

# **SPDR<sup>®</sup> FTSE<sup>®</sup> Greater China ETF**

*A Sub-Fund of the SPDR<sup>®</sup> ETFs*

*Stock Code: 3073*

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

## **Annual Report 2013**

1st October 2012 to 30th September 2013

# SPDR® FTSE® Greater China ETF

A Sub-Fund of the SPDR® ETFs

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## **STATEMENT BY THE MANAGER**

### **MANAGER'S RESPONSIBILITIES**

The Manager of SPDR® FTSE® Greater China ETF (the "Sub-Fund") is required by the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "SFC Code") and the Trust Deed dated 27th July 2010, as amended (the "Trust Deed"), to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Fund at the end of that period and of the transactions for the period then ended. In respect of these financial statements, the Manager, with the assistance of the service provider, is required to:

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

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

In the opinion of the Manager of the Sub-Fund, the accompanying financial statements set out on pages 5 to 33, comprising the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements are drawn up so as to present fairly, in all material respects, the financial position of the Sub-Fund as at 30th September 2013, and the results of its operation for the period then ended and have been properly prepared in accordance with International Financial Reporting Standards. At the date of this statement, there are reasonable grounds to believe that the Sub-Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager

**State Street Global Advisors Asia Limited**  
27th January 2014

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### **REPORT OF THE TRUSTEE**

We hereby confirm that, in our opinion, the Manager of the Sub-Fund has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 27th July 2010, as amended for the year ended 30th September 2013.

For and on behalf of the Trustee

**State Street Trust (HK) Limited**

27th January 2014

## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SPDR® FTSE® Greater China ETF (a sub-fund of the SPDR® ETFs) (the "Sub-Fund")**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of the Sub-Fund set out on pages 5 to 33 which comprise the Statement of Financial Position as at 30th September 2013, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Trustee and the Manager (the "Management") of the Sub-Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 27th July 2010, as amended (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "SFC Code"), and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the SFC Code.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Sub-Fund's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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### **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SPDR® FTSE® Greater China ETF (a sub-fund of the SPDR® ETFs) (the "Sub-Fund")** *(Continued)*

#### **OPINION**

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 30th September 2013, and of its financial transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the SFC Code.

#### **OTHER MATTERS**

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### **PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, 27th January 2014

**STATEMENT OF FINANCIAL POSITION**

*As at 30th September 2013*

	Notes	30th September 2013 HK\$	30th September 2012 HK\$
<b>Assets</b>			
<b>Current assets</b>			
Investments	9(b)	121,492,474	122,154,409
Derivative financial instruments	9(b), 12	–	8,773
Amounts due from brokers		97,773	99,121
Dividend receivable		259,893	193,107
Other receivables		424,764	328,455
Margin deposits		559,095	668,021
Cash at banks	8(e)	<u>1,726,262</u>	<u>952,896</u>
<b>Total assets</b>		<u>124,560,261</u>	<u>124,404,782</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Derivative financial instruments	9(b), 12	68,443	–
Amounts due to brokers		94,785	98,714
Audit fee payable		230,750	256,325
Trustee fee payable	8(d)	34,605	40,120
Management fee payable	8(c)	61,522	72,000
Tax payable	7	<u>26,052</u>	<u>14,686</u>
<b>Total Liabilities</b>		<u>516,157</u>	<u>481,845</u>
<b>Equity</b>			
Net assets attributable to unitholders	3	<u>124,044,104</u>	<u>123,922,937</u>

State Street Trust (HK) Limited

State Street Global Advisors Asia Limited

*The notes on pages 9 to 33 form part of these financial statements.*

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## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30th September 2013

		Year Ended 30th September 2013 HK\$	Year Ended 30th September 2012 HK\$
	Notes		
<b>Income</b>			
Dividend income		3,799,134	6,298,773
Interest income on bank deposits	8(e)	–	51
Net gain/(loss) on investments and derivative financial instruments	6	11,564,323	31,436,878
Net foreign exchange gain/(loss)		8,181	(53,362)
Other income	5, 8(i)	636,078	701,665
<b>Total investment income</b>		<b>16,007,716</b>	<b>38,384,005</b>
<b>Expenses</b>			
Management fee	8(c)	271,814	498,983
Trustee fee	8(d)	149,750	297,489
Transaction handling fee	8(f)	158,313	235,799
Transaction costs on investments		56,540	201,917
Audit fee		225,804	232,654
Safe custody and bank charges	8(h)	–	54,802
Legal and professional fees		101,243	69,144
Other operating expenses	8(g)	294,023	274,509
<b>Total operating expenses</b>		<b>1,257,487</b>	<b>1,865,297</b>
<b>Operating income</b>		<b>14,750,229</b>	<b>36,518,708</b>
<b>Income before tax</b>		<b>14,750,229</b>	<b>36,518,708</b>
Withholding and capital gains taxes	7	(376,473)	(629,759)
<b>Total comprehensive income</b>		<b>14,373,756</b>	<b>35,888,949</b>

The notes on pages 9 to 33 form part of these financial statements.



**STATEMENT OF CHANGES IN EQUITY**

*For the year ended 30th September 2013*

		Year Ended 30th September 2013 HK\$	Year Ended 30th September 2012 HK\$
	<i>Notes</i>		
Balance at beginning of the year		123,922,937	251,074,775
Issue of units			
– in specie	10	8,673,047	–
– cash component and cash creation	10	3,804,912	–
		12,477,959	–
Redemption of units			
– in specie	10	(18,656,850)	(112,026,638)
– cash component and cash redemption	10	(8,073,698)	(51,014,149)
		(26,730,548)	(163,040,787)
Net redemption of units		(14,252,589)	(163,040,787)
Total comprehensive income		14,373,756	35,888,949
Balances at the end of the year	3	124,044,104	123,922,937

*The notes on pages 9 to 33 form part of these financial statements.*

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**STATEMENT OF CASH FLOWS**

*For the year ended 30th September 2013*

	Year Ended 30th September 2013	Year Ended 30th September 2012
Notes	HK\$	HK\$
<b>Cash flows from operating activities</b>		
Payments for purchase of investments	(16,772,483)	(14,916,078)
Proceeds from sale of investments and derivative financial instruments	19,097,760	59,706,367
Legal and professional fees paid	(101,243)	(69,144)
Safe custody and bank charges paid	–	(54,802)
Trustee fee paid	(155,265)	(297,369)
Management fee paid	(282,292)	(489,778)
Transaction costs on investments paid	(56,540)	(201,917)
Transaction handling fee paid	(158,313)	(240,785)
Other operating expenses paid	(545,402)	(539,618)
Withholding tax paid	(365,107)	(618,152)
Dividend income received	3,732,348	6,658,393
Interest income on bank deposits received	–	51
Other income received	539,769	373,210
Margin deposits	108,926	(123,903)
	<u>5,042,158</u>	<u>49,186,475</u>
<b>Net cash generated from operating activities</b>		
	-----	-----
<b>Cash flows from financing activities</b>		
Cash component and cash creation received on issue of units	10 3,804,912	–
Cash component and cash redemption paid on redemption of units	10 (8,073,698)	(51,014,149)
	<u>(4,268,786)</u>	<u>(51,014,149)</u>
<b>Net cash used in financing activities</b>		
	-----	-----
<b>Increase/(decrease) in cash and cash equivalents</b>	773,372	(1,827,674)
Effects of foreign exchange rates	(6)	(53,362)
Cash and cash equivalents at the beginning of the year	952,896	2,833,932
	<u>1,726,262</u>	<u>952,896</u>
<b>Cash and cash equivalents at the end of the year</b>		
	<u><u>1,726,262</u></u>	<u><u>952,896</u></u>
<b>Analysis of balances of cash and cash equivalents:</b>		
Cash at banks	8(e) <u><u>1,726,262</u></u>	<u><u>952,896</u></u>

*The notes on pages 9 to 33 form part of these financial statements.*

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 GENERAL INFORMATION**

SPDR® ETFs (the “Fund”) is an umbrella unit trust authorised under section 104 of the Securities and Futures Ordinance and is established under the terms of a Trust Deed dated 27th July 2010. The Trust Deed was amended by a supplemental deed dated 25th November 2011. With effect from 3rd January 2012, State Street Trust (HK) Limited has been appointed as the new trustee (the “Trustee”). As at 30th September 2013, the Fund has established one sub-fund, SPDR® FTSE® Greater China ETF (the “Sub-Fund”) which is authorised by the Securities and Futures Commission of Hong Kong. The Sub-Fund is also listed on The Stock Exchange of Hong Kong Limited. The date of inception of the Sub-Fund was 15th September 2010.

The investment objective of the Sub-Fund is to provide investment results, before fees and expenses, that closely correspond to the performance of the FTSE® Greater China HKD Index (the “Underlying Index”). FTSE International Limited (“FTSE”) is the index provider of the Underlying Index. The Underlying Index comprises stocks listed in Hong Kong, Taiwan, Shanghai (B shares), Shenzhen (B shares) and Singapore, providing coverage for the Greater China Region and does not have any A share constituent stocks.

### **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **(a) Basis of preparation**

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) held at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise their judgment in the process of applying the Sub-Fund’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

*New standards and amendments to standards that are relevant to the Sub-Fund but are not yet effective and have not been early adopted by the Sub-Fund*

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## NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### (a) Basis of preparation *(Continued)*

Amendments to IFRS 7, “Disclosures – Offsetting financial assets and financial liabilities”, effective for annual periods beginning on or after 1st January 2013, require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position. The amendments are not expected to have any impact on the Sub-Fund’s financial position or performance.

Amendments to IAS 32, “Offsetting financial assets and financial liabilities” will be effective for annual periods beginning on or after 1st January 2014. These amendments clarify the offsetting criteria in IAS 32 and address inconsistencies in their application. This includes clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not expected to have any impact on the Sub-Fund’s financial position or performance.

