Class B	19.68	15.80	21.87%
	- Class C	19.68	15.80	21.87%
2004	- Class A	16.49	12.95	10.97%
	- Class B	16.33	12.80	9.13%
	- Class C	16.33	12.80	9.13%
2003	- Class A	14.86	9.65	48.60%
	- Class B	14.79	12.69	11.88%
	- Class C	14.79	12.69	11.88%

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED) FOR THE PERIOD ENDED 31ST DECEMBER 2008

#### PERFORMANCE RECORD (CONTINUED)

		Highest issue price per unit US\$	Lowest redemption price per unit US\$	Net annualised investment return (Note 1) %
<b>BEA Global Bond Fund</b>				
2008	- Class A	12.73	11.28	5.15%
	- Class B	12.26	10.80	4.19%
	- Class C	-	-	-
2007	- Class A	11.68	10.99	5.05%
	- Class B	11.28	10.65	4.08%
	- Class C	-	-	-
2006	- Class A	11.17	10.56	3.07%
	- Class B	10.88	10.35	2.08%
	- Class C	-	-	-
2005	- Class A	10.77	10.36	3.27%
	- Class B	10.62	10.26	2.42%
	- Class C	-	-	-
2004	- Class A	10.44	9.78	4.10%
	- Class B	10.36	9.76	3.20%
	- Class C	-	-	-
		HK\$	HK\$	
<b>BEA Hong Kong Growth Fund</b>				
2008	- Class A	243.89	99.59	(46.48%)
	- Class B	236.44	95.30	(47.35%)
	- Class C	-	-	-
2007	- Class A	278.57	153.55	50.19%
	- Class B	270.94	151.08	47.55%
	- Class C	-	-	-
2006	- Class A	161.62	111.84	45.13%
	- Class B	159.59	110.99	59.55%
	- Class C	-	-	-
2005	- Class A	113.97	97.34	11.36%
	- Class B	113.11	96.88	-
	- Class C	-	-	-

**BEA CAPITAL GROWTH FUND**  
**INVESTMENT REPORT (CONTINUED)**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2008**  
**PERFORMANCE RECORD (CONTINUED)**

		Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (Note 1) %
<b>BEA Greater China Growth Fund</b>				
2008	- Class A	170.00	69.52	(47.26%)
	- Class B	167.02	67.39	(48.13%)
	- Class C	-	-	-
2007	- Class A	198.56	112.45	44.85%
	- Class B	195.65	112.00	42.48%
	- Class C	-	-	-
2006	- Class A	118.50	99.04	18.50%
	- Class B	118.38	99.04	18.37%
	- Class C	-	-	-
<b>BEA Hong Kong Dollar (HK\$) Bond Fund</b>				
2008	- Class A	107.04	99.81	6.96%
	- Class B	106.53	100.31	6.45%
	- Class C	-	-	-

**Note 1:**

The net annualised investment return represents the percentage change in unit price during each of these years except that for the first year, the net investment return was calculated as the percentage change in unit price between the unit price at the period end date and the initial offer price.

BEA Asia Strategic Growth Fund commenced to issue Class A units on 15th April 2003 and Classes B and C units on 8th September 2003.

BEA Global Bond Fund commenced to issue Classes A and B units on 1st March 2004.

BEA Hong Kong Growth Fund commenced to issue Classes A and B units on 10th December 2004.

BEA Greater China Growth Fund commenced to issue Class A units on 6th December 2006 and Class B units on 1st September 2006.

BEA Hong Kong Dollar (HK\$) Bond Fund commenced to issue Class A units on 6th November 2007 and Class B units on 2nd June 2008.

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED) AS AT 31ST DECEMBER 2008

## BEA ASIA STRATEGIC GROWTH FUND

### INVESTMENT PORTFOLIO

Listed/Quoted investments (93.20%)	Holding Shares	Market value US\$	% of net assets
<b>Equities (91.23%)</b>			
<b>CHINA &amp; HONG KONG (33.19%)</b>			
Angang Steel Co Ltd - H	400,000	446,969	0.76
Anhui Conch Cement Co Ltd - H	46,000	208,930	0.35
Belle International Holdings Ltd	300,000	131,613	0.22
China Construction Bank Corp - H	2,500,000	1,370,972	2.32
China Everbright Ltd	300,000	368,517	0.62
China Life Insurance Co Ltd - H	600,000	1,823,232	3.08
China Merchants Bank Co Ltd - H	120,000	222,040	0.38
China Mobile Ltd	350,000	3,513,560	5.94
China Oilfield Services Ltd - H	750,000	604,841	1.02
China Overseas Land & Investment Ltd	400,000	555,357	0.94
China Overseas Land & Investment Ltd - Rights	16,000	-	-
China Petroleum and Chemical Corp - H	2,000,000	1,210,327	2.05
China Railway Construction Corp - H	300,000	445,937	0.75
China Railway Group Ltd - H	350,000	242,065	0.41
China Resources Power Holdings Co Ltd	140,000	265,549	0.45
China Shenhua Energy Co Ltd - H	150,000	315,872	0.53
China Telecom Corp Ltd - H	1,800,000	668,905	1.13
China Unicom (Hong Kong) Ltd	200,000	239,743	0.41
China Yurun Food Group Ltd	300,000	352,646	0.60
CNOOC Ltd	990,000	923,577	1.56
COSCO Pacific Ltd	350,000	345,485	0.59
DaChan Food (Asia) Ltd	1,500,000	218,710	0.37
Genesis Energy Holdings Ltd	4,340,000	50,400	0.09
Huaneng Power International Inc - H	550,000	393,163	0.67
Industrial and Commercial Bank of China Ltd - H	3,650,000	1,921,555	3.25
PetroChina Co Ltd - H	1,698,000	1,485,482	2.51
Shanghai Electric Group Co Ltd - H	660,000	267,407	0.45
Sino-Ocean Land Holdings Ltd	600,000	270,969	0.46
Sinofert Holdings Ltd	400,000	193,033	0.33
Tencent Holdings Ltd	40,000	257,807	0.44
ZTE Corp - H	115,400	302,275	0.51
<b>INDONESIA (1.60%)</b>			
PT Astra Agro Lestari Tbk	100,000	88,415	0.15
PT Astra International Tbk	130,000	123,736	0.21
PT Bank Rakyat Indonesia	310,500	127,460	0.22
PT Bumi Resources Tbk	2,000,000	162,396	0.27
PT Perusahaan Gas Negara	800,000	133,525	0.23
PT Telekomunikasi Indonesia	500,000	309,002	0.52

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED) AS AT 31ST DECEMBER 2008

## BEA ASIA STRATEGIC GROWTH FUND

### INVESTMENT PORTFOLIO (CONTINUED)

Listed/Quoted investments (Continued)	Holding Shares	Market value US\$	% of net assets
<b>Equities (Continued)</b>			
<b>KOREA (26.84%)</b>			
GS Holdings Corp	8,200	174,801	0.30
Hyundai Engineering & Construction Co Ltd	10,500	477,673	0.81
Hyundai Heavy Industries Co Ltd	4,300	677,666	1.15
Hyundai Mipo Dockyard Co Ltd	2,200	234,926	0.40
Hyundai Mobis	12,700	634,222	1.07
Hyundai Motor Co	17,600	553,343	0.94
Hyundai Steel Co	10,100	302,308	0.51
KB Financial Group Inc	28,200	752,272	1.27
KT&G Corp	13,700	861,455	1.46
LG Chem Ltd	12,300	694,323	1.17
LG Display Co Ltd	14,800	249,694	0.42
LG Electronics Inc	13,000	768,929	1.30
Lotte Shopping Co Ltd	900	145,410	0.25
NHN Corp	4,300	438,691	0.74
POSCO	4,250	1,277,149	2.16
Samsung C&T Corp	15,000	475,767	0.80
Samsung Electro-Mechanics Co Ltd	6,700	178,465	0.30
Samsung Electronics Co Ltd	8,700	3,122,082	5.28
Samsung Fire & Marine Insurance Co Ltd	4,350	642,375	1.09
Samsung Heavy Industries Co Ltd	11,300	203,205	0.34
Samsung Securities Co Ltd	5,700	281,030	0.48
SFA Engineering Corp	12,300	312,494	0.53
Shinhan Financial Group Co Ltd	29,200	688,535	1.16
Shinsegae Co Ltd	2,600	976,385	1.65
SK Telecom Co Ltd	4,500	743,126	1.26
<b>MALAYSIA (4.59%)</b>			
Asiatic Development Bhd	85,000	86,362	0.15
Berjaya Sports Toto Bhd	100,000	134,507	0.23
Bumiputra-Commerce Holdings Bhd	180,000	301,342	0.51
Genting Bhd	200,000	213,595	0.36
IGB Corp Bhd	301,100	118,198	0.20
IJM Corp Bhd	190,000	152,461	0.26
IOI Corp Bhd	160,000	164,411	0.28
Malayan Banking Bhd	120,050	176,723	0.30
PLUS Expressways Bhd	200,000	172,031	0.29
Public Bank Bhd	121,900	307,873	0.52
Sime Darby Bhd	180,000	267,571	0.45
Tanjong Public Ltd Co	35,000	131,332	0.22
Telekom Malaysia Bhd	170,000	150,152	0.25
Tenaga Nasional Bhd	102,800	185,453	0.31
TM International Bhd	150,000	155,867	0.26

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED) AS AT 31ST DECEMBER 2008

## BEA ASIA STRATEGIC GROWTH FUND

### INVESTMENT PORTFOLIO (CONTINUED)

Listed/Quoted investments (Continued)	Holding Shares	Market value US\$	% of net assets
<b>Equities (Continued)</b>			
<b>SINGAPORE (8.30%)</b>			
Capitaland Ltd	120,000	259,970	0.44
City Developments Ltd	50,000	221,866	0.38
DBS Group Holdings Ltd	120,000	703,006	1.19
DBS Group Holdings Ltd - Rights	60,000	-	-
Fraser and Neave Ltd	50,000	102,748	0.17
Keppel Corp Ltd	80,000	241,301	0.41
Olam International Ltd	200,000	160,217	0.27
Singapore Airlines Ltd	40,000	313,747	0.53
Singapore Exchange Ltd	100,000	353,175	0.60
Singapore Post Ltd	300,000	165,094	0.28
Singapore Press Holdings Ltd	150,000	324,963	0.55
Singapore Technologies Engineering Ltd	180,000	297,168	0.50
Singapore Telecommunications Ltd	400,000	710,529	1.20
StarHub Ltd	200,000	268,887	0.46
United Overseas Bank Ltd	70,000	629,027	1.06
Wilmar International Ltd	80,000	154,923	0.26
<b>TAIWAN (16.71%)</b>			
Asustek Computer Inc	270,000	302,595	0.51
Cathay Financial Holding Co Ltd	582,500	648,380	1.10
China Steel Corp	309,000	217,676	0.37
Chinatrust Financial Holding Co Ltd	700,780	294,918	0.50
Chunghwa Telecom Co Ltd	693,000	1,084,155	1.83
Delta Electronics Inc	202,600	391,096	0.66
E-Life Mall Corp	113,000	86,840	0.15
Far Eastern Textile Ltd	424,000	271,535	0.46
First Financial Holding Co Ltd	500,000	262,264	0.44
Fubon Financial Holding Co Ltd	425,000	309,114	0.52
Goldsun Development & Construction Co Ltd	950,000	269,720	0.46
Hon Hai Precision Industry Co Ltd	399,050	781,273	1.32
HTC Corp	57,000	568,412	0.96
Les Enphants Co Ltd	635,000	329,203	0.56
MediaTek Inc	80,350	540,300	0.91
President Chain Store Corp	150,000	357,716	0.61
Quanta Computer Unc	218,000	229,027	0.39
Siliconware Precision Industries Co	294,000	250,594	0.42
Taiwan Cement Corp	404,000	331,417	0.56
Taiwan Semiconductor Manufacturing Co Ltd	1,260,260	1,706,412	2.89
Tung Ho Steel Enterprise Corp	470,000	303,861	0.51
Yuanta Financial Holding Co Ltd	760,000	339,541	0.58

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED) AS AT 31ST DECEMBER 2008

## BEA ASIA STRATEGIC GROWTH FUND

### INVESTMENT PORTFOLIO (CONTINUED)

Listed/Quoted investments (Continued)	Holding Shares	Market value US\$	% of net assets
<b>Non-voting depository receipts (1.97%)</b>			
<b>THAILAND (1.97%)</b>			
Kasikornbank PCL – NVDR	97,800	126,739	0.22
Preuksa Real Estate PCL – NVDR	650,000	81,987	0.14
PTT Exploration & Production PCL – NVDR	108,000	332,787	0.56
PTT PCL – NVDR	78,000	390,843	0.66
Quality Houses PCL – NVDR	2,990,000	80,939	0.14
Siam Commercial Bank PCL – NVDR	108,000	150,065	0.25
Total listed/quoted investments <sup>1</sup>		<u>55,091,706</u>	<u>93.20</u>
Total investments at cost <sup>1</sup>		<u>77,006,104</u>	

<sup>1</sup> Investments are accounted for on a trade date basis.

