



Tracker Fund of Hong Kong

Stock Code : 2800

Website : www.trahk.com.hk

Interim Report 2012

1st January 2012 to 30th June 2012

STATE STREET
GLOBAL ADVISORS.

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CONDENSED STATEMENT OF NET ASSETS

As at 30th June 2012

		(UNAUDITED) 30.06.2012	(AUDITED) 31.12.2011
	Note	HK\$	HK\$
Assets			
Current assets			
Investments		49,681,605,689	48,124,059,608
Dividends receivable		592,823,272	112,703,918
Other accounts receivable and prepayments		469,392	62,340
Bank balances	7(d)	430,637,603	83,388,658
Total assets		<u>50,705,535,956</u>	<u>48,320,214,524</u>
Liabilities			
Current liabilities			
Management fee payable	7(b)	5,238,482	5,140,261
Trustee fee payable	7(c)	5,238,482	5,140,261
Index license fee payable	8(c)	1,858,904	1,843,199
Registrar fee payable	8(a)	257,645	134,711
Amounts payable on redemption of units		–	945,854
Other accounts payable and accruals		1,680,499	1,320,800
Liabilities (excluding net assets attributable to holders of redeemable units)		<u>14,274,012</u>	<u>14,525,086</u>
Net assets attributable to holders of redeemable units (at bid market prices)		50,691,261,944	48,305,689,438
Adjustments from bid market prices to last traded market prices	5	<u>50,024,239</u>	<u>57,072,678</u>
Net assets attributable to holders of redeemable units (at last traded market prices)	5	<u><u>50,741,286,183</u></u>	<u><u>48,362,762,116</u></u>

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30th June 2012

		(UNAUDITED)	
		01.01.2012	01.01.2011
		to	to
		30.06.2012	30.06.2011
Note		HK\$	HK\$
Income			
	Dividends	1,263,990,504	1,103,789,030
	Transaction fee	4(a) 641,475	588,734
	Other income	4(b) 2,086,909	2,117,467
	Net gain/(loss) on investments	3 2,962,462,109	(1,531,230,130)
	Total net income/(loss)	<u>4,229,180,997</u>	<u>(424,734,899)</u>
Expenses			
	Management fee	7(b) 10,058,820	10,504,417
	Trustee fee	7(c) 10,058,820	10,504,417
	Index license fee	8(c) 3,807,991	4,071,144
	Transaction costs on investments	3,570,083	7,831,650
	Registrar fee	8(a) 804,378	820,996
	Publication and printing expenses	738,702	690,871
	Conversion agent fee	8(b) 608,655	558,906
	Audit fee	183,269	163,644
	Legal and other professional fees	103,836	127,534
	Bank charges	242,027	188,413
	Other operating expenses	538,598	296,211
	Total operating expenses	<u>30,715,179</u>	<u>35,758,203</u>
	Operating profit/(loss)	<u>4,198,465,818</u>	<u>(460,493,102)</u>
Finance costs			
	Distributions to holders of redeemable units	12 (340,758,950)	(312,779,025)
	Profit/(loss) after distributions and before tax	3,857,706,868	(773,272,127)
	Withholding tax	6 (72,057,950)	(63,194,945)
	Profit/(loss) after distributions and tax	3,785,648,918	(836,467,072)
	Adjustments from bid market prices to last traded market prices	5 (7,048,439)	(4,980,455)
	Increase/(decrease) in net assets attributable to holders of redeemable units from operations	<u>3,778,600,479</u>	<u>(841,447,527)</u>

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

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

For the period ended 30th June 2012

		(UNAUDITED)	
		01.01.2012	01.01.2011
		to	to
		30.06.2012	30.06.2011
Note		HK\$	HK\$
	Net assets attributable to holders of redeemable units at 1st January (at last traded market prices)	48,362,762,116	53,377,202,767
	Issue of units		
	– In-kind	9 8,327,713,118	11,590,016,774
	– Cash component	9 43,933,594	65,204,494
		<u>8,371,646,712</u>	<u>11,655,221,268</u>
	Redemption of units		
	– In-kind	9 (9,724,537,864)	(7,623,545,183)
	– Cash component	9 (47,185,260)	(29,744,958)
		<u>(9,771,723,124)</u>	<u>(7,653,290,141)</u>
	Net (redemption)/issue of units	<u>(1,400,076,412)</u>	<u>4,001,931,127</u>
	Increase/(decrease) in net assets attributable to holders of redeemable units from operations	<u>3,778,600,479</u>	<u>(841,447,527)</u>
	Net assets attributable to holders of redeemable units at 30th June (at last traded market prices)	<u><u>50,741,286,183</u></u>	<u><u>56,537,686,367</u></u>

