



SSGA.

STATE STREET GLOBAL ADVISORS

TraHK

Tracker Fund of Hong Kong

Contents

1	Statement of responsibilities of the Manager and the Trustee
2	Report of the Trustee to the Unitholders
3	Report of the Auditors to the Trustee
4	Statement of operations
6	Statement of assets and liabilities
7	Statement of movements in capital account
8	Statement of cash flows
10	Statement of distribution
11	Notes to the financial statements
19	Investment portfolio
21	Statement of movements in investment portfolio
23	Administration and management
24	Performance record

Statement of Responsibilities of The Manager and The Trustee

MANAGER'S RESPONSIBILITIES

The Manager of Tracker Fund of Hong Kong (the "Fund") is required by the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the "SFC Code") and the Trust Deed dated 23rd October 1999 (the "Trust Deed") to prepare financial statements for each annual accounting year which give a true and fair view of the financial position of the Fund at the end of that year and of the transactions for the year then ended. In preparing these financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Fund in accordance with the Trust Deed and takes reasonable steps for the prevention and detection of fraud and other irregularities.

TRUSTEE'S RESPONSIBILITIES

The Trustee of the Fund is required to:

- ensure that the Fund is managed by the Manager in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Fund and rights attaching thereto; and
- report to the Unitholders for each annual accounting year on the conduct of the Manager in the management of the Fund.

Report of The Trustee to the Unitholders

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund in accordance with the provisions of the Trust Deed for the year ended 31st December 2001.

In accordance with section 8.6 (l) of the SFC Code, the Trustee is required to provide a comparison of the fund performance and the actual index performance over the relevant period in the financial statements. During the year, the Hang Seng Index decreased by 24.50% and correspondingly, the net asset value per unit of the Fund decreased by 24.52%.

STATE STREET BANK AND TRUST COMPANY

28th March 2002

Report of The Auditors to The Trustee

We have audited the financial statements on pages 4 to 18 which have been prepared in accordance with the relevant provisions of the Trust Deed, the SFC Code and accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF THE MANAGER AND THE AUDITORS

The Manager of the Fund is responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Manager in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements of the Fund have been properly prepared in accordance with the relevant provisions of the Trust Deed, and the SFC Code and give a true and fair view of the disposition of the Fund at 31st December 2001 and of its transactions for the year ended 31st December 2001.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28th March 2002

Statement of Operations

For the year ended 31st December, 2001

		23.10.1999 (Date of Trust Deed)
	01.01.2001 to 31.12.2001	to 31.12.2000
<i>Note</i>	HK\$	HK\$
Income		
Dividends	798,796,960	780,518,393
Transaction fee	3(a) 17,381,976	26,178,024
Bank interest	7(c) 6,601,814	9,772,058
Other income	3(b) 10,404,617	10,671,960
	833,185,367	827,140,435
Overseas withholding tax	5 (32,878,173)	(20,849,391)
	800,307,194	806,291,044
Expenses		
Management fee	7(a) (12,833,996)	(15,763,814)
Trustee fee	7(b) (12,833,996)	(15,763,814)
Conversion agent fee	8(b) (7,207,564)	(10,675,987)
Index license fee	8(c) (4,357,976)	(4,532,992)
Registrar fee	8(a) (3,750,315)	(4,401,972)
Bank charges	(1,770,851)	(3,265,523)
Publication and printing expenses	(3,471,238)	(2,599,370)
Legal and other professional fees	(703,685)	(949,425)
Amortisation of set-up costs	(542,500)	(616,612)
Audit fee	(100,000)	(100,000)
Other operating expenses	(2,557,328)	(1,421,732)
	(50,129,449)	(60,091,241)
Dividend equivalent amount on units issued	284,203,945	335,702,005
Dividend equivalent amount on units redeemed	(205,450,184)	(326,544,494)
	28,624,312	(50,933,730)

The notes on pages 11 to 18 form part of these financial statements.