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED)

AS AT 31ST DECEMBER 2008

## BEA GLOBAL BOND FUND

### INVESTMENT PORTFOLIO

Listed/Quoted investments (96.08%)	Nominal value	Market value US\$	% of net assets
<b>Bonds (96.08%)</b>			
<b>Denominated in Australian Dollar (2.09%)</b>			
Queensland Treasury Corp 6.00% 14/07/2009	997,000	723,941	1.15
Queensland Treasury Corp 6.00% 14/10/2015	800,000	595,979	0.94
<b>Denominated in British Pound (6.21%)</b>			
Network Rail MTN Finance PLC 4.875% 06/03/2009	375,000	563,581	0.89
United Kingdom Gilt 4.25% 07/06/2032	900,000	1,369,814	2.16
United Kingdom Gilt 4.75% 07/03/2020	500,000	817,800	1.29
United Kingdom Gilt 5.00% 07/03/2018	700,000	1,181,465	1.87
<b>Denominated in Canadian Dollar (0.71%)</b>			
Canadian Government Bond 4.00% 01/06/2017	500,000	451,761	0.71
<b>Denominated in Danish Krone (0.69%)</b>			
Denmark Government Bond 4.00% 15/11/2017	1,260,000	248,758	0.40
Denmark Government Bond 6.00% 15/11/2011	900,000	185,134	0.29
<b>Denominated in Euro (29.72%)</b>			
Caisse d'Amortissement de la Dette Sociale 4.00% 25/10/2019	1,440,000	2,021,593	3.19
Deutsche Bundesrepublik 4.00% 04/01/2018	3,000,000	4,708,692	7.43
Deutsche Bundesrepublik 4.25% 04/01/2014	1,450,000	2,279,313	3.60
Deutsche Bundesrepublik 4.25% 04/07/2017	1,000,000	1,555,501	2.46
Deutsche Bundesrepublik 4.25% 04/07/2018	1,000,000	1,573,661	2.49
Deutsche Bundesrepublik 5.00% 04/01/2012	2,300,000	3,623,259	5.72
France Government Bond OAT 3.50% 25/04/2015	300,000	440,438	0.70
France Government Bond OAT 5.00% 25/04/2012	1,025,000	1,584,427	2.50
Netherlands Government Bond 7.50% 15/01/2023	500,000	1,028,971	1.63

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED) AS AT 31ST DECEMBER 2008

## BEA GLOBAL BOND FUND

### INVESTMENT PORTFOLIO (CONTINUED)

Listed/Quoted investments (Continued)	Nominal value	Market value US\$	% of net assets
<b>Bonds (Continued)</b>			
<b>Denominated in Japanese Yen (32.94%)</b>			
Depfa ACS Bank 1.65% 20/12/2016	250,000,000	1,798,274	2.84
Development Bank of Japan 1.70% 20/09/2022	150,000,000	1,614,088	2.55
Development Bank of Japan 1.75% 21/06/2010	40,000,000	447,491	0.71
Dexia Municipal Agency 1.55% 31/10/2013	300,000,000	3,239,194	5.12
European Investment Bank 2.15% 18/01/2027	125,000,000	1,362,572	2.15
Japan Finance Corp for Municipal Enterprises 1.35% 26/11/2013	250,000,000	2,794,764	4.42
Kreditanstalt fuer Wiederaufbau 1.75% 23/03/2010	50,000,000	558,215	0.88
Kreditanstalt fuer Wiederaufbau 2.60% 20/06/2037	200,000,000	2,276,900	3.60
Nordic Investment Bank 1.70% 27/04/2017	360,000,000	3,964,662	6.26
Oesterreichische Kontrollbank AG 1.80% 22/03/2010	250,000,000	2,791,035	4.41
<b>Denominated in New Zealand Dollar (0.50%)</b>			
New Zealand Government Bond 6.00% 15/04/2015	500,000	319,459	0.50
<b>Denominated in Swedish Krona (0.30%)</b>			
Swedish Government Bond 4.00% 01/12/2009	1,000,000	129,956	0.20
Swedish Government Bond 5.50% 08/10/2012	435,000	63,099	0.10
<b>Denominated in US Dollar (22.92%)</b>			
United States Treasury Note 2.50% 31/03/2013	1,000,000	1,065,997	1.68
United States Treasury Note 3.125% 31/08/2013	2,000,000	2,177,636	3.44
United States Treasury Note 3.125% 30/09/2013	3,000,000	3,260,893	5.15
United States Treasury Note 3.50% 15/02/2018	4,100,000	4,592,411	7.26
United States Treasury Note 3.75% 15/11/2018	3,000,000	3,410,696	5.39
Total listed/quoted investments <sup>1</sup>		<u>60,821,430</u>	<u>96.08</u>
Total investments at cost <sup>1</sup>		<u>56,558,789</u>	

<sup>1</sup> Investments are accounted for on a trade date basis.

**BEA CAPITAL GROWTH FUND**  
**INVESTMENT REPORT (CONTINUED)**  
**AS AT 31ST DECEMBER 2008**

**BEA HONG KONG GROWTH FUND**  
**INVESTMENT PORTFOLIO**

Listed/Quoted investments (90.24%)	Holding Shares	Market value HK\$	% of net assets
<b>Equities (90.24%)</b>			
<b>Hong Kong (90.24%)</b>			
Bank of China Ltd – H	3,600,000	7,632,000	0.91
Bank of Communications Co Ltd – H	2,366,000	13,225,940	1.58
BOC Hong Kong (Holdings) Ltd	550,000	4,768,500	0.57
Cheung Kong (Holdings) Ltd	394,000	28,801,400	3.45
China Construction Bank Corp – H	11,548,000	49,079,000	5.87
China Everbright Ltd	1,496,000	14,241,920	1.70
China Life Insurance Co Ltd – H	1,630,000	38,386,500	4.59
China Merchants Bank Co Ltd – H	600,000	8,604,000	1.03
China Merchants Holdings (International) Co Ltd	110,000	1,645,600	0.20
China Mobile Ltd	991,000	77,099,800	9.23
China Oilfield Services Ltd – H	800,000	5,000,000	0.60
China Overseas Land & Investment Ltd	600,000	6,456,000	0.77
China Overseas Land & Investment Ltd – Rights	24,000	-	-
China Petroleum and Chemical Corp – H	5,300,000	24,857,000	2.97
China Railway Group Ltd – H	700,000	3,752,000	0.45
China Shenhua Energy Co Ltd – H	896,000	14,622,720	1.75
China State Construction International Holdings Ltd	3,760,000	5,000,800	0.60
China Telecom Corp Ltd – H	3,290,000	9,475,200	1.13
China Unicom (Hong Kong) Ltd	2,972,748	27,616,829	3.31
CLP Holdings Ltd	411,500	21,562,600	2.58
CNOOC Ltd	4,003,000	28,941,690	3.46
COSCO Pacific Ltd	800,000	6,120,000	0.73
Esprit Holdings Ltd	161,300	7,081,070	0.85
Hang Lung Properties Ltd	520,000	8,736,000	1.05
Hang Seng Bank Ltd	129,000	13,119,300	1.57
Henderson Land Development Co Ltd	383,000	10,992,100	1.32
Hong Kong and China Gas Co Ltd	1,348,490	15,777,333	1.89
Hong Kong Exchanges & Clearing Ltd	127,000	9,347,200	1.12
Hongkong Electric Holdings Ltd	310,000	13,469,500	1.61
Hopewell Highway Infrastructure Ltd	520,000	2,225,600	0.27
HSBC Holdings PLC	784,000	57,780,800	6.91
Huaneng Power International Inc – H	1,800,000	9,972,000	1.19
Hutchison Whampoa Ltd	589,000	22,853,200	2.74
Industrial and Commercial Bank of China Ltd – H	13,667,000	55,761,360	6.67
MTR Corp Ltd	392,000	7,024,640	0.84
PetroChina Co Ltd – H	5,740,000	38,917,200	4.66
Ping An Insurance (Group) Co of China Ltd – H	300,000	11,250,000	1.35

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED) AS AT 31ST DECEMBER 2008

## BEA HONG KONG GROWTH FUND

### INVESTMENT PORTFOLIO (CONTINUED)

Listed/Quoted investments (Continued)	Holding Shares	Market value HK\$	% of net assets
<b>Equities (Continued)</b>			
<b>HONG KONG (Continued)</b>			
Shanghai Electric Group Co Ltd – H	1,100,000	3,454,000	0.41
Sino-Ocean Land Holdings Ltd	1,700,000	5,950,000	0.71
Sinofert Holdings Ltd	700,000	2,618,000	0.31
Sun Hung Kai Properties Ltd	310,000	20,026,000	2.40
Swire Pacific Ltd 'A'	205,500	10,963,425	1.31
Tencent Holdings Ltd	220,000	10,989,000	1.32
The Bank of East Asia Ltd	208,400	3,363,576	0.40
The Wharf (Holdings) Ltd	319,750	6,778,700	0.81
Zijin Mining Group Co Ltd – H	980,000	4,596,200	0.55
ZTE Corp – H	206,000	4,181,800	0.50
Total listed/quoted investments <sup>1</sup>		<u>754,117,503</u>	<u>90.24</u>
Total investments at cost <sup>1</sup>		<u>1,117,427,257</u>	

<sup>1</sup> Investments are accounted for on a trade date basis.

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED) AS AT 31ST DECEMBER 2008

## BEA GREATER CHINA GROWTH FUND

### INVESTMENT PORTFOLIO

Listed/Quoted investments (91.44%)	Holding Shares	Market value HK\$	% of net assets
<b>Equities (91.44%)</b>			
<b>CHINA &amp; HONG KONG (67.11%)</b>			
Air China Ltd – H	650,000	1,534,000	0.62
Angang Steel Co Ltd – H	90,000	779,400	0.31
Anhui Conch Cement Co Ltd – H	20,000	704,000	0.28
Belle International Holdings Ltd	500,000	1,700,000	0.69
Cheung Kong (Holdings) Ltd	120,000	8,772,000	3.54
China Construction Bank Corp – H	1,700,000	7,225,000	2.91
China Everbright Ltd	280,000	2,665,600	1.08
China Life Insurance Co Ltd – H	483,000	11,374,650	4.59
China Merchants Bank Co Ltd – H	120,000	1,720,800	0.69
China Mobile Ltd	285,000	22,173,000	8.94
China Oilfield Services Ltd – H	500,000	3,125,000	1.26
China Overseas Land & Investment Ltd	180,000	1,936,800	0.78
China Overseas Land & Investment Ltd – Rights	7,200	-	-
China Petroleum and Chemical Corp – H	900,000	4,221,000	1.70
China Railway Construction Corp – H	300,000	3,456,000	1.39
China Resources Enterprise Ltd	76,000	1,013,840	0.41
China Resources Land Ltd	140,000	1,316,000	0.53
China Shenhua Energy Co Ltd – H	113,000	1,844,160	0.74
China State Construction International Holdings Ltd	1,400,000	1,862,000	0.75
China Telecom Corp Ltd – H	1,500,000	4,320,000	1.74
China Yurun Food Group Ltd	220,000	2,004,200	0.81
Chow Sang Sang Holdings International Ltd	500,000	2,000,000	0.81
CLP Holdings Ltd	60,000	3,144,000	1.27
CNOOC Ltd	740,000	5,350,200	2.16
COSCO Pacific Ltd	270,000	2,065,500	0.83
DaChan Food (Asia) Ltd	1,425,000	1,610,250	0.65
Datang International Power Generation Co Ltd – H	600,000	2,460,000	0.99
Esprit Holdings Ltd	75,000	3,292,500	1.33
Hang Lung Properties Ltd	158,000	2,654,400	1.07
Hang Seng Bank Ltd	15,000	1,525,500	0.61
Henderson Land Development Co Ltd	55,000	1,578,500	0.64
Hong Kong and China Gas Co Ltd	200,000	2,340,000	0.94
Hong Kong Exchanges & Clearing Ltd	23,000	1,692,800	0.68
Hongkong Electric Holdings Ltd	80,000	3,476,000	1.40
Huaneng Power International Inc – H	710,000	3,933,400	1.59
Hutchison Whampoa Ltd	160,000	6,208,000	2.50
Industrial and Commercial Bank of China (Asia) Ltd	181,000	1,486,010	0.60
Industrial and Commercial Bank of China Ltd – H	2,480,000	10,118,400	4.08
MTR Corp Ltd	180,000	3,225,600	1.30

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED) AS AT 31ST DECEMBER 2008

## BEA GREATER CHINA GROWTH FUND

### INVESTMENT PORTFOLIO (CONTINUED)

Listed/Quoted investments (Continued)	Holding Shares	Market value HK\$	% of net assets
<b>Equities (Continued)</b>			
<b>CHINA &amp; HONG KONG (67.11%)</b>			
PetroChina Co Ltd – H	1,110,000	7,525,800	3.03
Ping An Insurance (Group) Co of China Ltd – H	66,000	2,475,000	1.00
Shanghai Electric Group Co Ltd – H	600,000	1,884,000	0.76
Sinofert Holdings Ltd	500,000	1,870,000	0.75
Sino-Ocean Land Holdings Ltd	530,000	1,855,000	0.75
Sun Hung Kai Properties Ltd	47,000	3,036,200	1.22
Tencent Holdings Ltd	37,000	1,848,150	0.75
The Wharf (Holdings) Ltd	105,750	2,241,900	0.90
ZTE Corp – H	90,000	1,827,000	0.74
<b>TAIWAN (24.33%)</b>			
Asustek Computer Inc	280,723	2,438,239	0.98
Cathay Financial Holding Co Ltd	499,500	4,308,928	1.74
China Steel Corp	133,900	731,027	0.29
Chinatrust Financial Holding Co Ltd	510,672	1,665,567	0.67
Chunghwa Telecom Co Ltd	550,550	6,675,058	2.69
Delta Electronics Inc	110,800	1,657,618	0.67
E-Life Mall Corp Ltd	180,000	1,072,047	0.43
Far Eastern Textile Ltd	387,600	1,923,729	0.78
First Financial Holding Co Ltd	537,560	2,185,226	0.88
Fubon Financial Holding Co Ltd	520,000	2,931,113	1.18
Goldsun Development & Construction Co Ltd	766,500	1,686,564	0.68
Hon Hai Precision Industry Co Ltd	355,350	5,391,781	2.17
HTC Corp	45,660	3,528,780	1.42
Les Enphants Co Ltd	826,800	3,321,929	1.34
MediaTek Inc	80,863	4,214,047	1.70
Siliconware Precision Industries Co	220,000	1,453,267	0.59
Taiwan Cement Corp	213,100	1,354,804	0.55
Taiwan Semiconductor Manufacturing Co Ltd	910,921	9,558,827	3.85
Tung Ho Steel Enterprise Corp	400,000	2,004,180	0.81
Yuanta Financial Holding Co Ltd	650,000	2,250,567	0.91
Total listed/quoted investments <sup>1</sup>		<u>226,824,858</u>	<u>91.44</u>
Total investments at cost <sup>1</sup>		<u>360,702,823</u>	

<sup>1</sup> Investments are accounted for on a trade date basis.

