

XIE Shares CLSA GARY ETF
(Stock Code: 3102)
a sub-fund of the XIE Shares Trust II

Unaudited Interim Report

For the period from 1 January 2017
to 30 June 2017

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

Issued by Enhanced Investment Products Limited, the Manager of the XIE Shares CLSA GARY ETF.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	30 June 2017 HK\$ (UNAUDITED)	31 December 2016 HK\$ (AUDITED)
ASSETS		
Financial assets at fair value through profit or loss	60,311,631	100,889,610
Dividends receivable	211,060	107,732
Prepayments	7,561	-
Cash and cash equivalents	421,133	178,058
TOTAL ASSETS	60,951,385	101,175,400
LIABILITIES		
Management fee payable	35,101	60,526
Transaction fee payable	-	30,000
Preliminary expenses payable	-	302,345
Other payables	231,634	121,211
TOTAL LIABILITIES	266,735	514,082
EQUITY		
Net assets attributable to unitholders	60,684,650	100,661,318
Number of units outstanding	6,500,000	12,500,000
Net asset value per unit	9.3361	8.0529

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2017

	Period from 1 January 2017 to 30 June 2017 HK\$ (UNAUDITED)	Period from 1 January 2016 to 30 June 2016 HK\$ (UNAUDITED)
INCOME		
Dividend income	1,683,494	2,006,731
Interest income	156	113
Net gain/(loss) on investments	12,989,942	(1,700,265)
Net foreign exchange gain	51,588	22,461
Total net income	14,725,180	329,040
OPERATING EXPENSES		
Management fees	291,743	331,958
Audit fees	47,936	105,747
Preliminary expenses	56,552	-
Legal and professional fees	57,788	-
Transaction costs on investments	185,406	125,145
Financial statements preparation fee	32,768	-
Registration fees	2,692	-
Interest expense	2,587	6,883
Bank charges	440	-
Other operating expenses	37,631	26,927
Total operating expenses	715,543	596,660
Operating profit/(loss)	14,009,637	(267,620)
Profit/(loss) before taxation	14,009,637	(267,620)
Dividend withholding tax	141,478	95,386
Capital gains tax	283,913	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	13,584,246	(363,006)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the period ended 30 June 2017

	Period from 1 January 2017 to 30 June 2017 HK\$ (UNAUDITED)	Period from 1 January 2016 to 30 June 2016 HK\$ (UNAUDITED)
Balance at the beginning of the period	100,661,318	97,157,107
Proceeds on issue of units	-	-
Payment on redemption of units	(53,560,914)	-
Net decrease from unit transactions	(53,560,914)	-
Total comprehensive income/(loss) for the period	13,584,246	(363,006)
Balance at the end of the period	<u>60,684,650</u>	<u>96,794,101</u>

STATEMENT OF CASH FLOWS

For the period ended 30 June 2017

	Period from 1 January 2017 to 30 June 2017 HK\$ (UNAUDITED)	Period from 1 January 2016 to 30 June 2016 HK\$ (UNAUDITED)
OPERATING ACTIVITIES		
Payments for purchase of investments	(48,309,600)	(53,774,254)
Proceeds from sale of investments	101,877,521	53,559,351
Dividends received	1,580,166	1,768,813
Interest received	156	113
Management fee paid	(317,168)	(338,416)
Dividend withholding tax paid	(141,478)	(95,386)
Capital gains tax paid	(283,913)	-
Transaction fee paid	(185,406)	-
Preliminary expenses paid	(358,897)	(888,165)
Interest expense paid	(2,587)	(6,883)
Other receipts and payments	(106,393)	(142,159)
Cash generated from operating activities	53,752,401	83,014
FINANCING ACTIVITIES		
Redemption paid on redemption of units	(53,560,914)	-
Cash flows used in financing activities	(53,560,914)	-
Net increase in cash and cash equivalents	191,487	83,014
Cash and cash equivalents at beginning of period	178,058	637,312
Net foreign exchange gain	51,588	22,462
Cash and cash equivalents at end of period	421,133	742,788
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	421,133	742,788

