

XIE Shares FTSE Chimerica ETF
(Stock Code: 3161)
a sub-fund of the XIE Shares Trust II

Unaudited Interim Report

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

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MANAGEMENT AND ADMINISTRATION

Manager and Listing Agent

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Participating Dealers

BNP Paribas Securities Services
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

Market Makers

CLSA Limited
Commerzbank AG
Deutsche Securities Asia Limited

Registrar

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Custodian

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

Any opinion contained in this Interim Report (if any) reflects the Manager's view as at the date of this report and is subject to amendment(s) without notice. The information contained in this Interim Report does not constitute recommendation or investment advice. Investors should refer to the Prospectus of the XIE Shares Trust 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 FTSE Chimerica ETF.

STATEMENT OF FINANCIAL POSITION

as at 30th June 2016

	30th June 2016 HKD (UNAUDITED)	31st December 2015 HKD (AUDITED)
ASSETS		
Financial assets at fair value through profit or loss	188,623,856	185,989,426
Dividends receivable	-	16,295
Cash and cash equivalents	336,257	583,995
TOTAL ASSETS	188,960,113	186,589,716
LIABILITIES		
Management fee payable	99,662	113,803
Preliminary expenses payable	95,620	95,620
Other payables	156,738	206,506
TOTAL LIABILITIES	352,020	415,929
EQUITY		
Net assets attributable to unitholders	188,608,093	186,173,787
Number of units outstanding	25,000,000	22,000,000
Net asset value per unit	7.5443	8.4624

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30th June 2016

Period from
1st January 2016
to 30th June 2016
HKD
(UNAUDITED)

INCOME

Dividend income	170,780
Interest income	38
Net loss on investments	(21,693,381)
Net foreign exchange loss	(4,496)

Total net loss

(21,527,059)

OPERATING EXPENSES

Management fees	618,094
Audit fees	64,781
Preliminary expenses	8,252
Transaction costs on investments	9,984
Interest expense	839
Other operating expenses	26,852

Total operating expenses

728,802

Operating loss

(22,255,861)

Loss before taxation

(22,255,861)

Dividend withholding tax

833

TOTAL COMPREHENSIVE LOSS FOR THE PERIOD

(22,256,694)

The date of inception for this Sub-Fund was 16 April 2015. Therefore, comparative figures are unavailable.

**STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO UNITHOLDERS**

for the period ended 30th June 2016

**Period from
1st January 2016
to 30th June 2016
HKD
(UNAUDITED)**

Balance at the beginning of the period	186,173,787
Proceeds on issue of units	55,431,400
Payment on redemption of units	<u>(30,740,400)</u>
Net increase from unit transactions	24,691,000
Total comprehensive loss for the period	(22,256,694)
Balance at the end of the period	<u><u>188,608,093</u></u>

The date of inception for this Sub-Fund was 16 April 2015. Therefore, comparative figures are unavailable.

STATEMENT OF CASH FLOWS

for the period ended 30th June 2016

Period from
1st January 2016
to 30th June 2016
HKD
(UNAUDITED)

OPERATING ACTIVITIES

Payments for purchase of investments	(83,060,237)
Proceeds from sale of investments	58,722,442
Dividends received	187,075
Interest received	38
Management fee paid	(632,235)
Dividend withholding tax paid	(833)
Preliminary expenses paid	(8,252)
Interest expense paid	(839)
Other receipts and payments	(141,401)
Cash used in operating activities	(24,934,242)

FINANCING ACTIVITIES

Proceeds from issue of units	55,431,400
Redemption paid on redemption of units	(30,740,400)
Cash flows generated from financing activities	24,691,000

Net decrease in cash and cash equivalents (243,242)

Cash and cash equivalents at beginning of period	583,995
Net foreign exchange loss	(4,496)

Cash and cash equivalents at end of period **336,257**

Analysis of balances of cash and cash equivalents

Cash and cash equivalents	336,257
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The date of inception for this Sub-Fund was 16 April 2015. Therefore, comparative figures are unavailable.

INVESTMENT PORTFOLIO (UNAUDITED)

