



# HSBC ETFs Trust

## Interim Report 2013

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## Investment adviser's report

### **HSBC MSCI Hong Kong ETF**

### **HSBC MSCI China ETF**

### **HSBC MSCI Taiwan ETF**

### **HSBC MSCI Golden Dragon ETF**

For the six months period ending 30 April 2013, equity markets continued to gain momentum with recovery, especially with S&P500 making record highs since the credit crisis. Among the Greater China region, MSCI Taiwan gained the most, close to 12%, during the period; MSCI China gained approximately 3%, while Hong Kong posted a return of 9.7% in USD term. The objective of the ETFs is to track the return of their corresponding benchmark (MSCI Hong Kong, MSCI China, MSCI Taiwan, and MSCI Golden Dragon). In gross terms, none of the six month return deviation of each ETF exceeded +/-20bps to the benchmark as at 30 April 2013, except for HSBC MSCI Golden Dragon ETF, which has a slightly higher tracking difference at 38bps. However all tracking errors since inception were kept well below 40bps.

## Trustee's report

### HSBC ETFs Trust ("the Trust")

We hereby confirm that, in our opinion, the Manager of HSBC MSCI Golden Dragon ETF, HSBC MSCI China ETF, HSBC MSCI Hong Kong ETF and HSBC MSCI Taiwan ETF ("the Sub-Funds") of the Trust has, in all material respects, managed the Sub-Funds in accordance with the provisions of the Trust Deed dated 25 February 2011, as amended, for the period ended 30 April 2013.

# Interim statement of assets and liabilities

As at 30 April 2013

		<i>30 April 2013 (unaudited)</i>			
	<b>Note</b>	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
<b>Assets</b>					
Financial assets at fair value through profit or loss	4,12	133,854,613	237,152,389	121,125,120	1,223,507,091
Dividends receivable		–	–	253,181	–
Amounts due from broker	8(d)(ii)	–	104,399	101,671	795,051
Cash and cash equivalents	8(d)(i)	8,187	53,131	232,622	1,480,636
<b>Total assets</b>		<u>133,862,800</u>	<u>237,309,919</u>	<u>121,712,594</u>	<u>1,225,782,778</u>
<b>Liabilities</b>					
Accrued expenses and other payable	7	<u>(27,537)</u>	<u>262,631</u>	<u>72,710</u>	<u>1,730,055</u>
<b>Total liabilities</b>		<u>(27,537)</u>	<u>262,631</u>	<u>72,710</u>	<u>1,730,055</u>
<b>Net assets attributable to unitholders (at last traded prices)</b>					
	10	<u>133,890,337</u>	<u>237,047,288</u>	<u>121,639,884</u>	<u>1,224,052,723</u>
Representing:					
<b>Total equity (at last traded prices)</b>		<u>133,890,337</u>	<u>237,047,288</u>	<u>121,639,884</u>	<u>1,224,052,723</u>
<b>Total number of units in issue</b>					
	9	<u>3,600,000</u>	<u>8,500,000</u>	<u>3,600,000</u>	<u>7,000,000</u>
<b>Net asset value per unit – Class A units (at last traded prices)</b>					
		<u>37.1918</u>	<u>27.8879</u>	<u>33.7889</u>	<u>174.8647</u>

The notes on pages 11 to 35 form part of these interim financial statements.

# Interim statement of assets and liabilities

As at 30 April 2013

		<b>31 October 2012 (audited)</b>				
		<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>	
<b>Note</b>						
<b>Assets</b>						
	Financial assets at fair value					
	through profit or loss	4,12	125,037,766	228,881,827	109,486,483	1,077,921,335
	Dividends receivable		–	72,680	36,410	20,323
	Other receivable		–	–	–	79,705
	Amounts due from broker	8(d)(ii)	–	581,496	170,235	2,000,911
	Cash and cash equivalents	8(d)(i)	1,137	1,045,465	642,327	4,503,069
	<b>Total assets</b>		<u>125,038,903</u>	<u>230,581,468</u>	<u>110,335,455</u>	<u>1,084,525,343</u>
<b>Liabilities</b>						
	Financial liabilities at fair value					
	through profit or loss	4,12	–	–	–	73,033
	Accrued expenses and other payable	7	65,156	564,165	390,146	2,731,861
	<b>Total liabilities</b>		<u>65,156</u>	<u>564,165</u>	<u>390,146</u>	<u>2,804,894</u>
<b>Net assets attributable to unitholders (at bid prices)</b>						
		10	<u>124,973,747</u>	<u>230,017,303</u>	<u>109,945,309</u>	<u>1,081,720,449</u>
	Representing:					
	<b>Total equity (at bid prices)</b>		<u>124,973,747</u>	<u>230,017,303</u>	<u>109,945,309</u>	<u>1,081,720,449</u>
<b>Total number of units in issue</b>						
		9	<u>3,600,000</u>	<u>8,500,000</u>	<u>3,600,000</u>	<u>7,000,000</u>
<b>Net asset value per unit – Class A units (at bid prices)</b>						
			<u>34.7149</u>	<u>27.0609</u>	<u>30.5404</u>	<u>154.5315</u>

The notes on pages 11 to 35 form part of these interim financial statements.

# Interim statement of comprehensive income

For the period ended 30 April 2013

		<i>Period from 1 November 2012 to 30 April 2013 (unaudited)</i>			
	<b>Note</b>	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
<b>Income</b>					
Dividend income		–	37,221	1,046,180	–
		–	37,221	1,046,180	–
<b>Expenses</b>					
Management fees	8(a)	3	59,711	29,025	289,412
Operating expenses	6(a)	126	537,395	261,224	2,604,704
Other expenses	6(b)	24,298	99,179	63,854	931,434
		24,427	696,285	354,103	3,825,550
<b>(Loss)/income attributable to unitholders before gains on financial instruments at fair value through profit or loss</b>					
		(24,427)	(659,064)	692,077	(3,825,550)
<b>Gains on financial instruments at fair value through profit or loss</b>					
Net gains on financial instruments at fair value through profit or loss	5	8,941,021	7,689,396	11,002,566	146,261,547
Net foreign exchange losses		(4)	(347)	(68)	(42,036)
		8,941,017	7,689,049	11,002,498	146,219,511
<b>Income attributable to unitholders before taxation</b>					
		8,916,590	7,029,985	11,694,575	142,393,961
Taxation	3	–	–	–	(61,687)
<b>Income attributable to unitholders and total comprehensive income for the period</b>					
		8,916,590	7,029,985	11,694,575	142,332,274

The notes on pages 11 to 35 form part of these interim financial statements.

# Interim statement of comprehensive income

For the period ended 30 April 2013

		<i>Period from 1 November 2011 to 30 April 2012 (unaudited)</i>			
		HSBC MSCI Golden Dragon ETF HK\$	HSBC MSCI China ETF HK\$	HSBC MSCI Hong Kong ETF HK\$	HSBC MSCI Taiwan ETF TWD
Note					
<b>Income</b>					
		–	80,303	1,090,638	–
	8(e)	–	–	–	739,590
		–	80,303	1,090,638	739,590
<b>Expenses</b>					
	8(a)	27	54,450	24,279	262,470
	6(a)	233	490,046	218,513	2,362,400
	6(b)	23,108	99,461	48,127	908,436
		23,368	643,957	290,919	3,533,306
<b>(Loss)/income attributable to unitholders before gains on financial instruments at fair value through profit or loss</b>					
		(23,368)	(563,654)	799,719	(2,793,716)
<b>Gains on financial instruments at fair value through profit or loss</b>					
	5	6,268,476	14,926,157	6,435,444	31,059,069
		(6)	9	(13)	(456,003)
		6,268,470	14,926,166	6,435,431	30,603,066
<b>Income attributable to unitholders before taxation</b>					
		6,245,102	14,362,512	7,235,150	27,809,350
	3	–	(1,561)	–	–
<b>Income attributable to unitholders and total comprehensive income for the period</b>					
		6,245,102	14,360,951	7,235,150	27,809,350

The notes on pages 11 to 35 form part of these interim financial statements.



## Interim statement of changes in equity

For the period ended 30 April 2013

	<i>Period from 1 November 2012 to 30 April 2013 (unaudited)</i>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
<b>Balance at beginning of period</b>	124,973,747	230,017,303	109,945,309	1,081,720,449
<b>Income attributable to unitholders and total comprehensive income for the period</b>	8,916,590	7,029,985	11,694,575	142,332,274
<b>Balance at period end</b>	133,890,337	237,047,288	121,639,884	1,224,052,723

The notes on pages 11 to 35 form part of these interim financial statements.

## Interim statement of changes in equity

For the period ended 30 April 2013

	<i>Period from 1 November 2011 to 30 April 2012 (unaudited)</i>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
<b>Balance at beginning of period</b>	117,141,579	214,600,914	95,316,091	792,103,945
<b>Income attributable to unitholders and total comprehensive income for the period</b>	6,245,102	14,360,951	7,235,150	27,809,350
<b>Transactions with owners (i.e. unitholders), recorded directly in equity</b>				
Received and receivable on issue of units	—	—	—	289,704,200
<b>Total transactions with owners (i.e. unitholders)</b>	—	—	—	289,704,200
<b>Balance at period end</b>	123,386,681	228,961,865	102,551,241	1,109,617,495

The notes on pages 11 to 35 form part of these interim financial statements.

# Interim cash flow statement

For the period ended 30 April 2013

*Period from 1 November 2012 to 30 April 2013 (unaudited)*

	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
<b>Operating activities</b>				
Dividend income received	–	109,901	829,409	20,323
Net foreign exchange losses	(4)	(347)	(68)	(42,036)
Payment for management fees	(3)	(59,458)	(28,617)	(282,970)
Payment for operating expenses	(215,544)	(695,041)	(667,339)	(2,698,614)
Reimbursements from Manager	122,917	(134,376)	98,036	(1,058,578)
Payment for other expenses	(24,491)	(108,608)	(73,415)	(785,611)
Margin deposit withdrawn from broker	–	550,000	100,000	1,454,524
Proceeds from sale of financial instruments at fair value through profit or loss	1,471,317	11,911,749	4,872,880	21,073,307
Payment on purchase of financial instruments at fair value through profit or loss	(1,347,142)	(12,566,154)	(5,540,591)	(20,641,091)
Tax paid	–	–	–	(61,687)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net cash generated from/(used in) operating activities</b>	7,050	(992,334)	(409,705)	(3,022,433)
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<b>Net increase/(decrease) in cash and cash equivalents</b>	7,050	(992,334)	(409,705)	(3,022,433)
<b>Cash and cash equivalents at the beginning of the period</b>	1,137	1,045,465	642,327	4,503,069
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>	8,187	53,131	232,622	1,480,636
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The notes on pages 11 to 35 form part of these interim financial statements.