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

CONDENSED STATEMENT OF CASH FLOWS

For the period ended 30th June 2012

		(UNAUDITED)	
		01.01.2012	01.01.2011
		to	to
		30.06.2012	30.06.2011
Note		HK\$	HK\$
Cash flows from operating activities			
		1,585,298,953	3,602,314,212
		(1,577,207,671)	(3,591,876,875)
		711,813,200	657,721,790
		765,000	615,000
		(9,960,599)	(10,472,709)
		(9,960,599)	(10,472,709)
		(3,792,286)	(3,915,354)
		(681,444)	(820,118)
		(248,248)	(759,668)
		(3,570,083)	(7,831,650)
		(696,000)	(540,000)
		(183,558)	(152,871)
		(388,024)	(167,578)
		(1,070,135)	(853,089)
		<u>690,118,506</u>	<u>632,788,381</u>
Cash flows from financing activities			
	9	43,933,594	65,467,051
	9	(48,131,114)	(29,744,958)
	4(b), 12	(338,672,041)	(310,661,558)
		<u>(342,869,561)</u>	<u>(274,939,465)</u>
Net increase in cash and cash equivalents			
		347,248,945	357,848,916
		<u>83,388,658</u>	<u>89,961,441</u>
Cash and cash equivalents at the end of the period			
		<u>430,637,603</u>	<u>447,810,357</u>
Analysis of balances of cash and cash equivalents			
	7(d)	<u>430,637,603</u>	<u>447,810,357</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

These unaudited condensed interim financial statements for the six months ended 30th June 2012 have been prepared in accordance with Hong Kong Accounting Standard 34, 'Interim financial reporting'. The unaudited condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2011.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)

3 Net gain/(loss) on investments

	(UNAUDITED)	
	01.01.2012	01.01.2011
	to	to
	30.06.2012	30.06.2011
	HK\$	HK\$
Change in unrealized gain/loss on investments	1,153,419,600	(4,507,255,532)
Realized gain on sale of investments	1,809,042,509	2,976,025,402
	<u>2,962,462,109</u>	<u>(1,531,230,130)</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 (the "Conversion Agent") 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 orders 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.

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\$50,024,239 as at 30th June 2012 (as at 31st December 2011: HK\$57,072,678). The amount of the adjustment recognized in the Condensed Statement of Comprehensive Income is a decrease of HK\$7,048,439 (for the period ended 30th June 2011: decrease of HK\$4,980,455).

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		
	01.01.2012 to 30.06.2012	01.07.2011 to 31.12.2011	01.01.2011 to 30.06.2011
Units in issue at the beginning of the period	2,602,992,500	2,474,992,500	2,301,992,500
Creation of units	423,000,000	468,000,000	491,000,000
Redemption of units	(482,000,000)	(340,000,000)	(318,000,000)
Units in issue at the end of the period	<u>2,543,992,500</u>	<u>2,602,992,500</u>	<u>2,474,992,500</u>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Net assets attributable to holders of redeemable units	<u>50,741,286,183</u>	<u>48,362,762,116</u>	<u>56,537,686,367</u>
Net assets attributable to holders of redeemable units (per unit)	<u>19.95</u>	<u>18.58</u>	<u>22.84</u>
Net asset value per Creation Unit (1 Creation Unit is equivalent to 1,000,000 units)	<u>19,945,533</u>	<u>18,579,678</u>	<u>22,843,579</u>

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (Continued)

6 Taxation

No provision for Hong Kong profits tax has been made as the Fund was authorized as collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from profits tax under Sections 26A(1A) 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 2012, the directors and officers of the Manager together held 25,980 units in the Fund (as at 31st December 2011: 25,980 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 2012 was HK\$430,637,603 (as at 31st December 2011: HK\$83,388,658). No interest was earned on these bank balances during the periods ended 30th June 2012 and 2011 as they were placed in a non-interest bearing current account.

8 Other fees

(a) *Registrar fee*

The fee payable to Computershare Hong Kong Investor Services Limited (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 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 received a monthly retainer fee of HK\$16,000 plus a transaction fee of HK\$12,000 on total aggregate creation and redemption orders per day per Participating Dealer.