as at 30th June 2016

Investments

	Holdings	Fair value HKD¹	% of net assets
The United States			
21VIANET GROUP INC	26,512	2,099,981	1.11%
51JOB INC	6,560	1,491,649	0.79%
58.COM INC	26,999	9,611,979	5.10%
ALIBABA GROUP HOLDING LTD	31,062	19,164,941	10.16%
AUTOHOME INC	12,676	1,977,613	1.05%
BAIDU.COM	14,355	18,391,996	9.75%
BITAUTO HOLDINGS LTD	6,695	1,400,289	0.74%
CANADIAN SOLAR INC	14,733	1,728,184	0.92%
CHINA LODGING GROUP LTD	3,920	1,107,879	0.59%
CTRIP.COM INTERNATIONAL LTD	59,060	18,877,207	10.01%
E-HOUSE CHINA HOLDINGS LTD	19,465	977,025	0.52%
HOLLYSYS AUTOMATION TECHNOLOGIES LTD	13,148	1,771,767	0.94%
JD.COM INC	106,957	17,615,959	9.34%
NETEASE INC	14,559	21,823,817	11.57%
NEW ORIENTAL EDUCATION & TECHNOLOGY GROUP INC	54,242	17,623,390	9.34%
QIHOO 360 TECHNOLOGY CO LTD	31,873	18,063,015	9.58%
QUNAR CAYMAN ISLANDS LTD	19,806	4,577,353	2.43%
SINA CORP	19,768	7,954,741	4.22%
SOHU.COM INC	10,029	2,945,678	1.56%
SOUFUN HOLDINGS LTD	45,356	1,769,904	0.94%
TAL EDUCATION GROUP	15,316	7,374,018	3.91%
VIPSHOP HOLDINGS LTD	85,999	7,452,357	3.95%
YY INC	10,744	2,823,114	1.49%
Total investments in listed US securities at fair value		<u>188,623,856</u>	<u>100.01%</u>
Total investments in securities at fair value		<u>188,623,856</u>	<u>100.01%</u>
Total investments		188,623,856	100.01%
Other net assets		<u>(15,763)</u>	<u>-0.01%</u>
Net assets attributable to unitholders at 30th June 2016		<u>188,608,093</u>	<u>100.00%</u>
Total investments, at cost		<u>201,819,030</u>	

¹ Exchange rate as at 30th June 2016
HKD/USD 0.128900

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

for the period ended 30th June 2016

	Holdings as at 1st January 2016	Additions	Corporate action	Disposals	Holdings as at 30th June 2016
Investments - listed equities					
21VIANET GROUP INC	16,107	13,607	-	(3,202)	26,512
51JOB INC	5,232	2,368	-	(1,040)	6,560
58.COM INC	17,418	13,043	-	(3,462)	26,999
ALIBABA GROUP HOLDING LTD	29,429	11,971	-	(10,338)	31,062
AUTOHOME INC	9,574	5,005	-	(1,903)	12,676
BAIDU.COM	12,116	4,769	-	(2,530)	14,355
BITAUTO HOLDINGS LTD	5,601	2,277	-	(1,183)	6,695
CANADIAN SOLAR INC	11,229	5,717	-	(2,213)	14,733
CHINA LODGING GROUP LTD	3,092	1,432	-	(604)	3,920
CTRIP.COM INTERNATIONAL LTD	48,196	27,169	-	(16,305)	59,060
E-HOUSE CHINA HOLDINGS LTD	15,209	7,280	-	(3,024)	19,465
HOLLYSYS AUTOMATION TECHNOLOGIES LTD	10,486	4,746	-	(2,084)	13,148
HOMEINNS HOTEL GROUP HMIN	4,194	980	(5,151)	(23)	-
JD.COM INC	76,814	47,418	-	(17,275)	106,957
MINDRAY MEDICAL INTL LTD	24,661	19	(24,680)	-	-
NETEASE INC	13,601	7,552	-	(6,594)	14,559
NEW ORIENTAL EDUCATION & TECHNOLOGY GROUP INC	43,259	19,582	-	(8,599)	54,242
QIHOO 360 TECHNOLOGY CO LTD	22,494	14,158	-	(4,779)	31,873
QUNAR CAYMAN ISLANDS LTD	14,873	7,986	-	(3,053)	19,806
SINA CORP	16,125	7,123	-	(3,480)	19,768
SOHU.COM INC	7,998	3,620	-	(1,589)	10,029
SOUFUN HOLDINGS LTD	29,779	21,711	-	(6,134)	45,356
TAL EDUCATION GROUP	10,809	6,656	-	(2,149)	15,316
VIPSHOP HOLDINGS LTD	68,587	31,047	-	(13,635)	85,999
YOUKU TUDOU INC	41,787	9,771	(51,327)	(231)	-
YY INC	8,080	4,264	-	(1,600)	10,744

PERFORMANCE RECORD (UNAUDITED)

Highest and lowest net asset value per unit

	Lowest HKD	Highest HKD
Period ended 30th June 2016	<u>6.7080</u>	<u>8.2760</u>

Net asset value attributable to unitholders

	HKD
As at 30th June 2016	<u>188,608,093</u>

Net asset value per unit

	HKD
As at 30th June 2016	<u>7.5443</u>

During the period, the FTSE China N Share All Cap Capped Net Tax Index decreased by 10.55%, while the net asset value per unit of XIE Shares FTSE Chimerica ETF decreased by 10.95%^(a).

The following lists the constituent securities that individually accounted for more than 10% of the FTSE China N Share All Cap Capped Net Tax Index as at 30th June 2016 and its weighting of the FTSE China N Share All Cap Capped Net Tax Index as at 30th June 2016:

Constituent securities	Respective weighting in FTSE China N Share All Cap Capped Net Tax Index
NetEase Inc	11.57%
Alibaba Group Holding Ltd	10.16%
Ctrip.com International Ltd	<u>10.00%</u>

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