Statement of Operations *(Continued)*

For the year ended 31st December, 2001

<i>Note</i>	01.01.2001 to 31.12.2001 HK\$	23.10.1999 (Date of Trust Deed) to 31.12.2000 HK\$
Net income available for distribution	828,931,506	755,357,314
Amount transferred to the statement of distribution	(828,931,506)	(755,357,314)
	-	-
Net investment (loss)/gain		
Realised (loss)/gain on sale of investments	(5,297,382,097)	8,322,750,191
Net change in unrealised loss on revaluation of investments	(2,517,475,773)	(1,101,759,667)
	(7,814,857,870)	7,220,990,524
Net (loss)/income for the year/period (excluding amount transferred to the statement of distribution)	(7,814,857,870)	7,220,990,524
Amount transferred from/ (to) the capital account	7,814,857,870	(7,220,990,524)
	-	-

A statement of recognised gains and losses is not presented as the Fund has no other gains and losses apart from the net income available for distribution and transferred to the statement of distribution and the net loss/income for the year/period and transferred from/to the capital account.

The notes on pages 11 to 18 form part of these financial statements.

Statement of Assets and Liabilities

As at 31st December, 2001

Note	31.12.2001 HK\$	31.12.2000 HK\$
Assets		
Investments	27,633,677,574	28,481,410,478
Set-up costs	1,553,388	2,095,888
Dividend receivable	2,851,133	2,369,376
Other accounts receivable and prepayments	32,366	665,112
Amounts due from brokers	11,271,680	2,567,140
Bank balances	7(c) 67,506,674	88,130,914
Total assets	27,716,892,815	28,577,238,908
Liabilities		
Trustee fee payable	3,188,087	3,423,802
Management fee payable	3,188,087	3,423,802
Index license fee payable	999,682	1,080,728
Registrar fee payable	274,500	269,500
Other accounts payable and accruals	1,482,310	293,086
Amounts due to brokers	11,385,740	5,612,296
Transaction fee provision	–	551,976
Total liabilities	20,518,406	14,655,190
Net assets	27,696,374,409	28,562,583,718
<i>Financed by:</i>		
Capital account	27,696,374,409	28,562,583,718
Units in issue	4 2,417,992,500	1,882,992,500
Net asset value per unit	11.45	15.17
Net asset value per Creation Unit (1 Creation Unit is equivalent to 1,000,000 units)	11,454,285	15,168,719

Approved by the Trustee and the Manager on 28th March 2002.

State Street Bank and Trust Company
State Street Global Advisors Asia Limited

The notes on pages 11 to 18 form part of these financial statements.

Statement of Movements in Capital Account

For the year ended 31st December, 2001

	01.01.2001	23.10.1999
	to	(Date of
	31.12.2001	Trust Deed) to
	HK\$	31.12.2000
<i>Note</i>	HK\$	<i>HK\$</i>
Balance at the beginning of the year/period	28,562,583,718	–
Proceeds on issue of units for cash (excluding dividend equivalent amount and further cash amount)	9 35,163,093,537	83,309,506,981
In-kind payments on redemption of units (excluding dividend equivalent amount and further cash amount)	9 (30,789,315,970)	(65,846,881,492)
In-kind proceeds on issue of units (excluding dividend equivalent amount and further cash amount)	9 2,565,446,791	3,797,644,598
Net further cash amount received on issue and redemption of units	27,730,147	363,168
	35,529,538,223	21,260,633,255
Amount transferred (to)/from the statement of operations (excluding of amount transferred to the statement of distribution)	(7,814,857,870)	7,220,990,524
Amount transferred (to)/from the statement of distribution	(18,305,944)	80,959,939
Balance at the end of the year/period	27,696,374,409	28,562,583,718

The notes on pages 11 to 18 form part of these financial statements.

