

TraHK

Tracker Fund of Hong Kong



Stock Code : 2800

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Condensed Statement of Net Assets

As at 30th June 2007

		(UNAUDITED) 30.06.2007 HK\$	(AUDITED) 31.12.2006 HK\$
Assets			
Investments		26,787,066,646	26,466,204,815
Dividends receivable		72,400,810	60,235,293
Other accounts receivables and prepayments		63,053	189,545
Bank balances	7(c)	232,461,950	76,646,478
		<u>27,091,992,459</u>	<u>26,603,276,131</u>
Total assets		27,091,992,459	26,603,276,131
Liabilities			
Trustee fee payable		3,208,757	3,243,578
Management fee payable		3,208,757	3,243,578
Index license fee payable		975,244	974,691
Registrar fee payable		334,737	304,773
Other accounts payable and accruals		1,651,993	1,193,625
		<u>9,379,488</u>	<u>8,960,245</u>
Liabilities (excluding net assets attributable to holders of redeemable units)		9,379,488	8,960,245
Net assets attributable to holders of redeemable units (at bid market prices)	5	27,082,612,971	26,594,315,886
Adjustments from bid market prices to last traded market prices	5	<u>11,544,505</u>	<u>8,630,309</u>
Net assets attributable to holders of redeemable units (at last traded market prices)	5	<u>27,094,157,476</u>	<u>26,602,946,195</u>

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

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Condensed Statement of Operations

For the period ended 30th June 2007

		(UNAUDITED)	
		01.01.2007	01.01.2006
		to	to
		30.06.2007	30.06.2006
Note		HK\$	HK\$
Income			
	Dividends	445,280,570	557,495,492
	Bank interest	7(c) 2,990,400	2,857,312
	Transaction fee	4(a) 89,260	155,389
	Other income	4(b) 2,585,859	3,211,994
	Net gain on investments	3 2,273,400,089	2,460,387,383
	Total investment income	<u>2,724,346,178</u>	<u>3,024,107,570</u>
Expenses			
	Management fee	7(a) 6,166,066	6,399,317
	Trustee fee	7(b) 6,166,066	6,399,317
	Index license fee	8(c) 1,931,383	2,039,719
	Transaction costs on investments	7,834,409	1,707,164
	Registrar fee	8(a) 914,421	1,085,564
	Publication and printing expenses	855,296	968,498
	Conversion agent fee	8(b) 166,618	206,374
	Audit fee	60,498	54,052
	Bank charges	31,016	7,110
	Other operating expenses	406,358	379,535
	Total operating expenses	<u>24,532,131</u>	<u>19,246,650</u>
	Net operating profit	<u>2,699,814,047</u>	<u>3,004,860,920</u>
Finance costs			
	Distributions to holders of redeemable units	<u>(263,338,425)</u>	<u>(341,798,500)</u>
	Profit for the period	2,436,475,622	2,663,062,420
	Adjustments from bid market prices to last traded market prices	5 2,914,196	44,452,288
	Increase in net assets attributable to holders of redeemable units	<u><u>2,439,389,818</u></u>	<u><u>2,707,514,708</u></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 2007

	(UNAUDITED)	
	01.01.2007	01.01.2006
	to	to
	30.06.2007	30.06.2006
Note	HK\$	HK\$
Net assets attributable to holders of redeemable units at the beginning of the period	26,602,946,195	27,048,038,344
Redemption of units	9 (1,948,178,713)	(4,061,203,155)
Net further cash amount received on redemption of units	176	3,474
Net redemption of units	(1,948,178,537)	(4,061,199,681)
	24,654,767,658	22,986,838,663
Increase in net assets attributable to holders of redeemable units	2,439,389,818	2,707,514,708
Net assets attributable to holders of redeemable units at the end of the period (at last traded market prices)	27,094,157,476	25,694,353,371

