



# Tracker Fund of Hong Kong

Stock Code : 2800

Website : [www.trahk.com.hk](http://www.trahk.com.hk)

## **Interim Report 2011**

1st January 2011 to 30th June 2011

STATE STREET  
GLOBAL ADVISORS.

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**Tracker Fund of Hong Kong**  
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**CONDENSED STATEMENT OF NET ASSETS**

As at 30th June 2011

	(UNAUDITED)	(AUDITED)
	30.06.2011	31.12.2010
Note	HK\$	HK\$
<b>Assets</b>		
<b>Current assets</b>		
Investments	55,577,595,852	53,152,791,728
Dividends receivable	440,228,591	57,356,296
Amounts receivable on issue of units	–	262,557
Other accounts receivable and prepayments	282,668	44,998
Bank balances	7(d) 447,810,357	89,961,441
	<u>56,465,917,468</u>	<u>53,300,417,020</u>
<b>Total assets</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Management fee payable	5,171,431	5,139,723
Trustee fee payable	5,171,431	5,139,723
Index license fee payable	2,105,378	1,949,588
Registrar fee payable	145,919	145,041
Other accounts payable and accruals	544,593	728,284
	<u>13,138,752</u>	<u>13,102,359</u>
<b>Liabilities (excluding net assets attributable to holders of redeemable units)</b>		
	<u>13,138,752</u>	<u>13,102,359</u>
<b>Net assets attributable to holders of redeemable units (at bid market prices)</b>	56,452,778,716	53,287,314,661
Adjustments from bid market prices to last traded market prices	5 84,907,651	89,888,106
	<u>84,907,651</u>	<u>89,888,106</u>
<b>Net assets attributable to holders of redeemable units (at last traded market prices)</b>	5 <u>56,537,686,367</u>	53,377,202,767

The notes on pages 5 to 12 form part of these financial statements.

# Tracker Fund of Hong Kong

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### CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30th June 2011

		(UNAUDITED)	
		01.01.2011 to 30.06.2011	01.01.2010 to 30.06.2010
	Note	HK\$	HK\$
<b>Income</b>			
Dividends		1,103,789,030	814,554,467
Transaction fee	4(a)	588,734	374,447
Other income	4(b)	2,117,467	2,177,156
Net loss on investments	3	<u>(1,531,230,130)</u>	<u>(2,902,866,844)</u>
<b>Total net loss</b>		<u>(424,734,899)</u>	<u>(2,085,760,774)</u>
<b>Expenses</b>			
Management fee	7(b)	10,504,417	9,075,479
Trustee fee	7(c)	10,504,417	9,075,479
Index license fee	8(c)	4,071,144	3,015,398
Transaction costs on investments		7,831,650	5,627,555
Registrar fee	8(a)	820,996	867,412
Publication and printing expenses		690,871	470,185
Conversion agent fee	8(b)	558,906	394,769
Audit fee		163,644	123,972
Legal and other professional fees		127,534	480,217
Bank charges		188,413	151,101
Other operating expenses		<u>296,211</u>	<u>363,577</u>
<b>Total operating expenses</b>		<u>35,758,203</u>	<u>29,645,144</u>
<b>Operating loss</b>		<u>(460,493,102)</u>	<u>(2,115,405,918)</u>
<b>Finance costs</b>			
Distributions to holders of redeemable units	12	<u>(312,779,025)</u>	<u>(226,919,100)</u>
<b>Loss after distributions and before tax</b>		<u>(773,272,127)</u>	<u>(2,342,325,018)</u>
Withholding tax	6	<u>(63,194,945)</u>	<u>(47,140,803)</u>
<b>Loss after distributions and tax</b>		<u>(836,467,072)</u>	<u>(2,389,465,821)</u>
Adjustments from bid market prices to last traded market prices	5	<u>(4,980,455)</u>	<u>36,923,384</u>
<b>Decrease in net assets attributable to holders of redeemable units from operations</b>		<u>(841,447,527)</u>	<u>(2,352,542,437)</u>

The notes on pages 5 to 12 form part of these financial statements.

