

XIE Shares Trust I>(*This is a synthetic ETF)

REPORTS AND FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 13 FEBRUARY 2012
(DATE OF INCEPTION) TO 31 DECEMBER 2012**

XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF) (Stock Code: 3090)
XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF) (Stock Code: 3029)
XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) (Stock Code: 3089)
XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF) (Stock Code: 3069)

**FOR THE PERIOD FROM 17 FEBRUARY 2012
(DATE OF INCEPTION) TO 31 DECEMBER 2012**

XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF) (Stock Code: 3091)
XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF) (Stock Code: 3031)
XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF) (Stock Code: 3037)

(Sub-funds of the XIE Shares Trust I*)(*This is a synthetic ETF)

XIE Shares Trust I>(*This is a synthetic ETF)

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XIE Shares Trust I>(*This is a synthetic ETF)

MANAGEMENT AND ADMINISTRATION

Manager and Listing Agent

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Directors of the Manager

BLAND Tobias Christopher James
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Trustee

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Participating Dealers

Citigroup Global Markets Asia Limited
J.P. Morgan Broking (Hong Kong) Limited
RBS Asia Limited
BNP Paribas Securities Services (operating through its Hong Kong branch) (with effective on 2 January 2013)

Market Maker

BNP Paribas Securities (Asia) Limited (with effective on 19 November 2012)
Citigroup Global Market (Asia) Limited (Ceased on 14 December 2012)

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Auditor

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Custodian

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3 Garden Road
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Hong Kong

XIE Shares Trust I*(*This is a synthetic ETF)

REPORT OF THE MANAGER TO THE UNITHOLDERS

XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF) (A Sub-Fund of XIE Shares Trust I)

Fund performance

XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF) (“XIE Shares India”) seeks to provide investment results that, before fees and expenses, closely correspond to the performance of the S&P CNX Nifty Index (the “Index”) in Hong Kong dollar (“HK\$”) terms. As of 31 December 2012, the dealing Net Asset Value (“NAV”) per unit of the XIE Shares India was HK\$7.70 with a total of 16,000,000 units outstanding, aggregating a total dealing NAV of approximately HK\$123,155,454.

A summary of the performance of the XIE Shares India is given below (as at 31 December 2012).^(a)

	1 Month ^(g)	3 Months ^(h)	6 Months ⁽ⁱ⁾	Since Inception ^(f)
S&P CNX Nifty Price Return ^(b)	-0.28%	-0.36%	13.91%	-4.60%
S&P CNX Nifty Total Return (Net) ^(c)	-0.24%	-0.17%	14.64%	-3.08%
XIE Shares India NAV-to-NAV ^(d)	-0.32%	-0.35%	14.22%	-3.79%
XIE Shares India Market-to-Market ^(e)	0.26%	-0.90%	15.66%	-4.00%

- (a) Past performance figures shown are not indicative of the future performance of XIE Shares India.
- (b) Calculated on price return basis in HKD. An investor cannot invest directly in an index and the index performance returns do not reflect management fees, transaction costs or other expenses, which would reduce performance returns.
- (c) Calculated on total return (net of tax) basis in HKD.
- (d) Unit's NAV in HKD. Units in XIE Shares India can be created and redeemed at their NAV in exchange for cash at the primary market.
- (e) Market closing price in HKD. Market returns are calculated using historical market closing prices of XIE Shares India in the secondary market. They do not represent the returns you would receive if you trade units at other times.
- (f) This is the annualized return since the inception of XIE Shares India. XIE Shares India inception date is 17 February 2012.
- (g) Represents performance figures for the period from 1 December 2012 to 31 December 2012.
- (h) Represents performance figures for the period from 1 October 2012 to 31 December 2012.
- (i) Represents performance figures for the period from 1 July 2012 to 31 December 2012

Source: Enhanced Investment Products Limited, Bloomberg

XIE Shares Trust I*(*This is a synthetic ETF)

REPORT OF THE MANAGER TO THE UNITHOLDERS

XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF) (A Sub-Fund of XIE Shares Trust I)

Fund performance

XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF) (“XIE Shares Indonesia”) seeks to provide investment results that, before fees and expenses, closely correspond to the performance of the LQ45 Index (the “Index”) in Hong Kong dollar (“HK\$”) terms. As of 31 December 2012, the dealing Net Asset Value (“NAV”) per unit of the XIE Shares Indonesia was HK\$8.04 with a total of 2,000,000 units outstanding, aggregating a total dealing NAV of approximately HK\$16,073,335.

A summary of the performance of the XIE Shares Indonesia is given below (as at 31 December 2012).^(a)

	1 Month ^(g)	3 Months ^(h)	6 Months ⁽ⁱ⁾	Since Inception ^(f)
LQ45 Price Return ^(b)	0.68%	-0.29%	6.08%	-0.91%
LQ45 Total Return (Net) ^(c)	0.81%	0.02%	6.66%	1.26%
XIE Shares Indonesia NAV-to-NAV ^(d)	0.70%	-0.25%	6.11%	0.46%
XIE Shares Indonesia Market-to-Market ^(e)	-0.25%	0.50%	6.55%	-0.38%

- (a) Past performance figures shown are not indicative of the future performance of XIE Shares Indonesia.
- (b) Calculated on price return basis in HKD. An investor cannot invest directly in an index and the index performance returns do not reflect management fees, transaction costs or other expenses, which would reduce performance returns.
- (c) Calculated on total return (net of tax) basis in HKD.
- (d) Unit's NAV in HKD. Units in XIE Shares Indonesia can be created and redeemed at their NAV in exchange for cash at the primary market.
- (e) Market closing price in HKD. Market returns are calculated using historical market closing prices of XIE Shares Indonesia in the secondary market. They do not represent the returns you would receive if you trade units at other times.
- (f) This is the annualized return since the inception of XIE Shares Indonesia. XIE Shares Indonesia inception date is 17 February 2012.
- (g) Represents performance figures for the period from 1 December 2012 to 31 December 2012.
- (h) Represents performance figures for the period from 1 October 2012 to 31 December 2012.
- (i) Represents performance figures for the period from 1 July 2012 to 31 December 2012.

Source: Enhanced Investment Products Limited, Bloomberg

XIE Shares Trust I*(*This is a synthetic ETF)

REPORT OF THE MANAGER TO THE UNITHOLDERS

XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF) (A Sub-Fund of XIE Shares Trust I)

Fund performance

XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF) (“XIE Shares Korea”) seeks to provide investment results that, before fees and expenses, closely correspond to the performance of the KOSPI 200 Index (the “Index”) in Hong Kong dollar (“HK\$”) terms. As of 31 December 2012, the dealing Net Asset Value (“NAV”) per unit of the XIE Shares Korea was HK\$8.37 with a total of 11,000,000 units outstanding, aggregating a total dealing NAV of approximately HK\$92,051,225.

A summary of the performance of the XIE Shares Korea is given below (as at 31 December 2012).^(a)

	1 Month ^(g)	3 Months ^(h)	6 Months ⁽ⁱ⁾	Since Inception ^(f)
KOSPI 200 Price Return ^(b)	5.00%	4.35%	15.20%	5.21%
KOSPI 200 Total Return (Net) ^(c)	5.83%	5.17%	16.11%	6.11%
XIE Shares Korea NAV-to-NAV ^(d)	4.91%	4.01%	14.77%	4.60%
XIE Shares Korea Market-to-Market ^(e)	4.13%	3.22%	15.21%	4.13%

- (a) Past performance figures shown are not indicative of the future performance of XIE Shares Korea.
- (b) Calculated on price return basis in HKD. An investor cannot invest directly in an index and the index performance returns do not reflect management fees, transaction costs or other expenses, which would reduce performance returns.
- (c) Calculated on total return (net of tax) basis in HKD.
- (d) Unit's NAV in HKD. Units in XIE Shares Korea can be created and redeemed at their NAV in exchange for cash at the primary market.
- (e) Market closing price in HKD. Market returns are calculated using historical market closing prices of XIE Shares Korea in the secondary market. They do not represent the returns you would receive if you trade units at other times.
- (f) This is the annualized return since the inception of XIE Shares Korea. XIE Shares Korea inception date is 13 February 2012.
- (g) Represents performance figures for the period from 1 December 2012 to 31 December 2012.
- (h) Represents performance figures for the period from 1 October 2012 to 31 December 2012.
- (i) Represents performance figures for the period from 1 July 2012 to 31 December 2012.

Source: Enhanced Investment Products Limited, Bloomberg

XIE Shares Trust I*(*This is a synthetic ETF)

REPORT OF THE MANAGER TO THE UNITHOLDERS

XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF) (A Sub-Fund of XIE Shares Trust I)

Fund performance

XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF) (“XIE Shares Malaysia”) seeks to provide investment results that, before fees and expenses, closely correspond to the performance of the FTSE Bursa Malaysia KLCI (the “Index”) in Hong Kong dollar (“HK\$”) terms. As of 31 December 2012, the dealing Net Asset Value (“NAV”) per unit of the XIE Shares Malaysia was HK\$8.77 with a total of 5,000,000 units outstanding, aggregating a total dealing NAV of approximately HK\$43,835,961.

A summary of the performance of the XIE Shares Malaysia is given below (as at 31 December 2012).^(a)

	1 Month ^(g)	3 Months ^(h)	6 Months ⁽ⁱ⁾	Since Inception ^(f)
FTSE Bursa Malaysia KLCI Price Return ^(b)	4.23%	3.11%	9.59%	6.82%
FTSE Bursa Malaysia KLCI Total Return (Net) ^(c)	4.42%	3.77%	11.30%	10.36%
XIE Shares Malaysia NAV-to-NAV ^(d)	4.32%	3.46%	10.78%	9.59%
XIE Shares Malaysia Market-to-Market ^(e)	3.21%	2.60%	9.46%	8.50%

- (a) Past performance figures shown are not indicative of the future performance of XIE Shares Malaysia.
- (b) Calculated on price return basis in HKD. An investor cannot invest directly in an index and the index performance returns do not reflect management fees, transaction costs or other expenses, which would reduce performance returns.
- (c) Calculated on total return (net of tax) basis in HKD.
- (d) Unit's NAV in HKD. Units in XIE Shares Malaysia can be created and redeemed at their NAV in exchange for cash at the primary market.
- (e) Market closing price in HKD. Market returns are calculated using historical market closing prices of XIE Shares Malaysia in the secondary market. They do not represent the returns you would receive if you trade units at other times.
- (f) This is the annualized return since the inception of XIE Shares Malaysia. XIE Shares Malaysia inception date is 13 February 2012.
- (g) Represents performance figures for the period from 1 December 2012 to 31 December 2012.
- (h) Represents performance figures for the period from 1 October 2012 to 31 December 2012.
- (i) Represents performance figures for the period from 1 July 2012 to 31 December 2012.

Source: Enhanced Investment Products Limited, Bloomberg

XIE Shares Trust I*(*This is a synthetic ETF)

REPORT OF THE MANAGER TO THE UNITHOLDERS

XIE Shares Philippines (PSEi) ETF*(*This is a synthetic ETF) (A Sub-Fund of XIE Shares Trust I)

Fund performance

XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF) (“XIE Shares Philippines”) seeks to provide investment results that, before fees and expenses, closely correspond to the performance of the PSEi Index (the “Index”) in Hong Kong dollar (“HK\$”) terms. As of 31 December 2012, the dealing Net Asset Value (“NAV”) per unit of the XIE Shares Philippines was HK\$9.99 with a total of 2,000,000 units outstanding, aggregating a total dealing NAV of approximately HK\$19,978,815.

A summary of the performance of the XIE Shares Philippines is given below (as at 31 December 2012).^(a)

	1 Month ^(g)	3 Months ^(h)	6 Months ⁽ⁱ⁾	Since Inception ^(f)
PSEi Price Return ^(b)	2.63%	10.42%	13.60%	23.59%
PSEi Total Return (Net) ^(c)	2.65%	10.54%	14.11%	25.84%
XIE Shares Philippines NAV-to-NAV ^(d)	2.53%	10.24%	13.54%	24.87%
XIE Shares Philippines Market-to-Market ^(e)	2.47%	10.31%	13.33%	24.38%

- (a) Past performance figures shown are not indicative of the future performance of XIE Shares Philippines.
- (b) Calculated on price return basis in HKD. An investor cannot invest directly in an index and the index performance returns do not reflect management fees, transaction costs or other expenses, which would reduce performance returns.
- (c) Calculated on total return (net of tax) basis in HKD.
- (d) Unit's NAV in HKD. Units in XIE Shares Philippines can be created and redeemed at their NAV in exchange for cash at the primary market.
- (e) Market closing price in HKD. Market returns are calculated using historical market closing prices of XIE Shares Philippines in the secondary market. They do not represent the returns you would receive if you trade units at other times.
- (f) This is the annualized return since the inception of XIE Shares Philippines. XIE Shares Philippines inception date is 17 February 2012.
- (g) Represents performance figures for the period from 1 December 2012 to 31 December 2012.
- (h) Represents performance figures for the period from 1 October 2012 to 31 December 2012.
- (i) Represents performance figures for the period from 1 July 2012 to 31 December 2012.

Source: Enhanced Investment Products Limited, Bloomberg

XIE Shares Trust I*(*This is a synthetic ETF)

REPORT OF THE MANAGER TO THE UNITHOLDERS

XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) (A Sub-Fund of XIE Shares Trust I)

Fund performance

XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) (“XIE Shares Taiwan”) seeks to provide investment results that, before fees and expenses, closely correspond to the performance of the TAIEX Index (the “Index”) in Hong Kong dollar (“HK\$”) terms. As of 31 December 2012, the dealing Net Asset Value (“NAV”) per unit of the XIE Shares Taiwan was HK\$8.09 with a total of 16,000,000 units outstanding, aggregating a total dealing NAV of approximately HK\$129,443,008.

A summary of the performance of the XIE Shares Taiwan is given below (as at 31 December 2012).^(a)

	1 Month ^(g)	3 Months ^(h)	6 Months ⁽ⁱ⁾	Since Inception ^(f)
TAIEX Price Return ^(b)	1.64%	0.71%	8.52%	-1.12%
TAIEX Total Return (Net) ^(c)	1.64%	0.71%	11.56%	1.74%
XIE Shares Taiwan NAV-to-NAV ^(d)	1.55%	0.43%	11.10%	1.13%
XIE Shares Taiwan Market-to-Market ^(e)	0.50%	-0.62%	11.70%	0.25%

- (a) Past performance figures shown are not indicative of the future performance of XIE Shares Taiwan.
- (b) Calculated on price return basis in HKD. An investor cannot invest directly in an index and the index performance returns do not reflect management fees, transaction costs or other expenses, which would reduce performance returns.
- (c) Calculated on total return (net of tax) basis in HKD.
- (d) Unit's NAV in HKD. Units in XIE Shares Taiwan can be created and redeemed at their NAV in exchange for cash at the primary market.
- (e) Market closing price in HKD. Market returns are calculated using historical market closing prices of XIE Shares Taiwan in the secondary market. They do not represent the returns you would receive if you trade units at other times.
- (f) This is the annualized return since the inception of XIE Shares Taiwan. XIE Shares Taiwan inception date is 13 February 2012.
- (g) Represents performance figures for the period from 1 December 2012 to 31 December 2012.
- (h) Represents performance figures for the period from 1 October 2012 to 31 December 2012.
- (i) Represents performance figures for the period from 1 July 2012 to 31 December 2012.

Source: Enhanced Investment Products Limited, Bloomberg

XIE Shares Trust I*(*This is a synthetic ETF)

REPORT OF THE MANAGER TO THE UNITHOLDERS

XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF) (A Sub-Fund of XIE Shares Trust I)

Fund performance

XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF) (“XIE Shares Thailand”) seeks to provide investment results that, before fees and expenses, closely correspond to the performance of the SET50 Index (the “Index”) in Hong Kong dollar (“HK\$”) terms. As of 31 December 2012, the dealing Net Asset Value (“NAV”) per unit of the XIE Shares Thailand was HK\$9.93 with a total of 4,500,000 units outstanding, aggregating a total dealing NAV of approximately HK\$44,689,927.

A summary of the performance of the XIE Shares Thailand is given below (as at 31 December 2012).^(a)

	1 Month ^(g)	3 Months ^(h)	6 Months ⁽ⁱ⁾	Since Inception ^(f)
SET50 Price Return ^(b)	5.54%	7.26%	20.43%	21.41%
SET50 Total Return (Net) ^(c)	5.56%	7.35%	21.93%	24.83%
XIE Shares Thailand NAV-to-NAV ^(d)	5.46%	7.16%	21.53%	24.14%
XIE Shares Thailand Market-to-Market ^(e)	5.98%	7.13%	21.42%	24.00%

- (a) Past performance figures shown are not indicative of the future performance of XIE Shares Thailand.
- (b) Calculated on price return basis in HKD. An investor cannot invest directly in an index and the index performance returns do not reflect management fees, transaction costs or other expenses, which would reduce performance returns.
- (c) Calculated on total return (net of tax) basis in HKD.
- (d) Unit's NAV in HKD. Units in XIE Shares Thailand can be created and redeemed at their NAV in exchange for cash at the primary market.
- (e) Market closing price in HKD. Market returns are calculated using historical market closing prices of the XIE Shares Thailand in the secondary market. They do not represent the returns you would receive if you trade units at other times.
- (f) This is the annualized return since the inception of XIE Shares Thailand. XIE Shares Thailand inception date is 13 February 2012.
- (g) Represents performance figures for the period from 1 December 2012 to 31 December 2012.
- (h) Represents performance figures for the period from 1 October 2012 to 31 December 2012.
- (i) Represents performance figures for the period from 1 July 2012 to 31 December 2012.

Source: Enhanced Investment Products Limited, Bloomberg

XIE Shares Trust I>(*This is a synthetic ETF)

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager of XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF), XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF), XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF), XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF), XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF), XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) and XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF), the sub-funds of (the “Sub-Funds”) of XIE Shares Trust I (the “Trust”) has, in all material respects, managed the Sub-Funds in accordance with the provisions of the Trust Deed dated 11 November 2011, as amended, for the period ended 31 December 2012.

Cititrust Limited

30th April 2013

XIE Shares Trust I>(*This is a synthetic ETF)

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

MANAGER'S RESPONSIBILITIES

The Manager of the XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF), XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF), XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) and XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF) (for the period from 13 February 2012 (date of inception) to 31 December 2012) and XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF), XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF) and XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF) (for the period from 17 February 2012 (date of inception) to 31 December 2012), (the "Sub-Funds") is required by the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong and the Trust Deed dated 11 November 2011 (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-Funds at the end of that period and of the transactions for the period ended 31 December 2012. In preparing these financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are prudent and reasonable; and
- prepare 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-Funds in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

XIE Shares Trust I (the "Trust") is an umbrella unit trust governed by its Trust Deed. As at 31 December 2012, the Trust has established seven sub-funds, namely, XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF), XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF), XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF), XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF), XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF), XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) and XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF).

TRUSTEE'S RESPONSIBILITIES

The Trustee of the Sub-Funds is required to:

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

XIE Shares Trust I*(*This is a synthetic ETF)

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF XIE SHARES TRUST I*(*This is a synthetic ETF) (THE "TRUST")

Report on the Financial Statements

We have audited the financial statements of XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF), XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF), XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF), XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF), XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF), XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) and XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF) (each a separate sub-fund of XIE Shares Trust I* (*This is a synthetic ETF) and referred to individually or collectively as the "Sub-Funds") set out on pages 13 to 76, which comprise the statements of financial position as at 31 December 2012, and the statements of comprehensive income, statements of changes in net assets attributable to Unitholders and statements of cash flows for the period from 13 February 2012 (date of inception) to 31 December 2012 for XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF), XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF), XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) and XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF), and for the period from 17 February 2012 (date of inception) to 31 December 2012 for XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF), XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF), and XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF) 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-Funds 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 11 November 2011 (the "Trust Deed"), and the relevant financial statements disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds established 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 and to report our opinion solely to 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.

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.

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-Funds' 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-Funds' 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.