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

Condensed Statement of Cash Flows

For the period ended 30th June 2007

		(UNAUDITED)	
		01.01.2007	01.01.2006
		to	to
		30.06.2007	30.06.2006
Note		HK\$	HK\$
Cash flows from operating activities			
	Sale of investments	9 3,340,555,556	659,801,184
	Purchase of investments	9 (3,326,719,242)	(658,516,273)
	Dividends received	433,115,053	571,444,299
	Other income received	2,585,859	3,211,994
	Bank interest received	2,970,199	2,847,757
	Transaction fee received	75,000	150,000
	Management fee paid	(6,200,887)	(6,486,435)
	Trustee fee paid	(6,200,887)	(6,486,435)
	Index license fee paid	(1,930,830)	(2,064,725)
	Registrar fee paid	(884,457)	(1,090,282)
	Publication and printing expenses paid	(363,147)	(921,148)
	Transaction costs on investments paid	(7,834,409)	(1,707,164)
	Conversion agent fee paid	(156,000)	(220,000)
	Bank charges paid	(60,337)	(651)
	Other operating expenses paid	(320,980)	(215,776)
		<u>428,630,491</u>	<u>559,746,345</u>
Net cash generated from operating activities			
		-----	-----
Cash flows from financing activities			
	Redemption of units	(9,476,770)	(24,167,734)
	Net further cash amount received on redemption of units	176	3,474
	Interim distribution paid	(263,338,425)	(341,798,500)
		<u>(272,815,019)</u>	<u>(365,962,760)</u>
Net cash used in financing activities			
		-----	-----
Net increase in cash and cash equivalents		155,815,472	193,783,585
Cash and cash equivalents at the beginning of the period		<u>76,646,478</u>	<u>68,329,644</u>
Cash and cash equivalents at the end of the period		<u><u>232,461,950</u></u>	<u><u>262,113,229</u></u>
Analysis of balances of cash and cash equivalents			
Bank balances		<u><u>232,461,950</u></u>	<u><u>262,113,229</u></u>

Please refer to note 9 on page 10 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 governed by its Trust Deed dated 23rd October 1999 (the "Trust Deed"). The Fund is authorized by the Securities & 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 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

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.

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 2006.

3 Net gain on investments

	(UNAUDITED)	
	01.01.2007	01.01.2006
	to	to
	30.06.2007	30.06.2006
	HK\$	HK\$
Change in unrealized gain/loss in value of investments	(262,708,534)	935,718,880
Realized gain on sale of investments	2,536,108,623	1,524,668,503
	<u>2,273,400,089</u>	<u>2,460,387,383</u>

Notes to the Unaudited Condensed Financial Statements (Continued)

4 Income

(a) *Transaction fee*

With effect from 1st June 2006, the transaction fee with respect to the creation and redemption application has been reduced from HK\$30,000 per application to HK\$15,000 per total aggregate creation and redemption application per day per Participating Dealer. Prior to 1st June 2006, the Fund was entitled to receive a transaction fee of HK\$30,000 per application for the creation or redemption of units.

(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 HK\$80 per year per unitholder. 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

In accordance with the provisions of the Fund's Trust Deed, 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 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\$11,544,505 as at 30th June 2007 (as at 31st December 2006: HK\$8,630,309). The amount of the adjustment recognized in the Condensed Statement of Operations is HK\$2,914,196 (for the period ended 30th June 2006: HK\$44,452,288).

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.

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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)

	(UNAUDITED)		
	Number of units		
	01.01.2007 to 30.06.2007	01.07.2006 to 31.12.2006	01.01.2006 to 30.06.2006
Units in issue at the beginning of the period	1,321,992,500	1,553,992,500	1,801,992,500
Redemption of units	(95,000,000)	(232,000,000)	(248,000,000)
Units in issue at the end of the period	<u>1,226,992,500</u>	<u>1,321,992,500</u>	<u>1,553,992,500</u>
	HK\$	HK\$	HK\$
Net assets attributable to holders of redeemable units	<u>27,094,157,476</u>	<u>26,602,946,195</u>	<u>25,694,353,371</u>
Net assets attributable to holders of redeemable units (per unit)	<u>22.08</u>	<u>20.12</u>	<u>16.53</u>
Net asset value per Creation Unit (1 Creation Unit is equivalent to 1,000,000 units)	<u>22,081,763</u>	<u>20,123,371</u>	<u>16,534,413</u>

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 Section 14, Section 26 or Section 26A of the Hong Kong Inland Revenue Ordinance.

Notes to the Unaudited Condensed Financial Statements (Continued)

7 Transactions with the Manager and its Connected Persons

Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the period between the Fund and 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 Connected Persons except for what is disclosed below.

The directors and officers of the Manager may transact in the units of the Fund as principal provided that prior written notice is obtained from the Trustee. As of 30th June 2007, the directors and officers of the Manager together held 10,960 units in the Fund (as at 31st December 2006: 27,820 units).

(a) 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 first HK\$15 billion of the net asset value	0.050%
For next HK\$15 billion of the net asset value	0.045%
For 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.

