

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

XIE Shares India (CNX Nifty) ETF* (formerly known as 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 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 Philippines (PSEi) ETF* (*This is a synthetic ETF) (Stock Code: 3037)

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)

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

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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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337 New Henry House
10 Ice House Street
Central
Hong Kong

Legal Counsel to the Manager

Simmons & Simmons
13/F, One Pacific Place
88 Queensway
Hong Kong

Directors of the Manager

BLAND Tobias Christopher James
FORD Richard Andrew
NG Ho Yuen Howard (resigned on 27 September 2013)
So Ho Ching Paul (appointed on 27 September 2013)

Auditor

PricewaterhouseCoopers
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Central
Hong Kong

Trustee

Cititrust Limited
50/F, Citibank Tower, Citibank Plaza
3 Garden Road
Central
Hong Kong

Custodian

Citibank, N.A. Hong Kong Branch
50/F, Citibank Tower, Citibank Plaza
3 Garden Road
Central
Hong Kong

Administrator

Cititrust, N.A.
50/F, Citibank Tower, Citibank Plaza
3 Garden Road
Central
Hong Kong

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)

Market Maker

BNP Paribas Securities (Asia) Limited

Registrar

Computershare Hong Kong Investor Services Limited
46/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Service Agent

HK Conversion Agency Services Limited
2nd Floor
Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

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

REPORT OF THE MANAGER TO THE UNITHOLDERS

XIE Shares India (CNX Nifty) ETF* (formerly known as 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 (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 CNX Nifty Index (the “Index”) in Hong Kong dollar (“HK\$”) terms. As of 31 December 2013, the dealing Net Asset Value (“NAV”) per unit of the XIE Shares India was HK\$7.3399 with a total of 16,000,000 units outstanding, aggregating a total dealing NAV of approximately HK\$117,438,829.

A summary of the performance of the XIE Shares India is given below (as at 31 December 2013).^(a)

	1 Month ^(g)	3 Months ^(h)	6 Months ⁽ⁱ⁾	Since Inception ^(f)
CNX Nifty Price Return ^(b)	3.13%	11.23%	3.63%	-9.75%
CNX Nifty Total Return (Net) ^(c)	3.19%	11.42%	4.33%	-6.86%
XIE Shares India NAV-to-NAV ^(d)	3.11%	11.08%	3.86%	-8.25%
XIE Shares India Market-to-Market ^(e)	3.39%	10.93%	4.58%	-8.63%

- (a) Past performance figures shown are not indicative of the future performance of XIE Shares India.
- (b) Calculated on price return basis in HK\$. 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 HK\$.
- (d) Unit's NAV in HK\$. 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 HK\$. 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 annualised 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 2013 to 31 December 2013.
- (h) Represents performance figures for the period from 1 October 2013 to 31 December 2013.
- (i) Represents performance figures for the period from 1 July 2013 to 31 December 2013

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 2013, the dealing Net Asset Value ("NAV") per unit of the XIE Shares Indonesia was HK\$6.2084 with a total of 2,500,000 units outstanding, aggregating a total dealing NAV of approximately HK\$15,520,986.

A summary of the performance of the XIE Shares Indonesia is given below (as at 31 December 2013).^(a)

	1 Month ^(g)	3 Months ^(h)	6 Months ⁽ⁱ⁾	Since Inception ^(f)
LQ45 Price Return ^(b)	-0.82%	-5.10%	-27.89%	-24.05%
LQ45 Total Return (Net) ^(c)	-0.70%	-4.81%	-27.47%	-20.87%
XIE Shares Indonesia NAV-to-NAV ^(d)	-0.82%	-5.31%	-27.89%	-22.40%
XIE Shares Indonesia Market-to-Market ^(e)	-1.13%	-8.21%	-27.56%	-23.13%

- (a) Past performance figures shown are not indicative of the future performance of XIE Shares Indonesia.
- (b) Calculated on price return basis in HK\$. 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 HK\$.
- (d) Unit's NAV in HK\$. 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 HK\$. 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 annualised 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 2013 to 31 December 2013.
- (h) Represents performance figures for the period from 1 October 2013 to 31 December 2013.
- (i) Represents performance figures for the period from 1 July 2013 to 31 December 2013.

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 2013, the dealing Net Asset Value (“NAV”) per unit of the XIE Shares Korea was HK\$8,5179 with a total of 11,000,000 units outstanding, aggregating a total dealing NAV of approximately HK\$93,697,251.

A summary of the performance of the XIE Shares Korea is given below (as at 31 December 2013).^(a)

	1 Month ^(g)	3 Months ^(h)	6 Months ⁽ⁱ⁾	Since Inception ^(f)
KOSPI 200 Price Return ^(b)	-1.69%	3.11%	17.99%	6.90%
KOSPI 200 Total Return (Net) ^(c)	-1.69%	3.11%	17.99%	7.82%
XIE Shares Korea NAV-to-NAV ^(d)	-1.76%	2.82%	17.48%	6.47%
XIE Shares Korea Market-to-Market ^(e)	-1.16%	2.76%	17.77%	6.88%

- (a) Past performance figures shown are not indicative of the future performance of XIE Shares Korea.
- (b) Calculated on price return basis in HK\$. 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 HK\$.
- (d) Unit's NAV in HK\$. 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 HK\$. 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 annualised 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 2013 to 31 December 2013.
- (h) Represents performance figures for the period from 1 October 2013 to 31 December 2013.
- (i) Represents performance figures for the period from 1 July 2013 to 31 December 2013.

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 2013, the dealing Net Asset Value (“NAV”) per unit of the XIE Shares Malaysia was HK\$9.2527 with a total of 5,000,000 units outstanding, aggregating a total dealing NAV of approximately HK\$46,263,455.

A summary of the performance of the XIE Shares Malaysia is given below (as at 31 December 2013).^(a)

	1 Month ^(g)	3 Months ^(h)	6 Months ⁽ⁱ⁾	Since Inception ^(f)
FTSE Bursa Malaysia KLCI Price Return ^(b)	1.36%	5.03%	1.51%	10.28%
FTSE Bursa Malaysia KLCI Total Return (Net) ^(c)	1.66%	5.54%	3.02%	17.57%
XIE Shares Malaysia NAV-to-NAV ^(d)	1.56%	5.16%	2.47%	15.66%
XIE Shares Malaysia Market-to-Market ^(e)	1.88%	2.68%	2.79%	15.00%

- (a) Past performance figures shown are not indicative of the future performance of XIE Shares Malaysia.
- (b) Calculated on price return basis in HK\$. 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 HK\$.
- (d) Unit's NAV in HK\$. 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 HK\$. 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 annualised 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 2013 to 31 December 2013.
- (h) Represents performance figures for the period from 1 October 2013 to 31 December 2013.
- (i) Represents performance figures for the period from 1 July 2013 to 31 December 2013.

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 2013, the dealing Net Asset Value (“NAV”) per unit of the XIE Shares Philippines was HK\$9.4106 with a total of 2,000,000 units outstanding, aggregating a total dealing NAV of approximately HK\$18,821,259.

A summary of the performance of the XIE Shares Philippines is given below (as at 31 December 2013).^(a)

	1 Month ^(g)	3 Months ^(h)	6 Months ⁽ⁱ⁾	Since Inception ^(f)
PSEi Price Return ^(b)	-6.42%	-6.70%	-11.36%	15.90%
PSEi Total Return (Net) ^(c)	-6.36%	-6.59%	-10.86%	19.92%
XIE Shares Philippines NAV-to-NAV ^(d)	-6.47%	-7.06%	-11.49%	17.63%
XIE Shares Philippines Market-to-Market ^(e)	-5.73%	-8.67%	-11.77%	17.13%

- (a) Past performance figures shown are not indicative of the future performance of XIE Shares Philippines.
- (b) Calculated on price return basis in HK\$. 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 HK\$.
- (d) Unit's NAV in HK\$. 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 HK\$. 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 annualised 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 2013 to 31 December 2013.
- (h) Represents performance figures for the period from 1 October 2013 to 31 December 2013.
- (i) Represents performance figures for the period from 1 July 2013 to 31 December 2013.

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 2013, the dealing Net Asset Value (“NAV”) per unit of the XIE Shares Taiwan was HK\$8.9713 with a total of 16,000,000 units outstanding, aggregating a total dealing NAV of approximately HK\$143,541,457.

A summary of the performance of the XIE Shares Taiwan is given below (as at 31 December 2013).^(a)

	1 Month ^(g)	3 Months ^(h)	6 Months ⁽ⁱ⁾	Since Inception ^(f)
TAIEX Price Return ^(b)	1.73%	4.50%	7.38%	7.79%
TAIEX Total Return (Net) ^(c)	1.73%	4.52%	9.70%	13.42%
XIE Shares Taiwan NAV-to-NAV ^(d)	1.66%	4.27%	9.47%	12.14%
XIE Shares Taiwan Market-to-Market ^(e)	1.82%	3.84%	10.79%	11.63%

- (a) Past performance figures shown are not indicative of the future performance of XIE Shares Taiwan.
- (b) Calculated on price return basis in HK\$. 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 HK\$.
- (d) Unit's NAV in HK\$. 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 HK\$. 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 annualised 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 2013 to 31 December 2013.
- (h) Represents performance figures for the period from 1 October 2013 to 31 December 2013.
- (i) Represents performance figures for the period from 1 July 2013 to 31 December 2013.

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 2013, the dealing Net Asset Value (“NAV”) per unit of the XIE Shares Thailand was HK\$8.8147 with a total of 4,500,000 units outstanding, aggregating a total dealing NAV of approximately HK\$39,666,330.

A summary of the performance of the XIE Shares Thailand is given below (as at 31 December 2013).^(a)

	1 Month ^(g)	3 Months ^(h)	6 Months ⁽ⁱ⁾	Since Inception ^(f)
SET50 Price Return ^(b)	-7.68%	-10.64%	-15.21%	5.65%
SET50 Total Return (Net) ^(c)	-7.62%	-10.50%	-14.19%	11.77%
XIE Shares Thailand NAV-to-NAV ^(d)	-7.71%	-10.78%	-14.61%	10.18%
XIE Shares Thailand Market-to-Market ^(e)	-6.55%	-10.44%	-14.67%	10.50%

- (a) Past performance figures shown are not indicative of the future performance of XIE Shares Thailand.
- (b) Calculated on price return basis in HK\$. 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 HK\$.
- (d) Unit's NAV in HK\$. 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 HK\$. 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 annualised 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 2013 to 31 December 2013.
- (h) Represents performance figures for the period from 1 October 2013 to 31 December 2013.
- (i) Represents performance figures for the period from 1 July 2013 to 31 December 2013.

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 (CNX Nifty) ETF* (formerly known as 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* (*This is a synthetic ETF) (the “Trust”) has, in all material respects, managed the Sub-Funds in accordance with the provisions of the Trust Deed dated 11 November 2011 for the year ended 31 December 2013.

Cititrust Limited

29 April 2014

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 India (CNX Nifty) ETF* (formerly known as 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") is required by the Code on Unit Trusts and Mutual Funds established by the Securities and 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 year and of the transactions for the year ended 31 December 2013. 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-Funds 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 (*This is a synthetic ETF) (the "Trust") is an umbrella unit trust governed by its Trust Deed. As at 31 December 2013, the Trust has established seven sub-funds, namely, XIE Shares India (CNX Nifty) ETF* (formerly known as 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.

**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 (CNX Nifty) ETF* (formerly known as 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 96, which comprise the statements of financial position as at 31 December 2013, and the statements of comprehensive income, statements of changes in net assets attributable to unitholders and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Trustee and the Manager (the "Management") of the Sub-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 (the "Trust Deed") dated 11 November 2011 and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "SFC Code"), and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit 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. We are also required to assess whether the financial statements of the Sub-Funds have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the SFC Code.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Sub-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.

**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 2013, and of each of their financial transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 29 April 2014

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

		XIE Shares India (CNX Nifty) ETF* (formerly known as 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	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Assets - current assets							
Investments in listed securities	10(a)(i), 10(b)	100,382,705	114,493,759	14,389,012	14,900,560	79,918,080	85,322,506
Investments in derivative instruments	10(a)(i), 10(b)	3,290,665	1,470,435	330,250	105,756	2,368,799	1,337,913
Dividends receivable		90,060	122,822	15,081	16,031	122,281	31,554
Amounts due from brokers	10(b)	-	29,622	-	-	-	863,784
Receivable due from swap counterparties	10(b)	84,578	4,417,988	217,161	565,812	-	2,356,260
Other receivables		15,000	15,000	15,000	15,000	15,000	15,000
Cash and cash equivalents	5(b), 10(b)	17,143,160	8,090,102	859,968	639,656	14,097,636	10,827,701
Total assets		121,006,168	128,639,728	15,826,472	16,242,815	96,521,796	100,754,718
Liabilities - current liabilities							
Investments in derivative instruments	10(a)(i)	2,897,509	4,537,776	500,648	406,770	2,617,560	2,835,037
Amounts due to brokers	10(b)	-	1,721,981	-	24,093	-	6,641,175
Management fee payable	5(a)	39,848	47,312	5,282	5,305	31,815	40,555
Payable due to swap counterparties	10(b)	1,201,830	-	-	-	765,442	-
Other payables		92,363	43,858	19,847	33,973	69,119	53,858
Total liabilities		4,231,550	6,350,927	525,777	470,141	3,483,936	9,570,625
Equity							
Net assets attributable to							
Unitholders	6	116,774,618	122,288,801	15,300,695	15,772,674	93,037,860	91,184,093

The financial statements on pages 13 to 96 were approved by the Manager on 29 April 2014.

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 2013

		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	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Assets - current assets							
Investments in listed securities	10(a)(i), 10(b)	38,705,967	40,353,556	16,974,857	17,165,347	122,489,836	119,551,800
Investments in derivative instruments	10(a)(i), 10(b)	489,694	1,117,228	280,042	419,715	3,637,179	2,170,650
Dividends receivable		32,481	33,203	17,401	18,353	117,614	43,540
Amounts due from brokers	10(b)	-	274,242	-	-	-	-
Receivable due from swap counterparties	10(b)	1,101,031	472,802	232,625	116,263	1,217,337	5,061,310
Other receivables		15,000	15,000	15,000	15,000	15,000	15,000
Cash and cash equivalents	5(b), 10(b)	7,093,227	5,024,352	1,718,609	2,530,498	20,325,918	14,825,586
Total assets		47,437,400	47,290,383	19,238,534	20,265,176	147,802,884	141,667,886
Liabilities - current liabilities							
Investments in derivative instruments	10(a)(i)	1,455,568	1,740,745	607,339	468,979	4,601,797	5,177,621
Amounts due to brokers	10(b)	-	2,119,775	-	-	-	7,617,457
Management fee payable	5(a)	15,706	18,731	6,524	6,561	48,243	51,068
Payable due to swap counterparties	10(b)	12,848	-	-	77,509	193,200	232,526
Other payables		41,332	44,150	24,334	33,973	106,807	43,965
Total liabilities		1,525,454	3,923,401	638,197	587,022	4,950,047	13,122,637
Equity							
Net assets attributable to							
Unitholders	6	45,911,946	43,366,982	18,600,337	19,678,154	142,852,837	128,545,249

The financial statements on pages 13 to 96 were approved by the Manager on 29 April 2014.

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 2013

	Note	XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)	
		2013	2012
		HK\$	HK\$
Assets - current assets			
Investments in listed securities	10(a)(i), 10(b)	37,849,980	40,720,710
Investments in derivative instruments	10(a)(i), 10(b)	160,193	1,449,752
Dividends receivable		34,801	45,322
Amounts due from brokers	10(b)	-	489,401
Receivable due from swap counterparties	10(b)	3,230,057	108,512
Other receivables		15,000	15,000
Cash and cash equivalents	5(b), 10(b)	1,678,510	5,882,348
Total assets		<u>42,968,541</u>	<u>48,711,045</u>
Liabilities - current liabilities			
Investments in derivative instruments	10(a)(i)	3,598,112	1,780,046
Amounts due to brokers	10(b)	-	2,490,267
Management fee payable	5(a)	14,248	20,617
Payable due to swap counterparties	10(b)	-	155,017
Other payables		42,077	44,150
Total liabilities		<u>3,654,437</u>	<u>4,490,097</u>
Equity			
Net assets attributable to Unitholders	6	<u>39,314,104</u>	<u>44,220,948</u>

The financial statements on pages 13 to 96 were approved by the Manager on 29 April 2014.