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**CONDENSED STATEMENT OF CHANGES IN NET ASSETS  
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS**

For the period ended 30th June 2011

		(UNAUDITED)	
		01.01.2011	01.01.2010
		to	to
		30.06.2011	30.06.2010
Note		HK\$	HK\$
	<b>Net assets attributable to holders of redeemable units at 1st January (at last traded market prices)</b>	53,377,202,767	39,127,011,685
		-----	-----
	Issue of units		
	– In-kind	9 11,590,016,774	8,263,678,322
	– Cash component	9 65,204,494	41,791,742
		-----	-----
		11,655,221,268	8,305,470,064
		-----	-----
	Redemption of units		
	– In-kind	9 (7,623,545,183)	(3,868,748,094)
	– Cash component	9 (29,744,958)	(17,493,921)
		-----	-----
		(7,653,290,141)	(3,886,242,015)
		-----	-----
	Net issue of units	4,001,931,127	4,419,228,049
		-----	-----
	Decrease in net assets attributable to holders of redeemable units from operations	(841,447,527)	(2,352,542,437)
		-----	-----
	<b>Net assets attributable to holders of redeemable units at 30th June (at last traded market prices)</b>	<b>56,537,686,367</b>	<b>41,193,697,297</b>
		=====	=====

The notes on pages 5 to 12 form part of these financial statements.

# Tracker Fund of Hong Kong

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### CONDENSED STATEMENT OF CASH FLOWS

For the period ended 30th June 2011

		(UNAUDITED)	
		01.01.2011	01.01.2010
		to	to
		30.06.2011	30.06.2010
Note		HK\$	HK\$
<b>Cash flows from operating activities</b>			
		3,602,314,212	2,573,912,093
		(3,591,876,875)	(2,518,103,713)
		657,721,790	611,596,003
		615,000	495,000
		(10,472,709)	(8,802,656)
		(10,472,709)	(8,802,656)
		(3,915,354)	(2,985,658)
		(820,118)	(849,180)
		(759,668)	(818,657)
		(7,831,650)	(5,627,555)
		(540,000)	(432,000)
		(152,871)	(126,212)
		(167,578)	(480,217)
		(853,089)	(711,953)
		<u>632,788,381</u>	<u>638,262,639</u>
<b>Net cash generated from operating activities</b>			
		632,788,381	638,262,639
<b>Cash flows from financing activities</b>			
	9	65,467,051	41,791,742
	9	(29,744,958)	(17,493,921)
	4(b), 12	(310,661,558)	(224,741,944)
		<u>(274,939,465)</u>	<u>(200,444,123)</u>
<b>Net cash used in financing activities</b>			
		(274,939,465)	(200,444,123)
<b>Net increase in cash and cash equivalents</b>			
		357,848,916	437,818,516
Cash and cash equivalents at the beginning of the period			
		<u>89,961,441</u>	<u>56,176,081</u>
<b>Cash and cash equivalents at the end of the period</b>			
		<u><u>447,810,357</u></u>	<u><u>493,994,597</u></u>
<b>Analysis of balances of cash and cash equivalents</b>			
	7(d)	<u><u>447,810,357</u></u>	<u><u>493,994,597</u></u>

Please refer to notes 4(b) and 9 for details of major non-cash transactions.

The notes on pages 5 to 12 form part of these financial statements.

## **NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

### **1 General information**

Tracker Fund of Hong Kong (the "Fund") is a unit trust which is governed by its Trust Deed dated 23rd October 1999 (the "Trust Deed"). The Fund is authorized by the Securities and Futures Commission of Hong Kong under Section 104(1) of the Hong Kong Securities and Futures Ordinance. The Fund is also listed on the Stock Exchange of Hong Kong Limited (a subsidiary of The Hong Kong Exchanges and Clearing Limited).

The manager and the trustee of the Fund are State Street Global Advisors Asia Limited (the "Manager") and State Street Bank and Trust Company (the "Trustee") respectively.

The Fund's objective is to provide investment results that closely correspond to the performance of the Hang Seng Index (the "Index").