Statement of Cash Flows

For the year ended 31st December, 2001

	Note	01.01.2001 to 31.12.2001 HK\$	23.10.1999 (Date of Trust Deed) to 31.12.2000 HK\$
Operating activities			
Dividend received		798,315,203	778,149,017
Transaction fee received		16,830,000	26,730,000
Bank interest received		6,645,279	9,723,818
Other income received		10,404,617	10,671,960
Overseas withholding tax paid		(32,878,173)	(20,849,391)
Management fee paid		(13,069,711)	(12,340,012)
Trustee fee paid		(13,069,711)	(12,340,012)
Conversion agent fee paid		(6,964,810)	(10,882,741)
Index license fee paid		(4,439,022)	(3,452,264)
Registrar fee paid		(3,745,315)	(4,132,472)
Bank charges paid		(1,818,123)	(3,147,187)
Publication and printing expenses paid		(3,017,321)	(2,409,446)
Legal and other professional fees paid		(546,688)	(927,669)
Other operating expenses paid		(1,685,219)	(4,681,280)
Dividend equivalent amount received on creation of units		284,203,945	335,702,005
Dividend equivalent amount paid on redemption of units		(205,450,184)	(326,544,494)
Net cash inflow from operating activities	6	829,714,767	759,269,832
Servicing of finance			
Interim distribution paid		(411,998,800)	(297,438,800)
Final distribution paid		(435,238,650)	(376,958,575)
Net cash outflow from servicing of finance		(847,237,450)	(674,397,375)
Investing activities			
Purchase of investments	9	(37,777,758,322)	(90,480,646,779)
Sale of investments	9	2,583,833,081	7,174,035,087
		(35,193,925,241)	(83,306,611,692)

Please refer to note 9 on page 17 for details of major non-cash transactions. The notes on pages 11 to 18 form part of these financial statements.

Statement of Cash Flows *(Continued)*

For the year ended 31st December, 2001

	<i>Note</i>	01.01.2001 to 31.12.2001 HK\$	23.10.1999 (Date of Trust Deed) to 31.12.2000 HK\$
Financing			
Issue of units	9	35,163,093,537	83,309,506,981
Net further cash amount received on issue and redemption of units		27,730,147	363,168
		35,190,823,684	83,309,870,149
(Decrease)/increase in cash and cash equivalent		(20,624,240)	88,130,914
Bank balances at the beginning of the year/period		88,130,914	–
Bank balances at the end of the year/period		67,506,674	88,130,914

Please refer to note 9 on page 17 for details of major non-cash transactions.

The notes on pages 11 to 18 form part of these financial statements.

Statement of Distribution

For the year ended 31st December, 2001

	01.01.2001	23.10.1999
	to	(Date of
	31.12.2001	Trust Deed) to
	HK\$	31.12.2000
		HK\$
Amount transferred from the statement of operations	828,931,506	755,357,314
Amount transferred from the capital account	18,305,944	–
Interim distribution		
– HK\$0.16 on 1,858,992,500 units paid on 22nd May 2000	–	(297,438,800)
– HK\$0.16 on 2,574,992,500 units paid on 22nd May 2001	(411,998,800)	–
Final distribution		
– HK\$0.19 on 1,983,992,500 units paid on 22nd November 2000	–	(376,958,575)
– HK\$0.18 on 2,417,992,500 units paid on 22nd November 2001	(435,238,650)	–
Amount transferred to the capital account	–	80,959,939

The notes on pages 11 to 18 form part of these financial statements.

Notes to the Financial Statements

1 THE FUND

The Fund is a unit trust which is governed by its Trust Deed. The Fund is authorised by the Securities & Futures Commission of Hong Kong under Section 15 of the Securities 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.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants. The financial statements are prepared under the historical cost convention as modified by the revaluation of investments.

(b) Investments

Investments with prices quoted, listed or normally dealt in on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") are stated at the Stock Exchange's nominal closing prices. Investments for which prices may not be available at any relevant time on the Stock Exchange or for which the Stock Exchange's nominal closing price is not considered to provide a fair value of the relevant investment by the Manager are stated at the value certified by an Approved Broker, or other professional person as may be appointed for that purpose by the Manager with the approval of the Trustee and the Supervisory Committee.

Purchases and sales of investments are accounted for on a trade date basis.

Realised gains and losses on sale of investments and unrealised gains and losses on revaluation of investments are dealt with in the statement of operations.

Notes to the Financial Statements *(Continued)*

2 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(c) **Income**

Dividend income on equity securities is recorded on the ex-dividend date. Dividend income on equity securities where no ex-dividend date is quoted are accounted for when the Fund's right to receive payment is established.

Bank interest and other income are recognised on an accruals basis.

(d) **Expenses**

All expenses are accounted for on an accruals basis.

(e) **Dividend equivalent amount**

Dividend equivalent amount represents the amount included in the issue price or redemption proceeds (as the case may be) of the units issued or redeemed, representing the net undistributed dividends and other income received and held or receivable by the Fund.