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED)

AS AT 31ST DECEMBER 2008

## BEA HONG KONG DOLLAR (HK\$) BOND FUND

### INVESTMENT PORTFOLIO

Listed/Quoted investments (99.62%)	Holding Shares	Market value HK\$	% of net assets
<b>Bonds (72.15%)</b>			
<b>Denominated in Hong Kong Dollar (72.15%)</b>			
Asian Development Bank 4.28% 21/09/2009	5,000,000	5,103,863	5.09
Australia and New Zealand Banking Group Ltd 0% 22/01/2016	6,000,000	4,789,800	4.77
Bank of Scotland PLC 5.33% 13/07/2011	5,000,000	5,435,353	5.42
Bauhinia MBS Ltd 4.28% 06/12/2011	6,000,000	6,393,686	6.37
CLP Power Hong Kong Financing Ltd 4.35% 30/01/2015	3,000,000	3,277,168	3.27
CLP Power Hong Kong Financing Ltd 4.93% 13/01/2014	3,000,000	3,348,316	3.34
Commonwealth Bank of Australia 5.13% 14/07/2009	5,000,000	5,190,669	5.17
Hong Kong Airport Authority 4.48% 26/02/2010	5,000,000	5,204,366	5.19
Hong Kong Government -5106 4.57% 13/06/2011	2,000,000	2,192,666	2.18
Hong Kong Mortgage Corp Ltd 3.53% 23/07/2009	5,500,000	5,582,236	5.56
Kowloon-Canton Railway Corp 4.65% 10/06/2013	5,000,000	5,634,082	5.61
Link Finance (Cayman) 2006 Ltd 2006 5.12% 04/08/2009	5,000,000	5,133,180	5.11
MTR Corp Ltd 4.5% 03/06/2013	3,000,000	3,369,181	3.36
Nordic Investment Bank 3.77% 12/07/2010	5,000,000	5,279,811	5.26
Swire Pacific MTN Financing Ltd 4.93% 28/03/2013	3,000,000	3,222,810	3.21
Westpac Banking Corp 5.15% 14/06/2011	3,000,000	3,250,434	3.24
<b>Certificates of deposit (27.47%)</b>			
<b>Denominated in Hong Kong Dollar (27.47%)</b>			
China Construction Bank HK 2.15% 08/01/2009	1,000,000	1,015,886	1.01
Deutsche Bank AG 4.77% 20/07/2009	5,000,000	5,120,700	5.10
Industrial & Commercial Bank of China (Asia) Ltd 4.44% 10/05/2010	5,500,000	5,733,340	5.71
Rabobank 4.55% 21/03/2013	5,000,000	5,444,233	5.43
Westpac Banking Corp 4.4% 17/05/2010	5,000,000	5,175,623	5.16
Wing Lung Bank Ltd 4.43% 14/05/2009	5,000,000	5,075,629	5.06
Total listed/quoted investments <sup>1</sup>		<u>99,973,032</u>	<u>99.62</u>
Total investments at cost <sup>1</sup>		<u>96,582,200</u>	

<sup>1</sup> Investments are accounted for on a trade date basis.

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED)

FOR THE PERIOD ENDED 31ST DECEMBER 2008

## BEA ASIA STRATEGIC GROWTH FUND

### STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

	% of net assets	
	2008	2007
Equities		
- China & Hong Kong	33.19	31.11
- Indonesia	1.60	0.52
- Korea	26.84	34.23
- Malaysia	4.59	7.81
- Singapore	8.30	10.92
- Taiwan	16.71	-
- Thailand	-	3.03
Non-voting depository receipts		
- Thailand	1.97	-
Investment funds		
- United States	-	7.72
	<u>93.20</u>	<u>95.34</u>

## BEA CAPITAL GROWTH FUND

### INVESTMENT REPORT (CONTINUED)

FOR THE PERIOD ENDED 31ST DECEMBER 2008

## BEA GLOBAL BOND FUND

### STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

	% of net assets	
	2008	2007
Australian Dollar	2.09	1.44
British Pound	6.21	7.44
Canadian Dollar	0.71	1.07
Danish Krone	0.69	0.90
Euro	29.72	36.80
Japanese Yen	32.94	29.13
New Zealand Dollar	0.50	0.95
Norwegian Krone	-	0.91
Swedish Krona	0.30	0.15
US Dollar	22.92	17.01
	<u>96.08</u>	<u>95.80</u>

**BEA CAPITAL GROWTH FUND**

**INVESTMENT REPORT (CONTINUED)**

FOR THE PERIOD ENDED 31ST DECEMBER 2008

**BEA HONG KONG GROWTH FUND**

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO**

	% of net assets	
	2008	2007
Equities	90.24	93.62
Investment funds	-	1.46
	<u>90.24</u>	<u>95.08</u>

**BEA CAPITAL GROWTH FUND**

**INVESTMENT REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31ST DECEMBER 2008**

**BEA GREATER CHINA GROWTH FUND**

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO**

	% of net assets	
	2008	2007
China & Hong Kong	67.11	68.38
Taiwan	<u>24.33</u>	<u>26.92</u>
	<u>91.44</u>	<u>95.30</u>

**BEA CAPITAL GROWTH FUND**

**INVESTMENT REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31ST DECEMBER 2008**

**BEA HONG KONG DOLLAR (HK\$) BOND FUND**

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO**

	% of net assets	
	2008	2007
Hong Kong Dollar		
- Bonds	72.15	-
- Certificates of deposit	<u>27.47</u>	<u>-</u>
	<u>99.62</u>	<u>-</u>

## BEA CAPITAL GROWTH FUND

### TRUSTEE'S REPORT

We hereby confirm that, in our opinion, the Manager of BEA Asia Strategic Growth Fund, BEA Global Bond Fund, BEA Hong Kong Growth Fund, BEA Greater China Growth Fund and BEA Hong Kong Dollar (HK\$) Bond Fund (collectively the "Sub-Funds") has, in all material respects, managed the Sub-Funds in accordance with the provisions of the Trust Deed dated 22nd September 2000, as amended for the year ended 31st December 2008.

For and on behalf of Bank of East Asia (Trustees) Limited

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

Hong Kong, 28th April 2009

# **BEA CAPITAL GROWTH FUND**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE TRUSTEE OF BEA CAPITAL GROWTH FUND (THE "FUND")**

#### **Report on the financial statements**

We have audited the financial statements of BEA Asia Strategic Growth Fund, BEA Global Bond Fund, BEA Hong Kong Growth Fund, BEA Greater China Growth Fund and BEA Hong Kong Dollar (HK\$) Bond Fund (collectively the "Sub-Funds") set out on pages 35 to 92, which comprise the statement of net assets as at 31st December 2008, and the income statement, statement of changes in net assets attributable to unitholders and cash flow statement for the year then ended for the BEA Asia Strategic Growth Fund, BEA Global Bond Fund, BEA Hong Kong Growth Fund and BEA Greater China Growth Fund, and for the period from 6th November 2007 (date of the launch) to 31st December 2008 for the BEA Hong Kong Dollar (HK\$) Bond Fund, and a summary of significant accounting policies and other explanatory notes.

#### **Management's responsibility for the financial statements**

The Trustee and the Manager (the "Management") of the Sub-Funds are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 22nd September 2000, as amended (the "Trust Deed"), the relevant financial statements disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"), the Hong Kong Mandatory Provident Fund Schemes Ordinance (the "Ordinance"), the Hong Kong Mandatory Provident Fund Schemes (General) Regulation (the "General Regulation"), the Code on MPF Investment Funds (the "MPF Code"), and Guideline II.5 issued by the Mandatory Provident Fund Schemes Authority (the "MPF Guideline"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

**BEA CAPITAL GROWTH FUND  
INDEPENDENT AUDITOR'S REPORT  
TO THE TRUSTEE OF BEA CAPITAL GROWTH FUND (THE "FUND")  
(CONTINUED)**

**Auditor's responsibility (Continued)**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Sub-Funds' preparation and true and fair presentation of the financial statements 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 Sub-Funds' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Funds as at 31st December 2008, and of the financial performance and cash flows for the year then ended for the BEA Asia Strategic Growth Fund, BEA Global Bond Fund, BEA Hong Kong Growth Fund and BEA Greater China Growth Fund, and for the period from 6th November 2007 (date of the launch) to 31st December 2008 for the BEA Hong Kong Dollar (HK\$) Bond Fund, in accordance with Hong Kong Financial Reporting Standards.

**Report on other legal and regulatory disclosure requirements**

We report that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed, the relevant financial statements disclosure provisions specified in the SFC Code, the Ordinance, the General Regulation, the MPF Code and the MPF Guideline.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 28th April 2009

**BEA CAPITAL GROWTH FUND  
- BEA Asia Strategic Growth Fund**

**STATEMENT OF NET ASSETS  
AS AT 31ST DECEMBER 2008**

	Note	2008 US\$	2007 US\$
<b>Assets</b>			
Investments	5(a), 6	55,091,706	119,000,869
Amounts due from brokers		-	48,890
Dividends and other receivables		17,580	174,704
Cash at banks		<u>3,907,766</u>	<u>9,367,755</u>
<b>Total assets</b>		<u>59,017,052</u>	<u>128,592,218</u>
<b>Liabilities</b>			
Amounts due to brokers		-	3,587,392
Amounts payable on redemption		-	352,278
Accruals and other payables		<u>83,517</u>	<u>132,920</u>
<b>Liabilities (excluding net assets attributable to unitholders)</b>		<u>83,517</u>	<u>4,072,590</u>
<b>Net assets attributable to unitholders (at bid market prices)</b>		58,933,535	124,519,628
<b>Adjustment from bid market prices to last traded market prices</b>	3	<u>179,225</u>	<u>293,042</u>
<b>Net assets attributable to unitholders (at last traded market prices)</b>	3	<u>59,112,760</u>	<u>124,812,670</u>

On behalf of Bank of East Asia (Trustees) Limited

.....  
Director

.....  
Director

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND**  
**- BEA Asia Strategic Growth Fund**

**INCOME STATEMENT**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2008**

	Note	2008 US\$	2007 US\$
<b>Income</b>			
Dividend income		2,189,158	2,013,878
Interest on bank deposits		40,118	235,140
Other income		5,069	-
Net (loss)/gain on investments	8	(54,348,741)	32,437,193
Exchange loss		(617,881)	(324,476)
<b>Total investment (loss)/income</b>		<u>(52,732,277)</u>	<u>34,361,735</u>
<b>Expenses</b>			
Investment management fees	9(a)	783,376	874,779
Trustee's fees	9(b)	65,281	72,898
Safe custody and bank charges		71,675	85,524
Audit fee		20,241	13,748
Registrar's fees	9(c)	36,080	42,064
Printing and publication expenses		4,086	5,168
Legal and other professional fees		2,419	2,117
Transaction costs		604,392	1,088,367
Other operating expenses		3,377	6,023
<b>Total operating expenses</b>		<u>1,590,927</u>	<u>2,190,688</u>
<b>(Loss)/profit before tax</b>		(54,323,204)	32,171,047
Overseas withholding tax	11	(381,882)	(336,255)
<b>(Loss)/profit after tax</b>		(54,705,086)	31,834,792
Adjustment from bid market prices to last traded market prices	3	(113,817)	4,838
<b>(Decrease)/increase in net assets attributable to unitholders</b>		<u>(54,818,903)</u>	<u>31,839,630</u>

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND**  
**- BEA Asia Strategic Growth Fund**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2008**

	Note	2008 US\$	2007 US\$
<b>Balance at the beginning of the year</b>		124,812,670	80,891,191
Proceeds on subscription of units	3	34,813,639	30,242,450
Payments on redemption of units	3	<u>(45,694,646)</u>	<u>(18,160,601)</u>
<b>Net (redemption)/subscription</b>		<u>(10,881,007)</u>	<u>12,081,849</u>
<b>(Decrease)/increase in net assets attributable to unitholders</b>		<u>(54,818,903)</u>	<u>31,839,630</u>
<b>Balance at the end of the year</b>		<u><u>59,112,760</u></u>	<u><u>124,812,670</u></u>

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND**  
**- BEA Asia Strategic Growth Fund**

**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2008**

	2008	2007
	US\$	US\$
<b>Cash flows from operating activities</b>		
(Decrease)/increase in net assets attributable to unitholders	(54,818,903)	31,839,630
Adjustment for:		
- Interest on bank deposits	(40,118)	(235,140)
- Dividend income	(2,189,158)	(2,013,878)
- Overseas withholding tax	381,882	336,255
- Adjustment from bid market prices to last traded market prices	113,817	(4,838)
Operating (loss)/profit before working capital changes	<u>(56,552,480)</u>	<u>29,922,029</u>
Net decrease/(increase) in investments	63,909,163	(39,888,261)
Net decrease in amounts due from brokers	48,890	222,057
Net (decrease)/increase in amounts due to brokers	(3,587,392)	3,587,392
Net (decrease)/increase in accruals and other payables	<u>(47,630)</u>	<u>34,794</u>
Cash generated from/(used in) operations	<u>3,770,551</u>	<u>(6,121,989)</u>
Dividend received	2,345,881	1,851,588
Interest received	40,519	234,530
Overseas withholding tax paid	<u>(383,655)</u>	<u>(336,255)</u>
<b>Net cash generated from/(used in) operating activities</b>	<u>5,773,296</u>	<u>(4,372,126)</u>
<b>Cash flows from financing activities</b>		
Proceeds on subscription of units	34,813,639	30,242,450
Payments on redemption of units	<u>(46,046,924)</u>	<u>(18,038,215)</u>
<b>Net cash (used in)/generated from financing activities</b>	<u>(11,233,285)</u>	<u>12,204,235</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(5,459,989)</u>	<u>7,832,109</u>
Cash and cash equivalents at beginning of the year	<u>9,367,755</u>	<u>1,535,646</u>
<b>Cash and cash equivalents at end of the year</b>	<u>3,907,766</u>	<u>9,367,755</u>
<b>Analysis of balances of cash and cash equivalents:</b>		
Cash at banks	<u>3,907,766</u>	<u>9,367,755</u>

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND  
- BEA Global Bond Fund**

**STATEMENT OF NET ASSETS  
AS AT 31ST DECEMBER 2008**

	Note	2008 US\$	2007 US\$
<b>Assets</b>			
Investments	5(a), 6	60,821,430	45,775,741
Derivative financial instruments	7	109,017	-
Dividends and other receivables		12	-
Cash at banks		<u>2,412,778</u>	<u>2,434,076</u>
<b>Total assets</b>		<u><u>63,343,237</u></u>	<u><u>48,209,817</u></u>
<b>Liabilities</b>			
Derivative financial instruments	7	-	385,915
Accruals and other payables		<u>40,735</u>	<u>42,056</u>
<b>Liabilities (excluding net assets attributable to unitholders)</b>		<u><u>40,735</u></u>	<u><u>427,971</u></u>
<b>Net assets attributable to unitholders</b>	3	<u><u>63,302,502</u></u>	<u><u>47,781,846</u></u>

On behalf of Bank of East Asia (Trustees) Limited

.....  
Director

.....  
Director

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND**  
**- BEA Global Bond Fund**

**INCOME STATEMENT**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2008**

	Note	2008 US\$	2007 US\$
<b>Income</b>			
Interest on bank deposits		20,349	29,452
Net gain on investments	8	3,635,475	4,484,768
Exchange loss		(1,590,072)	(2,160,694)
<b>Total investment income</b>		<u>2,065,752</u>	<u>2,353,526</u>
<b>Expenses</b>			
Investment management fees	9(a)	260,953	279,327
Trustee's fees	9(b)	26,095	27,932
Safe custody and bank charges		14,208	10,814
Audit fee		16,094	10,672
Registrar's fees	9(c)	30,790	23,314
Printing and publication expenses		1,656	2,999
Legal and other professional fees		2,440	732
Other operating expenses		770	-
<b>Total operating expenses</b>		<u>353,006</u>	<u>355,790</u>
<b>Increase in net assets attributable to unitholders</b>		<u>1,712,746</u>	<u>1,997,736</u>

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND  
- BEA Global Bond Fund**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
FOR THE PERIOD ENDED 31ST DECEMBER 2008**