### **2 Basis of preparation and accounting policies**

Except as described below, these unaudited condensed Interim Financial Statements ("Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants. The Interim Financial Statements are prepared under the historical cost convention as modified by the revaluation of investments and should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2010.

The accounting policies and methods of computation used in the preparation of these Interim Financial Statements are consistent with those used in the Annual Financial Statements for the year ended 31st December 2010.

New and amended standards adopted by the Fund:

Amendment to HKAS 34 "Interim Financial Reporting" is effective for annual periods beginning on or after 1st January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy does not have any significant impact on the Fund.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)**

**3 Net loss on investments**

	(UNAUDITED)	
	01.01.2011	01.01.2010
	to	to
	30.06.2011	30.06.2010
	HK\$	HK\$
Change in unrealized gain/loss on investments	(4,507,255,532)	(3,289,080,423)
Realized gain on sale of investments	2,976,025,402	386,213,579
	<u>(1,531,230,130)</u>	<u>(2,902,866,844)</u>

**4 Income**

(a) *Transaction fee*

Applications to create or redeem units are only made through brokers or dealers (acting either as principal or on behalf of clients) (the "Participating Dealers") which have executed a participation agreement with the Manager, the Trustee, HK Conversion Agency Services Limited and Hong Kong Securities Clearing Company ("HKSCC"). The Fund is entitled to receive a transaction fee of HK\$15,000 per total aggregate creation and redemption application per day per Participating Dealer.

(b) *Other income*

Other income represents registrar charges levied on unitholders (other than HKSCC Nominees) who hold units registered in their own names as at each Record Date for the relevant distribution. Currently, these charges amount to the lower of HK\$80 per year per unitholder and the unitholder's actual distribution entitlement. Such charges are deducted on a half-yearly basis from the half-yearly distributions payable to the relevant unitholders.

**5 Number of units in issue and net assets attributable to holders of redeemable units**

The Fund's capital is represented by the net assets attributable to holders of redeemable units. Units are issued through an in-kind creation of an Index Basket with the remaining balances in cash, and are redeemed in-kind with the remaining balances in cash. Subscriptions and redemptions of units during the period are shown on the Condensed Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with the objectives and risk management policies, the Fund endeavours to invest in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of listed securities where necessary.



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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)**

**5 Number of units in issue and net assets attributable to holders of redeemable units (Continued)**

In accordance with the provisions of the Fund's Trust Deed, listed investments are stated at the last traded price on the valuation day for the purpose of determining net asset value per unit for creations and redemptions and for various fee calculations. However, the accounting policy of the Fund for the purpose of compliance with HKAS 39 and for reporting purpose is to value its investments at the relevant bid market prices on the Statement of Net Assets date. The difference between the valuation of these investments as stated in the condensed financial statements and the valuation methodology indicated in the Fund's Trust Deed, results in a decrease in value of investments by HK\$84,907,651 as at 30th June 2011 (as at 31st December 2010: HK\$89,888,106). The amount of the adjustment recognized in the Condensed Statement of Comprehensive Income is a decrease of HK\$4,980,455 (for the period ended 30th June 2010: increase of HK\$36,923,384).

Net assets attributable to holders of redeemable units at last traded market prices represent a liability in the Condensed Statement of Net Assets, carried at the redemption amount that would be payable at the period end date if the unitholders exercised the right to redeem the units in the Fund.

	(UNAUDITED)		
	Number of units		
	01.01.2011 to 30.06.2011	01.07.2010 to 31.12.2010	01.01.2010 to 30.06.2010
Units in issue at the beginning of the period	2,301,992,500	2,005,992,500	1,776,992,500
Creation of units	491,000,000	361,000,000	403,000,000
Redemption of units	(318,000,000)	(65,000,000)	(174,000,000)
Units in issue at the end of the period	<u>2,474,992,500</u>	<u>2,301,992,500</u>	<u>2,005,992,500</u>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Net assets attributable to holders of redeemable units	<u>56,537,686,367</u>	<u>53,377,202,767</u>	<u>41,193,697,297</u>
Net assets attributable to holders of redeemable units (per unit)	<u>22.84</u>	<u>23.19</u>	<u>20.54</u>
Net asset value per Creation Unit (1 Creation Unit is equivalent to 1,000,000 units)	<u>22,843,579</u>	<u>23,187,392</u>	<u>20,535,320</u>