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 423,000,000 units (for the period ended 30th June 2011: 491,000,000 units), totaling HK\$8,371,646,712 (for the period ended 30th June 2011: HK\$11,655,221,268) in exchange for Index Baskets consisting of investments valued at HK\$8,327,713,118 (for the period ended 30th June 2011: HK\$11,590,016,774) by the Manager with remaining balances in cash of HK\$43,933,594 (for the period ended 30th June 2011: HK\$65,204,494).

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 482,000,000 units (for the period ended 30th June 2011: 318,000,000 units), totaling HK\$9,771,723,124 (for the period ended 30th June 2011: HK\$7,653,290,141) in exchange for Index Baskets consisting of investments valued at HK\$9,724,537,864 (for the period ended 30th June 2011: HK\$7,623,545,183) by the Manager with remaining balances in cash of HK\$47,185,260 (for the period ended 30th June 2011: HK\$29,744,958).

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 2012 were as follows:

	Respective weighting in the Index (%)		% of net asset value	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
HSBC Holdings plc	<u>16.0</u>	<u>14.9</u>	<u>15.7</u>	<u>14.9</u>

During the period, the Hang Seng Index increased by 5.46% (for the period ended 30th June 2011: decreased by 2.77%) and the net asset value per unit of the Fund increased by 7.37% (for the period ended 30th June 2011: decreased by 1.51%).

12 Distribution

	(UNAUDITED)	
	01.01.2012 to 30.06.2012 HK\$	01.01.2011 to 30.06.2011 HK\$
Interim distribution		
– HK\$0.13 on 2,405,992,500 units paid on 1st June 2011	–	312,779,025
– HK\$0.14 on 2,433,992,500 units paid on 31st May 2012	<u>340,758,950</u>	<u>–</u>

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 HKFRSs.

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. During the period ended 30th June 2012, there were three investments which accounted for more than 10% of the Fund's income (for the period ended 30th June 2011: nil). For investment holdings account for more than 10% of the Fund's net assets, please refer to note 11.

The Fund also has a diversified unitholder population. However, as at 30th June 2012 and 31st December 2011, there was one nominee company that held more than 10% of the Fund's net assets. The nominee company's holdings were 82.67% as at 30th June 2012 and 82.87% as at 31st December 2011.

INVESTMENT PORTFOLIO

As at 30th June 2012

	Holdings	(UNAUDITED) Fair value HK\$	% of net assets
Hong Kong			
Listed investments (97.91%)			
Equities (97.91%)			
Properties (8.23%)			
Cheung Kong (Holdings) Ltd.	11,575,709	1,094,483,286	2.16
China Overseas Land & Investment Ltd.	34,035,376	611,956,060	1.21
China Resources Land Ltd.	16,987,367	267,720,904	0.53
Hang Lung Properties Ltd.	18,629,429	487,159,568	0.96
Henderson Land Development Co. Ltd.	7,892,668	336,622,290	0.66
Sino Land Co. Ltd.	24,526,526	284,507,702	0.56
Sun Hung Kai Properties Ltd.	11,978,606	1,091,849,937	2.15
		4,174,299,747	8.23
		-----	-----
Finance (45.79%)			
AIA Group Ltd.	85,271,979	2,259,707,443	4.45
Bank of China Ltd.	592,048,548	1,740,622,731	3.43
BOC Hong Kong (Holdings) Ltd.	30,823,067	725,883,228	1.43
Bank of Communications Co. Ltd.	60,755,830	314,715,199	0.62
Bank of East Asia Ltd.	12,243,803	339,153,343	0.67
China Construction Bank Corporation	700,891,267	3,700,705,890	7.29
China Life Insurance Co. Ltd.	61,981,243	1,233,426,735	2.43
Hang Seng Bank Ltd.	6,369,869	672,658,166	1.33
Hong Kong Exchanges and Clearing Ltd.	8,545,319	938,276,026	1.85
HSBC Holdings plc	116,018,196	7,947,246,426	15.66
Industrial and Commercial Bank of China Ltd.	542,210,582	2,320,661,291	4.57
Ping An Insurance (Group) Co. of China Ltd.	16,944,635	1,043,789,516	2.06
		23,236,845,994	45.79
		-----	-----
Utilities (5.17%)			
China Resources Power Holdings Co. Ltd.	15,820,103	251,223,236	0.49
CLP Holdings Ltd.	15,031,376	987,561,403	1.95
Hong Kong and China Gas Co. Ltd.	43,433,012	713,170,057	1.41
Power Assets Holdings Ltd.	11,555,011	670,768,389	1.32
		2,622,723,085	5.17
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INVESTMENT PORTFOLIO (Continued)

