



Tracker Fund of Hong Kong

Stock Code : 2800

Website : www.trahk.com.hk

Interim Report 2010

1st January 2010 to 30th June 2010

STATE STREET
GLOBAL ADVISORS.

Contents

Condensed Statement of Net Assets (unaudited)	1
Condensed Statement of Comprehensive Income (unaudited)	2
Condensed Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (unaudited)	3
Condensed Statement of Cash Flows (unaudited)	4
Notes to the Unaudited Condensed Financial Statements	5
Investment Portfolio (unaudited)	13
Statement of Movements in Investment Portfolio (unaudited)	15
Performance Record	17
Administration and Management	18

Tracker Fund of Hong Kong
Interim Report 2010

CONDENSED STATEMENT OF NET ASSETS

As at 30th June 2010

	(UNAUDITED) 30.06.2010	(AUDITED) 31.12.2009
Note	HK\$	HK\$
Assets		
Current assets		
Investments	40,497,362,598	39,025,886,042
Dividends receivable	204,692,601	48,874,940
Other accounts receivable and prepayments	188,115	45,000
Bank balances	7(d) 493,994,597	56,176,081
	<u>41,196,237,911</u>	<u>39,130,982,063</u>
Total assets		
Liabilities		
Current liabilities		
Management fee payable	4,343,664	4,070,841
Trustee fee payable	4,343,664	4,070,841
Index license fee payable	1,517,535	1,487,795
Registrar fee payable	167,639	149,407
Due to brokers	35,221,552	–
Other accounts payable and accruals	671,868	993,418
	<u>46,265,922</u>	<u>10,772,302</u>
Liabilities (excluding net assets attributable to holders of redeemable units)		
	<u>46,265,922</u>	<u>10,772,302</u>
Net assets attributable to holders of redeemable units (at bid market prices)	41,149,971,989	39,120,209,761
Adjustments from bid market prices to last traded market prices	5 43,725,308	6,801,924
	<u>41,193,697,297</u>	<u>39,127,011,685</u>
Net assets attributable to holders of redeemable units (at last traded market prices)		
	<u>41,193,697,297</u>	<u>39,127,011,685</u>

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

Tracker Fund of Hong Kong

Interim Report 2010

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30th June 2010

		(UNAUDITED)	
		01.01.2010	01.01.2009
		to	to
		30.06.2010	30.06.2009
Note		HK\$	HK\$
Income			
	Dividends	814,554,467	696,403,155
	Transaction fee	374,447	743,836
4(a)			
	Other income	2,177,156	2,255,413
4(b)			
	Net (loss)/gain on investments	(2,902,866,844)	8,162,317,965
3			
	Total net (loss)/income	(2,085,760,774)	8,861,720,369
Expenses			
	Management fee	9,075,479	7,389,365
7(b)			
	Trustee fee	9,075,479	7,389,365
7(c)			
	Index license fee	3,015,398	2,407,549
8(c)			
	Transaction costs on investments	5,627,555	11,062,495
	Registrar fee	867,412	890,024
8(a)			
	Publication and printing expenses	470,185	796,235
	Conversion agent fee	394,769	690,280
8(b)			
	Audit fee	123,972	187,447
	Legal and other professional fees	480,217	247,945
	Bank charges	151,101	268,462
	Other operating expenses	363,577	505,751
	Total operating expenses	29,645,144	31,834,918
	Operating (loss)/profit	(2,115,405,918)	8,829,885,451
Finance costs			
	Distributions to holders of redeemable units	(226,919,100)	(332,318,800)
12			
	(Loss)/profit after distributions and before tax	(2,342,325,018)	8,497,566,651
	Withholding tax	(47,140,803)	(37,168,631)
6			
	(Loss)/profit after distributions and tax	(2,389,465,821)	8,460,398,020
	Adjustments from bid market prices to last traded market prices	36,923,384	158,121
5			
	(Decrease)/increase in net assets attributable to holders of redeemable units from operations	(2,352,542,437)	8,460,556,141