	Note	2008 US\$	2007 US\$
<b>Balance at the beginning of the year</b>		47,781,846	45,889,624
Proceeds on subscription of units	3	32,290,631	263,983
Payments on redemption of units	3	(18,482,721)	(369,497)
<b>Net subscription/(redemption)</b>		<u>13,807,910</u>	<u>(105,514)</u>
<b>Increase in net assets attributable to unitholders</b>		<u>1,712,746</u>	<u>1,997,736</u>
<b>Balance at the end of the year</b>		<u><u>63,302,502</u></u>	<u><u>47,781,846</u></u>

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND**  
**- BEA Global Bond Fund**

**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2008**

	2008 US\$	2007 US\$
<b>Cash flows from operating activities</b>		
Increase in net assets attributable to unitholders	1,712,746	1,997,736
Adjustment for:		
- Interest on bank deposits	<u>(20,349)</u>	<u>(29,452)</u>
Operating profit before working capital changes	<u>1,692,397</u>	<u>1,968,284</u>
Net increase in investments	(15,045,689)	(1,181,125)
Net (increase)/decrease in derivative financial instruments	(494,932)	361,379
Net (decrease)/increase in accruals and other payables	<u>(1,321)</u>	<u>479</u>
Cash (used in)/generated from operations	<u>(13,849,545)</u>	<u>1,149,017</u>
Interest received	<u>20,337</u>	<u>29,452</u>
<b>Net cash (used in)/generated from operating activities</b>	<u>(13,829,208)</u>	<u>1,178,469</u>
<b>Cash flows from financing activities</b>		
Proceeds on subscription of units	32,290,631	284,496
Payments on redemption of units	<u>(18,482,721)</u>	<u>(369,497)</u>
<b>Net cash generated from/(used in) financing activities</b>	<u>13,807,910</u>	<u>(85,001)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(21,298)	1,093,468
Cash and cash equivalents at beginning of the year	<u>2,434,076</u>	<u>1,340,608</u>
<b>Cash and cash equivalents at end of the year</b>	<u>2,412,778</u>	<u>2,434,076</u>
<b>Analysis of balances of cash and cash equivalents:</b>		
Cash at banks	<u>2,412,778</u>	<u>2,434,076</u>

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND  
- BEA Hong Kong Growth Fund**

**STATEMENT OF NET ASSETS  
AS AT 31ST DECEMBER 2008**

	Note	2008 HK\$	2007 HK\$
<b>Assets</b>			
Investments	5(a), 6	754,117,503	1,205,899,085
Amounts due from brokers		-	1,946,900
Dividends and other receivables		1,102,301	319,549
Cash at banks		80,459,809	63,224,924
<b>Total assets</b>		<u>835,679,613</u>	<u>1,271,390,458</u>
<b>Liabilities</b>			
Amounts due to brokers		-	6,991
Amounts payable on redemption		355,763	2,202,617
Accruals and other payables		661,604	928,210
<b>Liabilities (excluding net assets attributable to unitholders)</b>		<u>1,017,367</u>	<u>3,137,818</u>
<b>Net assets attributable to unitholders (at bid market prices)</b>		834,662,246	1,268,252,640
<b>Adjustment from bid market prices to last traded market prices</b>	3	<u>1,031,059</u>	<u>1,570,385</u>
<b>Net assets attributable to unitholders (at last traded market prices)</b>	3	<u>835,693,305</u>	<u>1,269,823,025</u>

On behalf of Bank of East Asia (Trustees) Limited

.....  
Director

.....  
Director

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND**  
**- BEA Hong Kong Growth Fund**

**INCOME STATEMENT**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2008**

	Note	2008 HK\$	2007 HK\$
<b>Income</b>			
Dividend income		28,376,589	10,544,621
Interest on bank deposits		609,475	1,175,626
Net (loss)/gain on investments	8	<u>(617,349,809)</u>	<u>232,385,813</u>
<b>Total investment (loss)/income</b>		<u><u>(588,363,745)</u></u>	<u><u>244,106,060</u></u>
<b>Expenses</b>			
Investment management fees	9(a)	6,210,078	1,731,133
Trustee's fees	9(b)	517,507	144,261
Safe custody and bank charges		503,892	425,805
Audit fee		150,660	98,250
Registrar's fees	9(c)	364,042	248,731
Printing and publication expenses		20,319	23,738
Legal and other professional fees		18,907	16,525
Transaction costs		3,857,971	6,789,056
Other operating expenses		<u>6,000</u>	<u>6,000</u>
<b>Total operating expenses</b>		<u><u>11,649,376</u></u>	<u><u>9,483,499</u></u>
<b>(Loss)/profit before tax</b>		(600,013,121)	234,622,561
Overseas withholding tax	11	<u>(253,653)</u>	<u>-</u>
<b>(Loss)/profit after tax</b>		<u>(600,266,774)</u>	<u>234,622,561</u>
Adjustment from bid market prices to last traded market prices	3	<u>(539,326)</u>	<u>1,291,035</u>
<b>(Decrease)/increase in net assets attributable to unitholders</b>		<u><u>(600,806,100)</u></u>	<u><u>235,913,596</u></u>

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND**  
**- BEA Hong Kong Growth Fund**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2008**

	Note	2008 HK\$	2007 HK\$
Balance at the beginning of the year		1,269,823,025	192,927,330
Proceeds on subscription of units	3	526,516,402	1,056,620,385
Payments on redemption of units	3	(359,840,022)	(215,638,286)
<b>Net subscription</b>		<u>166,676,380</u>	<u>840,982,099</u>
<b>(Decrease)/increase in net assets attributable to unitholders</b>		<u>(600,806,100)</u>	<u>235,913,596</u>
<b>Balance at the end of the year</b>		<u><u>835,693,305</u></u>	<u><u>1,269,823,025</u></u>

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND**  
**- BEA Hong Kong Growth Fund**

**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2008**

	2008 HK\$	2007 HK\$
<b>Cash flows from operating activities</b>		
(Decrease)/increase in net assets attributable to unitholders	(600,806,100)	235,913,596
Adjustment for:		
- Interest on bank deposits	(609,475)	(1,175,626)
- Dividend income	(28,376,589)	(10,544,621)
- Overseas withholding tax	253,653	-
- Adjustment from bid market prices to last traded market prices	539,326	(1,291,035)
Operating (loss)/profit before working capital changes	<u>(628,999,185)</u>	<u>222,902,314</u>
Net decrease/(increase) in investments	451,781,582	(1,016,742,515)
Net decrease/(increase) in amounts due from brokers	1,946,900	(1,946,900)
Net decrease in amounts due to brokers	(6,991)	(3,881,527)
Net (decrease)/increase in accruals and other payables	(266,606)	775,859
Cash used in operations	<u>(175,544,300)</u>	<u>(798,892,769)</u>
Dividend received	27,596,261	10,538,873
Interest received	607,051	1,170,136
Overseas withholding tax paid	(253,653)	-
<b>Net cash used in operating activities</b>	<u>(147,594,641)</u>	<u>(787,183,760)</u>
<b>Cash flows from financing activities</b>		
Proceeds on subscription of units	526,516,402	1,056,850,385
Payments on redemption of units	(361,686,876)	(214,162,144)
<b>Net cash generated from financing activities</b>	<u>164,829,526</u>	<u>842,688,241</u>
<b>Net increase in cash and cash equivalents</b>	17,234,885	55,504,481
Cash and cash equivalents at beginning of the year	<u>63,224,924</u>	<u>7,720,443</u>
<b>Cash and cash equivalents at end of the year</b>	<u><u>80,459,809</u></u>	<u><u>63,224,924</u></u>
<b>Analysis of balances of cash and cash equivalents:</b>		
Cash at banks	<u><u>80,459,809</u></u>	<u><u>63,224,924</u></u>

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND**  
**- BEA Greater China Growth Fund**

**STATEMENT OF NET ASSETS**  
**AS AT 31ST DECEMBER 2008**

	Note	2008 HK\$	2007 HK\$
<b>Assets</b>			
Investments	5(a), 6	226,824,858	295,326,039
Amounts receivable on subscription		-	2,247,301
Amounts due from brokers		-	438,146
Dividends and other receivables		4,567	22,328
Cash at banks		20,903,151	13,231,243
<b>Total assets</b>		<u>247,732,576</u>	<u>311,265,057</u>
<b>Liabilities</b>			
Amounts due to brokers		-	1,112,078
Amounts payable on redemption		107,510	54,459
Accruals and other payables		320,234	444,898
<b>Liabilities (excluding net assets attributable to unitholders)</b>		<u>427,744</u>	<u>1,611,435</u>
<b>Net assets attributable to unitholders (at bid market prices)</b>		247,304,832	309,653,622
<b>Adjustment from bid market prices to last traded market prices</b>	3	<u>746,003</u>	<u>236,723</u>
<b>Net assets attributable to unitholders (at last traded market prices)</b>	3	<u>248,050,835</u>	<u>309,890,345</u>

On behalf of Bank of East Asia (Trustees) Limited

.....  
 Director

.....  
 Director

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND**  
**- BEA Greater China Growth Fund**

**INCOME STATEMENT**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2008**

	Note	2008 HK\$	2007 HK\$
<b>Income</b>			
Dividend income		9,364,489	4,479,856
Interest on bank deposits		116,583	290,628
Net (loss)/gain on investments	8	(193,303,138)	77,663,477
Exchange loss		(717,721)	(619,170)
<b>Total investment (loss)/income</b>		<u>(184,539,787)</u>	<u>81,814,791</u>
<b>Expenses</b>			
Investment management fees	9(a)	2,456,646	2,753,951
Trustee's fees	9(b)	245,665	275,395
Safe custody and bank charges		358,491	362,041
Audit fee		127,160	93,250
Registrar's fees	9(c)	146,793	114,851
Printing and publication expenses		20,319	28,800
Legal and other professional fees		18,907	5,716
Other operating expenses		41,836	32,459
Transaction costs		1,714,980	3,038,501
<b>Total operating expenses</b>		<u>5,130,797</u>	<u>6,704,964</u>
<b>(Loss)/profit before tax</b>		(189,670,584)	75,109,827
Overseas withholding tax	11	(1,035,373)	(404,625)
<b>(Loss)/profit after tax</b>		(190,705,957)	74,705,202
Adjustment from bid market prices to last traded market prices	3	509,280	(86,109)
<b>(Decrease)/increase in net assets attributable to unitholders</b>		<u>(190,196,677)</u>	<u>74,619,093</u>

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND**  
**- BEA Greater China Growth Fund**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2008**

	Note	2008 HK\$	2007 HK\$
Balance at the beginning of the year		309,890,345	130,621,870
Proceeds on subscription of units	3	214,895,151	245,761,359
Payments on redemption of units	3	(86,537,984)	(141,111,977)
<b>Net subscription</b>		<u>128,357,167</u>	<u>104,649,382</u>
<b>(Decrease)/increase in net assets attributable to unitholders</b>		<u>(190,196,677)</u>	<u>74,619,093</u>
<b>Balance at the end of the year</b>		<u><u>248,050,835</u></u>	<u><u>309,890,345</u></u>

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND**  
**- BEA Greater China Growth Fund**

**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2008**

	2008 HK\$	2007 HK\$
<b>Cash flows from operating activities</b>		
(Decrease)/increase in net assets attributable to unitholders	(190,196,677)	74,619,093
Adjustment for:		
- Interest on bank deposits	(116,583)	(290,628)
- Dividend income	(9,364,489)	(4,479,856)
- Overseas withholding tax	1,035,373	404,625
- Adjustment from bid market prices to last traded market prices	(509,280)	86,109
Operating (loss)/profit before working capital changes	<u>(199,151,656)</u>	<u>70,339,343</u>
Net decrease/(increase) in investments	68,501,181	(170,728,546)
Net decrease/(increase) in amounts due from brokers	438,146	(438,146)
Net decrease in amounts due to brokers	(1,112,078)	(2,311,123)
Net (decrease)/increase in accruals and other payables	<u>(124,664)</u>	<u>179,874</u>
Cash used in operations	<u>(131,449,071)</u>	<u>(102,958,598)</u>
Dividend received	9,385,739	4,573,773
Interest received	113,094	289,549
Overseas withholding tax paid	<u>(1,035,373)</u>	<u>(404,625)</u>
<b>Net cash used in operating activities</b>	<u>(122,985,611)</u>	<u>(98,499,901)</u>
<b>Cash flows from financing activities</b>		
Proceeds on subscription of units	217,142,452	244,975,921
Payments on redemption of units	<u>(86,484,933)</u>	<u>(141,629,470)</u>
<b>Net cash generated from financing activities</b>	<u>130,657,519</u>	<u>103,346,451</u>
<b>Net increase in cash and cash equivalents</b>	7,671,908	4,846,550
Cash and cash equivalents at beginning of the year	<u>13,231,243</u>	<u>8,384,693</u>
<b>Cash and cash equivalents at end of the year</b>	<u><u>20,903,151</u></u>	<u><u>13,231,243</u></u>
<b>Analysis of balances of cash and cash equivalents:</b>		
Cash at banks	<u><u>20,903,151</u></u>	<u><u>13,231,243</u></u>

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND  
- BEA HONG KONG DOLLAR (HK\$) BOND FUND**

**STATEMENT OF NET ASSETS  
AS AT 31ST DECEMBER 2008**

	Note	2008 HK\$
<b>Assets</b>		
Investments	5(a), 6	99,973,032
Other receivables		1,407
Cash at banks		499,208
<b>Total assets</b>		<u>100,473,647</u>
<b>Liabilities</b>		
Accruals and other payables		117,252
<b>Liabilities (excluding net assets attributable to unitholders)</b>		<u>117,252</u>
<b>Net assets attributable to unitholders (at bid market prices)</b>		100,356,395
<b>Adjustment from bid market prices to last traded market prices</b>	3	<u>2,500</u>
<b>Net assets attributable to unitholders (at last traded market prices)</b>	3	<u><u>100,358,895</u></u>

On behalf of Bank of East Asia (Trustees) Limited

.....  
Director

.....  
Director

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND  
- BEA HONG KONG DOLLAR (HK\$) BOND FUND**

**INCOME STATEMENT  
FOR THE PERIOD ENDED 31ST DECEMBER 2008**

	Note	Period from 6th November 2007 to 31st December 2008 HK\$
<b>Assets</b>		
Interest on bank deposits		55,025
Net gain on investments	8	7,343,282
<b>Total investment income</b>		<u>7,398,307</u>
<b>Expenses</b>		
Investment management fees	9(a)	26,119
Trustee's fees	9(b)	2,612
Safe custody and bank charges		51,050
Audit fee		99,160
Pre-operating expenses		232,741
Registrar's fees	9(c)	59,302
Printing and publication expenses		8,572
Legal and other professional fees		18,907
Other operating expenses		6,000
<b>Total operating expenses</b>		<u>504,463</u>
<b>Net operating income</b>		6,893,844
Adjustment from bid market prices to last traded market prices	3	<u>2,500</u>
<b>Increase in net assets attributable to unitholders</b>		<u><u>6,896,344</u></u>

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND  
- BEA HONG KONG DOLLAR (HK\$) BOND FUND**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
FOR THE PERIOD ENDED 31ST DECEMBER 2008**

	Note	Period from 6th November 2007 to 31st December 2008 HK\$
<b>Balance at the beginning of the period</b>		-
Proceeds on subscription of units	3	119,221,886
Payments on redemption of units	3	<u>(25,759,335)</u>
<b>Net subscription</b>		<u>93,462,551</u>
 <b>Increase in net assets attributable to unitholders</b>		 <u>6,896,344</u>
 <b>Balance at the end of the period</b>		 <u><u>100,358,895</u></u>

The notes on pages 55 to 92 are an integral part of these financial statements.