# Interim cash flow statement

For the period ended 30 April 2013

*Period from 1 November 2011 to 30 April 2012 (unaudited)*

	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
<b>Operating activities</b>				
Dividend income received	–	140,907	904,094	25,694
Other income received	–	–	–	739,590
Net foreign exchange (losses)/gains	(6)	9	(13)	(456,003)
Payment for management fees	(33)	(53,257)	(23,752)	(247,363)
Payment for operating expenses	(134,355)	(379,394)	(348,038)	(1,501,081)
Reimbursements from Manager	187,104	42,330	273,986	90,258
Payment for other expenses	(23,108)	(89,322)	(39,227)	(764,913)
Margin deposit withdrawn from broker	–	–	–	2,399,942
Proceeds from sale of financial instruments at fair value through profit or loss	769,617	7,092,650	1,537,227	22,644,911
Payment on purchase of financial instruments at fair value through profit or loss	(884,516)	(7,880,091)	(2,689,434)	(313,998,178)
Tax paid	–	(1,561)	–	–
<b>Net cash used in operating activities</b>	<u>(85,297)</u>	<u>(1,127,729)</u>	<u>(385,157)</u>	<u>(291,067,143)</u>
<b>Financing activities</b>				
Proceeds on issue of units	–	–	–	289,704,200
<b>Net cash generated from financing activities</b>	<u>–</u>	<u>–</u>	<u>–</u>	<u>289,704,200</u>
<b>Net decrease in cash and cash equivalents</b>	(85,297)	(1,127,729)	(385,157)	(1,362,943)
<b>Cash and cash equivalents at the beginning of the period</b>	<u>170,680</u>	<u>1,485,956</u>	<u>822,844</u>	<u>2,277,763</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>85,383</u></u>	<u><u>358,227</u></u>	<u><u>437,687</u></u>	<u><u>914,820</u></u>

The notes on pages 11 to 35 form part of these interim financial statements.

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 1 The Trust

HSBC ETFs Trust (the "Trust") is an umbrella unit trust which was established under a Trust deed dated 25 February 2011 made under Hong Kong law. Four sub-funds were created under the Trust with the date of inception set out below:

	<b>Date of inception</b>
– HSBC MSCI Golden Dragon ETF	13 April 2011
– HSBC MSCI China ETF	13 April 2011
– HSBC MSCI Hong Kong ETF	12 April 2011
– HSBC MSCI Taiwan ETF	12 April 2011

The Sub-Funds are authorised by the Securities and Futures Commission in Hong Kong ("SFC") under Section 104(1) of the Hong Kong Securities and Futures Ordinance ("HKSF"), and are governed by the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC.

The objective of the HSBC MSCI Golden Dragon ETF is to replicate the performance of the MSCI Golden Dragon Index, before fees and expenses, while minimising as far as possible the tracking error between the Sub-Fund's performance and that of the MSCI Golden Dragon Index.

The objective of the HSBC MSCI China ETF is to replicate the performance of the MSCI China Index, before fees and expenses, while minimising as far as possible the tracking error between the Sub-Fund's performance and that of the MSCI China Index.

The objective of the HSBC MSCI Hong Kong ETF is to replicate the performance of the MSCI Hong Kong Index, before fees and expenses, while minimising as far as possible the tracking error between the Sub-Fund's performance and that of the MSCI Hong Kong Index.

The objective of the HSBC MSCI Taiwan ETF is to replicate the performance of the MSCI Taiwan Index, before fees and expenses, while minimising as far as possible the tracking error between the Sub-Fund's performance and that of the MSCI Taiwan Index.

The interim financial statements of the Sub-Funds are presented in their respective functional and presentation currencies as follows:

	<b>Functional and presentation currency</b>
– HSBC MSCI Golden Dragon ETF	HK\$
– HSBC MSCI China ETF	HK\$
– HSBC MSCI Hong Kong ETF	HK\$
– HSBC MSCI Taiwan ETF	TWD

The Trust Deed does not contain any requirement that a combined set of interim financial statements for the Trust itself be prepared.

## 2 Significant accounting policies

### (a) Statement of compliance

These interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 October 2012, except for the accounting policy changes that are expected to be reflected in the 2013 interim financial statements.

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 2 Significant accounting policies (continued)

### (a) Statement of compliance (continued)

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Sub-Funds. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Sub-Funds for the current and prior periods reflected in these financial statements.

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial statements are unaudited.

### (b) Basis of preparation of the interim financial statements

The functional and presentation currency of HSBC MSCI Taiwan ETF is Taiwan dollars reflecting the fact that the participating redeemable units of the Sub-Fund are issued and redeemed in Taiwan dollars. The functional and presentation currencies for the Sub-Funds other than HSBC MSCI Taiwan ETF are Hong Kong dollars reflecting the fact that the participating redeemable units of the Sub-Funds are issued and redeemed in Hong Kong dollars.

The measurement basis used in the preparation of the interim financial statements is the historical cost basis except that investments are stated at their fair value as explained in the accounting policies set out below.

The preparation of interim financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (c) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are effective for the current accounting period of the Sub-Funds. Of these, the following developments are relevant to the Sub-Funds' financial statements:

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)

HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Trust and its Sub-Funds have re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Sub-Funds' related party disclosures in the current and previous periods. HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Trust and its Sub-Funds because the Trust and its Sub-Funds are not a government-related entities.

Improvements to HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, Financial instruments: Disclosures. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 2 Significant accounting policies (continued)

### (c) Changes in accounting policies (continued)

*Standards effective after 1 January 2013 that have been early adopted by the Sub-Funds*

HKFRS 13, *Fair value measurement*, effective for annual period beginning on or after 1 January 2013, has been early adopted. 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 HKFRSs. 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 Sub-Funds changed its valuation inputs for listed financial assets and liabilities to last traded prices to be consistent with the inputs prescribed in the Sub-Fund's Offering Document for the calculation of its per share trading value for subscriptions and redemptions. The use of last traded prices is recognised as a standard pricing convention within the industry. In the prior period, the Sub-Funds utilised bid and ask prices for its listed financial assets and liabilities in accordance with HKAS 39. The change in valuation inputs is considered to be a change in estimate in accordance with HKAS 8.

The new accounting policy shall be applied prospectively for interim period beginning on 1 November 2012.

The Sub-Funds have not applied any new standard of interpretation that is not yet effective for the current period (see note 14), except that the Sub-Funds early adopted HKFRS 13

### (d) Income and expenses

Interest income and expense are recognised as they accrue using the effective interest method. Dividend income is recognised when the underlying securities are quoted ex-dividend. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in profit or loss. All other income and expenses are accounted for on an accrual basis.

### (e) Financial instruments

#### (i) Classification

All of the Sub-Funds' investments are classified as financial assets or financial liabilities at fair value through profit or loss. This category comprises financial instruments held for trading, including futures contracts, and financial instruments designated at fair value through profit or loss, including equities, exchange traded funds, rights and warrants.

All derivatives in a net receivable position (positive fair value) are reported as financial assets. All derivatives in a net payable position (negative fair value) are reported as financial liabilities.

Financial liabilities that are not at fair value through profit or loss include amounts payable on redemption of units, distributions payables, accrued expenses and other payables.

#### (ii) Recognition

The Sub-Funds recognise financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments.

A regular purchase or sale of financial assets or financial liabilities at fair value through profit or loss is recognised on a trade date basis. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities at fair value through profit or loss are recorded.

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 2 Significant accounting policies (continued)

### (e) Financial instruments (continued)

#### (iii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all trading instruments are measured at fair value.

#### (iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. Prior to 1 November 2012, the quoted market price used for financial assets held by the Sub-Funds was the current bid price; the quoted market price for financial liabilities was the current asking price. The Sub-Funds early adopted HKFRS 13, Fair value measurement, from 1 November 2012; it changed its fair valuation input to utilise the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

Net gains on financial instruments are included in profit or loss. Realised gains and losses on financial instruments and unrealised gains and losses on financial instruments arising from a change in fair value are provided in note 5.

#### (v) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership, have been transferred.

Assets held for trading that are sold are derecognised and corresponding receivables from brokers are recognised as of the date the Sub-Funds commit to sell the assets.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

On derecognition of a financial asset, the difference between the carrying value of the asset and the consideration received is recognised in profit or loss.

#### (vi) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of assets and liabilities when the Sub-Funds have a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis or simultaneously, e.g. through a market clearing mechanism.

### (f) Foreign currency translation

Foreign currency transactions during the period are translated into base currency of the Sub-Funds at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the base currency of the Sub-Funds at the foreign exchange rates ruling at the date of the statement of assets and liabilities. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in profit or loss of the relevant sub-funds.



# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 2 Significant accounting policies (continued)

### (g) Related parties

- (1) A person, or a close member of that person's family, is related to the Trust and its Sub-Funds if that person:
- (i) has control or joint control over the Trust and its Sub-Funds;
  - (ii) has significant influence over the Trust and its Sub-Funds; or
  - (iii) is a member of the key management personnel of the Trust and its Sub-Funds.
- (2) An entity is related to the Trust and its Sub-Funds if any of the following conditions applies:
- (i) The entity and the Trust and its Sub-Funds are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is controlled or jointly controlled by a person identified in (1); or
  - (vi) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### (h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Sub-Funds' cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

### (i) Units in issue

The Sub-Funds classify financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Sub-Funds have one class of redeemable units in issue. This is the most subordinate class of financial instruments in the Sub-Funds and ranks *pari passu* in all material respects and has identical terms and conditions. The redeemable units provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Sub-Funds' net assets at each redemption date and also in the event of the Sub-Funds' liquidation.

A puttable financial instrument that includes a contractual obligation for the issuer to repurchase or redeem that instrument for cash or another financial asset is classified as equity instruments if it meets the following conditions:

- (i) it entitles the holder to a pro rata share of the entity's net assets in the event of the Sub-Funds' liquidation;
- (ii) it is in the class of instruments that is subordinate to all other classes of instruments;

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 2 Significant accounting policies (continued)

### (i) Units in issue (continued)

- (iii) all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- (iv) apart from the contractual obligation for the Sub-Funds to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- (v) the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Funds over the life of the instrument.

The Sub-Funds' redeemable units meet all of these conditions and are classified as equity.

### (j) Expenses

All expenses are recognised in profit or loss on an accruals basis.

### (k) Taxation

Taxation for the period represents non-recoverable withholding tax on dividend income and interest income imposed in the country of origin. Such income is recorded gross of taxes in profit or loss.

### (l) Segment reporting

An operating segment is a component of the Sub-Funds that engages in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Sub-Funds' other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker of the Sub-Funds is identified as the Manager, HSBC Investment Funds (Hong Kong) Limited.

## 3 Taxation

### Hong Kong

No provision for Hong Kong Profits Tax has been made in the interim financial statements as the income of the Sub-Funds is exempt from taxation under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

### China

HSBC MSCI China ETF invests in shares of companies in People's Republic of China ("PRC") listed on overseas stock exchanges including the H-shares listed in Hong Kong on the SEHK ("H-shares"). Under the PRC Corporate Income Tax Law, the HSBC MSCI China ETF may be liable to pay PRC tax on the capital gains realised in the trading of H-shares and dividend income derived from PRC listed companies. However, no provision was made for taxation from capital gains in the interim financial statements as the Manager believes that HSBC MSCI China ETF can sustain a position for not filing a tax return based on the existing tax regulations and that the enforcement of PRC tax on capital gains is not probable.

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 3 Taxation (continued)

### Taiwan

The HSBC Taiwan ETF invests in shares of companies in Taiwan listed on Taiwan Stock Exchange or quoted on the Gretai Securities Market, which is a market regulated and supervised by the Taiwan Financial Supervisory Commission. Capital gain derived from Taiwan securities is exempted from income tax pursuant to Article 4-1 of the Income Tax Act. Dividend derived from a Taiwan company is subject to withholding tax of 20% for foreign institutional investors (FINI) if no tax treaty applies.

Dividend income received by the Sub-Funds may be subject to non-recoverable withholding tax imposed in the country of origin. Dividend income is recorded gross of such taxes and the withholding tax is recognised in statement of comprehensive income as incurred.