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 YEAR ENDED 31 DECEMBER 2013

		XIE Shares India (CNX Nifty) ETF* (formerly known as 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	17 February 2012 (Date of inception) to 31 December	17 February 2012 (Date of inception) to 31 December	17 February 2012 (Date of inception) to 31 December	17 February 2012 (Date of inception) to 31 December	13 February 2012 (Date of inception) to 31 December	13 February 2012 (Date of inception) to 31 December
		2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Income							
Dividend income		2,697,761	4,196,390	362,263	553,759	2,531,146	4,172,888
Interest income		17,073	38,464	1,763	891	12,620	51,416
Net gain/(loss) on investments	4	(7,301,938)	(9,354,680)	(3,839,972)	(412,737)	(48,239)	3,015,191
Net foreign exchange loss		(213,890)	(34,968)	(17,191)	(2,672)	(85,520)	(326,652)
Total net income/(loss)		(4,800,994)	(5,154,794)	(3,493,137)	139,241	2,410,007	6,912,843
Operating expenses							
Management fees	5(a)	453,900	482,976	66,154	42,137	343,873	477,811
Audit fees		84,357	-	11,846	-	61,114	-
Preliminary expenses		16,446	1,020,303	2,161	350,966	10,221	1,021,014
Interest expense		815	44,798	73	1,791	4,700	78,177
Bank charges		501	155	245	-	225	360
Other operating expenses		73,261	-	63,821	-	70,503	-
Total operating expenses		629,280	1,548,232	144,300	394,894	490,636	1,577,362
Operating profit/(loss)		(5,430,274)	(6,703,026)	(3,637,437)	(255,653)	1,919,371	5,335,481
Profit/(loss) before taxation		(5,430,274)	(6,703,026)	(3,637,437)	(255,653)	1,919,371	5,335,481
Dividend withholding tax	8	83,909	215,773	13,692	19,073	65,604	114,288
Total comprehensive income/(loss) for the year/period attributable to unitholders		(5,514,183)	(6,918,799)	(3,651,129)	(274,726)	1,853,767	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 YEAR ENDED 31 DECEMBER 2013

		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	2013 HK\$	13 February 2012 (Date of inception) to 31 December 2012 HK\$	2013 HK\$	17 February 2012 (Date of inception) to 31 December 2012 HK\$	2013 HK\$	13 February 2012 (Date of inception) to 31 December 2012 HK\$
Income							
Dividend income		994,633	1,596,356	435,430	547,536	3,265,171	8,841,903
Interest income		5,775	23,675	3,484	23,107	15,999	79,426
Net gain/(loss) on investments	4	1,882,471	4,252,692	(1,326,865)	2,861,856	11,931,015	(6,343,651)
Net foreign exchange loss		(22,472)	(99,786)	(4,276)	(4,221)	(90,769)	(286,370)
Total net income/(loss)		<u>2,860,407</u>	<u>5,772,937</u>	<u>(892,227)</u>	<u>3,428,278</u>	<u>15,121,416</u>	<u>2,291,308</u>
Operating expenses							
Management fees	5(a)	173,400	195,817	84,515	47,183	523,170	544,729
Audit fees		33,329	-	16,333	-	98,799	-
Preliminary expenses		5,540	550,169	2,921	350,966	17,281	1,057,232
Interest expense		1,267	32,852	273	2,256	3,855	98,181
Bank charges		455	-	664	155	434	155
Other operating expenses		66,258	-	64,181	-	73,839	-
Total operating expenses		<u>280,249</u>	<u>778,838</u>	<u>168,887</u>	<u>400,560</u>	<u>717,378</u>	<u>1,700,297</u>
Operating profit/(loss)		<u>2,580,158</u>	<u>4,994,099</u>	<u>(1,061,114)</u>	<u>3,027,718</u>	<u>14,404,038</u>	<u>591,011</u>
Profit/(loss) before taxation		<u>2,580,158</u>	<u>4,994,099</u>	<u>(1,061,114)</u>	<u>3,027,718</u>	<u>14,404,038</u>	<u>591,011</u>
Dividend withholding tax	8	35,194	45,017	16,703	21,064	96,450	123,762
Total comprehensive income/(loss) for the year/period attributable to unitholders		<u><u>2,544,964</u></u>	<u><u>4,949,082</u></u>	<u><u>(1,077,817)</u></u>	<u><u>3,006,654</u></u>	<u><u>14,307,588</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 YEAR ENDED 31 DECEMBER 2013

		XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)	
		13 February 2012 (Date of inception) to 31 December 2012	
	Note	2013 HK\$	HK\$
Income			
Dividend income		1,051,637	1,646,609
Interest income		6,558	25,659
Net gain/(loss) on investments	4	(5,604,759)	12,433,582
Net foreign exchange loss		(33,000)	(34,777)
Total net income/(loss)		(4,579,564)	14,071,073
Operating expenses			
Management fees	5(a)	183,020	206,901
Audit fees		34,075	-
Preliminary expenses		6,404	550,169
Interest expense		1,848	33,312
Bank charges		859	155
Other operating expense		66,386	-
Total operating expenses		292,592	790,537
Operating profit/(loss)		(4,872,156)	13,280,536
Profit before taxation		(4,872,156)	13,280,536
Dividend withholding tax	8	34,688	49,438
Total comprehensive income/(loss) for the year/period attributable to the unitholders		(4,906,844)	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 YEAR ENDED 31 DECEMBER 2013

	XIE Shares India (CNX Nifty) ETF* (formerly known as 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)	
	17 February 2012 (Date of inception) to 31 December		17 February 2012 (Date of inception) to 31 December		13 February 2012 (Date of inception) to 31 December	
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Balance at the beginning of the year/period	122,288,801	-	15,772,674	-	91,184,093	-
Proceeds on issue of units	-	190,792,400	3,179,150	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	3,179,150	16,047,400	-	85,962,900
Total comprehensive income/(loss) for the year/period	(5,514,183)	(6,918,799)	(3,651,129)	(274,726)	1,853,767	5,221,193
Balance at the end of the year/period	116,774,618	122,288,801	15,300,695	15,772,674	93,037,860	91,184,093

	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)	
	13 February 2012 (Date of inception) to 31 December		17 February 2012 (Date of inception) to 31 December		13 February 2012 (Date of inception) to 31 December	
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Balance at the beginning of the year/period	43,366,982	-	19,678,154	-	128,545,249	-
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/(loss) for the year/period	2,544,964	4,949,082	(1,077,817)	3,006,654	14,307,588	467,249
Balance at the end of the year/period	45,911,946	43,366,982	18,600,337	19,678,154	142,852,837	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 YEAR ENDED 31 DECEMBER 2013**

	XIE Shares Thailand (SET50) ETF* (**This is a synthetic ETF)	
	13 February 2012 (Date of inception) to 31 December	
	2013 HK\$	2012 HK\$
Balance at the beginning of the year/period	44,220,948	-
Proceeds on issue of units	-	65,101,500
Payment on redemption of units	-	(34,111,650)
Net increase from unit transactions	-	30,989,850
Total comprehensive income/(loss) for the year/period	(4,906,844)	13,231,098
Balance at the end of the year/period	<u>39,314,104</u>	<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 YEAR ENDED 31 DECEMBER 2013

	XIE Shares India (CNX Nifty) ETF* (formerly known as 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)	
	17 February 2012 (Date of inception) to 31 December 2013 HK\$	17 February 2012 (Date of inception) to 31 December 2012 HK\$	17 February 2012 (Date of inception) to 31 December 2013 HK\$	17 February 2012 (Date of inception) to 31 December 2012 HK\$	13 February 2012 (Date of inception) to 31 December 2013 HK\$	13 February 2012 (Date of inception) to 31 December 2012 HK\$
Operating activities						
Payments for purchase of investments	(25,517,693)	(197,967,147)	(4,284,880)	(16,288,790)	(19,902,677)	(382,524,764)
Proceeds from sale of investments	27,173,953	78,878,408	801,747	1,300,600	18,233,110	307,491,964
Dividends received	2,730,523	4,073,568	363,213	537,728	2,440,419	4,141,334
Interest received	17,073	38,464	1,763	891	12,620	51,416
Management fee paid	(461,364)	(435,664)	(66,177)	(36,832)	(352,613)	(437,256)
Dividend withholding tax paid	(83,909)	(215,773)	(13,692)	(19,073)	(65,604)	(114,288)
Preliminary expenses paid	(40,304)	(996,445)	(26,019)	(327,108)	(34,079)	(997,156)
Interest expense paid	(815)	(44,798)	(73)	(1,791)	(4,700)	(78,177)
Net receipts from/(payments to) swap counterparties	5,535,240	(4,417,988)	348,651	(565,812)	3,121,702	(2,356,260)
Others receipts and payments	(85,756)	4,845	(66,180)	(4,885)	(92,723)	14,640
Cash generated from/(used in) operating activities	9,266,948	(121,082,530)	(2,941,647)	(15,405,072)	3,355,455	(74,808,547)
Financing activities						
Proceeds from issue of units	-	190,792,400	3,179,150	16,047,400	-	193,459,600
Redemption paid on redemption of units	-	(61,584,800)	-	-	-	(107,496,700)
Cash generated from financing activities	-	129,207,600	3,179,150	16,047,400	-	85,962,900
Net increase in cash and cash equivalents	9,266,948	8,125,070	237,503	642,328	3,355,455	11,154,353
Cash and cash equivalents at beginning of year/period	8,090,102	-	639,656	-	10,827,701	-
Net foreign exchange loss	(213,890)	(34,968)	(17,191)	(2,672)	(85,520)	(326,652)
Cash and cash equivalents at end of year/period	17,143,160	8,090,102	859,968	639,656	14,097,636	10,827,701
Analysis of balances of cash and cash equivalents						
Cash and cash equivalents	17,143,160	8,090,102	859,968	639,656	14,097,636	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 YEAR ENDED 31 DECEMBER 2013

	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)	
	13 February 2012 (Date of inception) to 31 December 2013 HK\$	13 February 2012 (Date of inception) to 31 December 2012 HK\$	17 February 2012 (Date of inception) to 31 December 2013 HK\$	17 February 2012 (Date of inception) to 31 December 2012 HK\$	13 February 2012 (Date of inception) to 31 December 2013 HK\$	13 February 2012 (Date of inception) to 31 December 2012 HK\$
Operating activities						
Payments for purchase of investments	(3,639,716)	(80,811,584)	(1,987,486)	(17,607,346)	(14,421,814)	(252,651,559)
Proceeds from sale of investments	5,666,600	47,179,770	1,129,144	3,353,119	13,754,983	137,380,536
Dividends received	995,355	1,563,153	436,382	529,183	3,191,097	8,798,363
Interest received	5,775	23,675	3,484	23,107	15,999	79,426
Management fee paid	(176,425)	(177,086)	(84,552)	(40,622)	(525,995)	(493,661)
Dividend withholding tax paid	(35,194)	(45,017)	(16,703)	(21,064)	(96,450)	(123,762)
Preliminary expenses paid	(29,398)	(526,311)	(26,779)	(327,108)	(41,139)	(1,033,374)
Interest expense paid	(1,267)	(32,852)	(273)	(2,256)	(3,855)	(98,181)
Net receipts from/(payments to) swap counterparties	(615,381)	(472,802)	(193,871)	(38,754)	3,804,647	(4,828,784)
Others receipts and payments	(79,002)	5,292	(66,959)	(5,040)	(86,372)	4,952
Cash generated from/(used in) operating activities	2,091,347	(33,293,762)	(807,613)	(14,136,781)	5,591,101	(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 generated from financing activities	-	38,417,900	-	16,671,500	-	128,078,000
Net increase/(decrease) in cash and cash equivalents	2,091,347	5,124,138	(807,613)	2,534,719	5,591,101	15,111,956
Cash and cash equivalents at beginning of year/period	5,024,352	-	2,530,498	-	14,825,586	-
Net foreign exchange loss	(22,472)	(99,786)	(4,276)	(4,221)	(90,769)	(286,370)
Cash and cash equivalents at end of year/period	7,093,227	5,024,352	1,718,609	2,530,498	20,325,918	14,825,586
Analysis of balances of cash and cash equivalents						
Cash and cash equivalents	7,093,227	5,024,352	1,718,609	2,530,498	20,325,918	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 YEAR ENDED 31 DECEMBER 2013

	XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)	
	13 February 2012 (Date of inception) to 31 December	
	2013 HK\$	2012 HK\$
Operating activities		
Payments for purchase of investments	(3,974,973)	(84,498,877)
Proceeds from sale of investments	2,347,703	58,542,909
Dividends received	1,062,158	1,601,287
Interest received	6,558	25,659
Management fee paid	(189,389)	(186,284)
Dividend withholding tax paid	(34,688)	(49,438)
Preliminary expenses paid	(6,404)	(526,311)
Interest expense paid	(1,848)	(33,312)
Net receipts from/(payments to) swap counterparties	(3,276,562)	46,505
Others receipts and payments	(103,393)	5,137
Cash used in operating activities	(4,170,838)	(25,072,725)
Financing activities		
Proceeds from issue of units	-	65,101,500
Redemption paid on redemption of units	-	(34,111,650)
Cash generated from financing activities	-	30,989,850
Net (decrease)/increase in cash and cash equivalents	(4,170,838)	5,917,125
Cash and cash equivalents at beginning of year/period	5,882,348	-
Net foreign exchange loss	(33,000)	(34,777)
Cash and cash equivalents at end of year/period	1,678,510	5,882,348
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	1,678,510	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 YEAR ENDED 31 DECEMBER 2013

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 2013, 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>
XIE Shares India (CNX Nifty) ETF* (formerly known as XIE Shares India (S&P CNX Nifty) ETF*) (*This is a synthetic ETF)	CNX Nifty Index (formerly known as S&P CNX Nifty Index)	21 February 2012
XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)	IDX LQ45 Index	21 February 2012
XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)	KOSPI 200 Index	16 February 2012
XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF)	FTSE Bursa Malaysia KLCI	16 February 2012
XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)	PSEi Index	21 February 2012
XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF)	TAIEX Index	16 February 2012
XIE Shares (SET50) Thailand ETF* (*This is a synthetic ETF)	SET50 Index	16 February 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 YEAR ENDED 31 DECEMBER 2013

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

The investment objective of XIE Shares India (CNX Nifty) ETF* (formerly known as 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 CNX Nifty Index on a total return basis. According to the Addendum to Prospectus dated 18 March 2013, with effect on and from 25 March 2013, the name of XIE Shares India (S&P CNX Nifty) ETF is replaced with XIE Shares India (CNX Nifty) ETF. The name of XIE Shares India (CNX Nifty) ETF* (*This is a synthetic ETF) is used throughout these financial statements.

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 YEAR ENDED 31 DECEMBER 2013**

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.

Relevant standards and amendments to existing standards effective 1 January 2013

Amendments to IFRS 7, ‘Disclosures – Offsetting financial assets and financial liabilities’ require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity’s recognised financial assets and recognised financial liabilities, on the Sub-Funds’ financial position. The amendments did not have any impact on the Sub-Funds’ financial position or performance, however, has resulted in additional disclosure in the notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

**Relevant standards and amendments to existing standards effective 1 January 2013
(Continued)**

IFRS 13, "Fair value measurement" – The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. The Sub-Funds have early adopted 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 their per share trading value for subscriptions and redemptions.

**New standards, amendments and interpretations effective after 1 January 2013 and
have not been early adopted**

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of International Accounting Standard ("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 Manager is yet to assess IFRS 9's full impact. The Manager will also consider the impact of the remaining phase of IFRS 9 when completed by the International Accounting Standards Board.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

2 Significant accounting policies (Continued)

(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.

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 statement of financial position 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 categorised 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

2 Significant accounting policies (Continued)

(c) Investments (Continued)

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.

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 make 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

2 Significant accounting policies (Continued)

(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. 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 original effective interest rate. The amount of the provision is recognised in the statement of comprehensive income. Amounts due from brokers in the statement of financial position are stated net of such provision.

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.

(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 and represents puttable financial instruments of the Sub-Funds. The Sub-funds classify their puttable financial instruments as equity in accordance with IAS 32 (Amendment), "Financial instruments: Presentation" as those puttable financial instruments meet all the following criteria:

- the puttable instruments entitle the holder to a pro-rata share of net assets;
- the puttable instruments are the most subordinated unit in issue and unit features are identical;
- there are no contractual obligations to deliver cash or another financial asset; and
- the total expected cash flows from the puttable instrument over its life are based substantially on the profit or loss of the Sub-Funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

2 Significant accounting policies (Continued)

(i) Redeemable units (Continued)

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.

(k) Distributions to unitholders

Distributions to unitholders are recognised in the statement of changes in net assets attributable to unitholders when they are approved by the Manager.

(l) 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 judgments

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 securities not quoted in an active market

The Sub-Funds may, from time to time, hold financial instruments that are not quoted in active markets, such as over-the-counter derivatives. 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 judgment 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

3 Critical accounting estimates and judgements (Continued)

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

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 judgment 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.

(b) Taxation

In preparing these financial statements, the Manager 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.

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 realised by an IMR foreign managed fund before 1 July 2011.

XIE Shares India (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 Taiwan (TAIEX) ETF* (*This is a synthetic ETF) and XIE Shares Thailand (SET50)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 2013, 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.

(c) Function currency

The Trustee considers Hong Kong dollar to be 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

4 Net gain/(loss) on investments

	XIE Shares India (CNX Nifty) ETF* (*This is a synthetic ETF)	XIE Shares India (CNX Nifty) ETF* (*This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012
	2013 HK\$	HK\$
Net realised gain/(loss) on financial assets at fair value through profit or loss		
-Investments in listed securities	8,176,273	1,247,532
-Investments in derivative instruments	(20,339,002)	(8,622,576)
Net change in unrealised gain/loss on financial assets at fair value through profit or loss		
-Investments in listed securities	1,400,294	1,087,705
-Investments in derivative instruments	3,460,497	(3,067,341)
	<u>(7,301,938)</u>	<u>(9,354,680)</u>
	XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)	XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012
	2013 HK\$	HK\$
Net realised gain/(loss) on financial assets at fair value through profit or loss		
-Investments in listed securities	1,536,868	68,213
-Investments in derivative instruments	(6,055,154)	(482,310)
Net change in unrealised gain/loss on financial assets at fair value through profit or loss		
-Investments in listed securities	547,699	302,374
-Investments in derivative instruments	130,615	(301,014)
	<u>(3,839,972)</u>	<u>(412,737)</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

	XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)	XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012
	2013 HK\$	HK\$
Net realised gain/(loss) on financial assets at fair value through profit or loss		
-Investments in listed securities	5,080,998	2,947,823
-Investments in derivative instruments	(9,789,476)	985,160
Net change in unrealised gain/loss on financial assets at fair value through profit or loss		
-Investments in listed securities	3,411,876	579,332
-Investments in derivative instruments	1,248,363	(1,497,124)
	<u>(48,239)</u>	<u>3,015,191</u>
	XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF)	XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012
	2013 HK\$	HK\$
Net realised gain/(loss) on financial assets at fair value through profit or loss		
-Investments in listed securities	2,548,941	729,768
-Investments in derivative instruments	(4,698,512)	2,105,453
Net change in unrealised gain/loss on financial assets at fair value through profit or loss		
-Investments in listed securities	4,374,399	2,040,988
-Investments in derivative instruments	(342,357)	(623,517)
	<u>1,882,471</u>	<u>4,252,692</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

	XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)	XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012
	2013 HK\$	HK\$
Net realised gain/(loss) on financial assets at fair value through profit or loss		
-Investments in listed securities	1,066,654	16,688
-Investments in derivative instruments	(3,821,152)	2,448,063
Net change in unrealised gain/loss on financial assets at fair value through profit or loss		
-Investments in listed securities	1,705,666	446,369
-Investments in derivative instruments	(278,033)	(49,264)
	<u>(1,326,865)</u>	<u>2,861,856</u>
	XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF)	XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012
	2013 HK\$	HK\$
Net realised gain/(loss) on financial assets at fair value through profit or loss		
-Investments in listed securities		
-Investments in derivative instruments	6,982,563	1,393,714
	(11,919,356)	(9,311,347)
Net change in unrealised gain/loss on financial assets at fair value through profit or loss		
-Investments in listed securities		
-Investments in derivative instruments	14,825,455	4,580,953
	2,042,353	(3,006,971)
	<u>11,931,015</u>	<u>(6,343,651)</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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

	XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)	XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)
	2013 HK\$	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	3,742,174	1,200,683
-Investments in derivative instruments	(9,127,590)	9,813,931
Net change in unrealised gain/loss on financial assets at fair value through profit or loss		
-Investments in listed securities	2,888,282	1,749,262
-Investments in derivative instruments	(3,107,625)	(330,294)
	<u>(5,604,759)</u>	<u>12,433,582</u>

5 Transactions with the Trustee, Manager and Connected Persons

The following is a summary of significant related party transactions entered into during the year 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 year 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:

(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, prior to 25 July 2013, management fee included trustee fee, administration fee, registrar fee and auditor fee. With effect from 25 July 2013, management fee includes trustee fee and administration fee only and the registrar fee and audit fee have to be borne by each of the Sub-Funds.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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

(b) Bank balances and securities held by the Custodian

Bank balances are maintained with Citibank N.A., which carry interest at normal commercial rates. Equity investments are held with Citibank N.A. as the Custodian of the Trust. Bank balances and securities held by the Custodian at 31 December 2013 and 2012 were as follows:

Sub-Funds

	2013 HK\$	2012 HK\$
<u>XIE Shares India (CNX Nifty) ETF* (*This is a synthetic ETF)</u>		
Bank balances	17,143,160	8,090,012
Equity investments	100,382,705	114,493,759
	<hr/>	<hr/>
<u>XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)</u>		
Bank balances	859,968	639,656
Equity investments	14,389,012	14,900,560
	<hr/>	<hr/>
<u>XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)</u>		
Bank balances	14,097,636	10,827,701
Equity investments	79,918,080	85,322,506
	<hr/>	<hr/>
<u>XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF)</u>		
Bank balances	7,093,227	5,024,352
Equity investments	38,705,967	40,353,556
	<hr/>	<hr/>
<u>XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)</u>		
Bank balances	1,718,609	2,530,498
Equity investments	16,974,857	17,165,347
	<hr/>	<hr/>
<u>XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF)</u>		
Bank balances	20,325,918	14,825,586
Equity investments	122,489,836	119,551,800
	<hr/>	<hr/>
<u>XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)</u>		
Bank balances	1,678,510	5,882,348
Equity investments	37,849,980	40,720,710
	<hr/>	<hr/>

XIE Shares Trust I*(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****5 Transactions with the Trustee, Manager and connected persons (Continued)****(c) 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. As at 31 December 2013, there are no outstanding transaction fees payable to the Trustee. As at 31 December 2012, the following are the outstanding transaction fees payable to the Trustee of each Sub-Fund.