**BEA CAPITAL GROWTH FUND  
- BEA HONG KONG DOLLAR (HK\$) BOND FUND**

**CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31ST DECEMBER 2008**

	Period from 6th November 2007 to 31st December 2008 HK\$
	Note
<b>Cash flows from operating activities</b>	
Increase in net assets attributable to unitholders	6,896,344
Adjustment for:	
- Interest on bank deposits	(55,025)
- Adjustment from bid market prices to last traded market prices	(2,500)
Operating profit before working capital changes	<u>6,838,819</u>
Net increase in investments	(99,973,032)
Net increase in accruals and other payables	<u>117,252</u>
Cash used in operations	<u>(93,016,961)</u>
Interest received	<u>53,618</u>
<b>Net cash used in operating activities</b>	<u>(92,963,343)</u>
<b>Cash flows from financing activities</b>	
Proceeds on subscription of units	119,221,886
Payments on redemption of units	(25,759,335)
<b>Net cash generated from financing activities</b>	<u>93,462,551</u>
<b>Net increase in cash and cash equivalents</b>	499,208
Cash and cash equivalents at beginning of the period	-
<b>Cash and cash equivalents at end of the period</b>	<u><u>499,208</u></u>
<b>Analysis of balances of cash and cash equivalents:</b>	
Cash at banks	<u><u>499,208</u></u>

The notes on pages 55 to 92 are an integral part of these financial statements.

# BEA CAPITAL GROWTH FUND

## NOTES TO THE FINANCIAL STATEMENTS

### 1 The Fund

BEA Capital Growth Fund (the "Fund") was established by a Trust Deed dated 22nd September 2000, as amended. The Fund was authorised by the Securities and Futures Commission of Hong Kong and approved by the Mandatory Provident Fund Schemes Authority of Hong Kong.

The Fund is an umbrella fund which offers five investment funds with different investment objectives and policies. Each investment fund may offer three classes of units, Class A, Class B and Class C. There is a minimum amount for investment and subsequent holding for Class B and Class C units. The investment funds of the Fund are:

BEA Asia Strategic Growth Fund	- launched on 15th April 2003
BEA Global Bond Fund	- launched on 1st March 2004
BEA Hong Kong Growth Fund	- launched on 10th December 2004
BEA Greater China Growth Fund	- launched on 1st September 2006
BEA Hong Kong Dollar (HK\$) Bond Fund	- launched on 6th November 2007

(collectively the "Sub-Funds")

### 2 Summary of significant accounting policies

The principal 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 of the Fund have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Trustee to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### Amendments to standards effective in 2008

HKAS 39, "Financial Instruments: Recognition and Measurement", amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to HKFRS 7, "Financial Instruments: Disclosures", introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1st July 2008. This amendment does not have any impact on the Fund's financial statements, as the Fund has not reclassified any financial assets.

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 2 Summary of significant accounting policies (Continued)

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

###### New standards and amendments to standards that are not yet effective and have not been early adopted by the Fund

HKAS 1 (Revised), "Presentation of Financial Statements" (effective from 1st January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated statement of net assets as at the beginning of the comparative period in addition to the current requirement to present statement of net assets at the end of the current period and comparative period. The Fund will apply HKAS 1 (Revised) from 1st January 2009 and it is likely the Fund will present solely a statement of comprehensive income. This change is not expected to significantly change the presentation of the Fund's performance statement.

HKAS 1 (Amendment), "Presentation of Financial Statements" (effective from 1st January 2009). The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with HKAS 39, "Financial Instruments: Recognition and Measurement", are examples of current assets and liabilities respectively. The Fund will apply the amendments from 1st January 2009. However, it is not expected to have an impact on the Fund's financial statements.

HKAS 32 (Amendment), "Financial Instruments: Presentation", and HKAS 1 (Amendment), "Presentation of Financial Instruments - Puttable Financial Instruments and Obligations Arising on Liquidation" (effective from 1st January 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features. As the Sub-Funds' units are issued as different classes that incur differing fee percentages, their features are not considered identical. Therefore the adoption of these amendments will not result in any change in the classification of the Sub-Funds' units.

HKAS 39 (Amendment), "Financial Instruments: Recognition and Measurement" (effective from 1st January 2009). The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition. The Fund will apply the HKAS 39 (Amendment) from 1st January 2009. However, it is not expected to have an impact on the Fund's income statement.

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 2 Summary of significant accounting policies (Continued)

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

There are a number of minor amendments to HKFRS 7, "Financial Instruments: Disclosures", HKAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", HKAS 10, "Events after the Balance Sheet Date", and HKAS 18, "Revenue" (all effective from 1st January 2009) which are not addressed above. These amendments are unlikely to have an impact on the Fund's financial statements and have therefore not been analysed in detail.

The Statement of Net Assets presents assets and liabilities in increasing order of liquidity and does not distinguish between current and non-current items. All the Fund's assets and liabilities are held for the purpose of being traded or are expected to be realised within one year.

All references to net assets throughout the financial statements refer to net assets attributable to unitholders unless otherwise stated.

##### (b) Investments

All investments have been classified by the Trustee as "financial assets at fair value through profit or loss" at inception.

Purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognised at fair value, excluding transaction costs which are expensed as incurred, and are subsequently re-measured at fair value. Realised and unrealised gains and losses on investments are included in the Income Statement in the year in which they arise. 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.

Investments that are listed or traded on an exchange are fair valued based on quoted bid prices.

Investments which are not listed on an exchange are valued by using quotes from brokers.

Debt securities are fair valued based on quoted prices inclusive of accrued interests.

Investments in other investment funds are valued by reference to their net asset value per unit as calculated by the administrators of such funds.

##### (c) Forward foreign exchange contracts

Outstanding forward foreign exchange contracts are valued at the year end date by reference to the forward rate of exchange applicable to the outstanding term of the contracts. Unrealised gains and losses on outstanding contracts and realised gains and losses on closed contracts are shown in the Income Statement of the respective Sub-Funds under the heading "exchange gain/(loss)".

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 2 Summary of significant accounting policies (Continued)

##### (d) Income and expenses

Dividend income is recognised on the ex-dividend date with the corresponding foreign withholding taxes recorded as an expense.

Interest income is recognised on a time-proportion basis using the effective interest method.

Other income is recognised on an accruals basis.

Expenses are accounted for on an accruals basis.

##### (e) Subscription and redemption of units

Proceeds and payments on the subscription and redemption of units recorded in the Statements of Changes in Net Assets Attributable to Unitholders exclude any entry or exit fees payable with respect to the subscription and redemption of units in the Fund. Entry and exit fees, if any, are paid directly to the Manager and are therefore not reflected in the financial statements. Redemptions from the Fund are recorded gross of any exit fees payable after the redemption of units. The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day. The basis adopted by the Fund in arriving at the net asset value per unit for subscription and redemption purposes during the year may not be the same as the accounting principles adopted for the preparation of these financial statements.

##### (f) Foreign currencies translation

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

Items included in the Sub-Funds' financial statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The financial statements of BEA Asia Strategic Growth Fund and BEA Global Bond Fund are presented in United States dollar, which is these Sub-Funds' functional and presentation currency. The financial statements of BEA Hong Kong Growth Fund, BEA Greater China Growth Fund and BEA Hong Kong Dollar (HK\$) Bond Fund are presented in Hong Kong dollar, which is these Sub-Funds' 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 exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statements. Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the Income Statements within the fair value net gain or loss.

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 2 Summary of significant accounting policies (Continued)

##### (g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statements of Net Assets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

##### (h) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise bank deposits with maturities of three months or less from the date of placement net of bank overdrafts, if any.

##### (i) Amounts due from/to brokers

Amounts due from/to brokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered by the end of the period.

#### 3 Number of units in issue and net assets attributable to unitholders per unit

The Sub-Funds' capital is represented by the net assets attributable to unitholders. The Sub-Funds have no restrictions on the subscription and redemption of units. Subscriptions and redemptions of units during the year are shown on the Statements of Changes in Net Assets Attributable to Unitholders. In order to achieve the investment objectives, the Sub-Funds endeavor to invest subscriptions received in accordance with the investment policies as outlined in note 5. Redemptions are met by disposals of investments where necessary.

In accordance with the provisions of the Fund's Trust Deed dated 22nd September 2000, as amended, listed investments and investments with prices quoted in over the counter markets or by market makers are stated at the last traded price on the valuation day for the purpose of determining net asset value per unit for subscriptions and redemptions and for various fee calculation. However, as stated in note 2(b) the accounting policy of the Fund for the purpose of financial statements preparation in compliance with HKFRS is to value its investments at the relevant bid market prices on the period end date. The difference between the valuation of these investment positions as prescribed by HKFRS and as disclosed in note 2(b), and the valuation methodology indicated in the Fund's Trust Deed resulted in a decrease in value of investments of the Sub-Funds as at the year end, as follows:

	2008 US\$	2007 US\$
BEA Asia Strategic Growth Fund	<u>179,225</u>	<u>293,042</u>
BEA Global Bond Fund	<u>-</u>	<u>-</u>

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3 Number of units in issue and net assets attributable to unitholders per unit (Continued)

	2008 HK\$	2007 HK\$
BEA Hong Kong Growth Fund	<u>1,031,059</u>	<u>1,570,385</u>
BEA Greater China Growth Fund	<u>746,003</u>	<u>236,723</u>
BEA Hong Kong Dollar (HK\$) Bond Fund	<u>2,500</u>	

Net assets attributable to unitholders represent a liability in the Statements of Net Assets, carried at the redemption amount that would be payable at the year end date if the unitholder exercised the right to redeem the units in the Sub-Funds. Consequently, the movements in the differences described above are recognised in the Income Statements as follows:

	2008 US\$	2007 US\$
BEA Asia Strategic Growth Fund	<u>(113,817)</u>	<u>4,838</u>
BEA Global Bond Fund	<u>-</u>	<u>-</u>

  

	2008 HK\$	2007 HK\$
BEA Hong Kong Growth Fund	<u>(539,326)</u>	<u>1,291,035</u>
BEA Greater China Growth Fund	<u>509,280</u>	<u>(86,109)</u>
BEA Hong Kong Dollar (HK\$) Bond Fund	<u>2,500</u>	

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3 Number of units in issue and net assets attributable to unitholders per unit (Continued)

##### BEA Asia Strategic Growth Fund

##### Number of units in issue

	2008 Units	2007 Units
Class A		
Balance at the beginning of the year	1,404,657.251	1,380,975.587
Units issued	1,316,741.539	369,100.586
Units redeemed	<u>(1,202,412.737)</u>	<u>(345,418.922)</u>
Balance at the end of the year	<u>1,518,986.053</u>	<u>1,404,657.251</u>
Class B		
Balance at the beginning of the year	2,044,242.655	1,687,580.144
Units issued	251,516.758	622,429.223
Units redeemed	<u>(454,180.780)</u>	<u>(265,766.712)</u>
Balance at the end of the year	<u>1,841,578.633</u>	<u>2,044,242.655</u>
Class C		
Balance at the beginning of the year	66,209.585	69,722.029
Units issued	1,591.578	2,927.256
Units redeemed	<u>(18,204.455)</u>	<u>(6,439.700)</u>
Balance at the end of the year	<u>49,596.708</u>	<u>66,209.585</u>
	2008 US\$	2007 US\$
<b>Net assets attributable to unitholders</b>		
Class A units	<u>27,597,062</u>	<u>51,988,454</u>
Class B units	<u>30,689,188</u>	<u>70,539,558</u>
Class C units	<u>826,510</u>	<u>2,284,658</u>
<b>Net assets attributable to unitholders per unit</b>		
Class A units	<u>18.17</u>	<u>37.01</u>
Class B units	<u>16.66</u>	<u>34.51</u>
Class C units	<u>16.66</u>	<u>34.51</u>

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3 Number of units in issue and net assets attributable to unitholders per unit (Continued)

##### BEA Global Bond Fund

##### Number of units in issue

	2008 Units	2007 Units
Class A		
Balance at the beginning of the year	1,203,086.096	1,210,958.404
Units issued	2,416,483.562	23,454.415
Units redeemed	(544,582.227)	(31,326.723)
Balance at the end of the year	<u>3,074,987.431</u>	<u>1,203,086.096</u>

##### Class B

Balance at the beginning of the year	3,009,070.363	3,009,565.277
Units issued	222,072.429	-
Units redeemed	(1,036,230.092)	(494.914)
Balance at the end of the year	<u>2,194,912.700</u>	<u>3,009,070.363</u>

##### Class C

Balance at the beginning of the year	-	-
Units issued	-	-
Units redeemed	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>

2008 US\$	2007 US\$
--------------	--------------

##### Net assets attributable to unitholders

Class A units	<u>37,630,240</u>	<u>13,999,839</u>
Class B units	<u>25,672,262</u>	<u>33,782,007</u>
Class C units	<u>-</u>	<u>-</u>

##### Net assets attributable to unitholders per unit

Class A units	<u>12.24</u>	<u>11.64</u>
Class B units	<u>11.70</u>	<u>11.23</u>
Class C units	<u>-</u>	<u>-</u>

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3 Number of units in issue and net assets attributable to unitholders per unit (Continued)

##### BEA Hong Kong Growth Fund

##### Number of units in issue

	2008 Units	2007 Units
Class A		
Balance at the beginning of the year	3,115,724.098	1,150,379.461
Units issued	2,518,723.972	2,718,395.002
Units redeemed	<u>(1,393,911.805)</u>	<u>(753,050.365)</u>
Balance at the end of the year	<u><u>4,240,536.265</u></u>	<u><u>3,115,724.098</u></u>

##### Class B

Balance at the beginning of the year	2,181,496.709	43,913.158
Units issued	715,409.446	2,501,897.335
Units redeemed	<u>(598,476.587)</u>	<u>(364,313.784)</u>
Balance at the end of the year	<u><u>2,298,429.568</u></u>	<u><u>2,181,496.709</u></u>