Taxation in the statement of comprehensive income represents:

<i>Period from 1 November 2012 to 30 April 2013 (unaudited)</i>			
<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
Withholding tax – PRC	–	–	61,687

<i>Period from 1 November 2011 to 30 April 2012 (unaudited)</i>			
<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
Withholding tax – PRC	–	1,561	–

## 4 Financial instruments and associated risks

The Sub-Funds maintain investment portfolio in the constituent stocks of the underlying Index as dictated by its investment management strategy. The Sub-Funds' investment objective is to provide investment results that, before fees and expenses, closely correspond to the performance of the Underlying Index relevant to the Sub-Funds. The Manager primarily adopts a replication strategy to achieve the investment objective of the Sub-Funds. When there is a change in the constituent stock of the Index or the weighting of the constituent stocks in the Index, the Manager will be responsible for implementing any adjustment to the Sub-Funds' portfolio of stocks to ensure that the Sub-Funds' investment portfolio closely corresponds to the composition of the Index and the weighting of each constituent stock. Details of such investments held as at 30 April 2013 are shown in the Investment portfolio.

The nature and extent of the financial instruments outstanding at the period/year end date and the risk management policies employed by the Fund are discussed below.

### (a) Market risk

Market risk arises when the fair value and future cash flows of a financial instrument will fluctuate because of changes in market prices and includes currency risk, interest rate risk and price risk.

#### (i) Currency risk

As the financial assets and liabilities of the Sub-Funds are denominated in the functional currency, no significant currency risk is associated with them.

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 4 Financial instruments and associated risks (continued)

### (a) Market risk (continued)

#### (ii) Interest rate risk

Interest rate risk arises from changes in interest rates which may inversely affect the value of interest bearing assets and therefore result in potential gain or loss to the Sub-Funds. Except for bank deposits, all the financial assets and liabilities of the Sub-Funds are non-interest bearing. As a result, the Sub-Funds have limited exposure to interest rate risk.

#### (iii) Price risk

Price risk is the risk that the value of instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Manager constructs the portfolio through adopting replication strategy. The Sub-Funds are not actively managed and the Manager does not have the discretion to select stocks or to take defensive position in declining market. Hence, any fall in the underlying indices will result in a corresponding fall in the value of the Sub-Funds.

#### Price sensitivity

The impact on a 1% increase in the index at 30 April 2013, other variables held constant, is shown below. An equal change in the opposite direction would decrease the net assets attributable to unitholders by an equal but opposite amount. The analysis is performed on the same basis for 2012.

Sub-Funds	Underlying Index	Impact on net assets attributable to unitholders	
		30 April 2013 (unaudited)	31 October 2012 (audited)
HSBC MSCI Golden Dragon ETF	MSCI Golden Dragon Index1	HK\$1,338,546	HK\$1,250,378
HSBC MSCI China ETF	MSCI China Index2	HK\$2,371,524	HK\$2,288,818
HSBC MSCI Hong Kong ETF	MSCI Hong Kong Index3	HK\$1,211,251	HK\$1,094,865
HSBC MSCI Taiwan ETF	MSCI Taiwan Index4	TWD12,235,071	TWD10,778,483

Notes:

<sup>1</sup> The MSCI Golden Dragon Index consists of (i) Chinese securities (H shares, Red chips and P chips) listed on The Stock Exchange of Hong Kong Limited ("SEHK") and B shares listed on Shanghai Stock Exchange and Shenzhen Stock Exchange; (ii) Hong Kong securities listed on the SEHK; and (iii) Taiwanese securities listed on the Taiwan Stock Exchange and Taiwanese securities traded or quoted on Gretai Securities Market, which is a market regulated and supervised by the Taiwan Financial Supervisory Commission.

<sup>2</sup> The MSCI China Index consists of Chinese securities (H shares, Red chips and P chips) listed on the SEHK and B shares listed on Shanghai Stock Exchange and Shenzhen Stock Exchange.

<sup>3</sup> The MSCI Hong Kong Index consists of Hong Kong securities listed on the SEHK.

<sup>4</sup> The MSCI Taiwan Index consists of Taiwanese securities listed on the Taiwan Stock Exchange and Taiwanese securities traded or quoted on Gretai Securities Market, which is a market regulated and supervised by the Taiwan Financial Supervisory Commission.

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 4 Financial instruments and associated risks (continued)

### (b) Credit risk

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high quality of the brokers used. The Sub-Funds monitor the credit rating and financial positions of the brokers used to further mitigate this risk.

All of the investments and assets of the Sub-Funds are safe-kept by HSBC Institutional Trust Services (Asia) Limited (the "Trustee"). Bankruptcy or insolvency of the Trustee may cause the Sub-Funds' rights with respect to the investments and assets safe-kept by the Trustee to be delayed or limited. The Manager monitors the credit quality of the Trustee by performing due diligence annually.

Majority of the cash held by the Sub-Funds is deposited with HSBC Group. Bankruptcy or insolvency of the banks may cause the Sub-Funds' rights with respect to the cash held by the banks to be delayed or limited. The Sub-Funds monitor their risk by monitoring the credit rating of these banks on an on-going basis. If the credit rating of these banks deteriorates significantly the Manager will move the cash holdings to another bank.

HSBC MSCI China ETF is subject to credit and counterparty risk associated with the warrant issuer and may suffer losses potentially equal to the full value of the warrant issued by the warrant issuer if such warrant issuer fails to perform its obligations to HSBC MSCI China ETF.

The table below sets out the net exposure of the HSBC MSCI China ETF to counterparties as at 30 April 2013 together with the credit ratings provided by Standard & Poor's Rating Services:

#### 30 April 2013 (unaudited)

Warrant issuer	Credit rating	Net exposure to Counterparties
Morgan Stanley BV	A-	<u><u>2,386,328</u></u>

#### 31 October 2012 (audited)

Warrant issuer	Credit rating	Net exposure to Counterparties
Morgan Stanley BV	A-	<u><u>7,027,999</u></u>

Other than outlined above, there were no significant concentrations of credit risk to counterparties at 30 April 2013.

### (e) Liquidity risk

Liquidity risk is the risk that the Sub-Funds will encounter difficulty in meeting obligations arising from their financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Sub-Funds.

The Sub-Funds' policy and the Manager's approach to manage liquidity is to have sufficient liquidity to meet their liability including estimated redemption of units, as and when due, without incurring undue losses or risking damage to the Sub-Funds' reputation.

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 4 Financial instruments and associated risks (continued)

### (e) Liquidity risk (continued)

The Sub-Funds' Hong Kong Offering Document ("Offering Document") provides for the daily creation and cancellation of units and they are therefore exposed to the liquidity of meeting unitholder redemptions daily. All other financial liabilities have contractual maturities less than one year.

The Sub-Funds' majority of financial assets are listed or quoted equity investments which are expected to be readily realisable under normal market conditions. As a result, the Sub-Funds are able to liquidate quickly its investments in order to meet its liquidity requirements.

The Sub-Funds' liquidity risk is managed on a daily basis by the Manager in accordance with the policies and procedures in place. The Sub-Funds' redemption policy allows redemption to be made through participating dealers by any investor with a basket of constituent stocks of the underlying Index and a minor cash component or wholly with cash at a minimum of units.

	<b>Application unit size of each redemption</b>
HSBC MSCI Golden Dragon ETF	600,000
HSBC MSCI China ETF	500,000
HSBC MSCI Hong Kong ETF	600,000
HSBC MSCI Taiwan ETF	500,000

The Manager has the right to declare suspension of unitholders' right to redeem units under certain conditions, such as the SEHK is closed; dealings on the SEHK or the Hong Kong Futures Exchange Limited are restricted or suspended; or the underlying Index is not compiled or published, etc. in accordance with the Offering Document.

### (d) Specific instrument risk

#### (i) Derivatives

At 30 April 2013 and 30 October 2012, the Sub-Funds' holdings in derivatives were as specified in the following table.

As at 30 April 2013

#### HSBC MSCI Hong Kong ETF

Type of contract	Expiration	Underlying	Fair value assets HK\$	Fair value liabilities HK\$
Futures	June 2013	Mini Hang Seng Index	<u>13,640</u>	<u>–</u>

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 4 Financial instruments and associated risks (continued)

### (d) Specific instrument risk (continued)

As at 31 October 2012

#### HSBC MSCI China ETF

Type of contract	Expiration	Underlying	Fair value assets HK\$	Fair value liabilities HK\$
Futures	December 2012	Hang Seng China Enterprises Index	71,900	–

#### HSBC MSCI Hong Kong ETF

Type of contract	Expiration	Underlying	Fair value assets HK\$	Fair value liabilities HK\$
Futures	December 2012	Mini Hang Seng Index	16,640	–

#### HSBC MSCI Taiwan ETF

Type of contract	Expiration	Underlying	Fair value assets HK\$	Fair value liabilities HK\$
Futures	November 2012	MSCI Taiwan Index	–	(73,033)

### (ii) Futures contracts

Futures contracts are commitments either to purchase or sell a designated financial instrument, currency, commodity or index at a specified future date for a specified price and may be settled in cash or the underlying financial asset. Futures are standardised exchange-traded contracts. Initial margin requirements for futures are met in cash or other instruments, and changes in future contract values are marked to market daily. Futures contracts have lower credit risk because the counterparties are futures exchanges.

Futures contracts result in exposure to market risk based on changes in market prices relative to contracted price. Market risks arise due to the possible movement in foreign currency exchange rates, indices, and securities' values underlying these instruments. In addition, because of the low margin deposits normally required in relation to notional contract sizes, a high degree of leverage may be typical of a futures contract and may result in substantial losses to the Sub-Funds. Certain futures exchanges do not permit trading in particular futures contracts at prices that represent a material fluctuation in price during a single day's trading beyond certain preset limits. If prices fluctuate during a single day's trading beyond those limits, the Sub-Funds could be prevented from promptly liquidating unfavourable positions and thus could be subject to substantial losses.

### (e) Capital management

The Sub-Funds' capital as at the period end date is represented by their redeemable units.

The Sub-Funds' objective in managing the capital is to ensure a stable and strong base to maximise returns to all investors, and to manage liquidity risk arising from the redemptions. The Manager manages the capital of the Sub-Funds in accordance with the Sub-Funds' investment objectives and policies stated in the Offering Document.

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 4 Financial instruments and associated risks (continued)

### (e) Capital management (continued)

There were no changes in the policies and procedures during the period with respect to the Sub-Funds' approach to its capital management.

The Sub-Funds are not subject to externally imposed capital requirements.

The amount and the movement of equity are stated in the statement of changes in equity. As the redeemable units are redeemed on demand at the unitholders' option, the actual level of redemption may differ significantly from the historic experience.

During the period, no distributions were made to the unitholders of the Fund.

## 5 Net gains/(losses) on financial instruments at fair value through profit or loss

During the period, the Sub-Funds disposed of equities and earned or incurred realised and unrealised gains and losses as shown below.

	<i>Period from 1 November 2012 to 30 April 2013 (unaudited)</i>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
Realised losses	(84,724)	(4,268,002)	(401,287)	(7,463,337)
Movement on unrealised gains or losses	9,025,745	11,957,398	11,403,853	153,724,884
Net gains on financial instruments at fair value through profit or loss	<u>8,941,021</u>	<u>7,689,396</u>	<u>11,002,566</u>	<u>146,261,547</u>
	<i>Period from 1 November 2011 to 30 April 2012 (unaudited)</i>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
Realised losses	(159,524)	(3,810,274)	(875,029)	(10,588,416)
Movement on unrealised gains or losses	6,428,000	18,736,431	7,310,473	41,647,485
Net gains on financial instruments at fair value through profit or loss	<u>6,268,476</u>	<u>14,926,157</u>	<u>6,435,444</u>	<u>31,059,069</u>



# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 6 Expenses

### (a) Operating expenses

In accordance with the prospectus, the Trust has a fee structure where, in respect of each Sub-Fund all of the fees and expenses (except for the Management Fees, certain duties, charges and other costs and expenses which will be paid separately out of the assets of the relevant Sub-Fund) are paid as one single fee. This is referred to as the "Operating Expenses". The Operating Expenses also include any due proportion of expenses of the Trust which may be allocated to the relevant Sub-Funds from time to time.