IFRS 9, “Financial instruments”, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new standard is not expected to have a significant impact on the Sub-Fund’s financial position or performance.

IFRS 13, “Fair value measurement”, effective for annual periods beginning on or after 1st January 2013. 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 IFRSs. 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 IFRS. 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-Fund will change 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 unit trading value for subscriptions and redemptions. The use of last traded prices is recognised as a standard pricing convention within the industry.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Sub-Fund.

## **NOTES TO THE FINANCIAL STATEMENTS** *(Continued)*

### **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

#### **(b) Investments**

All investments are classified as “financial assets at fair value through profit or loss”. Purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognised at fair value, excluding transaction costs which are expensed as incurred, and are subsequently re-measured at fair value. Realised and unrealised gains and losses on investments are included in the Statement of Comprehensive Income in the period in which they arise. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Sub-Fund has transferred substantially all risks and rewards of ownership.

Investments that are listed or traded on an exchange are fair value based on quoted bid prices.

#### **(c) Derivative financial instruments**

Derivative financial instruments are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivative financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of derivative financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). Subsequent changes in the fair value of any derivative financial instrument are recognised immediately in the Statement of Comprehensive Income.

#### **(d) Income**

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

Interest income on bank deposits is recognised on a time-proportionate basis using the effective interest method. Other income is accounted for in the Statement of Comprehensive Income on an accrual basis.

#### **(e) Expenses**

Expenses are accounted for in the Statement of Comprehensive Income on an accrual basis.

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(f) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(g) Amounts due from/to brokers

Amounts due from/to brokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled by the end of the year.

(h) Translation of foreign currencies

*Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates (the "functional currency"). The financial statements are presented in Hong Kong dollars, which is the Sub-Fund's functional and presentation currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within "net foreign exchange gain/(loss)".

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within "net gain/(loss) on investments and derivative financial instruments".

## **NOTES TO THE FINANCIAL STATEMENTS** *(Continued)*

### **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

#### **(i) Redeemable units**

The Sub-Fund issues units, which are redeemable at the holder's option and are classified as equity. In accordance with the Sub-Fund's Trust Deed, the minimum redemption unit is 500,000 units. Units are issued and redeemed at the holder's option at prices based on the Sub-Fund's net asset value per unit at the time of issue or redemption. The Sub-Fund's net asset value per unit is calculated by dividing the net assets attributable to the unitholders with the total number of outstanding units. The basis adopted by the Sub-Fund in arriving at the net asset value per unit for issue and redemption purpose during the year may not be the same as the accounting policies adopted by the Sub-Fund for the preparation of these financial statements.

#### **(j) Segment information**

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Manager, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

#### **(k) Cash component**

In relation to any in specie subscription of creation units, the amount of cash required to be paid per creation unit on the issue of those units, which amount shall be equal to the difference between the issue price at the valuation point on the relevant transaction date and the value of the securities exchanged in specie for those units, calculated as at the valuation point on that transaction date.

In relation to any in specie redemption of redemption units, the amount of cash required to be paid per redemption unit on a redemption of units in a redemption unit block, which amount shall be equal to the difference between the redemption value at the valuation point on the relevant transaction date on which such units are redeemed and the value of the securities transferred in specie to the redeeming holder in respect of such units, calculated as at the valuation point on that transaction date.

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### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 3 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND NUMBER OF UNITS IN ISSUE

##### Net assets attributable to unitholders

The Sub-Fund's capital is represented by the net assets attributable to unitholders. Units are issued through an in specie creation of a Deposit Basket with the remaining balances in cash and cash creation, and are redeemed in specie of a Redemption Basket with the remaining balances in cash and cash redemption. Issues and redemptions of units during the year are shown on the Statement of Changes in Equity. In accordance with the objectives and risk management policies outlined in note 9, the Sub-Fund endeavours to invest in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of listed securities where necessary.

In accordance with the provisions of the Trust Deed, listed investments are stated at the last traded price on the valuation day for the purpose of determining net asset value per unit for creations and redemptions and for various fee calculations. However, the accounting policy of the Sub-Fund for the purpose of financial statements preparation in compliance with IAS 39 and for reporting purpose is to value its investments at the relevant bid market prices on the year end date. As at 30th September 2013, the difference between the valuation of investments stated in the financial statements as prescribed by IFRS and the valuation methodology indicated in the Trust Deed, resulted in a decrease in value of investments of the Sub-Fund and therefore the net asset value by HK\$203,553 (2012: decrease by HK\$246,159).

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset value as determined for the purposes of processing unit subscriptions and redemptions is provided below.

	2013 HK\$	2012 HK\$
Net assets/equity as per Statement of Financial Position	124,044,104	123,922,937
Adjustments from bid market prices to last traded market prices	<u>203,553</u>	<u>246,159</u>
Net assets attributable to unitholders (at last traded market prices)	<u><u>124,247,657</u></u>	<u><u>124,169,096</u></u>

As at 30th September 2013, the Sub-Fund had HK\$124,044,104 (2012: HK\$123,922,937) of puttable financial instruments classified as equity.

The Sub-Fund's objectives and policies for managing its obligations to redeem units are included in note 9(g) on capital risk management and note 9(e) on liquidity risk.



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

**3 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND NUMBER OF UNITS IN ISSUE** *(Continued)*

Number of units in issue:

	Year Ended 30th September 2013 <i>Number of units</i>	Year Ended 30th September 2012 <i>Number of units</i>
Units in issue at the beginning of the year	5,000,000	12,000,000
Issue of units	500,000	–
Redemption of units	<u>(1,000,000)</u>	<u>(7,000,000)</u>
Units in issue at end of the year	<u>4,500,000</u>	<u>5,000,000</u>
	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Net asset value (as per Statement of Financial Position) per unit	<u>27.57</u>	<u>24.78</u>
Net asset value (at last traded market prices) per unit	<u>27.61</u>	<u>24.83</u>
Net asset value per Creation Unit (1 Creation Unit is equivalent to 500,000 units) (at last traded market prices)	<u>13,805,295</u>	<u>12,416,900</u>

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### **NOTES TO THE FINANCIAL STATEMENTS** *(Continued)*

#### **4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

##### **Capital gains tax on gains on B-shares in the People's Republic of China ("PRC")**

The Fund has investments in B-shares. The PRC taxation of gains on B-shares is presently unclear as to:

- (a) Whether the PRC will enforce tax on gains on B-shares; and
- (b) If the PRC were to enforce the tax, it is uncertain from which date the tax would be calculated and payable.

The management has exercised their own judgement on whether the Sub-Fund may be liable for taxation on its gains to date and the amount of the potential liability. However, uncertainties exist and the judgement of the management may prove incorrect, as actual events may differ substantially. The management considers that their judgements may be impacted by any future clarification by the PRC State Administration of Taxation ("SAT") which may be different from what they earlier envisioned. Please refer to note 7 for further details.

#### **5 OTHER INCOME**

##### **(a) Anti dilution fees**

The Sub-Fund is entitled to receive an anti dilution fee to compensate for any decrease in the net asset value of the Sub-Fund as a result of costs incurred when units are issued or redeemed in cash.

##### **(b) Reimbursement from the Manager**

During the year ended 30th September 2013 and the period from 3rd January 2012 to 30th September 2012, the Manager reimbursed certain expenses of the Sub-Fund.

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

**6 NET GAIN/(LOSS) ON INVESTMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS**

	Year Ended 30th September 2013 <i>HK\$</i>	Year Ended 30th September 2012 <i>HK\$</i>
Change in unrealised gain/loss in value of investments and derivative financial instruments	10,452,124	47,175,705
Realised gain/(loss) on sale of investments and derivative financial instruments	<u>1,112,199</u>	<u>(15,738,827)</u>
	<u><u>11,564,323</u></u>	<u><u>31,436,878</u></u>

**7 TAXATION**

No provision for Hong Kong profits tax has been made as the Sub-Fund was authorised as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from profits tax under Section 26(1A) of the Hong Kong Inland Revenue Ordinance.

**H-shares**

The Sub-Fund invests in shares of companies in PRC listed on the Hong Kong Stock Exchange (“H-shares”). Under the PRC Corporate Income Tax Law, the Sub-Fund may be liable to pay PRC tax on the capital gains realised in the trading of H-shares. However, no provision was made for taxation from such gains in the financial statements as the Manager believes that the Sub-Fund can sustain a position for not filing a tax return based on the existing tax regulations and that the enforcement of China tax on capital gains is not probable.

Withholding tax was charged on dividend income received from H-shares during the year.

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## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7 TAXATION (Continued)

#### B-shares

The Sub-Fund directly invests in B-shares of Chinese companies listed in the PRC and is subject to a 10% withholding tax on dividend income derived from B-shares. Withholding tax was charged on dividend income received from B-shares during the year.

A 10% tax may also be payable on the capital gains derived from the sale of B-shares. The State Administration of Taxation ("SAT") has remained silent on the collection of the withholding tax for capital gains and until further clarification is issued by the SAT, the Manager considers that there is significant uncertainty in respect of whether the Sub-Fund has any liability and the extent of such liability in respect of capital gains derived from the sale of B-shares. The Manager has assessed the likelihood of such exposure and has made provisions for capital gains tax and deferred tax amounting to HK\$357 and HK\$Nil (2012: HK\$646 and HK\$Nil) respectively for the year ended 30th September 2013 based on their best estimate of the potential PRC tax liability with respect to the gains on B-shares. The Manager estimates that the aggregate potential tax liability ranges from Nil to HK\$34,512 (including both current and deferred tax provisions) as at 30th September 2013 (2012: from Nil to HK\$43,598). However, the Manager would like to highlight that there is a possibility that some or all of the tax provided as at 30th September 2013 for B-shares gains may not be payable and may be released. Equally, there is a possibility that additional provision may be required in relation to the position as at 30th September 2013. The Manager continues to monitor the position and will make an appropriate adjustment if and when it is considered that there are sufficient grounds to do so.