XIE Shares Trust I>(*This is a synthetic ETF)

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF XIE SHARES TRUST I>(*This is a synthetic ETF) (THE "TRUST") (CONTINUED)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of each of the Sub-Funds as at 31 December 2012, and of each of their financial performance and cash flows for the period from 13 February 2012 (date of inception) to 31 December 2012 for XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF), XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF), XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) and XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF), and for the period from 17 February 2012 (date of inception) to 31 December 2012 for XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF), XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF) and XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF) in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Disclosure Requirements

We report that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the relevant financial statements disclosure provisions specified in the SFC Code.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30th April 2013

XIE Shares Trust I>(*This is a synthetic ETF)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

		XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF)	XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)	XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)
	Note	2012 HK\$	2012 HK\$	2012 HK\$
Assets - current assets				
Investments in listed securities	10(a)(i), 10(b)	114,493,759	14,900,560	85,322,506
Investments in derivative instruments	10(a)(i), 10(b)	1,470,435	105,756	1,337,913
Dividends receivable		122,822	16,031	31,554
Amounts due from brokers	10(b)	29,622	-	863,784
Cash and cash equivalents	5(c), 10(b)	8,090,102	639,656	10,827,701
Receivable due from swap counterparties	10(b)	4,417,988	565,812	2,356,260
Other receivables		15,000	15,000	15,000
Total assets		<u>128,639,728</u>	<u>16,242,815</u>	<u>100,754,718</u>
Liabilities - current liabilities				
Investments in derivative instruments	10(a)(i)	4,537,776	406,770	2,835,037
Amounts due to brokers		1,721,981	24,093	6,641,175
Management fee payable	5(a)	47,312	5,305	40,555
Other payables		43,858	33,973	53,858
Total liabilities		<u>6,350,927</u>	<u>470,141</u>	<u>9,570,625</u>
Equity				
Net assets attributable to Unitholders	6	<u>122,288,801</u>	<u>15,772,674</u>	<u>91,184,093</u>

Approved by the Manager on 30th April 2013
Enhanced Investment Products Limited as Manager of the Trust

The accompanying notes form an integral part of these financial statements.

XIE Shares Trust I>(*This is a synthetic ETF)

STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 31 DECEMBER 2012

		XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF)	XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)	XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF)
	Note	2012 HK\$	2012 HK\$	2012 HK\$
Assets - current assets				
Investments in listed securities	10(a)(i), 10(b)	40,353,556	17,165,347	119,551,800
Investments in derivative instruments	10(a)(i), 10(b)	1,117,228	419,715	2,170,650
Dividends receivable		33,203	18,353	43,540
Amounts due from brokers	10(b)	274,242	-	-
Cash and cash equivalents	5(c), 10(b)	5,024,352	2,530,498	14,825,586
Receivable due from swap counterparties	10(b)	472,802	116,263	5,061,310
Other receivables		15,000	15,000	15,000
Total assets		<u>47,290,383</u>	<u>20,265,176</u>	<u>141,667,886</u>
Liabilities - current liabilities				
Investments in derivative instruments	10(a)(i)	1,740,745	468,979	5,177,621
Amounts due to brokers		2,119,775	-	7,617,457
Management fee payable	5(a)	18,731	6,561	51,068
Payable due to swap counterparties		-	77,509	232,526
Other payables		44,150	33,973	43,965
Total liabilities		<u>3,923,401</u>	<u>587,022</u>	<u>13,122,637</u>
Equity				
Net assets attributable to Unitholders	6	<u>43,366,982</u>	<u>19,678,154</u>	<u>128,545,249</u>

Approved by the Manager on 30th April 2013
Enhanced Investment Products Limited as Manager of the Trust

The accompanying notes form an integral part of these financial statements.

XIE Shares Trust I>(*This is a synthetic ETF)

STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 31 DECEMBER 2012

	Note	XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF) 2012 HK\$
Assets - current assets		
Investments in listed securities	10(a)(i), 10(b)	40,720,710
Investments in derivative instruments	10(a)(i), 10(b)	1,449,752
Dividends receivable		45,322
Amounts due from brokers	10(b)	489,401
Cash and cash equivalents	5(c), 10(b)	5,882,348
Receivable due from swap counterparties	10(b)	108,512
Other receivables		15,000
Total assets		<hr/> 48,711,045 <hr/>
Liabilities - current liabilities		
Investments in derivative instruments	10(a)(i)	1,780,046
Amounts due to brokers		2,490,267
Management fee payable	5(a)	20,617
Payable due to swap counterparties		155,017
Other payables		44,150
Total liabilities		<hr/> 4,490,097 <hr/>
Equity		
Net assets attributable to Unitholders	6	<hr/> 44,220,948 <hr/>

Approved by the Manager on 30th April 2013
Enhanced Investment Products Limited as Manager of the Trust

The accompanying notes form an integral part of these financial statements.

XIE Shares Trust I>(*This is a synthetic ETF)

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2012

	Note	XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012	XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012	XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012
		HK\$	HK\$	HK\$
Income				
Dividend income		4,196,390	553,759	4,172,888
Interest income		38,464	891	51,416
Net gain/(loss) on investments	4	(9,354,680)	(412,737)	3,015,191
Net foreign exchange loss		(34,968)	(2,672)	(326,652)
Total net income/(loss)		(5,154,794)	139,241	6,912,843
Operating expenses				
Management fees	5(a)	482,976	42,137	477,811
Preliminary expenses		1,020,303	350,966	1,021,014
Interest expense		44,798	1,791	78,177
Bank charges		155	-	360
Total operating expenses		1,548,232	394,894	1,577,362
Operating profit/(loss)		(6,703,026)	(255,653)	5,335,481
Profit/(loss) before taxation		(6,703,026)	(255,653)	5,335,481
Dividend withholding tax	8	215,773	19,073	114,288
Total comprehensive income/(loss) for the period		(6,918,799)	(274,726)	5,221,193

The accompanying notes form an integral part of these financial statements.

XIE Shares Trust I>(*This is a synthetic ETF)

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2012

	Note	XIE Shares Malaysia (FTSE Bursa Malaysia KLCI ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012 HK\$	XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012 HK\$	XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012 HK\$
Income				
Dividend income		1,596,356	547,536	8,841,903
Interest income		23,675	23,107	79,426
Net gain/(loss) on investments	4	4,252,692	2,861,856	(6,343,651)
Net foreign exchange loss		(99,786)	(4,221)	(286,370)
Total net income		<u>5,772,937</u>	<u>3,428,278</u>	<u>2,291,308</u>
Operating expenses				
Management fees	5(a)	195,817	47,183	544,729
Preliminary expenses		550,169	350,966	1,057,232
Interest expense		32,852	2,256	98,181
Bank charges		-	155	155
Total operating expenses		<u>778,838</u>	<u>400,560</u>	<u>1,700,297</u>
Operating profit		<u>4,994,099</u>	<u>3,027,718</u>	<u>591,011</u>
Profit before taxation		<u>4,994,099</u>	<u>3,027,718</u>	<u>591,011</u>
Dividend withholding tax	8	45,017	21,064	123,762
Total comprehensive income for the period		<u><u>4,949,082</u></u>	<u><u>3,006,654</u></u>	<u><u>467,249</u></u>

The accompanying notes form an integral part of these financial statements.

XIE Shares Trust I>(*This is a synthetic ETF)

**STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2012**

	Note	XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012 HK\$
Income		
Dividend income		1,646,609
Interest income		25,659
Net gain on investments	4	12,433,582
Net foreign exchange loss		(34,777)
Total net income		14,071,073
Operating expenses		
Management fees	5(a)	206,901
Preliminary expenses		550,169
Interest expense		33,312
Bank charges		155
Total operating expenses		790,537
Operating profit		13,280,536
Profit before taxation		13,280,536
Dividend withholding tax	8	49,438
Total comprehensive income for the period		13,231,098

The accompanying notes form an integral part of these financial statements.

XIE Shares Trust I>(*This is a synthetic ETF)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE PERIOD ENDED 31 DECEMBER 2012

	XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012 HK\$	XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012 HK\$	XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012 HK\$
Balance at the beginning of the period	-	-	-
Proceeds on issue of units	190,792,400	16,047,400	193,459,600
Payment on redemption of units	(61,584,800)	-	(107,496,700)
Net increase from unit transactions	129,207,600	16,047,400	85,962,900
Total comprehensive income/(loss) for the period	(6,918,799)	(274,726)	5,221,193
Balance at the end of the period	122,288,801	15,772,674	91,184,093

	XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012 HK\$	XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012 HK\$	XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012 HK\$
Balance at the beginning of the period	-	-	-
Proceeds on issue of units	64,386,700	16,671,500	199,937,600
Payment on redemption of units	(25,968,800)	-	(71,859,600)
Net increase from unit transactions	38,417,900	16,671,500	128,078,000
Total comprehensive income for the period	4,949,082	3,006,654	467,249
Balance at the end of the period	43,366,982	19,678,154	128,545,249

The accompanying notes form an integral part of these financial statements.

XIE Shares Trust I>(*This is a synthetic ETF)

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
(CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2012**

	XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012 HK\$
Balance at the beginning of the period	-
Proceeds on issue of units	65,101,500
Payment on redemption of units	(34,111,650)
	<hr/>
Net increase from unit transactions	30,989,850
	<hr/>
Total comprehensive income for the period	13,231,098
	<hr/>
Balance at the end of the period	<u>44,220,948</u>

The accompanying notes form an integral part of these financial statements.

XIE Shares Trust I>(*This is a synthetic ETF)

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2012

	XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012 HK\$	XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012 HK\$	XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012 HK\$
Operating activities			
Payments for purchase of investments	(197,967,147)	(16,288,790)	(382,524,764)
Proceeds from sale of investments	78,878,408	1,300,600	307,491,964
Dividends received	4,073,568	537,728	4,141,334
Interest received	38,464	891	51,416
Management fee paid	(435,664)	(36,832)	(437,256)
Dividend withholding tax	(215,773)	(19,073)	(114,288)
Preliminary expenses paid	(996,445)	(327,108)	(997,156)
Interest expense	(44,798)	(1,791)	(78,177)
Net receivable due from swap counterparties	(4,417,988)	(565,812)	(2,356,260)
Others receivable/(payable)	4,845	(4,885)	14,640
Cash used in operating activities	(121,082,530)	(15,405,072)	(74,808,547)
Financing activities			
Proceeds from issue of units	190,792,400	16,047,400	193,459,600
Redemption paid on redemption of units	(61,584,800)	-	(107,496,700)
Cash flows generated from financing activities	129,207,600	16,047,400	85,962,900
Net increase in cash and cash equivalents	8,125,070	642,328	11,154,353
Cash and cash equivalents at beginning of period	-	-	-
Net foreign exchange loss	(34,968)	(2,672)	(326,652)
Cash and cash equivalents at end of period	8,090,102	639,656	10,827,701
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents	8,090,102	639,656	10,827,701

The accompanying notes form an integral part of these financial statements.

XIE Shares Trust I>(*This is a synthetic ETF)

STATEMENT OF CASH FLOWS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2012

	XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012 HK\$	XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012 HK\$	XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012 HK\$
Operating activities			
Payments for purchase of investments	(80,811,584)	(17,607,346)	(252,651,559)
Proceeds from sale of investments	47,179,770	3,353,119	137,380,536
Dividends received	1,563,153	529,183	8,798,363
Interest received	23,675	23,107	79,426
Management fee paid	(177,086)	(40,622)	(493,661)
Dividend withholding tax	(45,017)	(21,064)	(123,762)
Preliminary expenses paid	(526,311)	(327,108)	(1,033,374)
Interest expense	(32,852)	(2,256)	(98,181)
Net receivable due from swap counterparties	(472,802)	(38,754)	(4,828,784)
Others receivable/(payable)	5,292	(5,040)	4,952
Cash used in operating activities	(33,293,762)	(14,136,781)	(112,966,044)
Financing activities			
Proceeds from issue of units	64,386,700	16,671,500	199,937,600
Redemption paid on redemption of units	(25,968,800)	-	(71,859,600)
Cash flows generated from financing activities	38,417,900	16,671,500	128,078,000
Net increase in cash and cash equivalents	5,124,138	2,534,719	15,111,956
Cash and cash equivalents at beginning of period	-	-	-
Net foreign exchange loss	(99,786)	(4,221)	(286,370)
Cash and cash equivalents at end of period	5,024,352	2,530,498	14,825,586
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents	5,024,352	2,530,498	14,825,586

The accompanying notes form an integral part of these financial statements.

XIE Shares Trust I>(*This is a synthetic ETF)**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2012**

	XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012 HK\$
Operating activities	
Payments for purchase of investments	(84,498,877)
Proceeds from sale of investments	58,542,909
Dividends received	1,601,287
Interest received	25,659
Management fee paid	(186,284)
Dividend withholding tax	(49,438)
Preliminary expenses paid	(526,311)
Interest expense	(33,312)
Net payable to swap counterparties	46,505
Others receivable/(payable)	5,137
Cash used in operating activities	(25,072,725)
Financing activities	
Proceeds from issue of units	65,101,500
Redemption paid on redemption of units	(34,111,650)
Cash flows generated from financing activities	30,989,850
Net increase in cash and cash equivalents	5,917,125
Cash and cash equivalents at beginning of period	-
Net foreign exchange loss	(34,777)
Cash and cash equivalents at end of period	5,882,348
Analysis of balances of cash and cash equivalents	
Cash and cash equivalents	5,882,348

The accompanying notes form an integral part of these financial statements.

XIE Shares Trust I*(*This is a synthetic ETF)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

1 General information

XIE Shares Trust I* (*This is a synthetic ETF) (the “Trust”) is an umbrella unit trust governed by a trust deed (the “Trust Deed”) dated 11 November 2011 and authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) pursuant to section 104 (1) of the Securities and Futures Ordinance. The Trust is established in Hong Kong on 11 November 2011.

As at 31 December 2012, the Trust has established seven sub-funds (referred to collectively as the “Sub-Funds”):

<u>Name of Sub-Fund</u>	<u>Underlying Index</u>	<u>Listing Date on the Stock Exchange of Hong Kong Limited (The “SEHK”)</u>	<u>Financial period</u>
XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF)	S&P CNX Nifty Index	21 February 2012	17 February 2012 (date of inception) to 31 December 2012
XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)	IDX LQ45 Index	21 February 2012	17 February 2012 (date of inception) to 31 December 2012
XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)	KOSPI 200 Index	16 February 2012	13 February 2012 (date of inception) to 31 December 2012
XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF)	FTSE Bursa Malaysia KLCI	16 February 2012	13 February 2012 (date of inception) to 31 December 2012
XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)	PSEi Index	21 February 2012	17 February 2012 (date of inception) to 31 December 2012
XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF)	TAIEX Index	16 February 2012	13 February 2012 (date of inception) to 31 December 2012
XIE Shares (SET50) Thailand ETF* (*This is a synthetic ETF)	SET50 Index	16 February 2012	13 February 2012 (date of inception) to 31 December 2012

The Sub-Funds adopt a “synthetic replication” investment strategy, pursuant to which the Sub-Funds will enter into index swap transactions (“Index Swaps”) and equity swap transactions (“Equity Swaps”) with multiple swap counterparties (“Swap Counterparties”) to achieve their investment objectives.

The exposure of the Sub-Funds to the Underlying Index is primarily achieved through the unfunded swaps. The valuation of each unfunded swap will reflect the relative movements in the economic benefit/loss of the Underlying Index and the return of the portfolio of investments owned by the Sub-Funds.

XIE Shares Trust I*(*This is a synthetic ETF)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

1 General information (Continued)

The Sub-Funds will receive from the Swap Counterparties, through the unfunded Index Swaps, an exposure to the economic gain/loss in the performance of the Underlying Index. In return the Sub-Funds will, under the unfunded Equity Swaps, provide the Swap Counterparties an exposure to the economic gain/loss in the performance of a portfolio of listed securities which the Sub-Funds will purchase ("listed securities") with the net proceeds of any issue of its units. The Sub-Funds will own the listed securities.

XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF)

The investment objective of XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF) is to provide investment results that, before fees and expenses, closely correspond to the performance of the S&P CNX Nifty Index on a total return basis.

XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)

The investment objective of XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF) is to provide investment results that, before fees and expenses, closely correspond to the performance of the LQ45 Index on a total return basis.

XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)

The investment objective of XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF) is to provide investment results that, before fees and expenses, closely correspond to the performance of the KOSPI 200 Index on a total return basis.

XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF)

The investment objective of XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF) is to provide investment results that, before fees and expenses, closely correspond to the performance of the FTSE Bursa Malaysia KLCI on a total return basis.

XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)

The investment objective of XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF) is to provide investment results that, before fees and expenses, closely correspond to the performance of the PSEi Index on a total return basis.

XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF)

The investment objective of XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) is to provide investment results that, before fees and expenses, closely correspond to the performance of the TAIEX Index on a total return basis.

XIE Shares (SET50) Thailand ETF* (*This is a synthetic ETF)

The investment objective of XIE Shares (SET50) Thailand ETF* (*This is a synthetic ETF) is to provide investment results that, before fees and expenses, closely correspond to the performance of the SET50 Index on a total return basis.

The trustee of the Trust is Cititrust Limited (the "Trustee") and the manager is Enhanced Investment Products Limited (the "Manager").

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

1 General information (Continued)

The Trustee shall establish a separate pool of assets within the Trust (each such separate pool of assets a “Sub-Fund”) and the Trustee may issue different classes of units for each Sub-Fund. The assets of a Sub-Fund will be invested and administered separately from the other assets of the Trust. The Manager reserves the right to establish other Sub-Funds and to issue further classes of units in the future.

The Trust’s investment activities are managed by the Manager. The Manager was incorporated in Hong Kong with limited liability in 2002 and is licensed by the SFC to conduct type 4 (advising in securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance.

Under the Trust Deed, the monies forming part of each Sub-Fund are invested, at the direction of the Manager, in accordance with the Trust Deed. The Manager is responsible for placing purchase and sale orders and providing continuous supervision of the investment portfolio of each Sub-Fund. The Manager is also the Listing Agent for each Sub-Fund.

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 periods presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Sub-Funds 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) 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 and the Trustee (the “Management”) to exercise their judgment in the process of applying the Sub-Funds’ 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 3.

All references to net asset value (“NAV”) throughout these financial statements refer to net assets attributable to Unitholders unless otherwise stated.

Standards effective after 1 January 2012 that have been early adopted by the Sub-Funds

IFRS 13, ‘Fair value measurement’, effective for annual periods 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 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 practical and expedient for fair value measurement within a bid-ask spread. The Sub-Funds adopt this standard since their inception, the Sub-Funds input their valuation for listed financial assets and liabilities by using last traded prices in order to be consistent with the inputs prescribed in the Sub-Funds’ offering document for the calculation of its per share trading value for subscriptions and redemptions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

New standards, amendments and interpretations effective after 1 January 2012 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Sub-Funds except the following set out below:

IFRS 9, 'Financial instruments', effective for annual periods beginning or after 1 January 2015, 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 as 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 Sub-Funds are yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The standard is not expected to have a significant impact on the Sub-Funds' financial position and performance, as it is expected that the Sub-Funds will continue to classify its financial assets and financial liabilities as being at fair value through profit or loss.

IFRS 12, "Disclosures of Interests in Other Entities", effective for annual periods beginning on or after 1st January 2013, includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The new standard is not expected to have any impact on the Sub-Funds' financial position or performance.

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-Funds.

(b) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Funds operate (the "functional currency"). The performance of the Sub-Funds are measured and reported to the Unitholders in Hong Kong dollar. The Management considers the Hong Kong dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Hong Kong dollars, which is the Sub-Funds' functional and presentation currency.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

2 Significant accounting policies (Continued)

(b) Foreign currency translation (Continued)

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 period 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”.

(c) Investments

i. Classification

The Sub-Funds classify their investments as financial assets or financial liabilities at fair value through profit or loss. This category has two sub-categories: financial assets or financial liabilities held for trading; and those designated at fair value through profit or loss at inception.

Financial assets and liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorized as held for trading. The Sub-Funds do not classify derivatives as hedges in a hedging relationship.

Financial assets and liabilities designated at fair value through profit or loss at inception

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Sub-Funds’ documented investment strategy.

ii. Recognition, derecognition and measurement

Regular way purchases and sales of investments are recognised on the trade date - the date on which the Sub-Funds commit to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Funds have transferred substantially all risks and rewards of ownership.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

2 Significant accounting policies (Continued)

(c) Investments (Continued)

ii. Recognition, derecognition and measurement (Continued)

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Sub-Funds' right to receive payments is established.

iii. Fair value estimation

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. The Sub-Funds early adopted IFRS 13, 'Fair value measurement' since the inception of the Sub-Funds, for the fair valuation input the Sub-Funds 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, the Management will determine the point within the bid-ask spread that is most representative of fair value.