The level of the Operating Expenses payable by each Sub-Fund is set out as 0.45% per annum of the Net Asset Value.

The Operating Expenses are calculated and accrued daily from the Net Asset Value of the Index Fund and payable monthly in arrears. If the Sub-Fund's expenses exceed the Operating Expenses, the Manager will cover any shortfall from its own assets. Conversely, if the Sub-Fund's expenses are less than the Operating Expenses, the Manager will retain the surplus for its own benefits.

Further in accordance with the prospectus all Sub-Funds are managed by the Manager. The Manager shall ensure that neither the HSBC MSCI Golden Dragon ETF nor unitholders of the HSBC MSCI Golden Dragon ETF will suffer any increase in the overall total of initial charges, management fee, or any other costs and any charges payable to the Manager or its connected person as a result of the HSBC MSCI Golden Dragon ETF's investment in the HSBC MSCI China ETF, HSBC MSCI Hong Kong ETF and HSBC MSCI Taiwan ETF.

Operating Expenses for the period is comprised of Accounting service fees, Auditors' fee, Trustee's fee, Register and transfer agent fees, Information services, Listing Fee, Printing fee, such fees included reimbursements from or payment to the Manager for covering the shortfall from its own assets or retaining the surplus for its own benefits.

### (b) Other expenses

Other expenses comprise of Annual fee, Safe custody and bank charges, Professional fees, Miscellaneous expenses, and Commission and transaction expenses, which are not part of Operating Expenses or management fee expense.

## 7 Accrued expenses and other payable

The following is a summary of accrued expenses and other payable at the end of the period, including reimbursement from or payment to the Manager for covering the shortfall from its own assets or retaining the surplus for its own benefits. See note 6(a) on Operating Expenses.

	<b>30 April 2013 (unaudited)</b>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
Accrued expenses and other payable	113,952	268,873	242,109	1,414,438
(Reimbursements from)/ payable to Manager	(141,489)	(6,242)	(169,399)	315,617
Total accrued expenses and other payable	<u>(27,537)</u>	<u>262,631</u>	<u>72,710</u>	<u>1,730,055</u>

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 7 Accrued expenses and other payable (continued)

	<i>31 October 2012 (audited)</i>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
Accrued expenses and other payable	129,914	448,104	424,167	1,903,947
(Reimbursement from)/ payable to Manager	(64,758)	116,061	(34,021)	827,914
Total accrued expenses and other payable	<u>65,156</u>	<u>564,165</u>	<u>390,146</u>	<u>2,731,861</u>

## 8 Transactions with related parties

The following is a summary of transactions with related parties during the period which were entered into in the ordinary course of business and under normal commercial terms:

- (a) HSBC Investment Funds (Hong Kong) Limited ("the Manager"), which is a member of the HSBC Group, is the Manager of the Sub-Funds. The Manager earns management fees at a maximum rate of 0.05% of net asset value per annum. Management fees are calculated as at each dealing date and payable monthly in arrears. As noted in note 6(a) the Manager shall ensure that the HSBC MSCI Golden Dragon ETF will not suffer any increase in the overall total of initial charges, management fee, or any other costs and any charges payable to the Manager or its connected person as a result of the HSBC MSCI Golden Dragon ETF's investment in the HSBC MSCI China ETF, HSBC MSCI Hong Kong ETF and HSBC MSCI Taiwan ETF.

	<i>Period from 1 November 2012 to 30 April 2013 (unaudited)</i>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
(i) Management fee for the period	3	59,711	29,025	289,412
(ii) Management fee payable at period ended	<u>1</u>	<u>10,411</u>	<u>5,355</u>	<u>53,804</u>

	<i>Period from 1 November 2011 to 30 April 2012 (unaudited)</i>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
(i) Management fee for the period	27	54,450	24,279	262,470

	<i>31 October 2012 (audited)</i>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
(ii) Management fee payable at period ended	<u>–</u>	<u>10,158</u>	<u>4,947</u>	<u>47,363</u>

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 8 Transactions with related parties (continued)

- (b) The Sub-Funds utilise the services of The HSBC Institutional Trust Services (Asia) Limited and pays accounting and professional fee, trustee fee, registrar and transfer agent fee to The Hongkong and Shanghai Banking Corporation Limited.

The following is a summary of operating expenses which were connected to the related parties during the period including the reimbursements to and from Manager as described in note 6(a).

	<i>Period from 1 November 2012 to 30 April 2013 (unaudited)</i>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
(i) Operating expenses for the period				
Accounting service fees	23,803	23,803	23,803	90,268
Trustee's fee	120,000	300,000	300,000	1,139,193
Register and transfer agent fees (Reimbursement from)/ payment to Manager	14,877 (199,649)	14,877 12,072	14,877 (233,414)	56,415 546,281
(ii) Operating expenses payable at period end				
Accounting service fee payable	71,803	71,803	71,803	273,357
Trustee fees payable	21,935	54,839	54,839	208,772
Registrar and transfer agent fees (Reimbursement from)/ payment to Manager	2,376 (141,489)	2,376 (6,242)	2,376 (169,399)	9,047 315,617

	<i>Period from 1 November 2011 to 30 April 2012 (unaudited)</i>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
(i) Operating expenses for the period				
Accounting service fees	23,935	23,935	23,935	91,965
Trustee's fee	140,000	350,000	350,000	1,335,588
Register and transfer agent fees (Reimbursement from)/ payment to Manager	14,958 (207,330)	14,958 (96,653)	14,959 (338,016)	58,047 63,442

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 8 Transactions with related parties (continued)

	<i>31 October 2012 (audited)</i>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
(ii) Operating expenses payable at period end				
Accounting service fee payable	48,000	48,000	48,000	180,926
Trustee fees payable	21,333	53,334	53,333	201,030
Registrar and transfer agent fees (Reimbursement from)/ payment to Manager	2,500 (64,758)	2,500 116,061	2,500 (34,021)	9,423 827,914

### **Total Expense Ratio (TER)**

The estimated total expense ratio ("TER") of a Sub-Fund is 0.50% per annum which comprises the Operating Expenses payable by each Sub-Fund set out as 0.45% per annum of the Net Asset Value and the level of the Management Fee payable by each Sub-Fund set out as 0.05% per annum of the Net Asset Value. Increase beyond this rate requires approval by unit holders.

- (c) The Sub-Funds utilise the services of HSBC Bank Plc Futures Wholesale Trading Operations and The Hongkong and Shanghai Banking Corporation Limited which are members of HSBC Group. Details of such transactions executed and fees paid during the period are shown below.

	<i>Period from 1 November 2012 to 30 April 2013 (unaudited)</i>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
Value of transactions executed	2,817,076	9,970,370	3,478,666	10,098,200
% of total value of transactions of the Sub-Funds	100.00%	40.75%	33.33%	28.16%
Commission and transaction expenses	282	4,523	1,425	4,604
Average investment transaction commission rate	0.01%	0.05%	0.04%	0.05%

	<i>Period from 1 November 2011 to 30 April 2012 (unaudited)</i>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
Value of transactions executed	1,653,000	14,680,303	2,876,165	324,001,877
% of total value of transactions of the Sub-Funds	100.00%	98.43%	99.30%	100.00%
Commission and transaction expenses	827	6,993	1,466	65,796
Average investment transaction commission rate	0.05%	0.05%	0.05%	0.02%

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 8 Transactions with related parties (continued)

Also, the Sub-Funds utilise the services of The Hongkong and Shanghai Banking Corporation Limited and pays securities expenses and safe custody charges for depository of securities and commitment fee on unused portion of bank overdraft facility and the annual fee for the bank overdraft facility to The Hongkong and Shanghai Banking Corporation Limited. Details of such fees paid during the period are shown below.

### Period from 1 November 2012 to 30 April 2013 (unaudited)

	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
Transaction handling expense	2,907	31,602	17,252	263,169
Safe custody, bank charges and other expense	13,181	24,024	15,869	349,725
Annual fee on bank overdraft facility	–	9,615	9,615	36,465

### Period from 1 November 2011 to 30 April 2012 (unaudited)

	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
Transaction handling expense	1,166	36,123	10,868	177,671
Safe custody, bank charges and other expense	11,765	20,938	9,614	313,303

- (d) (i) Bank accounts are maintained with The Hongkong and Shanghai Banking Corporation Limited which is a member of HSBC Group. The respective balances are set out below:

### 30 April 2013 (unaudited)

	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
Cash held at the period end	8,187	53,131	232,622	1,480,636

### 31 October 2012 (audited)

	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
Cash held at the year end	1,137	1,045,465	642,327	4,503,069

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 8 Transactions with related parties (continued)

- (d) (ii) Margin accounts are maintained with HSBC Bank Plc Futures Wholesale Trading Operations, which is a fellow subsidiary of the Manager within the HSBC Group. The respective margin deposits are set out below:

	<b>30 April 2013 (unaudited)</b>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
Margin deposits held at the period end	–	104,399	101,671	795,051
	<b>31 October 2012 (audited)</b>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
Margin deposits held at the year end	–	581,496	170,235	2,000,911

- (e) Other income during the period relates to charges to the participating dealer, The Hongkong and Shanghai Banking Corporation Limited, in connection with the creation and issue of units.
- (f) Only the Participating Dealer, The Hongkong and Shanghai Banking Corporation Limited, which is a member of the HSBC Group, may submit creation and redemption orders directly to the Sub-Funds. The Participating Dealer may subsequently sell and buy those units on the secondary market.

The Participating Dealer entered into transactions to create nil (31 October 2012: nil) units of the HSBC MSCI Golden Dragon ETF during the period, there were no units redeemed for the period ended 30 April 2013 and 31 October 2012. As at 30 April 2013, The Participating Dealer held 3,135,500 units (31 October 2012: 2,510,500 units) of the HSBC MSCI Golden Dragon ETF.

The Participating Dealer entered into transactions to create nil (31 October 2012: nil) units of the HSBC MSCI China ETF during the period, there were no units redeemed for the period ended 30 April 2013 and 31 October 2012. As at 30 April 2013, The Participating Dealer held 5,028,242 units (31 October 2012: 4,681,742 units) of the HSBC MSCI China ETF.

The Participating Dealer entered into transactions to create nil (31 October 2012: nil) units of the HSBC MSCI Hong Kong ETF during the period, there were no units redeemed for the period ended 30 April 2013 and 31 October 2012. As at 30 April 2013, The Participating Dealer held 1,899,134 units (31 October 2012: 1,615,134 units) of the HSBC MSCI Hong Kong ETF.

The Participating Dealer entered into transactions to create nil (31 October 2012: 2,000,000) units of the HSBC MSCI Taiwan ETF during the period, there were no units redeemed for the period ended 30 April 2013 and 31 October 2012. As at 30 April 2013, The Participating Dealer held 5,750,744 units (31 October 2012: 3,109,244 units) of the HSBC MSCI Taiwan ETF.

- (g) As at 30 April 2013, The HSBC Bank Plc, which is a member of the HSBC Group, held 39,000 units of the HSBC MSCI Hong Kong ETF.

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 9 Units in issue

The movements of units in issue are shown as below.

	<i>Period from 1 November 2012 to 30 April 2013 (unaudited)</i>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
Balance brought forward	3,600,000	8,500,000	3,600,000	7,000,000
Issued during the period	–	–	–	–
Balance carried forward	<u>3,600,000</u>	<u>8,500,000</u>	<u>3,600,000</u>	<u>7,000,000</u>

## 10 Reconciliation of net assets values

The Sub-Funds have early adopted HKFRS 13 in the current interim financial period and have changed valuation inputs for the investment positions to last traded prices. This is consistent with the Sub-Funds' Offering Document for the calculation of Sub-Funds' net assets attributable to unit holders and hence the corresponding net asset value per unit. This change eliminated the difference between the Offering Document and HKFRS measurement of financial instruments as at 30 April 2013.