##### Class C

Balance at the beginning of the year	-	-
Units issued	-	-
Units redeemed	<u>-</u>	<u>-</u>
Balance at the end of the year	<u><u>-</u></u>	<u><u>-</u></u>

	2008 HK\$	2007 HK\$
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##### Net assets attributable to unitholders

Class A units	<u>550,831,139</u>	<u>756,270,116</u>
Class B units	<u>284,862,166</u>	<u>513,552,909</u>
Class C units	<u>-</u>	<u>-</u>

##### Net assets attributable to unitholders per unit

Class A units	<u>129.90</u>	<u>242.73</u>
Class B units	<u>123.94</u>	<u>235.41</u>
Class C units	<u>-</u>	<u>-</u>

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3 Number of units in issue and net assets attributable to unitholders per unit (Continued)

##### BEA Greater China Growth Fund

##### Number of units in issue

	2008 Units	2007 Units
Class A		
Balance at the beginning of the year	524,823.106	59,248.429
Units issued	1,283,413.878	465,574.677
Units redeemed	(203,438.259)	-
Balance at the end of the year	<u>1,604,798.725</u>	<u>524,823.106</u>
Class B		
Balance at the beginning of the year	1,303,291.765	1,044,232.350
Units issued	382,060.795	1,237,618.247
Units redeemed	(510,509.630)	(978,558.832)
Balance at the end of the year	<u>1,174,842.930</u>	<u>1,303,291.765</u>
Class C		
Balance at the beginning of the year	-	-
Units issued	-	-
Units redeemed	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>

	2008 Units	2007 Units
<b>Net assets attributable to unitholders</b>		
Class A units	<u>145,272,599</u>	<u>90,086,854</u>
Class B units	<u>102,778,236</u>	<u>219,803,491</u>
Class C units	<u>-</u>	<u>-</u>
<b>Net assets attributable to unitholders per unit</b>		
Class A units	<u>90.52</u>	<u>171.65</u>
Class B units	<u>87.48</u>	<u>168.65</u>
Class C units	<u>-</u>	<u>-</u>

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3 Number of units in issue and net assets attributable to unitholders per unit (Continued)

##### BEA Hong Kong Dollar (HK\$) Bond Fund

##### Number of units in issue

	Period from 6th November 2007 to 31st December 2008 Units
Class A	
Balance at the beginning of the period	-
Units issued	1,094,426.423
Units redeemed	(209,137.382)
Balance at the end of the period	<u>885,289.041</u>

##### Class B

Balance at the beginning of the period	-
Units issued	93,350.902
Units redeemed	(40,127.399)
Balance at the end of the period	<u>53,223.503</u>

##### Class C

Balance at the beginning of the period	-
Units issued	-
Units redeemed	-
Balance at the end of the period	<u>-</u>

2008  
HK\$

##### Net assets attributable to unitholders

Class A units	<u>94,693,162</u>
Class B units	<u>5,665,733</u>
Class C units	<u>-</u>

##### Net assets attributable to unitholders per unit

Class A units	<u>106.96</u>
Class B units	<u>106.45</u>
Class C units	<u>-</u>

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 4 Critical accounting estimates and assumptions

The Trustee 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 investments

The Fund holds a number of unlisted debt securities that are valued by reference to broker quotes. In determining the fair value of such investments, the Trustee exercises judgments and estimates on the sources of brokers and the quantity and quality of quotes used. Such quotes adopted to fair value the investments may be indicative and not executable or legally binding. As such, broker quotes do not necessarily indicate the price at which the security could actually be traded at as of 31st December 2008. Actual transacted prices may differ from the quotes provided by the brokers. The Trustee considers that in the absence of any other reliable market sources, the broker quotes available to them reflect the best estimate of fair value.

#### 5 Financial risk management

##### **Strategy in using financial instruments**

The investment objective of BEA Asia Strategic Growth Fund is to provide investors with long term capital growth in US dollar terms through investing in a diversified portfolio consisting primarily of listed securities of companies whose principal business activities are conducted in the Asia Pacific region. The maximum exposure of BEA Asia Strategic Growth Fund to any one of the Singapore, Malaysia, Korea, Taiwan or China markets will not exceed 50% of the Sub-Fund's assets. The maximum exposure of the Sub-Fund to any one of Thailand, Indonesia, the Philippines and India markets will not exceed 30% of the Sub-Fund's assets. The Sub-Fund may enter into financial futures and options contracts for hedging purposes only.

The investment objective of BEA Global Bond Fund is to provide investors with total investment return over the medium to long term through investing into a diversified range of global bonds denominated in various major currencies. The Sub-Fund's assets will normally be invested between 20% to 100% in government bonds, 0% to 50% in corporate bonds and 0 to 50% in other structured products. Investments will be made mainly in the United States, Europe and Asia, but may include other markets. Actual allocation may vary as market and other conditions change. The Manager and its delegates may acquire financial futures contracts for hedging purpose only.

The investment objective of BEA Hong Kong Growth Fund is to provide investors with long term capital growth in HK dollar terms through investing in a diversified portfolio consisting primarily of securities of companies, either listed in or with operations or interests principally, in Hong Kong. At any one time, up to 100% of the assets of the Sub-Fund may be invested in equity securities. The Sub-Fund may enter into financial futures and options contracts for hedging purposes only.

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5 Financial risk management (Continued)

The investment objective of BEA Greater China Growth Fund is to provide investors with long term capital growth through investing in a portfolio consisting of listed securities of companies that derive or are expected to derive a significant portion of their revenues from goods produced or sold, investments made or services performed in Greater China, which includes the People's Republic of China (PRC), the Special Administrative Regions of Hong Kong and Macau and Taiwan. The Sub-Fund will have not less than 80% of the assets invested directly in equities. Any remaining assets will be held in cash and cash equivalents. In addition, at least 30% of the assets of the Sub-Fund will be held in Hong Kong dollar currency investments as measured by effective currency exposure.

The investment objective of BEA Hong Kong Dollar (HK\$) Bond Fund is to provide investors with long term capital growth in HK dollar terms through investing in a portfolio consisting primarily of HK dollar denominated interest bearing securities. If the Manager considers that conditions so require and it is in the interests of unitholders to do so, a substantial portion of the portfolio may be held in cash. The Manager anticipates a majority of the portfolio will be invested in bonds issued by governments, quasi-governmental organisations, multilateral international agencies and blue chip corporations. The value of the portfolio's holding of HK dollar denominated securities shall not be less than 70% of the net asset value of BEA Hong Kong Dollar (HK\$) Bond Fund. BEA Hong Kong Dollar (HK\$) Bond Fund may enter into financial futures contracts for hedging purpose only.

The Sub-Funds' activities expose them to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Sub-Funds are exposed to various risks which are discussed below.

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5 Financial risk management (Continued)

##### (a) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All securities investments present a risk of loss of capital. Each Sub-Fund's market price risk is managed through (i) deliberate securities selection, and (ii) diversification of the investment portfolio. The Manager monitors the Sub-Funds' market positions on a daily basis.

As at year end, the overall market exposures for the Sub-Funds were as follows:

	2008		2007	
	Fair value US\$	% of net assets	Fair value US\$	% of net assets
BEA Asia Strategic Growth Fund				
Investments				
- equities				
- China & Hong Kong	19,616,938	33.19	38,858,291	31.11
- Indonesia	944,534	1.60	645,955	0.52
- Korea	15,866,326	26.84	42,708,051	34.23
- Malaysia	2,717,878	4.59	9,737,393	7.81
- Singapore	4,906,621	8.30	13,632,678	10.92
- Taiwan	9,876,049	16.71	-	-
- Thailand	-	-	3,780,101	3.03
- non-voting depository receipts - Thailand				
	1,163,360	1.97	-	-
- investment funds				
- United States	-	-	9,638,400	7.72
Total	<u>55,091,706</u>	<u>93.20</u>	<u>119,000,869</u>	<u>95.34</u>
BEA Global Bond Fund				
Investments				
- debt securities				
- Australian Dollar	1,319,920	2.09	690,340	1.44
- British Pound	3,932,660	6.21	3,555,015	7.44
- Canadian Dollar	451,761	0.71	508,812	1.07
- Danish Krone	433,892	0.69	428,598	0.90
- Euro	18,815,855	29.72	17,582,472	36.80
- Japanese Yen	20,847,195	32.94	13,918,977	29.13
- New Zealand Dollar	319,459	0.50	455,573	0.95
- Norwegian Krone	-	-	435,857	0.91
- Swedish Krona	193,055	0.30	70,703	0.15
- US Dollar	14,507,633	22.92	8,129,394	17.01
Total	<u>60,821,430</u>	<u>96.08</u>	<u>45,775,741</u>	<u>95.80</u>

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5 Financial risk management (Continued)

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

	2008		2007	
	Fair value HK\$	% of net assets	Fair value HK\$	% of net assets
BEA Hong Kong Growth Fund				
Investments				
- equities - Hong Kong	754,117,503	90.24	1,187,294,765	93.50
- investment funds				
- Hong Kong	-	-	18,604,320	1.47
Total	<u>754,117,503</u>	<u>90.24</u>	<u>1,205,899,085</u>	<u>94.97</u>
BEA Greater China Growth Fund				
Investments				
- equities				
- China & Hong Kong	166,471,560	67.11	211,915,585	68.38
- Taiwan	60,353,298	24.33	83,410,454	26.92
Total	<u>226,824,858</u>	<u>91.44</u>	<u>295,326,039</u>	<u>95.30</u>
BEA Hong Kong Dollar (HK\$) Bond Fund				
Investments				
Hong Kong dollar denominated				
- Bonds	72,407,621	72.15		
- Certificates of deposit	27,565,411	27.47		
Total	<u>99,973,032</u>	<u>99.62</u>		

There are no individual investments with market value exceeding 10% of the respective Sub-Fund's net asset value at 31st December 2008 and 31st December 2007, except for the following:

	% of net assets	
	2008	2007
<u>BEA Global Bond Fund</u>		
Deutsche Bundesrepublik	21.70	21.36
United States Treasury Notes	22.92	16.21

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5 Financial risk management (Continued)

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

The table below summarises the impact of increases/decreases of the key relevant benchmark indices to which the Sub-Funds are exposed. The analysis is based on the assumption that the indices had increased/decreased by a respective percentage with all other variables held constant and the Sub-Funds' investments moved according to the historical correlation with the indices.

	Relevant benchmark index	\$ of possible reasonable shift +/-	Estimated impact Increase/ (Decrease) 2008 US\$	Estimated impact Increase/ (Decrease) 2007 US\$
BEA Asia Strategic Growth Fund	MSCI AC Daily TR Net FE x JP HK USD	5%	2,778,300	5,928,984
BEA Global Bond Fund (Note)	ML Global Government Index II	5%	63,303	-
	Citigroup WGBI Currency Hedged USD	5%	-	668,946
			<b>HK\$</b>	<b>HK\$</b>
BEA Hong Kong Growth Fund	Hang Seng Index Total Return	5%	37,188,352	60,312,982
BEA Greater China Growth Fund	MSCI AC Golden Dragon Net USD	5%	11,906,440	14,304,850
BEA Hong Kong Dollar (HK\$) Bond Fund	Hong Kong HSBC Bond Index	5%	3,109,481	-

Note: The Manager has used a different benchmark index in 2008.

The Manager has used their view of what would be a "reasonable shift" in each key market to estimate the change for use in the market sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Charges in market index % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5 Financial risk management (Continued)

##### (b) Interest rate risk

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

##### BEA Asia Strategic Growth Fund

The majority of the Sub-Fund's financial assets and liabilities are non-interest bearing, as a result, the Sub-Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

The Sub-Fund had bank balances of US\$3,907,766 (2007: US\$9,367,755) at year end and is exposed to minimal interest rate risk on these bank balances.

##### BEA Global Bond Fund

The majority of the Sub-Fund's assets are debt securities which are exposed to risk due to fluctuations in the prevailing levels of market interest rates. MEAG New York Corporation was appointed as an Investment Adviser of the Sub-Fund to assist in management of the investments and monitoring of the interest rate risk by durations on a monthly basis. The investment management service was terminated on 4th August 2008 (the "Effective Date"). In view of the termination, the Manager took over the investment management functions of the Sub-Fund from the Effective Date.

The Sub-Fund's exposure to interest rate risk, categorised by the earlier of contractual repricing or maturity dates, was as follows:

At 31st December 2008	Up to 1 year	1 - 5 years	Over 5 years	Non interest bearing	Total
	US\$	US\$	US\$	US\$	US\$
<b>Assets</b>					
Cash at banks	2,412,778	-	-	-	2,412,778
Investments	1,417,478	21,791,144	37,612,808	-	60,821,430
Other assets	-	-	-	109,029	109,029
<b>Total assets</b>	<u>3,830,256</u>	<u>21,791,144</u>	<u>37,612,808</u>	<u>109,029</u>	<u>63,343,237</u>
<b>Liabilities (excluding net assets attributable to unitholders)</b>					
Other liabilities	-	-	-	40,735	40,735
<b>Total interest sensitivity gap</b>	<u>3,830,256</u>	<u>21,791,144</u>	<u>37,612,808</u>		

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5 Financial risk management (Continued)

##### (b) Interest rate risk (Continued)

###### BEA Global Bond Fund (Continued)

At 31st December 2007	Up to 1 year US\$	1 - 5 years US\$	Over 5 years US\$	Non interest bearing US\$	Total US\$
<b>Assets</b>					
Cash at banks	2,434,076	-	-	-	2,434,076
Investments	3,386,078	14,641,222	27,748,441	-	45,775,741
<b>Total assets</b>	<u>5,820,154</u>	<u>14,641,222</u>	<u>27,748,441</u>	-	<u>48,209,817</u>
<b>Liabilities (excluding net assets attributable to unitholders)</b>					
Other liabilities	-	-	-	427,971	427,971
<b>Total interest sensitivity gap</b>	<u>5,820,154</u>	<u>14,641,222</u>	<u>27,748,441</u>		

At year end, should the relevant market interest rates have been increased/decreased by a percentage with all other variables held constant, the estimated impacts on the net assets attributable to unitholders are shown in the table below.

	% of possible shift +/-	Estimated impact 2008 US\$	Estimated impact 2007 US\$
BEA Global Bond Fund	+ 0.25%	(1,017,054)	(720,206)

###### BEA Hong Kong Growth Fund

The majority of the Sub-Fund's financial assets and liabilities are non-interest bearing, as a result, the Sub-Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short term market interest rates.

The Sub-Fund had bank balances of HK\$80,459,809 (2007: HK\$63,224,924) at year end and is exposed to minimal interest rate risk on these bank balances.

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5 Financial risk management (Continued)

##### (b) Interest rate risk (Continued)

###### BEA Greater China Growth Fund

The majority of the Sub-Fund's financial assets and liabilities are non-interest bearing, as a result, the Sub-Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

The Sub-Fund had bank balances of HK\$20,903,151 (2007: HK\$13,231,243) at year end and is exposed to minimal interest rate risk on these bank balances.