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Sub-Funds use a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, benchmarking to comparable market index and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(e) Amounts due from/to brokers

Amounts due from and to brokers represent receivables for securities sold, and payables for securities purchased, that have been contracted for but not yet settled or delivered by the end of the reporting period.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Sub-Funds will not be able to collect all amounts due from the relevant broker.

Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amounts due from brokers are impaired. Once a financial asset or a group of similar financial assets has been written-down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

2 Significant accounting policies (Continued)

(e) Amounts due from/to brokers (Continued)

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Sub-Funds estimate cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the signed effective interest rate. The amount of the provision will be recognised in the statement of comprehensive income.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts, if any, are shown in the current liabilities in the statement of financial position.

(g) Interest income and dividend income

Interest income is recognised on a time-proportionate basis using the effective interest method.

Dividend income is rewarded on an ex-dividend basis and is recognised when the right to receive payment is established.

(h) Expenses

Expenses are accounted for on an accruals basis.

(i) Redeemable units

The Sub-Funds issue redeemable units, which are redeemable at the holder's option, are the most subordinated units in issue and are therefore classified as equity.

Units are issued and redeemed at the holder's option at price based on the Sub-Funds' net asset value per share at the time of issue or redemption. The Sub-Funds' net asset value per share is calculated by dividing the net assets attributable to the holders of each class of units with total number of outstanding units. In accordance with the provisions of the Trust's regulations, investment positions are valued based on the official closing price, or if unavailable, the last traded price on the market.

(j) Receivables due from/payable due to swap counterparties

Under each unfunded Equity Swap and unfunded Index Swap, the Sub-Funds will have an obligation to pay the return of the portfolio of listed securities to the relevant Swap Counterparty and the Swap Counterparty will have an obligation to pay the economic benefit/loss of the Underlying Index to each of the Sub-Funds. The movement of the Underlying Index and the movement of the portfolio of listed securities will be marked to market daily, which will determine whether the Sub-Funds receive from or pay cash to the Swap Counterparty on a daily basis. These two cash flows are added together (or netted off if they are opposing amounts). Any net cash receivable by the Sub-Funds as at the official close of trading on the market on which securities are listed on each dealing day. (the "Valuation Point") represents that the Sub-Funds' net counterparty exposure to the relevant Swap Counterparty. The calculation is determined on an accrual basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

2 Significant accounting policies (Continued)

(k) Taxation

The Sub-Funds currently incur withholding taxes imposed by certain countries on investment income. Such income is recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included as taxation in the statement of comprehensive income.

3 Critical accounting estimates and judgements

3.1 Critical accounting estimates and assumptions

The Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

(a) Fair value of derivative financial instruments

The Sub-Funds may, from time to time, hold financial instruments that are not quoted in active markets, such as over-the-counter derivatives. Fair values of such instruments are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by the Manager. Models are calibrated by back-testing to actual transactions to ensure the outputs are reliable.

(b) Fair value of securities not quoted in an active market

The fair value of such securities not quoted in an active market may be determined by the Sub-Funds using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Manager would exercise judgement and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Manager may value positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The models used to determine fair values are validated and periodically reviewed by the Manager.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that actively involved in the relevant market.

(c) Taxation

In preparing these financial statements, the Management has made certain assumptions and used various estimates concerning the tax exposure which is dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

3 Critical accounting estimates and judgements (Continued)

3.2 Critical judgements

Taxation

In August 2011, the Australian Government has issued an exposure draft legislation introducing the Investment Manager Regime (“IMR”). The central theme of the IMR classifies foreign managed funds to be eligible for tax relief if certain criteria and conditions can be met. The Australian Government may impose measures to exempt income and gains realized by an IMR foreign managed fund before 1 July 2011.

XIE Shares India (S&P CNX Nifty) ETF* (This is a synthetic ETF), XIE Shares Korea (KOSPI 200) ETF* (This is a synthetic ETF), XIE Shares Malaysia (FTSE Bursa Malaysia KLCI)ETF* (This is a synthetic ETF), XIE Shares Thailand (SET50)ETF* (This is a synthetic ETF) and XIE Shares Taiwan (TAIEX) ETF* (This is a synthetic ETF) invest in securities listed on the stock exchange in Australia. Capital gains generated from disposals of Australian investments may be exposed to Australian tax at the rate of 30%. The Manager considers that the charge for capital gains tax on Australian investments is uncertain as at the date of approval of these financial statements and have exercised judgment when assessing the provision, if any. The Manager expects there will be further developments on the Australian tax law which may be relevant to the Sub-Funds. As at 31 December 2012, no provision for such tax was made, as the Manager believes that there are insufficient grounds to make a provision as there are still uncertainties in the existing tax law including the extent of scope or exemptions and the calculation methodology, which will affect the tax exposures on the Sub-Funds. This assessment represents the best estimate of the Manager, and the amount ultimately payable could differ significantly.

Function currency

The Trustee considers Hong Kong dollar the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Hong Kong dollar is the currency in which the Sub-Funds measure their performance and report their results, as well as the currency in which the Sub-Funds determine the net asset value per unit at the time of creation or redemption. This determination also considers that the Sub-Funds are all listed on The Stock Exchange of Hong Kong Limited (“SEHK”) and their shares are quoted in Hong Kong dollars.

4 Net gain/(loss) on investments

	XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012 HK\$	XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012 HK\$
Net realised gain/(loss) on financial assets at fair value through profit or loss		
-Investments in listed securities	1,247,532	68,213
-Investments in derivative instruments	(8,622,576)	(482,310)
Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss		
-Investments in listed securities	1,087,705	302,374
-Investments in derivative instruments	(3,067,341)	(301,014)
	<u>(9,354,680)</u>	<u>(412,737)</u>

XIE Shares Trust I>(*This is a synthetic ETF)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

4 Net gain/(loss) on investments (continued)

	XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012 HK\$	XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012 HK\$
Net realised gain on financial assets at fair value through profit or loss		
-Investments in listed securities	2,947,823	729,768
-Investments in derivative instruments	985,160	2,105,453
Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss		
-Investments in listed securities	579,332	2,040,988
-Investments in derivative instruments	(1,497,124)	(623,517)
	<u>3,015,191</u>	<u>4,252,692</u>
	XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012 HK\$	XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012 HK\$
Net realised gain/(loss) on financial assets at fair value through profit or loss		
-Investments in listed securities	16,688	1,393,714
-Investments in derivative instruments	2,448,063	(9,311,347)
Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss		
-Investments in listed securities	446,369	4,580,953
-Investments in derivative instruments	(49,264)	(3,006,971)
	<u>2,861,856</u>	<u>(6,343,651)</u>

XIE Shares Trust I>(*This is a synthetic ETF)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

4 Net gain/(loss) on investments (Continued)

	XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012 HK\$
Net realised gain on financial assets at fair value through profit or loss	
-Investments in listed securities	1,200,683
-Investments in derivative instruments	9,813,931
Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss	
-Investments in listed securities	1,749,262
-Investments in derivative instruments	(330,294)
	<hr/> 12,433,582 <hr/>

5 Transactions with the Trustee, Manager and Connected Persons

The following is a summary of significant related party transactions entered into during the period between the Sub-Funds, the Trustee, the Manager and their Connected Persons. Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the period between the Sub-Funds and the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Funds do not have any other transactions with Connected Persons except for those disclosed below:

XIE Shares Trust I>(*This is a synthetic ETF)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

5 Transactions with the Trustee, Manager and connected persons(Continued)

(a) Management fee

The Manager is entitled to receive a management fee, currently at the annual rate of 0.39% of the NAV of each of the Sub-Funds. The fee is accrued daily and calculated as at each dealing day and payable monthly in arrears. Pursuant to the prospectus, the management fee includes the trustee fee, administration fee and auditor fee.

(b) Unitholders

As at 31 December 2012, E.I.P. Overlay Fund, which has the Manager of the Sub-Funds as its investment adviser, has held the units of the following Sub-Funds:

	Number of units	% of NAV
XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)	208,800	10.56%
XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF)	48,900	0.31%
XIE Shares Thailand (SET 50) ETF* (*This is a synthetic ETF)	24,000	0.54%

(c) Bank balances

Bank balances are maintained with Citibank N.A., which carry interest at normal commercial rates. Bank balances held with the Trustee at 31 December 2012 were as follows:

Sub-Funds

	2012 HK\$
<u>XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF)</u>	
Bank balances in:	8,090,012
<u>XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)</u>	
Bank balances in:	639,656
<u>XIE Shares Korea(KOSPI 200) ETF* (*This is a synthetic ETF)</u>	
Bank balances in:	10,827,701
<u>XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF)</u>	
Bank balances in:	5,024,352
<u>XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)</u>	
Bank balances in:	2,530,498
<u>XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF)</u>	
Bank balances in:	14,825,586
<u>XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)</u>	
Bank balances in:	5,882,348

XIE Shares Trust I*(*This is a synthetic ETF)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

5 Transactions with the Trustee, Manager and connected persons (Continued)

(d) Transaction fee

Pursuant to the prospectus, the Sub-Funds receive a transaction fee of HK\$10,000 per total aggregate issue and redemption orders from the Participating Dealer on behalf of the Trustee. The following are the outstanding transaction fees payable to the Trustee of each Sub-Fund as at the period end.

Sub-Funds	Transaction fee HK\$
XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF)	20,000
XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)	10,000
XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)	30,000
XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF)	20,000
XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)	10,000
XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF)	20,000
XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)	20,000

6 Net assets attributable to Unitholders and movement of redeemable units

(a) Net assets attributable to Unitholders

As stated in note 2(i), redeemable units of the Sub-Funds, which are represented by assets less liabilities, are classified as equity and accounted for in accordance with IFRS (the "Accounting NAV"). For the purpose of determining the NAV per unit for subscriptions and redemptions and for various fee calculations (the "Dealing NAV"), the Trustee calculates the Dealing NAV in accordance with the provisions of the Sub-Funds' Trust Deed, which may be different from the accounting policies under IFRS.

In accordance with the prospectus of the Trust, the preliminary expenses of establishing the Trust will be allocated proportionately to each Sub-Fund. The preliminary expenses will be amortised over the first 5 accounting periods of the Trust. However, with respect to the Trust and the Sub-Funds for the purpose of financial statements preparation in compliance with IFRS, their accounting policy is to expense the preliminary expenses in the statement of comprehensive income as incurred.

The difference between the Accounting NAV reported in the statement of financial position and the Dealing NAV for the purpose of calculating the net asset value per unit for processing subscriptions and redemptions and for various fee calculations as at 31st December 2012 is reconciled below:

XIE Shares Trust I*(*This is a synthetic ETF)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

**6 Net assets attributable to Unitholders and movement of redeemable units
(Continued)**

(a) Net assets attributable to Unitholders (Continued)

	XIE Shares India (S&P CNX Nifty) ETF* (This is a synthetic ETF)	XIE Shares Indonesia (LQ45) ETF* (This is a synthetic ETF)
	2012 HK\$	2012 HK\$
Accounting NAV as reported in the statement of financial position	122,288,801	15,772,674
Adjustment for preliminary expenses	866,653	300,661
Dealing NAV	123,155,454	16,073,335
	XIE Shares Korea (KOSPI 200) ETF* (This is a synthetic ETF)	XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (This is a synthetic ETF)
	2012 HK\$	2012 HK\$
Accounting NAV as reported in the statement of financial position	91,184,093	43,366,982
Adjustment for preliminary expenses	867,132	468,979
Dealing NAV	92,051,225	43,835,961
	XIE Shares Philippines (PSEi) ETF* (This is a synthetic ETF)	XIE Shares Taiwan (TAIEX) ETF* (This is a synthetic ETF)
	2012 HK\$	2012 HK\$
Accounting NAV as reported in the statement of financial position	19,678,154	128,545,249
Adjustment for preliminary expenses	300,661	897,759
Dealing NAV	19,978,815	129,443,008

XIE Shares Trust I*(*This is a synthetic ETF)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

**6 Net assets attributable to Unitholders and movement of redeemable units
(Continued)**

(a) Net assets attributable to Unitholders (Continued)

	XIE Shares Thailand (SET50)ETF* (This is a synthetic ETF)
	2012 HK\$
Accounting NAV as reported in the statement of financial position	44,220,948
Adjustment for preliminary expenses	468,979
Dealing NAV	<u><u>44,689,927</u></u>

(b) Movement of the redeemable units

The movements of the redeemable units of the Sub-Funds for the period ended 31 December 2012 are as follows:

	XIE Shares India (S&P CNX Nifty) ETF* (This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012	XIE Shares Indonesia (LQ45) ETF* (This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012
	Units	Units
Units in issue at the beginning of the period	-	-
Issue of units	24,000,000	2,000,000
Redemption of units	(8,000,000)	-
Units in issue at the end of the period	<u>16,000,000</u>	<u>2,000,000</u>
Net assets attributable to Unitholders (Accounting NAV)	<u>HK\$122,288,801</u>	<u>HK\$15,772,674</u>
Net assets attributable to Unitholders (Accounting NAV) per unit	<u>HK\$7.64</u>	<u>HK\$7.89</u>
Net assets attributable to Unitholders (Dealing NAV)	<u>HK\$123,155,454</u>	<u>HK\$16,073,335</u>
Net assets attributable to Unitholders (Dealing NAV) per unit	<u>HK\$7.70</u>	<u>HK\$8.04</u>

XIE Shares Trust I*(*This is a synthetic ETF)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

**6 Net assets attributable to Unitholders and movement of redeemable units
(Continued)**

(b) Movement of the redeemable units (Continued)

	XIE Shares Korea (KOSPI 200) ETF* (This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012	XIE Shares Malaysia (FTSE Bursa Malaysia KLCD)ETF* (This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012
	Units	Units
Units in issue at the beginning of the period	-	-
Issue of units	24,000,000	8,000,000
Redemption of units	(13,000,000)	(3,000,000)
Units in issue at the end of the period	11,000,000	5,000,000
Net assets attributable to Unitholders (Accounting NAV)	HK\$91,184,093	HK\$43,366,982
Net assets attributable to Unitholders (Accounting NAV) per unit	HK\$8.29	HK\$8.67
Net assets attributable to Unitholders (Dealing NAV)	HK\$92,051,225	HK\$43,835,961
Net assets attributable to Unitholders (Dealing NAV) per unit	HK\$8.37	HK\$8.77

XIE Shares Trust I*(*This is a synthetic ETF)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

**6 Net assets attributable to Unitholders and movement of redeemable units
(Continued)**

(b) Movement of the redeemable units (Continued)

	XIE Shares Philippines (PSEi) ETF* (This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012	XIE Shares Taiwan (TAIEX) ETF* (This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012
	Units	Units
Units in issue at the beginning of the period	-	-
Issue of units	2,000,000	25,000,000
Redemption of units	-	(9,000,000)
Units in issue at the end of the period	2,000,000	16,000,000
Net assets attributable to Unitholders (Accounting NAV)	HK\$19,678,154	HK\$128,545,249
Net assets attributable to Unitholders (Accounting NAV) per unit	HK\$9.84	HK\$8.03
Net assets attributable to Unitholders (Dealing NAV)	HK\$19,978,815	HK\$129,443,008
Net assets attributable to Unitholders (Dealing NAV) per unit	HK\$9.99	HK\$8.09

XIE Shares Trust I>(*This is a synthetic ETF)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

**6 Net assets attributable to Unitholders and movement of redeemable units
(Continued)**

(b) Movement of the redeemable units (Continued)

	XIE Shares Thailand (SET50)ETF* (This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012
	Units
Units in issue at the beginning of the period	-
Issue of units	8,000,000
Redemption of units	(3,500,000)
Units in issue at the end of the period	4,500,000
Net assets attributable to Unitholders (Accounting NAV)	HK\$44,220,948
Net assets attributable to Unitholders (Accounting NAV) per unit	HK\$9.83
Net assets attributable to Unitholders (Dealing NAV)	HK\$44,689,927
Net assets attributable to Unitholders (Dealing NAV) per unit	HK\$9.93

7 Distributions

The Manager may in its absolute discretion distribute income to Unitholders at such time or times as it may determine in each financial year or determine that no distribution shall be made in any financial year.

The Sub-Funds did not make any distributions for the period ended 31 December 2012.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

8 Taxation

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

The Sub-Funds invested in Australian investments and the Trustee and the Manager have made certain assumptions and estimations concerning these tax exposures. Refer to note 3.

For the period ended 31 December 2012, overseas withholding tax was charged on certain dividend income received by the Sub-Funds.

9 Soft commission arrangements

The Manager confirms that there has been no soft commission arrangement existing during the period in relation to directing transactions of the Sub-Funds through a broker or dealer.

10 Financial risk management

The objective of the Sub-Funds is to provide investment results that, before fees and expenses, closely correspond to the performance of their respective Underlying Indices. The Sub-Funds' activities may expose them to a variety of risks including but not limited to: market risk (including market price risk, interest rate risk and currency risk), credit and counterparty risk and liquidity risk which are associated with the markets in which the Sub-Funds invest.

The following is a summary of the main risks and risk management policies.

(a) Market risk

(i) 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 (other than those arising from interest rate or currency risk), whether those changes were caused by factors specific to the individual investment or factors affecting all instruments in the market.

The Sub-Funds are designated to track the performance of their respective Underlying Indices, therefore the exposures to market risk in the Sub-Funds will be substantially the same as those tracked indices. The Manager manages the Sub-Funds' exposures to market risk by ensuring that the key characteristics of the portfolio, such as security weight and industry weight, are closely aligned with the characteristics of the tracked Underlying Indices.

XIE Shares Trust I>(*This is a synthetic ETF)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

10 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF)

As at 31 December 2012, the Sub-Fund's fair value of investments exposed to price risk was as follows:

XIE Shares India (S&P CNX Nifty) ETF* **(*This is a synthetic ETF)**

		Fair value 2012 HK\$	% of NAV
As at 31 December 2012			
Equity			
-Listed equities			
Australia		13,719,765	11.22%
Japan		71,582,494	58.54%
Singapore		29,191,500	23.87%
		<u>114,493,759</u>	<u>93.63%</u>
	Notional value 2012 HK\$	Fair value 2012 HK\$	% of NAV
Derivative financial assets			
-Index swaps - S&P CNX Nifty Index	92,096,553	989,086	0.81%
-Equity swaps	(35,702,091)	481,349	0.39%
		<u>1,470,435</u>	<u>1.20%</u>
Derivative financial liabilities			
-Index swaps - S&P CNX Nifty Index	30,719,005	(4,437)	(0.00)%
-Equity swaps	(78,791,668)	(4,533,339)	(3.71)%
		<u>(4,537,776)</u>	<u>(3.71)%</u>

The Sub-Fund invested in Index Swaps which are linked to investments of those Indian companies comprising the S&P CNX Nifty Index in substantially the same weightings as constituted in the Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the S&P CNX Nifty Index.

Sensitivity analysis in the event of a possible change in the index by 3% as estimated by the Manager

As at 31 December 2012, if the XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF) had increased by 3% with all other variables held constant, this would have increased the post-tax profit for the period by approximately HK\$3,668,595. Conversely, if the XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF) had decreased by 3%, this would have decreased the post-tax profit for the year by equal amounts.

XIE Shares Trust I>(*This is a synthetic ETF)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

10 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)

As at 31 December 2012, the Sub-Fund's fair value of investments exposed to price risk was as follows:

XIE Shares Indonesia (LQ45) ETF* **(*This is a synthetic ETF)**

		Fair value 2012 HK\$	% of NAV
As at 31 December 2012			
Equity			
-Listed equities			
Japan		10,757,171	68.20%
Singapore		4,143,389	26.27%
		<u>14,900,560</u>	<u>94.47%</u>
	Notional value 2012 HK\$	Fair value 2012 HK\$	% of NAV
Derivative financial assets			
-Index swaps – IDX LQ45 Index	16,041,478	28,247	0.18%
-Equity swaps	(4,839,041)	77,509	0.49%
		<u>105,756</u>	<u>0.67%</u>
Derivative financial liabilities			
-Equity swaps	(10,061,519)	(406,770)	(2.58)%
		<u>(406,770)</u>	<u>(2.58)%</u>

The Sub-Fund invested in Index Swaps which are linked to investments of those Indonesian companies comprising the LQ45 Index in substantially the same weightings as constituted in the Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the LQ45 Index.