INVESTMENT PORTFOLIO (UNAUDITED)

As at 30 June 2017

Investments

Listed equities	Holdings	Fair value HK\$¹	% of net assets
Australia			
Abacus Property Group	47,767	926,726	1.53%
AGL Energy Ltd	6,044	922,874	1.52%
Australian Pharmaceutical Industries Ltd	79,456	906,358	1.49%
Boral Ltd	27,891	1,160,718	1.91%
BT Investment Management Ltd	14,556	991,887	1.63%
Caltex Australia Ltd	5,626	1,064,884	1.76%
Charter Hall Group	28,328	932,946	1.54%
CIMIC Group Ltd	4,535	1,054,713	1.74%
Credit Corp Group Ltd	9,069	961,736	1.58%
Harvey Norman Holdings Ltd	38,782	887,098	1.46%
JB Hi-Fi Ltd	6,659	931,849	1.54%
LendLease Group	10,335	1,030,392	1.70%
Mirvac Group	71,441	911,182	1.50%
Premier Investments Ltd	11,735	890,303	1.47%
QBE Insurance Group Ltd	13,094	925,977	1.53%
Seven Group Holdings Ltd	16,486	1,079,967	1.78%
Super Retail Group Ltd	16,810	825,391	1.36%
		<u>16,405,001</u>	<u>27.04%</u>
Hong Kong			
Agile Group Holdings Ltd	138,000	986,701	1.63%
ANTA Sports Products Ltd	42,000	1,083,600	1.79%
BOC Hong Kong Holdings Ltd	31,000	1,157,850	1.91%
China Lesso Group Holdings Ltd	148,000	888,000	1.46%
China Resources Land Ltd	46,000	1,046,500	1.72%
China Vanke Co Ltd	45,600	1,007,760	1.66%
CIFI Holdings Group Co Ltd	324,000	1,124,280	1.85%
Country Garden Holdings Co Ltd	128,000	1,158,400	1.91%
Guangdong Investment Ltd	82,000	882,320	1.45%
Guangzhou Automobile Group Co Ltd	80,000	1,096,000	1.81%
Kingboard Chemical Holdings Ltd	34,500	1,072,950	1.77%
Kingboard Laminates Holdings Ltd	99,500	937,290	1.54%
Lee & Man Paper Manufacturing Ltd	154,000	1,116,500	1.84%
Man Wah Holdings Ltd	153,200	1,073,932	1.77%
Shenzhen Investment Ltd	274,000	945,300	1.56%
Shenzhou International Group Holdings Ltd	19,000	974,700	1.61%
Sun Hung Kai Properties Ltd	8,000	917,600	1.51%
Yuexiu Real Estate Investment Trust	209,000	1,013,650	1.67%
		<u>18,483,333</u>	<u>30.46%</u>
India			
Indian Oil Corp Ltd	18,507	860,984	1.42%
Manappuram Finance Ltd	81,401	962,957	1.59%
South Indian Bank Ltd	352,253	1,180,566	1.94%
		<u>3,004,507</u>	<u>4.95%</u>
Indonesia			
Bank Pembangunan Daerah Jawa Timur Tbk PT	2,542,900	990,467	1.63%
Telekomunikasi Indonesia Persero Tbk PT	396,800	1,050,508	1.73%
		<u>2,040,975</u>	<u>3.36%</u>

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

As at 30 June 2017

Investments (continued)

