



Bank of East Asia Investment Series II

INTERIM REPORT

(Unaudited)

For the period ended 30th June 2007

EAST ASIA ASSET MANAGEMENT COMPANY LIMITED

Manager

East Asia Asset Management Company Limited
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The Bank of East Asia Building
10 Des Voeux Road Central
Central
Hong Kong

Trustee and Registrar

East Asia International Trustees Limited
Columbus Centre Building
Wickhams Cay
Road Town
Tortola
British Virgin Islands

Auditors

KPMG
Certified Public Accountants
8th Floor
Prince's Building
10 Chater Road
Central
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Solicitors to the Manager

Deacons
5th Floor
Alexandra House
18 Chater Road
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Advisers as to British Virgin Islands Law

Conyers Dill & Pearman
2901 One Exchange Square
8 Connaught Place
Central
Hong Kong

**BANK OF EAST ASIA INVESTMENT SERIES II
BEA EQUITY & FX MARKETS CAPITAL GUARANTEED COUPON FUND
INCOME STATEMENT**

*for the period from 1st January, 2007 to 30th June, 2007
(Expressed in United States dollars)*

Income

Interest on certificates of deposit	\$ 256,609
Interest on bank deposits	1,545
	<u>\$ 258,154</u>

Expenses

Management fees	\$ 172,428
Trustee fees	24,633
Guarantee fees	24,633
Auditors' remuneration	3,532
Miscellaneous	1,517
	<u>\$ 226,743</u>

**Net income from operations before investment
and exchange gain / (loss)**

Net realised gain / (loss) on sales of investments	\$ 273,801
Net unrealised gain / (loss) on investments	1,495,752
Foreign exchange gain / (loss)	36
	<u>\$ 1,769,589</u>

Net income from operations before finance costs \$ 1,801,000

Distributions (266,351)

Change in net assets attributable to unitholders \$ 1,534,649

**BANK OF EAST ASIA INVESTMENT SERIES II
BEA EQUITY & FX MARKETS CAPITAL GUARANTEED COUPON FUND
STATEMENT OF ASSETS AND LIABILITIES**

at 30th June, 2007

(Expressed in United States dollars)

Assets

Investments	\$ 41,223,234
Prepaid management fees	278,171
Prepaid trustee fees	39,738
Prepaid guarantee fees	39,738
Other receivables	226,378
Cash and cash equivalents	16,218
Total assets	\$ 41,823,477

Liabilities

Accounts payable and accruals	\$ 5,627
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Total liabilities (excluding net assets attributable to unitholders)	\$ 5,627
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Net assets attributable to unitholders	\$ 41,817,850
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Number of units in issue	3,820,131
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Net asset value per unit	\$ 10.95
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Realisation value per unit	\$ 10.85
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**BANK OF EAST ASIA INVESTMENT SERIES II
BEA EQUITY & FX MARKETS CAPITAL GUARANTEED COUPON FUND
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

*for the period from 1st January, 2007 to 30th June, 2007
(Expressed in United States dollars)*

Net assets brought forward	\$ 43,599,496
Redemptions of units for the period	(3,316,295)
Change in net assets attributable to unitholders for the period	<u>1,534,649</u>
Net assets carried forward	<u>\$ 41,817,850</u>
Units in issue	
Number of units brought forward	4,137,712
Units redeemed during the period	<u>(317,581)</u>
Number of units carried forward	<u>3,820,131</u>

**BANK OF EAST ASIA INVESTMENT SERIES II
BEA EQUITY & FX MARKETS CAPITAL GUARANTEED COUPON FUND
CASH FLOW STATEMENT**

*for the period from 1st January, 2007 to 30th June, 2007
(Expressed in United States dollars)*

Operating activities	
Interest received on bank deposits	\$ 1,545
Interest received on certificates of deposit	268,444
Other operating expenses paid	(9,963)
Net cash inflow from operating activities	<u>\$ 260,026</u>
Investing activities	
Sale of investments	\$ 3,313,824
Net cash inflow from investing activities	<u>\$ 3,313,824</u>
Financing activities	
Payments on redemptions of units	\$ (3,316,295)
Payments on distributions	(266,351)
Net cash outflow from financing activities	<u>\$ (3,582,646)</u>
Net increase/(decrease) in cash and cash equivalents	\$ (8,796)
Cash and cash equivalents at the beginning of the period	<u>25,014</u>
Cash and cash equivalents at the end of the period	<u><u>\$ 16,218</u></u>

**BANK OF EAST ASIA INVESTMENT SERIES II
BEA EQUITY & FX MARKETS CAPITAL GUARANTEED COUPON FUND
ANALYSIS OF INVESTMENT PORTFOLIO**

*for the period from 1st January, 2007 to 30th June, 2007
(Expressed in United States dollars)*

Portfolio Investments	Holdings Nominal Value / Notional Amount at 01.01.2007	Decrease in Holdings Nominal Value / Notional Amount	Holdings Nominal Value / Notional Amount at 30.06.2007	Historical Cost	Market Value	Percentage of Net Asset Value
Investments						
Certificate of deposit						
Bank of East Asia Negotiable Stepup Coupon CD due 18/04/2008	41,378,000.00	3,176,000.00	38,202,000.00	35,332,189.35	36,682,007.36	87.72%
Stock option						
Rainbow Option on S&P 500 & A\$ FX	41,377,129.17	3,175,812.00	38,201,317.17	1,151,762.43	4,541,226.27	10.86%
Total Investments				<u>\$ 36,483,951.78</u>	<u>\$ 41,223,233.63</u>	<u>98.58%</u>
Cash balances				\$ 16,218.41	\$ 16,218.41	0.04%
Net current assets				\$ 578,398.43	\$ 578,398.43	1.38%
Total investment portfolio				<u>\$ 37,078,568.62</u>	<u>\$ 41,817,850.47</u>	<u>100.00%</u>