

XIE Shares Trust II

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

XIE Shares FTSE Chimerica ETF (Stock Code: 3161)

XIE Shares CLSA GARY ETF (Stock Code: 3102)

(Sub-Funds of the XIE Shares Trust II)

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MANAGEMENT AND ADMINISTRATION

Manager and Listing Agent

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Hong Kong

Directors of the Manager

BLAND Tobias Christopher James
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GLADSTONE Xenophon Thomas
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Trustee

Cititrust Limited
50/F, Champion Tower¹
Three Garden Road
Central
Hong Kong

Administrator and Custodian

Citibank N.A.
50/F, Champion Tower¹
Three Garden Road
Central
Hong Kong

Participating Dealers for XIE Shares FTSE Chimerica ETF

BNP Paribas Securities Services
China International Capital Corporation Hong Kong
Securities Limited
CITIC Securities Brokerage (HK) Limited
CLSA Limited
Deutsche Securities Asia Limited
Goldman Sachs (Asia) Securities Limited
Merrill Lynch Far East Limited
Nomura International (Hong Kong) Limited

Participating Dealers for XIE Shares FTSE Gary ETF

BNP Paribas Securities Services
CLSA Limited

Registrar

Computershare Hong Kong Investor Services
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Service Agent

HK Conversion Agency Services Limited
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8 Connaught Place
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Legal Counsel to the Manager

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Hong Kong

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Central
Hong Kong

Market Makers for XIE Shares FTSE Chimerica ETF

CLSA Limited
Commerz Securities Hong Kong Ltd
Deutsche Securities Asia Limited

Market Makers for XIE Shares CLSA GARY ETF

CLSA Limited
Commerz Securities Hong Kong Ltd

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

REPORT OF THE MANAGER TO THE UNITHOLDERS**XIE Shares FTSE Chimerica ETF
(A Sub-Fund of XIE Shares Trust II)****Fund performance**

XIE Shares FTSE Chimerica ETF (“XIE Shares FTSE Chimerica”) seeks to provide investment results that, before fees and expenses, closely correspond to the performance of the FTSE China N Shares All Cap Capped Net Tax Index (the “Index”) in Hong Kong dollar (“HK\$”) terms. As of 31 December 2016, the dealing Net Asset Value (“NAV”) per unit of the XIE Shares FTSE Chimerica was HK\$7.8008 with a total of 19,000,000 units outstanding, aggregating a total dealing NAV of approximately HK\$148,214,538.

A summary of the performance of the XIE Shares FTSE Chimerica is given below (as at 31 December 2016).^(a)

	1 Month ^(g)	3 Months ^(h)	6 Months ⁽ⁱ⁾	12 Months ^(f)
FTSE China N Shares All Cap Capped Net Tax Index Price Return ^(b)	-	-	-	-
FTSE China N Shares All Cap Capped Net Tax Index Total Return (Net) ^(c)	-8.2 %	-13.39%	3.42%	-7.49%
XIE Shares FTSE Chimerica NAV-to-NAV ^(d)	-8.25%	-13.52%	2.89%	-8.37%
XIE Shares FTSE Chimerica Market-to-Market ^(e)	-7.47%	-11.79%	7.02%	-6.71%

- (a) Past performance figures shown are not indicative of the future performance of XIE Shares FTSE Chimerica.
- (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 FTSE Chimerica 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 FTSE Chimerica in the secondary market. They do not represent the returns you would receive if you trade units at other times.
- (f) Represents performance figures for the period from 1 January 2016 to 31 December 2016.
- (g) Represents performance figures for the period from 1 December 2016 to 31 December 2016.
- (h) Represents performance figures for the period from 1 October 2016 to 31 December 2016.
- (i) Represents performance figures for the period from 1 July 2016 to 31 December 2016.

Source: Enhanced Investment Products Limited, Bloomberg

DAVID LAU
DIRECTOR
FOR AND ON BEHALF OF
ENHANCED INVESTMENT PRODUCTS LIMITED
AS MANAGER OF XIE SHARES TRUST II

REPORT OF THE MANAGER TO THE UNITHOLDERS (continued)**XIE Shares CLSA GARY ETF
(A Sub-Fund of XIE Shares Trust II)****Fund performance**

XIE Shares CLSA GARY ETF (“XIE Shares CLSA GARY”) seeks to provide investment results that, before fees and expenses, closely correspond to the performance of the CLSA GARY Net Total Return Index (the “Index”) in Hong Kong dollar (“HK\$”) terms. As of 31 December 2016, the dealing Net Asset Value (“NAV”) per unit of the XIE Shares CLSA GARY was HK\$8.1496 with a total of 12,500,000 units outstanding, aggregating a total dealing NAV of approximately HK\$101,870,407.

A summary of the performance of the XIE Shares CLSA GARY is given below (as at 31 December 2016).^(a)

	1 Month ^(g)	3 Months ^(h)	6 Months ⁽ⁱ⁾	12 Months ^(f)
CLSA GARY Net Total Return Index Price Return ^(b)	-	-	-	-
CLSA GARY Net Total Return Index Total Return (Net) ^(c)	-0.04%	-5.86%	5.09%	5.75%
XIE Shares CLSA GARY NAV-to-NAV ^(d)	-0.15%	-6.25%	4.01%	3.37%
XIE Shares CLSA GARY Market-to-Market ^(e)	-0.49%	-6.32%	5.57%	5.16%

- (a) Past performance figures shown are not indicative of the future performance of XIE Shares CLSA GARY.
- (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 CLSA GARY 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 CLSA GARY in the secondary market. They do not represent the returns you would receive if you trade units at other times.
- (f) Represents performance figures for the period from 1 January 2016 to 31 December 2016.
- (g) Represents performance figures for the period from 1 December 2016 to 31 December 2016.
- (h) Represents performance figures for the period from 1 October 2016 to 31 December 2016.
- (i) Represents performance figures for the period from 1 July 2016 to 31 December 2016.

Source: Enhanced Investment Products Limited, Bloomberg

DAVID LAU
DIRECTOR
FOR AND ON BEHALF OF
ENHANCED INVESTMENT PRODUCTS LIMITED
AS MANAGER OF XIE SHARES TRUST II

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager of XIE Shares FTSE Chimerica ETF and XIE Shares CLSA GARY ETF, the sub-funds (the “Sub-Funds”) of XIE Shares Trust II (the “Trust”) has, in all material respects, managed the Sub-Funds in accordance with the provisions of the Trust Deed dated 25 March 2015, as amended by supplemental deeds dated 25 March 2015, 12 October 2015 and 14 October 2016 for the year ended 31 December 2016.

Cititrust Limited
18 April 2017

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

MANAGER'S RESPONSIBILITIES

The Manager of the XIE Shares FTSE Chimerica ETF and XIE Shares CLSA GARY 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 25 March 2015, as amended by the supplemental deeds dated 25 March 2015, 12 October 2015 and 14 October 2016 (collectively, 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 2016. In preparing these financial statements the Manager is required to:

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

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

XIE Shares Trust II is an umbrella unit trust governed by its Trust Deed. As at 31 December 2016, the Trust has established three Sub-Funds, namely, XIE Shares FTSE Chimerica ETF, XIE Shares CLSA GARY ETF and XIE Shares FTSE Gold Miners 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 FTSE CHIMERICA ETF AND XIE SHARES CLSA GARY ETF
(sub-funds of XIE Shares Trust II)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of XIE Shares FTSE Chimerica ETF and XIE Shares CLSA GARY ETF (each a separate sub-fund of XIE Shares Trust II and referred to individually or collectively as the "Sub-Funds") set out on pages 11 to 42, which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Funds as at 31 December 2016, and of each of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Sub-Funds in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("the IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE UNITHOLDERS OF XIE SHARES FTSE CHIMERICA ETF AND XIE SHARES CLSA GARY ETF
(sub-funds of XIE Shares Trust II)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Existence and valuation of financial assets at fair value through profit or loss</i>	
<p>As at 31 December 2016, the financial assets at fair value through profit or loss amounted to HK\$147,284,294 and HK\$100,899,610 in XIE Shares FTSE Chimerica ETF and XIE Shares CLSA GARY respectively.</p> <p>They represented approximately 100% of the net asset value of each Sub-Fund.</p> <p>The financial assets at fair value through profit or loss included shares listed in the recognised stock exchanges, which were measured at fair value in accordance with International Financial reporting Standard 13 Fair Value Measurement.</p>	<p>We obtained independent confirmation from the Custodian and counterparties of the investment portfolio held at 31 December 2016, agreeing the quantities held to the accounting records. We tested the design and operating effectiveness of controls for the valuation of financial instruments. In addition, we checked the valuation of the financial assets at fair value through profit or loss that are quoted in active markets by independently agreeing the valuation of financial assets to third party vendor sources such as Reuters or Bloomberg at 31 December 2016.</p> <p>In addition, we reviewed the financial statement disclosures regarding fair value hierarchy as set out in the note 10(d) to the financial statements.</p>

Other information included in the Reports and Financial Statements

The Manager and Trustee are responsible for the other information. The other information comprises all the information included in this Reports and Financial Statements, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE UNITHOLDERS OF XIE SHARES FTSE CHIMERICA ETF AND XIE SHARES CLSA GARY ETF
(sub-funds of XIE Shares Trust II)

Responsibilities of the Manager and the Trustee for the financial statements

The Manager and the Trustee are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the Manager and the Trustee determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and Trustee are responsible for assessing the Sub-Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and Trustee either intend to liquidate the Sub-Funds or to cease operations, or have no realistic alternative but to do so.