Sub-Funds	Transaction fee 2012 HK\$
XIE Shares India (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

(d) Unitholders

As at 31 December 2013 and 2012, the Manager who is also the investment advisor of the Sub-Funds holds the units of E.I.P. Overlay Fund and Enhanced Philippines Index Fund as follows:

E.I.P. Overlay Fund	2013		2012	
	Number of units	% of NAV	Number of units	% of NAV
XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)	98,700	3.95%	-	-
XIE Shares Korea (KOSPI200) ETF* (*This is a synthetic ETF)	27,300	0.25%	-	-
XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)	-	-	208,800	10.56%
XIE Shares Taiwan (TWSE) ETF* (*This is a synthetic ETF)	-	-	48,900	0.31%
XIE Shares Thailand (SET 50) ETF* (*This is a synthetic ETF)	55,800	1.24%	24,000	0.54%

Enhanced Philippines Index Fund	2013		2012	
	Number of units	% of NAV	Number of units	% of NAV
XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)	78,000	3.90%	-	-

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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

(e) Transaction with the Director of the Manager

As at 31 December 2013, the Director of the Manager has held the units of the following Sub-Funds:

	2013		2012	
	Number of units	% of NAV	Number of units	% of NAV
XIE Shares India (CNX Nifty) ETF* (*This is a synthetic ETF)	3,900	0.02%	-	-
XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)	24,900	1.00%	-	-
XIE Shares Korea(KOSPI200) ETF* (*This is a synthetic ETF)	3,300	0.03%	-	-
XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF)	11,400	0.23%	-	-
XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)	5,100	0.26%	-	-
XIE Shares Thailand (SET 50) ETF* (*This is a synthetic ETF)	22,800	0.51%	-	-

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 Management ensures that the calculation of the Dealing NAV is 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.

During the year ended 31 December 2013 and 2012, no other comprehensive income has been incurred or recognised in the statement of comprehensive income. As at 31 December 2013 and 2012, no other comprehensive income is recognised in the statement of changes in net assets attributable to unitholders.

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 31 December 2013 and 2012 is reconciled below:

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

(a) Net assets attributable to unitholders (Continued)

	XIE Shares India (CNX Nifty) ETF* (*This is a synthetic ETF)		XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)	
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Accounting NAV as reported in the statement of financial position	116,774,618	122,288,801	15,300,695	15,772,674
Adjustment for preliminary expenses	664,211	866,653	220,291	300,661
Dealing NAV	<u>117,438,829</u>	<u>123,155,454</u>	<u>15,520,986</u>	<u>16,073,335</u>
	XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)		XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF)	
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Accounting NAV as reported in the statement of financial position	93,037,860	91,184,093	45,911,946	43,366,982
Adjustment for preliminary expenses	659,391	867,132	351,509	468,979
Dealing NAV	<u>93,697,251</u>	<u>92,051,225</u>	<u>46,263,455</u>	<u>43,835,961</u>
	XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF)		XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF)	
	2013 HK\$	2012 HK\$	2013 HK\$	2012 HK\$
Accounting NAV as reported in the statement of financial position	18,600,337	19,678,154	142,852,837	128,545,249
Adjustment for preliminary expenses	220,922	300,661	688,620	897,759
Dealing NAV	<u>18,821,259</u>	<u>19,978,815</u>	<u>143,541,457</u>	<u>129,443,008</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

**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)	
	2013 HK\$	2012 HK\$
Accounting NAV as reported in the statement of financial position	39,314,104	44,220,948
Adjustment for preliminary expenses	352,226	468,979
Dealing NAV	<u>39,666,330</u>	<u>44,689,927</u>

(b) Movement of the redeemable units

The movements of the redeemable units of the Sub-Funds for the year ended 31 December 2013 and 2012 are as follows:

	XIE Shares India (CNX Nifty) ETF* (*This is a synthetic ETF)	XIE Shares India (CNX Nifty) ETF* (*This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012
	2013	
	Units	Units
Units in issue at the beginning of the year/period	16,000,000	-
Issue of units	-	24,000,000
Redemption of units	-	(8,000,000)
Units in issue at the end of the year/period	16,000,000	16,000,000
Net assets attributable to unitholders (Accounting NAV)	HK\$116,774,618	HK\$122,288,801
Net assets attributable to unitholders (Accounting NAV) per unit	HK\$7.2984	HK\$7.6431
Net assets attributable to unitholders (Dealing NAV)	HK\$117,438,829	HK\$123,155,454
Net assets attributable to unitholders (Dealing NAV) per unit	HK\$7.3399	HK\$7.6972

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

(b) Movement of the redeemable units (Continued)

	XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)	XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF)
	2013	17 February 2012 (Date of inception) to 31 December 2012
	Units	Units
Units in issue at the beginning of the year/period	2,000,000	-
Issue of units	500,000	2,000,000
Redemption of units	-	-
Units in issue at the end of the year/period	2,500,000	2,000,000
Net assets attributable to unitholders (Accounting NAV)	HK\$15,300,695	HK\$15,772,674
Net assets attributable to unitholders (Accounting NAV) per unit	HK\$6.1203	HK\$7.8863
Net assets attributable to unitholders (Dealing NAV)	HK\$15,520,986	HK\$16,073,335
Net assets attributable to unitholders (Dealing NAV) per unit	HK\$6.2084	HK\$8.0367

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

**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)	XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF)
	2013	13 February 2012 (Date of inception) to 31 December 2012
	Units	Units
Units in issue at the beginning of the year/period	11,000,000	-
Issue of units	-	24,000,000
Redemption of units	-	(13,000,000)
Units in issue at the end of the year/period	11,000,000	11,000,000
Net assets attributable to unitholders (Accounting NAV)	HK\$93,037,860	HK\$91,184,093
Net assets attributable to unitholders (Accounting NAV) per unit	HK\$8.4580	HK\$8.2895
Net assets attributable to unitholders (Dealing NAV)	HK\$93,697,251	HK\$92,051,225
Net assets attributable to unitholders (Dealing NAV) per unit	HK\$8.5179	HK\$8.3683

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

(b) Movement of the redeemable units (Continued)

	XIE Shares Malaysia (FTSE Bursa Malaysia KLCI)ETF* (*This is a synthetic ETF)	XIE Shares Malaysia (FTSE Bursa Malaysia KLCI)ETF* (*This is a synthetic ETF)
	2013	13 February 2012 (Date of inception) to 31 December 2012
	Units	Units
Units in issue at the beginning of the year/period	5,000,000	-
Issue of units	-	8,000,000
Redemption of units	-	(3,000,000)
Units in issue at the end of the year/period	5,000,000	5,000,000
Net assets attributable to unitholders (Accounting NAV)	HK\$45,911,946	HK\$43,366,982
Net assets attributable to unitholders (Accounting NAV) per unit	HK\$9.1824	HK\$8.6734
Net assets attributable to unitholders (Dealing NAV)	HK\$46,263,455	HK\$43,835,961
Net assets attributable to unitholders (Dealing NAV) per unit	HK\$9.2527	HK\$8.7672

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

**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)	XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF) 17 February 2012 (Date of inception) to 31 December 2012
	2013	
	Units	Units
Units in issue at the beginning of the year/period	2,000,000	-
Issue of units	-	2,000,000
Redemption of units	-	-
Units in issue at the end of the year/period	2,000,000	2,000,000
Net assets attributable to unitholders (Accounting NAV)	HK\$18,600,337	HK\$19,678,154
Net assets attributable to unitholders (Accounting NAV) per unit	HK\$9.3002	HK\$9.8391
Net assets attributable to unitholders (Dealing NAV)	HK\$18,821,259	HK\$19,978,815
Net assets attributable to unitholders (Dealing NAV) per unit	HK\$9.4106	HK\$9.9894
	XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF)	XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) 13 February 2012 (Date of inception) to 31 December 2012
	2013	
	Units	Units
Units in issue at the beginning of the year/period	16,000,000	-
Issue of units	-	25,000,000
Redemption of units	-	(9,000,000)
Units in issue at the end of the year/period	16,000,000	16,000,000
Net assets attributable to unitholders (Accounting NAV)	HK\$142,852,837	HK\$128,545,249
Net assets attributable to unitholders (Accounting NAV) per unit	HK\$8.9283	HK\$8.0341
Net assets attributable to unitholders (Dealing NAV)	HK\$143,541,457	HK\$129,443,008
Net assets attributable to unitholders (Dealing NAV) per unit	HK\$8.9713	HK\$8.0902

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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)	XIE Shares Thailand (SET50)ETF* (*This is a synthetic ETF)
	2013	13 February 2012 (Date of inception) to 31 December 2012
	Units	Units
Units in issue at the beginning of the year/period	4,500,000	-
Issue of units	-	8,000,000
Redemption of units	-	(3,500,000)
Units in issue at the end of the year/period	4,500,000	4,500,000
Net assets attributable to unitholders (Accounting NAV)	HK\$39,314,104	HK\$44,220,948
Net assets attributable to unitholders (Accounting NAV) per unit	HK\$8.7365	HK\$9.8269
Net assets attributable to unitholders (Dealing NAV)	HK\$39,666,330	HK\$44,689,927
Net assets attributable to unitholders (Dealing NAV) per unit	HK\$8.8147	HK\$9.9311

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 year ended 31 December 2013 and 2012.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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 year ended 31 December 2013 and 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 year in relation to directing transactions of the Sub-Funds through a broker or dealer (2012: Nil).

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 YEAR ENDED 31 DECEMBER 2013

10 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

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

As at 31 December 2013 and 2012, the Sub-Fund's fair value of investments exposed to price risk was as follows:

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

		Fair value 2013 HK\$	% of NAV
As at 31 December 2013			
Equity			
-Listed equities			
Australia		10,971,411	9.40%
Japan		63,734,560	54.58%
Singapore		25,676,734	21.99%
		<u>100,382,705</u>	<u>85.97%</u>
	Notional value 2013 HK\$	Fair value 2013 HK\$	% of NAV
Derivative financial assets			
-Index swaps - CNX Nifty Index	117,128,159	2,829,584	2.42%
-Equity swaps	(19,372,277)	461,081	0.40%
		<u>3,290,665</u>	<u>2.82%</u>
Derivative financial liabilities			
-Equity swaps	(81,010,368)	(2,897,509)	(2.48)%
		<u>(2,897,509)</u>	<u>(2.48)%</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

XIE Shares India (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 - 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 - 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 CNX Nifty Index (formerly known as 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 CNX Nifty Index (formerly known as S&P CNX Nifty Index).

Sensitivity analysis in the event of a possible change in the index by 3% (2012: 3%) as estimated by the Manager

As at 31 December 2013, if the XIE Shares India (CNX Nifty) ETF* (*This is a synthetic ETF) had increased by 3% (2012: 3%) with all other variables held constant, this would have increased the post-tax profit for the year by approximately HK\$3,503,215 (2012: HK\$3,668,595). Conversely, if the XIE Shares India (CNX Nifty) ETF* (*This is a synthetic ETF) had decreased by 3% (2012: 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 YEAR ENDED 31 DECEMBER 2013

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 2013 and 2012, the Sub-Fund's fair value of investments exposed to price risk was as follows:

XIE Shares Indonesia (LQ45) ETF¹ (*This is a synthetic ETF)

		Fair value 2013 HK\$	% of NAV
As at 31 December 2013			
Equity			
-Listed equities			
Japan		8,648,363	56.52%
Singapore		5,740,649	37.52%
		<u>14,389,012</u>	<u>94.04%</u>
	Notional value 2013 HK\$	Fair value 2013 HK\$	% of NAV
Derivative financial assets			
-Index swaps – IDX LQ45 Index	15,483,094	286,152	1.87%
-Equity swaps	(1,869,610)	44,098	0.29%
		<u>330,250</u>	<u>2.16%</u>
Derivative financial liabilities			
-Equity swaps	(12,519,401)	(500,648)	(3.27)%
		<u>(500,648)</u>	<u>(3.27)%</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

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% (2012: 3%) as estimated by the Manager

As at 31 December 2013, if the XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF) had increased by 3% (2012: 3%) with all other variables held constant, this would have increased the post-tax profit for the year by approximately HK\$459,006 (2012: HK\$473,154). Conversely, if the XIE Shares Indonesia (LQ45) ETF* (*This is a synthetic ETF) had decreased by 3% (2012: 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 YEAR ENDED 31 DECEMBER 2013

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 2013 and 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 2013 HK\$	% of NAV
As at 31 December 2013			
Equity			
-Listed equities			
Australia		7,628,444	8.20%
Japan		43,633,449	46.90%
Singapore		28,656,187	30.80%
		<u>79,918,080</u>	<u>85.90%</u>
	Notional value 2013 HK\$	Fair value 2013 HK\$	% of NAV
Derivative financial assets			
-Index swaps – KOSPI 200 Index	93,542,287	1,877,208	2.02%
-Equity swaps	(10,079,465)	491,591	0.53%
		<u>2,368,799</u>	<u>2.55%</u>
Derivative financial liabilities			
-Equity swaps	(69,902,734)	(2,617,560)	(2.81)%
		<u>(2,617,560)</u>	<u>(2.81)%</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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)

		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% (2012: 3%) as estimated by the Manager

As at 31 December 2013, if the XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF) had increased by 3% (2012: 3%) with all other variables held constant, this would have increased the post-tax profit for the year by approximately HK\$2,790,327 (2012: HK\$2,735,368). Conversely, if the XIE Shares Korea (KOSPI 200) ETF* (*This is a synthetic ETF) had decreased by 3% (2012: 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 YEAR ENDED 31 DECEMBER 2013

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 2013 and 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 2013 HK\$	% of NAV
As at 31 December 2013			
Equity			
-Listed equities			
Australia		3,953,560	8.61%
Japan		27,185,329	59.21%
Singapore		7,567,078	16.48%
		<u>38,705,967</u>	<u>84.30%</u>
	Notional value 2013 HK\$	Fair value 2013 HK\$	% of NAV
Derivative financial assets			
-Index swaps – FTSE Bursa Malaysia KLCI	46,208,020	361,870	0.79%
-Equity swaps	(3,448,370)	127,824	0.28%
		<u>489,694</u>	<u>1.07%</u>
Derivative financial liabilities			
-Equity swaps	(35,257,573)	(1,455,568)	(3.17)%
		<u>(1,455,568)</u>	<u>(3.17)%</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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)

		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% (2012: 3%) as estimated by the Manager

As at 31 December 2013, if the XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF) had increased by 3% (2012: 3%) with all other variables held constant, this would have increased the post-tax profit for the year by approximately HK\$1,377,306 (2012: HK\$1,300,841). Conversely, if the XIE Shares Malaysia (FTSE Bursa Malaysia KLCI) ETF* (*This is a synthetic ETF) had decreased by 3% (2012: 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 YEAR ENDED 31 DECEMBER 2013

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 2013 and 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 2013 HK\$	% of NAV
As at 31 December 2013			
Equity			
-Listed equities			
Japan		12,370,095	66.50%
Singapore		4,604,762	24.76%
		<u>16,974,857</u>	<u>91.26%</u>
	Notional value 2013 HK\$	Fair value 2013 HK\$	% of NAV
Derivative financial assets			
-Index swaps – PSEi Index	14,088,644	226,405	1.22%
-Equity swaps	(2,421,125)	53,637	0.29%
		<u>280,042</u>	<u>1.51%</u>
Derivative financial liabilities			
-Index swaps – PSEi Index	4,709,591	(18,465)	(0.10)%
-Equity swaps	(14,553,729)	(588,874)	(3.17)%
		<u>(607,339)</u>	<u>(3.27)%</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

**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% (2012: 3%) as estimated by the Manager

As at 31 December 2013, if the XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF) had increased by 3% (2012: 3%) with all other variables held constant, this would have increased the post-tax profit for the year by approximately HK\$557,995 (2012: HK\$590,326). Conversely, if the XIE Shares Philippines (PSEi) ETF* (*This is a synthetic ETF) had decreased by 3% (2012: 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 YEAR ENDED 31 DECEMBER 2013

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 2013 and 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 2013 HK\$	% of NAV
As at 31 December 2013			
Equity			
-Listed equities			
Australia		16,044,094	11.23%
Japan		76,192,487	53.34%
Singapore		30,253,255	21.18%
		<u>122,489,836</u>	<u>85.75%</u>
	Notional value 2013 HK\$	Fair value 2013 HK\$	% of NAV
Derivative financial assets			
-Index swaps –TAIEX Index	142,997,817	3,193,758	2.24%
-Equity swaps	(13,055,270)	443,421	0.31%
		<u>3,637,179</u>	<u>2.55%</u>
Derivative financial liabilities			
-Equity swaps	(109,434,481)	(4,601,797)	(3.22)%
		<u>(4,601,797)</u>	<u>(3.22)%</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

**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% (2012: 3%) as estimated by the Manager

As at 31 December 2013, if the XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) had increased by 3% (2012: 3%) with all other variables held constant, this would have increased the post-tax profit for the year by approximately HK\$4,285,396 (2012: HK\$3,856,188). Conversely, if the XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) had decreased by 3% (2012: 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 YEAR ENDED 31 DECEMBER 2013

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 2013 and 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 2013 HK\$	% of NAV
As at 31 December 2013			
Equity			
-Listed equities			
Australia		4,440,312	11.29%
Japan		24,357,847	61.96%
Singapore		9,051,821	23.02%
		<u>37,849,980</u>	<u>96.27%</u>
	Notional value 2013 HK\$	Fair value 2013 HK\$	% of NAV
Derivative financial assets			
-Equity swaps	(5,671,957)	160,193	0.41%
		<u>160,193</u>	<u>0.41%</u>
Derivative financial liabilities			
-Index swaps –SET50 Index	39,605,513	(2,232,072)	(5.68)%
-Equity swaps	(32,177,998)	(1,366,040)	(3.47)%
		<u>(3,598,112)</u>	<u>(9.15)%</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

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% (2012: 3%) as estimated by the Manager

As at 31 December 2013, if the XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF) had increased by 3% (2012: 3%) with all other variables held constant, this would have increased the post-tax profit for the year by approximately HK\$1,179,409 (2012: HK\$1,326,575). Conversely, if the XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF) had decreased by 3% (2012: 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10 Financial risk management (Continued)

(a) Market risk (Continued)

(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 flows.