Listed equities (continued)	Holdings	Fair value HK\$¹	% of net assets
Malaysia			
Fraser & Neave Holdings Bhd	21,600	993,808	1.64%
Public Bank Bhd	27,000	997,736	1.64%
Top Glove Corp Bhd	112,600	1,177,428	1.94%
		<u>3,168,972</u>	<u>5.22%</u>
New Zealand			
Contact Energy Ltd	34,215	1,018,916	1.68%
		<u>1,018,916</u>	<u>1.68%</u>
Singapore			
ComfortDelGro Corp Ltd	64,300	838,507	1.38%
DBS Group Holdings Ltd	9,000	1,058,325	1.74%
Mapletree Commercial Trust	108,900	984,819	1.62%
SATS Ltd	35,000	1,014,044	1.67%
Singapore Exchange Ltd	22,900	953,014	1.57%
Singapore Technologies Engineering Ltd	45,200	943,092	1.56%
Singapore Telecommunications Ltd	45,700	1,007,938	1.66%
Thai Beverage PCL	181,900	928,203	1.53%
United Overseas Bank Ltd	8,042	1,054,192	1.74%
Venture Corp Ltd	14,200	970,160	1.60%
		<u>9,752,294</u>	<u>16.07%</u>
South Korea			
Kangwon Land Inc	3,854	916,400	1.51%
NH Investment & Securities Co Ltd	11,406	1,155,661	1.91%
POSCO	528	1,033,919	1.70%
		<u>3,105,980</u>	<u>5.12%</u>
Taiwan			
Elite Material Co Ltd	32,000	1,211,255	2.00%
Micro-Star International Co Ltd	62,000	1,124,876	1.85%
		<u>2,336,131</u>	<u>3.85%</u>

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

As at 30 June 2017

Investments (continued)

Listed equities (continued)	Holdings	Fair value HK\$¹	% of net assets
Thailand			
Tisco Financial Group PCL	57,000	995,522	1.64%
		<u>995,522</u>	<u>1.64%</u>
Total investments in listed equities at fair value		<u>60,311,631</u>	<u>99.39%</u>
Total investments		<u>60,311,631</u>	<u>99.39%</u>
Other net assets		<u>373,019</u>	<u>0.61%</u>
Net assets attributable to unitholders at 30 June 2017		<u>60,684,650</u>	<u>100.00%</u>
Total investments, at cost		<u>53,599,952</u>	