The amount of taxation charged to the Statement of Comprehensive Income represents:

	2013 HK\$	2012 HK\$
Withholding tax – dividend income	376,116	629,113
Capital gains tax on gross realised gains	357	646
Total tax	<u>376,473</u>	<u>629,759</u>

The movement in current tax liabilities during the year is as follows:

	2013 HK\$	2012 HK\$
At the beginning of the year	14,686	3,079
Capital gains tax charged to the Statement of Comprehensive Income	357	646
Withholding tax charged to the Statement of Comprehensive Income	376,116	629,113
Withholding tax paid during the year	<u>(365,107)</u>	<u>(618,152)</u>
At the end of the year	<u>26,052</u>	<u>14,686</u>

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

**8 TRANSACTIONS WITH RELATED PARTIES INCLUDING THE MANAGER AND ITS CONNECTED PERSONS**

Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the “SFC Code”).

The Manager and the Trustee of the Sub-Fund are State Street Global Advisors Asia Limited and State Street Trust (HK) Limited (prior to 3rd January 2012: HSBC Institutional Trust Services (Asia) Limited) respectively. Both State Street Global Advisors Asia Limited and State Street Trust (HK) Limited are indirect wholly owned subsidiaries of State Street Corporation. All transactions entered into during the year between the Sub-Fund and the related parties including the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms.

**(a) Foreign currency transactions with the Trustee**

For the year ended 30th September 2013 and for the period from 3rd January 2012 to 30th September 2012, State Street Trust (HK) Limited transacted HK\$1,751,364 and HK\$18,417,038 respectively in foreign currency transactions through its affiliated party, State Street Bank and Trust Company for the Sub-Fund’s investments and settlement purpose. The amounts of the Sub-Fund’s total foreign currency transactions for the year ended 30th September 2013 and for the period from 3rd January 2012 to 30th September 2012 were HK\$15,525,565 and HK\$18,417,038 respectively.

For the period from 1st October 2011 to 2nd January 2012, HSBC Institutional Trust Services (Asia) Limited transacted HK\$6,651,245 in foreign currency transactions through its affiliated party, The Hongkong and Shanghai Banking Corporation Limited for the Sub-Fund’s investments and settlement purpose. The amount represents all of the Sub-Fund’s foreign currency transactions during the period from 1st October 2011 to 2nd January 2012.

Name of company	Aggregate value of foreign currency transactions <i>HK\$</i>	Total commission paid <i>HK\$</i>	% of the Sub-Fund’s total commission paid in the period %	Average commission rate %
-----------------	---	--------------------------------------	--	------------------------------

2013 State Street Bank and Trust Company	1,751,364	–	–	–
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Name of company	Aggregate value of foreign currency transactions <i>HK\$</i>	Total commission paid <i>HK\$</i>	% of the Sub-Fund’s total commission paid in the period %	Average commission rate %
-----------------	---	--------------------------------------	--	------------------------------

2012 State Street Bank and Trust Company	18,417,038	–	–	–
The Hongkong and Shanghai Banking Corporation Limited, Taipei, Taiwan	6,651,245	–	–	–

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## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 8 TRANSACTIONS WITH RELATED PARTIES INCLUDING THE MANAGER AND ITS CONNECTED PERSONS (Continued)

#### (b) Manager's holding in the Sub-Fund

As at 30th September 2013 and 2012, the directors and officers of the Manager did not hold any units in the Sub-Fund.

#### (c) Management fee

The Manager is entitled to receive a management fee, currently at the rate of 0.20% p.a. (prior to 3rd January 2012: 0.28% p.a.) of the net asset value of the Sub-Fund. The management fee is accrued daily, calculated as at each Dealing Day and payable monthly in arrears.

#### (d) Trustee fee

The Trustee is entitled to receive a trustee fee\*, payable out of the assets of the Sub-Fund, to be accrued daily, calculated as at each Dealing Day and payable monthly in arrears. The trustee fee is currently at the rate of 0.11% p.a. of the net asset value of the Sub-Fund.

\* The Trustee is also entitled to a fixed monthly service fee of HK\$3,000 for any transaction fee waiver granted to MPF schemes or otherwise.

Prior to the change of trustee on 3rd January 2012, the trustee fee was subject to a monthly minimum of HK\$80,000 and was calculated as a percentage of the net asset value of the Sub-Fund at the following rates:

For first HK\$800 million	0.15% p.a.
For next HK\$800 million	0.12% p.a.
Thereafter	0.10% p.a.

#### (e) Banks balances and interest income on bank deposits

	As at 30th September 2013 HK\$	As at 30th September 2012 HK\$
The bank balance of the Sub-Fund held with a related party of the Trustee is:	1,726,262	952,896
The interest income on bank deposits held with a related party of the Trustee is:	—	51

## **NOTES TO THE FINANCIAL STATEMENTS** *(Continued)*

### **8 TRANSACTIONS WITH RELATED PARTIES INCLUDING THE MANAGER AND ITS CONNECTED PERSONS** *(Continued)*

#### **(f) Transaction handling fee**

The Trustee is entitled to a fee for each application of creation and redemption of units. The fee is payable by the authorised participant or approved applicant for the account of the Sub-Fund and may be passed on in whole or in part to the investor.

#### **(g) Valuation fee and accounting fee**

With effect from 3rd January 2012, no valuation fee or accounting fee was charged by the Trustee. Total valuation fee and accounting fee incurred for the period from 1st October 2011 to 2nd January 2012 amounted to HK\$86,000.

#### **(h) Safe custody and bank charges**

There were no safe custody and bank charges for the Sub-Fund during the year ended 30th September 2013 (2012: HK\$54,802).

#### **(i) Other income**

During the year ended 30th September 2013, the Manager reimbursed certain expenses of the Sub Fund amounting to HK\$551,481 (2012: HK\$293,552).

### **9 FINANCIAL RISK MANAGEMENT**

#### **(a) Strategy in using financial instruments**

The investment objective of the Sub-Fund is to provide investment returns, before fees and expenses, that closely correspond to the performance of the FTSE® Greater China HKD Index (the "Underlying Index"). FTSE International Limited ("FTSE") is the index provider of the Underlying Index. The Underlying Index comprises stocks listed in Hong Kong, Taiwan, Shanghai (B shares), Shenzhen (B shares) and Singapore, providing coverage for the Greater China Region and does not have any A share constituent stocks.

All the financial assets and liabilities are classified as loans and receivables except for investments and derivative financial instruments, which are classified as financial assets and liabilities at fair value through profit or loss.

The Sub-Fund is exposed to market price risk, credit risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Sub-Fund to manage these risks are discussed below:

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### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 9 FINANCIAL RISK MANAGEMENT (Continued)

##### (b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The Sub-Fund's securities are susceptible to market price risk arising from uncertainties about future price of the securities. The Sub-Fund's market price risk is managed through diversification of investment portfolio. As at year end, the overall market exposures were as follows:

	As at 30th September 2013		
	Fair value HK\$	Cost HK\$	% of net assets
Equities	121,492,474	115,271,931	97.94
Derivative financial instruments – future contracts (note 12)	(68,443)	–	(0.05)
	<u>121,424,031</u>	<u>115,271,931</u>	<u>97.89</u>
As at 30th September 2012			
	Fair value HK\$	Cost HK\$	% of net assets
Equities	122,154,409	126,463,206	98.44
Derivative financial instruments – future contracts (note 12)	8,773	–	0.01
	<u>122,163,182</u>	<u>126,463,206</u>	<u>98.45</u>



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

**9 FINANCIAL RISK MANAGEMENT** *(Continued)*

(b) Market price risk *(Continued)*

The following table shows the market exposure the Sub-Fund has to various markets, incorporating the underlying market risk through all financial assets and liabilities held by the Sub-Fund.

	2013 <i>HK\$ equivalent</i>	2012 <i>HK\$ equivalent</i>
Market exposed to		
China	1,521,378	1,645,635
Hong Kong	85,080,570	82,618,886
Singapore	2,286,853	2,729,722
Taiwan	32,603,673	35,160,166
	<hr/>	<hr/>
	121,492,474	122,154,409
Derivative financial instruments		
– future contracts <i>(note 12)</i>	(68,443)	8,773
	<hr/>	<hr/>
	<u>121,424,031</u>	<u>122,163,182</u>

There were no single investments with market value exceeding 10% of the Sub-Fund's net asset value at 30th September 2013 and 2012.

During the year, the FTSE® Greater China HKD Index increased by 11.66% (2012: increased by 19.09%) while the net asset value (at last traded market prices) per unit of the Sub Fund increased by 11.20% (2012: increased by 18.6%).

The table below summarises the impact on net assets attributable to unitholders as a result of increases/decreases of the key index to which the Sub-Fund is exposed. The analysis is based on the assumption that the index had increased/decreased by the respective percentage with all other variables held constant and such movements in the index would cause substantially the same percentage change in the Sub-Fund's net assets attributable to unitholders.

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### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 9 FINANCIAL RISK MANAGEMENT (Continued)

##### (b) Market price risk (Continued)

	30th September 2013		30th September 2012	
	Change in market index	Impact	Change in market index	Impact
	% +/-	HK\$ +/-	% +/-	HK\$ +/-
FTSE® Greater China HKD Index	6.5	7,897,011	5	6,107,720

The Manager has used their view of what would be a "reasonable shift" in each key market to estimate the change for use in the market sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on management's current view of market volatility and other relevant factors.

##### (c) Interest rate risk

The majority of the Sub-Fund's financial assets and liabilities are non-interest bearing. As a result, the Sub-Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

##### (d) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made when the broker has made payment. Payment is made on a purchase when the securities have been delivered by the broker. The trade will fail if either party fails to meet its obligation.