(b) 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 first HK\$15 billion of the net asset value	0.050%
For next HK\$15 billion of the net asset value	0.045%
For 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.

Notes to the Unaudited Condensed Financial Statements (Continued)

7 Transactions with the Manager and its Connected Persons (Continued)

(c) *Bank balances*

Bank balances are maintained with the Trustee. Bank balances held with the Trustee as at 30th June 2007 was HK\$232,461,950 (as at 31st December 2006: HK\$76,646,478). During the period, interest earned on the above bank balances was HK\$2,990,400 (for the period ended 30th June 2006: HK\$ 2,857,312).

8 Other fees

(a) *Registrar fee*

The fee payable to the Registrar 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.

	HK\$ (per month)
For first 2,000 Unitholders	9,500
For every additional 1,000 Unitholders up to 70,000 Unitholders	2,000
For every additional 1,000 Unitholders up to 100,000 Unitholders	1,700
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 received the higher of a monthly retainer fee of HK\$16,000 plus a transaction fee of HK\$12,000 for each creation or redemption application. Prior to 1st June 2006, a minimum monthly fee of HK\$36,000 was applied.

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

(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.

Notes to the Unaudited Condensed Financial Statements (Continued)

9 Major non-cash transactions

In accordance with the Fund's Trust Deed and since the termination of the Tap agreement, units can only be issued through an in-kind creation of an Index Basket and not through a cash subscription. 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 did not issue any units (for the period ended 30th June 2006: nil) in exchange for Index Baskets by the Manager.

In accordance with the Fund's Trust Deed, units are redeemed in-kind with the remaining balances in cash and are not redeemable for cash only. During the period, the Fund redeemed 95,000,000 units (for the period ended 30th June 2006: 248,000,000 units) in exchange for Index Baskets consisting of investments valued at HK\$1,938,701,943 (for the period ended 30th June 2006: HK\$4,037,035,421) by the Manager with remaining balances in cash, totaling HK\$1,948,178,713 (for the period ended 30th June 2006: HK\$4,061,203,155).

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.

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).

Notes to the Unaudited Condensed Financial Statements (Continued)

11 Investment limitation and prohibitions under the SFC Code (Continued)

Constituent securities that account for more than 10% of the net asset value of the Fund as at 30th June 2007 were as follows:

	Respective weighting in the Index (%)		% of net asset value	
	30.6.2007	31.12.2006	30.06.2007	31.12.2006
HSBC Holdings plc	18.3	23.2	18.1	23.0
China Mobile Ltd.	17.1	19.6	16.9	19.6

12 Financial risk management

The objective of the Fund is to provide investment results that closely correspond to the performance of the index. The risk exposures inherent in the Fund as at 30th June 2007 are summarized below.

(a) Market price risk

The Fund's investments are subject to the securities price risk inherent in all securities i.e. the value of holdings may fall as well as rise. The Fund's market price risk is managed through diversification of investment portfolio.

(b) Credit risk

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

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of securities and bank balances.

The Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activity with well established broker-dealers, banks with high credit ratings and regulated exchanges that the Fund considers to be well established.

All transactions in securities are settled / paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made once the broker has received payment. On a purchase, payment is made once the securities have been received by the broker. If either party fails to meet its obligation, the trade will fail.

Accordingly, the Fund has no significant concentration of credit risk.

Notes to the Unaudited Condensed Financial Statements (Continued)

12 Financial risk management (Continued)

(c) *Interest rate risk*

The Fund is exposed to a minimal interest rate risk as the Fund invests mainly in equity securities and only the bank balances are exposed to interest rate risk which is considered to be minimal.

(d) *Currency risk*

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

The Fund has no significant currency risk because substantially all assets and liabilities are denominated in Hong Kong Dollars, the Fund's functional and presentation currency.

(e) *Fair values of financial instruments*

The Fund's carrying amounts of securities, other assets and liabilities approximate to their fair values. Other assets and liabilities include bank balances, other receivables and payables which are realized or settled within a short period of time.