However as described in note 2 and consistent with the requirements of IAS 39, in preparing the statement of financial position at 31 October 2012, the quoted market price used for financial assets held by the Sub-Fund were the closing bid prices, and the appropriate quoted market prices for financial liabilities are the closing asking prices. The net assets attributable to unitholders as reported in the financial statements are therefore different from the adjusted total net assets for valuation purposes.

The reconciliation between the net assets attributable to unitholders as reported in the financial statements and the adjusted total net assets for valuation purposes is shown in the table below.

	<i>30 April 2013 (unaudited)</i>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
Net assets attributable to unitholders as reported in the interim financial statements	133,890,337	237,047,288	121,639,884	1,224,052,723
Adjustments for different principles adopted by the Sub-Funds in arriving at the total net assets for valuation purposes:				
– Use of closing price instead of bid price in valuing listed securities	–	–	–	–
Adjusted total net assets for valuation purposes	<u>133,890,337</u>	<u>237,047,288</u>	<u>121,639,884</u>	<u>1,224,052,723</u>

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 10 Reconciliation of net assets values (continued)

	<i>31 October 2012 (audited)</i>			
	<b>HSBC MSCI Golden Dragon ETF HK\$</b>	<b>HSBC MSCI China ETF HK\$</b>	<b>HSBC MSCI Hong Kong ETF HK\$</b>	<b>HSBC MSCI Taiwan ETF TWD</b>
Net assets attributable to unitholders as reported in the interim financial statements	124,973,747	230,017,303	109,945,309	1,081,720,449
Adjustments for different principles adopted by the Sub-Funds in arriving at the total net assets for valuation purposes:				
– Use of closing price instead of bid price in valuing listed securities	–	505,563	177,364	895,861
Adjusted total net assets for valuation purposes	<u>124,973,747</u>	<u>230,522,866</u>	<u>110,122,673</u>	<u>1,082,616,310</u>

## 11 Soft commission arrangements

No soft commission arrangements were entered into with brokers by HSBC MSCI Golden Dragon ETF and HSBC MSCI Hong Kong ETF during the period. (Period from 1 November 2011 to 30 April 2012: nil).

For HSBC MSCI China ETF and HSBC MSCI Taiwan ETF, the Manager has entered into soft commission arrangements with brokers under which certain goods and services used to support investment decision making are received by the Manager. The Manager does not make direct payment for these services but transacts an agreed amount of business with the brokers on behalf of the sub-funds. Commission is paid from the sub-funds on these transactions. (Period from 1 November 2011 to 30 April 2012: nil).

The goods and services utilised for the sub-funds include the following:

- research and advisory services;
- economic and political analysis;
- portfolio analysis, including valuation and performance measurement;
- market analysis, data and quotation services;
- computer hardware and software incidental to the above goods and services; and
- clearing and custodian services and investment related publications.

## 12 Fair value information

The Sub-Funds' financial instruments are measured at fair value on the date of the statement of assets and liabilities. Fair value estimates are made at a specified point in time, based on market conditions and information about the financial instruments. Usually, fair value can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including cash and cash equivalents, amounts payable on redemption of units, accrued expenses and other payables and distributions payable, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.



# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 12 Fair value information (continued)

### Valuation of financial instruments

The Sub-Funds' accounting policy on fair value measurements is detailed in accounting policy in note 2(e)(iv).

The Sub-Funds measure fair values using the three levels of fair value hierarchy defined in HKFRS 7, *Financial instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly based on observable market data; and
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

Fair values of financial assets and financial liabilities that are traded in active markets, such as equities, unit trusts, futures and rights which are listed on recognised stock exchanges are based on quoted market prices or dealer price quotations. For all other financial instruments, the Sub-Funds determine fair value using valuation techniques.

The Sub-Funds use widely recognised valuation models for determining the fair value of the warrants which do not have quoted market prices in an active market. Valuation techniques include net present value, discounted cash flow models, comparison to similar instruments for which market observable prices exist, comparison to similar instruments for which market observable prices exist, comparison to quoted prices for identical instruments that are considered less than active and other valuation models.

The table below presents the carrying value of financial instruments measured at fair value at the date of the statement of assets and liabilities across the three levels of fair value hierarchy.

*HSBC MSCI Golden Dragon ETF*

### 30 April 2013 (unaudited)

	Level 1 HK\$	Level 2 HK\$	Total HK\$
<i>Financial assets at fair value through profit or loss</i>			
Exchange traded funds	133,854,613	–	133,854,613

### 31 October 2012 (audited)

	Level 1 HK\$	Level 2 HK\$	Total HK\$
<i>Financial assets at fair value through profit or loss</i>			
Exchange traded funds	125,037,766	–	125,037,766

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 12 Fair value information (continued)

### Valuation of financial instruments (continued)

HSBC MSCI China ETF

30 April 2013 (unaudited)

	Level 1 HK\$	Level 2 HK\$	Total HK\$
<i>Financial assets at fair value through profit or loss</i>			
Listed equities	234,732,884	–	234,732,884
Rights	33,177	–	33,177
Warrants	–	2,386,328	2,386,328
	<u>234,766,061</u>	<u>2,386,328</u>	<u>237,152,389</u>

31 October 2012 (audited)

	Level 1 HK\$	Level 2 HK\$	Total HK\$
<i>Financial assets at fair value through profit or loss</i>			
Listed equities	221,781,928	–	221,781,928
Futures	71,900	–	71,900
Warrants	–	7,027,999	7,027,999
	<u>221,853,828</u>	<u>7,027,999</u>	<u>228,881,827</u>

HSBC MSCI Hong Kong ETF

30 April 2013 (unaudited)

	Level 1 HK\$	Level 2 HK\$	Total HK\$
<i>Financial assets at fair value through profit or loss</i>			
Listed equities	121,111,480	–	121,111,480
Futures	13,640	–	13,640
	<u>121,125,120</u>	<u>–</u>	<u>121,125,120</u>

31 October 2012 (audited)

	Level 1 HK\$	Level 2 HK\$	Total HK\$
<i>Financial assets at fair value through profit or loss</i>			
Listed equities	109,469,843	–	109,469,843
Futures	16,640	–	16,640
	<u>109,486,483</u>	<u>–</u>	<u>109,486,483</u>

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 12 Fair value information (continued)

### Valuation of financial instruments (continued)

HSBC MSCI Taiwan ETF

#### 30 April 2013 (unaudited)

	Level 1 TWD	Level 2 TWD	Total TWD
<i>Financial assets at fair value through profit or loss</i>			
Listed equities	1,223,507,091	–	1,223,507,091

#### 31 October 2012 (audited)

	Level 1 TWD	Level 2 TWD	Total TWD
<i>Financial assets at fair value through profit or loss</i>			
Listed equities	1,077,921,335	–	1,077,921,335
<i>Financial liabilities at fair value through profit or loss</i>			
Futures	(73,033)	–	(73,033)

The following table analyses within the fair value hierarchy the Sub-Funds' assets and liabilities (by class) not measured at fair value at 30 April 2013 but for which fair value is disclosed.

HSBC MSCI Golden Dragon ETF

#### 30 April 2013 (unaudited)

	Level 1 HK\$	Level 2 HK\$	Total HK\$
<i>Assets</i>			
Cash and cash equivalents	8,187	–	8,187
	8,187	–	8,187
<i>Liabilities</i>			
Accrued expenses and other payable	–	(27,537)	(27,537)
	–	(27,537)	(27,537)

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 12 Fair value information (continued)

### Valuation of financial instruments (continued)

HSBC MSCI China ETF

30 April 2013 (unaudited)

	Level 1 HK\$	Level 2 HK\$	Total HK\$
<i>Assets</i>			
Cash and cash equivalents	53,131	–	53,131
Amounts due from broker	–	104,399	104,399
	<u>53,131</u>	<u>104,399</u>	<u>157,530</u>
<i>Liabilities</i>			
Accrued expenses and other payable	–	262,631	262,631
	<u>–</u>	<u>262,631</u>	<u>262,631</u>

HSBC MSCI Hong Kong ETF

30 April 2013 (unaudited)

	Level 1 HK\$	Level 2 HK\$	Total HK\$
<i>Assets</i>			
Cash and cash equivalents	232,622	–	232,622
Dividends receivable	–	253,181	253,181
Amounts due from broker	–	101,671	101,671
	<u>232,622</u>	<u>354,852</u>	<u>587,474</u>
<i>Liabilities</i>			
Accrued expenses and other payable	–	72,710	72,710
	<u>–</u>	<u>72,710</u>	<u>72,710</u>

# Notes on the unaudited interim financial statements

For the period ended 30 April 2013

## 12 Fair value information (continued)

### Valuation of financial instruments (continued)

HSBC MSCI Taiwan ETF

30 April 2013 (unaudited)

	Level 1 TWD	Level 2 TWD	Total TWD
<i>Assets</i>			
Cash and cash equivalents	1,480,636	–	1,480,636
Amounts due from broker	–	795,051	795,051
	<u>1,480,636</u>	<u>795,051</u>	<u>2,275,687</u>
<i>Liabilities</i>			
Accrued expenses and other payable	–	1,730,055	1,730,055
	<u>–</u>	<u>1,730,055</u>	<u>1,730,055</u>

## 13 Segment information

The Manager makes the strategic resource allocation on behalf of the Sub-Funds and determines operating segments based on the internal reports reviewed which are used to make strategic decisions.

The Manager considers that each of the Sub-Funds have one single operating segment based on one single, integrated investment strategy by investing in constituent stocks of the Indices with the objective to provide investment results that, before fees and expenses, closely correspond to the performance of the Underlying Indices relevant to the Sub-Funds as stipulated in the Offering Document. There were no changes in the operating segment during the period.

The segment information provided to the Manager is the same as that disclosed in the statement of comprehensive income and statement of assets and liabilities. The Sub-Funds are domiciled in Hong Kong.

## 14 Possible impact of amendments, new standards and interpretations issued but not yet effective for the period ended 30 April 2013

Up to the date of issue of these interim financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the period ended 30 April 2012 and which have not been adopted in these interim financial statements.

These include the following which may be relevant to the Sub-Funds:

HKFRS 9, *Financial instruments*

**Effective for  
accounting periods  
beginning on or after**

1 January 2015

The Sub-Funds are in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far they have concluded that the adoption of them is unlikely to have a significant impact on the Sub-Funds' results of operations and financial position.