In addition, the Manager and the Trustee are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the trust deed dated 25 March 2015 as amended by supplemental deeds dated 25 March 2015, 12 October 2015 and 14 October 2016 (the "Trust Deed") and the relevant disclosure provisions of Appendix E to the Code on Unit Trusts and Mutual Funds (the "SFC Code") issued by the Hong Kong Securities and Futures Commission.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition, we are 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 relevant disclosure provisions of Appendix E of the SFC Code.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE UNITHOLDERS OF XIE SHARES FTSE CHIMERICA ETF AND XIE SHARES CLSA GARY ETF
(sub-funds of XIE Shares Trust II)

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee.
- Conclude on the appropriateness of the Manager's and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager and the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager and the Trustee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager and the Trustee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE UNITHOLDERS OF XIE SHARES FTSE CHIMERICA ETF AND XIE SHARES CLSA GARY ETF
(sub-funds of XIE Shares Trust II)

Report on matters under the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code

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 disclosure requirements specified in Appendix E to the SFC Code.

The engagement partner on the audit resulting in this independent auditor's report is Tsang Yu Heng, Alpha.

Certified Public Accountants
Hong Kong
18 April 2017

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	XIE Shares		XIE Shares	
		FTSE Chimerica ETF	2015	CLSA GARY ETF	2015
		2016	2015	2016	2015
		HK\$	HK\$	HK\$	HK\$
Assets - current assets					
Financial assets at fair value through profit or loss	5(b), 10(a)(i), 10(b)	147,284,294	185,989,426	100,889,610	98,007,598
Dividends receivable		-	16,295	107,732	169,388
Cash and cash equivalents	5(b), 10(b)	262,075	583,995	178,058	637,312
					-
Total assets		147,546,369	186,589,716	101,175,400	98,814,298
Liabilities - current liabilities					
Management fee payable	5(a)	96,533	113,803	60,526	62,278
Transaction fee payable	5(c)	38,806	31,006	30,000	60,000
Preliminary expenses payable	5(e)	15,000	95,620	302,345	1,464,055
Other payables		181,901	175,500	121,211	70,858
					-
Total liabilities		332,240	415,929	514,082	1,657,191
Equity					
Net assets attributable to unitholders	6	147,214,129	186,173,787	100,661,318	97,157,107

The financial statements on pages 11 to 42 were approved by the Manager on 18 April 2017.

Enhanced Investment Products Limited
as Manager of the Trust

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

		XIE Shares FTSE Chimerica ETF		XIE Shares CLSA GARY ETF	
	Note	2016 HK\$	16 April 2015 (Date of inception) to 31 December 2015 HK\$	2016 HK\$	5 November 2015 (Date of inception) to 31 December 2015 HK\$
Income					
Dividend income		375,057	378,839	3,722,529	255,365
Interest income		70	33	244	4
Net (loss)/gain on investments	4	(13,270,049)	15,162,250	1,754,402	1,568,829
Net foreign exchange loss		(7,759)	(855)	(121,764)	(55,289)
Total net (loss)/income		(12,902,681)	15,540,267	5,355,411	1,768,909
Operating expenses					
Management fees	5(a)	1,295,202	930,593	701,323	62,278
Audit fees		145,613	171,000	105,977	62,573
Preliminary expenses		177,861	1,373,347	161,245	1,464,055
Legal and professional fees		-	-	4,516	-
Transaction costs on investments		28,184	23,194	238,799	-
Financial statements preparation fee	5(f)	119,525	-	72,379	-
Registration fees		8,246	-	3,750	-
Bank charges		-	65	-	-
Interest expense		839	-	11,386	-
Other operating expenses		62,359	38,500	77,433	8,246
Total operating expenses		1,837,829	2,536,699	1,376,808	1,597,152
Operating (loss)/profit		(14,740,510)	13,003,568	3,978,603	171,757
(Loss)/profit before taxation		(14,740,510)	13,003,568	3,978,603	171,757
Dividend withholding tax	8	1,148	1,181	215,267	-
Capital gains tax	8	-	-	259,125	-
Total comprehensive (loss)/income for the year/period attributable to unitholders		(14,741,658)	13,002,387	3,504,211	171,757

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	XIE Shares FTSE Chimerica ETF		XIE Shares CLSA GARY ETF 5 November 2015 (Date of inception) to 31 December	
	2016 HK\$	16 April 2015 (Date of inception) to 31 December 2015 HK\$	2016 HK\$	2015 HK\$
Balance at the beginning of the year/period	186,173,787	-	97,157,107	-
Proceeds on issue of units	55,431,400	222,857,600	-	96,985,350
Payment on redemption of units	(79,649,400)	(49,686,200)	-	-
Net (decrease)/increase from unit transactions	(24,218,000)	173,171,400	-	96,985,350
Total comprehensive (loss)/income for the year/period	(14,741,658)	13,002,387	3,504,211	171,757
Balance at the end of the year/period	147,214,129	186,173,787	100,661,318	97,157,107

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	XIE Shares FTSE Chimerica ETF 16 April 2015 (Date of inception) to 31 December		XIE Shares CLSA GARY ETF 5 November 2015 (Date of inception) to 31 December	
	2016 HK\$	2015 HK\$	2016 HK\$	2015 HK\$
Operating activities				
Payments for purchase of investments	(125,867,968)	(261,353,136)	(124,861,849)	(96,438,769)
Proceeds from sale of investments	151,303,051	90,525,960	123,734,239	-
Dividends received	391,352	362,544	3,784,185	85,977
Interest received	70	33	244	4
Management fee paid	(1,312,472)	(816,790)	(703,075)	-
Dividend withholding tax paid	(1,148)	(1,181)	(215,267)	-
Capital gains tax paid	-	-	(259,125)	-
Transaction fee paid	(20,384)	-	(268,799)	-
Preliminary expenses paid	(258,481)	(1,277,727)	(1,322,955)	-
Interest expense paid	(839)	-	(11,386)	-
Others receipts and payments	(329,342)	(26,253)	(213,702)	60,039
Cash generated from/(used in) operating activities	23,903,839	(172,586,550)	(337,490)	(96,292,749)
Financing activities				
Proceeds from issue of units	55,431,400	222,857,600	-	96,985,350
Redemption paid on redemption of units	(79,649,400)	(49,686,200)	-	-
Cash (used in)/generated from financing activities	(24,218,000)	173,171,400	-	96,985,350
Net (decrease)/increase in cash and cash equivalents	(314,161)	584,850	(337,490)	692,601
Cash and cash equivalents at beginning of year/period	583,995	-	637,312	-
Net foreign exchange loss	(7,759)	(855)	(121,764)	(55,289)
Cash and cash equivalents at end of year/period	262,075	583,995	178,058	637,312
Analysis of balances of cash and cash equivalents				
Cash and cash equivalents	262,075	583,995	178,058	637,312

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1 General information

XIE Shares Trust II (the “Trust”) is an umbrella unit trust governed by a trust deed (the “Trust Deed”) dated 25 March 2015, as amended by the supplemental deeds dated 25 March 2015, 12 October 2015 and 14 October 2016 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 was established in Hong Kong on 25 March 2015.