(f) **Further cash amount**

Further cash amount represents the amount included in the issue price or redemption proceeds (as the case may be) of the units issued or redeemed, representing the difference between the net asset value per Creation Unit as calculated by the Manager as of that date, and the value of the Index Basket (based on the nominal closing prices as of that date) and the dividend equivalent amount per Creation Unit.

(g) **Set-up costs**

Set-up costs borne by the Fund are amortised over a period of the first five years of the Fund.

3 INCOME

(a) **Transaction fee**

For each application for the creation of units or for the redemption of units, the Fund is entitled to receive a transaction fee of HK\$30,000 per application.

(b) **Other income**

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

Notes to the Financial Statements (Continued)

4 UNITS IN ISSUE

	Number of units	
	01.01.2001 to 31.12.2001	23.10.1999 (Date of Trust Deed) to 31.12.2000
Units in issue at the beginning of the year/period	1,882,992,500	–
Issue of units		
– Cash subscription	2,640,000,000	5,752,992,500
– In-kind	188,000,000	265,000,000
Redemption of units in-kind	(2,293,000,000)	(4,135,000,000)
Units in issue at the end of the year/period	2,417,992,500	1,882,992,500

5 TAXATION

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

Overseas withholding tax was charged on certain dividend income received during the year.

Notes to the Financial Statements *(Continued)*

6 RECONCILIATION OF NET INCOME AVAILABLE FOR DISTRIBUTION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	01.01.2001 to 31.12.2001 HK\$	23.10.1999 (Date of Trust Deed) to 31.12.2000 HK\$
Net income available for distribution	828,931,506	755,357,314
Increase in dividend receivable	(481,757)	(2,369,376)
Decrease/(increase) in set-up costs and other accounts receivable and prepayments	1,175,246	(2,761,000)
(Decrease)/increase in trustee fee payable	(235,715)	3,423,802
(Decrease)/increase in management fee payable	(235,715)	3,423,802
Increase in registrar fee payable	5,000	269,500
(Decrease)/increase in index license fee payable	(81,046)	1,080,728
(Decrease)/increase in transaction fee provision	(551,976)	551,976
Increase in other accounts payable and accruals	1,189,224	293,086
Net cash inflow from operating activities	829,714,767	759,269,832

7 TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS

Connected Persons of the Manager are those as defined in the SFC Code. All transactions entered into during the year between the Fund and the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Fund does not have any other transactions with Connected Persons except for what is disclosed below.

The directors and officers of the Manager may transact in the units of the Fund as principal provided that prior written notice is obtained from the Trustee. As of 31st December, 2001, the directors and officers of the Manager together held 32,700 units in the Fund (2000: 21,450 units).

Notes to the Financial Statements *(Continued)*

7 TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS *(continued)*

(a) Management fee

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

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

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

(b) Trustee fee

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

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

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

(c) Bank balances

Bank balances are maintained with the Trustee. Bank balances held with the Trustee as at 31st December, 2001 was HK\$67,506,674 (2000: HK\$88,130,914). During the year, interest earned on the above bank balances was HK\$6,601,814 (2000: HK\$9,772,058).

Notes to the Financial Statements *(Continued)*

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:

	<i>HK\$ (per month)</i>
For first 2,000 Unitholders	9,500
For every additional 1,000 Unitholders up to 100,000 Unitholders	2,000
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, except for the registrar's fees and out-of-pocket expenses in relation to the Loyalty Bonus Scheme. Refer to note 10 for the further details of the Loyalty Bonus Scheme.

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

(b) Conversion agent fee

The Conversion Agent receives the higher of a monthly retainer fee of HK\$16,000 plus a transaction fee of HK\$12,000 for each creation and redemption application, and a minimum monthly fee of HK\$36,000.

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 Financial Statements *(Continued)*

9 MAJOR NON CASH TRANSACTIONS

In accordance with the Fund's Trust Deed, units can be issued through either a cash subscription or an in-kind creation of an Index Basket. In the latter case, 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. In addition to 2,640,000,000 units (2000: 5,752,992,500 units) issued in respect of cash subscriptions equal to HK\$35,163,093,537 (2000: HK\$83,309,506,981)¹ during the year, the Fund also issued 188,000,000 units (2000: 265,000,000 units) in exchange for Index Baskets consisting of investments valued at a total of HK\$2,565,446,791 (2000: HK\$3,797,644,598)¹ by the Manager at the time of issue.