The Sub-Fund's financial assets which are potentially subject to concentration of credit risk consist principally of bank deposits and assets held with the custodians.

The table below summarises the assets placed with custodian, futures broker and bank at 30th September 2013 and 2012.

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

**9 FINANCIAL RISK MANAGEMENT** *(Continued)*

(d) Credit risk *(Continued)*

**As at 30th September 2013**

	HK\$	Credit rating	Source of credit rating
Custodian			
State Street Bank and Trust Company	121,492,474	Aa2	Moody's
Futures broker			
J.P. Morgan Securities Limited	559,095	A2	Moody's
Bank			
State Street Bank and Trust Company	1,726,262	Aa2	Moody's

**As at 30th September 2012**

	HK\$	Credit rating	Source of credit rating
Custodian			
State Street Bank and Trust Company	122,154,409	Aa2	Moody's
Futures broker			
J.P. Morgan Securities Limited	676,794	A2	Moody's
Bank			
State Street Bank and Trust Company	952,896	Aa2	Moody's

The maximum exposure to credit risk as at 30th September 2013 and 2012 is the carrying amount of the financial assets as shown on the Statement of Financial Position.

None of these assets are impaired nor past due but not impaired.

The Sub-Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Sub-Fund considers to be well established.

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## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 9 FINANCIAL RISK MANAGEMENT (Continued)

#### (e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability, including a redemption request.

The Sub-Fund is exposed to daily redemptions of units in the Sub-Fund. The Sub-Fund invests the majority of its assets in investments that are traded in an active market which can be readily disposed of.

The table below analyses the Sub-Fund's financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month HK\$	1 month to less than 3 months HK\$	Over 3 months HK\$
<b>As at 30th September 2013</b>			
Derivative financial instruments	68,443	–	–
Amounts due to brokers	94,785	–	–
Audit fee payable	–	230,750	–
Trustee fee payable	–	34,605	–
Management fee payable	–	61,522	–
	<u>163,228</u>	<u>326,877</u>	<u>–</u>

	Less than 1 month HK\$	1 month to less than 3 months HK\$	Over 3 months HK\$
<b>As at 30th September 2012</b>			
Amounts due to brokers	98,714	–	–
Audit fee payable	–	256,325	–
Trustee fee payable	–	40,120	–
Management fee payable	–	72,000	–
	<u>98,714</u>	<u>368,445</u>	<u>–</u>

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

**9 FINANCIAL RISK MANAGEMENT** *(Continued)*

(e) **Liquidity risk** *(Continued)*

Units are redeemed on demand at the holder's option. At 30th September 2013, there were 3 unitholders (2012: 3 unitholders) holding more than 10% of the Sub-Fund's units.

The Sub-Fund manages its liquidity risk by investing in investments that it expects to be able to liquidate within 7 days or less. The following table illustrates the expected liquidity of assets held:

<b>As at 30th September 2013</b>	Less than 7 days <i>HK\$</i>	7 days to less than 1 month <i>HK\$</i>	1-12 months <i>HK\$</i>
Total assets	<u>123,906,585</u>	<u>215,302</u>	<u>438,374</u>
<b>As at 30th September 2012</b>	Less than 7 days <i>HK\$</i>	7 days to less than 1 month <i>HK\$</i>	1-12 months <i>HK\$</i>
Total assets	<u>124,028,970</u>	<u>158,744</u>	<u>217,068</u>

(f) **Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Sub-Fund has assets and liabilities denominated in currencies other than Hong Kong dollar, the functional currency. The Sub-Fund is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to change in exchange rates. The Manager may enter into future contracts from time to time to hedge against the fluctuation in exchange rates.

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### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 9 FINANCIAL RISK MANAGEMENT (Continued)

##### (f) Currency risk (Continued)

The table below summarises the Sub-Fund's monetary exposure to currency risks other than United States dollar which is pegged with Hong Kong dollar:

	As at 30th September 2013 HK\$ equivalents	As at 30th September 2012 HK\$ equivalents
New Taiwan Dollar		
Non-monetary	32,603,673	35,160,166
Monetary	61,355	36,420

The table below summarises the impact on net assets attributable to unitholders as a result of increases/decreases of key exchange rates on the exposures tabled above, to which the Sub-Fund is exposed. The analysis is based on the assumption that the exchange rates had increased/decreased by the respective percentage with all other variables held constant.

	As at 30th September 2013		As at 30th September 2012	
	Change %	Impact HK\$	Change %	Impact HK\$
	+/-	+/-	+/-	+/-
New Taiwan Dollar				
Non-monetary	3	978,110	7	2,461,212
Monetary	3	1,841	7	2,549

##### (g) Capital risk management

The Sub-Fund's capital is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Sub-Fund is subject to daily subscriptions and redemptions at the discretion of the unitholders. The Sub-Fund's objectives when managing capital are to safeguard the Sub-Fund's ability to continue as a going concern in order to provide returns for the unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Sub-Fund.

## **NOTES TO THE FINANCIAL STATEMENTS** *(Continued)*

### **9 FINANCIAL RISK MANAGEMENT** *(Continued)*

#### **(g) Capital risk management** *(Continued)*

In order to maintain or adjust the capital structure, the Sub-Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed.

The Manager monitors capital on the basis of the value of net assets attributable to unitholders.

#### **(h) Fair value estimation**

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets held by the Sub-Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Sub-Fund for similar financial instruments.

The Sub-Fund is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 9 FINANCIAL RISK MANAGEMENT (Continued)

##### (h) Fair value estimation (Continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgment by the Sub-Fund. The Sub-Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Sub-Fund’s investments (by class) measured at fair value at 30th September 2013 and 2012:

<b>As at 30th September 2013</b>	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<b>Financial assets held for trading:</b>				
– Equity securities	121,492,474	–	–	121,492,474
Total assets	<u>121,492,474</u>	<u>–</u>	<u>–</u>	<u>121,492,474</u>
<b>Financial liabilities held for trading:</b>				
– Derivative financial instruments				
– Future contracts	68,443	–	–	68,443
Total liabilities	<u>68,443</u>	<u>–</u>	<u>–</u>	<u>68,443</u>



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

**9 FINANCIAL RISK MANAGEMENT** *(Continued)*

(h) Fair value estimation *(Continued)*

<b>As at 30th September 2012</b>	Level 1 <i>HK\$</i>	Level 2 <i>HK\$</i>	Level 3 <i>HK\$</i>	Total <i>HK\$</i>
<b>Financial assets held for trading:</b>				
– Equity securities	122,154,409	–	–	122,154,409
– Derivative financial instruments				
– Future contracts	8,773	–	–	8,773
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>122,163,182</u>	<u>                    </u>	<u>                    </u>	<u>122,163,182</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities and future contracts. The Sub-Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As of 30th September 2013 and 2012, the Sub-Fund did not hold any investments classified in level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 30th September 2013 and 2012, the Sub-Fund did not hold any investments classified in level 3.

There have been no transfers between levels.

**10 MAJOR NON-CASH TRANSACTIONS**

In accordance with the Trust Deed, units can be created either (a) in specie for “Deposit Basket” and a “Cash Issue Component” (where the “Deposit Basket” means a portfolio of securities to be deposited with the Sub-Fund) or (b) for a cash amount. During the year ended 30th September 2013, the Sub-Fund issued 500,000 units (2012: Nil units) in exchange for Deposit Baskets consisting of investments valued at a total of HK\$8,673,047 (2012: HK\$Nil) plus relevant cash component and cash creation of HK\$3,804,912 (2012: HK\$Nil).

In accordance with the Trust Deed, units can be redeemed either (a) in specie for “Redemption Basket” and a “Cash Redemption Component” (where the “Redemption Basket” means a portfolio of securities to be redeemed from the Sub-Fund) or (b) for a cash amount. During the year ended 30th September 2013, the Sub-Fund redeemed 1,000,000 units (2012: 7,000,000 units) in exchange for Deposit Baskets consisting of investments valued at a total of HK\$18,656,850 (2012: HK\$112,026,638) plus relevant cash component and cash redemption of HK\$8,073,698 (2012: HK\$51,014,149).

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### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11 SOFT DOLLAR PRACTICES

The Manager and any Connected Persons of the Manager may effect transactions for the account of the Sub-Fund through the agency of another person with whom the Manager and any of its Connected Persons have an arrangement under which such other person agrees to pay in whole or in part for the provision of goods to and/or the supply of services to the Manager or Connected Persons of the Manager in consideration of the Manager or a Connected Person of the Manager procuring that such other person (or person connected thereto) executes transactions to be entered into for the account of the Sub-Fund.

The Manager shall procure that no such contractual arrangements are entered into unless the goods and services to be provided pursuant thereto are of demonstrable benefit to unitholders whether by assisting the Manager in its ability to manage the Sub-Fund, or by contributing to an improvement in the Sub-Fund's performance or otherwise. 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, clearing and custodian services and investment related publications may be considered as beneficial to unitholders.

Since the inception of the Sub-Fund, the Manager and its Connected Persons had participated in soft dollar arrangements in respect of the transactions for the account of the Sub-Fund.

#### 12 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments represent outstanding future contracts as at year end. As at 30th September 2013 and 2012, outstanding future contracts were as follows:

##### As at 30th September 2013

Future Contracts	Contract Size	Settlement Date	Fair Value HK\$
Hang Seng Index Future	3	30th October 2013	(56,545)
MSCI Taiwan Index Future	3	30th October 2013	(11,898)
			<u>(68,443)</u>

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

**12 DERIVATIVE FINANCIAL INSTRUMENTS** *(Continued)*

**As at 30th September 2012**

Future Contracts	Contract Size	Settlement Date	Fair Value <i>HK\$</i>
Hang Seng Index Future	1	30th October 2012	5,373
Hang Seng China Enterprise Index Future	1	30th October 2012	<u>3,400</u>
			<u><u>8,773</u></u>

**13 SEGMENT INFORMATION**

The Manager makes the strategic resource allocations on behalf of the Sub-Fund. The Sub-Fund has determined the operating segments based on the reports reviewed by the Manager, which are used to make strategic decisions.

