



## **Tracker Fund of Hong Kong**

Stock Code : 2800

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

### **Interim Report 2013**

1st January 2013 to 30th June 2013

STATE STREET  
GLOBAL ADVISORS.

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## CONDENSED STATEMENT OF NET ASSETS

As at 30th June 2013

		(UNAUDITED) 30.06.2013	(AUDITED) 31.12.2012
	Notes	HK\$	HK\$
<b>Assets</b>			
<b>Current assets</b>			
Investments		55,407,158,866	56,671,611,547
Dividends receivable		715,720,146	2,395,336
Amounts receivable on issue of units		3,422,742	1,214,487
Other accounts receivable and prepayments		373,579	165,713
Bank balances	7(d)	430,957,829	169,263,539
<b>Total assets</b>		<u>56,557,633,162</u>	<u>56,844,650,622</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Management fee payable	7(b)	5,383,443	5,398,017
Trustee fee payable	7(c)	5,383,443	5,398,017
Index license fee payable	8(c)	2,127,228	2,082,402
Registrar fee payable	8(a)	169,804	167,691
Other accounts payable and accruals		2,000,642	1,591,259
<b>Liabilities (excluding net assets attributable to holders of redeemable units)</b>		<u>15,064,560</u>	<u>14,637,386</u>
<b>Net assets attributable to holders of redeemable units</b>	5	56,542,568,602	56,830,013,236
Adjustment for difference in valuation inputs	5	<u>—</u>	<u>68,889,571</u>
<b>Net assets attributable to holders of redeemable units (at last traded market prices)</b>	5	<u>56,542,568,602</u>	<u>56,898,902,807</u>

The notes on pages 5 to 14 form part of these financial statements.

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30th June 2013

		(UNAUDITED)	
		01.01.2013	01.01.2012
		to	to
		30.06.2013	30.06.2012
Notes		HK\$	HK\$
<b>Income</b>			
	Dividends	1,419,213,922	1,263,990,504
	Transaction fee	4(a) 870,000	641,475
	Other income	4(b) 2,043,496	2,086,909
	Net (loss)/gain on investments	3 (4,455,956,188)	2,962,462,109
	<b>Total net (loss)/income</b>	<b>(3,033,828,770)</b>	<b>4,229,180,997</b>
<b>Expenses</b>			
	Management fee	7(b) 10,841,676	10,058,820
	Trustee fee	7(c) 10,841,676	10,058,820
	Index license fee	8(c) 4,273,035	3,807,991
	Transaction costs on investments	3,887,495	3,570,083
	Registrar fee	8(a) 979,797	804,378
	Publication and printing expenses	541,458	738,702
	Conversion agent fee	8(b) 803,996	608,655
	Audit fee	192,940	183,269
	Legal and other professional fees	4,367	103,836
	Bank charges	282,803	242,027
	Other operating expenses	443,664	538,598
	<b>Total operating expenses</b>	<b>33,092,907</b>	<b>30,715,179</b>
	<b>Operating (loss)/profit</b>	<b>(3,066,921,677)</b>	<b>4,198,465,818</b>
<b>Finance costs</b>			
	Distributions to holders of redeemable units	12 (382,498,875)	(340,758,950)
	<b>(Loss)/profit after distributions and before tax</b>	<b>(3,449,420,552)</b>	<b>3,857,706,868</b>
	Withholding tax	6 (87,574,952)	(72,057,950)
	<b>(Loss)/profit after distributions and tax</b>	<b>(3,536,995,504)</b>	<b>3,785,648,918</b>
	Change in adjustment for difference in valuation inputs	5 (68,889,571)	(7,048,439)
	<b>(Decrease)/increase in net assets attributable to holders of redeemable units from operations</b>	<b>(3,605,885,075)</b>	<b>3,778,600,479</b>

The notes on pages 5 to 14 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 2013