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### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)

#### 6 Taxation

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

The Fund invests in shares of companies in People's Republic of China ("PRC") listed on the Hong Kong Stock Exchange ("H-shares"). Under the PRC Corporate Income Tax Law, the Fund may be liable to pay PRC tax on the capital gains realized in the trading of H-shares. However, no provision was made for taxation from such gains in the financial statements as the Trustee and Manager believe that the Fund can sustain a position for not filing a tax return based on the existing tax regulations and that the enforcement of China tax on capital gains is not probable.

Withholding tax was charged on dividend income received from H-shares during the period.

#### 7 Transactions with the related parties/Manager and its Connected Persons

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties of the Fund also include the Manager of the Fund and its connected persons. Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the period between the Fund and its related parties, including the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Fund does not have any other transactions with its related parties, including the Manager and its Connected Persons except for those disclosed below.

##### (a) *Manager's holding in the Fund*

The directors and officers of the Manager may transact in the units of the Fund as principal provided that prior written notice is provided to the Trustee. As at 30th June 2011, the directors and officers of the Manager together held 23,500 units in the Fund (as at 31st December 2010: 23,500 units).

##### (b) *Management fee*

The fee payable to the Manager is calculated at the following annual rates of the net asset value of the Fund on the last dealing day in the relevant quarter:

For the first HK\$15 billion of the net asset value	0.050%
For the next HK\$15 billion of the net asset value	0.045%
For the next HK\$15 billion of the net asset value	0.030%
Any amount by which the net asset value exceeds HK\$45 billion	0.025%

The management fee is accrued daily and is payable quarterly in arrears.

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)**

**7 Transactions with the related parties/Manager and its Connected Persons (Continued)**

(c) *Trustee fee*

The fee payable to the Trustee is calculated at the following annual rates of the net asset value of the Fund of the last dealing day in the relevant quarter:

For the first HK\$15 billion of the net asset value	0.050%
For the next HK\$15 billion of the net asset value	0.045%
For the next HK\$15 billion of the net asset value	0.030%
Any amount by which the net asset value exceeds HK\$45 billion	0.025%

The trustee fee is accrued daily and payable quarterly in arrears.

(d) *Bank balances*

Bank balances are maintained with the Trustee. Bank balances held with the Trustee as at 30th June 2011 was HK\$447,810,357 (as at 31st December 2010: HK\$89,961,441). No interest was earned on these bank balances during the periods ended 30th June 2011 and 2010 as they were placed in a non-interest bearing current account.

**8 Other fees**

(a) *Registrar fee*

The fee payable to the Registrar, Computershare Hong Kong, is calculated based on the number of unitholders on the register on the first business day of the relevant month at the following fee scale, subject to a monthly maximum aggregate registrar fee of HK\$1,000,000.

	<i>HK\$</i> (per month)
For the first 2,000 Unitholders	10,000
For every additional 1,000 Unitholders up to 100,000 Unitholders	2,200
For every additional 1,000 Unitholders up to 200,000 Unitholders	1,800
For every additional 1,000 Unitholders up to 300,000 Unitholders	1,500
For every additional 1,000 Unitholders above 300,000 Unitholders	1,200

In addition, the Registrar is reimbursed for all of its out-of-pocket expenses incurred in connection with performing its services.

The registrar fee is accrued daily and is payable monthly in advance.

(b) *Conversion agent fee*

The Conversion Agent, HK Conversion Agency Services Limited, received a monthly retainer fee of HK\$16,000 plus a transaction fee of HK\$12,000 for each creation or redemption application.

The conversion agent fee is accrued daily and payable monthly in arrears.

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)**

**8 Other fees (Continued)**

(c) *Index license fee*

The index license fee is calculated at the rate of 0.015% per annum on the daily average net asset value of the Fund, subject to a minimum of US\$10,000 per annum.

The index license fee is accrued daily and is payable quarterly in arrears.