The Manager is responsible for the Sub-Fund's entire portfolio and considers the business to have a single operating segment. The Manager's asset allocation decisions are based on a single, integrated investment strategy and the Sub-Fund's performance is evaluated on an overall basis.

The investment objective of the Sub-Fund is to provide investment returns, before fees and expenses, that closely correspond to the performance of the FTSE® Greater China HKD Index.

The internal reporting provided to the Manager for the Sub-Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

There were no changes in the reportable segment during the year.

All activities of the Sub-Fund are in a single business of investment activities conducted mainly in Hong Kong. The Sub-Fund's income is from investments in equity securities issued by organisations mainly in China, Hong Kong and Taiwan.

The Sub-Fund has no assets classified as non-current assets. The Sub-Fund has a diversified portfolio of investments, no single investment accounts for more than 10% of the Sub-Fund's income and no single investment holding accounts for more than 10% of the Sub-Fund's net assets.

As at 30th September 2013, there were 3 unitholders (2012: 3 unitholders) each holding more than 10% of the Sub-Fund's units.

**14 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Trustee and the Manager on 27th January 2014.

## SPDR® FTSE® Greater China ETF

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### INVESTMENT PORTFOLIO

As at 30th September 2013 (Unaudited)

	Holding at 30th September 2013	Fair value at 30th September 2013 HK\$	Percentage of total net assets at 30th September 2013 (%)
<b>China (1.23%)</b>			
Denominated in HKD			
ANHUI GUJING DISTILLERY CO – B	1,200	17,412	0.01
BENGANG STEEL PLATES CO – B	5,900	14,809	0.01
BOE TECHNOLOGY GROUP CO LTD – B	25,520	48,488	0.04
CHINA MERCHANTS PROPERTY DEVELOPMENT CO LTD – B	2,500	59,450	0.05
CHINA VANKE CO LTD – B.	13,900	195,712	0.16
CHONGQING CHANGAN AUTOMOBIL CO LTD – B	9,980	117,265	0.10
CSG HOLDING CO LTD – B.	7,600	47,500	0.04
DAZHONG TRANSPORTATION GROUP – B	10,200	53,621	0.04
DOUBLE COIN HOLDINGS LTD – B	3,600	19,428	0.02
FOSHAN ELECTRICAL + LIGHTING CO LTD – B	3,100	17,205	0.01
GUANGDONG ELECTRIC POWER CO LTD – B	12,700	54,483	0.04
HUADIAN ENERGY CO LTD – B	8,200	19,074	0.02
INNER MONGOLIA EERDUOSI RESOURCES CO LTD – B	3,700	24,902	0.02
INNER MONGOLIA YITAI COAL CO LTD – B	12,800	197,502	0.16
JIANGLING MOTORS CORP LTD – B	2,000	43,120	0.04
JINZHOU PORT CO LTD – B	4,200	12,831	0.01
SH JINJIANG INTL HOTELS DEVELOPMENT CO LTD – B	3,000	32,914	0.03
SHANDONG CHENMING PAPER HOLDINGS LTD – B	10,600	40,386	0.03
SHANGHAI CHLOR ALKALI CHEMICAL CO LTD – B	7,800	27,881	0.02
SHANGHAI FRIENDSHIP GROUP INC CO – B	3,400	34,271	0.03
SHANGHAI HAIXIN GROUP CO LTD – B	8,900	35,677	0.03
SHANGHAI JINQIAO EXPORT PROCESSING ZONE DEVELOPMENT CO LTD – B	2,200	18,679	0.02
SHANGHAI LUJIAZUI FINANCE & TRADE ZONE DEVELOPMENT CO LTD – B.	5,000	65,713	0.05
SHANGHAI MECHANICAL AND ELECTRICAL INDUSTRY CO LTD – B.	4,100	41,963	0.03
SHANGHAI WAIGAOQIAO FREE TRADE ZONE DEVELOPMENT CO LTD – B	2,900	59,205	0.05

**INVESTMENT PORTFOLIO** *(Continued)*

*As at 30th September 2013 (Unaudited)*

	Holding at 30th September 2013	Fair value at 30th September 2013 HK\$	Percentage of total net assets at 30th September 2013 (%)
<b>China (1.23%)</b> <i>(Continued)</i>			
SHANGHAI ZHENHUA HEAVY INDUSTRY			
CO LTD – B	9,500	30,201	0.02
SHENZHEN CHIWAN WHARF HOLDINGS LTD – B	3,400	47,838	0.04
WEIFU HIGH TECHNOLOGY CO Ltd – B	1,300	28,444	0.02
YANTAI CHANGYU PIONEER WINE CO LTD – B	2,420	64,057	0.05
ZHEJIANG SOUTHEAST ELECTRIC POWER			
CO LTD – B	7,800	51,347	0.04
		1,521,378	1.23
		1,521,378	1.23
<b>Hong Kong (68.59%)</b>			
Denominated in HKD			
AAC TECHNOLOGIES HOLDINGS INC CO	8,553	301,921	0.24
AGILE PROPERTY HOLDINGS LTD	10,603	90,125	0.07
AGRICULTURAL BANK OF CHINA – H	228,971	815,137	0.66
AIA GROUP LTD	119,771	4,353,676	3.51
AIR CHINA LTD – H	21,259	111,397	0.09
ALUMINUM CORP OF CHINA LTD – H	34,055	96,716	0.08
ANGANG STEEL CO LTD – H	6,645	30,434	0.02
ANHUI CONCH CEMENT CO LTD – H	12,396	308,041	0.25
ANHUI EXPRESSWAY CO LTD – H	5,767	23,991	0.02
ANTA SPORTS PRODUCTS LTD	8,830	87,417	0.07
ASM PACIFIC TECHNOLOGY	2,414	189,620	0.15
BANK OF CHINA LTD – H	758,063	2,675,962	2.16
BANK OF COMMUNICATIONS CO – H	79,174	451,292	0.36
BANK OF EAST ASIA	12,936	424,948	0.34
BBMG CORPORATION – H	8,547	44,273	0.04
BEIJING CAPITAL INTERNATIONAL AIRPORT			
CO LTD – H	14,698	74,372	0.06
BEIJING ENTERPRISES HOLDINGS LTD	4,383	244,571	0.20
BEIJING NORTH STAR CO LTD – H	8,249	14,683	0.01
BELLE INTERNATIONAL HOLDINGS LTD	51,388	577,601	0.47
BOC HONG KONG (HOLDINGS) LTD	35,303	879,045	0.71
BOSIDENG INTERNATIONAL HOLDINGS LTD	18,515	34,623	0.03
BRIGHTOILPETROLEUM HOLDINGS LTD	32,478	41,572	0.03
BRILLIANCE CHINA AUTOMOTIVE	26,328	306,984	0.25
BYD CO LTD – H	5,269	183,625	0.15

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	Holding at 30th September 2013	Fair value at 30th September 2013 HK\$	Percentage of total net assets at 30th September 2013 (%)
<b>HONG KONG (68.59%) (Continued)</b>			
CAFE DE CORAL HOLDINGS LTD	2,985	71,640	0.06
CATHAY PACIFIC AIRWAYS LTD	10,599	160,469	0.13
CHAMPION REIT	22,987	80,914	0.07
CHEUNG KONG HOLDINGS LTD	13,197	1,555,926	1.25
CHEUNG KONG INFRASTRUCTURE HOLDINGS LTD	4,780	255,252	0.21
CHINA AGRI INDUSTRIES HOLDINGS LTD	20,396	74,037	0.06
CHINA BLUECHEMICAL LTD – H	15,523	70,164	0.06
CHINA CITIC BANK CORP LTD – H	74,358	298,176	0.24
CHINA COAL ENERGY CO – H	34,928	162,066	0.13
CHINA COMMUNICATIONS CONSTRUCTION CO LTD – H	39,182	239,794	0.19
CHINA COMMUNICATIONS SERVICES CORP LTD – H	25,151	112,928	0.09
CHINA CONSTRUCTION BANK – H	716,768	4,279,105	3.45
CHINA COSCO HOLDINGS – H	20,633	79,024	0.06
CHINA DONGXIANG GROUP CO	33,144	40,104	0.03
CHINA EASTERN AIRLINES CO – H	14,751	37,468	0.03
CHINA EVERBRIGHT LTD	6,818	68,589	0.06
CHINA FOODS LTD	9,911	27,553	0.02
CHINA GALAXY SECURITIES CO – H	11,228	57,600	0.05
CHINA GAS HOLDINGS LTD	15,583	130,741	0.11
CHINA INTERNATIONAL MARINE – H	5,783	80,384	0.06
CHINA LIFE INSURANCE CO – H	73,856	1,484,506	1.20
CHINA LONGYUAN POWER GROUP – H	24,368	195,919	0.16
CHINA MENGNIU DAIRY CO	12,939	449,630	0.36
CHINA MERCHANTS BANK – H	45,372	637,930	0.51
CHINA MERCHANTS HOLDINGS INTERNATIONAL CO LTD	11,759	331,016	0.27
CHINA MINSHENG BANKING – H	51,199	474,103	0.38
CHINA MOBILE LTD	51,921	4,504,147	3.63
CHINA MOLYBDENUM CO LTD – H	10,982	32,946	0.03
CHINA NATIONAL BUILDING MATERIAL CO LTD – H	28,977	215,589	0.17
CHINA NATIONAL MATERIALS CO – H	13,257	21,741	0.02
CHINA OILFIELD SERVICES – H	13,936	269,522	0.22