13 Distribution

	(UNAUDITED)	
	01.01.2007	01.01.2006
	to	to
	30.06.2007	30.06.2006
	HK\$	HK\$
Amount available for distribution	426,241,647	544,473,537
Interim distribution		
– HK\$0.20 on 1,708,992,500 units paid on 22nd May 2006	–	(341,798,500)
– HK\$0.21 on 1,253,992,500 units paid on 22nd May 2007	(263,338,425)	–
Amount available for final distribution	<u>162,903,222</u>	<u>202,675,037</u>

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Investment Portfolio

As at 30th June 2007

		(UNAUDITED)	
	Holdings	Fair value HK\$	% of net assets
Hong Kong			
Listed investments (98.87%)			
Equities (98.87%)			
Properties (10.08%)			
Cheung Kong (Holdings) Ltd.	9,184,481	940,490,854	3.47
Hang Lung Group Ltd.	14,374,914	385,247,695	1.42
Henderson Land Development Co. Ltd.	6,260,576	333,375,672	1.23
Sino Land Co. Ltd.	16,019,366	261,115,666	0.96
Sun Hung Kai Properties Ltd.	8,644,825	813,478,033	3.00
		<hr/>	
		2,733,707,920	10.08
		<hr/>	
Finance (38.53%)			
Bank of China	113,042,316	438,604,186	1.62
Bank of China Hong Kong	31,445,408	584,255,681	2.16
Bank of East Asia Ltd.	7,767,115	341,753,060	1.26
China Construction Bank	167,055,449	897,087,761	3.31
China Life Insurance Co. Ltd.	36,882,453	1,034,552,807	3.82
Hang Seng Bank Ltd.	5,685,317	600,369,475	2.22
Hong Kong Exchanges and Clearing Ltd.	5,298,665	586,032,349	2.16
HSBC Holdings plc	34,335,177	4,892,762,723	18.06
Industrial and Commercial Bank of China Ltd.	164,676,992	711,404,605	2.63
Ping An Insurance (Group) Co. of China Ltd.	6,344,789	350,866,832	1.29
		<hr/>	
		10,437,689,479	38.53
		<hr/>	
Utilities (4.56%)			
China Light & Power Holdings Ltd.	10,146,138	532,164,938	1.96
Hong Kong and China Gas Co. Ltd., The	22,528,386	371,267,801	1.37
Hong Kong Electric Holdings Ltd.	8,461,326	333,376,244	1.23
		<hr/>	
		1,236,808,983	4.56
		<hr/>	

Investment Portfolio (Continued)

As at 30th June 2007

	(UNAUDITED)		% of net
	Holdings	Fair value HK\$	assets
Commerce and Industry (45.69%)			
Cathay Pacific Airways Ltd.	10,735,761	208,917,909	0.77
Cheung Kong Infrastructure Holdings Ltd.	5,585,977	161,155,437	0.59
China Merchants Holdings (International) Co. Ltd.	7,523,685	283,642,925	1.05
China Mobile Ltd.	54,513,739	4,579,154,076	16.90
China Netcom Group Corp. (HK) Ltd.	18,136,349	390,838,321	1.44
China Petroleum & Chemical Corporation	83,173,300	720,280,778	2.66
China Resources Enterprise, Ltd.	8,232,363	242,031,472	0.89
China Unicom Ltd.	31,470,591	421,705,919	1.56
CITIC Pacific Ltd.	7,662,680	299,227,654	1.10
CNOOC Ltd.	128,859,124	1,140,403,247	4.21
COSCO Pacific Ltd.	7,772,579	158,949,241	0.59
Esprit Holdings Ltd.	5,492,186	544,824,851	2.01
Foxconn International Holdings Ltd.	10,434,107	232,680,586	0.86
Hutchison Whampoa Ltd.	14,790,325	1,148,468,736	4.24
Li & Fung Ltd.	13,536,411	382,403,611	1.41
MTR Corporation Ltd.	13,754,642	255,011,063	0.94
New World Development Co. Ltd.	14,641,811	286,393,823	1.06
Pacific Century Cyberworks Ltd.	28,535,693	137,256,683	0.51
Swire Pacific Ltd. (A Shares)	4,580,045	400,066,931	1.48
Wharf (Holdings) Ltd., The	8,495,640	265,488,750	0.98
Yue Yuen Industrial (Holdings) Ltd.	4,946,732	119,958,251	0.44
		12,378,860,264	45.69
		-----	-----
Total listed investments		26,787,066,646	98.86
Total investments, at cost		14,691,376,360	

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Statement of Movements in Investment Portfolio