**9 Major non-cash transactions**

In accordance with the Fund's Trust Deed, units are issued through an in-kind creation of an Index Basket with the remaining balances in cash. For each Creation Unit (of 1,000,000 units), the Fund receives an Index Basket consisting of constituent shares as determined by the Manager on a daily basis. During the period, the Fund issued 491,000,000 units (for the period ended 30th June 2010: 403,000,000 units), totaling HK\$11,655,221,268 (for the period ended 30th June 2010: HK\$8,305,470,064) in exchange for Index Baskets consisting of investments valued at HK\$11,590,016,774 (for the period ended 30th June 2010: HK\$8,263,678,322) by the Manager with remaining balances in cash of HK\$65,204,494 (for the period ended 30th June 2010: HK\$41,791,742).

In accordance with the Fund's Trust Deed, units are redeemed in-kind with the remaining balances in cash. During the period, the Fund redeemed 318,000,000 units (for the period ended 30th June 2010: 174,000,000 units), totaling HK\$7,653,290,141 (for the period ended 30th June 2010: HK\$3,886,242,015) in exchange for Index Baskets consisting of investments valued at HK\$7,623,545,183 (for the period ended 30th June 2010: HK\$3,868,748,094) by the Manager with remaining balances in cash of HK\$29,744,958 (for the period ended 30th June 2010: HK\$17,493,921).

**10 Soft dollar practices**

The Manager may effect transactions, provided that any such transaction is consistent with standards of "best execution", by or through the agency of another person for the account of the Fund with whom the Manager or any of its Connected Persons have an arrangement under which that party will from time to time provide to or procure for the Manager or any of its Connected Persons goods, services or other benefits (such as research and advisory services, computer hardware associated with specialized software or research services and performance measures) the nature of which is such that their provision can reasonably be expected to benefit the Fund as a whole and may contribute to an improvement in the performance of the Fund. For the avoidance of doubt, such goods and services may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employees' salaries or direct money payments.

Since the inception of the Fund, the Manager had not participated in any soft dollar arrangements in respect of any transactions for the account of the Fund.

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)

### 11 Investment limitation and prohibitions under the SFC Code

The SFC Code allows the Fund to invest in constituent securities issued by a single issuer for more than 10% of the Fund's net asset value provided that the investment is limited to any constituent securities that each accounts for more than 10% of the weighting of the Index and the Fund's holding of any such constituent securities may not exceed their respective weightings in the Index (except as a result of changes in the composition of the Index and the excess is transitional and temporary in nature).

Constituent securities that account for more than 10% of the net asset value of the Fund as at 30th June 2011 were as follows:

	Respective weighting in the Index (%)		% of net asset value	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
	HSBC Holdings plc	15.0	15.1	14.6

During the period, the Hang Seng Index decreased by 2.77% (for the period ended 30th June 2010: decreased by 7.97%) and the net asset value per unit of the Fund decreased by 1.51% (for the period ended 30th June 2010: decreased by 6.72%).

### 12 Distribution

	(UNAUDITED)	
	01.01.2011 to 30.06.2011 HK\$	01.01.2010 to 30.06.2010 HK\$
Interim distribution		
– HK\$0.12 on 1,890,992,500 units paid on 28th May 2010	–	226,919,100
– HK\$0.13 on 2,405,992,500 units paid on 1st June 2011	312,779,025	–

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### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)

#### 13 Segment information

The Manager makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the reports reviewed by the Manager, which are used to make strategic decisions.

The Manager is responsible for the Fund's entire portfolio and considers the business to have a single operating segment. The Manager's asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The Fund trades in the constituent shares of the Hang Seng Index with the objective to provide investment results that closely correspond to the performance of the Index.

The internal reporting provided to the Manager for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of HKFRS.

There were no changes in the reportable segment during the period.

The Fund is domiciled in Hong Kong. All of the Fund's income is from investments in entities listed in Hong Kong.

The Fund has no assets classified as non-current assets. The Fund has a diversified portfolio of investments and no single investment accounts for more than 10% of the Fund's income. Please refer to note 11 for investment holdings account for more than 10% of the Fund's net assets

The Fund also has a diversified unitholder population. However, as at 30th June 2011 and 31st December 2010, there was one nominee company that held more than 10% of the Fund's net assets. The nominee company's holdings were 81.84% as at 30th June 2011 and 80.14% as at 31st December 2010.