## Investment portfolio

As at 30 April 2013 (unaudited)

### HSBC MSCI Golden Dragon ETF

	<i>Holdings</i>	<i>Market value HK\$</i>	<i>% of total net assets attributable to unitholders</i>
<b>Listed Investments</b>			
<i>Exchange traded funds</i>			
HSBC ETFs Trust – HSBC MSCI China ETF	2,242,258	62,531,867	46.70
HSBC ETFs Trust – HSBC MSCI Hong Kong ETF	975,866	32,973,439	24.63
HSBC ETFs Trust – HSBC MSCI Taiwan ETF	834,913	38,349,307	28.64
<b>Total investments</b>		133,854,613	99.97
<i>(Total cost of investments: HK\$137,431,701)</i>			
<b>Other net assets</b>		35,724	0.03
<b>Total net assets attributable to unitholders</b>		133,890,337	100.00

# Investment portfolio

As at 30 April 2013 (unaudited)

<i>HSBC MSCI China ETF</i>			
	<i>Holdings</i>	<i>Market value HK\$</i>	<i>% of total net assets attributable to unitholders</i>
<b>Listed Investments</b>			
<b>Equities</b>			
Agile Property Holdings Ltd	62,704	629,548	0.27
Agricultural Bank of China H Shares	951,846	3,531,349	1.49
Air China Ltd H Shares	81,641	512,705	0.22
Aluminium Corp of China Ltd H Shares	177,716	520,708	0.22
Angang Steel Co Ltd H Shares	48,576	221,992	0.09
Anhui Conch Cement Co Ltd H Shares	53,510	1,503,631	0.63
Anta Sports Products Ltd	39,661	257,796	0.11
Avichina Industry & Technology Co Ltd	90,453	339,199	0.14
Bank of China Ltd H Shares	3,329,083	12,084,571	5.10
BBMG Corp H Shares	50,248	313,045	0.13
Beijing Capital International Airport Co Ltd H Shares	85,546	460,237	0.19
Beijing Enterprises Holdings Ltd	22,838	1,325,746	0.56
Belle International Holdings Ltd	205,436	2,600,820	1.10
Bosideng International Holdings Ltd	126,613	258,291	0.11
Brilliance China Automotive	112,468	1,068,446	0.45
Byd Co Ltd H Shares	21,517	596,021	0.25
China Agri-Ind Holdings Ltd	95,215	362,769	0.15
China Bluechemical Ltd H Shares	80,498	380,756	0.16
China Citic Bank Corp Ltd H Shares	329,612	1,440,404	0.61
China Coal Energy Co H Shares	181,288	1,082,289	0.46
China Communications Construction Co Ltd H Shares	192,240	1,428,343	0.60
China Communications Services Corp Ltd H Shares	104,999	596,394	0.25
China Construction Bank H Shares	3,191,104	20,742,176	8.75
China COSCO Holdings Co Ltd H Shares	116,707	382,799	0.16
China Everbright Ltd	38,155	470,833	0.20
China Foods Ltd	38,000	150,480	0.06
China Gas Holdings Ltd	142,918	1,093,323	0.46
China International Marine Containers (Group) Co Ltd H Shares	28,000	347,200	0.15
China Life Insurance Co H Shares	328,615	6,966,638	2.94
China Longyuan Power Group Corp H Shares	119,704	851,095	0.36
China Mengniu Dairy Co Ltd	53,675	1,172,799	0.50
China Merchants Bank Co Ltd H Shares	172,154	2,847,427	1.20
China Merchants Holdings International Co Ltd	50,287	1,234,546	0.52
China Minsheng Banking Co Ltd H Shares	227,023	2,263,419	0.96
China Mobile Ltd	263,600	22,392,820	9.45
China National Building Material Co Ltd H Shares	126,114	1,155,204	0.49
China Oilfield Services Ltd	65,498	1,002,119	0.42
China Overseas Land & Investment Ltd	180,345	4,274,176	1.80
China Pacific Insurance (Gr) Co Ltd H Shares	116,652	3,254,591	1.37

# Investment portfolio

As at 30 April 2013 (unaudited)

<i>HSBC MSCI China ETF</i>			
	<i>Holdings</i>	<i>Market value HK\$</i>	<i>% of total net assets attributable to unitholders</i>
<b>Listed Investments</b>			
<b>Equities (continued)</b>			
China Petroleum & Chemical Corp H Shares	867,647	7,366,323	3.11
China Railway Construction Corp H Shares	89,382	699,861	0.30
China Railway Group Ltd H Shares	181,184	741,043	0.31
China Resources Cement Holding Ltd	89,102	398,286	0.17
China Resources Enterprise Ltd	52,859	1,406,049	0.59
China Resources Gas Group Ltd	39,200	852,600	0.36
China Resources Land Ltd	89,826	2,110,911	0.89
China Resources Power Holdings Co Ltd	83,023	2,108,784	0.89
China Shanshui Cement Group Co Ltd	82,706	363,079	0.15
China Shenhua Energy Co Ltd H Shares	150,307	4,125,927	1.74
China Shipping Container Lines Co Ltd H Shares	169,988	314,478	0.13
China Shipping Development Co Ltd H Shares	58,368	194,365	0.08
China Southern Airlines Co Ltd H Shares	82,625	337,110	0.14
China State Construction International Holdings Ltd	78,762	890,011	0.38
China Taiping Insurance Holdings Co Ltd	38,516	509,182	0.22
China Telecom Corp Ltd H Shares	610,423	2,417,275	1.02
China Unicom (Hong Kong)	206,384	2,299,118	0.97
Chongqing Rural Commercial Bank Co Ltd H Shares	108,366	457,305	0.19
CITIC Pacific Ltd	57,484	539,775	0.23
CITIC Securities Co Ltd H Shares	46,000	809,600	0.34
CNOOC Ltd	790,401	11,445,006	4.83
COSCO Pacific Ltd	73,786	758,520	0.32
Country Garden Holdings Co	205,817	905,595	0.38
CSR Corporation Ltd H Shares	86,569	442,368	0.19
Dah Chong Hong	37,400	267,410	0.11
Daphne International Holdings Ltd	41,000	331,280	0.14
Datang International Power Gen Co Ltd H Shares	135,006	461,721	0.20
Dongfang Electric Corp Ltd H Shares	15,441	168,307	0.07
Dongfeng Motor Group Co Ltd H Shares	118,374	1,368,403	0.58
ENN Energy Holdings Ltd	32,240	1,447,576	0.61
Evergrande Real Estate Group	287,547	911,524	0.38
Far East Horizon Ltd	59,800	315,744	0.13
Fosun International	72,782	401,757	0.17
Franshion Properties China Ltd	144,699	383,452	0.16
GCL Poly Energy Holdings Ltd	350,394	550,119	0.23
Geely Automobile Holdings Ltd	203,314	792,925	0.33
Golden Eagle Retail Group Ltd	30,673	418,993	0.18
Gome Electrical Appliances Holdings Ltd	458,054	357,282	0.15
Great Wall Motor Co Ltd H Shares	44,627	1,501,699	0.63



# Investment portfolio

As at 30 April 2013 (unaudited)

<i>HSBC MSCI China ETF</i>			
	<i>Holdings</i>	<i>Market value HK\$</i>	<i>% of total net assets attributable to unitholders</i>
<b>Listed Investments</b>			
<b>Equities (continued)</b>			
Greentown China Holdings Ltd	28,400	428,272	0.18
Guangdong Investments Ltd	112,095	841,833	0.36
Guangzhou Automobile Group Co Ltd H Shares	93,101	595,846	0.25
Guangzhou R&F Properties Co Ltd H Shares	41,329	580,259	0.25
Haier Electronics Group Co Ltd	38,200	529,452	0.22
Haitong Securities Co Ltd H Shares	49,400	558,220	0.24
Hengan International Group Co Ltd	32,718	2,623,984	1.11
Huabao International Holdings Ltd	93,030	331,187	0.14
Huaneng Power International Inc H Shares	137,054	1,229,374	0.52
Industrial and Commercial Bank of China H Shares	2,879,395	15,721,497	6.63
Intime Department Store Group Co Ltd	45,488	418,490	0.18
Jiangsu Expressway Co Ltd H Shares	52,919	449,811	0.19
Jiangxi Copper Co Ltd H Shares	60,632	911,905	0.38
Kingboard Chemical Holdings Ltd	27,196	573,836	0.24
Kunlun Energy Co Ltd	141,840	2,153,131	0.91
Lee & Man Paper Manufacturing Ltd	84,453	487,294	0.21
Lenovo Group Ltd	273,194	1,936,945	0.82
Longfor Properties	58,529	758,536	0.32
MMG Ltd	72,664	169,307	0.07
New China Life Insurance Co Ltd H Shares	25,200	727,020	0.31
Nine Dragons Paper Holdings Ltd	74,009	498,081	0.21
Parkson Retail Group Ltd	63,454	266,507	0.11
People's Insurance Co (Group) of China Ltd H Shares	173,800	705,628	0.30
Petrochina Co Ltd H Shares	924,805	9,127,825	3.85
PICC Property and Casualty Co Ltd	115,759	1,152,960	0.49
Ping An Insurance (Group) Co of China Ltd H Shares	81,868	5,030,789	2.12
Poly Property Group Co Ltd	89,446	483,903	0.20
Shandong Weigao Group Medical Polymer Co Ltd H Shares	71,800	534,910	0.23
Shanghai Electric Grp Corp H Shares	128,560	349,683	0.15
Shanghai Industrial Holdings Ltd	24,146	593,992	0.25
Shanghai Pharmaceuticals Holding Co Ltd H Shares	27,700	442,646	0.19
Shimao Property Holdings Ltd	61,374	1,026,173	0.43
Shougang Fushan Resources Group Ltd	143,850	435,865	0.18
Shui On Land Ltd	121,380	313,160	0.13
Sihuan Pharmaceutical Holdings	81,574	354,847	0.15
Sino-Ocean Land Holdings Ltd	130,589	668,616	0.28
Sinopec Shanghai Petrochemical Co Ltd H Shares	104,531	279,098	0.12
Sinopharm Group Co (formerly known as Sinopharm Medicine Holding Co Ltd) H Shares	42,654	983,175	0.41

## Investment portfolio

As at 30 April 2013 (unaudited)

	<b>HSBC MSCI China ETF</b>		
	<b>Holdings</b>	<b>Market value HK\$</b>	<b>% of total net assets attributable to unitholders</b>
<b>Listed Investments</b>			
<b>Equities (continued)</b>			
Soho China Ltd	90,660	607,422	0.26
Sun Art Retail Group Ltd	105,500	1,143,620	0.48
Tencent Holdings Ltd	45,043	11,990,447	5.06
Tingyi (Cayman) Holdings Corp	85,085	1,825,073	0.77
Tsingtao Brewery Co Ltd H Shares	13,733	714,803	0.30
Uni-President China Holdings	48,800	411,872	0.17
Want Want China Holdings Ltd	262,933	3,234,076	1.36
Weichai Power Co Ltd H Shares	21,426	579,573	0.24
Wumart Stores Inc H Shares	22,992	312,691	0.13
Yanzhou Coal Mining Co Ltd H Shares	85,223	688,602	0.29
Yingde Gases Group Company	40,700	304,029	0.13
Yuexiu Property Co Ltd	215,834	496,418	0.21
Zhaojin Mining Industry Co Ltd H Shares	39,730	342,473	0.14
Zhejiang Expressway Co Ltd H Shares	64,792	395,231	0.17
Zhongsheng Group Holdings Ltd	26,000	280,280	0.12
Zhuzhou CSRTimes Electric Co Ltd H Shares	20,248	434,320	0.18
Zijin Mining Group Co Ltd H Shares	255,868	585,938	0.25
Zoomlion Heavy Industry Science and Technology Co Ltd H Shares	59,546	462,672	0.20
ZTE Corporation H Shares	27,662	361,819	0.15
		234,732,884	99.02
		234,732,884	99.02

## Investment portfolio

As at 30 April 2013 (unaudited)

	<b>HSBC MSCI China ETF</b>		
	<b>Holdings</b>	<b>Market value HK\$</b>	<b>% of total net assets attributable to unitholders</b>
<b>Unlisted Investments</b>			
<b>Rights</b>			
Shui On Land Ltd Nil Paid Rights 13/05/2013	40,460	33,177	0.01
<b>Warrants</b>			
Morgan Stanley (Bank of Communications Ltd H Shares) CWTS 14/03/2014	386,763	2,386,328	1.01
<b>Total investments</b>		237,152,389	100.04
<i>(Total cost of investments: HK\$255,725,988)</i>			
<b>Other net liabilities</b>		(105,101)	(0.04)
<b>Total net assets attributable to unitholders</b>		237,047,288	100.00