As at 31 December 2016, the Trust had established three sub-funds (referred to collectively as the “Sub-Funds”):

<u>Name of Sub-Fund</u>	<u>Underlying Index</u>	<u>Listing Date on the Stock Exchange of Hong Kong Limited (The “SEHK”)</u>	<u>Date of inception</u>
XIE Shares FTSE Chimerica ETF	FTSE China N Shares All Cap Capped Net Tax Index	22 April 2015	16 April 2015
XIE Shares CLSA GARY ETF	CLSA GARY Net Total Return Index	11 November 2015	5 November 2015
XIE Shares FTSE Gold Miners ETF	FTSE Gold Miners Index	18 November 2016	14 November 2016

The Sub-Funds adopt a “full replication” strategy through investing in substantially all the securities constituting the Underlying Indices in substantially the same weightings (i.e. proportions) as these securities have in the Underlying Indices.

The Sub-Funds may choose to use a “representative sampling strategy”. When the Sub-Funds adopt a “representative sampling strategy”, they may or may not hold all the securities comprised in the Underlying Indices, and may hold a portfolio of securities which are not included in the Underlying Indices, provided that these collectively feature a high correlation with the Underlying Indices.

These financial statements relate to the following Sub-Funds for the year ended 31 December 2016: XIE Shares FTSE Chimerica ETF and XIE Shares CLSA GARY ETF.

The first reporting period for XIE Shares FTSE Gold Miners ETF will cover the period from 14 November 2016 to 30 June 2017.

XIE Shares FTSE Chimerica ETF

The investment objective of XIE Shares FTSE Chimerica ETF is to provide investment results that, before fees and expenses, closely correspond to the performance of the FTSE China N Shares All Cap Capped Net Tax Index on a total return basis.

XIE Shares CLSA GARY ETF

The investment objective of XIE Shares CLSA GARY ETF is to provide investment results that, before fees and expenses, closely correspond to the performance of the CLSA GARY Net Total Return Index on a total return basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1 General information (Continued)

XIE Shares FTSE Gold Miners ETF

The investment objective of XIE Shares FTSE Gold Miners ETF is to provide investment results that, before fees and expenses, closely correspond to the performance of the FTSE Gold Mines Net Tax Index.

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

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 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 (collectively the "Management") to exercise their judgement in the process of applying the Sub-Fund' accounting policies. The areas involving a higher degree of judgement 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

New and amended standards that are effective in the current year and have been adopted by the Sub-Funds

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement of comprehensive income and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of comprehensive income. These amendments do not have any impact on the Sub-Funds.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2016 and have not been early adopted

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Sub-Funds plan to adopt the new standard on the required effective date. During 2016, the Sub-Funds have performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subjected to changes arising from further detailed analysis or additional reasonable and supportable information being made available to the Sub-Funds in the future. Overall, the Sub-Funds expect no significant impact on its statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Sub-Funds. The Sub-Funds are currently assessing the impact of IAS 7 and plans to adopt the new standard on the required effective date.

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

(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 is measured and reported to the Unitholders in Hong Kong dollar ("HK dollar"). The Management considers the HK dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in HK 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 Summary of significant accounting policies (Continued)

(b) Foreign currency translation (Continued)

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 at fair value through profit or loss. The investments are designated at fair value through profit or loss at inception.

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

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

ii. Recognition, derecognition and measurement

Regular way purchases and sales of investments are recognised on the trade date - the date on which the Sub-Funds commit to purchase or sell the investment. Financial assets 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 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 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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 Summary of significant accounting policies (Continued)

(c) Investments (Continued)

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 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. Refer to note 10(d) for details.

(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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Sub-Funds or the counterparty.

(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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 Summary of significant accounting policies (Continued)

(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 accrual 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.

Units are issued and redeemed at the holder's option at a price based on the Sub-Funds' net asset value per unit at the time of issue or redemption. The Sub-Funds' net asset value per unit is calculated by dividing the net assets attributable to the holders of the 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) Distributions to unitholders

The Manager does not intend to distribute income to unitholders in accordance with the prospectus of the Trust.

(k) Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such cases, the tax will be recognised in other comprehensive income or directly in equity, respectively.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2 Summary of significant accounting policies (Continued)

(k) Taxation (Continued)

Current tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the period in the countries where the Sub-Funds operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are recognised on deductible temporary differences arising from investments in securities, only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(l) Comparative figures

Certain comparatives have been amended to conform to the current year's presentation.

3 Critical accounting judgments

The preparation of the Sub-Funds' financial statements requires the Management to make judgements that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities.

Judgements

In the process of applying the Sub-Funds' accounting policies, the Management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(a) Functional currency

The Trustee considers HK dollar to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The HK 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 HK dollars.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

4 Net (loss)/gain on investments

	XIE Shares FTSE Chimerica ETF 16 April 2015 (Date of inception) to 31 December	
	2016 HK\$	2015 HK\$
Net realised gain on financial assets designated at fair value through profit or loss at inception		
-Investments in listed securities	8,520,357	4,425,912
Net change in unrealised (loss)/gain on financial assets designated at fair value through profit or loss at inception		
-Investments in listed securities	(21,790,406)	10,736,338
	<u>(13,270,049)</u>	<u>15,162,250</u>
	XIE Shares CLSA GARY ETF 5 November 2015 (Date of inception) to 31 December	
	2016 HK\$	2015 HK\$
Net realised gain on financial assets designated at fair value through profit or loss at inception		
-Investments in listed securities	3,447,713	-
Net change in unrealised (loss)/gain on financial assets designated at fair value through profit or loss at inception		
-Investments in listed securities	(1,693,311)	1,568,829
	<u>1,754,402</u>	<u>1,568,829</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5 Transactions with the Trustee, Manager and Connected Persons

The following is a summary of significant related party transactions entered into during the year/period between the Sub-Funds, the Trustee, the Manager and their Connected Persons. Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the year/period between the Sub-Funds and the Manager and their 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 0.65% of the NAV for XIE Shares FTSE Chimerica ETF and 0.70% of the NAV for XIE Shares CLSA GARY ETF. The fee is accrued daily and calculated as at each dealing day and payable monthly in arrears. Pursuant to the prospectus, 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.

(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 as at 31 December 2016 and 2015 were as follows:

Sub-Funds	2016 HK\$	2015 HK\$
<u>XIE Shares FTSE Chimerica ETF</u>		
Bank balances	262,075	583,995
Equity investments	147,284,294	185,989,426
	<u> </u>	<u> </u>
<u>XIE Shares CLSA GARY ETF</u>		
Bank balances	178,058	637,312
Equity investments	100,889,610	98,007,598
	<u> </u>	<u> </u>

(c) Transaction fee

Pursuant to the prospectus, the Sub-Funds receive a transaction fee of HK\$7,500 (prior to 1 October 2016: HK\$15,000) per total aggregate issue and redemption order from the Participating Dealer on behalf of the Trustee. As at 31 December 2016 and 2015, the following are the outstanding transaction fees payable to the Trustee of the Sub-Funds.

Sub-Funds	2016 HK\$	2015 HK\$
XIE Shares FTSE Chimerica ETF	38,806	31,006
XIE Shares CLSA GARY ETF	30,000	60,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5 Transactions with the Trustee, Manager and Connected Persons (Continued)

(d) Transaction with the Directors of the Manager

As at 31 December 2016 and 2015, the Directors of the Manager held units of the following Sub-Funds:

	2016		
	Number of units	% of NAV	Fair value HK\$
XIE Shares FTSE Chimerica ETF	-	-	-
XIE Shares CLSA GARY ETF	150,000	1.20%	1,222,500
	2015		
	Number of units	% of NAV	Fair value HK\$
XIE Shares FTSE Chimerica ETF	294,000	1.34%	2,487,959
XIE Shares CLSA GARY ETF	173,800	1.39%	1,350,872

(e) Preliminary expenses payable

The preliminary expenses payable included the preliminary expenses paid by the Manager on behalf of the Sub-Funds. As at 31 December 2016 and 2015, the following were the outstanding preliminary expenses payable to the Manager of the Sub-Funds. These balances were unsecured, non-interest bearing and repayable on demand.