As at 31 December 2013 and 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 (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 2013	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
INR	-	117,128,159
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 2013. The analysis is based on the assumptions that the relevant foreign exchange rates increased/decreased by 2% (2012: 2%) with respect to the Hong Kong dollar, with all other variables held constant. This represents the Manager's best estimate of a reasonable possible shift in the foreign exchange rates and the possible impact to the Sub-Fund's net asset value and total comprehensive income.

As at 31 December 2013	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
INR	-	2,342,563
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 YEAR ENDED 31 DECEMBER 2013

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 2013	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
IDR	-	15,483,094
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 2013. The analysis is based on the assumptions that the relevant foreign exchange rates increased/decreased by 2% (2012: 2%) with respect to the Hong Kong dollar, with all other variables held constant. This represents the Manager's best estimate of a reasonable possible shift in the foreign exchange rates and the possible impact to the Sub-Fund's net asset value and total comprehensive income.

As at 31 December 2013	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
IDR	-	309,662
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 2013	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
KRW	-	93,542,287
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 2013. The analysis is based on the assumptions that the relevant foreign exchange rates increased/decreased by 2% (2012: 2%) with respect to the Hong Kong dollar, with all other variables held constant. This represents the Manager's best estimate of a reasonable possible shift in the foreign exchange rates and the possible impact to the Sub-Fund's net asset value and total comprehensive income.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10 Financial risk management (Continued)

(a) Market risk (Continued)

(iii) Currency risk (Continued)

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

As at 31 December 2013	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
KRW	-	1,870,846
As at 31 December 2012	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
KRW	-	1,837,474

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 2013	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
MYR	-	46,208,020
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 2013. The analysis is based on the assumptions that the relevant foreign exchange rates increased/decreased by 2% (2012: 2%) with respect to the Hong Kong dollar, with all other variables held constant. This represents the Manager's best estimate of a reasonable possible shift in the foreign exchange rates and the possible impact to the Sub-Fund's net asset value and total comprehensive income and the possible impact to the Sub-Fund's net asset value and total comprehensive income.

As at 31 December 2013	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
MYR	-	924,160
As at 31 December 2012	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
MYR	-	874,935

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10 Financial risk management (Continued)

(a) Market risk (Continued)

(iii) Currency risk (Continued)

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 2013	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
PHP	-	18,798,235
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 2013. The analysis is based on the assumptions that the relevant foreign exchange rates increased/decreased by 2% (2012: 2%) with respect to the Hong Kong dollar, with all other variables held constant. This represents the Manager's best estimate of a reasonable possible shift in the foreign exchange rates and the possible impact to the Sub-Fund's net asset value and total comprehensive income.

As at 31 December 2013	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
PHP	-	375,965
As at 31 December 2012	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
PHP	-	399,140

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 2013	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
TWD	-	142,997,817
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 2013. The analysis is based on the assumptions that the relevant foreign exchange rates increased/decreased by 2% (2012: 2%) with respect to the Hong Kong dollar, with all other variables held constant. This represents the Manager's best estimate of a reasonable possible shift in the foreign exchange rates and the possible impact to the Sub-Fund's net asset value and total comprehensive income.

XIE Shares Trust I*(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****10 Financial risk management (Continued)****(a) Market risk (Continued)****(iii) Currency risk (Continued)**XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) (Continued)

As at 31 December 2013	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
TWD	-	2,859,956
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 2013	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
THB	-	39,605,513
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 2013. The analysis is based on the assumptions that the relevant foreign exchange rates increased/decreased by 2% (2012: 2%) with respect to the Hong Kong dollar, with all other variables held constant. This represents the Manager’s best estimate of a reasonable possible shift in the foreign exchange rates and the possible impact to the Sub-Fund’s net asset value and total comprehensive income.

As at 31 December 2013	Monetary	Non-monetary
	HK\$ Equivalent	HK\$ Equivalent
THB	-	792,110
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
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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 YEAR ENDED 31 DECEMBER 2013**

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 2013 together with their credit ratings of senior long-term debt by Standard & Poor's Rating Services:

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

	2013		2012	
	S&P Credit Rating	Net exposure to counterparties HK\$	S&P Credit Rating	Net exposure to counterparties HK\$
Bank / Custodian				
Citibank N.A. Hong Kong Branch	A-		A-	
- Listed equities		100,382,705		114,493,759
- Cash and cash equivalents		17,143,160		8,090,102
		<u>117,525,865</u>		<u>122,583,861</u>
Counterparties				
JPMorgan Chase Bank N.A.	A+		A+	
- Derivative instruments		(126,711)		(648,877)
- Amounts due to broker		-		(240,654)
- Receivable due from swap counterparties		84,578		-
		<u>(42,133)</u>		<u>(889,531)</u>
The Royal Bank of Scotland Plc	A-		A	
- Derivative instruments		587,401		(2,524,701)
- Receivable due from swap counterparties		-		4,340,479
- Payable due to swap counterparties		(1,124,292)		-
- Amounts due from broker		-		29,622
- Amounts due to broker		-		(1,481,327)
		<u>(536,891)</u>		<u>364,073</u>
BNP Paribas	A+		A+	
- Derivative instruments		(67,534)		106,237
- Receivable due from swap counterparties		-		77,509
- Payable due to swap counterparties		(77,538)		-
		<u>(145,072)</u>		<u>183,746</u>

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 but not impaired.

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

**NOTES TO THE FINANCIAL STATEMENTS
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10 Financial risk management (Continued)

(b) Credit and counterparty risk (Continued)

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

	2013		2012	
	S&P Credit Rating	Net exposure to counterparties HK\$	S&P Credit Rating	Net exposure to counterparties HK\$
Bank / Custodian				
Citibank N.A. Hong Kong Branch	A-		A-	
- Listed equities		14,389,012		14,900,560
- Cash and cash equivalents		859,968		639,656
		<u>15,248,980</u>		<u>15,540,216</u>
Counterparties				
The Royal Bank of Scotland Plc	A-		A	
- Derivative instruments		(29,020)		(319,767)
- Receivable due from swap counterparties		62,031		488,303
- Amounts due to broker		-		(24,093)
		<u>33,011</u>		<u>144,443</u>
BNP Paribas	A+		A+	
- Derivative instruments		(141,378)		18,753
- Receivable due from swap counterparties		155,130		77,509
		<u>13,752</u>		<u>96,262</u>

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 but not impaired.

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

**NOTES TO THE FINANCIAL STATEMENTS
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10 Financial risk management (Continued)

(b) Credit and counterparty risk (Continued)

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

	2013		2012	
	S&P Credit Rating	Net exposure to counterparties HK\$	S&P Credit Rating	Net exposure to counterparties HK\$
Bank / Custodian				
Citibank N.A. Hong Kong Branch	A-		A-	
- Listed equities		79,918,080		85,322,506
- Cash and cash equivalents		14,097,636		10,827,701
		<u>94,015,716</u>		<u>96,150,207</u>
Counterparties				
JPMorgan Chase Bank N.A.	A+		A+	
- Derivative instruments		(32,127)		(145,681)
- Payable due to swap counterparties		(44,344)		-
- Amounts due from broker		-		795,947
- Amounts due to broker		-		(5,828,394)
		<u>(76,471)</u>		<u>(5,178,128)</u>
The Royal Bank of Scotland Plc	A-		A	
- Derivative instruments		47,676		(1,488,957)
- Receivable due from swap counterparties		-		2,278,751
- Payable due to swap counterparties		(488,486)		-
- Amounts due from broker		-		67,837
- Amounts due to broker		-		(812,781)
		<u>(440,810)</u>		<u>44,850</u>
BNP Paribas	A+		A+	
- Derivative instruments		(264,310)		137,514
- Receivable due to swap counterparties		-		77,509
- Payable due to swap counterparties		(232,612)		-
		<u>(496,922)</u>		<u>215,023</u>

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 but not impaired.

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

**NOTES TO THE FINANCIAL STATEMENTS
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10 Financial risk management (Continued)

(b) Credit and counterparty risk (Continued)

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

		2013		2012
	S&P Credit Rating	Net exposure to counterparties HK\$	S&P Credit Rating	Net exposure to counterparties HK\$
Bank / Custodian				
Citibank N.A. Hong Kong Branch	A-		A-	
- Listed equities		38,705,967		40,353,556
- Cash and cash equivalents		7,093,227		5,024,352
		<u>45,799,194</u>		<u>45,377,908</u>
Counterparties				
JPMorgan Chase Bank N.A.	A+		A+	
- Derivative instruments		1,421		(257,362)
- Payable due to swap counterparties		(12,848)		-
- Amounts due to broker		-		(2,119,775)
		<u>(11,427)</u>		<u>(2,377,137)</u>
The Royal Bank of Scotland Plc	A-		A	
- Derivative instruments		(837,184)		(461,059)
- Receivable due from swap counterparties		945,956		472,802
- Amounts due from broker		-		274,242
		<u>108,772</u>		<u>285,985</u>
BNP Paribas	A+		A+	
- Derivative instruments		(130,111)		94,904
- Receivable due from swap counterparties		155,075		-
		<u>24,964</u>		<u>94,904</u>

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 but not impaired.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10 Financial risk management (Continued)

(b) Credit and counterparty risk (Continued)

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

	2013		2012	
	S&P Credit Rating	Net exposure to counterparties HK\$	S&P Credit Rating	Net exposure to counterparties HK\$
Bank / Custodian				
Citibank N.A. Hong Kong Branch	A-		A-	
- Listed equities		16,974,857		17,165,347
- Cash and cash equivalents		1,718,609		2,530,498
		<u>18,693,466</u>		<u>19,695,845</u>
Counterparties				
The Royal Bank of Scotland Plc	A-		A	
- Derivative instruments		(163,014)		(90,806)
- Receivable due from swap counterparties		77,536		116,263
		<u>(85,478)</u>		<u>25,457</u>
BNP Paribas	A+		A+	
- Derivative instruments		(164,283)		41,542
- Receivable due from swap counterparties		155,089		-
- Payable due to swap counterparties		-		(77,509)
		<u>(9,194)</u>		<u>(35,967)</u>

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 but not impaired.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10 Financial risk management (Continued)

(b) Credit and counterparty risk (Continued)

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

	2013		2012	
	S&P Credit Rating	Net exposure to counterparties HK\$	S&P Credit Rating	Net exposure to counterparties HK\$
Bank / Custodian				
Citibank N.A. Hong Kong Branch	A-		A-	
- Listed equities		122,489,836		119,551,800
- Cash and cash equivalents		20,325,918		14,825,586
		<u>142,815,754</u>		<u>134,377,386</u>
Counterparties				
JPMorgan Chase Bank N.A.	A+		A+	
- Derivative instruments		106,121		(383,481)
- Payable due to swap counterparties		(115,662)		-
- Amounts due to broker		-		(5,986,671)
		<u>(9,541)</u>		<u>(6,370,152)</u>
The Royal Bank of Scotland Plc	A-		A	
- Derivative instruments		(954,614)		(3,174,358)
- Receivable due from swap counterparties		1,217,337		5,061,310
- Amounts due from broker		-		(1,630,786)
		<u>262,723</u>		<u>256,166</u>
BNP Paribas	A+		A+	
- Derivative instruments		(116,125)		550,868
- Payable due to swap counterparties		(77,538)		(232,526)
		<u>(193,663)</u>		<u>318,342</u>

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 but not impaired.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10 Financial risk management (Continued)

(b) Credit and counterparty risk (Continued)

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

	2013		2012	
	S&P Credit Rating	Net exposure to counterparties HK\$	S&P Credit Rating	Net exposure to counterparties HK\$
Bank / Custodian				
Citibank N.A. Hong Kong Branch	A-		A-	
- Listed equities		37,849,980		40,720,710
- Cash and cash equivalents		1,678,510		5,882,348
		<u>39,528,490</u>		<u>46,603,058</u>
Counterparties				
JPMorgan Chase Bank N.A.	A+		A+	
- Derivative instruments		(301,263)		(69,360)
- Receivable due from swap counterparties		252,578		-
- Amounts due to broker		-		(2,380,108)
		<u>(48,685)</u>		<u>(2,449,468)</u>
The Royal Bank of Scotland Plc	A-		A	
- Derivative instruments		(2,374,258)		(320,268)
- Receivable due from swap counterparties		2,202,063		108,512
- Amounts due from broker		-		489,401
- Amounts due to broker		-		(110,159)
		<u>(172,195)</u>		<u>167,486</u>
BNP Paribas	A+		A+	
- Derivative instruments		(762,398)		59,334
- Receivable due from swap counterparties		775,416		-
- Payable due to swap counterparties		-		(155,017)
		<u>13,018</u>		<u>(95,683)</u>

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 but not impaired.

(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 YEAR ENDED 31 DECEMBER 2013****10 Financial risk management (Continued)****(c) Liquidity risk (Continued)**

As at 31 December 2013 and 2012, all of the Sub-Funds' financial liabilities have contractual maturities not later than one month. As at 31 December 2013 and 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 (CNX Nifty) ETF* (*This is a synthetic ETF)

	Maturity less than 1 month HK\$	Maturity 1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
As at 31 December 2013				
Total financial assets	20,623,463	-	100,382,705	121,006,168
Total financial liabilities	4,231,550	-	-	4,231,550

	Maturity less than 1 month HK\$	Maturity 1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
As at 31 December 2012				
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)

	Maturity less than 1 month HK\$	Maturity 1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
As at 31 December 2013				
Total financial assets	1,437,460	-	14,389,012	15,826,472
Total financial liabilities	525,777	-	-	525,777

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10 Financial risk management (Continued)

(c) Liquidity risk (Continued)

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

	Maturity less than 1 month HK\$	Maturity 1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
As at 31 December 2013				
Total financial assets	16,603,716	-	79,918,080	96,521,796
Total financial liabilities	3,483,936	-	-	3,483,936

	Maturity less than 1 month HK\$	Maturity 1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
As at 31 December 2012				
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)

	Maturity less than 1 month HK\$	Maturity 1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
As at 31 December 2013				
Total financial assets	8,731,433	-	38,705,967	47,437,400
Total financial liabilities	1,525,454	-	-	1,525,454

	Maturity less than 1 month HK\$	Maturity 1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
As at 31 December 2012				
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 YEAR ENDED 31 DECEMBER 2013**

10 Financial risk management (Continued)

(c) Liquidity risk (Continued)

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

	Maturity less than 1 month HK\$	Maturity 1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
As at 31 December 2013				
Total financial assets	2,263,677	-	16,974,857	19,238,534
Total financial liabilities	638,197	-	-	638,197
As at 31 December 2012				
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)

	Maturity less than 1 month HK\$	Maturity 1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
As at 31 December 2013				
Total financial assets	25,313,048	-	122,489,836	147,802,884
Total financial liabilities	4,950,047	-	-	4,950,047
As at 31 December 2012				
Total financial assets	22,116,086	-	119,551,800	141,667,886
Total financial liabilities	13,122,637	-	-	13,122,637

XIE Shares Trust I*(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****10 Financial risk management (Continued)****(c) Liquidity risk (Continued)****XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF)**

	Maturity less than 1 month HK\$	Maturity 1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
As at 31 December 2013				
Total financial assets	5,118,561	-	37,849,980	42,968,541
Total financial liabilities	3,654,437	-	-	3,654,437
As at 31 December 2012				
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 year/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 their 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.

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).