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

Tracker Fund of Hong Kong
Interim Report 2010

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

For the period ended 30th June 2010

		(UNAUDITED)	
		01.01.2010	01.01.2009
		to	to
		30.06.2010	30.06.2009
Note		HK\$	HK\$
	Net assets attributable to holders of redeemable units at 1st January (at last traded market prices)	39,127,011,685	33,181,932,365
		-----	-----
	Issue of units	9 8,305,449,232	2,410,209,374
	Redemption of units	9 (3,886,207,889)	(9,287,338,188)
	Net further cash amount paid on redemption and issue of units	(13,294)	(1,046)
		-----	-----
	Net issue/(redemption) of units	4,419,228,049	(6,877,129,860)
		-----	-----
		43,546,239,734	26,304,802,505
	(Decrease)/increase in net assets attributable to holders of redeemable units from operations	(2,352,542,437)	8,460,556,141
		-----	-----
	Net assets attributable to holders of redeemable units at 30th June (at last traded market prices)	41,193,697,297	34,765,358,646
		=====	=====

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

Tracker Fund of Hong Kong

Interim Report 2010

CONDENSED STATEMENT OF CASH FLOWS

For the period ended 30th June 2010

		(UNAUDITED)	
		01.01.2010 to 30.06.2010 HK\$	01.01.2009 to 30.06.2009 HK\$
	Note		
Cash flows from operating activities			
Proceeds from sale of investments		2,573,912,093	5,221,688,364
Payments for purchase of investments		(2,518,103,713)	(5,206,035,352)
Dividends received		611,596,003	548,307,077
Other income received		2,177,156	2,255,413
Transaction fee received		495,000	825,000
Management fee paid		(8,802,656)	(7,329,618)
Trustee fee paid		(8,802,656)	(7,329,618)
Index license fee paid		(2,985,658)	(2,313,564)
Registrar fee paid		(849,180)	(842,962)
Publication and printing expenses paid		(818,657)	(424,619)
Transaction costs on investments paid		(5,627,555)	(11,062,495)
Conversion agent fee paid		(432,000)	(720,000)
Bank charges paid		(126,212)	(55,447)
Legal and other professional fees paid		(480,217)	(67,998)
Other operating expenses paid		(711,953)	(557,605)
		<u>640,439,795</u>	<u>536,336,576</u>
Net cash generated from operating activities			
		-----	-----
Cash flows from financing activities			
Issue of units	9	41,770,910	18,885,024
Redemption of units	9	(17,459,795)	(88,382,459)
Net further cash amount received on issue of units		20,832	27,099
Net further cash amount paid on redemption of units		(34,126)	(28,145)
Interim distribution paid	12	(226,919,100)	(332,318,800)
		<u>(202,621,279)</u>	<u>(401,817,281)</u>
Net cash used in financing activities			
		-----	-----
Net increase in cash and cash equivalents			
		437,818,516	134,519,295
Cash and cash equivalents at the beginning of the period		<u>56,176,081</u>	<u>177,260,694</u>
Cash and cash equivalents at the end of the period		<u><u>493,994,597</u></u>	<u><u>311,779,989</u></u>
Analysis of balances of cash and cash equivalents			
Bank balances	7(d)	<u><u>493,994,597</u></u>	<u><u>311,779,989</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 which is 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 and should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2009.

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 2009.

3 Net (loss)/gain on investments

	(UNAUDITED)	
	01.01.2010	01.01.2009
	to	to
	30.06.2010	30.06.2009
	HK\$	HK\$
Change in unrealized gain/loss in value of investments	(3,289,080,423)	14,283,981,848
Realized gain/(loss) on sale of investments	386,213,579	(6,121,663,883)
	(2,902,866,844)	8,162,317,965
	(2,902,866,844)	8,162,317,965

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)

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.

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\$43,725,308 as at 30th June 2010 (as at 31st December 2009: HK\$6,801,924). The amount of the adjustment recognized in the Condensed Statement of Comprehensive Income is HK\$36,923,384 (for the period ended 30th June 2009: HK\$158,121).