**INVESTMENT PORTFOLIO** *(Continued)*

*As at 30th September 2013 (Unaudited)*

	Holding at 30th September 2013	Fair value at 30th September 2013 HK\$	Percentage of total net assets at 30th September 2013 (%)
<b>HONG KONG (68.59%)</b> <i>(Continued)</i>			
CHINA OVERSEAS LAND & INVEST – H	41,663	954,083	0.77
CHINA PACIFIC INSURANCE GROUP – H	21,958	608,237	0.49
CHINA PETROLEUM & CHEMICAL CORP – H	254,195	1,540,422	1.24
CHINA RAILWAY CONSTRUCTION – H	17,645	144,336	0.12
CHINA RAILWAY GROUP LTD – H	37,956	160,554	0.13
CHINA RESOURCES CEMENT HOLDING LTD	17,208	88,449	0.07
CHINA RESOURCES ENTERPRISE	11,938	293,675	0.24
CHINA RESOURCES GAS GROUP LTD	5,628	111,097	0.09
CHINA RESOURCES LAND LTD	19,485	430,618	0.35
CHINA RESOURCES POWER HOLDINGS CO LTD	18,773	346,925	0.28
CHINA RONGSHENG HEAVY INDUSTRIES GROUP HOLDINGS LTD	31,327	28,194	0.02
CHINA SHENHUA ENERGY CO – H	33,694	795,178	0.64
CHINA SHIPPING CONTAINER – H	28,785	58,146	0.05
CHINA SHIPPING DEVELOPMENT – H	11,132	45,419	0.04
CHINA SOUTHERN AIRLINES CO – H	18,998	54,334	0.04
CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LTD	14,547	179,801	0.15
CHINA TAIPING INSURANCE HOLDINGS CO LTD	7,869	87,346	0.07
CHINA TELECOM CORP LTD – H	160,997	618,228	0.50
CHINA TRAVEL INTERNATIONAL INV HK	33,736	51,279	0.04
CHINA UNICOM HONG KONG LTD	44,815	544,054	0.44
CHINA YURUN FOOD GROUP LTD	12,220	60,611	0.05
CHINA ZHONGWANG HOLDINGS LTD	19,431	45,080	0.04
CHONGQING RURAL COMMERCIAL BANK CO LTD – H	24,709	91,423	0.07
CHOW TAI FOOK JEWELLERY GROUP	9,788	108,647	0.09
CITIC PACIFIC LTD	12,347	123,964	0.10
CITIC RESOURCES HOLDINGS LTD	27,535	30,288	0.02
CITIC SECURITIES CO LTD – H	8,072	125,600	0.10
CLP HOLDINGS LTD	15,342	967,313	0.78
CNOOC LTD	161,659	2,547,746	2.05
COSCO PACIFIC LTD	15,253	181,816	0.15
COUNTRY GARDEN HOLDINGS CO	37,666	186,447	0.15
CSR CORP LTD – H	16,928	91,580	0.07
DAH SING BANKING GROUP LTD	4,358	59,617	0.05
DAH SING FINANCIAL HOLDINGS	1,745	77,914	0.06

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### INVESTMENT PORTFOLIO (Continued)

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	Holding at 30th September 2013	Fair value at 30th September 2013 HK\$	Percentage of total net assets at 30th September 2013 (%)
<b>HONG KONG (68.59%) (Continued)</b>			
DATANG INTERNATIONAL POWER GEN CO LTD – H	25,753	87,560	0.07
DONGFANG ELECTRIC CORP LTD – H	2,986	33,563	0.03
DONGFENG MOTOR GROUP CO LTD – H	29,375	346,037	0.28
ENN ENERGY HOLDINGS LTD	7,088	303,366	0.24
ESPRIT HOLDINGS LTD	18,561	230,528	0.19
EVERGRANDE REAL ESTATE GROUP	56,373	182,085	0.15
FAR EAST HORIZON LTD	11,749	59,332	0.05
FIH MOBILE LTD	17,708	84,998	0.07
FIRST PACIFIC CO	30,276	258,860	0.21
FOSUN INTERNATIONAL	12,839	78,318	0.06
FRANSHION PROPERTIES	30,786	78,196	0.06
GALAXY ENTERTAINMENT GROUP LTD	20,979	1,138,111	0.92
GCL POLY ENERGY HOLDINGS LTD	88,267	196,835	0.16
GEELY AUTOMOBILE HOLDINGS LTD	43,895	174,702	0.14
GOLDEN EAGLE RETAIL GROUP	4,788	57,552	0.05
GOME ELECTRICAL APPLIANCES	114,478	112,188	0.09
GREAT EAGLE HOLDINGS LTD	2,700	74,520	0.06
GREAT WALL MOTOR COMPANY – H	10,255	430,197	0.35
GREENTOWN CHINA HOLDINGS	6,375	92,693	0.07
GUANGDONG INVESTMENT LTD	21,247	140,230	0.11
GUANGSHEN RAILWAY CO LTD – H	16,725	67,904	0.05
GUANGZHOU AUTOMOBILE GROUP – H	17,979	151,024	0.12
GUANGZHOU PHARMACEUTICAL – H	2,548	86,250	0.07
GUANGZHOU R&F PROPERTIES – H	7,705	92,614	0.07
GUANGZHOU SHIPYARD INTERNATIONAL CO LTD – H	2,357	18,149	0.01
HAIER ELECTRONICS GROUP CO	7,295	109,571	0.09
HAITONG SECURITIES CO LTD – H	13,476	155,783	0.13
HANG LUNG GROUP LTD	9,126	375,079	0.30
HANG LUNG PROPERTIES LTD	21,688	569,310	0.46
HANG SENG BANK LTD	7,621	962,532	0.78
HARBIN ELECTRIC CO LTD – H	4,135	19,724	0.02
HENDERSON LAND DEVELOPMENT	10,681	510,552	0.41
HENGAN INTL GROUP CO LTD	7,105	643,003	0.52
HONG KONG & CHINA GAS	55,934	1,039,254	0.84
HONG KONG EXCHANGES AND CLEARING LTD	11,475	1,426,342	1.15



**INVESTMENT PORTFOLIO** *(Continued)*  
*As at 30th September 2013 (Unaudited)*

	Holding at 30th September 2013	Fair value at 30th September 2013 HK\$	Percentage of total net assets at 30th September 2013 (%)
<b>HONG KONG (68.59%)</b> <i>(Continued)</i>			
HOPEWELL HIGHWAY INFRASTRUCTURE LTD	10,302	40,075	0.03
HOPEWELL HOLDINGS LTD	5,950	153,510	0.12
HOPSON DEVELOPMENT HOLDINGS	5,463	50,150	0.04
HUABAO INTERNATIONAL HOLDING	21,167	68,581	0.06
HUADIAN POWER INTERNATIONAL CORP – H	16,893	51,862	0.04
HUANENG POWER INTERNATIONAL INC – H	33,709	260,571	0.21
HUTCHISON HARBOUR RING LTD	43,986	25,952	0.02
HUTCHISON TELECOMMUNICATIONS			
HONG KONG HOLDINGS LTD	17,298	57,948	0.05
HUTCHISON WHAMPOA LTD	24,150	2,242,327	1.81
HYSAN DEVELOPMENT CO	6,551	225,682	0.18
INDUSTRIAL AND COMMERCIAL BANK OF CHINA – H	715,401	3,863,165	3.11
JIANGSU EXPRESS CO LTD – H	10,255	93,218	0.08
JIANGXI COPPER CO LTD – H	12,332	187,693	0.15
JOHNSON ELECTRIC HOLDINGS	14,641	81,990	0.07
KERRY PROPERTIES LTD	5,994	197,802	0.16
KINGBOARD CHEMICAL HOLDINGS	6,541	128,989	0.10
KINGBOARD LAMINATES HOLDINGS	7,506	23,944	0.02
KOWLOON DEVELOPMENT CO LTD	4,020	38,230	0.03
KUNLUN ENERGY CO LTD	29,700	321,948	0.26
KWG PROPERTY HOLDING LTD	13,520	65,978	0.05
LOCCITANE INTERNATIONAL SA	3,882	78,416	0.06
LEE & MANPAPER MANUFACTURIN	18,356	82,786	0.07
LENOVO GROUP LTD	59,049	475,935	0.38
LI & FUNGLTD	58,272	656,143	0.53
LI NING CO LTD	9,981	60,485	0.05
LIANHUA SUPERMARKET HOLDINGS – H	5,081	23,525	0.02
LIFESTYLE INTERNATIONAL HOLDINGS LTD	6,262	103,198	0.08
LINK REIT	22,685	862,030	0.70
LONGFOR PROPERTIES	13,704	168,011	0.14
MAANSHAN IRON & STEEL – H	20,241	38,458	0.03
MELCO INTERNATIONAL DEVELOPMENT LTD	7,228	149,620	0.12
METALLURGICAL CORP OF CHINA LTD – H	24,847	37,270	0.03
MGM CHINA HOLDINGS LTD	7,372	189,460	0.15
MONGOLIAN MINING CORP	10,117	14,063	0.01
MTR CORP	13,665	419,515	0.34

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### INVESTMENT PORTFOLIO (Continued)

As at 30th September 2013 (Unaudited)