# Investment portfolio

As at 30 April 2013 (unaudited)

## HSBC MSCI Hong Kong ETF

	<i>Holdings</i>	<i>Market value HK\$</i>	<i>% of total net assets attributable to unitholders</i>
<b>Listed Investments</b>			
<b>Equities</b>			
AIA Group Ltd	510,386	17,582,798	14.45
ASM Pacific Technology	8,441	675,280	0.55
Bank of East Asia	52,000	1,658,800	1.36
BOC Hong Kong (Holdings) Ltd	157,110	4,194,837	3.45
Cathay Pacific Airways Ltd	50,106	683,446	0.56
Cheung Kong Holdings Ltd	58,902	6,879,754	5.66
Cheung Kong Infrastructure Holdings Ltd	21,193	1,193,166	0.98
CLP Holdings Ltd	74,885	5,122,134	4.21
First Pacific Co	89,478	960,994	0.79
Galaxy Entertainment Group Ltd	89,111	3,096,607	2.55
Hang Lung Properties Ltd	94,979	2,868,366	2.36
Hang Seng Bank Ltd	32,468	4,214,346	3.46
Henderson Land Development	41,011	2,304,818	1.89
HKT Trust and HKT Ltd	95,352	777,119	0.64
Hong Kong & China Gas	221,385	5,169,340	4.25
Hong Kong Exchanges and Clearing Ltd	46,274	6,043,384	4.97
Hopewell Holdings Ltd	24,124	723,720	0.59
Hutchison Whampoa Ltd	90,304	7,612,627	6.26
Hysan Development Co Ltd	27,078	1,041,149	0.86
Kerry Properties Ltd	30,547	1,072,200	0.88
Li & Fung Ltd	248,386	2,493,795	2.05
Link REIT	96,988	4,262,623	3.50
MGM China Holdings Ltd	40,334	738,112	0.61
MTR Corp Ltd	61,460	1,966,720	1.62
New World Development Ltd	156,807	2,123,167	1.75
NWS Holdings Ltd	61,004	845,515	0.69
Orient Overseas International Ltd	9,299	428,684	0.35
PCCW Ltd	169,817	670,777	0.55
Power Assets Holdings Ltd	58,899	4,464,544	3.67
Sands China Ltd	102,586	4,175,250	3.43
Shangri-La Asia Ltd	66,485	997,275	0.82
Sino Land Co	125,493	1,601,291	1.32
SJM Holdings Ltd	82,429	1,612,311	1.33
Sun Hung Kai Properties Ltd	66,633	7,476,223	6.15
Swire Pacific Ltd A	28,836	2,844,671	2.34
Swire Properties Ltd	49,674	1,375,970	1.13
Wharf Holdings Ltd	64,306	4,453,191	3.66
Wheelock & Co Ltd	38,820	1,677,024	1.38
Wing Hang Bank Ltd	7,695	627,527	0.52

## Investment portfolio

As at 30 April 2013 (unaudited)

### HSBC MSCI Hong Kong ETF

	<i>Holdings</i>	<i>Market value HK\$</i>	<i>% of total net assets attributable to unitholders</i>
<b>Listed Investments</b>			
<b>Equities (continued)</b>			
Wynn Macau Ltd	66,074	1,556,043	1.28
Yue Yuen Industrial Holdings Ltd	31,504	845,882	0.70
		<u>121,111,480</u>	<u>99.57</u>
<b>Futures</b>			
Mini Hang Seng Index Futures 27/06/2013	2	<u>13,640</u>	<u>0.01</u>
<b>Total investments</b>		121,125,120	99.58
<i>(Total cost of investments: HK\$112,121,209)</i>			
<b>Other net assets</b>		<u>514,764</u>	<u>0.42</u>
<b>Total net assets attributable to unitholders</b>		<u><u>121,639,884</u></u>	<u><u>100.00</u></u>

# Investment portfolio

As at 30 April 2013 (unaudited)

	<b>HSBC MSCI Taiwan ETF</b>		
	<b>Holdings</b>	<b>Market value TWD</b>	<b>% of total net assets attributable to unitholders</b>
<b>Listed Investments</b>			
<b>Equities</b>			
Acer Inc	246,464	5,878,166	0.48
Advanced Semiconductor Engineering Inc	587,821	14,960,044	1.22
Advantech Co Ltd	27,379	3,860,439	0.32
Airtac International Group	8,000	1,252,000	0.10
Asia Cement Corp	203,618	7,625,494	0.62
Asustek Computer Inc	65,826	22,611,231	1.85
Au Optronics Corp	725,976	9,836,975	0.80
Capital Securities Corp	160,504	1,677,267	0.14
Catcher Technology Co Ltd	54,082	8,085,259	0.66
Cathay Financial Holding Co Ltd	683,546	27,136,776	2.22
Chailease Holding Co Ltd	66,000	5,860,800	0.48
Chang Hwa Commercial Bank	420,817	7,090,766	0.58
Cheng Shin Rubber Industry Co Ltd	177,217	17,703,978	1.45
Cheng Uei Precision Industry Co	38,239	2,248,453	0.18
Chicony Electronics Co Ltd	45,855	3,971,043	0.32
China Airlines	251,772	2,832,435	0.23
China Development Financial Holding Co Inc	1,189,091	9,702,983	0.79
China Life Insurance Co Ltd	185,050	5,542,247	0.45
China Motor Co Ltd	53,334	1,533,352	0.12
China Petrochemical Develop Corp	157,453	2,511,375	0.20
China Steel Corp	1108,577	28,823,002	2.35
Chinatrust Financial Holding Co Ltd	1,173,758	21,010,268	1.72
Chunghwa Telecom Co Ltd	367,639	34,484,538	2.82
CLEVO Co	46,604	2,637,786	0.22
Compal Electronics Inc	406,032	7,755,211	0.63
CTCI Corp	56,000	3,304,000	0.27
Delta Electronics Inc	174,951	24,755,567	2.02
E Ink Holdings Inc	78,651	1,722,457	0.14
E.Sun Financial Holding Co	388,334	6,912,345	0.56
Epistar Corp	80,328	4,177,056	0.34
Eternal Chemical Co Ltd	66,817	1,700,493	0.14
Eva Airways Corp	157,876	2,597,060	0.21
Evergreen Marine Corp	161,223	2,781,097	0.23
Far Eastern Department Stores Ltd	93,141	2,430,980	0.20
Far Eastern New Century Corp	293,076	9,305,163	0.76
Far Eastone Telecommunication Co Ltd	154,458	11,105,530	0.91
Farglory Land Developers Co Ltd	33,500	1,882,700	0.15
Feng Hsin Iron & Steel Co Ltd	39,106	2,072,618	0.17
First Financial Holding	628,791	11,412,557	0.93

# Investment portfolio

As at 30 April 2013 (unaudited)

<b>HSBC MSCI Taiwan ETF</b>			
	<b>Holdings</b>	<b>Market value TWD</b>	<b>% of total net assets attributable to unitholders</b>
<b>Listed Investments</b>			
<b>Equities (continued)</b>			
Formosa Chemicals & Fibre Corp	303,245	20,954,230	1.71
Formosa International Hotels Corp	3,694	1,189,468	0.10
Formosa Petrochemical Corp	110,697	8,888,969	0.73
Formosa Plastics Corp	385,406	27,595,070	2.25
Formosa Taffeta Co Ltd	72,880	2,044,284	0.17
Foxconn Technology Co Ltd	71,866	5,598,361	0.46
Fubon Financial Holding Co	552,521	23,288,760	1.90
Giant Manufacturing Co Ltd	27,687	4,900,599	0.40
Hermes Microvision Inc	3,000	2,685,000	0.22
Highwealth Construction Corp	31,881	2,100,958	0.17
Hiwin Technologies Corp	16,491	3,430,128	0.28
Hon Hai Precision Industry	973,101	74,150,296	6.06
Hotai Motor Co Ltd	24,000	6,324,000	0.52
HTC Corp	70,176	21,122,976	1.73
Hua Nan Financial Holdings Co Ltd	500,822	8,589,097	0.70
Innolux Corp (formerly known as Chimei Innolux Corp)	656,065	12,104,399	0.99
Inventec Co Ltd	225,712	2,663,402	0.22
Kinsus Interconnect Technology Corp	25,589	2,635,667	0.22
Largan Precision Co Ltd	9,618	7,752,108	0.63
LCY Chemical Corp	45,157	1,578,237	0.13
Lite-On Technology Corp	199,386	10,587,397	0.86
Macronix International Co Ltd	340,841	2,740,362	0.22
Mediatek Inc	110,591	39,812,760	3.25
Mega Financial Holding Co Ltd	775,470	17,641,943	1.44
Merida Industry Co Ltd	19,000	3,420,000	0.28
Mstar Semiconductor Inc	20,690	5,213,880	0.43
Nan Kang Rubber Tire Co Ltd	54,957	1,915,251	0.16
Nan Ya Plastic Corp	455,865	26,804,862	2.19
Novatek Microelectronics Ltd	49,825	7,174,800	0.59
Oriental Union Chemical Corp	56,000	1,822,800	0.15
Pegatron Corp	152,600	7,370,580	0.60
Phison Electronics Corp	11,871	2,760,008	0.23
Pou Chen Corp	213,141	7,417,307	0.61
Powertech Technology Inc	68,170	3,599,376	0.29
President Chain Store Corp	55,070	10,022,740	0.82
Quanta Computer Inc	242,407	14,786,827	1.21
Radiant Opto-Electronics Corp	41,200	4,944,000	0.40
Realtek Semiconductor Corp	43,271	3,678,035	0.30
Richtek Technology Corp	12,580	2,044,250	0.17

## Investment portfolio

As at 30 April 2013 (unaudited)

	<b>HSBC MSCI Taiwan ETF</b>		
	<b>Holdings</b>	<b>Market value TWD</b>	<b>% of total net assets attributable to unitholders</b>
<b>Listed Investments</b>			
<b>Equities (continued)</b>			
Ruentex Development Co Ltd	57,385	3,316,853	0.27
Ruentex Industries Ltd	44,880	3,168,528	0.26
ScinoPharm Taiwan Ltd	25,000	1,715,000	0.14
Shin Kong Financial Holdings	571,435	5,325,774	0.43
Siliconware Precision Industries Co	286,266	10,019,310	0.82
Simplo Technology Co Ltd	26,879	3,373,315	0.28
Sinopac Financial Holdings Co Ltd	583,958	8,613,381	0.70
Standard Foods Corp	24,800	2,504,800	0.20
Synnex Tech International Corp	122,766	6,126,023	0.50
Taishin Financial Holdings Co Ltd	632,955	8,101,824	0.66
Taiwan Business Bank	284,772	2,582,882	0.21
Taiwan Cement Corp	303,316	11,889,987	0.97
Taiwan Cooperative Financial Holding	472,013	8,000,620	0.65
Taiwan Fertilizer Co Ltd	70,678	4,989,867	0.41
Taiwan Glass Industrial Corp	92,034	2,761,020	0.23
Taiwan Mobile Co Ltd	161,789	17,392,318	1.42
Taiwan Semiconductor Manufacturing Co Ltd	2,380,216	260,633,652	21.29
Teco Electric & Machinery Co Ltd	170,269	4,724,965	0.39
TPK Holding Co Ltd	21,997	13,176,203	1.08
Transcend Information Inc	18,269	1,863,438	0.15
Tripod Technology Corp	40,204	2,693,668	0.22
Tsrc Corp	53,073	3,094,156	0.25
Tung Ho Steel Enterprise Corp	71,400	2,056,320	0.17
U-Ming Marine Transport Corp	41,419	1,905,274	0.16
Unimicron Technology Corp	119,161	3,705,907	0.30
Uni-President Enterprises Corp	399,524	23,212,344	1.90
United Microelectronics	1,190,721	13,395,611	1.09
Walsin Lihwa Corp	317,666	2,906,644	0.24
Wan Hai Lines Ltd	108,448	1,789,392	0.15
Wintek Corp	162,484	2,461,633	0.20
Wistron Corp	203,601	6,097,850	0.50
WPG Holdings Co Ltd	137,518	4,888,765	0.40
Yang Ming Marine Transport	137,831	1,826,261	0.15
Yuanta Financial Holdings Co Ltd	772,094	11,581,410	0.95