¹ Exchange rate as at 30 June 2017

HKD/AUD 0.167002

HKD/IDR 0.000586

HKD/INR 0.120774

HKD/KRW 0.006823

HKD/MYR 0.549885

HKD/NZD 0.174951

HKD/SGD 0.176373

HKD/THB 0.229807

HKD/TWD 0.256622

HKD/USD 0.128099

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

For the period ended 30 June 2017

Investments - listed equities	Holdings as at 1 January 2017	Additions	Corporate action	Disposals	Holdings as at 30 June 2017
Abacus Property Group	91,270	1,917	-	(45,420)	47,767
Agile Group Holdings Ltd	-	138,000	-	-	138,000
AGL Energy Ltd	13,159	406	-	(7,521)	6,044
ANTA Sports Products Ltd	74,000	10,000	-	(42,000)	42,000
Australian Pharmaceutical Industries Ltd	-	139,826	-	(60,370)	79,456
Bank of Queensland Ltd	22,961	-	-	(22,961)	-
Bank Pembangunan Daerah Jawa Barat Dan Banten Tbk PT	1,470,300	-	-	(1,470,300)	-
Bank Pembangunan Daerah Jawa Timur Tbk PT	4,779,000	395,000	-	(2,631,100)	2,542,900
Blackmores Ltd	2,260	-	-	(2,260)	-
BOC Hong Kong Holdings Ltd	-	31,000	-	-	31,000
Boral Ltd	41,195	8,801	-	(22,105)	27,891
BT Investment Management Ltd	-	27,035	-	(12,479)	14,556
BWP Trust	82,437	-	-	(82,437)	-
Caltex Australia Ltd	-	5,626	-	-	5,626
CapitaLand Mall Trust	128,600	8,500	-	(137,100)	-
Champion REIT	340,000	6,000	-	(346,000)	-
Charter Hall Group	52,475	3,028	-	(27,175)	28,328
Chicony Power Technology Co Ltd	-	126,000	-	(126,000)	-
China Lesso Group Holdings Ltd	259,000	25,000	-	(136,000)	148,000
China Resources Land Ltd	76,000	8,000	-	(38,000)	46,000
China Vanke Co Ltd	75,600	6,900	-	(36,900)	45,600
Chin-Poon Industrial Co Ltd	96,000	1,000	-	(97,000)	-
CIFI Holdings Group Co Ltd	-	324,000	-	-	324,000
CIMIC Group Ltd	8,423	800	-	(4,688)	4,535
ComfortDelGro Corp Ltd	-	64,300	-	-	64,300
Contact Energy Ltd	57,400	6,676	-	(29,861)	34,215
Country Garden Holdings Co Ltd	-	128,000	-	-	128,000
Credit Corp Group Ltd	12,874	3,057	-	(6,862)	9,069
DBS Group Holdings Ltd	18,100	1,400	-	(10,500)	9,000
DMCI Holdings Inc	-	721,000	-	(721,000)	-
Elite Material Co Ltd	-	62,000	-	(30,000)	32,000
Fairfax Media Ltd	295,439	-	-	(295,439)	-
Feng TAY Enterprise Co Ltd	46,800	-	-	(46,800)	-
Fletcher Building Limited	-	25,380	-	(25,380)	-
Fraser & Neave Holdings Bhd	33,200	5,700	-	(17,300)	21,600
Getac Technology Corp	143,000	-	-	(143,000)	-
Guangdong Investment Ltd	130,000	20,000	-	(68,000)	82,000
Guangzhou Automobile Group Co Ltd	140,000	10,000	-	(70,000)	80,000
Gudang Garam Tbk PT	39,200	-	-	(39,200)	-
Guotai Junan International Holdings Ltd	515,000	88,000	-	(603,000)	-
Harvey Norman Holdings Ltd	48,401	15,010	-	(24,629)	38,782
Herderson Land Development Company Limited	-	34,000	-	(34,000)	-
Hite Jinro Co Ltd	10,341	205	-	(10,546)	-
Indian Oil Corp Ltd	-	18,507	-	-	18,507
IRPC PCL	-	1,298,000	-	(1,298,000)	-
JB Hi-Fi Ltd	8,788	2,203	-	(4,332)	6,659
Jiangsu Expressway Co Ltd	142,000	4,000	-	(146,000)	-
Kangwon Land Inc	-	7,027	-	(3,173)	3,854
Kingboard Chemical Holdings Ltd	-	34,500	-	-	34,500
Kingboard Laminates Holdings Ltd	213,500	5,500	-	(119,500)	99,500
KT&G Corp	1,971	232	-	(2,203)	-
KWG Property Holding Ltd	322,500	4,500	-	(327,000)	-
Lee & Man Paper Manufacturing Ltd	250,000	39,000	-	(135,000)	154,000
Lend Lease Group	18,818	1,427	-	(9,910)	10,335
Macquarie Korea Infrastructure Fund	25,032	2,170	-	(27,202)	-
Man Wah Holdings Ltd	285,600	7,200	-	(139,600)	153,200
Manappuram Finance Ltd	-	163,135	-	(81,734)	81,401
Mapletree Commercial Trust	176,500	23,100	-	(90,700)	108,900
Micro-Star International Co Ltd	75,000	25,000	-	(38,000)	62,000
Mirvac Group	-	131,650	-	(60,209)	71,441
Mitac Holdings Corp	207,000	-	-	(207,000)	-
National Australia Bank Ltd	9,209	-	-	(9,209)	-
Navitas Ltd	48,127	4,280	-	(52,407)	-