Sensitivity analysis in the event of a possible change in the index by 3% as estimated by the Manager

As at 31 December 2012, if the XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF) had increased by 3% with all other variables held constant, this would have increased the post-tax profit for the period by approximately HK\$473,154. Conversely, if the XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF) had decreased by 3%, this would have decreased the post-profit for the year by equal amounts.

XIE Shares Trust I*(*This is a synthetic ETF)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

10 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)

As at 31 December 2012, the Sub-Fund's fair value of investments exposed to price risk was as follows:

XIE Shares Korea (KOSPI 200) ETF (*This is a synthetic ETF)

		Fair value 2012 HK\$	% of NAV
As at 31 December 2012			
Equity			
-Listed equities			
Australia		7,686,320	8.43%
Japan		45,804,425	50.23%
Singapore		31,831,761	34.91%
		<u>85,322,506</u>	<u>93.57%</u>
	Notional value 2012 HK\$	Fair value 2012 HK\$	% of NAV
Derivative financial assets			
-Index swaps – KOSPI 200 Index	91,873,702	892,496	0.98%
-Equity swaps	(34,177,790)	445,417	0.49%
		<u>1,337,913</u>	<u>1.47%</u>
Derivative financial liabilities			
-Equity swaps	(51,144,716)	(2,835,037)	(3.11)%
		<u>(2,835,037)</u>	<u>(3.11)%</u>

The Sub-Fund invested in Index Swaps which are linked to investments of those Korean companies comprising the KOSPI 200 Index in substantially the same weightings as constituted in the Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the KOSPI 200 Index.

Sensitivity analysis in the event of a possible change in the index by 3% as estimated by the Manager

As at 31 December 2012, if the XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF) had increased by 3% with all other variables held constant, this would have increased the post-tax profit for the period by approximately HK\$2,735,368. Conversely, if the XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF) had decreased by 3%, this would have decreased the post-tax profit for the year by equal amounts.

XIE Shares Trust I>(*This is a synthetic ETF)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

10 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF)

As at 31 December 2012, the Sub-Fund's fair value of investments exposed to price risk was as follows:

XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF (*This is a synthetic ETF)

		Fair value 2012 HK\$	% of NAV
As at 31 December 2012			
Equity			
-Listed equities			
Australia		3,962,814	9.14%
Japan		27,865,506	64.26%
Singapore		8,525,236	19.65%
		<u>40,353,556</u>	<u>93.05%</u>
	Notional value 2012 HK\$	Fair value 2012 HK\$	% of NAV
Derivative financial assets			
-Index swaps – FTSE Bursa Malaysia KLCI	43,746,779	988,080	2.28%
-Equity swaps	(8,976,379)	129,148	0.30%
		<u>1,117,228</u>	<u>2.58%</u>
Derivative financial liabilities			
-Equity swaps	(31,377,178)	(1,740,745)	(4.02)%
		<u>(1,740,745)</u>	<u>(4.02)%</u>

The Sub-Fund invested in Index Swaps which are linked to investments of those Malaysian companies comprising the FTSE Bursa Malaysia KLCI in substantially the same weightings as constituted in the Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the FTSE Bursa Malaysia KLCI.

Sensitivity analysis in the event of a possible change in the index by 3% as estimated by the Manager

As at 31 December 2012, if the XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF) had increased by 3% with all other variables held constant, this would have increased the post-tax profit for the period by approximately HK\$1,300,841. Conversely, if the XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF) had decreased by 3%, this would have decreased the post-tax profit for the year by equal amounts.

XIE Shares Trust I*(*This is a synthetic ETF)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

10 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)

As at 31 December 2012, the Sub-Fund's fair value of investments exposed to price risk was as follows:

XIE Shares Philippines (PSEi) ETF (*This is a synthetic ETF)

		Fair value 2012 HK\$	% of NAV
As at 31 December 2012			
Equity			
-Listed equities			
Japan		12,497,705	63.51%
Singapore		4,667,642	23.72%
		<u>17,165,347</u>	<u>87.23%</u>
	Notional value 2012 HK\$	Fair value 2012 HK\$	% of NAV
Derivative financial assets			
-Index swaps – PSEi Index	19,957,021	331,762	1.69%
-Equity swaps	(5,480,879)	87,953	0.45%
		<u>419,715</u>	<u>2.14%</u>
Derivative financial liabilities			
-Equity swaps	(11,684,468)	(468,979)	(2.39)%
		<u>(468,979)</u>	<u>(2.39)%</u>

The Sub-Fund invested in Index Swaps which are linked to investments of those Philippines companies comprising the PSEi Index in substantially the same weightings as constituted in the Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the PSEi Index.

Sensitivity analysis in the event of a possible change in the index by 3% as estimated by the Manager

As at 31 December 2012, if the XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF) had increased by 3% with all other variables held constant, this would have increased the post-tax profit for the period by approximately HK\$590,326. Conversely, if the XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF) had decreased by 3%, this would have decreased the post-tax profit for the year by equal amounts.

XIE Shares Trust I*(*This is a synthetic ETF)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

10 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF)

As at 31 December 2012, the Sub-Fund's fair value of investments exposed to price risk was as follows:

XIE Shares Taiwan (TAIEX) ETF (*This is a synthetic ETF)

		Fair value 2012 HK\$	% of NAV
As at 31 December 2012			
Equity			
-Listed equities			
Australia		14,775,906	11.50%
Japan		74,176,916	57.70%
Singapore		30,598,978	23.80%
		<u>119,551,800</u>	<u>93.00%</u>
	Notional value 2012 HK\$	Fair value 2012 HK\$	% of NAV
Derivative financial assets			
-Index swaps –TAIEX Index	129,194,367	1,705,582	1.33%
-Equity swaps	(34,718,501)	465,068	0.36%
		<u>2,170,650</u>	<u>1.69%</u>
Derivative financial liabilities			
-Equity swaps	(84,833,300)	(5,177,621)	(4.03)%
		<u>(5,177,621)</u>	<u>(4.03)%</u>

The Sub-Fund invested in Index Swaps which are linked to investments of those Taiwanese companies comprising the TAIEX Index in substantially the same weightings as constituted in the Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the TAIEX Index.

Sensitivity analysis in the event of a possible change in the index by 3% as estimated by the Manager

As at 31 December 2012, if the XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) had increased by 3% with all other variables held constant, this would have increased the post-tax profit for the period by approximately HK\$3,856,188. Conversely, if the XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) had decreased by 3%, this would have decreased the post-tax profit for the year by equal amounts.

XIE Shares Trust I*(*This is a synthetic ETF)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

10 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)

As at 31 December 2012, the Sub-Fund's fair value of investments exposed to price risk was as follows:

XIE Shares Thailand (SET50) ETF (*This is a synthetic ETF)

		Fair value 2012 HK\$	% of NAV
As at 31 December 2012			
Equity			
-Listed equities			
Australia		4,477,849	10.13%
Japan		27,075,728	61.23%
Singapore		9,167,133	20.72%
		<u>40,720,710</u>	<u>92.08%</u>
	Notional value 2012 HK\$	Fair value 2012 HK\$	% of NAV
Derivative financial assets			
-Index swaps –SET50 Index	44,584,708	1,273,413	2.88%
-Equity swaps	(10,543,603)	176,339	0.40%
		<u>1,449,752</u>	<u>3.28%</u>
Derivative financial liabilities			
-Equity swaps	(30,177,108)	(1,780,046)	(4.02)%
		<u>(1,780,046)</u>	<u>(4.02)%</u>

The Sub-Fund invested in Index Swaps which are linked to investments of those Thai companies comprising the SET50 Index in substantially the same weightings as constituted in the Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the SET50 Index.

Sensitivity analysis in the event of a possible change in the index by 3% as estimated by the Manager

As at 31 December 2012, if the XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF) had increased by 3% with all other variables held constant, this would have increased the post-tax profit for the period by approximately HK\$1,326,575. Conversely, if the XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF) had decreased by 3%, this would have decreased the post-tax profit for the year by equal amounts.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

10 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

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

(ii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

As at 31 December 2012, interest rate risk arises only from bank balances. As these interest bearing assets are short-term in nature, the Manager considers that changes in their fair value and future cash flows in the event of a change in market interest rates will not be material. Therefore, no sensitivity analysis has been disclosed for these bank balances.

(iii) Currency risk

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

The Sub-Funds hold assets and liabilities denominated in currencies other than their functional currency, Hong Kong dollar, and are therefore exposed to currency risk with respect to these currencies. The Manager considers that there is no currency risk to the United States dollar ("US dollar") which is a linked currency with the Hong Kong dollar.

XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF)

The Sub-Fund is exposed to currency risk related to the Hong Kong dollar against the Indian Rupee ("INR").

The table below summarises the Sub-Fund's net exposure, monetary and non-monetary, which are denominated in a currency other than the Hong Kong dollar and the US dollar.

As at 31 December 2012	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
INR	-	122,815,558

The table below summarises the sensitivity of the Sub-Fund's net exposure, both monetary and non-monetary, to changes in foreign exchange movements at 31 December 2012. The analysis is based on the assumptions that the relevant foreign exchange rates increased/decreased by 2% with respect to the Hong Kong dollar, with all other variables held constant. This represents the Management's best estimate of a reasonable possible shift in the foreign exchange rates.

As at 31 December 2012	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
INR	-	2,456,311

XIE Shares Trust I*(*This is a synthetic ETF)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

10 Financial risk management (Continued)

(a) Market risk (Continued)

(iii) Currency risk (Continued)

XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)

The Sub-Fund is exposed to currency risk related to the Hong Kong dollar against the Indonesian Rupiah ("IDR").

The table below summarises the Sub-Fund's net exposure, monetary and non-monetary, which are denominated in a currency other than the Hong Kong dollar and the US dollar.

As at 31 December 2012	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
IDR	-	16,041,478

The table below summarises the sensitivity of the Sub-Fund's net exposure, both monetary and non-monetary, to changes in foreign exchange movements at 31 December 2012. The analysis is based on the assumptions that the relevant foreign exchange rates increased/decreased by 2% with respect to the Hong Kong dollar, with all other variables held constant. This represents the Management's best estimate of a reasonable possible shift in the foreign exchange rates.

As at 31 December 2012	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
IDR	-	320,829

XIE Shares Korea (KOSPI200) ETF* (*This is a synthetic ETF)

The Sub-Fund is exposed to currency risk related to the Hong Kong dollar against the Korean Won ("KRW").

The table below summarises the Sub-Fund's net exposure, monetary and non-monetary, which are denominated in a currency other than the Hong Kong dollar and the US dollar.

As at 31 December 2012	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
KRW	-	91,873,702

The table below summarises the sensitivity of the Sub-Fund's net exposure, both monetary and non-monetary, to changes in foreign exchange movements at 31 December 2012. The analysis is based on the assumptions that the relevant foreign exchange rates increased/decreased by 2% with respect to the Hong Kong dollar, with all other variables held constant. This represents the Management's best estimate of a reasonable possible shift in the foreign exchange rates.

As at 31 December 2012	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
KRW	-	1,837,474

XIE Shares Trust I*(*This is a synthetic ETF)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

10 Financial risk management (Continued)

(a) Market risk (Continued)

(iii) Currency risk (Continued)

XIE Shares Malaysia (FTSE BURSA Malaysia KLCI) ETF* (*This is a synthetic ETF)

The Sub-Fund is exposed to currency risk related to the Hong Kong dollar against the Malaysian Ringgit ("MYR").

The table below summarises the Sub-Fund's net exposure, monetary and non-monetary, which are denominated in a currency other than the Hong Kong dollar and the US dollar.

As at 31 December 2012	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
MYR	-	43,746,779

The table below summarises the sensitivity of the Sub-Fund's net exposure, both monetary and non-monetary, to changes in foreign exchange movements at 31 December 2012. The analysis is based on the assumptions that the relevant foreign exchange rates increased/decreased by 2% with respect to the Hong Kong dollar, with all other variables held constant. This represents the Management's best estimate of a reasonable possible shift in the foreign exchange rates.

As at 31 December 2012	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
MYR	-	874,935

XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)

The Sub-Fund is exposed to currency risk related to the Hong Kong dollar against the Philippine Peso ("PHP").

The table below summarises the Sub-Fund's net exposure, monetary and non-monetary, which are denominated in a currency other than the Hong Kong dollar and the US dollar.

As at 31 December 2012	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
PHP	-	19,957,021

The table below summarises the sensitivity of the Sub-Fund's net exposure, both monetary and non-monetary, to changes in foreign exchange movements at 31 December 2012. The analysis is based on the assumptions that the relevant foreign exchange rates increased/decreased by 2% with respect to the Hong Kong dollar, with all other variables held constant. This represents the Management's best estimate of a reasonable possible shift in the foreign exchange rates.

As at 31 December 2012	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
PHP	-	399,140

XIE Shares Trust I*(*This is a synthetic ETF)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

10 Financial risk management (Continued)

(a) Market risk (Continued)

(iii) Currency risk (Continued)

XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF)

The Sub-Fund is exposed to currency risk related to the Hong Kong dollar against the Taiwanese dollar ("TWD").

The table below summarises the Sub-Fund's net exposure, monetary and non-monetary, which are denominated in a currency other than the Hong Kong dollar and the US dollar.

As at 31 December 2012	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
TWD	-	129,194,367

The table below summarises the sensitivity of the Sub-Fund's net exposure, both monetary and non-monetary, to changes in foreign exchange movements at 31 December 2012. The analysis is based on the assumptions that the relevant foreign exchange rates increased/decreased by 2% with respect to the Hong Kong dollar, with all other variables held constant. This represents the Management's best estimate of a reasonable possible shift in the foreign exchange rates.

As at 31 December 2012	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
TWD	-	2,583,887

XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)

The Sub-Fund is exposed to currency risk related to the Hong Kong dollar against the Thai Baht ("THB").

The table below summarises the Sub-Fund's net exposure, monetary and non-monetary, which are denominated in a currency other than the Hong Kong dollar and the US dollar.

As at 31 December 2012	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
THB	-	44,584,708

The table below summarises the sensitivity of the Sub-Fund's net exposure, both monetary and non-monetary, to changes in foreign exchange movements at 31 December 2012. The analysis is based on the assumptions that the relevant foreign exchange rates increased/decreased by 2% with respect to the Hong Kong dollar, with all other variables held constant. This represents the Management's best estimate of a reasonable possible shift in the foreign exchange rates.

As at 31 December 2012	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
THB	-	891,694

The Manager has used their view of what would be a "reasonable shift" in exchange rates to estimate the change for use in currency risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in exchange rate percentage are revised annually depending on the Manager's current view of exchange rates volatility and other relevant factors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

10 Financial risk management (Continued)

(b) Credit and counterparty risk

Credit and counterparty risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Sub-Funds.

Financial assets which potentially subject the Sub-Funds to concentrations of credit and counterparty risk consist principally of investments issued by Swap issuers. To achieve the investment objective, the investment strategy of the Sub-Funds is to use synthetic replication to track the performance of the Underlying Index. The Sub-Funds will invest in a portfolio of securities and enter into one or more unfunded swaps with one or more swap counterparties.

The Sub-Funds limit their exposures to credit and counterparty risk by transacting the majority of their investments and contractual commitment activity with well-established broker-dealers, banks and regulated exchanges with minimum credit rating of S&P's A-.

The exposure of the Sub-Funds to the Underlying Index is primarily achieved through the Unfunded Swaps. The valuation of each Unfunded Swap will reflect the relative movements in the economic benefit/loss of the Underlying Index and the return of the portfolio of invested assets.

All transactions in listed investments are settled or paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of investments sold is only made once the Sub-Funds' custodians have received payment. On a purchase, payment is made once the investments have been received by the broker. If either party fails to meet their obligation, the trade will fail.

The Manager intends to adopt a multiple counterparty strategy and enter into more than one Unfunded Swap in respect of a Sub-Fund, in order to diversify counterparty risks. The Manager will also mitigate the Sub-Fund's counterparty risk exposure to each swap counterparty under the relevant Unfunded Swap, as described below.

The Manager will manage the Sub-Funds such that their aggregate net counterparty exposures to all swap counterparties is no more than 5% of the net asset value as at each valuation point. Under each Unfunded Swap, the Sub-Funds will have an obligation to pay the return of the portfolio of invested assets to the relevant swap counterparty and the swap counterparty will have an obligation to pay the economic benefit/loss of the underlying index to the Sub-Funds.

The movement of the Underlying Index and the movement of the portfolio of invested assets will be marked to market daily, which will determine whether the Sub-Funds receive or pay cash on a daily basis. In practice, these two cash flows are added together (or netted off if they are opposing amounts). Any net cash receivable by the Sub-Funds as at a valuation point represents that the Sub-Fund's net counterparty exposure to the relevant swap counterparty has exceeded zero on that particular trading day. In such circumstances, the swap counterparty will be required to make a cash payment on the next trading day to the Trustee, for the benefit of the Sub-Funds, in order to maintain the Sub-Funds' aggregate net counterparty exposure to all swap counterparties at no more than 5% of net asset value as at each valuation point. In other words, the aggregate value of the invested assets held by the Sub-Funds will be maintained at a level that is no less than 95% of the Net Asset Value of the Sub-Funds as at each valuation point.

In the event of market fluctuations where the Sub-Funds' aggregate net counterparty exposure to all swap counterparties exceeds 5% of net asset value during a trading day, the relevant swap counterparty(ies) will be required to make a cash payment on that trading day to the Trustee, for the benefit of the Sub-Funds, in order to maintain the Sub-Funds' aggregate net counterparty exposure to all swap counterparties at no more than 5% of net asset value as at the valuation point on that trading day.

XIE Shares Trust I*(*This is a synthetic ETF)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

10 Financial risk management (Continued)

(b) Credit and counterparty risk (Continued)

The following tables set out the net exposure of the Sub-Funds to counterparties as at 31 December 2012 together with their credit ratings of senior long-term debt by Standard & Poor's Rating Services:

XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF)

		2012
	S&P Credit Rating	Net exposure to counterparties HK\$
Bank / Custodian		
Citibank N.A. Hong Kong Branch	A	
- Listed equities		114,493,759
- Cash and cash equivalents		8,090,102
		<hr/>
		122,583,861
		<hr/>
Counterparties		
JPMorgan Chase Bank N.A.	A+	
- Derivative instruments		(648,877)
- Amounts due to broker		(240,654)
		<hr/>
		(889,531)
		<hr/>
The Royal Bank of Scotland Plc	A	
- Derivative instruments		(2,524,701)
- Receivable due from swap counterparties		4,340,479
- Amounts due from broker		29,622
- Amounts due to broker		(1,481,327)
		<hr/>
		364,073
		<hr/>
BNP Paribas	A+	
- Derivative instruments		106,237
- Receivable due from swap counterparties		77,509
		<hr/>
		183,746
		<hr/>

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of financial position. None of the assets are impaired nor past due.

XIE Shares Trust I*(*This is a synthetic ETF)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

10 Financial risk management (Continued)

(b) Credit and counterparty risk (Continued)

XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)

	2012	
	S&P Credit Rating	Net exposure to counterparties HK\$
Bank / Custodian		
Citibank N.A. Hong Kong Branch	A	
- Listed equities		14,900,560
- Cash and cash equivalents		639,656
		<hr/>
		15,540,216
		<hr/> <hr/>
Counterparties		
The Royal Bank of Scotland Plc	A	
- Derivative instruments		(319,767)
- Receivable due from swap counterparties		488,303
- Amounts due to broker		(24,093)
		<hr/>
		144,443
		<hr/> <hr/>
BNP Paribas	A+	
- Derivative instruments		18,753
- Receivable due from swap counterparties		77,509
		<hr/>
		96,262
		<hr/> <hr/>

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of financial position. None of the assets are impaired nor past due.

XIE Shares Trust I>(*This is a synthetic ETF)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

10 Financial risk management (Continued)

(b) Credit and counterparty risk (Continued)

XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)

	2012	
	S&P Credit Rating	Net exposure to counterparties HK\$
Bank / Custodian		
Citibank N.A. Hong Kong Branch	A	
- Listed equities		85,322,506
- Cash and cash equivalents		10,827,701
		<hr/>
		96,150,207
		<hr/> <hr/>
Counterparties		
JPMorgan Chase Bank N.A.	A+	
- Derivative instruments		(145,681)
- Amounts due from broker		795,947
- Amounts due to broker		(5,828,394)
		<hr/>
		(5,178,128)
		<hr/> <hr/>
The Royal Bank of Scotland Plc	A	
- Derivative instruments		(1,488,957)
- Receivable due from swap counterparties		2,278,751
- Amounts due from broker		67,837
- Amounts due to broker		(812,781)
		<hr/>
		44,850
		<hr/> <hr/>
BNP Paribas	A+	
- Derivative instruments		137,514
- Receivable due from swap counterparties		77,509
		<hr/>
		215,023
		<hr/> <hr/>

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of financial position. None of the assets are impaired nor past due.