## Tracker Fund of Hong Kong

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## INVESTMENT PORTFOLIO

As at 30th June 2011

		(UNAUDITED)	
	Holdings	Fair value HK\$	% of net assets
<b>Hong Kong</b>			
<b>Listed investments (98.30%)</b>			
<b>Equities (98.30%)</b>			
<b>Properties (9.26%)</b>			
Cheung Kong (Holdings) Ltd.	12,383,807	1,405,562,094	2.49
China Overseas Land & Investment Ltd.	36,529,626	606,391,792	1.07
China Resources Land Ltd.	16,855,888	235,982,432	0.42
Hang Lung Properties Ltd.	21,977,420	701,079,698	1.24
Henderson Land Development Co. Ltd.	8,753,382	438,106,769	0.77
Sino Land Co. Ltd.	23,509,244	292,925,180	0.52
Sun Hung Kai Properties Ltd.	13,743,323	1,557,118,496	2.75
		5,237,166,461	9.26
		-----	-----
<b>Finance (46.01%)</b>			
AIA Group Ltd.	75,157,642	2,025,498,452	3.58
Bank of China Ltd.	559,128,105	2,119,095,518	3.75
BOC Hong Kong (Holdings) Ltd.	33,080,948	745,975,377	1.32
Bank of Communications Co. Ltd.	59,278,645	441,033,119	0.78
Bank of East Asia Ltd.	13,711,236	438,073,990	0.77
China Construction Bank Corporation	536,000,598	3,457,203,857	6.11
China Life Insurance Co. Ltd.	66,324,535	1,760,916,404	3.11
Hang Seng Bank Ltd.	6,836,400	847,029,960	1.50
Hong Kong Exchanges and Clearing Ltd.	9,128,277	1,488,821,979	2.63
HSBC Holdings plc	107,358,296	8,266,588,792	14.64
Industrial and Commercial Bank of China Ltd.	541,784,078	3,196,526,060	5.65
Ping An Insurance (Group) Co. of China Ltd.	15,276,733	1,224,430,150	2.17
		26,011,193,658	46.01
		-----	-----
<b>Utilities (5.02%)</b>			
China Resources Power Holdings Co. Ltd.	16,892,486	254,738,689	0.45
CLP Holdings Ltd.	16,132,564	1,110,727,031	1.96
Hong Kong and China Gas Co. Ltd.	42,376,761	747,526,064	1.32
Power Assets Holdings Ltd.	12,401,697	727,359,529	1.29
		2,840,351,313	5.02
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# Tracker Fund of Hong Kong

## Interim Report 2011

### INVESTMENT PORTFOLIO (Continued)

As at 30th June 2011

	Holdings	(UNAUDITED) Fair value HK\$	% of net assets
<b>Commerce and Industry (38.01%)</b>			
Aluminum Corporation of China Ltd.	35,257,848	230,938,904	0.41
Belle International Holdings Ltd.	41,469,525	674,294,477	1.19
Cathay Pacific Airways Ltd.	10,549,984	189,688,712	0.34
China Coal Energy Co. Ltd.	36,712,231	383,275,692	0.68
China Merchants Holdings (International) Co. Ltd.	9,890,541	296,221,703	0.52
China Mobile Ltd.	53,684,093	3,862,570,491	6.83
China Petroleum & Chemical Corporation	149,492,103	1,166,038,403	2.06
China Resources Enterprise, Ltd.	10,720,183	338,221,774	0.60
China Shenhua Energy Co. Ltd.	30,381,813	1,127,165,262	1.99
China Unicom (Hong Kong) Ltd.	42,127,433	660,558,149	1.17
CITIC Pacific Ltd.	11,415,740	221,693,671	0.39
CNOOC Ltd.	159,322,312	2,893,293,186	5.12
COSCO Pacific Ltd.	14,546,221	197,828,606	0.35
Esprit Holdings Ltd.	11,527,343	277,808,966	0.49
Hengan International Group Co. Ltd.	7,075,180	491,371,251	0.87
Hutchison Whampoa Ltd.	18,998,677	1,595,888,868	2.82
Li & Fung Ltd.	50,543,472	783,423,816	1.39
MTR Corporation Ltd.	12,901,741	354,797,878	0.63
New World Development Co. Ltd.	21,287,962	249,920,674	0.44
PetroChina Co. Ltd.	188,084,081	2,132,873,479	3.77
Swire Pacific Ltd. 'A'	6,476,171	736,340,643	1.30
Tencent Holdings Ltd.	9,004,995	1,892,849,949	3.35
Wharf (Holdings) Ltd.	13,539,683	731,819,866	1.30
		<u>21,488,884,420</u>	<u>38.01</u>
Total listed investments		<u>55,577,595,852</u>	<u>98.30</u>
Total investments, at cost		<u>48,259,255,290</u>	