XIE Shares Trust I*(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****10 Financial risk management (Continued)****(d) Fair value estimation (Continued)**

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

The determination of what constitutes 'observable' requires significant judgment by the Sub-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 2013 and 2012:

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

As at 31 December 2013	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss				
- Listed securities	100,382,705	-	-	100,382,705
- Index swaps	-	2,829,584	-	2,829,584
- Equity swaps	-	461,081	-	461,081
	<u>100,382,705</u>	<u>3,290,665</u>	<u>-</u>	<u>103,673,370</u>
Financial liabilities at fair value through profit or loss				
- Equity swaps	-	2,897,509	-	2,897,509
	<u>-</u>	<u>2,897,509</u>	<u>-</u>	<u>2,897,509</u>
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	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 YEAR ENDED 31 DECEMBER 2013**

10 Financial risk management (Continued)

(d) Fair value estimation (Continued)

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

As at 31 December 2013	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss				
- Listed securities	14,389,012	-	-	14,389,012
- Index swaps	-	286,152	-	286,152
- Equity swaps	-	44,098	-	44,098
	<u>14,389,012</u>	<u>330,250</u>	<u>-</u>	<u>14,719,262</u>
Financial liabilities at fair value through profit or loss				
- Equity swaps	-	500,648	-	500,648
	<u>-</u>	<u>500,648</u>	<u>-</u>	<u>500,648</u>
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
	<u>-</u>	<u>406,770</u>	<u>-</u>	<u>406,770</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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 2013	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss				
- Listed securities	79,918,080	-	-	79,918,080
- Index swaps	-	1,877,208	-	1,877,208
- Equity swaps	-	491,591	-	491,591
	<u>79,918,080</u>	<u>2,368,799</u>	<u>-</u>	<u>82,286,879</u>
Financial liabilities at fair value through profit or loss				
- Equity swaps	-	2,617,560	-	2,617,560
	<u>-</u>	<u>2,617,560</u>	<u>-</u>	<u>2,617,560</u>
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
	<u>-</u>	<u>2,835,037</u>	<u>-</u>	<u>2,835,037</u>

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

As at 31 December 2013	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss				
- Listed securities	38,705,967	-	-	38,705,967
- Index swaps	-	361,870	-	361,870
- Equity swaps	-	127,824	-	127,824
	<u>38,705,967</u>	<u>489,694</u>	<u>-</u>	<u>39,195,661</u>
Financial liabilities at fair value through profit or loss				
- Equity swaps	-	1,455,568	-	1,455,568
	<u>-</u>	<u>1,455,568</u>	<u>-</u>	<u>1,455,568</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10 Financial risk management (Continued)

(d) Fair value estimation (Continued)

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

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
	<u>-</u>	<u>1,740,745</u>	<u>-</u>	<u>1,740,745</u>

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

As at 31 December 2013	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss				
- Listed securities	16,974,857	-	-	16,974,857
- Index swaps	-	226,405	-	226,405
- Equity swaps	-	53,637	-	53,637
	<u>16,974,857</u>	<u>280,042</u>	<u>-</u>	<u>17,254,899</u>
Financial liabilities at fair value through profit or loss				
- Index swaps	-	18,465	-	18,465
- Equity swaps	-	588,874	-	588,874
	<u>-</u>	<u>607,339</u>	<u>-</u>	<u>607,339</u>

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 Trust I* (*This is a synthetic ETF)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10 Financial risk management (Continued)

(d) Fair value estimation (Continued)

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

As at 31 December 2013	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss				
- Listed securities	122,489,836	-	-	122,489,836
- Index swaps	-	3,193,758	-	3,193,758
- Equity swaps	-	443,421	-	443,421
	<u>122,489,836</u>	<u>3,637,179</u>	<u>-</u>	<u>126,127,015</u>
Financial liabilities at fair value through profit or loss				
- Equity swaps	-	4,601,797	-	4,601,797
	<u>-</u>	<u>4,601,797</u>	<u>-</u>	<u>4,601,797</u>
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 Thailand (SET50) ETF* (*This is a synthetic ETF)

As at 31 December 2013	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss				
- Listed securities	37,849,980	-	-	37,849,980
- Index swaps	-	-	-	-
- Equity swaps	-	160,193	-	160,193
	<u>37,849,980</u>	<u>160,193</u>	<u>-</u>	<u>38,010,173</u>
Financial liabilities at fair value through profit or loss				
- Index swaps	-	2,232,072	-	2,232,072
- Equity swaps	-	1,366,040	-	1,366,040
	<u>-</u>	<u>3,598,112</u>	<u>-</u>	<u>3,598,112</u>

XIE Shares Trust I*(*This is a synthetic ETF)**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****10 Financial risk management (Continued)****(d) Fair value estimation (Continued)****XIE Shares Thailand (SET50) ETF* (*This is a synthetic ETF) (Continued)**

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 value are based on quoted market prices in active markets, and therefore classified within level 1, include active listed and quoted equity 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 2013 and 2012, the Sub-Funds did not hold any investments classified in level 3.

The assets and liabilities included in the statement of financial position, except financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, are carried at amortised cost; their carrying values are a reasonable approximation of fair value. There are no other assets and liabilities not carried at fair value but for which fair value is disclosed.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10 Financial risk management (Continued)

(e) Offsetting and amounts subject to master netting arrangements and similar agreements

As at 31 December 2013 and 2012, the Sub-Funds were subject to the master netting arrangements with their derivative counterparties. All of the derivative assets and liabilities of the Sub-Funds are held with these counterparties.

The following tables present the Sub-Funds' financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements. The tables are presented by type of financial instrument.

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

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

	A	B	C = A-B	D		E = C-D
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set-off in the statement of financial position		
				D(i) Financial Instruments	D(ii) Cash collateral	Net amount
2013						
Derivative assets	3,290,665	-	3,290,665	3,290,665	-	-
Receivable due from swap counterparties	84,578	-	84,578	84,578	-	-
2012						
Derivative assets	1,470,435	-	1,470,435	1,364,198	-	106,237
Amount due to brokers	29,622	-	29,622	29,622	-	-
Receivable due from swap counterparties	4,417,988	-	4,417,988	3,976,406	-	441,582

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	A	B	C = A-B	D		E = C-D
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set-off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set-off in the statement of financial position		
				D(i) Financial Instruments	D(ii) Cash collateral	Net amount
2013						
Derivative liabilities	2,897,509	-	2,897,509	2,787,842	-	109,667
Payable due to swap counterparties	1,201,830	-	1,201,830	587,401	-	614,429
2012						
Derivative liabilities	4,537,776	-	4,537,776	3,888,899	-	648,877
Amount due to brokers	1,721,981	-	1,721,981	1,481,327	-	240,654

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10 Financial risk management (Continued)

(e) Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

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

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

	A	B	C = A-B	D		E = C-D
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set-off in the statement of financial position		
				D(i) Financial Instruments	D(ii) Cash collateral	Net amount
<u>2013</u>						
Derivative assets	330,250	-	330,250	330,250	-	-
Receivable due from swap counterparties	217,161	-	217,161	170,398	-	46,763
<u>2012</u>						
Derivative assets	105,756	-	105,756	87,003	-	18,753
Receivable due from swap counterparties	565,812	-	565,812	343,860	-	221,952

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	A	B	C = A-B	D		E = C-D
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set-off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set-off in the statement of financial position		
				D(i) Financial Instruments	D(ii) Cash collateral	Net amount
<u>2013</u>						
Derivative liabilities	500,648	-	500,648	500,648	-	-
<u>2012</u>						
Derivative liabilities	406,770	-	406,770	406,770	-	-
Amount due to brokers	24,093	-	24,093	24,093	-	-

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10 Financial risk management (Continued)

(e) Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

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

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

	A	B	C = A-B	D		E = C-D
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set-off in the statement of financial position		
				D(i) Financial Instruments	D(ii) Cash collateral	Net amount
<u>2013</u>						
Derivative assets	2,368,799	-	2,368,799	2,321,123	-	47,676
<u>2012</u>						
Derivative assets	1,337,913	-	1,337,913	1,200,399	-	137,514
Amount due from brokers	863,784	-	863,784	863,784	-	-
Receivable due from swap counterparties	2,356,260	-	2,356,260	2,233,901	-	122,359

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	A	B	C = A-B	D		E = C-D
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set-off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set-off in the statement of financial position		
				D(i) Financial Instruments	D(ii) Cash collateral	Net amount
<u>2013</u>						
Derivative liabilities	2,617,560	-	2,617,560	2,321,123	-	296,437
Payable due to swap counterparties	765,442	-	765,442	-	-	765,442
<u>2012</u>						
Derivative liabilities	2,835,037	-	2,835,037	2,689,356	-	145,681
Amount due to brokers	6,641,175	-	6,641,175	1,608,728	-	5,032,447

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10 Financial risk management (Continued)

(e) Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

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

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

	A	B	C = A-B	D		E = C-D
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set-off in the statement of financial position		
				D(i) Financial Instruments	D(ii) Cash collateral	Net amount
<u>2013</u>						
Derivative assets	489,694	-	489,694	489,694	-	-
Receivable due from swap counterparties	1,101,031	-	1,101,031	967,295	-	133,736
<u>2012</u>						
Derivative assets	1,117,228	-	1,117,228	1,022,324	-	94,904
Amount due from brokers	274,242	-	274,242	274,242	-	-
Receivable due from swap counterparties	472,802	-	472,802	186,817	-	285,985

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	A	B	C = A-B	D		E = C-D
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set-off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set-off in the statement of financial position		
				D(i) Financial Instruments	D(ii) Cash collateral	Net amount
<u>2013</u>						
Derivative liabilities	1,455,568	-	1,455,568	1,455,568	-	-
Payable due to swap counterparties	12,848	-	12,848	1,421	-	11,427
<u>2012</u>						
Derivative liabilities	1,740,745	-	1,740,745	1,483,383	-	257,362
Amount due to brokers	2,119,775	-	2,119,775	-	-	2,119,775

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10 Financial risk management (Continued)

(e) Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

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

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

	A	B	C = A-B	D		E = C-D
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set-off in the statement of financial position		
				D(i) Financial Instruments	D(ii) Cash collateral	Net amount
<u>2013</u>						
Derivative assets	280,042	-	280,042	280,042	-	-
Receivable due from swap counterparties	232,625	-	232,625	232,625	-	-
<u>2012</u>						
Derivative assets	419,715	-	419,715	419,715	-	-
Receivable due from swap counterparties	116,263	-	116,263	90,806	-	25,457

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	A	B	C = A-B	D		E = C-D
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set-off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set-off in the statement of financial position		
				D(i) Financial Instruments	D(ii) Cash collateral	Net amount
<u>2013</u>						
Derivative liabilities	607,339	-	607,339	512,667	-	94,672
<u>2012</u>						
Derivative liabilities	468,979	-	468,979	468,979	-	-
Payable due to swap counterparties	77,509	-	77,509	41,542	-	35,967

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10 Financial risk management (Continued)

(e) Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

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

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

	A	B	C = A-B	D		E = C-D
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set-off in the statement of financial position		
				D(i) Financial Instruments	D(ii) Cash collateral	Net amount
<u>2013</u>						
Derivative assets	3,637,179	-	3,637,179	3,637,179	-	-
Receivable due from swap counterparties	1,217,337	-	1,217,337	954,614	-	262,723
<u>2012</u>						
Derivative assets	2,170,650	-	2,170,650	1,852,308	-	318,342
Receivable due from swap counterparties	5,061,310	-	5,061,310	4,805,144	-	256,166

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	A	B	C = A-B	D		E = C-D
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set-off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set-off in the statement of financial position		
				D(i) Financial Instruments	D(ii) Cash collateral	Net amount
<u>2013</u>						
Derivative liabilities	4,601,797	-	4,601,797	4,485,672	-	116,125
Payable due to swap counterparties	193,200	-	193,200	106,121	-	87,079
<u>2012</u>						
Derivative liabilities	5,177,621	-	5,177,621	4,794,140	-	383,481
Amount due to brokers	7,617,457	-	7,617,457	1,630,786	-	5,986,671
Payable due to swap counterparties	232,526	-	232,526	232,526	-	-

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10 Financial risk management (Continued)

(e) Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

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

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

	A	B	C = A-B	D		E = C-D
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set-off in the statement of financial position		
				D(i) Financial Instruments	D(ii) Cash collateral	Net amount
<u>2013</u>						
Derivative assets	160,193	-	160,193	160,193	-	-
Receivable due from swap counterparties	3,230,057	-	3,230,057	3,217,039	-	13,018
<u>2012</u>						
Derivative assets	1,449,752	-	1,449,752	1,449,752	-	-
Amount due from brokers	489,401	-	489,401	430,427	-	58,974
Receivable due from swap counterparties	108,512	-	108,512	-	-	108,512

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	A	B	C = A-B	D		E = C-D
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set-off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set-off in the statement of financial position		
				D(i) Financial Instruments	D(ii) Cash collateral	Net amount
<u>2013</u>						
Derivative liabilities	3,598,112	-	3,598,112	3,377,232	-	220,880
<u>2012</u>						
Derivative liabilities	1,780,046	-	1,780,046	1,710,686	-	69,360
Amount due to brokers	2,490,267	-	2,490,267	110,159	-	2,380,108
Payable due to swap counterparties	155,017	-	155,017	59,334	-	95,683

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10 Financial risk management (Continued)

(e) Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

Amounts in D(i) and D(ii) above relate to amounts subject to set-off that do not qualify for offsetting under (B) above. This includes (i) amounts which are subject to set-off against the asset (or liability) disclosed in 'A' which have not been offset in the statement of financial position, and (ii) any financial collateral (including cash collateral), both received and pledged.

The Sub-Funds and their counterparties have elected to settle all transactions on a gross basis however, each party has the option to settle all open contracts on a net basis in the event of default of the other party. According to the 2002 Master Agreement ("the Agreement"), an event of default includes the following:

- failure by a party to make any payment when due, under the Agreement;
- failure by a party to comply with or perform any agreement or obligation required by the Agreement (other than payment) if such failure is not remedied within 30 days after notice of such failure is given to the party;
- bankruptcy.

(f) 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 prospectus.

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.

(g) 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, receivables due from swap counterparties, other receivables and cash and cash equivalents, 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".

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

11 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.

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.

12 Investment limitation and prohibitions under the SFC Code

Pursuant to the SFC's Guidelines for Regulating Index Tracking Exchange Trade Funds (the "ETF Guidelines"), the Sub-Funds' holding of any such constituent securities may not exceed their respective weightings in the underlying index, except where the weightings are exceeded as a result of changes in the composition of the underlying index and the excess is only transitional and temporary in nature.

The Manager and the Trustee have confirmed that the Sub-Funds have complied with this limit during the year ended 31 December 2013 and 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 (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).

As at 31 December 2013 and 2012, the Sub-Funds did not hold the constituent securities of their respective Underlying Indices.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

12 Investment limitation and prohibitions under the SFC Code (Continued)

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

There were no constituent securities that individually accounted for more than 10% of their respective weightings of the CNX Nifty Index as at 31 December 2013 and 2012.

During the year ended 31 December 2013, the CNX Nifty Index decreased by 3.91% (during the period from 17 February 2012 (date of inception) to 31 December 2012: decreased by 3.08%), while the net asset value per unit of the Sub-Fund decreased by 4.64% (during the period from 17 February 2012 (date of inception) to 31 December 2012: decreased by 3.79%).

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

The following lists the constituent securities that individually accounted for more than 10% of IDX LQ45 Index as at 31 December 2013 and 2012:

Constituent securities	Respective weighting in IDX LQ45 Index	
	2013	2012
Astra International ORD DM IDR 50	10.84%	12.06%

During the year ended 31 December 2013, the IDX LQ45 Index decreased by 21.86% (during the period from 17 February 2012 (date of inception) to 31 December 2012: increased by 1.26%), while the net asset value per unit of the Sub-Fund decreased by 22.75% (during the period from 17 February 2012 (date of inception) to 31 December 2012: increased by 0.46%).

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

The following lists the constituent securities that individually accounted for more than 10% of KOSPI 200 Index as 31 December 2013 and 2012:

Constituent securities	Respective weighting in KOSPI 200 Index	
	2013	2012
Samsung Electronics Co Ltd	22.02%	25.04%

During the year ended 31 December 2013, the KOSPI 200 Index increased by 1.61% (during the period from 13 February 2012 (date of inception) to 31 December 2012: increased by 5.29%), while the net asset value per unit of the Sub-Fund increased by 1.79% (during the period from 13 February 2012 (date of inception) to 31 December 2012: increased by 4.60%).

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

12 Investment limitation and prohibitions under the SFC Code (Continued)

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

The following lists the constituent securities that individually accounted for more than 10% of FTSE Bursa Malaysia KLCI Index at 31 December 2013:

Constituent securities	Respective weighting in FTSE Bursa Malaysia KLCI
Public Bank Bhd	10.54%

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

Constituent securities	Respective weighting in FTSE Bursa Malaysia KLCI
Public Bank Bhd	10.54%
Malayan Banking Bhd	10.23%
	<u>20.70%</u>

During the year ended 31 December 2013, the FTSE Bursa Malaysia KLCI Index increased by 6.54% (during the period from 13 February 2012 (date of inception) to 31 December 2012: increased by 10.36%), while the net asset value per unit of the Sub-Fund increased by 5.54% (during the period from 13 February 2012 (date of inception) to 31 December 2012: increased by 9.59%).

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

The following lists the constituent securities that individually accounted for more than 10% of PSEi Index as at 31 December 2013 and 2012:

Constituent securities	Respective weighting in PSEi Index	
	2013	2012
Philippine Long Distance Telephone	<u>11.73%</u>	<u>12.04%</u>

During the year ended 31 December 2013, the PSEi Index decreased by 4.70% (during the period from 17 February 2012 (date of inception) to 31 December 2012: increased by 25.84%), while the net asset value per unit of the Sub-Fund decreased by 5.79% (during the period from 17 February 2012 (date of inception) to 31 December 2012: increased by 24.87%).

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

12 Investment limitation and prohibitions under the SFC Code (Continued)

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

The following lists the constituent securities that individually accounted for more than 10% of TAIEX Index as at 31 December 2013 and 2012:

Constituent securities	Respective weighting in TAIEX Index	
	2013	2012
Taiwan Semiconductor Manufacturing Company Limited	11.21%	11.88%

During the year ended 31 December 2013, the TAIEX Index increased by 11.47% (during the period from 13 February 2012 (date of inception) to 31 December 2012: increased by 1.74%), while the net asset value per unit of the Sub-Fund increased by 10.89% (during the period from 13 February 2012 (date of inception) to 31 December 2012: increased by 1.13%).

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

There were no constituent securities that individually accounted for more than 10% of their respective weightings of the SET50 Index as at 31 December 2013 and 2012.

During the year ended 31 December 2013, the Underlying Index decreased by 10.47% (during the period from 13 February 2012 (date of inception) to 31 December 2012: increased by 24.83%), while the net asset value per unit of the Sub-Fund decreased by 11.24% (during the period from 13 February 2012 (date of inception) to 31 December 2012: increased by 24.14%).

13 Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 29 April 2014.