XIE Shares Trust I>(*This is a synthetic ETF)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

10 Financial risk management (Continued)

(b) Credit and counterparty risk (Continued)

XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF)

	2012	
	S&P Credit Rating	Net exposure to counterparties HK\$
Bank / Custodian		
Citibank N.A. Hong Kong Branch	A	
- Listed equities		40,353,556
- Cash and cash equivalents		5,024,352
		<hr/>
		45,377,908
		<hr/>
Counterparties		
JPMorgan Chase Bank N.A.	A+	
- Derivative instruments		(257,362)
- Amounts due to broker		(2,119,775)
		<hr/>
		(2,377,137)
		<hr/>
The Royal Bank of Scotland Plc	A	
- Derivative instruments		(461,059)
- Receivable due from swap counterparties		472,802
- Amounts due from broker		274,242
		<hr/>
		285,985
		<hr/>
BNP Paribas	A+	
- Derivative instruments		94,904
		<hr/>

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of financial position. None of the assets are impaired nor past due.

XIE Shares Trust I*(*This is a synthetic ETF)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

10 Financial risk management (Continued)

(b) Credit and counterparty risk (Continued)

XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)

	2012	
	S&P Credit Rating	Net exposure to counterparties HK\$
Bank / Custodian		
Citibank N.A. Hong Kong Branch	A	
- Listed equities		17,165,347
- Cash and cash equivalents		2,530,498
		<hr/> 19,695,845 <hr/>
Counterparties		
The Royal Bank of Scotland Plc	A	
- Derivative instruments		(90,806)
- Receivable due from swap counterparties		116,263
		<hr/> 25,457 <hr/>
BNP Paribas	A+	
- Derivative instruments		41,542
- Payable due to swap counterparties		(77,509)
		<hr/> (35,967) <hr/>

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of financial position. None of the assets are impaired nor past due.

XIE Shares Trust I>(*This is a synthetic ETF)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

10 Financial risk management (Continued)

(b) Credit and counterparty risk (Continued)

XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF)

		2012
	S&P Credit Rating	Net exposure to counterparties HK\$
Bank / Custodian		
Citibank N.A. Hong Kong Branch	A	
- Listed equities		119,551,800
- Cash and cash equivalents		14,825,586
		<hr/>
		134,377,386
		<hr/>
Counterparties		
JPMorgan Chase Bank N.A.	A+	
- Derivative instruments		(383,481)
- Amounts due to broker		(5,986,671)
		<hr/>
		(6,370,152)
		<hr/>
The Royal Bank of Scotland Plc	A	
- Derivative instruments		(3,174,358)
- Receivable due from swap counterparties		5,061,310
- Amounts due to broker		(1,630,786)
		<hr/>
		256,166
		<hr/>
BNP Paribas	A+	
- Derivative instruments		550,868
- Payable due to swap counterparties		(232,526)
		<hr/>
		318,342
		<hr/>

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of financial position. None of the assets are impaired nor past due.

XIE Shares Trust I*(*This is a synthetic ETF)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

10 Financial risk management (Continued)

(b) Credit and counterparty risk (Continued)

XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)

		2012
	S&P Credit Rating	Net exposure to counterparties HK\$
Bank / Custodian		
Citibank N.A. Hong Kong Branch	A	
- Listed equities		40,720,710
- Cash and cash equivalents		5,882,348
		<hr/>
		46,603,058
		<hr/>
Counterparties		
JPMorgan Chase Bank N.A.	A+	
- Derivative instruments		(69,360)
- Amounts due to broker		(2,380,108)
		<hr/>
		(2,449,468)
		<hr/>
The Royal Bank of Scotland Plc	A	
- Derivative instruments		(320,268)
- Receivable due from swap counterparties		108,512
- Amounts due from broker		489,401
- Amounts due to broker		(110,159)
		<hr/>
		167,486
		<hr/>
BNP Paribas	A+	
- Derivative instruments		59,334
- Payable due to swap counterparties		(155,017)
		<hr/>
		(95,683)
		<hr/>

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of financial position. None of the assets are impaired nor past due.

(c) Liquidity risk

Liquidity risk is the risk that the Sub-Funds may not be able to generate sufficient cash resources to settle their obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

XIE Shares Trust I*(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012****10 Financial risk management (Continued)****(c) Liquidity risk (Continued)**

As at 31 December 2012, all of the Sub-Funds' financial liabilities have contractual maturities not later than one month. As at 31 December 2012, each Sub-Fund held liquid assets, comprising bank balances and other receivables that are expected to readily generate cash inflows for managing liquidity risk within one month.

XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF)

As at 31 December 2012	Maturity less than 1 month HK\$	1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
Total financial assets	14,145,969	-	114,493,759	128,639,728
Total financial liabilities	6,350,927	-	-	6,350,927

XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)

As at 31 December 2012	Maturity less than 1 month HK\$	1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
Total financial assets	1,342,255	-	14,900,560	16,242,815
Total financial liabilities	470,141	-	-	470,141

XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)

As at 31 December 2012	Maturity less than 1 month HK\$	1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
Total financial assets	15,432,212	-	85,322,506	100,754,718
Total financial liabilities	9,570,625	-	-	9,570,625

XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF)

As at 31 December 2012	Maturity less than 1 month HK\$	1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
Total financial assets	6,936,827	-	40,353,556	47,290,383
Total financial liabilities	3,923,401	-	-	3,923,401

XIE Shares Trust I*(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012****10 Financial risk management (Continued)****(c) Liquidity risk (Continued)****XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)**

As at 31 December 2012	Maturity less than 1 month HK\$	1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
Total financial assets	3,099,829	-	17,165,347	20,265,176
Total financial liabilities	587,022	-	-	587,022

XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF)

As at 31 December 2012	Maturity less than 1 month HK\$	1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
Total financial assets	22,116,086	-	119,551,800	141,667,886
Total financial liabilities	13,122,637	-	-	13,122,637

XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)

As at 31 December 2012	Maturity less than 1 month HK\$	1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
Total financial assets	7,990,335	-	40,720,710	48,711,045
Total financial liabilities	4,490,097	-	-	4,490,097

(d) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the period end date. The Sub-Funds early adopted IFRS 13, 'Fair value measurement', from date of inception and used the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the assets or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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-Funds for similar financial instruments.

XIE Shares Trust I*(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012****10 Financial risk management (Continued)****(d) Fair value estimation (Continued)**

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Inputs for the asset or liability that are unobservable inputs (Level 3).

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 judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Sub-Funds. The Sub-Funds 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-Funds' investments (by class) measured at fair value at 31 December 2012:

XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF)

	Level 1	Level 2	Level 3	Total
As at 31 December 2012	HK\$	HK\$	HK\$	HK\$
Financial assets at fair value through profit or loss				
- Listed securities	114,493,759	-	-	114,493,759
- Index swaps	-	989,086	-	989,086
- Equity swaps	-	481,349	-	481,349
	<u>114,493,759</u>	<u>1,470,435</u>	<u>-</u>	<u>115,964,194</u>
Financial liabilities at fair value through profit or loss				
- Index swaps	-	4,437	-	4,437
- Equity swaps	-	4,533,339	-	4,533,339
	<u>-</u>	<u>4,537,776</u>	<u>-</u>	<u>4,537,776</u>

XIE Shares Trust I*(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012****10 Financial risk management (Continued)****(d) Fair value estimation (Continued)****XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)**

As at 31 December 2012	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss				
- Listed securities	14,900,560	-	-	14,900,560
- Index swaps	-	28,247	-	28,247
- Equity swaps	-	77,509	-	77,509
	<u>14,900,560</u>	<u>105,756</u>	<u>-</u>	<u>15,006,316</u>
Financial liabilities at fair value through profit or loss				
- Equity swaps	-	406,770	-	406,770

XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)

As at 31 December 2012	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss				
- Listed securities	85,322,506	-	-	85,322,506
- Index swaps	-	892,496	-	892,496
- Equity swaps	-	445,417	-	445,417
	<u>85,322,506</u>	<u>1,337,913</u>	<u>-</u>	<u>86,660,419</u>
Financial liabilities at fair value through profit or loss				
- Equity swaps	-	2,835,037	-	2,835,037

XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF)

As at 31 December 2012	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss				
- Listed securities	40,353,556	-	-	40,353,556
- Index swaps	-	988,080	-	988,080
- Equity swaps	-	129,148	-	129,148
	<u>40,353,556</u>	<u>1,117,228</u>	<u>-</u>	<u>41,470,784</u>
Financial liabilities at fair value through profit or loss				
- Equity swaps	-	1,740,745	-	1,740,745

XIE Shares Trust I*(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012****10 Financial risk management (Continued)****(d) Fair value estimation (Continued)****XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)**

As at 31 December 2012	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss				
- Listed securities	17,165,347	-	-	17,165,347
- Index swaps	-	331,762	-	331,762
- Equity swaps	-	87,953	-	87,953
	<u>17,165,347</u>	<u>419,715</u>	<u>-</u>	<u>17,585,062</u>
Financial liabilities at fair value through profit or loss				
- Equity swaps	-	468,979	-	468,979
	<u>-</u>	<u>468,979</u>	<u>-</u>	<u>468,979</u>

XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF)

As at 31 December 2012	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss				
- Listed securities	119,551,800	-	-	119,551,800
- Index swaps	-	1,705,582	-	1,705,582
- Equity swaps	-	465,068	-	465,068
	<u>119,551,800</u>	<u>2,170,650</u>	<u>-</u>	<u>121,722,450</u>
Financial liabilities at fair value through profit or loss				
- Equity swaps	-	5,177,621	-	5,177,621
	<u>-</u>	<u>5,177,621</u>	<u>-</u>	<u>5,177,621</u>

XIE Shares Trust I>(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012****10 Financial risk management (Continued)****(d) Fair value estimation (Continued)****XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)**

As at 31 December 2012	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss				
- Listed securities	40,720,710	-	-	40,720,710
- Index swaps	-	1,273,413	-	1,273,413
- Equity swaps	-	176,339	-	176,339
	<u>40,720,710</u>	<u>1,449,752</u>	<u>-</u>	<u>42,170,462</u>
Financial liabilities at fair value through profit or loss				
- Equity swaps	-	1,780,046	-	1,780,046
	<u>-</u>	<u>1,780,046</u>	<u>-</u>	<u>1,780,046</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed and quoted equity securities and debt securities. The Sub-Funds do 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.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 31 December 2012, the Sub-Funds did not hold any investments classified in level 3.

The following table analyses within the fair value hierarchy the Sub-Funds' assets and liabilities (by class) not measured at fair value at 31 December 2012 but for which fair value is disclosed.

XIE Shares Trust I*(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012****10 Financial risk management (Continued)****(d) Fair value estimation (Continued)****XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF)**

As at 31 December 2012	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets – current assets				
Dividends receivable	122,822	-	-	122,822
Amounts due from brokers	-	29,622	-	29,622
Cash and cash equivalents	8,090,102	-	-	8,090,102
Receivable due from swap counterparties	-	4,417,988	-	4,417,988
Other receivables	-	15,000	-	15,000
Total	8,212,924	4,462,610	-	12,675,534
Liabilities – current liabilities				
Amounts due to brokers	-	1,721,981	-	1,721,981
Management fee payable	-	47,312	-	47,312
Other payables	-	43,858	-	43,858
Total	-	1,813,151	-	1,813,151

XIE Shares Trust I>(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012****10 Financial risk management (Continued)****(d) Fair value estimation (Continued)****XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)**

As at 31 December 2012	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets – current assets				
Dividends receivable	16,031	-	-	16,031
Cash and cash equivalents	639,656	-	-	639,656
Receivable due from swap counterparties	-	565,812	-	565,812
Other receivables	-	15,000	-	15,000
Total	<u>655,687</u>	<u>580,812</u>	<u>-</u>	<u>1,236,499</u>
Liabilities – current liabilities				
Amounts due to brokers	-	24,093	-	24,093
Management fee payable	-	5,305	-	5,305
Other payables	-	33,973	-	33,973
Total	<u>-</u>	<u>63,371</u>	<u>-</u>	<u>63,371</u>

XIE Shares Trust I*(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012****10 Financial risk management (Continued)****(d) Fair value estimation (Continued)****XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)**

As at 31 December 2012	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets – current assets				
Dividends receivable	31,554	-	-	31,554
Amounts due from brokers	-	863,784	-	863,784
Cash and cash equivalents	10,827,701	-	-	10,827,701
Receivable due from swap counterparties	-	2,356,260	-	2,356,260
Other receivables	-	15,000	-	15,000
Total	<u>10,859,255</u>	<u>3,235,044</u>	<u>-</u>	<u>14,094,299</u>
Liabilities – current liabilities				
Amounts due to brokers	-	6,641,175	-	6,641,175
Management fee payable	-	40,555	-	40,555
Other payables	-	53,858	-	53,858
Total	<u>-</u>	<u>6,735,588</u>	<u>-</u>	<u>6,735,588</u>

XIE Shares Trust I*(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012****10 Financial risk management (Continued)****(d) Fair value estimation (Continued)****XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF)**

As at 31 December 2012	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets – current assets				
Dividends receivable	33,203	-	-	33,203
Amounts due from brokers	-	274,242	-	274,242
Cash and cash equivalents	5,024,352	-	-	5,024,352
Receivable due from swap counterparties	-	472,802	-	472,802
Other receivables	-	15,000	-	15,000
Total	<u>5,057,555</u>	<u>762,044</u>	<u>-</u>	<u>5,819,599</u>
Liabilities – current liabilities				
Amounts due to brokers	-	2,119,775	-	2,119,775
Management fee payable	-	18,731	-	18,731
Other payables	-	44,150	-	44,150
Total	<u>-</u>	<u>2,182,656</u>	<u>-</u>	<u>2,182,656</u>

XIE Shares Trust I>(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012****10 Financial risk management (Continued)****(d) Fair value estimation (Continued)****XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)**

As at 31 December 2012	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets – current assets				
Dividends receivable	18,353	-	-	18,353
Cash and cash equivalents	2,530,498	-	-	2,530,498
Receivable due from swap counterparties	-	116,263	-	116,263
Other receivables	-	15,000	-	15,000
Total	2,548,851	131,263	-	2,680,114
Liabilities – current liabilities				
Management fee payable	-	6,561	-	6,561
Payable due to swap counterparties	-	77,509	-	77,509
Other payables	-	33,973	-	33,973
Total	-	118,043	-	118,043

XIE Shares Trust I>(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012****10 Financial risk management (Continued)****(d) Fair value estimation (Continued)****XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF)**

As at 31 December 2012	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets – current assets				
Dividends receivable	43,540	-	-	43,540
Cash and cash equivalents	14,825,586	-	-	14,825,586
Receivable due from swap counterparties	-	5,061,310	-	5,061,310
Other receivables	-	15,000	-	15,000
Total	<u>14,869,126</u>	<u>5,076,310</u>	<u>-</u>	<u>19,945,436</u>
Liabilities – current liabilities				
Amounts due to brokers	-	7,617,457	-	7,617,457
Management fee payable	-	51,068	-	51,068
Payable due to swap counterparties	-	232,526	-	232,526
Other payables	-	43,965	-	43,965
Total	<u>-</u>	<u>7,945,016</u>	<u>-</u>	<u>7,945,016</u>

XIE Shares Trust I>(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012****10 Financial risk management (Continued)****(d) Fair value estimation (Continued)****XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)**

As at 31 December 2012	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets – current assets				
Dividends receivable	45,322	-	-	45,322
Amounts due from brokers	-	489,401	-	489,401
Cash and cash equivalents	5,882,348	-	-	5,882,348
Receivable due from swap counterparties	-	108,512	-	108,512
Other receivables	-	15,000	-	15,000
Total	<u>5,927,670</u>	<u>612,913</u>	<u>-</u>	<u>6,540,583</u>
Liabilities – current liabilities				
Amounts due to brokers	-	2,490,267	-	2,490,267
Management fee payable	-	20,617	-	20,617
Payable due to swap counterparties	-	155,017	-	155,017
Other payables	-	44,150	-	44,150
Total	<u>-</u>	<u>2,710,051</u>	<u>-</u>	<u>2,710,051</u>

The assets and liabilities included in the above tables are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents include cash in hand, deposits held with banks and other short-term investments in an active market.

Amounts due from brokers and other receivables include the contractual amounts for settlement of trades and other obligations due to the Sub-Funds. Accruals represent the contractual amounts and obligations due by the Sub-Funds for settlement of expenses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

10 Financial risk management (Continued)

(e) Capital risk management

The Sub-Funds' capital are represented by the redeemable units outstanding. The Sub-Funds' objective is to provide investment results that correspond generally to the performance of the respective indices. The Manager may:

- Redeem and issue new units in accordance with the constitutive documents of the Sub-Funds;
- Exercise discretion when determining the amount of distributions of the Sub-Funds to the Unitholders; and
- Suspend the issue and redemption of units under certain circumstances stipulated in the prospectuses.

The Sub-Funds do not have any internally and externally imposed capital requirements and therefore the Sub-Funds are not subject to significant capital risk.

11 Financial instruments by category

Financial assets

Apart from financial assets of investments in listed securities and derivative instruments as disclosed in the statement of financial position which are classified as fair value through profit or loss, all other financial assets as disclosed in the statement of financial position, including dividend receivable, amounts due from brokers, cash and cash equivalents, receivables due from swap counterparties and other receivables, are categorised as "loans and receivables".

Financial liabilities

Apart from financial liabilities of investments in derivative instruments as disclosed in the statement of financial position which are classified as the fair value through profit or loss, all other financial liabilities as disclosed in the statement of financial position, including amounts due to brokers, management fee payable, payables due to swap counterparties and other payables, are categorised as "other financial liabilities".

12 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.

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

The Manager considers that each Sub-Fund has a single operating segment which is investing in securities. The objective of the Sub-Funds are to track the performance of their respective indices and invest in substantially all the index constituents with security weight and industry weight that are closely aligned to the characteristics of the tracked indices.

The internal financial information used by the Manager for the Sub-Funds' assets, liabilities and performance is the same as that disclosed in the statement of financial position and statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

12 Segment information (Continued)

The Sub-Funds are domiciled in Hong Kong. All of the Sub-Funds' income is from investments in securities which constitute the relevant tracked indices. The Sub-Funds' investments have been categorised by relevant geography.

The Sub-Funds have no assets classified as non-current assets. The Sub-Funds have portfolios that closely correspond to the security weight and industry weight of the relevant tracked indices.

13 Subsequent events

Pursuant to the notice and announcement dated 21 December 2012, BNP Paribas Securities Services (operating through its Hong Kong branch) has been appointed as a new participating dealer of the Sub-Funds with effect from 2 January 2013.

Pursuant to the notice and announcement dated 4 March 2013, the index methodology of the underlying index, FTSE Bursa Malaysia KLCI, of XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF) has been changed with effect from the start of trading on 18 March 2013. Due to the change of the index methodology of the underlying index, the Manager considered that certain costs may be borne by XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF) in order to continue to track the underlying index but such costs are not expected to be material.

Pursuant to the notice and announcement dated 18 March 2013, the Manager announced that the S&P CNX Nifty Index, the underlying index of XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF), has been renamed as 'CNX Nifty Index' with effect from 1 February 2013 and as a result, XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF) is renamed as XIE Shares India (CNX Nifty) ETF* (*This is a synthetic ETF) with effect from 25 March 2013.