Sub-Funds	2016	2015
	HK\$	HK\$
XIE Shares FTSE Chimerica ETF	15,000	95,620
XIE Shares CLSA GARY ETF	302,345	1,464,055

(f) Financial statements preparation fee

The Administrator is entitled to receive a fee of HK\$119,525 and HK\$72,379 per financial statement preparation for XIE Shares FTSE Chimerica ETF and XIE Shares CLSA GARY ETF respectively. The fee is accrued daily and calculated as at each dealing day and payable monthly in arrears.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

The difference between the Accounting NAV reported in the statement of financial position and the Dealing NAV for the purpose of calculating the net asset value per unit for processing subscriptions and redemptions and for various fee calculations as at 31 December 2016 and 2015 were reconciled below:

	XIE Shares FTSE Chimerica ETF		XIE Shares CLSA GARY ETF	
	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$
Accounting NAV as reported in the statement of financial position	147,214,129	186,173,787	100,661,318	97,157,107
Adjustment for preliminary expenses	997,788	1,122,319	1,161,178	1,392,657
Other expenses	2,621	-	47,911	-
Dealing NAV	<u>148,214,538</u>	<u>187,296,106</u>	<u>101,870,407</u>	<u>98,549,764</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

(b) Movement of the redeemable units

The movements of the redeemable units of the Sub-Funds for the year/period ended 31 December 2016 and 2015 were as follows:

	XIE Shares 2016 Units	FTSE Chimerica ETF 16 April 2015 (Date of inception) to 31 December 2015 Units
Units in issue at the beginning of the year/period	22,000,000	-
Issue of units	7,000,000	28,000,000
Redemption of units	(10,000,000)	(6,000,000)
Units in issue at the end of the year/period	<u>19,000,000</u>	<u>22,000,000</u>
Net assets attributable to unitholders (Accounting NAV)	<u>HK\$147,214,129</u>	<u>HK\$186,173,787</u>
Net assets attributable to unitholders (Accounting NAV) per unit	<u>HK\$7.7481</u>	<u>HK\$8.4624</u>
Net assets attributable to unitholders (Dealing NAV)	<u>HK\$148,214,538</u>	<u>HK\$187,296,106</u>
Net assets attributable to unitholders (Dealing NAV) per unit	<u>HK\$7.8008</u>	<u>HK\$8.5135</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

(b) Movement of the redeemable units (Continued)

The movements of the redeemable units of the Sub-Funds for the year/period ended 31 December 2016 and 2015 were as follows:

	XIE Shares 2016 Units	CLSA GARY ETF 5 November 2015 (Date of inception) to 31 December 2015 Units
Units in issue at the beginning of the year/period	12,500,000	-
Issue of units	-	12,500,000
Redemption of units	-	-
	<u> -</u>	<u> -</u>
Units in issue at the end of the year/period	12,500,000	12,500,000
	<u> -</u>	<u> -</u>
Net assets attributable to unitholders (Accounting NAV)	HK\$100,661,318	HK\$97,157,107
	<u> -</u>	<u> -</u>
Net assets attributable to unitholders (Accounting NAV) per unit	HK\$8.0529	HK\$7.7726
	<u> -</u>	<u> -</u>
Net assets attributable to unitholders (Dealing NAV)	HK\$101,870,407	HK\$98,549,764
	<u> -</u>	<u> -</u>
Net assets attributable to unitholders (Dealing NAV) per unit	HK\$8.1496	HK\$7.8840
	<u> -</u>	<u> -</u>

7 Distributions

The Manager does not intend to distribute income to unitholders in accordance with the prospectus of the Trust.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8 Taxation

- (a) 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.
- (b) Depending on the period for which the shares are held, the gains arising to the Sub-Funds on the transfer of such shares would be taxable as short-term or long-term capital gains under the India tax laws. The same is discussed below:

Type of instrument	Period of holding immediately preceding the date of transfer	
Listed shares	More than 12 months	Long term capital asset
	12 months or less	Short term capital asset
Unlisted shares sold on or before 31 March 2016	More than 36 months	Long term capital asset
	36 months or less	Short term capital asset
Unlisted shares sold on or after 1 April 2016	More than 24 month	Long term capital asset
	24 months or less	Short term capital asset

Under the current laws, the Sub-Funds are subject to the following rates of tax on the gains earned from transfer of shares:

Nature of income		Rates of tax (%)
Capital gains on sale of listed equity shares on-market (where STT is paid)	Long-term	Nil
	Short-term	15
Capital gains on sale of listed equity shares off-market (where STT is not paid) or in case of sale of unlisted shares	Long-term	10
	Short-term	30

The aforementioned rates are to be increased by applicable surcharge and education cess.

Under current practice, capital gains tax is charged on net realised gains (i.e. realised gains offset by realised losses subject to satisfying certain conditions) and is reported and settled on an ongoing basis i.e. whenever the sales are executed. To fairly reflect the taxation impact in the Fund's daily valuation, the Manager has engaged an independent tax advisor to calculate daily capital gains tax accruals at prevailing tax rates. For this purpose, daily realised and unrealised gains are treated as taxable, and daily realised and unrealised losses are treated as deductible. This practice of treating daily realised and unrealised gains as taxable and daily realised and unrealised losses as deductible is followed consistently by the independent tax advisor for the Fund as well as other foreign investors who have engaged them for calculating capital gains tax accruals.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8 Taxation (Continued)

- (b) Depending on the period for which the shares are held, the gains arising to the Sub-Funds on the transfer of such shares would be taxable as short-term or long-term capital gains under the India tax laws. The same is discussed below (Continued):

The amount of capital gain tax charged to the statement of comprehensive income represents:

XIE Shares CLSA GARY ETF

	2016 HK\$	Period from 5 November 2015 (date of inception) to 31 December 2015 HK\$
Capital gains tax		
Capital gains tax on realised gains on investments	259,125	-
	<u>259,125</u>	<u>-</u>

- (c) Withholding tax was charged on certain dividend income received during the year.

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

XIE Shares CLSA GARY ETF

As at 31 December 2016 and 2015, the Sub-Fund's fair value of investments exposed to price risk was as follows:

	Fair value HK\$	% of NAV
As at 31 December 2016		
Equity		
-Listed equities		
Australia	26,907,909	26.73%
Hong Kong	23,986,535	23.83%
India	1,371,299	1.36%
Indonesia	8,831,418	8.78%
Malaysia	4,291,601	4.26%
New Zealand	2,756,355	2.74%
Singapore	11,768,675	11.69%
South Korea	3,988,109	3.96%
Taiwan	15,354,904	15.26%
Thailand	1,632,805	1.62%
	100,889,610	100.23%
	100,889,610	100.23%
As at 31 December 2015		
Equity		
-Listed equities		
Australia	29,107,417	29.96%
Hong Kong	27,735,390	28.55%
Indonesia	5,801,529	5.97%
New Zealand	1,727,318	1.78%
Singapore	14,739,882	15.17%
Taiwan	16,027,870	16.50%
Thailand	2,868,192	2.95%
	98,007,598	100.88%
	98,007,598	100.88%

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

As at 31 December 2016, if the CLSA GARY Net Total Return Index had increased by 3% (2015: 3%) with all other variables held constant, this would have increased the net asset value of the Sub-Fund by approximately HK\$3,019,840 (2015: HK\$2,895,718). Conversely, if the CLSA GARY Net Total Return Index had decreased by 3% (2015: 3%), this would have decreased the net asset value of the Sub-Fund by equal amounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10 Financial risk management (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

The Manager has made assumptions of what would constitute a “reasonable shift” in the relevant market to on changes 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.

(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 2016 and 2015, 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 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, HK dollar, and are therefore exposed to currency risk with respect to these currencies. The Manager considers that there is insignificant currency risk to the United States dollar (“US dollar”) which is a linked currency with the HK dollar.

XIE Shares FTSE Chimerica ETF

The Sub-Fund holds assets and incurs liabilities which are mainly denominated in the US dollar. The Manager considers that there is insignificant currency risk to the US dollar which is a linked currency with the HK dollar.

XIE Shares CLSA GARY ETF

The Sub-Fund is exposed to currency risk related to the HK dollar against the Australian dollar, Indian rupee, Indonesian rupiah, Korean won, Malaysian ringgit, New Taiwan dollar, New Zealand dollar, Singapore dollar and Thai baht.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10 Financial risk management (Continued)

(a) Market risk (Continued)

(iii) Currency risk (Continued)

XIE Shares CLSA GARY ETF (Continued)

The table below summarises the sensitivity of the Sub-Fund's net exposure, which is denominated in a currency other than the HK dollar and the US dollar, to changes in foreign exchange movements as at 31 December 2016 and 2015. The analysis is based on the assumptions that the relevant foreign exchange rates increased/decreased by 2% (2015: 2%) with respect to the HK 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.