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

As at 31 December 2013

Investments			
Listed equities	Holdings	Fair value HK\$	% of net assets
Australia			
BHP BILLITON LTD	32,396	8,537,390	7.31%
RIO TINTO LTD	2,458	1,162,528	1.00%
WESFARMERS LTD	4,162	1,271,493	1.09%
Total investments in listed Australian securities at fair value		10,971,411	9.40%

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

As at 31 December 2013

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

ASAHI GROUP HOLDINGS LTD	6,800	1,486,878	1.27%
ASTELLAS PHARMA INC	4,000	1,838,384	1.57%
BRIDGESTONE CORPORATION	7,100	2,084,633	1.79%
CANON INC	9,100	2,235,495	1.91%
DAIICHI SANKYO CO LTD	16,300	2,312,358	1.98%
DENSO CORP	1,400	573,204	0.49%
EISAI CO LTD	7,800	2,344,825	2.01%
FANUC CORP	1,000	1,420,100	1.22%
FAST RETAILING CO LTD	200	640,336	0.55%
FUJIFILM HOLDINGS CORP	13,000	2,858,864	2.45%
HONDA MOTOR CO LTD	8,500	2,715,157	2.33%
JAPAN TOBACCO INC	13,500	3,406,026	2.92%
KAO CORP	11,700	2,856,946	2.45%
KDDI CORP	3,000	1,431,903	1.23%
KOMATSU LTD	21,100	3,326,405	2.85%
KYOCERA CORP	3,200	1,239,360	1.06%
MITSUBISHI CORP	24,400	3,630,645	3.11%
MITSUBISHI ESTATE CO LTD	4,800	1,113,653	0.95%
mitsui & co ltd	18,200	1,966,967	1.68%
mitsui fudosan co ltd	13,800	3,853,303	3.30%
NIKON CORP	11,700	1,734,019	1.48%
SECOM CO LTD	6,500	3,040,120	2.60%
SEVEN & I HOLDINGS CO LTD	2,400	740,075	0.63%
SHIN ETSU CHEMICAL CO LTD	5,900	2,672,443	2.29%
SOFTBANK CORP	1,100	746,567	0.64%
SONY CORP	6,300	848,652	0.73%
SUMITOMO CORPORATION	20,800	2,027,003	1.74%
SUZUKI MOTOR CORP	13,000	2,712,132	2.32%
TAKEDA PHARMACEUTICAL	7,200	2,562,819	2.19%
TOYOTA MOTOR CORP	7,000	3,315,288	2.84%

**Total investments in listed Japanese securities at
fair value**

63,734,560

54.58%

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

As at 31 December 2013

	Holdings	Fair value HK\$	% of net assets
Singapore			
CAPITALAND LTD	249,400	4,640,709	3.97%
GLOBAL LOGISTIC PROPERTIES	249,000	4,419,188	3.78%
SINGAPORE EXCHANGE LTD	133,800	5,965,378	5.11%
SINGAPORE PRESS HOLDINGS LTD	229,400	5,804,113	4.98%
SINGAPORE TELECOM LTD	215,664	4,847,346	4.15%
Total investments in listed Singaporean securities at fair value		<u>25,676,734</u>	<u>21.99%</u>
Total investments in securities at fair value		<u>100,382,705</u>	<u>85.97%</u>
Index swaps issued by		Fair value HK\$	% of net assets
THE ROYAL BANK OF SCOTLAND PLC		1,929,256	1.64%
JPMORGAN CHASE BANK N.A.		135,384	0.12%
BNP PARIBAS		764,944	0.66%
Total investment in index swaps at fair value		<u>2,829,584</u>	<u>2.42%</u>
Equity swaps issued by			
THE ROYAL BANK OF SCOTLAND PLC		(1,341,855)	(1.15)%
JPMORGAN CHASE BANK N.A.		(262,095)	(0.22)%
BNP PARIBAS		(832,478)	(0.71)%
Total investment in equity swaps at fair value		<u>(2,436,428)</u>	<u>(2.08)%</u>
Total investments		100,775,861	86.31%
Other net assets		<u>15,998,757</u>	<u>13.69%</u>
Net assets attributable to unitholders at 31 December 2013		<u>116,774,618</u>	<u>100.00%</u>
Total investments, at cost		<u>97,894,706</u>	

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

For the year ended 31 December 2013

Investments - listed equities	Holdings as at 1 January 2013	Additions	Corporate Action	Disposals	Holdings as at 31 December 2013
ASAHI GROUP HOLDINGS LTD	6,800	-	-	-	6,800
ASTELLAS PHARMA INC	7,800	-	-	(3,800)	4,000
BHP BILLITON LTD	37,396	-	-	(5,000)	32,396
BRIDGESTONE CORPORATION	13,700	-	-	(6,600)	7,100
CANON INC	9,100	-	-	-	9,100
CAPITALAND LTD	249,400	-	-	-	249,400
DAIICHI SANKYO CO LTD	16,300	-	-	-	16,300
DBS GROUP HOLDINGS LTD	61,400	-	-	(61,400)	-
DENSO CORP	9,800	-	-	(8,400)	1,400
EISAI CO LTD	7,800	-	-	-	7,800
FANUC CORP	1,000	-	-	-	1,000
FAST RETAILING CO LTD	1,600	-	-	(1,400)	200
FUJIFILM HOLDINGS CORP	13,000	-	-	-	13,000
GLOBAL LOGISTIC PROPERTIES	-	369,000	-	(120,000)	249,000
HONDA MOTOR CO LTD	8,500	-	-	-	8,500
JAPAN TOBACCO INC	3,300	12,000	-	(1,800)	13,500
KAO CORP	11,700	-	-	-	11,700
KDDI CORP	1,500	-	1,500	-	3,000
KEPPEL CORP LTD	84,100	-	-	(84,100)	-
KOMATSU LTD	21,100	-	-	-	21,100
KYOCERA CORP	1,600	-	1,600	-	3,200
MITSUBISHI CORP	31,500	21,000	-	(28,100)	24,400
MITSUBISHI ESTATE CO LTD	9,800	-	-	(5,000)	4,800
ITSUMI & CO LTD	18,200	-	-	-	18,200
ITSUMI FUDOSAN CO LTD	9,800	12,000	-	(8,000)	13,800
NIKON CORP	11,700	-	-	-	11,700
RIO TINTO LTD	2,458	-	-	-	2,458

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

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

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

For the year ended 31 December 2013

Investments - listed equities	Holdings as at 1 January 2013	Additions	Corporate Action	Disposals	Holdings as at 31 December 2013
SECOM CO LTD	6,500	-	-	-	6,500
SEVEN & I HOLDINGS CO LTD	11,100	-	-	(8,700)	2,400
SHIN ETSU CHEMICAL CO LTD	5,900	-	-	-	5,900
SINGAPORE EXCHANGE LTD	130,800	48,000	-	(45,000)	133,800
SINGAPORE PRESS HOLDINGS LTD	229,400	-	-	-	229,400
SINGAPORE TELECOM LTD	-	215,664	-	-	215,664
SOFTBANK CORP	10,400	-	-	(9,300)	1,100
SONY CORP	43,300	-	-	(37,000)	6,300
SUMITOMO CORPORATION	20,800	-	-	-	20,800
SUZUKI MOTOR CORP	13,000	-	-	-	13,000
TAKEDA PHARMACEUTICAL	7,200	-	-	-	7,200
TOYOTA MOTOR CORP	7,200	6,000	-	(6,200)	7,000
WESFARMERS LTD	4,215	-	(53)	-	4,162
Swaps issued by	Fair value as at 1 January 2013 HK\$	Fair value change		Fair value as at 31 December 2013 HK\$	
THE ROYAL BANK OF SCOTLAND PLC	(2,524,701)	3,112,102		587,401	
JPMORGAN CHASE BANK N.A.	(648,877)	522,166		(126,711)	
BNP PARIBAS	106,237	(173,771)		(67,534)	

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

For the year ended 31 December 2013

Net asset value attributable to unitholders

	Dealing net asset value per unit HK\$	Dealing net asset value of the Sub-Fund HK\$
At end of financial period dated		
31 December 2012	7.6972	123,155,454
31 December 2013	7.3399	117,438,829
Highest and lowest net asset value per unit		
	Lowest	Highest
	HK\$	HK\$
Year ended 31 December 2012	<u>6.1143</u>	<u>8.0558</u>
Year ended 31 December 2013	<u>5.5909</u>	<u>8.1044</u>

During the year ended 31 December 2013, the Underlying Index decreased by 3.91%, while the net asset value per unit of the Sub-Fund decreased by 4.64%^(a).

There were no constituent securities of that CNX Nifty Index that accounted for more than 10% of the weighting of CNX Nifty Index as at 31 December 2013 and 2012.

(a) *This is the annualised return of the Sub-Fund (net of fees and expenses) from 1 January 2013 to 31 December 2013.*

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 2013

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Japan			
ASAHI GROUP HOLDINGS LTD	2,100	459,183	3.00%
ASTELLAS PHARMA INC	400	183,838	1.20%
BRIDGESTONE CORPORATION	700	205,527	1.34%
CANON INC	1,100	270,225	1.77%
DAIICHI SANKYO CO LTD	2,500	354,656	2.32%
DENSO CORP	100	40,943	0.27%
EISAI CO LTD	600	180,371	1.18%
FANUC CORP	200	284,020	1.86%
FAST RETAILING CO LTD	100	320,168	2.09%
FUJIFILM HOLDINGS CORP	2,000	439,825	2.87%
HONDA MOTOR CO LTD	1,300	415,259	2.71%
JAPAN TOBACCO INC	100	25,230	0.16%
KAO CORP	900	219,765	1.44%
KDDI CORP	500	238,651	1.56%
KOMATSU LTD	1,700	268,004	1.75%
KYOCERA CORP	1,000	387,300	2.53%
MITSUBISHI CORP	2,400	357,113	2.33%
MITSUBISHI ESTATE CO LTD	1,000	232,011	1.52%
mitsui & co ltd	2,800	302,610	1.98%
mitsui fudosan co ltd	800	223,380	1.46%
NIKON CORP	1,800	266,772	1.74%
SECOM CO LTD	1,000	467,710	3.06%
SEVEN & I HOLDINGS CO LTD	1,200	370,037	2.42%
SHIN ETSU CHEMICAL CO LTD	900	407,661	2.66%
SONY CORP	2,400	323,296	2.11%
SUMITOMO CORPORATION	3,200	311,847	2.04%
SUZUKI MOTOR CORP	2,000	417,251	2.73%
TAKEDA PHARMACEUTICAL	1,100	391,542	2.56%
TOYOTA MOTOR CORP	600	284,168	1.86%
Total investments in listed Japanese securities at market value		8,648,363	56.52%

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 2013

Listed equities	Holdings	Fair value HK\$	% of net assets
Singapore			
CAPITALAND LTD	37,000	688,478	4.50%
GENTING SINGAPORE PLC	62,000	569,217	3.72%
GLOBAL LOGISTIC PROPERTIES	21,000	372,703	2.44%
OVERSEA-CHINESE BANKING CORP	8,000	501,113	3.28%
SINGAPORE AIRLINES LTD	9,000	575,358	3.75%
SINGAPORE EXCHANGE LTD	8,000	356,674	2.33%
SINGAPORE PRESS HOLDINGS LTD	31,000	784,340	5.13%
SINGAPORE TECH ENGINEERING	22,000	535,012	3.50%
SINGAPORE TELECOM LTD	36,113	811,689	5.30%
WILMAR INTERNATIONAL LTD	26,000	<u>546,065</u>	<u>3.57%</u>
Total investments in listed Singaporean securities at fair value		<u>5,740,649</u>	<u>37.52%</u>
Total investments in securities at fair value		<u>14,389,012</u>	<u>94.04%</u>
Index swaps issued by			
		Fair value HK\$	% of net assets
THE ROYAL BANK OF SCOTLAND PLC		215,841	1.41%
BNP PARIBAS		70,311	0.46%
Total investment in index swaps at fair value		<u>286,152</u>	<u>1.87%</u>
Equity swaps issued by			
THE ROYAL BANK OF SCOTLAND PLC		(244,860)	(1.60)%
BNP PARIBAS		(211,690)	(1.38)%
Total investment in equity swaps at fair value		<u>(456,550)</u>	<u>(2.98)%</u>
Total investments		14,218,614	92.93%
Other net assets		<u>1,082,081</u>	<u>7.07%</u>
Net assets attributable to unitholders at 31 December 2013		<u>15,300,695</u>	<u>100.00%</u>
Total investments, at cost		<u>13,538,940</u>	

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 year ended 31 December 2013

Investments - Listed equities	Holdings as at 1 January 2013	Additions	Corporate Action	Disposals	Holdings as at 31 December 2013
ASAHI GROUP HOLDINGS LTD	2,100	-	-	-	2,100
ASTELLAS PHARMA INC	1,200	-	-	(800)	400
BRIDGESTONE CORPORATION	2,100	-	-	(1,400)	700
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	-	-	(1,400)	100
EISAI CO LTD	600	-	-	-	600
FANUC CORP	200	-	-	-	200
FAST RETAILING CO LTD	300	-	-	(200)	100
FUJIFILM HOLDINGS CORP	2,000	-	-	-	2,000
GENTING SINGAPORE PLC	-	62,000	-	-	62,000
GLOBAL LOGISTIC PROPERTIES	-	54,000	-	(33,000)	21,000
HONDA MOTOR CO LTD	1,300	-	-	-	1,300
JAPAN TOBACCO INC	1,800	-	-	(1,700)	100
KAO CORP	900	-	-	-	900
KDDI CORP	800	-	800	(1,100)	500
KEPPEL CORP LTD	11,309	-	-	(11,309)	-
KOMATSU LTD	1,700	-	-	-	1,700
KYOCERA CORP	500	-	500	-	1,000
MITSUBISHI CORP	2,400	-	-	--	2,400
MITSUBISHI ESTATE CO LTD	3,000	-	-	(2,000)	1,000
MITSUMI & CO LTD	2,800	-	-	-	2,800

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 year ended 31 December 2013

Investments - Listed equities	Holdings as at 1 January 2013	Additions	Corporate Action	Disposals	Holdings as at 31 December 2013
MITSUI FUDOSAN CO LTD	800	-	-	-	800
NIKON CORP	1,800	-	-	-	1,800
OVERSEA-CHINESE BANKING CORP	-	8,000	-	-	8,000
SECOM CO LTD	1,000	-	-	-	1,000
SEVEN & I HOLDINGS CO LTD	1,700	-	-	(500)	1,200
SHIN ETSU CHEMICAL CO LTD	900	-	-	-	900
SINGAPORE AIRLINES LTD	-	9,000	-	-	9,000
SINGAPORE EXCHANGE LTD	19,000	-	-	(11,000)	8,000
SINGAPORE PRESS HOLDINGS LTD	31,000	-	-	-	31,000
SINGAPORE TECH ENGINEERING	-	22,000	-	-	22,000
SINGAPORE TELECOM LTD	-	36,113	-	-	36,113
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	-	-	(500)	600
WILMAR INTERNATIONAL LTD	-	26,000	-	-	26,000
Swaps issued by	Fair value as at 1 January 2013		Fair value change		Fair value as at 31 December 2013
	HK\$		HK\$		HK\$
THE ROYAL BANK OF SCOTLAND PLC	(319,767)		290,747		(29,020)
BNP PARIBAS	18,753		(160,131)		(141,378)

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

For the year ended 31 December 2013

Net asset value attributable to unitholders

	Dealing net asset value per unit HK\$	Dealing net asset value of the Sub-Fund HK\$
At end of financial period dated		
31 December 2012	8.0367	16,073,335
31 December 2013	6.2084	15,520,986

Highest and lowest net asset value per unit

	Lowest HK\$	Highest HK\$
Year ended 31 December 2012	<u>6.8629</u>	<u>8.3389</u>
Year ended 31 December 2013	<u>5.9788</u>	<u>9.5687</u>

During the year ended 31 December 2013, the Underlying Index decreased by 21.86%, while the net asset value per unit of the Sub-Fund decreased by 22.75%^(a).

The following lists the constituent securities that individually accounted for more than 10% of IDX LQ45 Index as at 31 December 2013.

Constituent securities	Respective weighting in IDX LQ45 Index
Astra International ORD DM IDR 50 ^(b)	<u>10.84%</u>

The following lists the constituent securities that individually accounted for more than 10% of 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 annualised return of the Sub-Fund (net of fees and expenses) from 1 January 2013 to 31 December 2013.

(b) The Sub-Fund did not hold the constituent securities as at 31 December 2012 and 2013.