		(UNAUDITED)	
		01.01.2013	01.01.2012
		to	to
		30.06.2013	30.06.2012
Notes		HK\$	HK\$
	<b>Net assets attributable to holders of redeemable units at 1st January (at last traded market prices)</b>	56,898,902,807	48,362,762,116
	Issue of units		
	– In-kind	9 20,387,265,632	8,327,713,118
	– Cash component	9 179,018,072	43,933,594
		<u>20,566,283,704</u>	<u>8,371,646,712</u>
	Redemption of units		
	– In-kind	9 (17,195,698,669)	(9,724,537,864)
	– Cash component	9 (121,034,165)	(47,185,260)
		<u>(17,316,732,834)</u>	<u>(9,771,723,124)</u>
	Net issue/(redemption) of units	<u>3,249,550,870</u>	<u>(1,400,076,412)</u>
	(Decrease)/increase in net assets attributable to holders of redeemable units from operations	<u>(3,605,885,075)</u>	<u>3,778,600,479</u>
	<b>Net assets attributable to holders of redeemable units at 30th June (at last traded market prices)</b>	<u><u>56,542,568,602</u></u>	<u><u>50,741,286,183</u></u>

The notes on pages 5 to 14 form part of these financial statements.

## CONDENSED STATEMENT OF CASH FLOWS

For the period ended 30th June 2013

		(UNAUDITED)	
		01.01.2013	01.01.2012
		to	to
		30.06.2013	30.06.2012
Notes		HK\$	HK\$
<b>Cash flows from operating activities</b>			
	Proceeds from sale of investments	9 1,791,289,023	1,585,298,953
	Payments for purchase of investments	9 (1,791,225,567)	(1,577,207,671)
	Dividends received	618,314,160	711,813,200
	Transaction fee received	885,000	765,000
	Management fee paid	(10,856,250)	(9,960,599)
	Trustee fee paid	(10,856,250)	(9,960,599)
	Index license fee paid	(4,228,209)	(3,792,286)
	Registrar fee paid	(977,684)	(681,444)
	Publication and printing expenses paid	(622,218)	(248,248)
	Transaction costs on investments paid	(3,887,495)	(3,570,083)
	Conversion agent fee paid	(684,000)	(696,000)
	Bank charges paid	(252,170)	(183,558)
	Legal and other professional fees paid	-	(388,024)
	Other operating expenses paid	(524,323)	(1,070,135)
	<b>Net cash generated from operating activities</b>	<u>586,374,017</u>	<u>690,118,506</u>
<b>Cash flows from financing activities</b>			
	Cash received on issue of units	9 176,809,817	43,933,594
	Cash paid on redemption of units	9 (121,034,165)	(48,131,114)
	Interim distribution paid	4(b), 12 (380,455,379)	(338,672,041)
	<b>Net cash used in financing activities</b>	<u>(324,679,727)</u>	<u>(342,869,561)</u>
	<b>Net increase in cash and cash equivalents</b>	261,694,290	347,248,945
	Cash and cash equivalents at the beginning of the period	<u>169,263,539</u>	<u>83,388,658</u>
	<b>Cash and cash equivalents at the end of the period</b>	<u><u>430,957,829</u></u>	<u><u>430,637,603</u></u>
<b>Analysis of balances of cash and cash equivalents</b>			
	Bank balances	7(d) <u><u>430,957,829</u></u>	<u><u>430,637,603</u></u>

Please refer to note 9 for details of major non-cash transactions.

The notes on pages 5 to 14 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 2013 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 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2012.

HKFRS 13, "Fair value measurement", effective for annual periods beginning on or after 1st January 2013, has been adopted by the Fund. The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. On adoption of the standard, the Fund changed its valuation inputs for listed financial assets and liabilities to last traded prices to be consistent with the inputs prescribed in the Fund's offering document for the calculation of its per unit trading value for subscriptions and redemptions. The use of last traded prices is recognized as a standard pricing convention within the industry. In the prior year, the Fund utilized bid prices for its listed financial assets in accordance with HKAS39. The change in valuation inputs is considered to be a change in estimate in accordance with HKAS 8.

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

**3 Net (loss)/gain on investments**

	(UNAUDITED)	
	01.01.2013	01.01.2012
	to	to
	30.06.2013	30.06.2012
	HK\$	HK\$
Change in unrealized gain/loss on investments	(3,992,722,096)	1,153,419,600
Realized (loss)/gain on sale of investments	<u>(463,234,092)</u>	<u>1,809,042,509</u>
	<u>(4,455,956,188)</u>	<u>2,962,462,109</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.