	2016	Estimated increase had respective foreign currency weakened by 2% HK\$	2015	Estimated increase had respective foreign currency weakened by 2% HK\$
	Net direct exposure HK\$		Net direct exposure HK\$	
Australian dollar	27,041,656	540,833	29,233,753	584,675
Indian rupees	1,396,616	27,932	–	–
Indonesian rupiah	8,836,849	176,737	5,801,529	116,031
Korean won	3,988,108	79,762	–	–
Malaysian ringgit	4,291,601	85,832	–	–
New Taiwan dollar	15,354,903	307,098	16,028,056	320,561
New Zealand dollar	2,756,355	55,127	1,727,318	34,546
Singapore dollar	11,794,185	235,884	14,746,438	294,929
Thai baht	1,632,805	32,656	2,868,203	57,364
	<u>77,093,078</u>	<u>1,541,861</u>	<u>70,405,297</u>	<u>1,408,106</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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.

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.

The exposure of the Sub-Funds to the Underlying Index is primarily achieved through the listed securities.

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 following tables set out the net exposure of the Sub-Funds to counterparties as at 31 December 2016 and 2015 together with their credit ratings of senior long-term debt by Standard & Poor's (S&P) rating services:

XIE Shares FTSE Chimerica ETF

	2016	2015
	S&P credit rating	S&P credit rating
	Net exposure to counterparties HK\$	Net exposure to counterparties HK\$
Bank / Custodian		
Citibank N.A.	A+	A
- Listed equities	147,284,294	185,989,426
- Cash and cash equivalents	262,075	583,995
	<u>147,546,369</u>	<u>186,573,421</u>

XIE Shares CLSA GARY ETF

	2016	2015
	S&P credit rating	S&P credit rating
	Net exposure to counterparties HK\$	Net exposure to counterparties HK\$
Bank / Custodian		
Citibank N.A.	A+	A
- Listed equities	100,889,610	98,007,598
- Cash and cash equivalents	178,058	637,312
	<u>101,067,668</u>	<u>98,644,910</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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10 Financial risk management (Continued)

(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.

As at 31 December 2016 and 2015, all of the Sub-Funds' financial liabilities have contractual maturities not later than one month. As at 31 December 2016 and 2015, 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 FTSE Chimerica ETF

	Maturity less than 1 month HK\$	Maturity 1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
As at 31 December 2016				
Financial assets at fair value through profit or loss	-	-	147,284,294	147,284,294
Cash and cash equivalents	262,075	-	-	262,075
Total financial assets	<u>262,075</u>	<u>-</u>	<u>147,284,294</u>	<u>147,546,369</u>
Management fee payable	96,533	-	-	96,533
Transaction fee payable	38,806	-	-	38,806
Preliminary expenses payable	15,000	-	-	15,000
Other payables	181,901	-	-	181,901
Total financial liabilities	<u>332,240</u>	<u>-</u>	<u>-</u>	<u>332,240</u>
As at 31 December 2015				
Financial assets at fair value through profit or loss	-	-	185,989,426	185,989,426
Dividends receivable	16,295	-	-	16,295
Cash and cash equivalents	583,995	-	-	583,995
Total financial assets	<u>600,290</u>	<u>-</u>	<u>185,989,426</u>	<u>186,589,716</u>
Management fee payable	113,803	-	-	113,803
Transaction fee payable	31,006	-	-	31,006
Preliminary expenses payable	95,620	-	-	95,620
Other payables	175,500	-	-	175,500
Total financial liabilities	<u>415,929</u>	<u>-</u>	<u>-</u>	<u>415,929</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10 Financial risk management (Continued)

(c) Liquidity risk (Continued)

XIE Shares CLSA GARY ETF

As at 31 December 2016	Maturity less than 1 month HK\$	Maturity 1 to 3 months HK\$	No stated maturity HK\$	Total HK\$
Financial assets at fair value through profit or loss	-	-	100,889,610	100,889,610
Dividends receivable	107,732	-	-	107,732
Cash and cash equivalents	178,058	-	-	178,058
Total financial assets	<u>285,790</u>	<u>-</u>	<u>100,889,610</u>	<u>101,175,400</u>
Management fee payable	60,526	-	-	60,526
Transaction fee payable	30,000	-	-	30,000
Preliminary expenses payable	302,345	-	-	302,345
Other payables	121,211	-	-	121,211
Total financial liabilities	<u>514,082</u>	<u>-</u>	<u>-</u>	<u>514,082</u>
As at 31 December 2015				
Financial assets at fair value through profit or loss	-	-	98,007,598	98,007,598
Dividends receivable	169,388	-	-	169,388
Cash and cash equivalents	637,312	-	-	637,312
Total financial assets	<u>806,700</u>	<u>-</u>	<u>98,007,598</u>	<u>98,814,298</u>
Management fee payable	62,278	-	-	62,278
Transaction fee payable	60,000	-	-	60,000
Preliminary expenses payable	1,464,055	-	-	1,464,055
Other payables	70,858	-	-	70,858
Total financial liabilities	<u>1,657,191</u>	<u>-</u>	<u>-</u>	<u>1,657,191</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10 Financial risk management (Continued)

(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 end date. The Sub-Funds utilise 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).

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 consider 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10 Financial risk management (Continued)

(d) Fair value estimation (Continued)

The following tables analyse within the fair value hierarchy the Sub-Funds' investments (by class) measured at fair value as at 31 December 2016 and 2015:

XIE Shares FTSE Chimerica ETF

As at 31 December 2016	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss				
- Listed securities	147,284,294	-	-	147,284,294
	<u>147,284,294</u>	<u>-</u>	<u>-</u>	<u>147,284,294</u>
As at 31 December 2015				
Financial assets at fair value through profit or loss				
- Listed securities	185,989,426	-	-	185,989,426
	<u>185,989,426</u>	<u>-</u>	<u>-</u>	<u>185,989,426</u>

XIE Shares CLSA GARY ETF

As at 31 December 2016	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets at fair value through profit or loss				
- Listed securities	100,889,610	-	-	100,889,610
	<u>100,889,610</u>	<u>-</u>	<u>-</u>	<u>100,889,610</u>
As at 31 December 2015				
Financial assets at fair value through profit or loss				
- Listed securities	98,007,598	-	-	98,007,598
	<u>98,007,598</u>	<u>-</u>	<u>-</u>	<u>98,007,598</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10 Financial risk management (Continued)

(d) Fair value estimation (Continued)

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. As of 31 December 2016 and 2015, the Sub-Funds did not hold any investments classified in level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 31 December 2016 and 2015, 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.

(e) Capital risk management

The Sub-Funds' capital is 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.

(f) Financial instruments by category

Financial assets

Apart from financial assets of investments in listed securities 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 dividends receivable and cash and cash equivalents, are categorised as "loans and receivables".

Financial liabilities

All financial liabilities as disclosed in the statement of financial position, including management fee payable, preliminary expenses payable and other payables, are categorised as "other financial liabilities".

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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 is 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. 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. Refer to note 10(a)(i) for details.

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/period ended 31 December 2016 and 2015 for XIE Shares FTSE Chimerica ETF and XIE Shares CLSA GARY ETF.

XIE Shares FTSE Chimerica ETF

The following lists the constituent securities that individually accounted for more than 10% of FTSE China N Shares All Cap Capped Net Tax Index as at 31 December 2016 and 2015:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

XIE Shares FTSE Chimerica ETF (Continued)

Constituent securities	Respective weighting in FTSE China N Shares All Cap Capped Net Tax Index		% of net assets	
	2016	2015	2016	2015
Alibaba Group Holding Ltd	10.06%	-	10.08%	-
Baidu Inc	10.29%	-	10.30%	-
JD.com Inc	10.13%	10.33%	10.14%	10.32%
NetEase Inc	10.30%	10.27%	10.31%	10.26%
New Oriental Education & Technology Group Inc	10.36%	-	10.37%	-

During the year ended 31 December 2016, the FTSE China N Shares All Cap Capped Net Tax Index decreased by 7.49% (2015: increased by 7.20%), while the net asset value per unit of the Sub-Fund decreased by 8.37% (2015: increased by 6.42%).

XIE Shares CLSA GARY ETF

There were no constituent securities that individually accounted for more than 10% of their respective weightings of the CLSA GARY Net Total Return Index as at 31 December 2016 and 2015.

During the year ended 31 December 2016, the CLSA GARY Net Total Return Index increased by 5.75% (2015: decreased by 0.76%), while the net asset value per unit of the Sub-Fund increased by 3.37% (2015: decreased by 1.45%).

13 Approval of financial statements

The financial statements were approved and authorised for issue by the Trustee and the Manager on 18 April 2017.