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 2013

Listed equities	Holdings	Fair value HK\$	% of net assets
Australia			
AGL ENERGY LTD	576	60,055	0.06%
BHP BILLITON LTD	3,553	936,330	1.01%
COMMONWEALTH BANK OF AUSTRALIA	1,861	1,004,362	1.08%
FORTESCUE METALS GROUP LTD	24,251	979,078	1.05%
ORIGIN ENERGY LTD	6,016	587,173	0.63%
RIO TINTO LTD	2,525	1,194,216	1.28%
WESFARMERS LTD	3,343	1,021,288	1.10%
WESTPAC BANKING CORP	3,265	733,372	0.79%
WOODSIDE PETROLEUM LTD	4,123	1,112,570	1.20%
Total investments in listed Australian securities at fair value		7,628,444	8.20%

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 2013

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Japan			
ASTELLAS PHARMA INC	5,500	2,527,778	2.72%
BRIDGESTONE CORPORATION	5,400	1,585,495	1.70%
DENSO CORP	4,600	1,883,384	2.02%
FANUC CORP	1,300	1,846,130	1.98%
HONDA MOTOR CO LTD	11,700	3,737,334	4.02%
JAPAN TOBACCO INC	15,000	3,784,474	4.07%
KDDI CORP	1,600	763,682	0.82%
MITSUBISHI CORP ORD	18,300	2,722,984	2.93%
MITSUBISHI ESTATE CO LTD	3,000	696,033	0.75%
MITSUMI & CO LTD	24,800	2,680,263	2.88%
MITSUMI FUDOSAN CO LTD	14,300	3,992,915	4.29%
SEVEN & I HOLDINGS CO LTD	8,000	2,466,916	2.65%
SHIN ETSU CHEMICAL CO LTD	4,000	1,811,826	1.95%
SOFTBANK CORP	1,100	746,567	0.80%
SONY CORP	21,100	2,842,310	3.06%
SUMITOMO CORPORATION	28,500	2,777,383	2.99%
TAKEDA PHARMACEUTICAL	9,700	3,452,687	3.71%
TOYOTA MOTOR CORP	7,000	3,315,288	3.56%
Total investments in listed Japanese securities at fair value		43,633,449	46.90%

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 2013

Listed equities	Holdings	Fair Value HK\$¹	% of Net Assets
Singapore			
CAPITALAND LTD	120,203	2,236,677	2.40%
GLOBAL LOGISTIC PROPERTIES	403,000	7,152,339	7.70%
SINGAPORE EXCHANGE LTD	142,600	6,357,720	6.83%
SINGAPORE PRESS HOLDINGS LTD	250,100	6,327,850	6.80%
SINGAPORE TELECOM LTD	292,823	6,581,601	7.07%
Total investments in listed Singaporean securities at fair value		<u>28,656,187</u>	<u>30.80%</u>
Total investments in securities at fair value		<u>79,918,080</u>	<u>85.90%</u>
Index swaps issued by		Fair value HK\$	% of net assets
THE ROYAL BANK OF SCOTLAND PLC		1,067,215	1.15%
JPMORGAN CHASE BANK N.A.		142,918	0.15%
BNP PARIBAS		667,075	0.72%
Total investment in index swaps at fair value		<u>1,877,208</u>	<u>2.02%</u>
Equity swaps issued by		Fair value HK\$	% of net assets
THE ROYAL BANK OF SCOTLAND PLC		(1,019,539)	(1.09)%
JPMORGAN CHASE BANK N.A.		(175,045)	(0.19)%
BNP PARIBAS		(931,385)	(1.00)%
Total investment in equity swaps at fair value		<u>(2,125,969)</u>	<u>(2.28)%</u>
Total investments		79,669,319	85.64%
Other net assets		<u>13,368,541</u>	<u>14.36%</u>
Net assets attributable to unitholders at 31 December 2013		<u>93,037,860</u>	<u>100.00%</u>
Total investments, at cost		<u>75,926,872</u>	

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 year ended 31 December 2013

Investments - Listed equities	Holdings as at 1 January 2013	Additions	Corporate Action	Disposals	Holdings as at 31 December 2013
AGL ENERGY LTD	576	-	-	-	576
ASTELLAS PHARMA INC	10,200	-	-	(4,700)	5,500
BHP BILLITON LTD	3,553	-	-	-	3,553
BRIDGESTONE CORPORATION	9,800	-	-	(4,400)	5,400
CAPITALAND LTD	271,900	-	-	(151,697)	120,203
COMMONWEALTH BANK OF AUSTRALIA	1,861	-	-	-	1,861
DBS GROUP HOLDINGS LTD	67,000	-	-	(67,000)	-
DENSO CORP	4,600	-	-	-	4,600
FANUC CORP	1,300	-	-	-	1,300
FORTESCUE METALS GROUP LTD	24,251	-	-	-	24,251
GLOBAL LOGISTIC PROPERTIES	-	403,000	-	-	403,000
HONDA MOTOR CO LTD	11,700	-	-	-	11,700
JAPAN TOBACCO INC	15,800	12,000	-	(12,800)	15,000
KDDI CORP	6,600	-	800	(5,800)	1,600
KEPPEL CORP LTD	91,700	-	-	(91,700)	-
MITSUBISHI CORP	18,300	-	-	-	18,300
MITSUBISHI ESTATE CO LTD	13,000	-	-	(10,000)	3,000
MITSUMI & CO LTD	24,800	-	-	-	24,800
MITSUMI FUDOSAN CO LTD	11,300	12,000	-	(9,000)	14,300
ORIGIN ENERGY LTD	6,016	-	-	-	6,016
RIO TINTO LTD	2,525	-	-	-	2,525
SEVEN & I HOLDINGS CO LTD	8,000	-	-	-	8,000
SHIN ETSU CHEMICAL CO LTD	4,000	-	-	-	4,000
SINGAPORE EXCHANGE LTD	142,600	-	-	-	142,600
SINGAPORE PRESS HOLDINGS LTD	250,100	-	-	-	250,100
SINGAPORE TELECOM LTD	-	292,823	-	-	292,823
SOFTBANK CORP	5,000	-	-	(3,900)	1,100

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 year ended 31 December 2013

Investments - Listed equities	Holdings as at 1 January 2013	Additions	Corporate Action	Disposals	Holdings as at 31 December 2013
SONY CORP	21,100	-	-	-	21,100
SUMITOMO CORPORATION	28,500	-	-	-	28,500
TAKEDA PHARMACEUTICAL	9,700	-	-	-	9,700
TOYOTA MOTOR CORP	10,600	-	-	(3,600)	7,000
WESFARMERS LTD	3,385	-	(42)	-	3,343
WESTPAC BANKING CORP	3,265	-	-	-	3,265
WOODSIDE PETROLEUM LTD	4,123	-	-	-	4,123

Swaps issued by	Fair value as at 1 January 2013 HK\$	Fair value change HK\$	Fair value as at 31 December 2013 HK\$
THE ROYAL BANK OF SCOTLAND PLC	(1,488,957)	1,536,633	47,676
JPMORGAN CHASE BANK N.A.	(145,681)	113,554	(32,127)
BNP PARIBAS	137,514	(401,824)	(264,310)

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 year ended 31 December 2013

Net asset value attributable to unitholders

	Dealing net asset value per unit HK\$	Dealing net asset value of the Sub-Fund HK\$
At end of financial period dated		
31 December 2012	8.3683	92,051,225
31 December 2013	8.5179	93,697,251

Highest and lowest net asset value per unit

	Lowest HK\$	Highest HK\$
Year ended 31 December 2012	<u>6.8215</u>	<u>8.4104</u>
Year ended 31 December 2013	<u>6.8257</u>	<u>8.7228</u>

During the year ended 31 December 2013, the Underlying Index increased by 1.61%, while the net asset value per unit of the Sub-Fund increased by 1.79%^(a).

The following lists the constituent securities that individually accounted for more than 10% of KOSPI 200 Index as 31 December 2013 and its weighting of the KOSPI 200 Index as at 31 December 2013:

Constituent securities	Respective weighting in KOSPI 200 Index
Samsung Electronics Co Ltd ^(b)	<u>22.02%</u>

The following lists the constituent securities that individually accounted for more than 10% of KOSPI 200 Index as 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 annualised return of the Sub-Fund (net of fees and expenses) from 1 January 2013 to 31 December 2013.

(b) The Sub-Fund did not hold the constituent securities as at 31 December 2012 and 2013.

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 2013

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Australia			
AGL ENERGY LTD	281	29,297	0.06%
BHP BILLITON LTD	1,946	512,834	1.12%
COMMONWEALTH BANK OF AUSTRALIA	1,359	733,438	1.59%
FORTESCUE METALS GROUP LTD	11,569	467,071	1.02%
ORIGIN ENERGY LTD	2,147	209,551	0.46%
RIO TINTO LTD	1,048	495,659	1.08%
WESFARMERS LTD	2,020	617,111	1.34%
WESTPAC BANKING CORP	1,593	357,814	0.78%
WOODSIDE PETROLEUM LTD	1,967	530,785	1.16%
Total investments in listed Australian securities at fair value		3,953,560	8.61%

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 2013

Listed equities	Holdings	Fair value HK\$	% of net assets
Japan			
ASTELLAS PHARMA INC	3,400	1,562,626	3.40%
BRIDGESTONE CORPORATION	6,300	1,849,745	4.03%
CANON INC	3,200	786,108	1.71%
DENSO CORP	2,100	859,806	1.87%
FANUC CORP	1,200	1,704,120	3.71%
FAST RETAILING CO LTD	400	1,280,672	2.79%
HONDA MOTOR CO LTD	3,900	1,245,778	2.71%
JAPAN TOBACCO INC	2,300	580,286	1.26%
KDDI CORP	1,200	572,761	1.25%
KOMATSU LTD	5,100	804,013	1.75%
MITSUBISHI CORP	9,700	1,443,330	3.14%
MITSUBISHI ESTATE CO LTD	1,000	232,011	0.51%
MITSUMI & CO LTD	8,300	897,024	1.95%
MITSUMI FUDOSAN CO LTD	10,000	2,792,248	6.08%
SEVEN & I HOLDINGS CO LTD	5,000	1,541,823	3.36%
SHIN ETSU CHEMICAL CO LTD	2,600	1,177,687	2.57%
SOFTBANK CORP	4,700	3,189,876	6.96%
SONY CORP	7,000	942,946	2.05%
SUMITOMO CORPORATION	9,500	925,794	2.02%
TAKEDA PHARMACEUTICAL	3,200	1,139,031	2.48%
TOYOTA MOTOR CORP	3,500	1,657,644	3.61%
Total investments in listed Japanese securities at fair value		27,185,329	59.21%

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 2013

Listed equities	Holdings	Fair value HK\$	% of net assets
Singapore			
CAPITALAND LTD	30,595	569,296	1.24%
GLOBAL LOGISTIC PROPERTIES	108,000	1,916,756	4.17%
SINGAPORE EXCHANGE LTD	39,000	1,738,787	3.79%
SINGAPORE PRESS HOLDINGS LTD	63,000	1,593,981	3.47%
SINGAPORE TELECOM LTD	77,782	1,748,258	3.81%
Total investments in listed Singaporean securities at fair value		<u>7,567,078</u>	<u>16.48%</u>
Total investments in securities at fair value		<u>38,705,967</u>	<u>84.30%</u>
Index swaps issued by		Fair value HK\$	% of net assets
THE ROYAL BANK OF SCOTLAND PLC		153,479	0.34%
JPMORGAN CHASE BANK N.A.		93,292	0.20%
BNP PARIBAS		115,099	0.25%
Total investment in index swaps at fair value		<u>361,870</u>	<u>0.79%</u>
Equity swaps issued by			
THE ROYAL BANK OF SCOTLAND PLC		(990,663)	(2.16)%
JPMORGAN CHASE BANK N.A.		(91,871)	(0.20)%
BNP PARIBAS		(245,210)	(0.53)%
Total investment in equity swaps at fair value		<u>(1,327,744)</u>	<u>(2.89)%</u>
Total investments		37,740,093	82.20%
Other net assets		<u>8,171,853</u>	<u>17.80%</u>
Net assets attributable to unitholders at 31 December 2013		<u>45,911,946</u>	<u>100.00%</u>
Total investments, at cost		<u>32,290,580</u>	

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 year ended 31 December 2013

Investments - Listed equities	Holdings as at 1 January 2013	Additions	Corporate Action	Disposals	Holdings as at 31 December 2013
AGL ENERGY LTD	281	-	-	-	281
ASTELLAS PHARMA INC	3,400	-	-	-	3,400
BHP BILLITON LTD	1,946	-	-	-	1,946
BRIDGESTONE CORPORATION	6,300	-	-	-	6,300
CANON INC	3,200	-	-	-	3,200
CAPITALAND LTD	76,000	-	-	(45,405)	30,595
COMMONWEALTH BANK OF AUSTRALIA	1,359	-	-	-	1,359
DBS GROUP HOLDINGS LTD	18,000	-	-	(18,000)	-
DENSO CORP	4,500	-	-	(2,400)	2,100
FANUC CORP	1,200	-	-	-	1,200
FAST RETAILING CO LTD	700	-	-	(300)	400
FORTESCUE METALS GROUP LTD	11,569	-	-	-	11,569
GLOBAL LOGISTIC PROPERTIES	-	108,000	-	-	108,000
HONDA MOTOR CO LTD	3,900	-	-	-	3,900
JAPAN TOBACCO INC	7,600	-	-	(5,300)	2,300
KDDI CORP	3,400	-	600	(2,800)	1,200
KEPPEL CORP LTD	24,358	-	-	(24,358)	-
KOMATSU LTD	5,100	-	-	-	5,100
MITSUBISHI CORP	9,700	-	-	-	9,700
MITSUBISHI ESTATE CO LTD	9,000	-	-	(8,000)	1,000

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 year ended 31 December 2013

Investments - Listed equities	Holdings as at 1 January 2013	Additions	Corporate Action	Disposals	Holdings as at 31 December 2013
MITSUI & CO LTD	8,300	-	-	-	8,300
MITSUI FUDOSAN CO LTD	16,000	-	-	(6,000)	10,000
ORIGIN ENERGY LTD	2,147	-	-	-	2,147
RIO TINTO LTD	1,048	-	-	-	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
SINGAPORE TELECOM LTD	-	77,782	-	-	77,782
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	2,046	-	(26)	-	2,020
WESTPAC BANKING CORP	1,593	-	-	-	1,593
WOODSIDE PETROLEUM LTD	1,967	-	-	-	1,967

Swaps issued by	Fair value as at 1 January 2013 HK\$	Fair value change HK\$	Fair value as at 31 December 2013 HK\$
THE ROYAL BANK OF SCOTLAND PLC	(461,059)	(376,125)	(837,184)
JPMORGAN CHASE BANK N.A.	(257,362)	258,783	1,421
BNP PARIBAS	94,904	(225,015)	(130,111)

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 year ended 31 December 2013

Net asset value attributable to unitholders

	Dealing net asset value per unit HK\$	Dealing net asset value of the Sub- Fund HK\$
At end of financial period dated		
31 December 2012	8.7672	43,835,961
31 December 2013	9.2527	46,263,455

Highest and lowest net asset value per unit

	Lowest HK\$	Highest HK\$
Year ended 31 December 2012	<u>7.6270</u>	<u>8.7672</u>
Year ended 31 December 2013	<u>8.1503</u>	<u>9.5905</u>

During the year ended 31 December 2013, the Underlying Index increased by 6.54%, while the net asset value per unit of the Sub-Fund increased by 5.54%^(a).

The following lists the constituent securities that individually accounted for more than 10% of FTSE Bursa Malaysia KLCI Index at 31 December 2013 and its weighting of the FTSE Bursa Malaysia KLCI Index as at 31 December 2013:

Constituent securities	Respective weighting in FTSE Bursa Malaysia KLCI
Public Bank Bhd ^(b)	10.54%

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

Constituent securities	Respective weighting in FTSE Bursa Malaysia KLCI
Public Bank Bhd ^(b)	10.54%
Malayan Banking Bhd ^(b)	10.23%
	<u>20.70%</u>

(a) This is the annualised return of the Sub-Fund (net of fees and expenses) from 1 January 2013 to 31 December 2013.

(b) The Sub-Fund did not hold the constituent securities as at 31 December 2012 and 2013.

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 2013

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Japan			
ASAHI GROUP HOLDINGS LTD	2,100	459,183	2.47%
ASTELLAS PHARMA INC	400	183,838	0.99%
BRIDGESTONE CORPORATION	600	176,166	0.96%
CANON INC	1,100	270,225	1.45%
DAIICHI SANKYO CO LTD	2,500	354,656	1.91%
DENSO CORP	900	368,488	1.98%
EISAI CO LTD	1,200	360,742	1.94%
FANUC CORP	300	426,030	2.29%
FAST RETAILING CO LTD	200	640,336	3.44%
FUJIFILM HOLDINGS CORP	2,000	439,825	2.36%
HONDA MOTOR CO LTD	1,300	415,259	2.23%
JAPAN TOBACCO INC	700	176,609	0.95%
KAO CORP	1,800	439,530	2.36%
KDDI CORP	700	334,111	1.80%
KOMATSU LTD	1,700	268,004	1.44%
KYOCERA CORP	1,000	387,300	2.08%
MITSUBISHI CORP	3,900	580,308	3.12%
MITSUBISHI ESTATE CO LTD	1,000	232,011	1.25%
MITSUMI & CO LTD	2,800	302,610	1.63%
MITSUMI FUDOSAN CO LTD	3,000	837,674	4.50%
NIKON CORP	1,800	266,772	1.43%
SECOM CO LTD	1,000	467,711	2.51%
SEVEN & I HOLDINGS CO LTD	1,700	524,220	2.82%
SHIN ETSU CHEMICAL CO LTD	900	407,661	2.19%
SOFTBANK CORP	1,600	1,085,916	5.84%
SONY CORP	2,400	323,296	1.74%
SUMITOMO CORPORATION	3,200	311,847	1.68%
SUZUKI MOTOR CORP	2,000	417,251	2.24%
TAKEDA PHARMACEUTICAL	1,100	391,542	2.11%
TOYOTA MOTOR CORP	1,100	520,974	2.80%
Total investments in listed Japanese securities at fair value		12,370,095	66.50%

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 2013

Investments			
Listed equities	Holdings	Fair value HK\$	% of net assets
Singapore			
CAPITALAND LTD	42,000	781,515	4.20%
GLOBAL LOGISTIC PROPERTIES	60,000	1,064,864	5.73%
SINGAPORE EXCHANGE LTD	21,000	936,270	5.03%
SINGAPORE PRESS HOLDINGS LTD	35,000	885,545	4.76%
SINGAPORE TELECOM LTD	41,669	936,568	5.04%
Total investments in listed Singaporean securities at fair value		<u>4,604,762</u>	<u>24.76%</u>
Total investments in securities at fair value		<u>16,974,857</u>	<u>91.26%</u>
Index swaps issued by			
		Fair value HK\$	% of net assets
THE ROYAL BANK OF SCOTLAND PLC		226,405	1.22%
BNP PARIBAS		(18,465)	(0.10)%
Total investment in index swaps at fair value		<u>207,940</u>	<u>1.12%</u>
Equity swaps issued by			
THE ROYAL BANK OF SCOTLAND PLC		(389,418)	(2.09)%
BNP PARIBAS		(145,819)	(0.79)%
Total investment in equity swaps at fair value		<u>(535,237)</u>	<u>(2.88)%</u>
Total investments		16,647,560	89.50%
Other net assets		<u>1,952,777</u>	<u>10.50%</u>
Net assets attributable to unitholders at 31 December 2013		<u>18,600,337</u>	<u>100.00%</u>
Total investments, at cost		<u>14,822,822</u>	

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 year ended 31 December 2013

Investments - Listed equities	Holdings as at 1 January 2013	Additions	Corporate Action	Disposals	Holdings as at 31 December 2013
ASAHI GROUP HOLDINGS LTD	2,100	-	-	-	2,100
ASTELLAS PHARMA INC	1,200	-	-	(800)	400
BRIDGESTONE CORPORATION	2,100	-	-	(1,500)	600
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	-	-	(600)	900
EISAI CO LTD	1,200	-	-	-	1,200
FANUC CORP	300	-	-	-	300
FAST RETAILING CO LTD	400	-	-	(200)	200
FUJIFILM HOLDINGS CORP	2,000	-	-	-	2,000
GLOBAL LOGISTIC PROPERTIES	-	60,000	-	-	60,000
HONDA MOTOR CO LTD	1,300	-	-	-	1,300
JAPAN TOBACCO INC	2,600	-	-	(1,900)	700
KAO CORP	1,800	-	-	-	1,800
KDDI CORP	1,200	-	1200	(1,700)	700
KEPPEL CORP LTD	13,049	-	-	(13,049)	-
KOMATSU LTD	1,700	-	-	-	1,700
KYOCERA CORP	500	-	500	-	1,000
MITSUBISHI CORP	3,900	-	-	-	3,900
MITSUBISHI ESTATE CO LTD	3,000	-	-	(2,000)	1,000
MITSUMI & CO LTD	2,800	-	-	-	2,800
MITSUMI 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 year ended 31 December 2013

Investments - Listed equities	Holdings as at 1 January 2013	Additions	Corporate Action	Disposals	Holdings as at 31 December 2013
SHIN ETSU CHEMICAL CO LTD	900	-	-	-	900
SINGAPORE EXCHANGE LTD	21,000	-	-	-	21,000
SINGAPORE PRESS HOLDINGS LTD	35,000	-	-	-	35,000
SINGAPORE TELECOM LTD	-	41,669	-	-	41,669
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 1 January 2013 HK\$	Fair value change HK\$	Fair value as at 31 December 2013 HK\$
THE ROYAL BANK OF SCOTLAND PLC	(90,806)	(72,208)	(163,014)
BNP PARIBAS	41,542	(205,825)	(164,283)

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

For the year ended 31 December 2013

Net asset value attributable to unitholders

	Dealing net asset value per unit HK\$	Dealing net asset value of the Sub- Fund HK\$
At end of financial period dated		
31 December 2012	9.9894	19,978,815
31 December 2013	9.4106	18,821,259

Highest and lowest net asset value per unit

	Lowest HK\$	Highest HK\$
Year ended 31 December 2012	<u>7.8023</u>	<u>10.0508</u>
Year ended 31 December 2013	<u>9.1316</u>	<u>12.7343</u>

During the year ended 31 December 2013, the Underlying Index decreased by 4.70%, while the net asset value per unit of the Sub-Fund decreased by 5.79% ^(a).