14 Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 30th April 2013

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF)****Investment portfolio (Unaudited)**

As at 31 December 2012

Investments			
Listed equities	Holdings	Fair value HK\$	% of net assets
Australia			
BHP BILLITON LTD	37,396	11,164,255	9.13%
RIO TINTO LTD	2,458	1,305,637	1.07%
WESFARMERS LTD	4,215	1,249,873	1.02%
		<hr/>	<hr/>
Total investments in listed Australian securities at fair value		13,719,765	11.22%
		<hr/>	<hr/>

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF)****Investment portfolio (Unaudited) (Continued)**

As at 31 December 2012

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Japan			
ASAHI GROUP HOLDINGS LTD	6,800	1,119,766	0.92%
ASTELLAS PHARMA INC	7,800	2,709,415	2.22%
BRIDGESTONE CORPORATION	13,700	2,731,270	2.23%
CANON INC	9,100	2,724,564	2.23%
DAIICHI SANKYO CO LTD	16,300	1,931,649	1.58%
DENSO CORP	9,800	2,611,742	2.14%
EISAI CO LTD	7,800	2,517,135	2.06%
FANUC CORP	1,000	1,427,094	1.17%
FAST RETAILING CO LTD	1,600	3,132,433	2.56%
FUJIFILM HOLDINGS CORP	13,000	2,007,880	1.64%
HONDA MOTOR CO LTD	8,500	2,396,342	1.96%
JAPAN TOBACCO INC	3,300	721,794	0.59%
KAO CORP	11,700	2,358,764	1.93%
KDDI CORP	1,500	818,876	0.67%
KOMATSU LTD	21,100	4,130,896	3.38%
KYOCERA CORP ORD	1,600	1,114,423	0.91%
MITSUBISHI CORP ORD	31,500	4,650,647	3.80%
MITSUBISHI ESTATE CO LTD	9,800	1,800,020	1.47%
ITSUMI & CO LTD ORD	18,200	2,093,183	1.71%
ITSUMI FUDOSAN CO LTD	9,800	1,836,038	1.50%
NIKON CORP	11,700	2,649,283	2.17%
SECOM CO LTD	6,500	2,525,874	2.07%
SEVEN & I HOLDINGS CO LTD	11,100	2,424,866	1.98%
SHIN ETSU CHEMICAL CO LTD	5,900	2,766,068	2.26%
SOFTBANK CORP	10,400	2,927,333	2.39%
SONY CORP	43,300	3,718,456	3.04%
SUMITOMO CORPORATION	20,800	2,050,998	1.68%
SUZUKI MOTOR CORP	13,000	2,612,692	2.14%
TAKEDA PHARMACEUTICAL	7,200	2,488,090	2.03%
TOYOTA MOTOR CORP	7,200	2,584,903	2.11%
Total investments in listed Japanese securities at fair value		71,582,494	58.54%

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF)****Investment portfolio (Unaudited) (Continued)**

As at 31 December 2012

	Holdings	Fair value HK\$	% of net assets
Singapore			
CAPITALAND LTD	249,400	5,855,374	4.79%
DBS GROUP HOLDINGS LTD	61,400	5,781,742	4.73%
KEPPEL CORP LTD	84,100	5,870,095	4.80%
SINGAPORE EXCHANGE LTD	130,800	5,818,114	4.76%
SINGAPORE PRESS HOLDINGS LTD	229,400	5,866,175	4.79%
Total investments in listed Singaporean securities at fair value		29,191,500	23.87%
Total investments in securities at fair value		114,493,759	93.63%
Index swaps issued by			
		Fair value HK\$	% of net assets
THE ROYAL BANK OF SCOTLAND PLC		22,749	0.02%
JPMORGAN CHASE BANK N.A.		966,337	0.79%
BNP PARIBAS		(4,437)	(0.00)%
Total investment in index swaps at fair value		984,649	0.81%
Equity swaps issued by			
THE ROYAL BANK OF SCOTLAND PLC		(2,547,450)	(2.08)%
JPMORGAN CHASE BANK N.A.		(1,615,214)	(1.32)%
BNP PARIBAS		110,674	0.08%
Total investment in equity swaps at fair value		(4,051,990)	(3.32)%
Total investments		111,426,418	91.12%
Other net assets		10,862,383	8.88%
Net assets attributable to Unitholders at 31 December 2012		122,288,801	100.00%
Total investments, at cost		113,406,054	

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF)****Statement of movements in investment portfolio (Unaudited)**

For the period ended 31 December 2012

Investments - listed equities	Holdings as at 17 February 2012 (date of inception)	Additions	Corporate Action	Disposals	Holdings as at 31 December 2012
ASAHI GROUP HOLDINGS LTD	-	25,200	-	(18,400)	6,800
ASTELLAS PHARMA INC	-	14,400	-	(6,600)	7,800
BRIDGESTONE CORPORATION	-	25,200	-	(11,500)	13,700
CANON INC	-	24,000	-	(14,900)	9,100
DAIICHI SANKYO CO LTD	-	30,000	-	(13,700)	16,300
DENSO CORP	-	18,000	-	(8,200)	9,800
EISAI CO LTD	-	14,400	-	(6,600)	7,800
FANUC CORP	-	3,600	-	(2,600)	1,000
FAST RETAILING CO LTD	-	4,100	-	(2,500)	1,600
FUJIFILM HOLDINGS CORP	-	24,000	-	(11,000)	13,000
HONDA MOTOR CO LTD	-	15,600	-	(7,100)	8,500
JAPAN TOBACCO INC	-	108	5,970	(2,778)	3,300
KAO CORP	-	21,600	-	(9,900)	11,700
KDDI CORP	-	96	2,772	(1,368)	1,500
KOMATSU LTD	-	38,900	-	(17,800)	21,100
KYOCERA CORP ORD	-	6,000	-	(4,400)	1,600
MITSUBISHI CORP ORD	-	58,100	-	(26,600)	31,500
MITSUBISHI ESTATE CO LTD	-	36,000	-	(26,200)	9,800
MITSUMI & CO LTD ORD	-	33,600	-	(15,400)	18,200
MITSUMI FUDOSAN CO LTD	-	36,000	-	(26,200)	9,800
NIKON CORP	-	21,600	-	(9,900)	11,700
SECOM CO LTD	-	12,000	-	(5,500)	6,500
SEVEN & I HOLDINGS CO LTD	-	20,400	-	(9,300)	11,100
SHIN ETSU CHEMICAL CO LTD	-	10,800	-	(4,900)	5,900
SOFTBANK CORP	-	19,200	-	(8,800)	10,400
SONY CORP	-	79,900	-	(36,600)	43,300
SUMITOMO CORPORATION	-	38,400	-	(17,600)	20,800

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF)****Statement of movements in investment portfolio (Unaudited) (Continued)**

For the period ended 31 December 2012

Investments - listed equities	Holdings as at 17 February 2012 (date of inception)	Additions	Corporate Action	Disposals	Holdings as at 31 December 2012
SUZUKI MOTOR CORP	-	24,000	-	(11,000)	13,000
TAKEDA PHARMACEUTICAL	-	13,200	-	(6,000)	7,200
TOYOTA MOTOR CORP	-	13,200	-	(6,000)	7,200
BHP BILLITON LTD	-	50,412	-	(13,016)	37,396
RIO TINTO LTD	-	2,458	-	-	2,458
WESFARMERS LTD	-	4,215	-	-	4,215
CAPITALAND LTD	-	249,400	-	-	249,400
DBS GROUP HOLDINGS LTD	-	61,400	-	-	61,400
KEPPEL CORP LTD	-	84,100	-	-	84,100
SINGAPORE EXCHANGE LTD	-	130,800	-	-	130,800
SINGAPORE PRESS HOLDINGS LTD	-	229,400	-	-	229,400
Swaps issued by	Fair value as at 17 February 2012 (date of inception)	Fair value change		Fair value as at 31 December 2012	
	HK\$	HK\$		HK\$	
THE ROYAL BANK OF SCOTLAND PLC	-	(2,524,701)		(2,524,701)	
JPMORGAN CHASE BANK N.A.	-	(648,877)		(648,877)	
BNP PARIBAS	-	106,237		106,237	

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares India (S&P CNX Nifty) ETF* (*This is a synthetic ETF)****Performance record (Unaudited)**

FOR THE PERIOD ENDED 31 DECEMBER 2012

Highest and lowest net asset value per unit

	Lowest	Highest
	HK\$	HK\$
Period ended 31 December 2012	<u>6.1143</u>	<u>8.0558</u>

Net asset value attributable to Unitholders

	HK\$
As at 31 December 2012	<u>122,288,801</u>

Net asset value per unit

	HK\$
As at 31 December 2012	<u>7.6431</u>

During the period, the Underlying Index decreased by 3.08%, while the net asset value per unit of the Sub-Fund decreased by 3.79%^(a).

There were no constituent securities of that S&P CNX Nifty Index that accounted for more than 10% of the weighting of S&P CNX Nifty Index as at 31 December 2012.

(a) *This is the annualized return of the Sub-Fund (net of fees and expenses) since its inception on 17 February 2012 to 31 December 2012.*

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)****Investment portfolio (Unaudited)**

As at 31 December 2012

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Japan			
ASAHI GROUP HOLDINGS LTD	2,100	345,810	2.19%
ASTELLAS PHARMA INC	1,200	416,833	2.64%
BRIDGESTONE CORPORATION	2,100	418,662	2.65%
CANON INC	1,100	329,343	2.09%
DAIICHI SANKYO CO LTD	2,500	296,265	1.88%
DENSO CORP	1,500	399,756	2.53%
EISAI CO LTD	600	193,626	1.23%
FANUC CORP	200	285,419	1.81%
FAST RETAILING CO LTD	300	587,331	3.72%
FUJIFILM HOLDINGS CORP	2,000	308,905	1.96%
HONDA MOTOR CO LTD	1,300	366,499	2.32%
JAPAN TOBACCO INC	1,800	393,706	2.50%
KAO CORP	900	181,443	1.15%
KDDI CORP	800	436,733	2.77%
KOMATSU LTD	1,700	332,821	2.11%
KYOCERA CORP ORD	500	348,257	2.21%
MITSUBISHI CORP ORD	2,400	354,335	2.25%
MITSUBISHI ESTATE CO LTD	3,000	551,026	3.49%
mitsui & co ltd ord	2,800	322,028	2.04%
mitsui fudosan co ltd	800	149,881	0.95%
NIKON CORP	1,800	407,582	2.58%
SECOM CO LTD	1,000	388,596	2.46%
SEVEN & I HOLDINGS CO LTD	1,700	371,376	2.35%
SHIN ETSU CHEMICAL CO LTD	900	421,943	2.68%
SOFTBANK CORP	1,600	450,359	2.86%
SONY CORP	2,400	206,104	1.31%
SUMITOMO CORPORATION	3,200	315,538	2.00%
SUZUKI MOTOR CORP	2,000	401,953	2.55%
TAKEDA PHARMACEUTICAL	1,100	380,125	2.41%
TOYOTA MOTOR CORP	1,100	394,916	2.51%
Total investments in listed Japanese securities at market value		10,757,171	68.20%

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)****Investment portfolio (Unaudited) (Continued)**

As at 31 December 2012

Listed equities	Holdings	Fair value HK\$	% of net assets
Singapore			
CAPITALAND LTD	37,000	868,680	5.51%
DBS GROUP HOLDINGS LTD	9,000	847,487	5.37%
KEPPEL CORP LTD	11,309	789,357	5.00%
SINGAPORE EXCHANGE LTD	19,000	845,139	5.36%
SINGAPORE PRESS HOLDINGS LTD	31,000	792,726	5.03%
Total investments in listed Singaporean securities at fair value		4,143,389	26.27%
Total investments in securities at fair value		14,900,560	94.47%
Index swaps issued by		Fair value HK\$	% of net assets
THE ROYAL BANK OF SCOTLAND PLC		3,244	0.02%
BNP PARIBAS		25,003	0.16%
Total investment in index swaps at fair value		28,247	0.18%
Equity swaps issued by			
THE ROYAL BANK OF SCOTLAND PLC		(323,011)	(2.05)%
BNP PARIBAS		(6,250)	(0.04)%
Total investment in equity swaps at fair value		(329,261)	(2.09)%
Total investments		14,599,546	92.56%
Other net assets		1,173,128	7.44%
Net assets attributable to Unitholders at 31 December 2012		15,772,674	100.00%
Total investments, at cost		14,598,186	

XIE Shares Trust I>(*This is a synthetic ETF)

XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)

Statement of movements in investment portfolio (Unaudited)

For the period ended 31 December 2012

Investments - Listed equities	Holdings as at 17 February 2012 (date of inception)	Additions	Corporate Action	Disposals	Holdings as at 31 December 2012
ASAHI GROUP HOLDINGS LTD	-	2,100	-	-	2,100
ASTELLAS PHARMA INC	-	1,200	-	-	1,200
BRIDGESTONE CORPORATION	-	2,100	-	-	2,100
CANON INC	-	1,100	-	-	1,100
CAPITALAND LTD	-	37,000	-	-	37,000
DAIICHI SANKYO CO LTD	-	2,500	-	-	2,500
DBS GROUP HOLDINGS LTD	-	9,000	-	-	9,000
DENSO CORP	-	1,500	-	-	1,500
EISAI CO LTD	-	1,200	-	(600)	600
FANUC CORP	-	300	-	(100)	200
FAST RETAILING CO LTD	-	300	-	-	300
FRASER AND NEAVE LTD	-	13,000	-	(13,000)	-
FUJIFILM HOLDINGS CORP	-	2,000	-	-	2,000
HONDA MOTOR CO LTD	-	1,300	-	-	1,300
JAPAN TOBACCO INC	-	9	1,791	-	1,800
KAO CORP	-	1,800	-	(900)	900
KDDI CORP	-	8	792	-	800
KEPPEL CORP LTD	-	11,309	-	-	11,309
KOMATSU LTD	-	1,700	-	-	1,700
KYOCERA CORP ORD	-	500	-	-	500
MITSUBISHI CORP ORD	-	3,100	-	(700)	2,400
MITSUBISHI ESTATE CO LTD	-	3,000	-	-	3,000
MITSUMI & CO LTD ORD	-	2,800	-	-	2,800
MITSUMI FUDOSAN CO LTD	-	3,000	-	(2,200)	800
NIKON CORP	-	1,800	-	-	1,800
SECOM CO LTD	-	1,000	-	-	1,000

XIE Shares Trust I*(*This is a synthetic ETF)

XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)

Statement of movements in investment portfolio (Unaudited) (Continued)

For the period ended 31 December 2012

Investments - Listed equities	Holdings as at 17 February 2012 (date of inception)	Additions	Corporate Action	Disposals	Holdings as at 31 December 2012
SEVEN & I HOLDINGS CO LTD	-	1,700	-	-	1,700
SHIN ETSU CHEMICAL CO LTD	-	900	-	-	900
SINGAPORE EXCHANGE LTD	-	19,000	-	-	19,000
SINGAPORE PRESS HOLDINGS LTD	-	31,000	-	-	31,000
SOFTBANK CORP	-	1,600	-	-	1,600
SONY CORP	-	2,400	-	-	2,400
SUMITOMO CORPORATION	-	3,200	-	-	3,200
SUZUKI MOTOR CORP	-	2,000	-	-	2,000
TAKEDA PHARMACEUTICAL	-	1,100	-	-	1,100
TOYOTA MOTOR CORP	-	1,100	-	-	1,100
Swaps issued by	Fair value as at 17 February 2012 (date of inception)		Fair value change		Fair value as at 31 December 2012
	HK\$		HK\$		HK\$
THE ROYAL BANK OF SCOTLAND PLC	-		(319,767)		(319,767)
BNP PARIBAS	-		18,753		18,753

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)****Performance record (Unaudited)**

For the period ended 31 December 2012

Highest and lowest net asset value per unit

	Lowest HK\$	Highest HK\$
Period ended 31 December 2012	<u>6.8629</u>	<u>8.3389</u>

Net asset value attributable to Unitholders

	HK\$
As at 31 December 2012	<u>15,772,674</u>

Net asset value per unit

	HK\$
As at 31 December 2012	<u>7.8863</u>

During the period, the Underlying Index increased by 1.26%, while the net asset value per unit of the Sub-Fund increased by 0.46%^(a).

The following lists the constituent securities that individually accounted for more than 10% of IDX LQ45 Index as at 31 December 2012 and its weighting of the IDX LQ45 Index as at 31 December 2012:

Constituent securities	Respective weighting in IDX LQ45 Index
Astra International ORD DM IDR 50 ^(b)	<u>12.06%</u>

(a) This is the annualized return of the Sub-Fund (net of fees and expenses) since its inception on 17 February 2012 to 31 December 2012.

(b) The Sub-Fund did not hold the constituent securities as at 31 December 2012.

XIE Shares Trust I*(*This is a synthetic ETF)**XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)****Investment portfolio (Unaudited)**

As at 31 December 2012

Listed equities	Holdings	Fair value HK\$	% of net assets
Australia			
AGL ENERGY LTD	576	71,287	0.08%
BHP BILLITON LTD	3,553	1,060,718	1.16%
COMMONWEALTH BANK OF AUSTRALIA	1,861	931,167	1.02%
FORTESCUE METALS GROUP LTD	24,251	907,430	1.00%
ORIGIN ENERGY LTD	6,016	562,529	0.62%
RIO TINTO LTD	2,525	1,341,225	1.47%
WESFARMERS LTD	3,385	1,003,753	1.10%
WESTPAC BANKING CORP	3,265	684,156	0.75%
WOODSIDE PETROLEUM LTD	4,123	1,124,055	1.23%
Total investments in listed Australian securities at fair value		7,686,320	8.43%

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)****Investment portfolio (Unaudited)**

As at 31 December 2012

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Japan			
ASTELLAS PHARMA INC	10,200	3,543,081	3.89%
BRIDGESTONE CORPORATION	9,800	1,953,755	2.14%
DENSO CORP	4,600	1,225,919	1.34%
FANUC CORP	1,300	1,855,221	2.03%
HONDA MOTOR CO LTD	11,700	3,298,494	3.62%
JAPAN TOBACCO INC	15,800	3,455,861	3.79%
KDDI CORP	6,600	3,603,051	3.95%
MITSUBISHI CORP ORD	18,300	2,701,805	2.96%
MITSUBISHI ESTATE CO LTD	13,000	2,387,781	2.62%
ITSUMI & CO LTD ORD	24,800	2,852,250	3.13%
ITSUMI FUDOSAN CO LTD	11,300	2,117,064	2.32%
SEVEN & I HOLDINGS CO LTD	8,000	1,747,651	1.92%
SHIN ETSU CHEMICAL CO LTD	4,000	1,875,301	2.06%
SOFTBANK CORP	5,000	1,407,372	1.54%
SONY CORP	21,100	1,811,996	1.99%
SUMITOMO CORPORATION	28,500	2,810,262	3.08%
TAKEDA PHARMACEUTICAL	9,700	3,352,010	3.68%
TOYOTA MOTOR CORP	10,600	3,805,551	4.17%
Total investments in listed Japanese securities at fair value		45,804,425	50.23%

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)****Investment portfolio (Unaudited) (Continued)**

As at 31 December 2012

Listed equities	Holdings	Fair Value HK\$¹	% of Net Assets
Singapore			
CAPITALAND LTD	271,900	6,383,626	7.00%
DBS GROUP HOLDINGS LTD	67,000	6,309,068	6.92%
KEPPEL CORP LTD	91,700	6,400,567	7.02%
SINGAPORE EXCHANGE LTD	142,600	6,342,990	6.96%
SINGAPORE PRESS HOLDINGS LTD	250,100	6,395,510	7.01%
Total investments in listed Singaporean securities at fair value		31,831,761	34.91%
Total investments in securities at fair value		85,322,506	93.57%

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)****Investment portfolio (Unaudited) (Continued)**

As at 31 December 2012

Index swaps issued by	Fair value HK\$	% of net asset
THE ROYAL BANK OF SCOTLAND PLC	67,809	0.07%
JPMORGAN CHASE BANK N.A.	807,892	0.89%
BNP PARIBAS	16,795	0.02%
Total investment in index swaps at fair value	892,496	0.98%
Equity swaps issued by	Fair value HK\$	% of net assets
THE ROYAL BANK OF SCOTLAND PLC	(1,556,766)	(1.71)%
JPMORGAN CHASE BANK N.A.	(953,573)	(1.05)%
BNP PARIBAS	120,719	0.14%
Total investment in equity swaps at fair value	(2,389,620)	(2.62)%
Total investments	83,825,382	91.93%
Other net assets	7,358,711	8.07%
Net assets attributable to Unitholders at 31 December 2012	91,184,093	100.00%
Total investments, at cost	84,743,174	