XIE Shares FTSE Chimerica ETF**Investment portfolio (Unaudited)**

As at 31 December 2016

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
The United States			
21Vianet Group Inc	41,472	2,253,983	1.53
51job Inc	6,894	1,806,615	1.23
58.com Inc	28,373	6,159,436	4.18
Alibaba Group Holding Ltd	21,774	14,823,809	10.07
Autohome Inc	13,321	2,610,908	1.77
Baidu Inc	11,890	15,156,109	10.30
Bitauto Holdings Ltd	6,864	1,007,940	0.68
Canadian Solar Inc	15,101	1,426,036	0.97
China Lodging Group Ltd	4,119	1,655,520	1.13
Ctrip.com International Ltd	46,767	14,503,644	9.85
Fang Holdings Ltd	47,665	1,212,135	0.82
Hollysys Automation Technologies Ltd	14,160	2,011,251	1.37
JD.com Inc	75,674	14,925,931	10.14
NetEase Inc	9,086	15,169,633	10.31
New Oriental Education & Technology Group Inc	46,756	15,261,495	10.37
Qunar Cayman Islands Ltd	23,331	5,450,171	3.70
SINA Corp/China	20,775	9,791,535	6.65
Sohu.com Inc	10,539	2,769,164	1.88
TAL Education Group	16,448	8,945,784	6.08
Vipshop Holdings Ltd	80,746	6,892,646	4.68
YY Inc	11,290	3,450,549	2.34
Total investments in listed US securities at fair value		<u>147,284,294</u>	<u>100.05%</u>
Total investments		<u>147,284,294</u>	<u>100.05%</u>
Other net assets		<u>(70,165)</u>	<u>(0.05%)</u>
Net assets attributable to unitholders at 31 December 2016		<u>147,214,129</u>	<u>100.00%</u>
Total investment, at cost		<u>158,338,361</u>	

XIE Shares FTSE Chimerica ETF**Statement of movements in investment portfolio (Unaudited)**

For the year ended 31 December 2016

Investments - listed equities	Holdings as at 1 January 2016	Additions	Corporate action	Disposals	Holdings as at 31 December 2016
21Vianet Group Inc	16,107	37,147	-	(11,782)	41,472
51job Inc	5,232	4,826	-	(3,164)	6,894
58.com Inc	17,418	23,201	-	(12,246)	28,373
Alibaba Group Holding Ltd	29,429	16,157	-	(23,812)	21,774
Autohome Inc	9,574	9,772	-	(6,025)	13,321
Baidu Inc	12,116	6,735	-	(6,961)	11,890
Bitauto Holdings Ltd	5,601	4,612	-	(3,349)	6,864
Canadian Solar Inc	11,229	10,855	-	(6,983)	15,101
China Lodging Group Ltd	3,092	2,897	-	(1,870)	4,119
Ctrip.com International Ltd	48,196	34,147	-	(35,576)	46,767
E-House China Holdings Ltd	15,209	9,375	(21,560)	(3,024)	-
Fang Holdings Ltd	-	1,173	61,174	(14,682)	47,665
Hollysys Automation Technologies Ltd	10,486	10,012	-	(6,338)	14,160
Homeinns Hotel Group	4,194	980	(5,151)	(23)	-
JD.com Inc	76,814	60,012	-	(61,152)	75,674
Mindray Medical International Ltd	24,661	19	(24,680)	-	-
NetEase Inc	13,601	9,260	-	(13,775)	9,086
New Oriental Education & Technology Group Inc	43,259	28,329	-	(24,832)	46,756
Qihoo 360 Technology Co Ltd	22,494	14,158	-	(36,652)	-
Qunar Cayman Islands Ltd	14,873	18,735	-	(10,277)	23,331
SINA Corp/China	16,125	14,562	-	(9,912)	20,775
Sohu.com Inc	7,998	7,394	-	(4,853)	10,539
Soufun Holdings Ltd	29,779	37,529	(61,174)	(6,134)	-
TAL Education Group	10,809	12,882	-	(7,243)	16,448
Vipshop Holdings Ltd	68,587	50,790	-	(38,631)	80,746
Weibo Corp	-	466	2,200	(2,666)	-
Youku Tudou Inc	41,787	9,771	(51,327)	(231)	-
YY Inc	8,080	8,302	-	(5,092)	11,290

XIE Shares FTSE Chimerica ETF**Performance record (Unaudited)**

For the year ended 31 December 2016

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/year dated		
31 December 2015	8.5135	187,296,106
31 December 2016	7.8008	148,214,538

Highest and lowest net asset value per unit

	Lowest HK\$	Highest HK\$
Period ended 31 December 2015	6.1061	8.9861
Year ended 31 December 2016	6.7080	9.3039

During the year ended 31 December 2016, the Underlying Index decreased by 7.49% (2015: increased by 7.20%), while the net asset value per unit of the Sub-Fund decreased by 8.37%^(a) (2015: increased by 6.42%^(b)).

The following lists the constituent securities that individually accounted for more than 10% of FTSE China N Shares All Cap Capped Net Tax Index as at 31 December 2016 and 2015 and its weighting of the FTSE China N Shares All Cap Capped Net Tax Index as at 31 December 2016 and 2015:

Constituent securities	Respective weighting in FTSE China N Shares All Cap Capped Net Tax Index	
	2016	2015
Alibaba Group Holding Ltd	10.06%	-
Baidu Inc	10.29%	-
JD.com Inc	10.13%	10.33%
NetEase Inc	10.30%	10.27%
New Oriental Education & Technology Group Inc	10.36%	-

(a) This is the annualised return of the Sub-Fund (net of fees and expenses) from 1 January 2016 to 31 December 2016.

(b) This is the annualised return of the Sub-Fund (net of fees and expenses) since its inception on 16 April 2015 to 31 December 2015.

XIE Shares CLSA GARY ETF**Investment portfolio (Unaudited)**

As at 31 December 2016

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Australia			
Abacus Property Group	91,270	1,547,431	1.54%
AGL Energy Ltd	13,159	1,631,905	1.62%
Bank of Queensland Ltd	22,961	1,530,093	1.52%
Blackmores Ltd	2,260	1,311,406	1.30%
Boral Ltd	41,195	1,251,175	1.24%
BWP Trust	82,437	1,383,788	1.37%
Charter Hall Group	52,475	1,396,391	1.39%
CIMIC Group Ltd	8,423	1,652,211	1.64%
Credit Corp Group Ltd	12,874	1,296,618	1.29%
Fairfax Media Ltd	295,439	1,476,162	1.47%
Harvey Norman Holdings Ltd	48,401	1,396,670	1.39%
JB Hi-Fi Ltd	8,788	1,383,389	1.37%
LendLease Group	18,818	1,544,532	1.53%
National Australia Bank Ltd	9,209	1,585,632	1.58%
Navitas Ltd	48,127	1,345,533	1.34%
Premier Investments Ltd	16,434	1,332,253	1.32%
Retail Food Group Ltd	37,692	1,485,465	1.48%
Super Retail Group Ltd	23,884	1,387,790	1.38%
Vita Group Ltd	53,463	969,465	0.96%
Total investments in listed Australian securities at fair value		26,907,909	26.73%
Hong Kong			
ANTA Sports Products Ltd	74,000	1,713,100	1.70%
Champion REIT	340,000	1,428,000	1.42%
China Lesso Group Holdings Ltd	259,000	1,302,770	1.29%
China Resources Land Ltd	76,000	1,325,440	1.32%
China Vanke Co Ltd	75,600	1,338,120	1.33%
Guangdong Investment Ltd	130,000	1,331,200	1.32%
Guangzhou Automobile Group Co Ltd	140,000	1,313,200	1.30%
Guotai Junan International Holdings Ltd	515,000	1,230,850	1.22%
Jiangsu Expressway Co Ltd	142,000	1,391,600	1.38%
Kingboard Laminates Holdings Ltd	213,500	1,626,870	1.62%
KWG Property Holding Ltd	322,500	1,419,000	1.41%
Lee & Man Paper Manufacturing Ltd	250,000	1,505,000	1.50%
Man Wah Holdings Ltd	285,600	1,499,400	1.49%
Sun Hung Kai Properties Ltd	13,000	1,274,000	1.27%
Swire Properties Ltd	68,800	1,472,320	1.46%
Xtep International Holdings Ltd	419,000	1,365,940	1.36%
Yue Yuen Industrial Holdings Ltd	51,500	1,449,725	1.44%
Total investments in listed Hong Kong securities at fair value		23,986,535	23.83%