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

### 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.

The Fund has adopted HKFRS 13 on 1st January 2013 and has changed its valuation inputs for listed investments to last traded prices. This is consistent with the provisions of the Fund's Trust Deed. In the prior year, the accounting policy of the Fund for the purpose of compliance with HKAS 39 and for reporting purpose was to value its investments at the relevant bid market prices on the Statement of Net Assets date. This change eliminated the difference between the Trust Deed and HKFRS measurement of investments as at 30th June 2013. However, there was a difference of HK\$68,889,571 as at 31st December 2012.

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. Consequently, the difference described above further adjusts the carrying amount of net assets attributable to holders of redeemable units. The cumulative differences are included as "Adjustment for difference in valuation inputs" in the Condensed Statement of Net Assets and the change in such adjustment of HK\$(68,889,571) (for the period ended 30th June 2012: HK\$(7,048,439)) is accounted for in the Condensed Statement of Comprehensive Income.

**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		
	01.01.2013 to 30.06.2013	01.07.2012 to 31.12.2012	01.01.2012 to 30.06.2012
Units in issue at the beginning of the period	2,489,992,500	2,543,992,500	2,602,992,500
Creation of units	925,000,000	422,000,000	423,000,000
Redemption of units	(767,000,000)	(476,000,000)	(482,000,000)
Units in issue at the end of the period	<u>2,647,992,500</u>	<u>2,489,992,500</u>	<u>2,543,992,500</u>
	HK\$	HK\$	HK\$
Net assets attributable to holders of redeemable units	<u>56,542,568,602</u>	<u>56,898,902,807</u>	<u>50,741,286,183</u>
Net assets attributable to holders of redeemable units (per unit)	<u>21.35</u>	<u>22.85</u>	<u>19.95</u>
Net asset value per Creation Unit (1 Creation Unit is equivalent to 1,000,000 units)	<u>21,352,994</u>	<u>22,851,034</u>	<u>19,945,533</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 a 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 Manager believes 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. As at 30th June 2013, the directors and officers of the Manager together held 25,980 units in the Fund (as at 31st December 2012: 25,980 units).

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

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

(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.

(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 2013 was HK\$430,957,829 (as at 31st December 2012: HK\$169,263,539). No interest was earned on these bank balances during the periods ended 30th June 2013 and 2012.

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

### 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.

(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. 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 925,000,000 units (for the period ended 30th June 2012: 423,000,000 units), totaling HK\$20,566,283,704 (for the period ended 30th June 2012: HK\$8,371,646,712) in exchange for Index Baskets consisting of investments valued at HK\$20,387,265,632 (for the period ended 30th June 2012: HK\$8,327,713,118) by the Manager with remaining balances in cash of HK\$179,018,072 (for the period ended 30th June 2012: HK\$43,933,594).

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 767,000,000 units (for the period ended 30th June 2012: 482,000,000 units), totaling HK\$17,316,732,834 (for the period ended 30th June 2012: HK\$9,771,723,124) in exchange for Index Baskets consisting of investments valued at HK\$17,195,698,669 (for the period ended 30th June 2012: HK\$9,724,537,864) by the Manager with remaining balances in cash of HK\$121,034,165 (for the period ended 30th June 2012: HK\$47,185,260).

### **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 2013 were as follows:

	Respective weighting in the Index (%)		% of net asset value	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
HSBC Holdings Plc	<u>15.0</u>	<u>14.9</u>	<u>14.7</u>	<u>14.8</u>

During the period, the Hang Seng Index decreased by 8.18% (for the period ended 30th June 2012: increased by 5.46%) and the net asset value per unit of the Fund decreased by 6.56% (for the period ended 30th June 2012: increased by 7.37%).

### 12 Distribution

	(UNAUDITED)	
	01.01.2013 to 30.06.2013 HK\$	01.01.2012 to 30.06.2012 HK\$
Interim distribution		
– HK\$0.14 on 2,433,992,500 units paid on 31st May 2012	–	340,758,950
– HK\$0.15 on 2,549,992,500 units paid on 31st May 2013	<u>382,498,875</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 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. During the period ended 30th June 2013, there were six investments which accounted for more than 10% of the Fund's (loss)/income (for the period ended 30th June 2012: three). 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 2013 and 31st December 2012, there was one nominee company that held more than 10% of the Fund's net assets. The nominee company's holdings were 83.78% as at 30th June 2013 and 82.50% as at 31st December 2012.