	Holding at	Fair value at	Percentage of
	30th September	30th September	total net assets at
	2013	2013	30th September
		HK\$	2013
			(%)
<b>HONG KONG (68.59%) (Continued)</b>			
NEW CHINALIFE INSURANCE CO – H	5,769	128,072	0.10
NEW WORLD CHINA LAND LTD	29,076	113,106	0.09
NEW WORLD DEVELOPMENT	42,921	499,600	0.40
NINE DRAGONS PAPER HOLDINGS	10,233	55,975	0.05
NWS HOLDINGS LTD	13,279	159,082	0.13
ORIENT OVERSEAS INTERNATIONAL LTD	2,040	92,922	0.07
PARKSON RETAIL GROUP LTD	11,888	38,517	0.03
PCCW LTD	48,042	164,304	0.13
PEOPLE S INSURANCE CO GROUP – H	32,423	117,695	0.09
PETROCHINA CO LTD – H	210,350	1,794,285	1.45
PICC PROPERTY + CASUALTY – H	29,204	306,642	0.25
PING AN INSURANCE GROUP CO – H	18,792	1,083,359	0.87
POLY PROPERTY GROUP CO LTD	15,822	73,098	0.06
POWER ASSETS HOLDINGS LTD	13,286	920,720	0.74
PRADA S.P.A.	5,013	366,952	0.30
RENHE COMMERCIAL HOLDINGS	56,700	24,948	0.02
SAMSONITE INTERNATIONAL SA	12,724	273,566	0.22
SANDS CHINA LTD	24,167	1,157,599	0.93
SANY HEAVY EQUIPMENT INTERNATIONAL HOLDINGS CO LTD	7,139	16,705	0.01
SEMICONDUCTOR MANUFACTURING	213,510	111,025	0.09
SHANDONG CHENMING PAPER – H	3,318	9,854	0.01
SHANDONG WEIGAO GROUP MEDICAL – H	15,955	121,418	0.10
SHANGHAI ELECTRIC GROUP CO LTD – H	28,703	78,646	0.06
SHANGHAI INDUSTRIAL HOLDINGS LTD	4,417	113,296	0.09
SHANGHAI PHARMACEUTICALS – H	4,325	64,442	0.05
SHANGRI LA ASIA LTD	14,321	183,595	0.15
SHENZHEN EXPRESSWAY CO – H	8,797	25,863	0.02
SHENZHEN INTERNATIONAL HOLDINGS	85,977	79,959	0.06
SHENZHEN INVESTMENT LTD	19,282	60,160	0.05
SHENZHOU INTERNATIONAL GROUP	4,104	103,626	0.08
SHIMAO PROPERTY HOLDINGS LTD	12,442	221,965	0.18
SHOUGANG FUSHAN RESOURCES GR	35,286	91,391	0.07
SHUI ON LAND LTD	27,298	68,245	0.06
SHUN TAK HOLDINGS LTD	20,066	87,287	0.07
SICHUAN EXPRESSWAY CO – H	10,462	23,121	0.02
SINO LAND CO	29,784	338,942	0.27

**INVESTMENT PORTFOLIO** *(Continued)*  
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	Holding at 30th September 2013	Fair value at 30th September 2013 HK\$	Percentage of total net assets at 30th September 2013 (%)
<b>HONG KONG (68.59%)</b> <i>(Continued)</i>			
SINO OCEAN LAND HOLDINGS	30,709	139,419	0.11
SINOFERT HOLDINGS LTD	25,197	32,252	0.03
SINOPEC ENGINEERING GROUP CO	10,749	101,578	0.08
SINOPEC SHANGHAI PETROCHEMICAL – H	19,184	54,866	0.04
SINOPEC YIZHENG CHEMICAL – H	16,323	33,462	0.03
SINOPHARM GROUP CO – H	9,582	185,508	0.15
SINOTRANS LTD – H	19,821	39,840	0.03
SINOTRUK HONG KONG LTD	8,094	31,809	0.03
SJM HOLDINGS LTD	19,785	431,313	0.35
SOHO CHINA LTD	14,868	98,277	0.08
SUN ART RETAIL GROUP LTD	25,955	288,101	0.23
SUN HUNG KAI PROPERTIES	15,855	1,666,360	1.34
SWIRE PACIFIC LTD A	6,590	611,552	0.49
SWIRE PROPERTIES LTD	11,632	252,414	0.20
TECHTRONIC INDUSTRIES CO	12,325	248,965	0.20
TELEVISION BROADCASTS LTD	2,923	141,912	0.11
TENCENT HOLDINGS LTD	9,172	3,729,335	3.01
TEXWINCA HOLDINGS LTD	7,387	53,039	0.04
TIANJIN CAPITAL ENVIRON – H	3,986	11,161	0.01
TINGYI (CAYMAN ISLN) HLDG CO	20,844	427,302	0.34
TRAVELSKY TECHNOLOGY LTD – H	10,688	66,266	0.05
TSINGTAO BREWERY CO LTD – H	3,997	235,223	0.19
UNITED CORUSAL PLC	10,575	81,851	0.07
VTECH HOLDINGS LTD	8,610	20,492	0.02
WANT WANT CHINA HOLDINGS LTD	1,724	172,400	0.14
WEICHAI POWER CO LTD – H	66,090	774,575	0.62
WEIQIAO TEXTILE CO LTD – H	4,404	132,781	0.11
WHARF HOLDINGS LTD	15,456	1,038,643	0.84
WHEELOCK & CO LTD	8,478	346,326	0.28
WING HANG BANK LTD	2,147	251,199	0.20
WUMART STORES INC – H	5,921	81,355	0.07
WYNN MACAU LTD	10,417	275,530	0.22
XINJIANG GOLDWIND SCI+TEC – H	4,689	23,914	0.02
XINYI GLASS HOLDINGS LTD	23,675	168,803	0.14
YANZHOU COAL MINING CO – H	16,869	130,397	0.11
YUE YUEN INDUSTRIAL HLDG	8,447	181,610	0.15
YUEXIU PROPERTY CO LTD	60,036	127,276	0.10

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<b>HONG KONG (68.59%) (Continued)</b>			
ZHAOJIN MINING INDUSTRY – H	7,350	50,568	0.04
ZHEJIANG EXPRESSWAY CO – H	14,841	105,816	0.09
ZHONGSHENG GROUP HOLDINGS	4,902	59,804	0.05
ZHUZHOU CSR TIMES ELECTRIC CO LTD – H	4,668	117,634	0.09
ZIJIN MINING GROUP CO LTD – H	49,151	91,421	0.07
ZOOMLION HEAVY INDUSTRY – H	12,953	86,785	0.07
ZTE CORP – H	5,415	86,532	0.07
		<hr/>	
		85,080,570	68.59
		<hr/>	
<b>Singapore (1.84%)</b>			
Denominated in HKD			
HONGKONG LAND HOLDINGS LTD	12,000	609,441	0.49
JARDINE MATHESON HOLDINGS LTD	2,400	1,021,255	0.82
JARDINE STRATEGIC HOLDINGS LTD	2,500	656,157	0.53
		<hr/>	
		2,286,853	1.84
		<hr/>	
<b>Taiwan (26.28%)</b>			
Denominated in HKD			
ACER INCORPORATED	26,000	139,761	0.11
ADVANCED SEMICONDUCTOR ENGINEERING INC	59,644	445,727	0.36
ADVANTECH CO LTD	3,200	138,869	0.11
ASIA CEMENT CORP	22,478	220,438	0.18
ASUSTEK COMPUTER INC	6,740	416,206	0.34
AU OPTRONICS CORP	88,000	256,132	0.21
CAPITAL SECURITIES CORP	23,960	63,455	0.05
CATCHER TECHNOLOGY CO LTD	7,000	287,257	0.23
CATHAY FINANCIAL HOLDING CO	70,315	776,225	0.63
CATHAY REAL ESTATE DEVELOPMENT CO LTD	9,000	48,143	0.04
CHANG HWA COMMERCIAL BANK	29,895	135,221	0.11
CHENG SHIN RUBBER IND CO LTD	17,783	360,914	0.29
CHENG UEI PRECISION INDUSTRY CO	4,180	64,887	0.05
CHICONY ELECTRONICS CO LTD	6,099	117,865	0.09
CHINA AIRLINES LTD	27,025	78,659	0.06

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**INVESTMENT PORTFOLIO** *(Continued)*  
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	Holding at 30th September 2013	Fair value at 30th September 2013 HK\$	Percentage of total net assets at 30th September 2013 (%)
<b>Taiwan (26.28%)</b> <i>(Continued)</i>			
CHINA DEVELOPMENT FINANCIAL HOLDING CO INC	139,294	310,462	0.25
CHINA MOTOR CO LTD	7,000	49,008	0.04
CHINA STEEL CORP	120,780	820,262	0.66
CHUNGHWA TELECOM CO LTD	38,200	945,569	0.76
COMPAL COMMUNICATIONS INC	3,000	34,219	0.03
COMPAL ELECTRONICS INC	41,000	231,143	0.19
CTBC FINANCIAL HOLDING CO LTD	129,025	652,963	0.53
DELTA ELECTRONICS INC	20,000	752,557	0.61
E.SUN FINANCIAL HOLDING CO	49,647	249,298	0.20
EPISTAR CORP	9,000	132,156	0.11
ETERNAL CHEMICAL CO LTD	9,150	59,622	0.05
EVA AIRWAYS CORP	19,500	85,902	0.07
EVERGREEN MARINE CORP	17,599	80,758	0.07
FAR EASTERN INTERNATIONAL BANK	19,540	60,716	0.05
FAR EASTERN NEW CENTURY CORP	37,912	323,086	0.26
FAR EASTONE TELECOMMUNICATION CO LTD	16,000	309,204	0.25
FENG HSIN IRON & STEEL CO LTD	4,000	54,541	0.04
FIRST FINANCIAL HOLDING CO	67,244	312,093	0.25
FORMOSA CHEMICALS & FIBRE CORP	43,260	891,593	0.72
FORMOSA PETROCHEMICAL CORP	19,000	387,108	0.31
FORMOSA PLASTICS CORP	48,880	977,943	0.79
FORMOSA TAFFETA CO.	11,000	83,070	0.07
FOXCONN TECHNOLOGY CO LTD	10,631	214,088	0.17
FUBON FINANCIAL HOLDING CO	67,477	723,664	0.58
GIANT MANUFACTURING CO LTD	3,000	158,509	0.13
HON HAI PRECISION INDUSTRY	112,497	2,235,979	1.80
HOTAI MOTOR COMPANY LTD	4,000	337,733	0.27
HTC CORP	7,100	243,886	0.20
HUA NAN FINANCIAL HOLDINGS CO LTD	67,034	297,057	0.24
INOTERA MEMORIES INC	71,725	267,065	0.22
INVENTEC CORP	29,785	222,587	0.18
LARGAN PRECISION CO LTD	1,000	260,642	0.21
LITE-ON TECHNOLOGY CORP	22,597	298,041	0.24
MACRONIX INTERNATIONAL CO LTD	40,899	76,679	0.06
MEDIATEK INC	13,000	1,245,915	1.00
MEGA FINANCIAL HOLDING CO LTD	78,029	496,164	0.40