For the period ended 30th June 2007

	(UNAUDITED)			
	Holdings			
	31.12.2006	Additions	Disposals	30.06.2007
Hong Kong				
Listed investments				
Equities				
Properties				
Cheung Kong (Holdings) Ltd.	8,988,321	991,000	794,840	9,184,481
Hang Lung Group Ltd.	16,074,892	-	1,699,978	14,374,914
Henderson Land Development Co. Ltd.	7,540,312	-	1,279,736	6,260,576
Sino Land Co. Ltd.	17,433,595	168,000	1,582,229	16,019,366
Sun Hung Kai Properties Ltd.	9,671,030	-	1,026,205	8,644,825
Finance				
Bank of China	88,509,000	33,321,000	8,787,684	113,042,316
Bank of China Hong Kong	41,033,896	-	9,588,488	31,445,408
Bank of East Asia Ltd.	5,993,811	2,296,600	523,296	7,767,115
China Construction Bank	130,799,503	49,244,000	12,988,054	167,055,449
China Life Insurance Co. Ltd.	-	38,440,000	1,557,547	36,882,453
Hang Seng Bank Ltd.	7,421,117	-	1,735,800	5,685,317
Hong Kong Exchanges and Clearing Ltd.	4,134,884	1,564,500	400,719	5,298,665
HSBC Holdings plc	42,944,102	729,102	9,338,027	34,335,177
Industrial and Commercial Bank of China Ltd.	-	171,627,000	6,950,008	164,676,992
Ping An Insurance (Group) Co. of China Ltd.	-	6,381,000	36,211	6,344,789
Utilities				
China Light & Power Holdings Ltd.	9,345,919	1,651,500	851,281	10,146,138
Hong Kong & China Gas Co. Ltd., The	21,384,052	3,016,997	1,872,663	22,528,386
Hong Kong Electric Holdings Ltd.	8,283,732	911,500	733,906	8,461,326
Commerce and industry				
Cathay Pacific Airways Ltd.	15,274,448	-	4,538,687	10,735,761
Cheung Kong Infrastructure Holdings Ltd.	8,721,039	-	3,135,062	5,585,977
China Merchants Holdings (International) Co. Ltd.	9,005,633	-	1,481,948	7,523,685
China Mobile Ltd.	77,405,985	-	22,892,246	54,513,739
China Netcom Group Corp. (HK) Ltd.	25,793,116	-	7,656,767	18,136,349
China Petroleum & Chemical Corporation	65,122,000	24,516,000	6,464,700	83,173,300
China Resources Enterprises, Ltd.	9,098,989	-	866,626	8,232,363
China Unicom Ltd.	49,090,999	-	17,620,408	31,470,591
CITIC Pacific Ltd.	8,494,021	-	831,341	7,662,680
CNOOC Ltd.	168,157,351	-	39,298,227	128,859,124
COSCO Pacific Ltd.	8,651,359	-	878,780	7,772,579
Esprit Holdings Ltd.	4,739,555	1,200,200	447,569	5,492,186
Foxconn International Holdings Ltd.	8,107,059	3,115,000	787,952	10,434,107
Hutchison Whampoa Ltd.	16,544,735	-	1,754,410	14,790,325
Li & Fung Ltd.	13,233,317	1,464,000	1,160,906	13,536,411
MTR Corporation Ltd.	21,536,036	-	7,781,394	13,754,642
New World Development Co. Ltd.	14,178,710	1,726,000	1,262,899	14,641,811
Pacific Century Cyberworks Ltd.	26,111,901	4,738,000	2,314,208	28,535,693
Swire Pacific Ltd. (A Shares)	3,610,173	1,358,000	388,128	4,580,045
Wharf (Holdings) Ltd., The	9,502,814	-	1,007,174	8,495,640
Yue Yuen Industrial (Holdings) Ltd.	6,718,938	-	1,772,206	4,946,732

Performance Record

For the period ended 30th June 2007

Fund performance

During the period, the Hang Seng Index increased by 9.07% and the net asset value per unit of the Fund increased by 9.74%.

Tracker Fund of Hong Kong

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Administration and Management

Directors of the Manager

Mr. Bernard Reilly
Mr. Eric Kam Piu Choi
(Appointed on 14th March 2007)
Ms. Katrina Lee Sly
(Appointed on 14th March 2007)
Mr. Lochiel Crafter
(Appointed on 26th March 2007)
Ms. Yan-Yan Li
(Resigned on 30th March 2007)

Members of the Supervisory Committee

Mr. Marvin Cheung
Mr. Fong Hup
Ms. Karen Kemp
Mr. Lawrence Fok
Prof. Tsang Shu-ki

Trustee and custodian

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

Registrar

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Investor Services Limited
Rooms 1806-1807
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Hopewell Centre
183 Queen's Road East
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
Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

Auditors

PricewaterhouseCoopers
22nd Floor
Prince's Building
Central
Hong Kong