## INVESTMENT PORTFOLIO

As at 30th June 2013

	Holdings	(UNAUDITED) Fair value HK\$	% of net assets
<b>Hong Kong</b>			
<b>Listed investments (97.99%)</b>			
<b>Equities (97.99%)</b>			
<b>Properties (10.39%)</b>			
Cheung Kong (Holdings) Ltd.	11,661,371	1,226,776,229	2.17
China Overseas Land & Investment Ltd.	34,290,444	697,810,535	1.23
China Resources Land Ltd.	17,224,790	365,165,548	0.65
Hang Lung Properties Ltd.	18,787,478	508,201,280	0.90
Henderson Land Development Co. Ltd.	8,858,311	410,139,799	0.73
Share Stapled Units jointly issued by NW Hotel Investments and NW Hotel Investments Co. Ltd., Right	369,271	–	–
New World Development Co. Ltd.	31,216,146	335,261,408	0.59
Sino Land Co. Ltd.	25,085,885	273,937,864	0.48
Sun Hung Kai Properties Ltd.	12,263,095	1,227,535,810	2.17
Wharf (Holdings) Ltd.	12,710,483	828,723,492	1.47
		5,873,551,965	10.39
<b>Finance (45.82%)</b>			
AIA Group Ltd.	101,067,985	3,320,083,307	5.87
Bank of China Ltd.	666,635,958	2,126,568,706	3.76
BOC Hong Kong (Holdings) Ltd.	31,052,555	740,603,437	1.31
Bank of Communications Co. Ltd.	73,924,997	369,624,985	0.65
Bank of East Asia Ltd.	11,279,213	315,254,003	0.56
China Construction Bank Corporation	706,117,647	3,876,585,882	6.86
China Life Insurance Co. Ltd.	62,443,030	1,148,951,752	2.03
Hang Seng Bank Ltd.	6,417,328	736,067,522	1.30
Hong Kong Exchanges and Clearing Ltd.	9,166,256	1,073,368,578	1.90
HSBC Holdings Plc	101,968,043	8,284,903,494	14.65
Industrial and Commercial Bank of China Ltd.	619,087,573	3,027,338,232	5.35
Ping An Insurance (Group) Co. of China Ltd.	17,071,312	891,122,486	1.58
		25,910,472,384	45.82

# Tracker Fund of Hong Kong

## Interim Report 2013

### INVESTMENT PORTFOLIO (Continued)

As at 30th June 2013

	Holdings	(UNAUDITED) Fair value HK\$	% of net assets
<b>Utilities (5.28%)</b>			
China Resources Power Holdings Co. Ltd.	16,079,688	297,152,634	0.53
CLP Holdings Ltd.	15,900,927	997,783,169	1.76
Hong Kong and China Gas Co. Ltd.	48,132,777	912,597,452	1.61
Power Assets Holdings Ltd.	11,641,341	778,805,713	1.38
		2,986,338,968	5.28
<b>Commerce and Industry (36.50%)</b>			
Belle International Holdings Ltd.	38,926,604	414,957,599	0.73
Cathay Pacific Airways Ltd.	9,967,410	135,158,080	0.24
China Coal Energy Co. Ltd.	32,949,782	133,776,115	0.24
China Merchants Holdings (International) Co. Ltd.	10,518,027	254,010,352	0.45
China Mobile Ltd.	50,602,499	4,098,802,419	7.25
China Petroleum & Chemical Corporation	214,097,144	1,168,970,406	2.07
China Resources Enterprise, Ltd.	10,140,332	247,424,101	0.44
China Shenhua Energy Co. Ltd.	28,519,429	564,684,694	1.00
China Unicom (Hong Kong) Ltd.	39,804,489	409,986,237	0.72
CITIC Pacific Ltd.	13,765,551	114,529,384	0.20
CNOOC Ltd.	149,860,765	1,972,167,667	3.49
COSCO Pacific Ltd.	14,030,792	141,430,383	0.25
Galaxy Entertainment Group Ltd.	19,265,299	732,081,362	1.29
Hengan International Group Co. Ltd.	6,703,941	566,483,014	1.00
Hutchison Whampoa Ltd.	17,888,173	1,458,780,508	2.58
Kunlun Energy Co. Ltd.	27,025,775	371,874,664	0.66
Lenovo Group Ltd.	56,961,674	400,440,568	0.71
Li & Fung Ltd.	49,110,780	523,520,915	0.93
MTR Corporation Ltd.	12,229,819	349,772,823	0.62
PetroChina Co. Ltd.	177,053,545	1,460,691,746	2.58
Sands China Ltd.	20,279,878	741,229,541	1.31
Swire Pacific Ltd. 'A'	5,699,665	535,198,544	0.95
Tencent Holdings Ltd.	9,336,563	2,840,182,465	5.02
Tingyi (Cayman Islands) Holding Corporation	16,533,278	333,972,216	0.59
Want Want China Holdings Ltd.	61,050,343	666,669,746	1.18
		20,636,795,549	36.50
Total listed investments		55,407,158,866	97.99
Total investments, at cost		55,553,850,382	

## STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

For the period ended 30th June 2013

	(UNAUDITED)			30.06.2013
	31.12.2012	Additions	Disposals	
Holdings				
<b>Hong Kong</b>				
<b>Listed investments</b>				
<b>Equities</b>				
<b>Properties</b>				
Cheung Kong (Holdings) Ltd.	11,169,198	4,107,258	(3,615,085)	11,661,371
China Overseas Land & Investment Ltd.	32,789,623	12,076,600	(10,575,779)	34,290,444
China Resources Land Ltd.	16,525,103	6,027,798	(5,328,111)	17,224,790
Hang Lung Properties Ltd.	18,138,359	6,613,159	(5,964,040)	18,787,478
Henderson Land Development Co. Ltd.	7,676,062	3,729,345	(2,547,096)	8,858,311
Share Stapled Units jointly issued by NW Hotel Investments and NW Hotel Investments Co. Ltd., Right	–	369,271	–	369,271
New World Development Co. Ltd.	29,785,753	10,966,402	(9,536,009)	31,216,146
Sino Land Co. Ltd.	24,007,110	8,767,197	(7,688,422)	25,085,885
Sun Hung Kai Properties Ltd.	11,562,572	4,345,637	(3,645,114)	12,263,095
Wharf (Holdings) Ltd.	12,151,758	4,476,306	(3,917,581)	12,710,483
<b>Finance</b>				
AIA Group Ltd.	87,209,189	42,827,163	(28,968,367)	101,067,985
Bank of China Ltd.	638,970,019	234,782,716	(207,116,777)	666,635,958
BOC Hong Kong (Holdings) Ltd.	30,006,399	10,936,503	(9,890,347)	31,052,555
Bank of Communications Co. Ltd.	70,558,492	25,868,886	(22,502,381)	73,924,997
Bank of East Asia Ltd.	11,909,514	4,059,126	(4,689,427)	11,279,213
China Construction Bank Corporation	677,254,837	248,687,862	(219,825,052)	706,117,647
China Life Insurance Co. Ltd	59,810,728	21,991,828	(19,359,526)	62,443,030
Hang Seng Bank Ltd.	6,135,525	2,260,225	(1,978,422)	6,417,328
Hong Kong Exchanges and Clearing Ltd.	8,325,320	3,519,044	(2,678,108)	9,166,256
HSBC Holdings Plc	104,028,502	37,189,933	(39,250,392)	101,968,043
<b>Industrial and Commercial</b>				
Bank of China Ltd.	593,654,869	218,036,632	(192,603,928)	619,087,573
Ping An Insurance (Group) Co. of China Ltd.	16,337,739	6,012,545	(5,278,972)	17,071,312
<b>Utilities</b>				
China Resources Power Holdings Co. Ltd.	15,398,540	5,628,822	(4,947,674)	16,079,688
CLP Holdings Ltd.	14,492,597	6,071,158	(4,662,828)	15,900,927
Hong Kong and China Gas Co. Ltd.	41,864,895	20,154,008	(13,886,126)	48,132,777
Power Assets Holdings Ltd.	11,131,932	4,099,858	(3,590,449)	11,641,341