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (CONTINUED)

for the period ended 30 June 2017

Investments - listed equities (continued)	Holdings as at 1 January 2017	Additions	Corporate action	Disposals	Holdings as at 30 June 2017
NH Investment & Securities Co Ltd	-	11,406	-	-	11,406
POSCO	-	528	-	-	528
Premier Investments Ltd	16,434	4,235	-	(8,934)	11,735
President Chain Store Corp	25,000	1,000	-	(26,000)	-
Public Bank Bhd	-	27,000	-	-	27,000
QBE Insurance Group Ltd	-	13,094	-	-	13,094
Retail Food Group Ltd	37,692	-	-	(37,692)	-
SATS Ltd	57,200	8,500	-	(30,700)	35,000
Sercomm Corp	87,000	-	-	(87,000)	-
Seven Group Holdings Ltd	-	16,486	-	-	16,486
Shenzhen Investment Ltd	-	274,000	-	-	274,000
Shenzhou International Group Holdings Ltd	-	19,000	-	-	19,000
Singapore Exchange Ltd	37,800	4,500	-	(19,400)	22,900
Singapore Technologies Engineering Ltd	-	45,200	-	-	45,200
Singapore Telecommunications Ltd	69,900	11,000	-	(35,200)	45,700
South Indian Bank Ltd	-	352,253	-	-	352,253
Sun Hung Kai Properties Ltd	13,000	2,000	-	(7,000)	8,000
Sun TV Network Ltd	24,379	-	-	(24,379)	-
Super Retail Group Ltd	23,884	5,679	-	(12,753)	16,810
Swire Properties Ltd	68,800	-	-	(68,800)	-
Taiwan Semiconductor Manufacturing Co Ltd	33,000	-	-	(33,000)	-
Telekomunikasi Indonesia Persero Tbk PT	608,700	85,300	-	(297,200)	396,800
Thai Beverage PCL	-	181,900	-	-	181,900
Thanachart Capital PCL	171,400	-	-	(171,400)	-
Tisco Financial Group PCL	-	57,000	-	-	57,000
Top Glove Corp Bhd	165,800	29,100	-	(82,300)	112,600
Tripod Technology Corp	83,000	-	-	(83,000)	-
TTY Biopharm Co Ltd	49,000	10,000	-	(59,000)	-
Uni-President Enterprises Corp	102,000	7,000	-	(109,000)	-
United Overseas Bank Ltd	14,500	1,342	-	(7,800)	8,042
United Tractors Tbk PT	127,500	-	-	(127,500)	-
Venture Corp Ltd	29,500	-	-	(15,300)	14,200
Vita Group Ltd	53,463	-	-	(53,463)	-
Westports Holdings Bhd	189,900	9,800	-	(199,700)	-
Xtep International Holdings Ltd	419,000	22,500	-	(441,500)	-
Yue Yuen Industrial Holdings Ltd	51,500	500	-	(52,000)	-
Yuexiu Real Estate Investment Trust	-	209,000	-	-	209,000
Z Energy Ltd	33,383	2,265	-	(35,648)	-

PERFORMANCE RECORD (UNAUDITED)

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		
30 June 2017	9.5011	61,757,400
31 December 2016	8.1496	101,870,407
31 December 2015	7.8840	98,549,764

Highest and lowest net asset value per unit

	Lowest HK\$	Highest HK\$
For the period/year ended		
30 June 2017	8.1914	9.5565
31 December 2016	6.9481	8.8381
31 December 2015	7.5622	8.0254

During the period ended 30 June 2017, the CLSA GARY Net Total Return Index increased by 18.30% (31 December 2016: increased by 5.75%), while the net asset value per unit of XIE Shares CLSA GARY ETF increased by 16.58%^(a) (31 December 2016: decreased by 3.37%^(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 30 June 2017 and 31 December 2016.

^(a) This is the return of XIE Shares CLSA GARY ETF (net of fees and expenses) from 1 January 2017 to 30 June 2017.

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