

XIE Shares Taiwan (TAIEX) ETF*

(*This is a synthetic ETF) (Stock Code: 3089)

a sub-fund of the XIE Shares Trust I* (*This is a synthetic ETF)

Unaudited Interim Report

For the period from 1st January 2016
to 30th June 2016

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Participating Dealers

BNP Paribas Securities Services (operating through its Hong Kong branch)
Citigroup Global Markets Asia Limited
J.P. Morgan Broking (Hong Kong) Limited
Nomura International (Hong Kong) Limited
RBS Asia Limited
Standard Chartered Bank (Hong Kong) Limited

Market Makers

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¹Prior to 28 June 2016, Champion Tower was known as Citibank Tower.

Any opinion contained in this Interim Report (if any) reflects the Manager's view as at the date of this report and is subject to amendment(s) without notice. The information contained in this Interim Report does not constitute recommendation or investment advice. Investors should refer to the Prospectus of the XIE Shares Trust I for further details (including but not limited to risk factors, fees and charges and other important information) which is available from the website www.xieshares.com.

Issued by Enhanced Investment Products Limited, the Manager of the XIE Shares Taiwan (TAIEX) ETF*(*This is a synthetic ETF).

STATEMENT OF FINANCIAL POSITION

as at 30th June 2016

| | 30th June 2016 HKD (UNAUDITED) | 31st December 2015 HKD (AUDITED) |
|---|--------------------------------------|--|
| ASSETS | | |
| Investments in listed securities | 27,205,241 | 27,712,307 |
| Investments in derivative instruments | 1,416,633 | 688,923 |
| Receivable due from swap counterparties | 11 | 77,512 |
| Cash and cash equivalents | 7,038,907 | 4,683,196 |
| TOTAL ASSETS | 35,660,792 | 33,161,938 |
| LIABILITIES | | |
| Investments in derivative instruments | 317,171 | 443,957 |
| Payable due to swap counterparties | 620,427 | - |
| Amounts due to brokers | 97,632 | 97,523 |
| Management fee payable | 10,884 | 10,774 |
| Other payables | 139,503 | 267,099 |
| TOTAL LIABILITIES | 1,185,617 | 819,353 |
| EQUITY | | |
| Net assets attributable to unitholders | 34,475,175 | 32,342,585 |
| Number of units outstanding | 4,000,000 | 4,000,000 |
| Net asset value per unit | 8.6188 | 8.0856 |

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30th June 2016

| | Period from 1st January 2016 to 30th June 2016 HKD (UNAUDITED) | Period from 1st January 2015 to 30th June 2015 HKD (UNAUDITED) |
|--|--|--|
| INCOME | | |
| Dividend income | 262,650 | 1,310,851 |
| Interest income | 937 | 3,705 |
| Net gain on investments | 1,967,985 | 3,059,687 |
| Net foreign exchange gain/(loss) | 30,967 | (22,359) |
| Total net income | 2,262,539 | 4,351,884 |
| OPERATING EXPENSES | | |
| Management fees | 63,705 | 239,226 |
| Audit fees | (9,874) | 129,168 |
| Interest expense | 898 | 11,949 |
| Bank charges | 1,250 | 2,258 |
| Other operating expenses | 47,868 | 57,890 |
| Total operating expenses | 103,847 | 440,491 |
| Operating profit | 2,158,692 | 3,911,393 |
| Profit before taxation | 2,158,692 | 3,911,393 |
| Dividend withholding tax | 26,102 | 65,301 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 2,132,590 | 3,846,092 |

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO UNITHOLDERS
for the period ended 30th June 2016

| | Period from 1st January 2016 to 30th June 2016 HKD (UNAUDITED) | Period from 1st January 2015 to 30th June 2015 HKD (UNAUDITED) |
|---|---|---|
| Balance at the beginning of the period | 32,342,585 | 92,494,478 |
| Proceeds on issue of units | - | 27,351,000 |
| Net increase from unit transactions | - | 27,351,000 |
| Total comprehensive income for the period | 2,132,590 | 3,846,092 |
| Balance at the end of the period | 34,475,175 | 123,691,570 |