XIE Shares CLSA GARY ETF**Investment portfolio (Unaudited) (Continued)**

As at 31 December 2016

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
India			
Sun TV Network Ltd	24,379	1,371,299	1.36%
Total investments in listed Indian securities at fair value		1,371,299	1.36%
Indonesia			
Bank Pembangunan Daerah Jawa Barat Dan Banten Tbk PT	1,470,300	2,868,552	2.85%
Bank Pembangunan Daerah Jawa Timur Tbk PT	4,779,000	1,567,722	1.56%
Gudang Garam Tbk PT	39,200	1,441,597	1.43%
Telekomunikasi Indonesia Persero Tbk PT	608,700	1,394,259	1.39%
United Tractors Tbk PT	127,500	1,559,288	1.55%
Total investments in listed Indonesian securities at fair value		8,831,418	8.78%
Malaysia			
Fraser & Neave Holdings Bhd	33,200	1,347,271	1.34%
Top Glove Corp Bhd	165,800	1,533,053	1.52%
Westports Holdings Bhd	189,900	1,411,277	1.40%
Total investments in listed Malaysian securities at fair value		4,291,601	4.26%
New Zealand			
Contact Energy Ltd	57,400	1,446,089	1.44%
Z Energy Ltd	33,383	1,310,266	1.30%
Total investments in listed New Zealand securities at fair value		2,756,355	2.74%

XIE Shares CLSA GARY ETF**Investment portfolio (Unaudited) (Continued)**

As at 31 December 2016

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Singapore			
CapitaLand Mall Trust	128,600	1,300,924	1.29%
DBS Group Holdings Ltd	18,100	1,684,331	1.67%
Mapletree Commercial Trust	176,500	1,321,353	1.31%
SATS Ltd	57,200	1,488,804	1.48%
Singapore Exchange Ltd	37,800	1,452,461	1.44%
Singapore Telecommunications Ltd	69,900	1,369,209	1.36%
United Overseas Bank Ltd	14,500	1,587,442	1.58%
Venture Corp Ltd	29,500	1,564,151	1.56%
Total investments in listed Singaporean securities at fair value		11,768,675	11.69%
South Korea			
Hite Jinro Co Ltd	10,341	1,400,641	1.39%
KT&G Corp	1,971	1,277,879	1.27%
Macquarie Korea Infrastructure Fund	25,032	1,309,589	1.30%
Total investments in listed South Korean securities at fair value		3,988,109	3.96%
Taiwan			
Chin-Poon Industrial Co Ltd	96,000	1,401,817	1.39%
Feng TAY Enterprise Co Ltd	46,800	1,356,639	1.35%
Getac Technology Corp	143,000	1,308,947	1.30%
Micro-Star International Co Ltd	75,000	1,327,916	1.32%
Mitac Holdings Corp	207,000	1,543,702	1.54%
President Chain Store Corp	25,000	1,389,260	1.38%
Sercomm Corp	87,000	1,613,634	1.60%
Taiwan Semiconductor Manufacturing Co Ltd	33,000	1,440,861	1.43%
Tripod Technology Corp	83,000	1,453,587	1.45%
TTY Biopharm Co Ltd	49,000	1,208,235	1.20%
Uni-President Enterprises Corp	102,000	1,310,306	1.30%
Total investments in listed Taiwanese securities at fair value		15,354,904	15.26%

XIE Shares Trust II

XIE Shares CLSA GARY ETF

Investment portfolio (Unaudited) (Continued)

As at 31 December 2016

Investments

Listed equities	Holdings	Fair value HK\$	% of net assets
Thailand			
Thanachart Capital PCL	171,400	1,632,805	1.62%
Total investments in listed Thailand securities at fair value		<u>1,632,805</u>	<u>1.62%</u>
Total investments in listed securities at fair value		<u>100,889,610</u>	<u>100.23%</u>
Total investments		<u>100,889,610</u>	<u>100.23%</u>
Other net assets		<u>(228,292)</u>	<u>(0.23%)</u>
Net assets attributable to unitholders at 31 December 2016		<u>100,661,318</u>	<u>100.00%</u>
Total investment, at cost		<u>101,014,091</u>	

XIE Shares CLSA GARY ETF**Statement of movements in investment portfolio (Unaudited)**

For the year ended 31 December 2016

Investments - listed equities	Holdings as at 1 January 2016	Additions	Corporate action	Disposals	Holdings as at 31 December 2016
Abacus Property Group	-	91,270	-	-	91,270
Adelaide Brighton Ltd	-	59,426	-	(59,426)	-
AGL Energy Ltd	-	13,159	-	-	13,159
AMP Ltd	46,990	5,341	-	(52,331)	-
ANTA Sports Products Ltd	79,000	27,000	-	(32,000)	74,000
Astra International Tbk PT	425,800	35,800	-	(461,600)	-
Aurizon Holdings Ltd	52,484	-	-	(52,484)	-
Bank of Queensland Ltd	20,618	6,559	-	(4,216)	22,961
Bank Pembangunan Daerah Jawa Barat Dan Banten Tbk PT	-	1,568,600	-	(98,300)	1,470,300
Bank Pembangunan Daerah Jawa Timur Tbk PT	-	4,779,000	-	-	4,779,000
Bharat Petroleum Corp Ltd	-	14,757	14,757	(29,514)	-
Blackmores Ltd	-	2,260	-	-	2,260
BOC Hong Kong Holdings Ltd	59,000	9,500	-	(68,500)	-
Boer Power Holdings Ltd	127,000	-	-	(127,000)	-
Boral Ltd	50,705	910	3,279	(13,699)	41,195
Boral Ltd - RTS	-	-	13,800	(13,800)	-
Brickworks Ltd	-	18,593	-	(18,593)	-
BT Investment Management Ltd	27,746	-	-	(27,746)	-
BWP Trust	-	82,437	-	-	82,437
CapitaLand Commercial Trust	193,800	12,700	-	(206,500)	-
CapitaLand Mall Trust	135,700	9,800	-	(16,900)	128,600
Champion REIT	-	340,000	-	-	340,000
Charter Hall Group	62,982	4,339	-	(14,846)	52,475
Chicony Electronics Co Ltd	79,000	-	-	(79,000)	-
China Everbright Ltd	-	104,000	-	(104,000)	-
China Lesso Group Holdings Ltd	-	385,000	-	(126,000)	259,000
China Resources Land Ltd	-	82,000	-	(6,000)	76,000
China Vanke Co Ltd	-	104,600	-	(29,000)	75,600
Chin-Poon Industrial Co Ltd	-	96,000	-	-	96,000
Chongqing Rural Commercial Bank Co Ltd	314,000	55,000	-	(369,000)	-
CIMIC Group Ltd	-	8,423	-	-	8,423
ComfortDelGro Corp Ltd	91,600	1,200	-	(92,800)	-
Contact Energy Ltd	-	57,400	-	-	57,400

XIE Shares CLSA GARY ETF**Statement of movements in investment portfolio (Unaudited) (Continued)**

For the year ended 31 December 2016

Investments - listed equities	Holdings as at 1 January 2016	Additions	Corporate action	Disposals	Holdings as at 31 December 2016
CP Pokphand Co Ltd	1,572,000	-	-	(1,572,000)	-
Credit Corp Group Ltd	-	12,874	-	-	12,874
CYBG PLC	-	-	2,455	(2,455)	-
DBS Group Holdings Ltd	15,300	4,300	-	(1,500)	18,100
Delta Electronics Thailand PCL	71,700	15,100	-	(86,800)	-
Dewan Housing Finance Corp Ltd	-	63,939	-	(63,939)	-
Elite Material Co Ltd	94,000	26,000	-	(120,000)	-
Fairfax Media Ltd	-	295,439	-	-	295,439
Far East Horizon Ltd	242,000	-	-	(242,000)	-
Far Eastern Department Stores Ltd	363,000	23,000	-	(386,000)	-
Feng TAY Enterprise Co Ltd	-	47,000	4,800	(5,000)	46,800
FlexiGroup Ltd	-	112,131	-	(112,131)	-
Flytech Technology Co Ltd	61,000	-	-	(61,000)	-
Foxconn Technology Co Ltd	70,000	-	-	(70,000)	-
Fraser & Neave Holdings Bhd	-	33,200	-	-	33,200
Getac Technology Corp	-	143,000	-	-	143,000
Goodman Group	46,058	1,652	-	(47,710)	-
Guangdong Investment Ltd	-	132,000	-	(2,000)	130,000
Guangzhou Automobile Group Co Ltd	-	156,000	-	(16,000)	140,000
Gudang Garam Tbk PT	-	39,200	-	-	39,200
Guotai Junan International Holdings Ltd	504,000	207,000	-	(196,000)	515,000
Haitong Securities Co Ltd	114,000	16,000	-	(130,000)	-
Harvey Norman Holdings Ltd	70,672	2,511	-	(24,782)	48,401
Hengan International Group Co Ltd	-	24,000	-	(24,000)	-
Hite Jinro Co Ltd	-	10,773	-	(432)	10,341
Hon Hai Precision Industry Co Ltd	-	82,000	-	(82,000)	-
Indofood Sukses Makmur Tbk PT	434,300	17,900	-	(452,200)	-
IRPC PCL	-	1,481,100	-	(1,481,100)	-
JB Hi-Fi Ltd	-	8,788	-	-	8,788
Jiangsu Expressway Co Ltd	156,000	6,000	-	(20,000)	142,000
King Slide Works Co Ltd	-	19,000	-	(19,000)	-