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### INVESTMENT PORTFOLIO (Continued)

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	Holding at 30th September 2013	Fair value at 30th September 2013 HK\$	Percentage of total net assets at 30th September 2013 (%)
<b>Taiwan (26.28%) (Continued)</b>			
MSTAR SEMICONDUCTOR INC	2,412	172,662	0.14
NAN YA PLASTICS CORP	56,560	922,481	0.74
NAN YA PRINTED CIRCUIT BOARD	2,240	22,320	0.02
NOVATEK MICROELECTRONICS COR	5,000	160,607	0.13
ORIENTAL UNION CHEMICAL	7,200	55,883	0.05
PEGATRON CORP	16,000	177,048	0.14
POU CHEN CORP	12,000	108,242	0.09
PRESIDENT CHAIN STORE CORP	6,000	335,111	0.27
PRESIDENT SECURITIES CORP	8,214	35,754	0.03
QUANTA COMPUTER INC	26,000	436,326	0.35
REALTEK SEMICONDUCTOR CORP	5,232	98,915	0.08
SHIN KONG FINANCIAL HOLDING	63,379	166,189	0.13
SILICONWARE PRECISION INDUSTRIES CO	29,000	262,726	0.21
SINOPAC FINANCIAL HOLDINGS	74,227	264,703	0.21
SYNNEX TECHNOLOGY INTERNATIONAL COR	14,000	169,784	0.14
TAISHIN FINANCIAL HOLDING	69,803	249,841	0.20
TAIWAN BUSINESS BANK	33,117	76,417	0.06
TAIWAN CEMENT	31,482	352,904	0.28
TAIWAN COOPERATIVE FINANCIAL	58,886	250,913	0.20
TAIWAN FERTILIZER CO LTD	8,000	146,211	0.12
TAIWAN GLASS INDUSTRIAL CORP	13,752	107,639	0.09
TAIWAN MOBILE CO LTD	16,500	454,288	0.37
TAIWAN SECOM	3,000	55,537	0.04
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	239,000	6,298,275	5.08
TECO ELECTRIC & MACHINERY CO LTD	16,000	131,107	0.11
TON YI INDUSTRIAL CORP	6,850	48,946	0.04
TPK HOLDING CO LTD	2,887	203,258	0.16
TRANSCEND INFORMATION INC	3,000	72,843	0.06
U-MING MARINE TRANSPORT CORP	5,000	70,142	0.06
UNI PRESIDENT ENTERPRISES CO	44,073	636,769	0.51
UNIMICRON TECHNOLOGY CORP	14,000	92,326	0.07
UNITED MICROELECTRONICS CORP	121,000	401,359	0.32
VANGUARD INTERNATIONAL SEMICONDUCTOR CORP	7,000	59,379	0.05
WALSIN LIHWA CORP	42,000	99,338	0.08
WAN HAI LINES LTD	11,450	50,740	0.04

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**INVESTMENT PORTFOLIO** *(Continued)*  
*As at 30th September 2013 (Unaudited)*

	Holding at 30th September 2013	Fair value at 30th September 2013 HK\$	Percentage of total net assets at 30th September 2013 (%)
<b>Taiwan (26.28%)</b> <i>(Continued)</i>			
WATERLAND FINANCIAL HOLDINGS	28,605	75,382	0.06
WISTRON CORP	24,391	182,917	0.15
YAGEO CORPORATION	15,400	42,198	0.03
YANG MING MARINE TRANSPORT	14,500	51,519	0.04
YFY INC	16,675	64,712	0.05
YUANTA FINANCIAL HOLDING CO	95,469	379,256	0.31
YULON MOTOR CO LTD	10,000	129,665	0.10
		<u>32,603,673</u>	<u>26.28</u>
Total Listed Equities		<u>121,492,474</u>	<u>97.94</u>
HANG SENG INDEX FUTURES 30/10/2013	3	(56,545)	(0.04)
MSCI TAIWAN INDEX OCT13	3	(11,898)	(0.01)
Total future contracts		<u>(68,443)</u>	<u>(0.05)</u>
Total investments		<u>121,424,031</u>	<u>97.89</u>
Total investments, at cost		<u>115,271,931</u>	

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### INVESTMENT PORTFOLIO (Continued)

As at 30th September 2013 (Unaudited)

	Fair value at 30th September 2013 HK\$	Percentage of total net assets at 30th September 2013 (%)
<b>PORTFOLIO OF INVESTMENTS</b>		
(a) By asset class		
Listed Equities	<u>121,492,474</u>	<u>97.94</u>
(b) By industry		
CONSUMER DISCRETIONARY	9,902,226	7.98
CONSUMER STAPLES	4,225,688	3.41
ENERGY	8,174,619	6.59
FINANCIALS	35,198,054	28.37
HEALTH CARE	457,618	0.37
INDUSTRIALS	9,148,770	7.38
INFORMATION TECHNOLOGY	22,026,942	17.76
MATERIALS	7,708,882	6.21
REAL ESTATE	11,204,815	9.03
TELECOMMUNICATION SERVICES	7,710,670	6.22
UTILITIES	4,695,547	3.78
OTHERS	<u>1,038,643</u>	<u>0.84</u>
	<u>121,492,474</u>	<u>97.94</u>
<b>Top Ten holdings</b>		
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	6,298,275	5.08
CHINA MOBILE LTD	4,504,147	3.63
AIA GROUP LTD	4,353,676	3.51
CHINA CONSTRUCTION BANK – H	4,279,105	3.45
INDUSTRIAL AND COMMERCIAL BANK OF CHINA – H	3,863,165	3.11
TENCENT HOLDINGS LTD	3,729,335	3.01
BANK OF CHINA LTD – H	2,675,962	2.16
CNOOC LTD	2,547,746	2.05
HUTCHISON WHAMPOA LTD	2,242,327	1.81
HON HAI PRECISION INDUSTRY	<u>2,235,979</u>	<u>1.80</u>
	<u>36,729,717</u>	<u>29.61</u>



**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS**

*For the year ended 30th September 2013 (Unaudited)*

	Percentage of total net assets at 30th September 2013 (%)	Percentage of total net assets at 30th September 2012 (%)
<b>Listed Equities</b>		
China	1.23	1.33
Hong Kong	68.59	66.67
Singapore	1.84	2.20
Taiwan	26.28	28.37
<b>Total Listed Equities</b>	97.94	98.57
<b>Derivative Financial Instruments</b>		
Future contracts	(0.05)	0.01
<b>Total investments</b>	<b>97.89</b>	<b>98.58</b>

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### PERFORMANCE RECORD (UNAUDITED)

#### NET ASSET VALUES

	Net asset value of the Sub-Fund HK\$	Net asset value per unit HK\$
<b>At the end of financial year dated</b>		
30th September 2013	\$124,044,104	\$27.5654
30th September 2012	\$123,922,937	\$24.7800
30th September 2011	\$251,074,775	\$20.9229

#### HIGHEST AND LOWEST NET ASSET VALUE PER UNIT SINCE INCEPTION

	Highest net asset value per unit HK\$	Lowest net asset value per unit HK\$
<b>Financial year ended</b>		
30th September 2013	\$28.2023	\$24.1587
30th September 2012	\$25.8337	\$19.5497
30th September 2011	\$28.2411	\$20.4530

#### FUND PERFORMANCE

During the year, the FTSE® Greater China HKD Index increased by 11.66% (2012: increased by 19.09%) while the net asset value (at last traded market prices) per unit of the Sub-Fund increased by 11.20% (2012: increased by 18.60%).

#### TOTAL EXPENSE RATIO

##### Financial year ended

30th September 2013

0.48%\*

\* Total expense ratio (TER) is the ratio of total estimated expenses to average net asset value per daily valuation report for the year. Total estimated expenses exclude transaction costs on investments and the net reimbursements from the Manager. During the year ended 30th September 2013, the Manager intended to maintain the TER to be no more than 0.48% and therefore reimbursed certain expenses of the Sub-Fund.

## **ADMINISTRATION AND MANAGEMENT**

### **Directors of the Manager**

Mr. Bernard Patrick Reilly  
(resigned on 20th June 2013)  
Mr. Lochiel Cameron Crafter  
(appointed on 20th June 2013)  
Mr. James Keith MacNevin  
(appointed on 20th June 2013)  
Ms. Ting Li  
Ms. Gigi Lau Che Man  
(appointed on 20th June 2013  
as alternate director to Ms. Ting Li)  
Ms. Susana Yeong  
Mr. Matthew Montagu George  
(appointed on 20th June 2013  
as alternate director to Ms. Susana Yeong)

### **Manager and Listing Agent**

State Street Global Advisors Asia Limited  
68th Floor Two International Finance Centre  
8 Finance Street, Central  
Hong Kong

### **Trustee, Administrator and Registrar**

State Street Trust (HK) Limited  
68th Floor  
Two International Finance Centre  
8 Finance Street, Central  
Hong Kong

### **Legal Advisers as to Hong Kong Law**

King & Wood Mallesons  
13th Floor  
Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

### **Auditor**

PricewaterhouseCoopers  
22nd Floor  
Prince's Building  
Central  
Hong Kong