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.

Tracker Fund of Hong Kong
Interim Report 2010

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		
	01.01.2010 to 30.06.2010	01.07.2009 to 31.12.2009	01.01.2009 to 30.06.2009
Units in issue at the beginning of the period	1,776,992,500	1,857,992,500	2,280,992,500
Creation of units	403,000,000	57,000,000	181,000,000
Redemption of units	(174,000,000)	(138,000,000)	(604,000,000)
	<u>2,005,992,500</u>	<u>1,776,992,500</u>	<u>1,857,992,500</u>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Net assets attributable to holders of redeemable units	<u>41,193,697,297</u>	<u>39,127,011,685</u>	<u>34,765,358,646</u>
Net assets attributable to holders of redeemable units (per unit)	<u>20.54</u>	<u>22.02</u>	<u>18.71</u>
Net asset value per Creation Unit (1 Creation Unit is equivalent to 1,000,000 units)	<u>20,535,320</u>	<u>22,018,670</u>	<u>18,711,248</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 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 year.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)

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 2010, the directors and officers of the Manager together held 23,500 units in the Fund (as at 31st December 2009: 28,960 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 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.

(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 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 related parties/Manager and its Connected Persons (Continued)

(d) *Bank balances and interest income*

Bank balances are maintained with the Trustee. Bank balances held with the Trustee as at 30th June 2010 was HK\$493,994,597 (as at 31st December 2009: HK\$56,176,081). During the period, no interest was earned on these bank balances as they were placed in a non-interest bearing current account (for the period ended 30th June 2009: HK\$Nil).

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	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 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.

(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, units are issued through an in-kind creation of an Index Basket with the remaining balances in cash and are not through a cash subscription only. 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 403,000,000 units (for the period ended 30th June 2009: 181,000,000 units) in exchange for Index Baskets consisting of investments valued at HK\$8,263,678,322 (for the period ended 30th June 2009: HK\$2,391,324,350) by the Manager with remaining balances in cash, totaling HK\$8,305,449,232 (for the period ended 30th June 2009: HK\$2,410,209,374).

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 174,000,000 units (for the period ended 30th June 2009: 604,000,000 units) in exchange for Index Baskets consisting of investments valued at HK\$3,868,748,094 (for the period ended 30th June 2009: HK\$9,198,955,729) by the Manager with remaining balances in cash, totaling HK\$3,886,207,889 (for the period ended 30th June 2009: HK\$9,287,338,188).

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 2010 were as follows:

	Respective weighting in the Index (%)		% of net asset value	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009
HSBC Holdings plc	14.97	14.65	14.72	14.61

During the period, the Hang Seng Index decreased by 7.97% (for the period ended 30th June 2009: increased by 27.74%) and the net asset value per unit of the Fund decreased by 6.72% (for the period ended 30th June 2009: increased by 28.62%).

12 Distribution

	(UNAUDITED)	
	01.01.2010 to 30.06.2010 HK\$	01.01.2009 to 30.06.2009 HK\$
Interim distribution		
– HK\$0.16 on 2,076,992,500 units paid on 22nd May 2009	–	332,318,800
– HK\$0.12 on 1,890,992,500 units paid on 28th May 2010	226,919,100	–

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 2010 and 31st December 2009, there was one nominee company that held more than 10% of the Fund's net assets. The nominee company's holdings were 76.91% as at 30th June 2010 and 73.80% as at 31st December 2009.