###### BEA Hong Kong Dollar (HK\$) Bond Fund

The majority of the Sub-Fund's assets are debt securities which are exposed to risk due to fluctuations in the prevailing levels of market interest rates. The Manager monitors the interest rate risk by durations on a monthly basis.

The Sub-Fund's exposure to interest rate risk, categorised by the earlier of contractual repricing or maturity dates, was as follows:

At 31st December 2008	Up to 1 year HK\$	1 - 5 years HK\$	Over 5 years HK\$	Non interest bearing HK\$	Total HK\$
<b>Assets</b>					
Cash at banks	499,208	-	-	-	499,208
Investments	32,222,162	56,335,586	11,415,284	-	99,973,032
Other assets	-	-	-	1,407	1,407
<b>Total assets</b>	<u>32,721,370</u>	<u>56,335,586</u>	<u>11,415,284</u>	<u>1,407</u>	<u>100,473,647</u>
<b>Liabilities (excluding net assets attributable to unitholders)</b>					
Other liabilities	-	-	-	117,252	117,252
<b>Total interest sensitivity gap</b>	<u>30,721,370</u>	<u>56,335,586</u>	<u>11,415,284</u>		

At year end, should the relevant market interest rates have increased/decreased by a percentage with all other variables held constant, the estimated impacts on the net assets attributable to unitholders are shown in the table below.

	% of possible shift +/-	Estimated impact 2008 US\$
BEA Hong Kong Dollar (HK\$) Bond Fund	+ 0.25%	(549,595)

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5 Financial risk management (Continued)

##### (c) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to pay amounts in full when due.

The Sub-Funds' financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits, assets held with the custodian, and debt securities. The table below summarises the assets placed with banks and custodian at 31st December 2008 and 2007 which individually exceeds 1% of net assets:

##### At 31st December 2008

BEA Asia Strategic Growth Fund	US\$	Credit rating	Source of credit rating
<u>Banks and custodian</u>			
The Bank of New York Mellon Corporation	55,708,563	AA-	S&P
Citic Ka Wah Bank Limited	2,300,799	Baa2	Moody's
The Bank of East Asia, Limited	990,110	A-	S&P

BEA Global Bond Fund	US\$	Credit rating	Source of credit rating
<u>Banks and custodian</u>			
The Bank of New York Mellon Corporation	63,194,857	AA-	S&P

All derivative financial instruments represent outstanding forward foreign exchange contracts as disclosed in note 7. The counterparty of these forward foreign exchange contracts is the Bank of New York Mellon Corporation with a credit rating of AA- (2007: A+) by S&P.

BEA Hong Kong Growth Fund	HK\$	Credit rating	Source of credit rating
<u>Banks and custodian</u>			
The Bank of New York Mellon Corporation	756,228,196	AA-	S&P
Dah Sing Bank Limited	45,022,121	BBB+	S&P
The Bank of East Asia, Limited	33,326,995	A-	S&P

BEA Greater China Growth Fund	HK\$	Credit rating	Source of credit rating
<u>Banks and custodian</u>			
The Bank of New York Mellon Corporation	230,239,381	AA-	S&P
Dah Sing Bank Limited	13,504,091	BBB+	S&P
The Bank of East Asia, Limited	3,984,537	A-	S&P

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5 Financial risk management (Continued)

##### (c) Credit risk (Continued)

##### At 31st December 2008 (Continued)

		Credit rating	Source of credit rating
<b>BEA Hong Kong Dollar (HK\$) Bond Fund</b>	<b>HK\$</b>		
<u>Banks and custodian</u>			
The Bank of New York Mellon Corporation	100,470,883	AA-	S&P

##### At 31st December 2007

		Credit rating	Source of credit rating
<b>BEA Asia Strategic Growth Fund</b>	<b>US\$</b>		
<u>Banks and custodian</u>			
The Bank of New York Mellon Corporation	121,017,467	A+	S&P
Commerzbank AG	3,431,594	A	S&P
Dah Sing Bank Limited	2,462,799	BBB+	S&P

		Credit rating	Source of credit rating
<b>BEA Global Bond Fund</b>	<b>US\$</b>		
<u>Banks and custodian</u>			
The Bank of New York Mellon Corporation	48,117,359	A+	S&P

		Credit rating	Source of credit rating
<b>BEA Hong Kong Growth Fund</b>	<b>HK\$</b>		
<u>Banks and custodian</u>			
The Bank of New York Mellon Corporation	1,206,251,680	A+	S&P
Dah Sing Bank Limited	56,297,614	BBB+	S&P

		Credit rating	Source of credit rating
<b>BEA Greater China Growth Fund</b>	<b>HK\$</b>		
<u>Banks and custodian</u>			
The Bank of New York Mellon Corporation	297,520,678	A+	S&P
Dah Sing Bank Limited	10,638,697	BBB+	S&P

The BEA Global Bond Fund and BEA Hong Kong Dollar (HK\$) Bond Fund also hold debt securities and are therefore exposed to risk that the issuers may not be able to repay the principal amount and interest at maturity. The risk is mitigated as the debt securities held are subject to the requirements of (i) minimum credit rating, and (ii) maximum holding of 10% of net asset value for any single issuer except for those issued or guaranteed by the government and other bodies permitted by the Mandatory Provident Fund Schemes Authority of Hong Kong.

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5 Financial risk management (Continued)

##### (c) Credit risk (Continued)

MEAG New York Corporation (retired effective from 4th August 2008) was appointed as an Investment Adviser of the BEA Global Bond Fund to assist in the management of its investments. The Investment Adviser of the BEA Global Bond Fund and the Manager monitor the credit ratings and credit spreads of these two Sub-Funds on a daily basis. The Manager also monitor all Sub-Funds' credit positions on a monthly basis.

The table below summarises the credit rating of the investment portfolio of BEA Global Bond Fund and BEA Hong Kong Dollar (HK\$) Bond Fund by S&P and Moody's:

<u>BEA Global Bond Fund</u>	2008	2007
	%	%
<b>Portfolio by rating category of debt securities</b>		
<b>Rating</b>		
AAA	90.33	65.62
AA+	-	3.10
AA	7.98	8.64
AA-	-	5.72
Unrated	1.69	16.92
	<u>100.00</u>	<u>100.00</u>

<u>BEA Hong Kong Dollar (HK\$) Bond Fund</u>	2008
	%
<b>Portfolio by rating category of debt securities</b>	
<b>Rating</b>	
AAA	23.16
AA+	30.36
AA	11.66
AA-	7.51
A	16.24
A-	4.45
Aa1	6.62
	<u>100.00</u>

<b>Portfolio by rating category of the issuer of certificates of deposit</b>	
<b>Rating</b>	
AAA	19.75
AA	18.78
A+	18.58
A-	24.48
BBB-	18.41
	<u>100.00</u>

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5 Financial risk management (Continued)

##### (c) Credit risk (Continued)

As at 31st December 2008, BEA Asia Strategic Growth Fund, BEA Hong Kong Growth Fund and BEA Greater China Growth Fund did not hold any debt securities (2007: Nil).

All transactions in listed/quoted securities are settled on a delivery versus payment basis using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made when the Sub-Funds' custodian banks have received payments. For a purchase, payments are made once the securities have been received by the Sub-Funds' custodian banks. The trade will fail if either party fails to meet their obligation.

The Sub-Funds limit their exposure to credit risk by transacting their securities and contractual commitment activities with brokers, dealers, banks and regulated exchanges with high credit ratings and that the Sub-Funds consider to be well established.

##### (d) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability, including a redemption request.

The Sub-Funds are exposed to daily cash redemptions of units in the Sub-Funds. The Sub-Funds invest the majority of their assets in investments that are traded in an active market and can be readily disposed of. The Manager monitors the Sub-Funds' liquidity positions on a daily basis.

The table below analyses the Sub-Funds' financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month US\$
<u>BEA Asia Strategic Growth Fund</u>	
<b>At 31st December 2008</b>	
Accruals and other payables	83,517
Net assets attributable to unitholders (at last traded market prices)	<u>59,112,760</u>
<b>Total financial liabilities</b>	<u><u>59,196,277</u></u>
<b>At 31st December 2007</b>	
Amounts payable on redemption	352,278
Amounts due to brokers	3,587,392
Accruals and other payables	132,920
Net assets attributable to unitholders (at last traded market prices)	<u>124,812,670</u>
<b>Total financial liabilities</b>	<u><u>128,885,260</u></u>

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5 Financial risk management (Continued)

##### (d) Liquidity risk (Continued)

Less than 1 month  
US\$

##### BEA Global Bond Fund

###### At 31st December 2008

Accruals and other payables	40,735
Net assets attributable to unitholders (at last traded market prices)	<u>63,302,502</u>
<b>Total financial liabilities</b>	<u><u>63,343,237</u></u>

###### At 31st December 2007

Derivative financial instruments	385,915
Accruals and other payables	42,056
Net assets attributable to unitholders (at last traded market prices)	<u>47,781,846</u>
<b>Total financial liabilities</b>	<u><u>48,209,817</u></u>

All derivative financial instruments entered into by the BEA Global Bond Fund are settled on a net basis.

Less than 1 month  
HK\$

##### BEA Hong Kong Growth Fund

###### At 31st December 2008

Amounts payable on redemption	355,763
Accruals and other payables	661,604
Net assets attributable to unitholders (at last traded market prices)	<u>835,693,305</u>
<b>Total financial liabilities</b>	<u><u>836,710,672</u></u>

###### At 31st December 2007

Amounts payable on redemption	2,202,617
Amounts due to brokers	6,991
Accruals and other payables	928,210
Net assets attributable to unitholders (at last traded market prices)	<u>1,269,823,025</u>
<b>Total financial liabilities</b>	<u><u>1,272,960,843</u></u>

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5 Financial risk management (Continued)

##### (d) Liquidity risk (Continued)

	Less than 1 month HK\$
<u>BEA Greater China Growth Fund</u>	
<b>At 31st December 2008</b>	
Amounts payable on redemption	107,510
Accruals and other payables	320,234
Net assets attributable to unitholders (at last traded market prices)	<u>248,050,835</u>
<b>Total financial liabilities</b>	<u><u>248,478,579</u></u>
<b>At 31st December 2007</b>	
Amounts payable on redemption	54,459
Amounts due to brokers	1,112,078
Accruals and other payables	444,898
Net assets attributable to unitholders (at last traded market prices)	<u>309,890,345</u>
<b>Total financial liabilities</b>	<u><u>311,501,780</u></u>
	Less than 1 month HK\$
<u>BEA Hong Kong Dollar (HK\$) Bond Fund</u>	
<b>At 31st December 2008</b>	
Accruals and other payables	117,252
Net assets attributable to unitholders (at last traded market prices)	<u>100,358,895</u>
<b>Total financial liabilities</b>	<u><u>100,476,147</u></u>

Units are redeemed on demand at the holder's option. However, the Trustee does not envisage that the contractual maturity disclosed in the tables above will be representative of the actual cash outflows, as the holders of these instruments typically retain them for the medium to long term. At 31st December 2008 and 2007, no ultimate individual investor held more than 10% of each Sub-Fund's net assets.

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5 Financial risk management (Continued)

##### (e) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

##### BEA Hong Kong Growth Fund

At 31st December 2008, the Sub-Fund did not hold any assets and liabilities in currencies other than its functional currency, Hong Kong dollar (2007: Nil). As a result, the Sub-Fund is not subject to currency exposure.

##### BEA Hong Kong Dollar (HK\$) Bond Fund

At 31st December 2008, the Sub-Fund did not hold any assets and liabilities in currencies other than its functional currency, Hong Kong dollar. As a result, the Sub-Fund is not subject to currency exposure.

##### BEA Asia Strategic Growth Fund, BEA Global Bond Fund and BEA Greater China Growth Fund

The Sub-Funds hold assets denominated in currencies other than their functional currencies and are therefore exposed to currency risk. The BEA Global Bond Fund also enters into forward foreign exchange contracts designed to either hedge some or all of these exposures. Details of forward foreign exchange contracts outstanding at year end are disclosed in note 7. The Manager or the Investment Adviser monitors the Sub-Funds' currency positions on a daily basis.

The tables below summarise the Sub-Funds' net exposures to currency risk, monetary and non-monetary:

	2008	
	Monetary US\$	Non-monetary US\$
<u>BEA Asia Strategic Growth Fund</u>		
Great British Pound	106	-
Hong Kong Dollar	9,776	19,616,938
Indonesian Rupiah	-	944,534
Korean Won	5,837	15,866,326
Malaysian Ringgit	48,427	2,717,878
Singapore Dollar	66,797	4,906,621
Thai Baht	-	1,163,360
New Taiwan Dollar	14,013	9,876,049
<u>BEA Global Bond Fund</u>		
Australian Dollar	1,320,346	-
Canadian Dollar	460,624	-
Danish Krone	434,087	-
Euro	18,925,689	-
Great British Pound	3,960,850	-
Hong Kong Dollar	27,231	-
Japanese Yen	21,168,074	-
Norwegian Krone	146	-
New Zealand Dollar	319,810	-
Swedish Krona	198,234	-

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5 Financial risk management (Continued)

##### (e) Currency risk (Continued)

	2008	
	Monetary HK\$	Non-monetary HK\$
<u>BEA Greater China Growth Fund</u>		
New Taiwan Dollar	1,326,449	60,353,298
	2007	
	Monetary US\$	Non-monetary US\$
<u>BEA Asia Strategic Growth Fund</u>		
Hong Kong Dollar	6,842,044	38,858,291
Indonesian Rupiah	48	645,955
Korean Won	505,971	42,708,051
Malaysian Ringgit	63,127	9,737,393
Singapore Dollar	33,766	13,632,678
Thai Baht	98	3,780,101
New Taiwan Dollar	990	-
<u>BEA Global Bond Fund</u>		
Australian Dollar	710,137	-
Canadian Dollar	535,192	-
Danish Krone	504,092	-
Euro	17,938,719	-
Great British Pound	3,785,951	-
Hong Kong Dollar	19,309	-
Japanese Yen	13,748,074	-
Norwegian Krone	453,732	-
New Zealand Dollar	504,142	-
Swedish Krona	148,760	-
<u>BEA Greater China Growth Fund</u>	HK\$	HK\$
New Taiwan Dollar	1,856,713	83,410,454

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5 Financial risk management (Continued)

##### (e) Currency risk (Continued)

At 31st December 2008 and 2007, had the exchange rates between the functional currency and other currencies increased or decreased by 5% with all other variables held constant, the increase or decrease in net assets attributable to unitholders would be as follows:

	2008 Impact	
	Monetary US\$	Non-monetary US\$
<u>BEA Asia Strategic Growth Fund</u>		
Great British Pound	5	-
Hong Kong Dollar	489	980,847
Indonesian Rupiah	-	47,227
Korean Won	292	793,316
Malaysian Ringgit	2,421	135,894
Singapore Dollar	3,340	245,331
Thai Baht	-	58,168
New Taiwan Dollar	701	493,802
<u>BEA Global Bond Fund</u>		
Australian Dollar	66,017	-
Canadian Dollar	23,031	-
Danish Krone	21,704	-
Euro	946,284	-
Great British Pound	198,043	-
Hong Kong Dollar	1,362	-
Japanese Yen	1,058,404	-
Norwegian Krone	7	-
New Zealand Dollar	15,991	-
Swedish Krona	9,912	-
<u>BEA Greater China Growth Fund</u>		
New Taiwan Dollar	66,322	3,017,665

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 5 Financial risk management (Continued)

##### (e) Currency risk (Continued)

	2007 Impact	
	Monetary US\$	Non-monetary US\$
<u>BEA Asia Strategic Growth Fund</u>		
Hong Kong Dollar	342,102	1,942,915
Indonesian Rupiah	2	32,298
Korean Won	25,299	2,135,403
Malaysian Ringgit	3,156	486,870
Singapore Dollar	1,688	681,634
Thai Baht	5	189,005
New Taiwan Dollar	50	-
<u>BEA Global Bond Fund</u>		
Australian Dollar	35,507	-
Canadian Dollar	26,760	-
Danish Krone	25,205	-
Euro	896,936	-
Great British Pound	189,298	-
Hong Kong Dollar	965	-
Japanese Yen	687,404	-
Norwegian Krone	22,687	-
New Zealand Dollar	25,207	-
Swedish Krona	7,438	-
<u>BEA Greater China Growth Fund</u>		
New Taiwan Dollar	HK\$ 92,836	HK\$ 4,170,523

##### (f) Capital risk management

The capital of the Sub-Funds is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Sub-Funds are subject to daily subscriptions and redemptions at the discretion of unitholders. The Sub-Funds' objective when managing capital is to safeguard the Sub-Funds' ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Sub-Funds.