XIE Shares Trust I>(*This is a synthetic ETF)
XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)
Statement of movements in investment portfolio (Unaudited)

For the period ended 31 December 2012

Investments - Listed equities	Holdings as at 13 February 2012 (date of inception)	Additions	Corporate Action	Disposals	Holdings as at 31 December 2012
AGL ENERGY LTD	-	4,772	-	(4,196)	576
ASTELLAS PHARMA INC	-	10,200	-	-	10,200
BHP BILLITON LTD	-	49,280	-	(45,727)	3,553
BRIDGESTONE CORPORATION	-	18,800	-	(9,000)	9,800
CANON INC	-	20,100	-	(20,100)	-
CAPITALAND LTD	-	271,900	-	-	271,900
COMMONWEALTH BANK OF AUSTRALIA	-	15,416	-	(13,555)	1,861
CSL LTD	-	32,828	-	(32,828)	-
DBS GROUP HOLDINGS LTD	-	67,000	-	-	67,000
DENSO CORP	-	13,500	-	(8,900)	4,600
FANUC CORP	-	2,500	-	(1,200)	1,300
FAST RETAILING CO LTD	-	3,700	-	(3,700)	-
FORTESCUE METALS GROUP LTD	-	200,843	-	(176,592)	24,251
HONDA MOTOR CO LTD	-	11,700	-	-	11,700
JAPAN TOBACCO INC	-	79	15,721	-	15,800
KDDI CORP	-	66	6,534	-	6,600
KEPPEL CORP LTD	-	91,700	-	-	91,700
KOMATSU LTD	-	33,400	-	(33,400)	-
MITSUBISHI CORP ORD	-	18,300	-	-	18,300
MITSUBISHI ESTATE CO LTD	-	26,000	-	(13,000)	13,000
MITSUMI & CO LTD ORD	-	24,800	-	-	24,800
MITSUMI FUDOSAN CO LTD	-	46,000	-	(34,700)	11,300
NEWCREST MINING LTD	-	35,552	-	(35,552)	-
ORIGIN ENERGY LTD	-	49,824	-	(43,808)	6,016
QBE INSURANCE GROUP LTD	-	151,404	-	(151,404)	-
RIO TINTO LTD	-	20,914	-	(18,389)	2,525
SEVEN & I HOLDINGS CO LTD	-	15,000	-	(7,000)	8,000
SHIN ETSU CHEMICAL CO LTD	-	7,900	-	(3,900)	4,000

XIE Shares Trust I*(*This is a synthetic ETF)

XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)

Statement of movements in investment portfolio (Unaudited) (Continued)

For the period ended 31 December 2012

Investments - Listed equities	Holdings as at 13 February 2012 (date of inception)	Additions	Corporate Action	Disposals	Holdings as at 31 December 2012
SINGAPORE EXCHANGE LTD	-	142,600	-	-	142,600
SINGAPORE PRESS HOLDINGS LTD	-	250,100	-	-	250,100
SOFTBANK CORP	-	14,100	-	(9,100)	5,000
SONY CORP	-	21,100	-	-	21,100
SUMITOMO CORPORATION	-	28,500	-	-	28,500
TAKEDA PHARMACEUTICAL NPV	-	9,700	-	-	9,700
TOLL HOLDINGS LTD	-	10,000	-	(10,000)	-
TOYOTA MOTOR CORP	-	10,600	-	-	10,600
WESFARMERS LTD	-	58,841	-	(55,456)	3,385
WESTPAC BANKING CORP	-	27,039	-	(23,774)	3,265
WOODSIDE PETROLEUM LTD	-	34,144	-	(30,021)	4,123
WOOLWORTHS LTD	-	49,456	-	(49,456)	-

Swaps issued by	Fair value as at 13 February 2012 (date of inception) HK\$	Fair value change HK\$	Fair value as at 31 December 2012 HK\$
THE ROYAL BANK OF SCOTLAND PLC	-	(1,488,957)	(1,488,957)
JPMORGAN CHASE BANK N.A.	-	(145,681)	(145,681)
BNP PARIBAS	-	137,514	137,514

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)****Performance record (Unaudited)**

For the period ended 31 December 2012

Highest and lowest net asset value per unit

	Lowest	Highest
	HK\$	HK\$
Period ended 31 December 2012	<u>6.8215</u>	<u>8.4104</u>

Net asset value attributable to Unitholders

	HK\$
As at 31 December 2012	<u>91,184,093</u>

Net asset value per unit

	HK\$
As at 31 December 2012	<u>8.2895</u>

During the period, the Underlying Index increased by 5.29%, while the net asset value per unit of the Sub-Fund increased by 4.60%^(a).

The following lists the constituent securities that individually accounted for more than 10% of KOSPI 200 Index as at 31 December 2012 and its weighting of the KOSPI 200 Index as at 31 December 2012:

Constituent securities	Respective weighting in KOSPI 200 Index
Samsung Electronics Co Ltd ^(b)	<u>25.04%</u>

(a) This is the annualized return of the Sub-Fund (net of fees and expenses) since its inception on 13 February 2012 to 31 December 2012.

(b) The Sub-Fund did not hold the constituent securities as at 31 December 2012.

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF>(*This is a synthetic ETF)****Investment portfolio (Unaudited)**

As at 31 December 2012

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Australia			
AGL ENERGY LTD	281	34,777	0.08%
BHP BILLITON LTD	1,946	580,962	1.34%
COMMONWEALTH BANK OF AUSTRALIA	1,359	679,987	1.57%
FORTESCUE METALS GROUP LTD	11,569	432,892	1.00%
ORIGIN ENERGY LTD	2,147	200,756	0.46%
RIO TINTO LTD	1,048	556,675	1.28%
WESFARMERS LTD	2,046	606,700	1.40%
WESTPAC BANKING CORP	1,593	333,801	0.77%
WOODSIDE PETROLEUM LTD	1,967	536,264	1.24%
Total investments in listed Australian securities at fair value		3,962,814	9.14%

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF>(*This is a synthetic ETF)****Investment portfolio (Unaudited)**

As at 31 December 2012

Listed equities	Holdings	Fair value HK\$	% of net assets
Japan			
ASTELLAS PHARMA INC	3,400	1,181,027	2.72%
BRIDGESTONE CORPORATION	6,300	1,255,985	2.90%
CANON INC	3,200	958,089	2.21%
DENSO CORP	4,500	1,199,269	2.77%
FANUC CORP	1,200	1,712,512	3.95%
FAST RETAILING CO LTD	700	1,370,440	3.16%
HONDA MOTOR CO LTD	3,900	1,099,498	2.54%
JAPAN TOBACCO INC	7,600	1,662,312	3.83%
KDDI CORP	3,400	1,856,117	4.28%
KOMATSU LTD	5,100	998,463	2.30%
MITSUBISHI CORP ORD	9,700	1,432,104	3.30%
MITSUBISHI ESTATE CO LTD	9,000	1,653,079	3.81%
MITSUMI & CO LTD ORD	8,300	954,584	2.20%
MITSUMI FUDOSAN CO LTD	16,000	2,997,612	6.91%
SEVEN & I HOLDINGS CO LTD	5,000	1,092,282	2.52%
SHIN ETSU CHEMICAL CO LTD	2,600	1,218,945	2.81%
SOFTBANK CORP	4,700	1,322,930	3.05%
SONY CORP	7,000	601,136	1.39%
SUMITOMO CORPORATION	9,500	936,754	2.16%
TAKEDA PHARMACEUTICAL	3,200	1,105,818	2.55%
TOYOTA MOTOR CORP	3,500	1,256,550	2.90%
Total investments in listed Japanese securities at fair value		27,865,506	64.26%

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF>(*This is a synthetic ETF)****Investment portfolio (Unaudited) (Continued)**

As at 31 December 2012

Listed equities	Holdings	Fair value HK\$	% of net assets
Singapore			
CAPITALAND LTD	76,000	1,784,316	4.11%
DBS GROUP HOLDINGS LTD	18,000	1,694,973	3.91%
KEPPEL CORP LTD	24,358	1,700,164	3.92%
SINGAPORE EXCHANGE LTD	39,000	1,734,759	4.00%
SINGAPORE PRESS HOLDINGS LTD	63,000	1,611,024	3.71%
Total investments in listed Singaporean securities at fair value		8,525,236	19.65%
Total investments in securities at fair value		40,353,556	93.05%
Index swaps issued by		Fair value HK\$	% of net assets
THE ROYAL BANK OF SCOTLAND PLC		692,631	1.60%
JPMORGAN CHASE BANK N.A.		186,647	0.43%
BNP PARIBAS		108,802	0.25%
Total investment in index swaps at fair value		988,080	2.28%
Equity swaps issued by			
THE ROYAL BANK OF SCOTLAND PLC		(1,153,690)	(2.66)%
JPMORGAN CHASE BANK N.A.		(444,009)	(1.02)%
BNP PARIBAS		(13,898)	(0.04)%
Total investment in equity swaps at fair value		(1,611,597)	(3.72)%
Total investments		39,730,039	91.61%
Other net assets		3,636,943	8.39%
Net assets attributable to Unitholders at 31 December 2012		43,366,982	100.00%
Total investments, at cost		38,312,568	

XIE Shares Trust I>(*This is a synthetic ETF)

XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF>(*This is a synthetic ETF)

Statement of movements in investment portfolio (Unaudited)

For the period ended 31 December 2012

Investments - Listed equities	Holdings as at 13 February 2012 (date of inception)	Additions	Corporate Action	Disposals	Holdings as at 31 December 2012
AGL ENERGY LTD	-	1,775	-	(1,494)	281
ASTELLAS PHARMA INC	-	3,400	-	-	3,400
BHP BILLITON LTD	-	17,920	-	(15,974)	1,946
BRIDGESTONE CORPORATION	-	6,300	-	-	6,300
CANON INC	-	3,200	-	-	3,200
CAPITALAND LTD	-	76,000	-	-	76,000
COMMONWEALTH BANK OF AUSTRALIA	-	8,578	-	(7,219)	1,359
CSL LTD	-	11,937	-	(11,937)	-
DBS GROUP HOLDINGS LTD	-	18,000	-	-	18,000
DENSO CORP	-	4,500	-	-	4,500
FANUC CORP	-	1,200	-	-	1,200
FAST RETAILING CO LTD	-	700	-	-	700
FORTESCUE METALS GROUP LTD	-	73,033	-	(61,464)	11,569
FRASER AND NEAVE LTD	-	28,000	-	(28,000)	-
HONDA MOTOR CO LTD	-	3,900	-	-	3,900
JAPAN TOBACCO INC	-	38	7,562	-	7,600
KDDI CORP	-	34	3,366	-	3,400
KEPPEL CORP LTD	-	24,358	-	-	24,358
KOMATSU LTD	-	5,100	-	-	5,100
mitsubishi corp ord	-	9,700	-	-	9,700

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF>(*This is a synthetic ETF)****Statement of movements in investment portfolio (Unaudited) (Continued)**

For the period ended 31 December 2012

Investments - Listed equities	Holdings as at 13 February 2012 (date of inception)	Additions	Corporate Action	Disposals	Holdings as at 31 December 2012
MITSUBISHI ESTATE CO LTD	-	9,000	-	-	9,000
MITSUI & CO LTD ORD	-	8,300	-	-	8,300
MITSUI FUDOSAN CO LTD	-	16,000	-	-	16,000
NEWCREST MINING LTD	-	12,928	-	(12,928)	-
ORIGIN ENERGY LTD	-	13,552	-	(11,405)	2,147
QBE INSURANCE GROUP LTD	-	55,056	-	(55,056)	-
RIO TINTO LTD	-	6,616	-	(5,568)	1,048
SEVEN & I HOLDINGS CO LTD	-	5,000	-	-	5,000
SHIN ETSU CHEMICAL CO LTD	-	2,600	-	-	2,600
SINGAPORE EXCHANGE LTD	-	39,000	-	-	39,000
SINGAPORE PRESS HOLDINGS LTD	-	63,000	-	-	63,000
SOFTBANK CORP	-	4,700	-	-	4,700
SONY CORP	-	7,000	-	-	7,000
SUMITOMO CORPORATION	-	9,500	-	-	9,500
TAKEDA PHARMACEUTICAL	-	3,200	-	-	3,200
TOLL HOLDINGS LTD	-	5,000	-	(5,000)	-
TOYOTA MOTOR CORP	-	3,500	-	-	3,500
WESFARMERS LTD	-	21,397	-	(19,351)	2,046
WESTPAC BANKING CORP	-	10,058	-	(8,465)	1,593
WOODSIDE PETROLEUM LTD	-	12,416	-	(10,449)	1,967
WOOLWORTHS LTD	-	17,984	-	(17,984)	-

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF>(*This is a synthetic ETF)****Statement of movements in investment portfolio (Unaudited) (Continued)**

For the period ended 31 December 2012

Swaps issued by	Fair value as at 13 February 2012 (date of inception)	Fair value change	Fair value as at 31 December 2012
	HK\$	HK\$	HK\$
THE ROYAL BANK OF SCOTLAND PLC	-	(461,059)	(461,059)
JPMORGAN CHASE BANK N.A.	-	(257,362)	(257,362)
BNP PARIBAS	-	94,904	94,904

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF>(*This is a synthetic ETF)****Performance record (Unaudited)**

For the period ended 31 December 2012

Highest and lowest net asset value per unit

	Lowest	Highest
	HK\$	HK\$
Period ended 31 December 2012	<u>7.6270</u>	<u>8.7672</u>

Net asset value attributable to Unitholders

	HK\$
As at 31 December 2012	<u>43,366,982</u>

Net asset value per unit

	HK\$
As at 31 December 2012	<u>8.6734</u>

During the period, the Underlying Index increased by 10.36%, while the net asset value per unit of the Sub-Fund increased by 9.59%^(a).

The following lists the constituent securities that individually accounted for more than 10% of FTSE Bursa Malaysia KLCI as at 31 December 2012 and their weighting of the FTSE Bursa Malaysia KLCI as at 31 December 2012:

Constituent securities	Respective weighting in FTSE Bursa Malaysia KLCI
Public Bank Bhd ^(b)	10.47%
Malayan Banking Bhd ^(b)	10.23%
	<u>20.70%</u>

(a) This is the annualized return of the Sub-Fund (net of fees and expenses) since its inception on 13 February 2012 to 31 December 2012.

(b) The Sub-Fund did not hold the constituent securities as at 31 December 2012.

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Philippines (PSEi) ETF(*This is a synthetic ETF)****Investment portfolio (Unaudited)**

As at 31 December 2012

Investments**Listed equities****Holdings****Fair value
HK\$****% of net
assets****Japan**

ASAHI GROUP HOLDINGS LTD	2,100	345,810	1.76%
ASTELLAS PHARMA INC	1,200	416,833	2.12%
BRIDGESTONE CORPORATION	2,100	418,662	2.13%
CANON INC	1,100	329,343	1.67%
DAIICHI SANKYO CO LTD	2,500	296,265	1.51%
DENSO CORP	1,500	399,756	2.03%
EISAI CO LTD	1,200	387,251	1.97%
FANUC CORP	300	428,128	2.18%
FAST RETAILING CO LTD	400	783,108	3.98%
FUJIFILM HOLDINGS CORP	2,000	308,906	1.57%
HONDA MOTOR CO LTD	1,300	366,499	1.86%
JAPAN TOBACCO INC	2,600	568,686	2.89%
KAO CORP	1,800	362,887	1.84%
KDDI CORP	1,200	655,100	3.33%
KOMATSU LTD	1,700	332,821	1.69%
KYOCERA CORP ORD	500	348,258	1.77%
MITSUBISHI CORP ORD	3,900	575,794	2.93%
MITSUBISHI ESTATE CO LTD	3,000	551,026	2.80%
mitsui & co ltd ord	2,800	322,028	1.64%
mitsui fudosan co ltd	3,000	562,052	2.86%
NIKON CORP	1,800	407,582	2.07%
SECOM CO LTD	1,000	388,596	1.97%
SEVEN & I HOLDINGS CO LTD	1,700	371,376	1.89%
SHIN ETSU CHEMICAL CO LTD	900	421,943	2.14%
SOFTBANK CORP	1,600	450,359	2.29%
SONY CORP	2,400	206,104	1.05%
SUMITOMO CORPORATION	3,200	315,538	1.60%
SUZUKI MOTOR CORP	2,000	401,953	2.04%
TAKEDA PHARMACEUTICAL	1,100	380,125	1.93%
TOYOTA MOTOR CORP	1,100	394,916	2.00%

Total investments in listed Japanese securities at fair value

12,497,705

63.51%

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Philippines (PSEi) ETF(*This is a synthetic ETF)****Investment portfolio (Unaudited) (Continued)**

As at 31 December 2012

Investments			
Listed equities	Holdings	Fair value HK\$	% of net assets
Singapore			
CAPITALAND LTD	42,000	986,069	5.01%
DBS GROUP HOLDINGS LTD	10,000	941,652	4.79%
KEPPEL CORP LTD	13,049	910,807	4.63%
SINGAPORE EXCHANGE LTD	21,000	934,101	4.74%
SINGAPORE PRESS HOLDINGS LTD	35,000	895,013	4.55%
Total investments in listed Singaporean securities at fair value		4,667,642	23.72%
Total investments in securities at fair value		17,165,347	87.23%
Index swaps issued by		Fair value HK\$	% of net assets
THE ROYAL BANK OF SCOTLAND PLC		282,731	1.44%
BNP PARIBAS		49,031	0.25%
Total investment in index swaps at fair value		331,762	1.69%
Equity swaps issued by			
THE ROYAL BANK OF SCOTLAND PLC		(373,537)	(1.90)%
BNP PARIBAS		(7,489)	(0.04)%
Total investment in equity swaps at fair value		(381,026)	(1.94)%
Total Investments		17,116,083	86.98%
Other net assets		2,562,071	13.02%
Net assets attributable to Unitholders at 31 December 2012		19,678,154	100.00%
Total investments, at cost		16,718,978	

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Philippines (PSEi) ETF(*This is a synthetic ETF)****Statement of movements in investment portfolio (Unaudited)**

For the period ended 31 December 2012

Investments - Listed equities	Holdings as at 17 February 2012 (date of inception)	Additions	Corporate Action	Disposals	Holdings as at 31 December 2012
ASAHI GROUP HOLDINGS LTD	-	2,100	-	-	2,100
ASTELLAS PHARMA INC	-	1,200	-	-	1,200
BRIDGESTONE CORPORATION	-	2,100	-	-	2,100
CANON INC	-	1,100	-	-	1,100
CAPITALAND LTD	-	42,000	-	-	42,000
DAIICHI SANKYO CO LTD	-	2,500	-	-	2,500
DBS GROUP HOLDINGS LTD	-	10,000	-	-	10,000
DENSO CORP	-	1,500	-	-	1,500
EISAI CO LTD	-	1,200	-	-	1,200
FANUC CORP	-	300	-	-	300
FAST RETAILING CO LTD	-	400	-	-	400
FRASER AND NEAVE LTD	-	15,000	-	(15,000)	-
FUJIFILM HOLDINGS CORP	-	2,000	-	-	2,000
HONDA MOTOR CO LTD	-	1,300	-	-	1,300
JAPAN TOBACCO INC	-	13	2,587	-	2,600
KAO CORP	-	1,800	-	-	1,800
KDDI CORP	-	12	1,188	-	1,200
KEPPEL CORP LTD	-	13,049	-	-	13,049
KOMATSU LTD	-	1,700	-	-	1,700
KYOCERA CORP ORD	-	500	-	-	500
MITSUBISHI CORP ORD	-	3,900	-	-	3,900
MITSUBISHI ESTATE CO LTD	-	3,000	-	-	3,000
mitsui & co LTD ORD	-	2,800	-	-	2,800
mitsui FUDOSAN CO LTD	-	3,000	-	-	3,000
NIKON CORP	-	1,800	-	-	1,800
SECOM CO LTD	-	1,000	-	-	1,000
SEVEN & I HOLDINGS CO LTD	-	1,700	-	-	1,700

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Philippines (PSEi) ETF(*This is a synthetic ETF)****Statement of movements in investment portfolio (Unaudited) (Continued)**

For the period ended 31 December 2012

Investments - Listed equities	Holdings as at 17 February 2012 (date of inception)	Additions	Corporate Action	Disposals	Holdings as at 31 December 2012
SHIN ETSU CHEMICAL CO LTD	-	900	-	-	900
SINGAPORE EXCHANGE LTD	-	21,000	-	-	21,000
SINGAPORE PRESS HOLDINGS LTD	-	35,000	-	-	35,000
SOFTBANK CORP	-	1,600	-	-	1,600
SONY CORP	-	2,400	-	-	2,400
SUMITOMO CORPORATION	-	3,200	-	-	3,200
SUZUKI MOTOR CORP	-	2,000	-	-	2,000
TAKEDA PHARMACEUTICAL	-	1,100	-	-	1,100
TOYOTA MOTOR CORP	-	1,100	-	-	1,100

Swaps issued by	Fair value as at 17 February 2012 (date of inception) HK\$	Fair value change HK\$	Fair value as at 31 December 2012 HK\$
THE ROYAL BANK OF SCOTLAND PLC	-	(90,806)	(90,806)
BNP PARIBAS	-	41,542	41,542

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Philippines (PSEi) ETF(*This is a synthetic ETF)****Performance record (Unaudited)**

For the period ended 31 December 2012

Highest and lowest net asset value per unit

	Lowest HK\$	Highest HK\$
Period ended 31 December 2012	<u>7.8023</u>	<u>10.0508</u>

Net asset value attributable to Unitholders

	HK\$
As at 31 December 2012	<u>19,678,154</u>

Net asset value per unit

	HK\$
As at 31 December 2012	<u>9.8391</u>

During the period, the Underlying Index increased by 25.84%, while the net asset value per unit of the Sub-Fund increased by 24.87%^(a).