STATEMENT OF CASH FLOWS
for the period ended 30th June 2016

| | Period from 1st January 2016 to 30th June 2016 HKD (UNAUDITED) | Period from 1st January 2015 to 30th June 2015 HKD (UNAUDITED) |
|---|--|--|
| OPERATING ACTIVITIES | | |
| Payments for purchase of investments | (26,443,668) | (26,597,586) |
| Proceeds from sale of investments | 28,064,332 | 2,306,181 |
| Dividends received | 262,650 | 1,277,552 |
| Interest received | 937 | 3,705 |
| Management fee paid | (63,595) | (237,141) |
| Dividend withholding tax paid | (26,102) | (65,301) |
| Interest expense | (898) | (11,949) |
| Net receipts from/(payments to) swap counterparties | 697,928 | (2,578,044) |
| Other receipts and payments | (166,840) | (308,940) |
| Cash generated from/(used in) operating activities | 2,324,744 | (26,211,523) |
| FINANCING ACTIVITIES | | |
| Proceeds from issue of units | - | 27,351,000 |
| Cash flows generated from financing activities | - | 27,351,000 |
| Net increase in cash and cash equivalents | 2,324,744 | 1,139,477 |
| Cash and cash equivalents at beginning of period | 4,683,196 | 16,951,105 |
| Net foreign exchange gain/(loss) | 30,967 | (22,359) |
| Cash and cash equivalents at end of period | 7,038,907 | 18,068,223 |
| Analysis of balances of cash and cash equivalents | | |
| Cash and cash equivalents | 7,038,907 | 18,068,223 |

INVESTMENT PORTFOLIO (UNAUDITED)

as at 30th June 2016

Investments

Listed equities

| | Holdings | Fair value HKD ¹ | % of net assets |
|--|----------|-----------------------------------|------------------------|
| Japan | | | |
| AJINOMOTO CO INC | 4,000 | 727,776 | 2.11% |
| ASAHI GROUP HOLDINGS LTD | 3,600 | 900,010 | 2.61% |
| ASTELLAS PHARMA INC | 7,500 | 907,451 | 2.63% |
| BRIDGESTONE CORP | 2,900 | 716,894 | 2.08% |
| CANON INC | 1,500 | 330,369 | 0.96% |
| CHUGAI PHARMACEUTICAL CO LTD | 3,400 | 934,599 | 2.71% |
| DAIKIN INDUSTRIES LTD | 1,600 | 1,030,139 | 2.99% |
| DENTSU INC | 2,400 | 865,709 | 2.51% |
| EISAI CO LTD | 1,700 | 731,224 | 2.12% |
| FANUC CORP | 600 | 750,235 | 2.18% |
| FAST RETAILING CO LTD | 300 | 619,336 | 1.80% |
| FUJI HEAVY INDUSTRIES LTD | 2,500 | 657,524 | 1.91% |
| HONDA MOTOR CO LTD | 1,400 | 272,349 | 0.79% |
| JAPAN TOBACCO INC | 1,100 | 341,300 | 0.99% |
| KAO CORP | 1,900 | 851,878 | 2.47% |
| KDDI CORP | 1,700 | 400,194 | 1.16% |
| KIRIN HOLDINGS CO LTD | 8,600 | 1,120,536 | 3.25% |
| KYOCERA CORP | 3,100 | 1,135,086 | 3.29% |
| MITSUBISHI CORP | 6,900 | 932,951 | 2.71% |
| MITSUBISHI UFJ FINANCIAL GROUP INC | 28,200 | 972,212 | 2.82% |
| MIZUHO FINANCIAL GROUP INC | 81,600 | 915,110 | 2.65% |
| NIPPON TELEGRAPH & TELEPHONE CORP | 2,900 | 1,052,644 | 3.05% |
| NTT DATA CORP | 2,300 | 840,073 | 2.44% |
| NTT DOCOMO INC | 5,600 | 1,171,550 | 3.40% |
| OLYMPUS CORP | 3,200 | 918,341 | 2.66% |
| PANASONIC CORP | 11,700 | 779,478 | 2.26% |
| SECOM CO LTD | 1,800 | 1,028,097 | 2.98% |
| SEVEN & I HOLDINGS CO LTD | 1,500 | 485,600 | 1.41% |
| SHIN-ETSU CHEMICAL CO LTD | 2,100 | 946,789 | 2.75% |
| SOFTBANK GROUP CORP | 1,700 | 744,208 | 2.16% |
| SUMITOMO MITSUI FINANCIAL GROUP INC | 4,400 | 973,574 | 2.82% |
| SUMITOMO REALTY & DEVELOPMENT CO LTD | 4,000 | 833,192 | 2.42% |
| SUZUKI MOTOR CORP | 2,800 | 583,022 | 1.69% |
| TAKEDA PHARMACEUTICAL CO LTD | 1,400 | 468,366 | 1.36% |
| TOYOTA MOTOR CORP | 700 | 267,425 | 0.77% |
| Total investments in listed Japanese securities at fair value | | 27,205,241 | 78.91% |
| Total investments in securities at fair value | | 27,205,241 | 78.91% |
| | | Fair value HKD² | % of net assets |
| Index swaps Issued by | | | |
| BNP PARIBAS | | 684 | 0.00% |
| NOMURA HKG | | 502,480 | 1.46% |
| Total investment in index swaps at fair value | | 503,164 | 1.46% |
| | | Fair value HKD² | % of net assets |
| Equity swaps issued by | | | |
| BNP PARIBAS | | 215,019 | 0.62% |
| NOMURA HKG | | 381,279 | 1.11% |
| Total investment in equity swaps at fair value | | 596,298 | 1.73% |
| Total investments | | 28,304,703 | 82.10% |