XIE Shares CLSA GARY ETF**Statement of movements in investment portfolio (Unaudited) (Continued)**

For the year ended 31 December 2016

Investments - listed equities	Holdings as at 1 January 2016	Additions	Corporate action	Disposals	Holdings as at 31 December 2016
Kingboard Laminates Holdings Ltd	-	216,500	-	(3,000)	213,500
KT&G Corp	-	1,971	-	-	1,971
KWG Property Holding Ltd	-	340,500	-	(18,000)	322,500
Lee & Man Paper Manufacturing Ltd	-	314,000	-	(64,000)	250,000
LendLease Group	-	18,818	-	-	18,818
Link REIT	33,500	3,000	-	(36,500)	-
LPN Development PCL	-	539,000	-	(539,000)	-
M1 Ltd	95,100	5,800	-	(100,900)	-
Macquarie Group Ltd	3,311	926	-	(4,237)	-
Macquarie Korea Infrastructure Fund	-	26,086	-	(1,054)	25,032
Magellan Financial Group Ltd	12,893	2,523	-	(15,416)	-
Major Cineplex Group PCL	222,200	-	-	(222,200)	-
Makalot Industrial Co Ltd	-	39,000	-	(39,000)	-
Man Wah Holdings Ltd	172,000	21,200	134,400	(42,000)	285,600
Mapletree Commercial Trust	-	176,500	-	-	176,500
Mapletree Industrial Trust	-	179,700	-	(179,700)	-
Merida Industry Co Ltd	34,000	-	-	(34,000)	-
Micro-Star International Co Ltd	197,000	2,000	-	(124,000)	75,000
Mitac Holdings Corp	-	207,000	-	-	207,000
National Australia Bank Ltd	-	10,879	-	(1,670)	9,209
Navitas Ltd	-	48,127	-	-	48,127
New World Development Co Ltd	-	402,000	-	(402,000)	-
Nuplex Industries Ltd	-	59,608	-	(59,608)	-
Platinum Asset Management Ltd	39,097	757	-	(39,854)	-
Premier Investments Ltd	21,215	1,312	-	(6,093)	16,434
President Chain Store Corp	-	29,000	-	(4,000)	25,000
Primary Health Care Ltd	70,794	-	-	(70,794)	-
Qinqin Foodstuffs Group Cayman Co Ltd	-	-	4,400	(4,400)	-
Retail Food Group Ltd	-	37,692	-	-	37,692
SAI Global Ltd	-	78,886	-	(78,886)	-

XIE Shares CLSA GARY ETF**Statement of movements in investment portfolio (Unaudited) (Continued)**

For the year ended 31 December 2016

Investments - listed equities	Holdings as at 1 January 2016	Additions	Corporate action	Disposals	Holdings as at 31 December 2016
SATS Ltd	74,100	4,100	-	(21,000)	57,200
Sercomm Corp	82,000	22,000	-	(17,000)	87,000
Shenzhen International Group Holdings Ltd	42,000	4,000	-	(46,000)	-
Singapore Airlines Ltd	-	24,800	-	(24,800)	-
Singapore Exchange Ltd Singapore	36,300	5,500	-	(4,000)	37,800
Telecommunications Ltd	-	83,500	-	(13,600)	69,900
SKYCITY Entertainment Group Ltd	73,489	2,674	-	(76,163)	-
SKYCITY Entertainment Group Ltd - RTS	-	-	6,037	(6,037)	-
Skyworth Digital Holdings Ltd	240,000	104,000	-	(344,000)	-
Southern Cross Media Group Ltd	-	219,969	-	(219,969)	-
Stockland	70,066	2,944	-	(73,010)	-
Sun Hung Kai Properties Ltd	-	13,000	-	-	13,000
Sun TV Network Ltd	-	38,855	-	(14,476)	24,379
Suncorp Group Ltd	20,959	2,518	-	(23,477)	-
Super Retail Group Ltd	-	23,884	-	-	23,884
Swire Properties Ltd	-	80,800	-	(12,000)	68,800
Tabcorp Holdings Ltd	56,068	7,233	-	(63,301)	-
Taiwan Semiconductor Manufacturing Co Ltd	47,000	1,000	-	(15,000)	33,000
Telekomunikasi Indonesia Persero Tbk PT	999,500	-	-	(390,800)	608,700
Texwinca Holdings Ltd	214,000	28,000	-	(242,000)	-
Thai Beverage PCL	402,700	-	-	(402,700)	-
Thaicom PCL	-	338,800	-	(338,800)	-
Thanachart Capital PCL	-	211,100	(204,500)	(6,600)	-
Thanachart Capital PCL	-	-	204,500	(33,100)	171,400
Top Glove Corp Bhd	-	180,000	-	(14,200)	165,800
Treasury Wine Estates Ltd	42,132	-	-	(42,132)	-
Tripod Technology Corp	-	83,000	-	-	83,000
TTY Biopharm Co Ltd	-	49,000	-	-	49,000
Uni-President Enterprises Corp	-	122,000	-	(20,000)	102,000
United Overseas Bank Ltd	13,700	2,016	-	(1,216)	14,500

XIE Shares CLSA GARY ETF**Statement of movements in investment portfolio (Unaudited) (Continued)**

For the year ended 31 December 2016

Investments - listed equities	Holdings as at 1 January 2016	Additions	Corporate action	Disposals	Holdings as at 31 December 2016
United Tractors Tbk PT	142,400	36,400	-	(51,300)	127,500
Venture Corp Ltd	33,000	2,400	-	(5,900)	29,500
Vita Group Ltd	-	53,463	-	-	53,463
Washington H Soul Pattinson & Co Ltd	-	17,089	-	(17,089)	-
Wesfarmers Ltd	6,747	164	-	(6,911)	-
Westports Holdings Bhd	-	202,700	-	(12,800)	189,900
Wharf Holdings Ltd	32,000	5,000	-	(37,000)	-
Wheelock & Co Ltd	43,000	4,000	-	(47,000)	-
Xtep International Holdings Ltd	-	433,000	-	(14,000)	419,000
Yeong Guan Energy Technology Group Co Ltd	29,000	1,000	-	(30,000)	-
Yue Yuen Industrial Holdings Ltd	-	64,000	-	(12,500)	51,500
Yuexiu Real Estate Investment Trust	379,000	-	-	(379,000)	-
Z Energy Ltd	-	34,606	-	(1,223)	33,383
Zhejiang Expressway Co Ltd	162,000	24,000	-	(186,000)	-
Zhen Ding Technology Holding Ltd	68,000	26,000	-	(94,000)	-

XIE Shares CLSA GARY ETF

Performance record (Unaudited)

For the year ended 31 December 2016

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/year dated		
31 December 2015	7.8840	98,549,764
31 December 2016	8.1496	101,870,407

Highest and lowest net asset value per unit

	Lowest HK\$	Highest HK\$
Period ended 31 December 2015	7.5622	8.0254
Year ended 31 December 2016	6.9481	8.8381

During the year ended 31 December 2016, the Underlying Index increased by 5.75% (2015: decreased by 0.76%), while the net asset value per unit of the Sub-Fund decreased by 3.37%^(a) (2015: decreased by 1.45%^(b))

There were no constituent securities of that CLSA GARY Net Total Return Index that accounted for more than 10% of the weighting of CLSA GARY Net Total Return Index as at 31 December 2016 and 2015.

- (a) *This is the annualised return of the Sub-Fund (net of fees and expenses) from 1 January 2016 to 31 December 2016.*
- (b) *This is the annualised return of the Sub-Fund (net of fees and expenses) since its inception on 5 November 2015 to 31 December 2015.*