## Investment portfolio

As at 30 April 2013 (unaudited)

	<b>HSBC MSCI Taiwan ETF</b>		
	<b>Holdings</b>	<b>Market value TWD</b>	<b>% of total net assets attributable to unitholders</b>
<b>Listed Investments</b>			
<b>Equities (continued)</b>			
Yulon Motor Co Ltd	84,113	4,256,118	0.35
Zhen Ding Technology Holding	16,800	1,211,280	0.10
		<u>1,223,507,091</u>	<u>99.96</u>
<b>Total investments</b>		1,223,507,091	99.96
<i>(Total cost of investments: TWD1,192,578,974)</i>			
<b>Other net assets</b>		<u>545,632</u>	<u>0.04</u>
<b>Total net assets attributable to unitholders</b>		<u><u>1,224,052,723</u></u>	<u><u>100.00</u></u>

# Statement of movements in portfolio holdings

For the period ended 30 April 2013 (unaudited)

## HSBC MSCI Golden Dragon ETF

	<i>% of net asset attributable to unitholders</i>	
	<b>30 April 2013</b>	<b>31 October 2012</b>
<b>Listed investments</b>		
Exchange traded funds	99.97	100.05
<b>Total investments</b>	99.97	100.05
<b>Other net assets/(liabilities)</b>	0.03	(0.05)
<b>Total net assets attributable to unitholders</b>	100.00	100.00

## HSBC MSCI China ETF

	<i>% of net asset attributable to unitholders</i>	
	<b>30 April 2013</b>	<b>31 October 2012</b>
<b>Listed investments</b>		
Equities	99.02	96.42
Futures	0.00	0.03
<b>Unlisted investments</b>		
Rights	0.01	0.00
Warrants	1.01	3.06
<b>Total investments</b>	100.04	99.51
<b>Other net (liabilities)/assets</b>	(0.04)	0.49
<b>Total net assets attributable to unitholders</b>	100.00	100.00

# Statement of movements in portfolio holdings

For the period ended 30 April 2013 (unaudited)

## HSBC MSCI Hong Kong ETF

	<i>% of net asset attributable to unitholders</i>	
	<b>30 April 2013</b>	<b>31 October 2012</b>
<b>Listed investments</b>		
Equities	99.57	99.57
Futures	0.01	0.01
<b>Total investments</b>	99.58	99.58
<b>Other net assets</b>	0.42	0.42
<b>Total net assets attributable to unitholders</b>	100.00	100.00

## HSBC MSCI Taiwan ETF

	<i>% of net asset attributable to unitholders</i>	
	<b>30 April 2013</b>	<b>31 October 2012</b>
<b>Listed investments</b>		
Equities	99.96	99.65
Futures	0.00	(0.01)
<b>Total investments</b>	99.96	99.64
<b>Other net assets</b>	0.04	0.36
<b>Total net assets attributable to unitholders</b>	100.00	100.00

## Performance of the underlying index and the Sub-Funds (unaudited)

<b>Fund/Index</b>	<b>Performance in HK Dollar</b>
<i>Period from 1 November 2012 to 30 April 2013</i>	
HSBC MSCI Golden Dragon ETF	
MSCI Golden Dragon Index	
<i>Period from 1 November 2011 to 31 October 2012</i>	
HSBC MSCI Golden Dragon ETF	6.69%
MSCI Golden Dragon Index	7.40%
<i>Period from 13 April 2011 (date of inception) to 31 October 2011</i>	
HSBC MSCI Golden Dragon ETF *	(15.92%)
MSCI Golden Dragon Index	(15.57%)
<b>Performance in HK Dollar</b>	
<b>Fund/Index</b>	
<i>Period from 1 November 2012 to 30 April 2013</i>	
HSBC MSCI China ETF	
MSCI China Index	
<i>Period from 1 November 2011 to 31 October 2012</i>	
HSBC MSCI China ETF	7.10%
MSCI China Index	7.71%
<i>Period from 13 April 2011 (date of inception) to 31 October 2011</i>	
HSBC MSCI China ETF *	(18.31%)
MSCI China Index	(18.03%)
<b>Performance in HK Dollar</b>	
<b>Fund/Index</b>	
<i>Period from 1 November 2012 to 30 April 2013</i>	
HSBC MSCI Hong Kong ETF	
MSCI Hong Kong Index	
<i>Period from 1 November 2011 to 31 October 2012</i>	
HSBC MSCI Hong Kong ETF	15.32%
MSCI Hong Kong Index	16.12%
<i>Period from 12 April 2011 (date of inception) to 31 October 2011</i>	
HSBC MSCI Hong Kong ETF *	(13.06%)
MSCI Hong Kong Index	(12.59%)

## Performance of the underlying index and the Sub-Funds (unaudited)

### Performance in Taiwan Dollar

#### Fund/Index

*Period from 1 November 2012 to 30 April 2013*

HSBC MSCI Taiwan ETF  
MSCI Taiwan Index

*Period from 1 November 2011 to 31 October 2012*

HSBC MSCI Taiwan ETF	(2.46%)
MSCI Taiwan Index	(1.78%)

*Period from 12 April 2011 (date of inception) to 31 October 2011*

HSBC MSCI Taiwan ETF *	(10.39%)
MSCI Taiwan Index	(10.09%)

\* Performance is calculated in the base currency with the change between period end NAV and IPO price, divided by IPO price.

Investors should note that investment involves risks and not all investment risks are predictable. Prices of sub-fund units may go up as well as down and past performance information presented is not indicative of future performance. Investors should read the Hong Kong Offering Document of HSBC ETFs Trust (including the full text of the risk factors stated therein (such as the arrangement in the event that the Sub-Funds are delisted)) in detail before making any investment decision.

## Performance record (Unaudited)

### HSBC MSCI Golden Dragon ETF

**(a) Price record (Dealing net asset value per unit)**

Period	Class A units	
	Lowest HK\$	Highest HK\$
Period from 1 November 2012 to 30 April 2013	34.2617	38.3701
Period from 1 November 2011 to 31 October 2012	29.2259	35.8891
Period from 13 April 2011 (date of inception) to 31 October 2011	27.1372	39.2413

**(b) Total net asset value**

	HK\$
30 April 2013 (at last traded prices)	133,890,337
31 October 2012 (at bid prices)	124,973,747
31 October 2011 (at bid prices)	117,141,579

**(c) Net asset value per unit**

	Class A units HK\$
30 April 2013 (at last traded prices)	37.1918
31 October 2012 (at bid prices)	34.7149
31 October 2011 (at bid prices)	32.5393

### HSBC MSCI China ETF

**(a) Price record (Dealing net asset value per unit)**

Period	Class A units	
	Lowest HK\$	Highest HK\$
Period from 1 November 2012 to 30 April 2013	26.3567	30.3654
Period from 1 November 2011 to 31 October 2012	22.8197	28.0109
Period from 13 April 2011 (date of inception) to 31 October 2011	20.0580	31.3871

**(b) Total net asset value**

	HK\$
30 April 2013 (at last traded prices)	237,047,288
31 October 2012 (at bid prices)	230,017,303
31 October 2011 (at bid prices)	214,600,914

**(c) Net asset value per unit**

	Class A units HK\$
30 April 2013 (at last traded prices)	27.8879
31 October 2012 (at bid prices)	27.0609
31 October 2011 (at bid prices)	25.2472

## Performance record (Unaudited)

### HSBC MSCI Hong Kong ETF

**(a) Price record (Dealing net asset value per unit)**

Period	Class A units	
	Lowest HK\$	Highest HK\$
Period from 1 November 2012 to 30 April 2013	30.4631	33.8650
Period from 1 November 2011 to 31 October 2012	24.1201	31.1155
Period from 12 April 2011 (date of inception) to 31 October 2011	21.7842	30.8569

**(b) Total net asset value**

	HK\$
30 April 2013 (at last traded prices)	121,639,884
31 October 2012 (at bid prices)	109,945,309
31 October 2011 (at bid prices)	95,316,091

**(c) Net asset value per unit**

	Class A units HK\$
30 April 2013 (at last traded prices)	33.7889
31 October 2012 (at bid prices)	30.5404
31 October 2011 (at bid prices)	26.4767

### HSBC MSCI Taiwan ETF

**(a) Price record (Dealing net asset value per unit)**

Period	Class A units	
	Lowest TWD	Highest TWD
Period from 1 November 2012 to 30 April 2013	153.5805	174.8647
Period from 1 November 2011 to 31 October 2012	139.9751	169.6718
Period from 12 April 2011 (date of inception) to 31 October 2011	143.6496	184.0512

**(b) Total net asset value**

	TWD
30 April 2013 (at last traded prices)	1,224,052,723
31 October 2012 (at bid prices)	1,081,720,449
31 October 2011 (at bid prices)	792,103,945

**(c) Net asset value per unit**

	Class A units TWD
30 April 2013 (at last traded prices)	174.8647
31 October 2012 (at bid prices)	154.5315
31 October 2011 (at bid prices)	158.4208

## Underlying index constituent stocks disclosure (unaudited)

As at 30 April 2013 and 31 October 2012, the Sub-Funds' holdings in constituent stocks were as specified in the following table.

### **As at 30 April 2013**

HSBC MSCI China ETF has no constituent stocks that accounted for more than 10% of the underlying index as at 30 April 2013. Those constituent stocks held by HSBC MSCI Golden Dragon ETF, HSBC MSCI Hong Kong ETF and HSBC MSCI Taiwan ETF that accounted for more than 10% of the underlying index as at 30 April 2013 is shown below.

<b>Constituent stocks</b>	<b>Weighting of the underlying index (%)</b>
<b>HSBC MSCI Golden Dragon ETF</b>	
HSBC MSCI China ETF	46.71
HSBC MSCI Hong Kong ETF	24.61
HSBC MSCI Taiwan ETF	28.68
<b>HSBC MSCI Hong Kong ETF</b>	
AIA Group Ltd	14.52
<b>HSBC MSCI Taiwan ETF</b>	
Taiwan Semiconductor Manufacturing Co Ltd	21.30

### **As at 31 October 2012**

Those constituent stocks held by HSBC MSCI Golden Dragon ETF, HSBC MSCI China ETF, HSBC MSCI Hong Kong ETF and HSBC MSCI Taiwan ETF that accounted for more than 10% of the underlying index as at 31 October 2012 is shown below.

<b>Constituent stocks</b>	<b>Weighting of the underlying index (%)</b>
<b>HSBC MSCI Golden Dragon ETF</b>	
HSBC MSCI China ETF	48.42%
HSBC MSCI Hong Kong ETF	23.90%
HSBC MSCI Taiwan ETF	27.68%
<b>HSBC MSCI China ETF</b>	
China Mobile	10.02%
<b>HSBC MSCI Hong Kong ETF</b>	
AIA Group Ltd	12.35%
<b>HSBC MSCI Taiwan ETF</b>	
Taiwan Semiconductor Manufacturing Co Ltd	19.74%



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