The following lists the constituent securities that individually accounted for more than 10% of PSEi Index as at 31 December 2013 and its weighting of the PSEi Index as at 31 December 2013:

Constituent securities	Respective weighting in PSEi Index
Philippine Long Distance Telephone ^(b)	<u>11.73%</u>

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 annualised return of the Sub-Fund (net of fees and expenses) from 1 January 2013 to 31 December 2013.

(b) The Sub-Fund did not hold the constituent securities as at 31 December 2012 and 2013.

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 2013

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Australia			
AGL ENERGY LTD	1,060	110,517	0.08%
BHP BILLITON LTD	11,304	2,978,968	2.08%
COMMONWEALTH BANK OF AUSTRALIA	4,702	2,537,621	1.78%
FORTESCUE METALS GROUP LTD	44,866	1,811,360	1.27%
ORIGIN ENERGY LTD	11,130	1,086,310	0.76%
RIO TINTO LTD	4,689	2,217,695	1.55%
WESFARMERS LTD	6,199	1,893,797	1.33%
WESTPAC BANKING CORP	6,009	1,349,720	0.94%
WOODSIDE PETROLEUM LTD	7,627	2,058,106	1.44%
Total investments in listed Australian securities at fair value		16,044,094	11.23%

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 2013

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Japan			
ASTELLAS PHARMA INC	10,200	4,687,879	3.28%
BRIDGESTONE CORPORATION	18,800	5,519,873	3.86%
DENSO CORP	13,500	5,527,324	3.87%
FANUC CORP	2,500	3,550,250	2.49%
FAST RETAILING CO LTD	2,400	7,684,031	5.38%
HONDA MOTOR CO LTD	11,700	3,737,334	2.62%
JAPAN TOBACCO INC	7,200	1,816,547	1.27%
KDDI CORP	200	95,460	0.07%
KOMATSU LTD	19,100	3,011,106	2.11%
MITSUBISHI ESTATE CO LTD	1,000	232,011	0.16%
mitsui & co ltd	24,800	2,680,263	1.88%
mitsui fudosan co ltd	12,000	3,350,698	2.35%
SEVEN & I HOLDINGS CO LTD	15,000	4,625,468	3.24%
SHIN ETSU CHEMICAL CO LTD	7,900	3,578,356	2.50%
SOFTBANK CORP	14,100	9,569,629	6.69%
SONY CORP	57,800	7,786,042	5.45%
SUMITOMO CORPORATION	28,500	2,777,383	1.94%
TAKEDA PHARMACEUTICAL	9,700	3,452,687	2.42%
TOYOTA MOTOR CORP	5,300	2,510,146	1.76%
Total investments in listed Japanese securities at fair value		76,192,487	53.34%

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 2013

Investments	Holdings	Fair value HK\$	% of net assets
Listed equities			
Singapore			
CAPITALAND LTD	261,400	4,863,999	3.40%
GLOBAL LOGISTIC PROPERTIES	387,000	6,868,376	4.81%
SINGAPORE EXCHANGE LTD	137,000	6,108,048	4.28%
SINGAPORE PRESS HOLDINGS LTD	240,400	6,082,427	4.26%
SINGAPORE TELECOM LTD	281,647	6,330,405	4.43%
Total investments in listed Singaporean securities at fair value		<u>30,253,255</u>	<u>21.18%</u>
Total investments in securities at fair value		<u>122,489,836</u>	<u>85.75%</u>
Index swaps issued by		Fair value HK\$	% of net assets
THE ROYAL BANK OF SCOTLAND PLC		1,863,535	1.30%
JPMORGAN CHASE BANK N.A.		478,084	0.33%
BNP PARIBAS		852,139	0.60%
Total investment in index swaps at fair value		<u>3,193,758</u>	<u>2.23%</u>
Equity swaps issued by			
THE ROYAL BANK OF SCOTLAND PLC		(2,818,148)	(1.97)%
JPMORGAN CHASE BANK N.A.		(371,964)	(0.26)%
BNP PARIBAS		(968,264)	(0.68)%
Total investment in equity swaps at fair value		<u>(4,158,376)</u>	<u>(2.91)%</u>
Total investments		121,525,218	85.07%
Other net assets		<u>21,327,619</u>	<u>14.93%</u>
Net assets attributable to unitholders at 31 December 2013		<u>142,852,837</u>	<u>100.00%</u>
Total investments, at cost		<u>103,083,428</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 year ended 31 December 2013

Investments - Listed equities	Holdings as at 1 January 2013	Additions	Corporate Action	Disposals	Holdings as at 31 December 2013
AGL ENERGY LTD	1,060	-	-	-	1,060
ASTELLAS PHARMA INC	10,200	-	-	-	10,200
BHP BILLITON LTD	6,304	5,000	-	-	11,304
BRIDGESTONE CORPORATION	18,800	-	-	-	18,800
CAPITALAND LTD	261,400	-	-	-	261,400
COMMONWEALTH BANK OF AUSTRALIA	4,702	-	-	-	4,702
DBS GROUP HOLDINGS LTD	64,400	-	-	(64,400)	-
DENSO CORP	13,500	-	-	-	13,500
FANUC CORP	2,500	-	-	-	2,500
FAST RETAILING CO LTD	3,700	-	-	(1,300)	2,400
FORTESCUE METALS GROUP LTD	44,866	-	-	-	44,866
HONDA MOTOR CO LTD	11,700	-	-	-	11,700
JAPAN TOBACCO INC	15,800	-	-	(8,600)	7,200
KDDI CORP	6,600	-	100	(6,500)	200
KEPPEL CORP LTD	88,200	-	-	(88,200)	-
KOMATSU LTD	19,100	-	-	-	19,100
MITSUBISHI ESTATE CO LTD	26,000	-	-	(25,000)	1,000
MITSUMI & CO LTD	24,800	-	-	-	24,800
MITSUMI FUDOSAN CO LTD	26,000	-	-	(14,000)	12,000
ORIGIN ENERGY LTD	11,130	-	-	-	11,130
RIO TINTO LTD	4,689	-	-	-	4,689
SEVEN & I HOLDINGS CO LTD	15,000	-	-	-	15,000
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

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 year ended 31 December 2013

Investments - Listed equities	Holdings as at 1 January 2013	Additions	Corporate Action	Disposals	Holdings as at 31 December 2013
SUMITOMO CORPORATION	28,500	-	-	-	28,500
TAKEDA PHARMACEUTICAL	9,700	-	-	-	9,700
TOYOTA MOTOR CORP	10,600	-	-	(5,300)	5,300
WESFARMERS LTD	6,277	-	(78)	-	6,199
WESTPAC BANKING CORP	6,009	-	-	-	6,009
WOODSIDE PETROLEUM LTD	7,627	-	-	-	7,627
GLOBAL LOGISTIC PROPERTIES	-	387,000	-	-	387,000
SINGAPORE TELECOM LTD	-	281,647	-	-	281,647
Swaps issued by		Fair value as at 1 January 2013 HK\$	Fair value change HK\$	Fair value as at 31 December 2013 HK\$	
THE ROYAL BANK OF SCOTLAND PLC		(3,174,358)	2,219,744	(954,614)	
JPMORGAN CHASE BANK N.A.		(383,481)	489,602	106,121	
BNP PARIBAS		550,868	(666,993)	(116,125)	

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

For the year ended 31 December 2013

Net asset value attributable to unitholders

	Dealing net asset value per unit HK\$	Dealing net asset value of the Sub- Fund HK\$
At end of financial period dated		
31 December 2012	8.0902	129,443,008
31 December 2013	8.9713	143,541,457

Highest and lowest net asset value per unit

	Lowest HK\$	Highest HK\$
Year ended 31 December 2012	<u>6.8451</u>	<u>8.2592</u>
Year ended 31 December 2013	<u>7.7388</u>	<u>8.9713</u>

During the year ended 31 December 2013, the Underlying Index increased by 11.47%, while the net asset value per unit of the Sub-Fund increased by 10.89%^(a).

The following lists the constituent securities that individually accounted for more than 10% of TAIEX Index as at 31 December 2013 and its weighting of the TAIEX Index as at 31 December 2013:

Constituent securities	Respective weighting in TAIEX Index
Taiwan Semiconductor Manufacturing Company Limited ^(b)	<u>11.21%</u>

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 annualised return of the Sub-Fund (net of fees and expenses) from 1 January 2013 to 31 December 2013.

(b) The Sub-Fund did not hold the constituent securities as at 31 December 2012 and 2013.

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 2013

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Australia			
AGL ENERGY LTD	285	29,714	0.08%
BHP BILLITON LTD	2,875	757,656	1.92%
COMMONWEALTH BANK OF AUSTRALIA	1,376	742,613	1.89%
FORTESCUE METALS GROUP LTD	11,718	473,087	1.20%
ORIGIN ENERGY LTD	2,174	212,187	0.54%
RIO TINTO LTD	1,062	502,280	1.28%
WESFARMERS LTD	2,693	822,713	2.09%
WESTPAC BANKING CORP	1,614	362,531	0.92%
WOODSIDE PETROLEUM LTD	1,992	537,531	1.37%
Total investments in listed Australian securities at fair value		4,440,312	11.29%

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 2013

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Japan			
ASAHI GROUP HOLDINGS LTD	10,400	2,274,048	5.78%
ASTELLAS PHARMA INC	1,400	643,434	1.64%
BRIDGESTONE CORPORATION	2,700	792,748	2.02%
CANON INC	3,200	786,108	2.00%
DENSO CORP	1,500	614,147	1.56%
FANUC CORP	1,500	2,130,150	5.42%
FAST RETAILING CO LTD	300	960,504	2.44%
HONDA MOTOR CO LTD	3,900	1,245,778	3.17%
JAPAN TOBACCO INC	2,100	529,826	1.35%
KDDI CORP	4,400	2,100,125	5.34%
KOMATSU LTD	5,100	804,013	2.05%
MITSUBISHI CORP	6,100	907,661	2.31%
MITSUBISHI ESTATE CO LTD	3,000	696,033	1.77%
MITSUMI & CO LTD	8,300	897,024	2.28%
MITSUMI FUDOSAN CO LTD	7,000	1,954,574	4.97%
SEVEN & I HOLDINGS CO LTD	5,000	1,541,823	3.92%
SOFTBANK CORP	1,200	814,436	2.07%
SONY CORP	7,000	942,946	2.40%
SUMITOMO CORPORATION	9,500	925,794	2.35%
TAKEDA PHARMACEUTICAL	3,200	1,139,031	2.90%
TOYOTA MOTOR CORP	3,500	1,657,644	4.22%
Total investments in listed Japanese securities at fair value		24,357,847	61.96%

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 2013

Investments			
Listed equities	Holdings	Fair value HK\$	% of net assets
Singapore			
CAPITALAND LTD	82,000	1,525,814	3.88%
GLOBAL LOGISTIC PROPERTIES	120,000	2,129,730	5.42%
SINGAPORE EXCHANGE LTD	41,000	1,827,956	4.65%
SINGAPORE PRESS HOLDINGS LTD	67,000	1,695,186	4.31%
SINGAPORE TELECOM LTD	83,338	1,873,136	4.76%
Total investments in listed Singaporean securities at fair value		<u>9,051,821</u>	<u>23.02%</u>
Total investments in securities at fair value		<u>37,849,980</u>	<u>96.27%</u>
Index swaps issued by		Fair value HK\$	% of net assets
THE ROYAL BANK OF SCOTLAND PLC		(1,558,904)	(3.97)%
JPMORGAN CHASE BANK N.A.		(197,518)	(0.50)%
BNP PARIBAS		(475,650)	(1.21)%
Total investment in index swaps at fair value		<u>(2,232,072)</u>	<u>(5.68)%</u>
Equity swaps issued by			
THE ROYAL BANK OF SCOTLAND PLC		(815,354)	(2.07)%
JPMORGAN CHASE BANK N.A.		(103,745)	(0.26)%
BNP PARIBAS		(286,748)	(0.73)%
Total investment in equity swaps at fair value		<u>(1,205,847)</u>	<u>(3.06)%</u>
Total investments		34,412,061	87.53%
Other net assets		<u>4,902,043</u>	<u>12.47%</u>
Net assets attributable to unitholders at 31 Dec 2013		<u>39,314,104</u>	<u>100.00%</u>
Total investments, at cost		<u>33,212,436</u>	

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 year ended 31 December 2013

Investments - Listed equities	Holdings as at 1 January 2013	Additions	Corporate Action	Disposals	Holdings as at 31 December 2013
AGL ENERGY LTD	285	-	-	-	285
ASAHI GROUP HOLDINGS LTD	10,400	-	-	-	10,400
ASTELLAS PHARMA INC	3,400	-	-	(2,000)	1,400
BHP BILLITON LTD	2,875	-	-	-	2,875
BRIDGESTONE CORPORATION	6,300	-	-	(3,600)	2,700
CANON INC	3,200	-	-	-	3,200
CAPITALAND LTD	82,000	-	-	-	82,000
COMMONWEALTH BANK OF AUSTRALIA	1,376	-	-	-	1,376
DBS GROUP HOLDINGS LTD	20,000	-	-	(20,000)	-
DENSO CORP	4,500	-	-	(3,000)	1,500
FANUC CORP	1,500	-	-	-	1,500
FAST RETAILING CO LTD	700	-	-	(400)	300
FORTESCUE METALS GROUP LTD	11,718	-	-	-	11,718
HONDA MOTOR CO LTD	3,900	-	-	-	3,900
JAPAN TOBACCO INC	5,200	-	-	(3,100)	2,100
KDDI CORP	2,200	-	2,200	-	4,400
KEPPEL CORP LTD	26,098	-	-	(26,098)	-
KOMATSU LTD	5,100	-	-	-	5,100
MITSUBISHI CORP	6,100	-	-	-	6,100
MITSUBISHI ESTATE CO LTD	9,000	-	-	(6,000)	3,000
MITSUMI & CO LTD	8,300	-	-	-	8,300
MITSUMI FUDOSAN CO LTD	16,000	-	-	(9,000)	7,000
ORIGIN ENERGY LTD	2,174	-	-	-	2,174
RIO TINTO LTD	1,062	-	-	-	1,062
SEVEN & I HOLDINGS CO LTD	5,000	-	-	-	5,000
SINGAPORE EXCHANGE LTD	41,000	-	-	-	41,000
SINGAPORE PRESS HOLDINGS LTD	67,000	-	-	-	67,000
SOFTBANK CORP	4,700	-	-	(3,500)	1,200

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)
year

Investments - Listed equities	Holdings as at 1 January 2013	Additions	Corporate Action	Disposals	Holdings as at 31 December 2013
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	2,727	-	(34)	-	2,693
WESTPAC BANKING CORP	1,614	-	-	-	1,614
WOODSIDE PETROLEUM LTD	1,992	-	-	-	1,992
GLOBAL LOGISTIC PROPERTIES	-	120,000	-	-	120,000
SINGAPORE TELECOM LTD	-	83,338	-	-	83,338
Swaps issued by		Fair value as at 1 January 2013 HK\$	Fair value change HK\$	Fair value as at 31 December 2013 HK\$	
THE ROYAL BANK OF SCOTLAND PLC		(320,268)	(2,053,990)	(2,374,258)	
JPMORGAN CHASE BANK N.A.		(69,360)	(231,903)	(301,263)	
BNP PARIBAS		59,334	(821,732)	(762,398)	

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

For the year ended 31 December 2013

Net asset value attributable to unitholders

	Dealing net asset value per unit HK\$	Dealing net asset value of the Sub- Fund HK\$
At end of financial period dated		
31 December 2012	9.9311	44,689,927
31 December 2013	8.8147	39,666,330

Highest and lowest net asset value per unit

	Lowest HK\$	Highest HK\$
Year ended 31 December 2012	<u>7.6737</u>	<u>9.9733</u>
Year ended 31 December 2013	<u>8.8147</u>	<u>11.9407</u>

During the year ended 31 December 2013, the Underlying Index decreased by 10.47%, while the net asset value per unit of the Sub-Fund decreased by 11.24%^(a).

There were no constituent securities of that SET50 Index that accounted for more than 10% of the weighting of SET50 Index as at 31 December 2013 and 2012.

(a) This is the annualised return of the Sub-Fund (net of fees and expenses) from 1 January 2013 to 31 December 2013.