In order to maintain or adjust the capital structure, the Sub-Funds policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the trust deed of the Fund, which include the requirements of minimum holdings and initial subscriptions for certain classes of units.

The Trustee and Manager monitor capital on the basis of the value of net assets attributable to unitholders.

##### (g) Fair value estimation

As at 31st December 2008 and 2007, the carrying values of assets and liabilities are a reasonable approximation of their fair values.

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 6 Investments

As at 31st December, the Fund invested in the following investment type:

	2008		2007	
	US\$	% of net assets	US\$	% of net assets
<u>BEA Asia Strategic Growth Fund</u>				
Listed/Quoted Investments				
Equities	53,928,346	91.23	109,362,469	87.62
Non-voting depository receipts	1,163,360	1.97	-	-
Investment funds	-	-	9,638,400	7.72
	<u>55,091,706</u>	<u>93.20</u>	<u>119,000,869</u>	<u>95.34</u>

#### BEA Global Bond Fund

Listed/Quoted Investments

Debt securities	<u>60,821,430</u>	<u>96.08</u>	<u>45,775,741</u>	<u>95.80</u>
	<u>60,821,430</u>	<u>96.08</u>	<u>45,775,741</u>	<u>95.80</u>

	2008		2007	
	HK\$	% of net assets	HK\$	% of net assets
<u>BEA Hong Kong Growth Fund</u>				
Listed/Quoted Investments				
Equities	754,117,503	90.24	1,187,294,765	93.50
Investment funds	-	-	18,604,320	1.47
	<u>754,117,503</u>	<u>90.24</u>	<u>1,205,899,085</u>	<u>94.97</u>

#### BEA Greater China Growth Fund

Listed/Quoted Investments

Equities	<u>226,824,858</u>	<u>91.44</u>	<u>295,326,039</u>	<u>95.30</u>
	<u>226,824,858</u>	<u>91.44</u>	<u>295,326,039</u>	<u>95.30</u>

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 6 Investments (Continued)

	2008	
	HK\$	% of net assets
<u>BEA Hong Kong Dollar (HK\$) Bond Fund</u>		
Listed/Quoted Investments		
Bonds (Note)	72,407,621	72.15
Certificates of deposit	27,565,411	27.47
	99,973,032	99.62

Note: HK\$70,214,955 of these bonds are valued by reference to one broker quote.

#### 7 Derivative financial instruments

Derivative financial instruments represent outstanding forward foreign exchange contracts as at the year end date as follows:

##### BEA Asia Strategic Growth Fund

At 31st December 2008, the Sub-Fund did not have any outstanding forward foreign exchange contracts (2007: Nil).

##### BEA Global Bond Fund

###### **At 31st December 2008**

Contract to deliver	In exchange for	Settlement date	Fair value US\$
Open contracts:			
EUR8,000,000	US\$11,227,200	9th January 2009	109,017
			109,017

###### **At 31st December 2007**

Contract to deliver	In exchange for	Settlement date	Fair value US\$
Open contracts:			
AUD805,500	US\$703,234	31st January 2008	(2,819)
CAD516,000	US\$526,461	31st January 2008	3,431
DKK2,548,000	US\$498,223	31st January 2008	(1,626)
EUR12,159,500	US\$17,723,687	31st January 2008	(64,203)
GBP1,867,000	US\$3,715,003	31st January 2008	1,857
JPY1,552,488,000	US\$13,627,401	31st January 2008	(317,269)
NOK2,454,000	US\$447,199	31st January 2008	(4,366)
NZD638,000	US\$489,110	31st January 2008	(70)
SEK955,500	US\$147,034	31st January 2008	(850)
			(385,915)

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 7 Derivative financial instruments (Continued)

##### BEA Hong Kong Growth Fund

At 31st December 2008, the Sub-Fund did not have any outstanding forward foreign exchange contracts (2007: Nil).

##### BEA Greater China Growth Fund

At 31st December 2008, the Sub-Fund did not have any outstanding forward foreign exchange contracts (2007: Nil).

##### BEA Hong Kong Dollar (HK\$) Bond Fund

At 31st December 2008, the Sub-Fund did not have any outstanding forward foreign exchange contracts.

#### 8 Net gain/(loss) on investments

	2008	2007
	US\$	US\$
<u>BEA Asia Strategic Growth Fund</u>		
Change in unrealised gain/loss in value of investments	(47,250,561)	5,270,952
Realised (loss)/gain on sale of investments	<u>(7,098,180)</u>	<u>27,166,241</u>
	<u>(54,348,741)</u>	<u>32,437,193</u>
	2008	2007
	US\$	US\$
<u>BEA Global Bond Fund</u>		
Change in unrealised gain/loss in value of investments	1,090,306	2,525,235
Realised gain on sale of investments	<u>2,545,169</u>	<u>1,959,533</u>
	<u>3,635,475</u>	<u>4,484,768</u>
	2008	2007
	HK\$	HK\$
<u>BEA Hong Kong Growth Fund</u>		
Change in unrealised gain/loss in value of investments	(547,418,099)	147,164,634
Realised (loss)/gain on sale of investments	<u>(69,931,710)</u>	<u>85,221,179</u>
	<u>(617,349,809)</u>	<u>232,385,813</u>

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 8 Net gain/(loss) on investments (Continued)

	2008 HK\$	2007 HK\$
<u>BEA Greater China Growth Fund</u>		
Change in unrealised gain/loss in value of investments	(167,053,301)	18,249,297
Realised (loss)/gain on sale of investments	(26,249,837)	59,414,180
	<u>(193,303,138)</u>	<u>77,663,477</u>
	2008 HK\$	
<u>BEA Hong Kong Dollar (HK\$) Bond Fund</u>		
Change in unrealised gain/loss in value of investments	3,390,832	
Realised (loss)/gain on sale of investments	3,952,450	
	<u>7,343,282</u>	

#### 9 Transactions with associates and connected persons/related parties

The following is a summary of transactions entered into during the year between the Sub-Funds and its related parties, including the Trustee, the Manager and their associates, delegates or connected persons. All transactions were entered into in the ordinary course of business and on normal commercial terms.

##### (a) Investment management fees

The Manager, BEA Union Investment Management Limited, is entitled to receive a management fee in respect of each class of units calculated as a percentage of the net asset value of that part of the relevant Sub-Fund relating to the relevant class of units as follows:

	Class A % p.a.	Class B % p.a.	Class C % p.a.
BEA Asia Strategic Growth Fund	Nil	1.50	1.50
BEA Global Bond Fund	Nil	0.85	0.95
BEA Hong Kong Growth Fund	Nil	1.50	1.50
BEA Greater China Growth Fund	Nil	1.50	1.50
BEA Hong Kong Dollar (HK\$) Bond Fund	Nil	0.75	0.85

The fee is calculated and accrued on each dealing day and is paid monthly in arrears.

The Manager has appointed MEAG New York Corporation (retired effective from 4th August 2008) as the Investment Adviser for the BEA Global Bond Fund. The investment advisory fee is paid out of the investment management fees.

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 9 Transactions with associates and connected persons/related parties (Continued)

##### (a) Investment management fees (Continued)

The investment management fees payable as at year end were as follows:

	2008	2007
	US\$	US\$
BEA Asia Strategic Growth Fund	<u>41,204</u>	<u>92,614</u>
BEA Global Bond Fund	<u>19,451</u>	<u>24,341</u>
	2008	2007
	HK\$	HK\$
BEA Hong Kong Growth Fund	<u>390,605</u>	<u>622,294</u>
BEA Greater China Growth Fund	<u>137,226</u>	<u>277,217</u>
BEA Hong Kong Dollar (HK\$) Bond Fund	<u>3,966</u>	

##### (b) Trustee's fees

The Trustee, Bank of East Asia (Trustees) Limited, is entitled to receive a trustee fee in respect of each class of units calculated as a percentage of the net asset value of that part of the relevant Sub-Fund relating to the relevant class of units as follows:

	Class A % p.a.	Class B % p.a.	Class C % p.a.
BEA Asia Strategic Growth Fund	Nil	0.125	0.125
BEA Global Bond Fund	Nil	0.085	0.085
BEA Hong Kong Growth Fund	Nil	0.125	0.125
BEA Greater China Growth Fund	Nil	0.150	0.150
BEA Hong Kong Dollar (HK\$) Bond Fund	Nil	0.075	0.075

The fee is calculated and accrued on each dealing day and is paid monthly in arrears.

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 9 Transactions with associates and connected persons/related parties (Continued)

##### (b) Trustee's fees (Continued)

The trustee's fees payable as at year end were as follows:

	2008 US\$	2007 US\$
BEA Asia Strategic Growth Fund	<u>3,434</u>	<u>7,718</u>
BEA Global Bond Fund	<u>1,945</u>	<u>2,435</u>
	2008 HK\$	2007 HK\$
BEA Hong Kong Growth Fund	<u>32,550</u>	<u>51,858</u>
BEA Greater China Growth Fund	<u>13,723</u>	<u>27,722</u>
BEA Hong Kong Dollar (HK\$) Bond Fund	<u>397</u>	

##### (c) Registrar's fees

The Registrar, Bank of East Asia (Trustees) Limited, is entitled to receive a registrar fee calculated as a percentage of the net asset value of the Sub-Funds at the following rates:

For the first US\$50 million/HK\$390 million of NAV	0.050% p.a.
For the next US\$10 million/HK\$78 million of NAV	0.045% p.a.
For the next US\$10 million/HK\$78 million of NAV	0.040% p.a.
For the next US\$10 million/HK\$78 million of NAV	0.035% p.a.
For the next US\$10 million/HK\$78 million of NAV	0.030% p.a.
For the next US\$10 million/HK\$78 million of NAV	0.025% p.a.
For the remaining balance of NAV	0.015% p.a.

The fee is calculated and accrued on each dealing day and is paid monthly in arrears.

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 9 Transactions with associates and connected persons/related parties (Continued)

##### (c) Registrar's fees (Continued)

The registrar's fees payable as at year end were as follows:

	2008 US\$	2007 US\$
BEA Asia Strategic Growth Fund	<u>2,542</u>	<u>3,922</u>
BEA Global Bond Fund	<u>2,755</u>	<u>2,023</u>
	2008 HK\$	2007 HK\$
BEA Hong Kong Growth Fund	<u>30,857</u>	<u>34,025</u>
BEA Greater China Growth Fund	<u>10,795</u>	<u>12,752</u>
BEA Hong Kong Dollar (HK\$) Bond Fund	<u>4,516</u>	

##### (d) Bank balances

As at year end, the Sub-Funds placed bank deposits with The Bank of East Asia, Limited, the holding company of the Trustee.

	2008 US\$	2007 US\$
BEA Asia Strategic Growth Fund	<u>990,110</u>	<u>667,467</u>
BEA Global Bond Fund	<u>39,350</u>	<u>92,457</u>
	2008 HK\$	2007 HK\$
BEA Hong Kong Growth Fund	<u>33,326,995</u>	<u>1,343,893</u>
BEA Greater China Growth Fund	<u>3,984,537</u>	<u>397,906</u>
BEA Hong Kong Dollar (HK\$) Bond Fund	<u>1,357</u>	

## BEA CAPITAL GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 9 Transactions with associates and connected persons/related parties (Continued)

##### (e) Investments

As at year end, BEA Hong Kong Growth Fund held 208,400 (2007: 368,400) shares in The Bank of East Asia, Limited, the holding company of the Trustee with a market value of HK\$3,363,576 (2007: HK\$19,562,040).

#### 10 Bank loans, overdrafts and other borrowings

The Fund had no bank loans, overdrafts or other borrowings as at 31st December 2008 and 31st December 2007.

#### 11 Taxation

No provision for Hong Kong profits tax has been made as interest income, dividend income and realised gains on disposal of investments of the Sub-Funds are excluded from the charge to profits tax under sections 14, 26 or 26A of the Hong Kong Inland Revenue Ordinance.

Overseas withholding tax was charged on certain dividend and interest income received during the period.

#### 12 Soft commission arrangements

During the years ended 31st December 2008 and 2007, the Manager and its delegates did not enter into any soft commission arrangements with brokers relating to dealings in the assets of the Sub-Funds.

#### 13 Security lending arrangements

During the years ended 31st December 2008 and 2007, the Sub-Funds did not enter into any security lending arrangements.

#### 14 Negotiability of assets

At 31st December 2008 and 2007, there was no statutory or contractual requirement restricting the negotiability of the assets of the Sub-Funds.

## **BEA CAPITAL GROWTH FUND**

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

#### **15 Commitments**

The Sub-Funds had no commitments as at 31st December 2008 (2007: Nil).

#### **16 Contingent liabilities**

The Sub-Funds had no contingent liabilities as at 31st December 2008 (2007: Nil).

#### **17 Distributions**

No distribution was made during the year (2007: Nil).

#### **18 Approval of financial statements**

The financial statements were approved for issue by the Trustee on 28th April 2009.