## Tracker Fund of Hong Kong Interim Report 2011

### STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

For the period ended 30th June 2011

	(UNAUDITED)			30.06.2011
	31.12.2010	Additions	Disposals	
Holdings				
<b>Hong Kong</b>				
<b>Listed investments</b>				
<b>Equities</b>				
<b>Properties</b>				
Cheung Kong (Holdings) Ltd.	12,281,887	2,608,348	(2,506,428)	12,383,807
China Overseas Land & Investment Ltd.	36,099,568	7,668,760	(7,238,702)	36,529,626
China Resources Land Ltd.	17,804,349	3,580,688	(4,529,149)	16,855,888
Hang Lung Properties Ltd.	18,412,944	7,611,341	(4,046,865)	21,977,420
Henderson Land Development Co. Ltd.	9,568,302	2,030,466	(2,845,386)	8,753,382
Newton Resources Ltd., Right	–	125,998	(125,998)	–
Sino Land Co. Ltd.	21,648,359	6,363,363	(4,502,478)	23,509,244
Sun Hung Kai Properties Ltd.	13,624,833	2,894,132	(2,775,642)	13,743,323
<b>Finance</b>				
AIA Group Ltd.	–	75,492,075	(334,433)	75,157,642
Bank of China Ltd.	554,145,624	117,703,832	(112,721,351)	559,128,105
BOC Hong Kong (Holdings) Ltd.	32,693,349	6,944,691	(6,557,092)	33,080,948
Bank of Communications Co. Ltd.	58,586,601	12,444,806	(11,752,762)	59,278,645
Bank of East Asia Ltd.	14,426,075	3,056,788	(3,771,627)	13,711,236
China Construction Bank Corporation	531,060,640	112,800,862	(107,860,904)	536,000,598
China Life Insurance Co. Ltd.	65,745,873	13,965,262	(13,386,600)	66,324,535
Hang Seng Bank Ltd.	6,759,502	1,435,427	(1,358,529)	6,836,400
Hong Kong Exchanges and Clearing Ltd.	9,047,618	1,921,941	(1,841,282)	9,128,277
HSBC Holdings plc	100,651,300	26,105,600	(19,398,604)	107,358,296
Industrial and Commercial Bank of China Ltd.	498,472,631	150,109,035	(106,797,588)	541,784,078
Ping An Insurance (Group) Co. of China Ltd.	15,153,535	3,217,978	(3,094,780)	15,276,733
<b>Utilities</b>				
China Resources Power Holdings Co. Ltd.	16,639,413	3,539,166	(3,286,093)	16,892,486
CLP Holdings Ltd.	15,949,011	3,386,823	(3,203,270)	16,132,564
Hong Kong and China Gas Co. Ltd.	38,073,766	12,196,393	(7,893,398)	42,376,761
Power Assets Holdings Ltd.	12,254,450	2,603,348	(2,456,101)	12,401,697