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

as at 30th June 2016

Investments (continued)

| | Fair value HKD | % of net assets |
|---|--------------------------|------------------------|
| Other net assets | <u>6,170,472</u> | <u>17.90%</u> |
| Net assets attributable to unitholders at 30th June 2016 | <u><u>34,475,175</u></u> | <u><u>100.00%</u></u> |
| Total investments, at cost | <u><u>98,801,242</u></u> | |

¹ Exchange rate as at 30th June 2016

HKD/JPY 13.223849

HKD/USD 0.128900

² excludes cash margins deposited with swap counterparties

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

for the period ended 30th June 2016

| | Holdings as at 1st January 2016 | Additions | Corporate action | Disposals | Holdings as at 30th June 2016 |
|--------------------------------------|------------------------------------|-----------|------------------|-----------|----------------------------------|
| Investments - listed equities | | | | | |
| AJINOMOTO CO INC | - | 4,000 | - | - | 4,000 |
| ASAHI GROUP HOLDINGS LTD | 500 | 3,600 | - | (500) | 3,600 |
| ASTELLAS PHARMA INC | 2,100 | 7,500 | - | (2,100) | 7,500 |
| BRIDGESTONE CORP | 800 | 2,900 | - | (800) | 2,900 |
| CANON INC | 200 | 1,500 | - | (200) | 1,500 |
| CHUGAI PHARMACEUTICAL CO LTD | 500 | 3,400 | - | (500) | 3,400 |
| DAIKIN INDUSTRIES LTD | 4,400 | 1,600 | - | (4,400) | 1,600 |
| DENTSU INC | 900 | 2,400 | - | (900) | 2,400 |
| EISAI CO LTD | - | 1,700 | - | - | 1,700 |
| FANUC CORP | 1,900 | 600 | - | (1,900) | 600 |
| FAST RETAILING CO LTD | 200 | 300 | - | (200) | 300 |
| FUJI HEAVY INDUSTRIES LTD | 400 | 2,500 | - | (400) | 2,500 |
| HONDA MOTOR CO LTD | 10,300 | 1,400 | - | (10,300) | 1,400 |
| JAPAN TOBACCO INC | 200 | 1,100 | - | (200) | 1,100 |
| KAO CORP | 1,000 | 1,900 | - | (1,000) | 1,900 |
| KDDI CORP | 2,500 | 1,700 | - | (2,500) | 1,700 |
| KIRIN HOLDINGS CO LTD | - | 8,600 | - | - | 8,600 |
| KYOCERA CORP | 6,400 | 3,100 | - | (6,400) | 3,100 |
| MITSUBISHI CORP | 1,000 | 6,900 | - | (1,000) | 6,900 |
| MITSUBISHI UFJ FINANCIAL GROUP INC | - | 28,200 | - | - | 28,200 |
| MIZUHO FINANCIAL GROUP INC | - | 81,600 | - | - | 81,600 |
| NIPPON TELEGRAPH & TELEPHONE CORP | - | 2,900 | - | - | 2,900 |
| NITTO DENKO CORP | 1,500 | - | - | (1,500) | - |
| NTT DATA CORP | 5,000 | 2,300 | - | (5,000) | 2,300 |
| NTT DOCOMO INC | - | 5,600 | - | - | 5,600 |
| OLYMPUS CORP | 500 | 3,200 | - | (500) | 3,200 |