The following lists the constituent securities that individually accounted for more than 10% of PSEi Index as at 31 December 2012 and its weighting of the PSEi Index as at 31 December 2012:

Constituent securities	Respective weighting in PSEi Index
Philippine Long Distance Telephone ^(b)	<u>12.04%</u>

(a) This is the annualized return of the Sub-Fund (net of fees and expenses) since its inception on 17 February 2012 to 31 December 2012.

(b) The Sub-Fund did not hold the constituent securities as at 31 December 2012.

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Taiwan (TAIEX) ETF(*This is a synthetic ETF)****Investment portfolio (Unaudited)**

As at 31 December 2012

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Australia			
AGL ENERGY LTD	1,060	131,188	0.10%
BHP BILLITON LTD	6,304	1,882,005	1.46%
COMMONWEALTH BANK OF AUSTRALIA	4,702	2,352,686	1.83%
FORTESCUE METALS GROUP LTD	44,866	1,678,808	1.31%
ORIGIN ENERGY LTD	11,130	1,040,715	0.81%
RIO TINTO LTD	4,689	2,490,696	1.94%
WESFARMERS LTD	6,277	1,861,317	1.45%
WESTPAC BANKING CORP	6,009	1,259,140	0.98%
WOODSIDE PETROLEUM LTD	7,627	2,079,351	1.62%
Total investments in listed Australian securities at fair value		14,775,906	11.50%

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Taiwan (TAIEX) ETF(*This is a synthetic ETF)****Investment portfolio (Unaudited) (Continued)**

As at 31 December 2012

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Japan			
ASTELLAS PHARMA INC	10,200	3,543,081	2.76%
BRIDGESTONE CORPORATION	18,800	3,748,019	2.92%
DENSO CORP	13,500	3,597,807	2.80%
FANUC CORP	2,500	3,567,732	2.78%
FAST RETAILING CO LTD	3,700	7,243,752	5.64%
HONDA MOTOR CO LTD	11,700	3,298,494	2.57%
JAPAN TOBACCO INC	15,800	3,455,860	2.69%
KDDI CORP	6,600	3,603,051	2.80%
KOMATSU LTD	19,100	3,739,342	2.91%
MITSUBISHI ESTATE CO LTD	26,000	4,775,563	3.72%
mitsui & co ltd ord	24,800	2,852,250	2.22%
mitsui fudosan co ltd	26,000	4,871,121	3.79%
SEVEN & I HOLDINGS CO LTD	15,000	3,276,846	2.55%
SHIN ETSU CHEMICAL CO LTD	7,900	3,703,719	2.88%
SOFTBANK CORP	14,100	3,968,789	3.09%
SONY CORP	57,800	4,963,667	3.85%
SUMITOMO CORPORATION	28,500	2,810,262	2.18%
TAKEDA PHARMACEUTICAL	9,700	3,352,010	2.60%
TOYOTA MOTOR CORP	10,600	3,805,551	2.95%
Total investments in listed Japanese securities at fair value		74,176,916	57.70%

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Taiwan (TAIEX) ETF(*This is a synthetic ETF)****Investment portfolio (Unaudited) (Continued)**

As at 31 December 2012

Investments	Holdings	Fair value HK\$	% of net assets
Listed equities			
Singapore			
CAPITALAND LTD	261,400	6,137,108	4.77%
DBS GROUP HOLDINGS LTD	64,400	6,064,238	4.72%
KEPPEL CORP LTD	88,200	6,156,272	4.79%
SINGAPORE EXCHANGE LTD	137,000	6,093,896	4.74%
SINGAPORE PRESS HOLDINGS LTD	240,400	6,147,464	4.78%
Total investments in listed Singaporean securities at fair value		30,598,978	23.80%
Total investments in securities at fair value		119,551,800	93.00%

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Taiwan (TAIEX) ETF(*This is a synthetic ETF)****Investment portfolio (Unaudited) (Continued)**

As at 31 December 2012

Index swaps issued by	Fair value HK\$	% of net assets
THE ROYAL BANK OF SCOTLAND PLC	9,044	0.01%
JPMORGAN CHASE BANK N.A.	1,261,655	0.98%
BNP PARIBAS	434,883	0.34%
Total investment in index swaps at fair value	<u>1,705,582</u>	<u>1.33%</u>
Equity swaps issued by		
THE ROYAL BANK OF SCOTLAND PLC	(3,183,402)	(2.48)%
JPMORGAN CHASE BANK N.A.	(1,645,136)	(1.28)%
BNP PARIBAS	115,985	0.09%
Total investment in equity swaps at fair value	<u>(4,712,553)</u>	<u>(3.67)%</u>
Total investments	116,544,829	90.66%
Other net assets	<u>12,000,420</u>	<u>9.34%</u>
Net assets attributable to Unitholders at 31 December 2012	<u>128,545,249</u>	<u>100.00%</u>
Total investments, at cost	<u>114,970,847</u>	

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Taiwan (TAIEX) ETF(*This is a synthetic ETF)****Statement of movements in investment portfolio (Unaudited)**

For the period ended 31 December 2012

Investments - Listed equities	Holdings as at 13 February 2012 (date of inception)	Additions	Corporate Action	Disposals	Holdings as at 31 December 2012
AGL ENERGY LTD	-	5,178	-	(4,118)	1,060
ASTELLAS PHARMA INC	-	10,200	-	-	10,200
BHP BILLITON LTD	-	53,760	-	(47,456)	6,304
BRIDGESTONE CORPORATION	-	18,800	-	-	18,800
CANON INC	-	21,900	-	(21,900)	-
CAPITALAND LTD	-	261,400	-	-	261,400
COMMONWEALTH BANK OF AUSTRALIA	-	22,961	-	(18,259)	4,702
CSL LTD	-	35,812	-	(35,812)	-
DBS GROUP HOLDINGS LTD	-	64,400	-	-	64,400
DENSO CORP	-	13,500	-	-	13,500
FANUC CORP	-	2,500	-	-	2,500
FAST RETAILING CO LTD	-	4,000	-	(300)	3,700
FORTESCUE METALS GROUP LTD	-	219,099	-	(174,233)	44,866
HONDA MOTOR CO LTD	-	11,700	-	-	11,700
JAPAN TOBACCO INC	-	79	15,721	-	15,800
KDDI CORP	-	66	6,534	-	6,600
KEPPEL CORP LTD	-	88,200	-	-	88,200
KOMATSU LTD	-	25,900	-	(6,800)	19,100
MITSUBISHI CORP ORD	-	42,800	-	(42,800)	-
MITSUBISHI ESTATE CO LTD	-	26,000	-	-	26,000
MITSUMI & CO LTD ORD	-	24,800	-	-	24,800
MITSUMI FUDOSAN CO LTD	-	46,000	-	(20,000)	26,000
NEWCREST MINING LTD	-	38,784	-	(38,784)	-
ORIGIN ENERGY LTD	-	54,353	-	(43,223)	11,130
QBE INSURANCE GROUP LTD	-	165,168	-	(165,168)	-
RIO TINTO LTD	-	22,897	-	(18,208)	4,689
SEVEN & I HOLDINGS CO LTD	-	15,000	-	-	15,000

XIE Shares Trust I>(*This is a synthetic ETF)

XIE Shares Taiwan (TAIEX) ETF(*This is a synthetic ETF)

Statement of movements in investment portfolio (Unaudited) (Continued)

For the period ended 31 December 2012

Investments - Listed equities	Holdings as at 13 February 2012 (date of inception)	Additions	Corporate Action	Disposals	Holdings as at 31 December 2012
SHIN ETSU CHEMICAL CO LTD	-	7,900	-	-	7,900
SINGAPORE EXCHANGE LTD	-	137,000	-	-	137,000
SINGAPORE PRESS HOLDINGS LTD	-	240,400	-	-	240,400
SOFTBANK CORP	-	14,100	-	-	14,100
SONY CORP	-	57,800	-	-	57,800
SUMITOMO CORPORATION	-	28,500	-	-	28,500
TAKEDA PHARMACEUTICAL	-	9,700	-	-	9,700
TOYOTA MOTOR CORP	-	10,600	-	-	10,600
WESFARMERS LTD	-	64,191	-	(57,914)	6,277
WESTPAC BANKING CORP	-	29,345	-	(23,336)	6,009
WOODSIDE PETROLEUM LTD	-	37,248	-	(29,621)	7,627
WOOLWORTHS LTD	-	53,952	-	(53,952)	-
Swaps issued by	Fair value as at 13 February 2012 (date of inception) HK\$	Fair value change HK\$	Fair value as at 31 December 2012 HK\$		
THE ROYAL BANK OF SCOTLAND PLC	-	(3,174,358)	(3,174,358)		
JPMORGAN CHASE BANK N.A.	-	(383,481)	(383,481)		
BNP PARIBAS	-	550,868	550,868		

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Taiwan (TAIEX) ETF(*This is a synthetic ETF)****Performance record (Unaudited)**

For the period ended 31 December 2012

Highest and lowest net asset value per unit

	Lowest HK\$	Highest HK\$
Period ended 31 December 2012	<u>6.8451</u>	<u>8.2592</u>

Net asset value attributable to Unitholders

	HK\$
As at 31 December 2012	<u>128,545,249</u>

Net asset value per unit

	HK\$
As at 31 December 2012	<u>8.0341</u>

During the period, the Underlying Index increased by 1.74%, while the net asset value per unit of the Sub-Fund increased by 1.13%^(a).

The following lists the constituent securities that individually accounted for more than 10% of TAIEX Index as at 31 December 2012 and its weighting of the TAIEX Index as at 31 December 2012:

Constituent securities	Respective weighting in TAIEX Index
Taiwan Semiconductor Manufacturing Company Limited ^(b)	<u>11.88%</u>

(a) This is the annualized return of the Sub-Fund (net of fees and expenses) since its inception on 13 February 2012 to 31 December 2012.

(b) The Sub-Fund did not hold the constituent securities as at 31 December 2012.

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)****Investment portfolio (Unaudited)**

As at 31 December 2012

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Australia			
AGL ENERGY LTD NPV	285	35,272	0.08%
BHP BILLITON LTD NPV	2,875	858,307	1.94%
COMMONWEALTH BANK OF AUSTRAL NPV	1,376	688,493	1.56%
FORTESCUE METALS GROUP LTD NPV	11,718	438,467	0.99%
ORIGIN ENERGY LTD	2,174	203,281	0.46%
RIO TINTO LTD NPV	1,062	564,112	1.28%
WESFARMERS LTD NPV	2,727	808,636	1.83%
WESTPAC BANKING CORP NPV	1,614	338,201	0.76%
WOODSIDE PETROLEUM LTD NPV	1,992	543,080	1.23%
Total investments in listed Australian securities at fair value		4,477,849	10.13%

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)****Investment portfolio (Unaudited) (Continued)**

As at 31 December 2012

Investments			
Listed equities	Holdings	Fair value HK\$	% of net assets
Japan			
ASAHI GROUP HOLDINGS LTD NPV	10,400	1,712,583	3.86%
ASTELLAS PHARMA INC NPV	3,400	1,181,027	2.67%
BRIDGESTONE CORPORATION NPV	6,300	1,255,985	2.84%
CANON INC NPV	3,200	958,089	2.17%
DENSO CORP NPV	4,500	1,199,269	2.71%
FANUC CORP NPV	1,500	2,140,639	4.84%
FAST RETAILING CO LTD NPV	700	1,370,440	3.10%
HONDA MOTOR CO LTD NPV	3,900	1,099,498	2.49%
JAPAN TOBACCO INC NPV	5,200	1,137,372	2.57%
KDDI CORP	2,200	1,201,017	2.72%
KOMATSU LTD NPV	5,100	998,463	2.26%
MITSUBISHI CORP ORD	6,100	900,601	2.04%
MITSUBISHI ESTATE CO LTD NPV	9,000	1,653,079	3.74%
MITSUMI & CO LTD ORD	8,300	954,585	2.16%
MITSUMI FUDOSAN CO LTD NPV	16,000	2,997,612	6.78%
SEVEN & I HOLDINGS CO LTD NPV	5,000	1,092,281	2.47%
SOFTBANK CORP NPV	4,700	1,322,930	2.99%
SONY CORP NPV	7,000	601,136	1.36%
SUMITOMO CORPORATION	9,500	936,754	2.12%
TAKEDA PHARMACEUTICAL NPV SHS	3,200	1,105,818	2.50%
TOYOTA MOTOR CORP NPV	3,500	1,256,550	2.84%
Total investments in listed Japanese securities at fair value		27,075,728	61.23%

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)****Investment portfolio (Unaudited) (Continued)**

As at 31 December 2012

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Singapore			
CAPITALAND LTD	82,000	1,925,183	4.35%
DBS GROUP HOLDINGS LTD	20,000	1,883,304	4.26%
KEPPEL CORP LTD	26,098	1,821,614	4.12%
SINGAPORE EXCHANGE LTD	41,000	1,823,721	4.12%
SINGAPORE PRESS HOLDINGS LTD	67,000	1,713,311	3.87%
Total investments in listed Singaporean securities at fair value		9,167,133	20.72%
Total investments in securities at fair value		40,720,710	92.08%

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)****Investment portfolio (Unaudited) (Continued)**

As at 31 December 2012

Index swaps issued by	Fair value HK\$	% of net assets
THE ROYAL BANK OF SCOTLAND PLC	771,571	1.74%
JPMORGAN CHASE BANK N.A.	427,692	0.97%
BNP PARIBAS	74,150	0.17%
Total investment in index swaps at fair value	1,273,413	2.88%
Equity swaps issued by		
THE ROYAL BANK OF SCOTLAND PLC	(1,091,839)	(2.47)%
JPMORGAN CHASE BANK N.A.	(497,052)	(1.12)%
BNP PARIBAS	(14,816)	(0.03)%
Total investment in equity swaps at fair value	(1,603,707)	(3.62)%
Total investments	40,390,416	91.34%
Other net assets	3,830,532	8.66%
Net assets attributable to Unitholders at 31 Dec 2012	44,220,948	100.00%
Total investments, at cost	38,971,448	

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)****Statement of movements in investment portfolio (Unaudited)**

For the period ended 31 December 2012

Investments - Listed equities	Holdings as at 13 February 2012 (date of inception)	Additions	Corporate Action	Disposals	Holdings as at 31 December 2012
AGL ENERGY LTD	-	1,775	-	(1,490)	285
ASAHI GROUP HOLDINGS LTD	-	10,400	-	-	10,400
ASTELLAS PHARMA INC	-	3,400	-	-	3,400
BHP BILLITON LTD	-	17,920	-	(15,045)	2,875
BRIDGESTONE CORPORATION	-	6,300	-	-	6,300
CANON INC	-	3,200	-	-	3,200
CAPITALAND LTD	-	82,000	-	-	82,000
COMMONWEALTH BANK OF AUSTRALIA	-	8,578	-	(7,202)	1,376
CSL LTD	-	11,937	-	(11,937)	-
DBS GROUP HOLDINGS LTD	-	20,000	-	-	20,000
DENSO CORP	-	4,500	-	-	4,500
FANUC CORP	-	2,100	-	(600)	1,500
FAST RETAILING CO LTD	-	700	-	-	700
FORTESCUE METALS GROUP LTD	-	73,033	-	(61,315)	11,718
FRASER AND NEAVE LTD	-	30,000	-	(30,000)	-
HONDA MOTOR CO LTD	-	3,900	-	-	3,900
JAPAN TOBACCO INC	-	26	5,174	-	5,200
KDDI CORP	-	22	2,178	-	2,200
KEPPEL CORP LTD	-	26,098	-	-	26,098
KOMATSU LTD	-	5,100	-	-	5,100
MITSUBISHI CORP ORD	-	6,100	-	-	6,100
MITSUBISHI ESTATE CO LTD	-	9,000	-	-	9,000
MITSUMI & CO LTD ORD	-	8,300	-	-	8,300
MITSUMI FUDOSAN CO LTD	-	16,000	-	-	16,000
NEWCREST MINING LTD	-	12,928	-	(12,928)	-
ORIGIN ENERGY LTD	-	13,552	-	(11,378)	2,174
QBE INSURANCE GROUP LTD	-	55,056	-	(55,056)	-
RIO TINTO LTD	-	6,616	-	(5,554)	1,062

XIE Shares Trust I>(*This is a synthetic ETF)

XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)

Statement of movements in investment portfolio (Unaudited)

For the period ended 31 December 2012

Investments - Listed equities	Holdings as at 13 February 2012 (date of inception)	Additions	Corporate Action	Disposals	Holdings as at 31 December 2012
SEVEN & I HOLDINGS CO LTD	-	5,000	-	-	5,000
SHIN ETSU CHEMICAL CO LTD	-	6,800	-	(6,800)	-
SINGAPORE EXCHANGE LTD	-	41,000	-	-	41,000
SINGAPORE PRESS HOLDINGS LTD	-	67,000	-	-	67,000
SOFTBANK CORP	-	4,700	-	-	4,700
SONY CORP	-	7,000	-	-	7,000
SUMITOMO CORPORATION	-	9,500	-	-	9,500
TAKEDA PHARMACEUTICAL	-	3,200	-	-	3,200
TOYOTA MOTOR CORP	-	3,500	-	-	3,500
WESFARMERS LTD	-	21,397	-	(18,670)	2,727
WESTPAC BANKING CORP	-	10,058	-	(8,444)	1,614
WOODSIDE PETROLEUM LTD	-	12,416	-	(10,424)	1,992
WOOLWORTHS LTD	-	17,984	-	(17,984)	-

Swaps issued by	Fair value as at 13 February 2012 (date of inception) HK\$	Fair value change HK\$	Fair value as at 31 December 2012 HK\$
THE ROYAL BANK OF SCOTLAND PLC	-	(320,268)	(320,268)
JPMORGAN CHASE BANK N.A.	-	(69,360)	(69,360)
BNP PARIBAS	-	59,334	59,334

XIE Shares Trust I>(*This is a synthetic ETF)**XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)****Performance record (Unaudited)**

For the period ended 31 December 2012

Highest and lowest net asset value per unit

	Lowest HK\$	Highest HK\$
Period ended 31 December 2012	<u>7.6737</u>	<u>9.9733</u>

Net asset value attributable to Unitholders

	HK\$
As at 31 December 2012	<u>44,220,948</u>

Net asset value per unit

	HK\$
As at 31 December 2012	<u>9.8269</u>

During the period, the Underlying Index increased by 24.83%, while the net asset value per unit of the Sub-Fund increased by 24.14%^(a).

The following lists the constituent securities that individually accounted for more than 10% of SET50 Index as at 31 December 2012 and its weighting of the SET50 Index as at 31 December 2012:

Constituent securities	Respective weighting in SET50 Index
PTT Public Company Limited ^(b)	<u>10.40%</u>

(a) This is the annualized return of the Sub-Fund (net of fees and expenses) since its inception on 13 February 2012 to 31 December 2012.

(b) The Sub-Fund did not hold the constituent securities as at 31 December 2012.