# Tracker Fund of Hong Kong

## Interim Report 2011

### STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Continued)

For the period ended 30th June 2011

	(UNAUDITED)			
	Holdings			
	31.12.2010	Additions	Disposals	30.06.2011
<b>Commerce and Industry</b>				
Aluminum Corporation of China Ltd.	34,847,658	7,401,920	(6,991,730)	35,257,848
Belle International Holdings Ltd.	40,810,023	8,705,983	(8,046,481)	41,469,525
Cathay Pacific Airways Ltd.	10,426,375	2,214,659	(2,091,050)	10,549,984
China Coal Energy Co. Ltd.	36,291,812	7,707,248	(7,286,829)	36,712,231
China Merchants Holdings (International) Co. Ltd.	9,699,702	2,073,115	(1,882,276)	9,890,541
China Mobile Ltd.	53,181,803	11,297,137	(10,794,847)	53,684,093
China Petroleum & Chemical Corporation	148,268,538	31,492,665	(30,269,100)	149,492,103
China Resources Enterprise, Ltd.	10,595,014	2,250,377	(2,125,208)	10,720,183
China Shenhua Energy Co. Ltd.	30,033,553	6,378,429	(6,030,169)	30,381,813
China Unicom (Hong Kong) Ltd.	41,638,207	8,843,961	(8,354,735)	42,127,433
CITIC Pacific Ltd.	11,283,163	2,396,746	(2,264,169)	11,415,740
CNOOC Ltd.	157,875,502	33,533,353	(32,086,543)	159,322,312
COSCO Pacific Ltd.	14,378,775	3,053,352	(2,885,906)	14,546,221
Esprit Holdings Ltd.	10,815,859	2,304,406	(1,592,922)	11,527,343
Foxconn International Holdings Ltd.	18,938,395	3,837,689	(22,776,084)	-
Hengan International Group Co. Ltd.	-	7,106,750	(31,570)	7,075,180
Hutchison Whampoa Ltd.	18,837,323	4,000,692	(3,839,338)	18,998,677
Hutchison Port Holdings Trust, Right	-	1,828,800	(1,828,800)	-
Li & Fung Ltd.	21,975,302	60,405,004	(31,836,834)	50,543,472
Li & Fung Ltd., Temp Trading	-	52,946,026	(52,946,026)	-
MTR Corporation Ltd.	12,741,984	2,707,902	(2,548,145)	12,901,741
New World Development Co. Ltd.	20,772,380	6,649,130	(6,133,548)	21,287,962
PetroChina Co. Ltd.	186,423,411	39,597,395	(37,936,725)	188,084,081
Swire Pacific Ltd. 'A'	6,397,216	1,359,357	(1,280,402)	6,476,171
Tencent Holdings Ltd.	8,879,985	1,906,551	(1,781,541)	9,004,995
Wharf (Holdings) Ltd.	12,167,482	3,994,978	(2,622,777)	13,539,683
Wharf (Holdings) Ltd., Right	-	1,173,427	(1,173,427)	-

# Tracker Fund of Hong Kong

## Interim Report 2011

### **PERFORMANCE RECORD**

*For the period ended 30th June 2011*

#### **Fund performance**

During the period, the Hang Seng Index decreased by 2.77% and the net asset value per unit of the Fund decreased by 1.51%.

# Tracker Fund of Hong Kong

## Interim Report 2011

### ADMINISTRATION AND MANAGEMENT

#### Directors of the Manager

Mr. Bernard Patrick Reilly  
Ms. Kelly Quinn Driscoll  
Ms. Ting Li

#### Members of the Supervisory Committee

Mr. Fong Hup  
Mr. Lawrence Fok  
Mr. Marvin Cheung  
Mr. Stephen Law  
Prof. Chan Yuk-shee

#### Trustee and custodian

State Street Bank and Trust Company  
68th Floor  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

#### Registrar

Computershare Hong Kong  
Investor Services Limited  
Room 17M Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

#### Manager

State Street Global Advisors Asia Limited  
68th Floor  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

#### Promoter

Exchange Fund Investment Limited  
87th Floor  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

#### Conversion agent

HK Conversion Agency Services Limited  
2nd Floor  
Infinitus Plaza  
199 Des Voeux Road Central  
Hong Kong

#### Auditor

PricewaterhouseCoopers  
22nd Floor  
Prince's Building  
Central  
Hong Kong