In accordance with the Fund's Trust Deed, units can only be redeemed in kind and are not redeemable for cash. During the year, the Fund redeemed 2,293,000,000 units (2000: 4,135,000,000 units) in exchange for Index Baskets consisting of investments valued at HK\$30,789,315,970 (2000: HK\$65,846,881,492)¹ by the Manager.

10 LOYALTY BONUS SCHEME

In accordance with the Fund's Prospectus dated 25th October, 1999, as amended, certain Unitholders are eligible to receive Loyalty Bonus Units from the Exchange Fund of the Hong Kong Special Administrative Region Government pursuant to the Loyalty Bonus Scheme as described in the Prospectus. Loyalty Bonus Units are allocated in two tranches. Under the first tranche, one Loyalty Bonus Unit is allocated for every 20 units held continuously from 12th November, 1999 to 13th November, 2000. Under the second tranche, one Loyalty Bonus Unit is allocated for every 15 units held continuously from 12th November, 1999 (in the case of units issued under the Retail Offer) and from 13th November, 2000 (in the case of bonus units issued under the first tranche) to 12th November, 2001.

In accordance with the Loyalty Bonus Scheme, on 13th November, 2000 and 12th November, 2001, approximately 58 million units and 79 million units respectively of the Fund were transferred from the Exchange Fund of the Hong Kong Special Administrative Region Government to the eligible Unitholders under the first tranche and the second tranche of the Loyalty Bonus Scheme respectively.

¹ excluding dividend equivalent amount and further cash amount

Notes to the Financial Statements *(Continued)*

11 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 specialised 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.

12 INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

The Trustee and the Manager have been granted a waiver from the prohibition under the SFC Code on the Fund holding investments in any single issuer exceeding 10% of the Fund's Net Asset Value. This waiver is limited to any security that accounts for more than 10% of the weighting of the Hang Seng Index and the Fund's exposure to any particular security may not exceed the weighting given to that security in the Hang Seng Index.

Constituent stocks that account for more than 10% of the net asset value of the Fund as at 31st December, 2001 were as follows:

	% of net asset value	
	31.12.2001	31.12.2000
HSBC Holdings plc	27.2	27.6
China Mobile (Hong Kong) Ltd.	16.2	20.4
Hutchison Whampoa Ltd.	10.2	10.7

13 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee and the Manager on 28th March 2002.

Investment Portfolio

As at 31st December, 2001

	Holding	Market value HK\$	% of net assets
Hong Kong			
Listed investments (99.8%)			
Equities (99.8%)			
Properties (15.3%)			
Amoy Properties Ltd. ²	25,461,230	204,962,902	0.7
Cheung Kong (Holdings) Ltd.	20,411,338	1,653,318,378	6.0
Hang Lung Development Co. Ltd. ³	11,669,135	80,517,032	0.3
Henderson Investment Ltd.	24,827,094	150,203,918	0.5
Henderson Land Development Co. Ltd.	15,176,023	534,196,010	1.9
Hysan Development Co. Ltd.	9,086,227	71,326,882	0.3
Sino Land Co. Ltd.	34,036,577	105,513,389	0.4
Sun Hung Kai Properties Ltd.	21,160,599	1,333,117,737	4.8
Wheelock & Co. Ltd.	17,899,806	119,033,709	0.4
		4,252,189,957	15.3
Finance (33.2%)			
Bank of East Asia, Ltd., The	12,629,311	212,172,425	0.8
Hang Seng Bank Ltd.	16,850,835	1,444,959,101	5.2
HSBC Holdings plc	82,447,719	7,523,354,359	27.2
		9,180,485,885	33.2
Utilities (5.9%)			
CLP Holdings Ltd.	21,354,330	635,291,318	2.3
Hong Kong Electric Holdings Ltd.	18,807,419	545,415,151	2.0
Hong Kong & China Gas Co. Ltd., The	46,040,596	439,687,691	1.6
		1,620,394,160	5.9

² Effective 2nd January, 2002 Amoy Properties Ltd. has been renamed as Hang Lung Properties Ltd.