Tracker Fund of Hong Kong

Interim Report 2010

INVESTMENT PORTFOLIO

As at 30th June 2010

	(UNAUDITED)		% of net
	Holdings	Fair value HK\$	assets
Hong Kong			
Listed investments (98.31%)			
Equities (98.31%)			
Properties (10.22%)			
Cheung Kong (Holdings) Ltd.	11,118,895	1,005,148,108	2.44
China Overseas Land & Investment Ltd.	32,676,219	479,686,895	1.16
China Resources Land Ltd.	16,132,740	237,473,933	0.58
Hang Lung Properties Ltd.	16,589,673	498,519,674	1.21
Henderson Land Development Co. Ltd.	8,594,343	394,480,344	0.96
Henderson Land Development Co. Ltd. Warrants	1,629,413	2,134,531	0.01
Sino Land Co. Ltd.	19,568,016	273,952,224	0.67
Sun Hung Kai Properties Ltd.	12,310,425	1,319,677,559	3.19
		<u>4,211,073,268</u>	<u>10.22</u>
Finance (46.40%)			
Bank of China Ltd.	456,057,812	1,810,549,514	4.40
BOC Hong Kong (Holdings) Ltd.	29,596,973	528,601,938	1.28
Bank of Communications Co. Ltd.	53,090,865	440,123,271	1.07
Bank of East Asia Ltd.	12,931,395	366,605,048	0.89
China Construction Bank Corporation	449,320,337	2,848,690,937	6.92
China Life Insurance Co. Ltd	59,521,883	2,059,457,152	5.00
Hang Seng Bank Ltd.	6,119,303	638,243,303	1.55
Hong Kong Exchanges and Clearing Ltd.	8,183,117	1,004,068,456	2.44
HSBC Holdings plc	83,490,380	6,065,576,107	14.72
Industrial and Commercial Bank of China Ltd.	431,844,173	2,474,467,111	6.01
Ping An Insurance (Group) Co. of China Ltd.	13,661,486	876,384,327	2.12
		<u>19,112,767,164</u>	<u>46.40</u>
Utilities (5.48%)			
China Resources Power Holdings Co. Ltd.	15,026,734	265,973,192	0.65
CLP Holdings Ltd.	14,438,419	812,161,069	1.97
Hong Kong and China Gas Co. Ltd.	34,467,917	665,230,798	1.61
Hong Kong Electric Holdings Ltd.	11,094,970	513,142,363	1.25
		<u>2,256,507,422</u>	<u>5.48</u>

Tracker Fund of Hong Kong

Interim Report 2010

INVESTMENT PORTFOLIO (Continued)

As at 30th June 2010

	(UNAUDITED)		% of net assets
	Holdings	Fair value HK\$	
Commerce and Industry (36.21%)			
Aluminum Corporation of China Ltd.	31,589,896	189,855,275	0.46
Cathay Pacific Airways Ltd.	9,452,144	146,319,189	0.36
China Merchants Holdings (International) Co. Ltd.	8,771,126	226,733,607	0.55
China Mobile Ltd.	48,138,918	3,752,428,658	9.11
China Petroleum & Chemical Corporation	134,225,728	850,991,116	2.07
China Resources Enterprise, Ltd.	9,596,744	274,946,716	0.67
China Shenhua Energy Co. Ltd.	27,189,152	774,890,832	1.88
China Unicom (Hong Kong) Ltd.	37,736,458	397,742,267	0.97
CITIC Pacific Ltd.	10,229,214	149,141,940	0.36
CNOOC Ltd.	142,928,323	1,912,380,962	4.64
COSCO Pacific Ltd.	12,916,014	120,248,090	0.29
Esprit Holdings Ltd.	9,727,853	413,433,753	1.00
Foxconn International Holdings Ltd.	17,190,181	87,669,923	0.21
Hutchison Whampoa Ltd.	17,054,205	822,865,391	2.00
Li & Fung Ltd.	21,189,589	743,754,574	1.81
MTR Corporation Ltd.	11,470,275	305,682,829	0.74
New World Development Co. Ltd.	20,303,977	259,078,747	0.63
PetroChina Co. Ltd.	168,773,174	1,475,077,541	3.58
Swire Pacific Ltd. 'A'	6,159,205	546,013,522	1.33
Tencent Holdings Ltd.	8,023,158	1,047,022,118	2.54
Wharf (Holdings) Ltd.	11,028,511	420,737,694	1.01
		<u>14,917,014,744</u>	<u>36.21</u>
Total listed investments		<u>40,497,362,598</u>	<u>98.31</u>
Total investments, at cost		<u>33,715,707,527</u>	