As at 30th June 2012

	Holdings	(UNAUDITED) Fair value HK\$	% of net assets
Commerce and Industry (38.72%)			
Aluminum Corporation of China Ltd.	33,421,293	109,956,054	0.22
Belle International Holdings Ltd.	38,638,444	507,709,154	1.00
Cathay Pacific Airways Ltd.	10,000,631	124,207,837	0.24
China Coal Energy Co. Ltd.	32,495,776	206,023,220	0.41
China Merchants Holdings (International) Co. Ltd.	9,275,664	216,586,754	0.43
China Mobile Ltd.	50,172,025	4,252,079,119	8.38
China Petroleum & Chemical Corporation	139,771,423	960,229,676	1.89
China Resources Enterprise, Ltd.	9,992,682	228,832,418	0.45
China Shenhua Energy Co. Ltd.	28,308,370	764,325,990	1.51
China Unicom (Hong Kong) Ltd.	39,256,216	381,962,982	0.75
CITIC Pacific Ltd.	10,824,022	126,641,057	0.25
CNOOC Ltd.	148,751,902	2,290,779,291	4.51
COSCO Pacific Ltd.	13,787,278	145,042,165	0.28
Esprit Holdings Ltd.	10,748,624	105,658,974	0.21
Hengan International Group Co. Ltd.	6,653,854	497,375,587	0.98
Hutchison Whampoa Ltd.	17,756,007	1,180,774,466	2.33
Li & Fung Ltd.	47,420,155	701,818,294	1.38
MTR Corporation Ltd.	12,046,515	318,630,322	0.63
New World Development Co. Ltd.	30,430,758	273,876,822	0.54
PetroChina Co. Ltd.	175,742,108	1,746,876,554	3.44
Sands China Ltd.	20,113,867	491,784,048	0.97
Swire Pacific Ltd. 'A'	5,657,371	506,900,442	1.00
Tencent Holdings Ltd.	9,196,709	2,076,616,892	4.09
Tingyi (Cayman Islands) Holding Corporation	16,298,221	323,356,705	0.64
Want Want China Holdings Ltd.	60,562,234	574,129,978	1.13
Wharf (Holdings) Ltd.	12,616,303	535,562,062	1.06
		<u>19,647,736,863</u>	<u>38.72</u>
Total listed investments		<u>49,681,605,689</u>	<u>97.91</u>
Total investments, at cost		<u>53,950,397,531</u>	

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

For the period ended 30th June 2012

	(UNAUDITED)			
	Holdings			
	31.12.2011	Additions	Disposals	30.06.2012
Hong Kong				
Listed investments				
Equities				
Properties				
Cheung Kong (Holdings) Ltd.	12,220,068	1,960,449	(2,604,808)	11,575,709
China Overseas Land & Investment Ltd.	35,930,802	5,764,564	(7,659,990)	34,035,376
China Resources Land Ltd.	16,582,525	3,896,663	(3,491,821)	16,987,367
Hang Lung Properties Ltd.	19,662,115	3,154,905	(4,187,591)	18,629,429
Henderson Land Development Co. Ltd.	8,330,571	1,336,629	(1,774,532)	7,892,668
Sino Land Co. Ltd.	25,506,564	4,148,060	(5,128,098)	24,526,526
Sun Hung Kai Properties Ltd.	12,429,138	1,994,957	(2,445,489)	11,978,606
Finance				
AIA Group Ltd.	74,132,254	25,798,235	(14,658,510)	85,271,979
Bank of China Ltd.	623,864,399	102,439,649	(134,255,500)	592,048,548
BOC Hong Kong (Holdings) Ltd.	32,538,505	5,220,316	(6,935,754)	30,823,067
Bank of Communications Co. Ltd.	64,137,914	10,289,845	(13,671,929)	60,755,830
Bank of East Asia Ltd.	13,690,680	2,193,665	(3,640,542)	12,243,803
China Construction Bank Corporation	632,279,467	209,368,320	(140,756,520)	700,891,267
China Life Insurance Co. Ltd	65,430,075	10,497,279	(13,946,111)	61,981,243
Hang Seng Bank Ltd.	6,724,362	1,078,780	(1,433,273)	6,369,869
Hong Kong Exchanges and Clearing Ltd.	9,014,429	1,447,031	(1,916,141)	8,545,319
HSBC Holdings plc	121,999,806	20,338,024	(26,319,634)	116,018,196
Industrial and Commercial Bank of China Ltd.	572,386,767	92,631,761	(122,807,946)	542,210,582
Ping An Insurance (Group) Co. of China Ltd.	17,838,659	2,969,723	(3,863,747)	16,944,635
Utilities				
China Resources Power Holdings Co. Ltd.	16,671,780	2,676,526	(3,528,203)	15,820,103
CLP Holdings Ltd.	15,867,819	2,545,809	(3,382,252)	15,031,376
Hong Kong and China Gas Co. Ltd.	41,681,493	10,655,876	(8,904,357)	43,433,012
Power Assets Holdings Ltd.	12,198,491	1,956,904	(2,600,384)	11,555,011