³ Effective 2nd January, 2002 Hang Lung Development Co. Ltd. has been renamed as Hang Lung Group Ltd.

Investment Portfolio *(Continued)*

As at 31st December, 2001

	Holding	Market value HK\$	% of net assets
Commerce and industry (45.4%)			
Cathay Pacific Airways Ltd.	29,347,907	293,479,070	1.1
Cheung Kong Infrastructure Holdings Ltd.	19,864,834	241,357,733	0.9
China Mobile (Hong Kong) Ltd.	163,969,754	4,500,969,747	16.2
China Resources Enterprises, Ltd.	17,766,840	129,697,932	0.5
China Unicom Ltd.	110,631,561	951,431,425	3.4
CITIC Pacific Ltd.	19,300,553	334,864,595	1.2
CNOOC Limited	72,391,495	532,077,488	1.9
Hutchison Whampoa Ltd.	37,570,800	2,827,202,700	10.2
Johnson Electric Holdings Ltd.	32,379,812	265,514,458	1.0
Legend Holdings Ltd.	66,196,512	263,131,135	0.9
Li & Fung Ltd.	25,372,348	222,008,045	0.8
MTR Corporation Ltd.	44,550,964	454,419,833	1.6
New World Development Co. Ltd.	18,807,838	127,893,298	0.5
Pacific Century CyberWorks Ltd.	199,998,309	429,996,364	1.5
Shanghai Industrial Holdings Ltd.	7,914,616	113,179,009	0.4
Swire Pacific Ltd. (A shares)	8,284,434	352,088,445	1.3
Television Broadcasts Ltd.	3,860,112	130,471,786	0.5
Wharf (Holdings) Ltd., The	21,565,591	410,824,509	1.5
		12,580,607,572	45.4
<hr style="border-top: 1px dashed black;"/>			
Total listed investments		27,633,677,574	99.8
Other net assets		62,696,835	0.2
<hr/>			
Net assets at 31st December, 2001		27,696,374,409	100.0
<hr/>			
Total investments, at cost		31,252,913,018	
<hr/>			

Statement of Movements in Investment Portfolio

For the year ended 31st December, 2001

	Holdings			Total as at 31.12.2001
	Total as at 31.12.2000	Additions	Disposals	
Hong Kong				
Listed investments				
Equities				
Properties				
Amoy Properties Ltd. ²	21,297,289	31,265,318	27,101,377	25,461,230
Cheung Kong (Holdings) Ltd.	17,061,623	25,046,390	21,696,675	20,411,338
Hang Lung Development Co. Ltd. ³	9,738,740	14,318,421	12,388,026	11,669,135
Henderson Investment Ltd.	20,751,838	30,466,192	26,390,936	24,827,094
Henderson Land Development Co. Ltd.	12,685,904	18,622,958	16,132,839	15,176,023
Hysan Development Co. Ltd.	7,595,431	11,206,471	9,715,675	9,086,227
Sino Land Co. Ltd.	27,013,358	42,995,079	35,971,860	34,036,577
Sun Hung Kai Properties Ltd.	17,687,528	25,966,309	22,493,238	21,160,599
Wheelock & Co. Ltd.	14,961,823	21,965,657	19,027,674	17,899,806
Finance				
Bank of East Asia, Ltd., The	10,423,818	15,546,243	13,340,750	12,629,311
Dao Heng Bank Group Ltd.	5,134,531	5,887,019	11,021,550	–
Hang Seng Bank Ltd.	14,085,184	20,677,854	17,912,203	16,850,835
HSBC Holdings plc	68,274,712	100,936,812	86,763,805	82,447,719
Utilities				
CLP Holdings Ltd.	15,330,041	29,000,609	22,976,320	21,354,330
Hong Kong Electric Holdings Ltd.	15,720,341	23,080,190	19,993,112	18,807,419
Hong Kong & China Gas Co. Ltd., The	37,850,620	63,112,270	54,922,294	46,040,596

² Effective 2nd January, 2002 Amoy Properties Ltd. has been renamed as Hang Lung Properties Ltd.