Tracker Fund of Hong Kong Interim Report 2010

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

For the period ended 30th June 2010

	(UNAUDITED)			
	Holdings			
	31.12.2009	Additions	Disposals	30.06.2010
Hong Kong				
Listed investments				
Equities				
Properties				
CHEUNG KONG (HOLDINGS) LTD.	9,554,722	2,740,577	(1,176,404)	11,118,895
CHINA OVERSEAS LAND & INVESTMENT LTD.	28,170,668	7,962,733	(3,457,182)	32,676,219
CHINA RESOURCES LAND LTD.	–	17,647,538	(1,514,798)	16,132,740
HANG LUNG PROPERTIES LTD.	14,298,190	4,046,433	(1,754,950)	16,589,673
HENDERSON LAND DEVELOPMENT CO. LTD.	7,401,483	2,089,326	(896,466)	8,594,343
HENDERSON LAND DEVELOPMENT CO. LTD. WARRANTS	–	1,629,413	–	1,629,413
SINO LAND CO. LTD.	16,635,421	4,971,371	(2,038,776)	19,568,016
SUN HUNG KAI PROPERTIES LTD.	10,582,062	3,030,037	(1,301,674)	12,310,425
Finance				
BANK OF CHINA LTD.	523,545,534	108,767,156	(176,254,878)	456,057,812
BOC HONG KONG (HOLDINGS) LTD.	25,521,162	7,206,531	(3,130,720)	29,596,973
BANK OF COMMUNICATIONS CO. LTD.	95,126,989	23,834,304	(65,870,428)	53,090,865
BANK OF EAST ASIA LTD.	12,705,213	4,076,970	(3,850,788)	12,931,395
CHINA CONSTRUCTION BANK CORPORATION	464,230,582	99,963,855	(114,874,100)	449,320,337
CHINA LIFE INSURANCE CO. LTD	51,241,028	14,646,179	(6,365,324)	59,521,883
HANG SENG BANK LTD.	5,276,599	1,506,022	(663,318)	6,119,303
HONG KONG EXCHANGES AND CLEARING LTD.	7,397,770	1,674,917	(889,570)	8,183,117
HSBC HOLDINGS PLC	63,925,369	26,398,409	(6,833,398)	83,490,380
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD.	429,003,475	93,680,376	(90,839,678)	431,844,173
PING AN INSURANCE (GROUP) CO. OF CHINA LTD.	9,704,929	4,950,967	(994,410)	13,661,486
Utilities				
CHINA RESOURCES POWER HOLDINGS CO. LTD.	12,834,915	3,749,003	(1,557,184)	15,026,734
CLP HOLDINGS LTD.	12,450,396	3,553,291	(1,565,268)	14,438,419
HONG KONG AND CHINA GAS CO. LTD.	26,967,325	10,875,802	(3,375,210)	34,467,917
HONGKONG ELECTRIC HOLDINGS LTD.	9,566,545	2,701,741	(1,173,316)	11,094,970

PERFORMANCE RECORD

For the period ended 30th June 2010

Fund performance

During the period, the Hang Seng Index decreased by 7.97% and the net asset value per unit of the Fund decreased by 6.72%.

Tracker Fund of Hong Kong

Interim Report 2010

ADMINISTRATION AND MANAGEMENT

Directors of the Manager

Mr. Bernard Patrick Reilly
Mr. Eric Kam Piu Choi
(resigned on 15th April 2010)
Ms. Katrina Lee Sly
(resigned on 15th April 2010)
Ms. Kelly Quinn Driscoll
Ms. Ting Li
(appointed on 15th April 2010)

Members of the Supervisory Committee

Mr. Fong Hup
Mr. Lawrence Fok
Mr. Marvin Cheung
Mr. Stephen Law
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

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
Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

Auditor

PricewaterhouseCoopers
22nd Floor
Prince's Building
Central
Hong Kong