| PANASONIC CORP | 22,200 | 11,700 | - | (22,200) | 11,700 |
| SECOM CO LTD | 3,100 | 1,800 | - | (3,100) | 1,800 |
| SEVEN & I HOLDINGS CO LTD | 500 | 1,500 | - | (500) | 1,500 |
| SHIN-ETSU CHEMICAL CO LTD | 1,900 | 2,100 | - | (1,900) | 2,100 |
| SINGAPORE TECH ENGINEERING | 10,000 | - | - | (10,000) | - |
| SOFTBANK GROUP CORP | 4,500 | 1,700 | - | (4,500) | 1,700 |
| SUMITOMO MITSUI FINANCIAL GROUP INC | - | 4,400 | - | - | 4,400 |
| SUMITOMO REALTY & DEVELOPMENT CO LTD | - | 4,000 | - | - | 4,000 |
| SUZUKI MOTOR CORP | 9,600 | 2,800 | - | (9,600) | 2,800 |
| TAKEDA PHARMACEUTICAL CO LTD | 1,300 | 1,400 | - | (1,300) | 1,400 |
| TERUMO CORP | 800 | - | - | (800) | - |
| TOKYO ELECTRON LTD | 4,800 | - | - | (4,800) | - |
| TOYOTA MOTOR CORP | 500 | 700 | - | (500) | 700 |

| | Fair value as at 1st January 2016 HKD | Fair value change HKD | Fair value as at 30th June 2016 HKD |
|-------------------------|---|--------------------------|---|
| Swaps issued by | | | |
| BNP PARIBAS | - | 215,703 | 215,703 |
| NOMURA HKG | - | 883,759 | 883,759 |
| STANDARD CHARTERED BANK | 244,966 | (244,966) | - |

PERFORMANCE RECORD (UNAUDITED)

Highest and lowest net asset value per unit

| | Lowest HKD | Highest HKD |
|-----------------------------|---------------|----------------|
| Period ended 30th June 2016 | <u>7.3619</u> | <u>8.7050</u> |

Net asset value attributable to unitholders

| | HKD |
|----------------------|-------------------|
| As at 30th June 2016 | <u>34,475,175</u> |

Net asset value per unit

| | HKD |
|----------------------|---------------|
| As at 30th June 2016 | <u>8.6188</u> |

During the period, the TAIEX Taiwan Index increased by 6.86% , while the net asset value per unit of XIE Shares Taiwan (TAIEX) ETF* (*This is a synthetic ETF) increased by 6.18% ^(a).

The following lists the constituent securities that individually accounted for more than 10% of the TAIEX Index as at 30th June 2016 and its weighting of the TAIEX Index as at 30th June 2016:

| Constituent securities | Respective weighting in TAIEX Index |
|---|-------------------------------------|
| Taiwan Semiconductor Manufacturing Company Limited ^(b) | <u>16.56%</u> |

^(a) This is the return of XIE Shares Taiwan(TAIEX) ETF*(*This is a synthetic ETF) (net of fees and expenses) from 1st January 2016 to 30th June 2016.

^(b) XIE Shares Taiwan (TAIEX) ETF*(*This is a synthetic ETF) did not hold the constituent securities as at 30th June 2016.