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Continued)

For the period ended 30th June 2012

	(UNAUDITED)			
	Holdings			
	31.12.2011	Additions	Disposals	30.06.2012
Commerce and Industry				
Aluminum Corporation of China Ltd.	34,680,011	5,563,698	(6,822,416)	33,421,293
Belle International Holdings Ltd.	40,788,881	6,544,048	(8,694,485)	38,638,444
Cathay Pacific Airways Ltd.	10,376,698	1,664,763	(2,040,830)	10,000,631
China Coal Energy Co. Ltd.	34,304,866	5,503,584	(7,312,674)	32,495,776
China Merchants Holdings (International) Co. Ltd.	10,866,350	1,740,946	(3,331,632)	9,275,664
China Mobile Ltd.	52,944,396	8,558,887	(11,331,258)	50,172,025
China Petroleum & Chemical Corporation	147,551,551	23,672,349	(31,452,477)	139,771,423
China Resources Enterprise, Ltd.	10,547,571	1,692,293	(2,247,182)	9,992,682
China Shenhua Energy Co. Ltd.	29,883,642	4,794,411	(6,369,683)	28,308,370
China Unicom (Hong Kong) Ltd.	41,440,569	6,648,670	(8,833,023)	39,256,216
CITIC Pacific Ltd.	11,231,684	1,801,931	(2,209,593)	10,824,022
CNOOC Ltd.	157,111,003	25,451,720	(33,810,821)	148,751,902
COSCO Pacific Ltd.	14,306,840	2,295,200	(2,814,762)	13,787,278
Esprit Holdings Ltd.	11,346,877	1,820,543	(2,418,796)	10,748,624
Hengan International Group Co. Ltd.	7,024,088	1,127,031	(1,497,265)	6,653,854
Hutchison Whampoa Ltd.	18,743,682	3,007,285	(3,994,960)	17,756,007
Li & Fung Ltd.	49,868,719	8,002,044	(10,450,608)	47,420,155
MTR Corporation Ltd.	12,715,852	2,040,273	(2,709,610)	12,046,515
New World Development Co. Ltd.	31,576,662	5,068,356	(6,214,260)	30,430,758
PetroChina Co. Ltd.	185,522,740	29,764,352	(39,544,984)	175,742,108
Sands China Ltd.	-	20,216,710	(102,843)	20,113,867
Swire Pacific Ltd. 'A'	6,370,291	7,334,377	(8,047,297)	5,657,371
Swire Properties Ltd.	-	4,459,203	(4,459,203)	-
Tencent Holdings Ltd.	9,684,904	1,556,893	(2,045,088)	9,196,709
Tingyi (Cayman Islands) Holding Corporation	16,796,484	3,250,050	(3,748,313)	16,298,221
Want Want China Holdings Ltd.	62,418,686	12,018,141	(13,874,593)	60,562,234
Wharf (Holdings) Ltd.	13,318,044	2,136,804	(2,838,545)	12,616,303

PERFORMANCE RECORD

For the period ended 30th June 2012

Fund performance

During the period, the Hang Seng Index increased by 5.46% and the net asset value per unit of the Fund increased by 7.37%.

ADMINISTRATION AND MANAGEMENT

Directors of the Manager

Mr. Bernard Patrick Reilly
Ms. Ting Li
Ms. Susana Yeong

Members of the Supervisory Committee

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

Trustee and custodian

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Auditor

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