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

For the period ended 30th June 2013

	(UNAUDITED)			
	Holdings			
	31.12.2012	Additions	Disposals	30.06.2013
<b>Commerce and Industry</b>				
Aluminum Corporation of China Ltd.	31,956,625	2,997,375	(34,954,000)	-
Belle International Holdings Ltd.	37,616,011	13,709,829	(12,399,236)	38,926,604
Cathay Pacific Airways Ltd.	9,570,176	3,488,229	(3,090,995)	9,967,410
China Coal Energy Co. Ltd.	31,610,595	11,530,183	(10,190,996)	32,949,782
China Merchants Holdings (International) Co. Ltd.	9,985,954	3,680,902	(3,148,829)	10,518,027
China Mobile Ltd.	48,533,395	17,821,268	(15,752,164)	50,602,499
China Petroleum & Chemical Corporation	134,817,085	129,495,761	(50,215,702)	214,097,144
China Resources Enterprise, Ltd.	9,724,729	3,548,648	(3,133,045)	10,140,332
China Shenhua Energy Co. Ltd.	27,284,036	10,044,209	(8,808,816)	28,519,429
China Unicom (Hong Kong) Ltd.	38,217,644	13,928,923	(12,342,078)	39,804,489
CITIC Pacific Ltd.	12,942,955	4,853,423	(4,030,827)	13,765,551
CNOOC Ltd.	143,664,187	52,779,635	(46,583,057)	149,860,765
COSCO Pacific Ltd.	13,191,790	4,922,983	(4,083,981)	14,030,792
Esprit Holdings Ltd.	15,781,013	4,172,690	(19,953,703)	-
Galaxy Entertainment Group Ltd.	-	20,387,248	(1,121,949)	19,265,299
Hengan International Group Co. Ltd.	6,477,743	2,361,154	(2,134,956)	6,703,941
Hutchison Whampoa Ltd.	17,133,431	6,299,958	(5,545,216)	17,888,173
Kunlun Energy Co. Ltd.	25,700,270	9,511,011	(8,185,506)	27,025,775
Lenovo Group Ltd.	-	67,323,649	(10,361,975)	56,961,674
Li & Fung Ltd.	47,373,633	17,291,712	(15,554,565)	49,110,780
MTR Corporation Ltd.	11,721,134	4,279,329	(3,770,644)	12,229,819
PetroChina Co. Ltd.	169,666,888	62,356,278	(54,969,621)	177,053,545
Sands China Ltd.	19,584,894	7,141,184	(6,446,200)	20,279,878
Swire Pacific Ltd. 'A'	5,507,406	2,007,272	(1,815,013)	5,699,665
Tencent Holdings Ltd.	8,908,445	3,282,412	(2,854,294)	9,336,563
Tingyi (Cayman Islands) Holding Corporation	15,858,625	5,785,492	(5,110,839)	16,533,278
Want Want China Holdings Ltd.	58,994,114	21,501,517	(19,445,288)	61,050,343

## **PERFORMANCE RECORD**

*For the period ended 30th June 2013*

### **Fund performance**

During the period, the Hang Seng Index decreased by 8.18% and the net asset value per unit of the Fund decreased by 6.56%.

## **ADMINISTRATION AND MANAGEMENT**

### **Directors of the Manager**

Mr. Bernard Patrick Reilly  
(Resigned on 20th June 2013)

Mr. Lochiel Cameron Crafter  
(Appointed on 20th June 2013)

Mr. James Keith MacNevin  
(Appointed on 20th June 2013)

Ms. Ting Li

Ms. Gigi Lau Che Man  
(Appointed on 20th June 2013  
as alternate director to Ms. Ting Li)

Ms. Susana Yeong

Mr. Matthew Montagu George  
(Appointed on 20th June 2013  
as alternate director to  
Ms. Susana Yeong)

### **Members of the Supervisory Committee**

Mr. Chan Ping Keung Bryan

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  
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