³ Effective 2nd January, 2002 Hang Lung Development Co. Ltd. has been renamed as Hang Lung Group

Statement of Movements in Investment Portfolio

(Continued)

For the year ended 31st December, 2001

Ltd.

	Holdings			Total as at 31.12.2001
	Total as at 31.12.2000	Additions	Disposals	
Commerce and industry				
Cathay Pacific Airways Ltd.	24,707,694	36,076,575	31,436,362	29,347,907
Cheung Kong Infrastructure Holdings Ltd.	16,604,139	24,377,883	21,117,188	19,864,834
China Mobile (Hong Kong) Ltd.	137,057,862	201,819,995	174,908,103	163,969,754
China Resources Enterprises, Ltd.	14,637,918	21,868,713	18,739,791	17,766,840
China Unicom Ltd.	–	146,683,866	36,052,305	110,631,561
CITIC Pacific Ltd.	16,177,034	23,747,887	20,624,368	19,300,553
CNOOC Limited	–	91,326,992	18,935,497	72,391,495
Digital China	–	7,143,072	7,143,072	–
First Pacific Co. Ltd.	23,130,990	22,442,402	45,573,392	–
Hutchison Whampoa Ltd.	31,403,847	46,105,725	39,938,772	37,570,800
Johnson Electric Holdings Ltd.	27,065,110	39,734,083	34,419,381	32,379,812
Legend Holdings Ltd.	55,058,773	153,475,941	142,338,202	66,196,512
Li & Fung Ltd.	20,265,658	31,648,600	26,541,910	25,372,348
MTR Corporation Ltd.	–	58,956,142	14,405,178	44,550,964
New World Development Co., Ltd.	15,572,935	23,050,556	19,815,653	18,807,838
Pacific Century CyberWorks Ltd.	161,183,576	244,497,700	205,682,967	199,998,309
Shanghai Industrial Holdings Ltd.	6,615,338	9,745,954	8,446,676	7,914,616
Smartone Telecommunications Holdings Ltd.	4,427,205	4,290,760	8,717,965	–
Swire Pacific Ltd. (A shares)	6,924,523	10,167,057	8,807,146	8,284,434
Television Broadcasts Ltd.	3,226,151	4,737,888	4,103,927	3,860,112
Wharf (Holdings) Ltd., The	18,019,083	26,461,970	22,915,462	21,565,591

Administration and Management

DIRECTORS OF THE MANAGER

Mr. Vincent Duhamel
Mr. John Serhant

MEMBERS OF THE SUPERVISORY COMMITTEE

Mr. Marvin Cheung
Mr. Fong Hup
Mrs. Marian Li
Ms. Karen Kemp
Mr. Lawrence Fok

TRUSTEE AND CUSTODIAN

State Street Bank and Trust Company
32nd Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

REGISTRAR

Central Registration Hong Kong Limited
Shops 1712 – 1716
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISER TO THE MANAGER

Freshfields Bruckhaus Deringer
11th Floor, Two Exchange Square
Central
Hong Kong

LEGAL ADVISER TO THE TRUSTEE

Allen & Overy
9th Floor, Three Exchange Square
Central
Hong Kong

MANAGER

State Street Global Advisors Asia Limited
32nd Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

PROMOTER

Exchange Fund Investment Limited
8th Floor, Gloucester Tower
11 Pedder Street
Central
Hong Kong

CONVERSION AGENT

Hong Kong Registrars Limited
2nd Floor, Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

AUDITORS

PricewaterhouseCoopers
22nd Floor
Prince's Building
Central
Hong Kong

Performance Record

NET ASSET VALUES

	Net asset value per unit <i>HK\$</i>	Net asset value of the Fund <i>HK\$</i>
<hr/>		
At end of financial year dated		
31st December, 2000	15.17	28,562,583,718
31st December, 2001	11.45	27,696,374,409

HIGHEST AND LOWEST NET ASSET VALUE PER UNIT

	Highest net asset value per unit <i>HK\$</i>	Lowest net asset value per unit <i>HK\$</i>
<hr/>		
Financial year ended		
31st December, 2000 (since inception)	18.39	13.75
31st December, 2001	16.24	9.12