

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

Unaudited Interim Report

For the period from 1 January 2018
to 30 June 2018

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MANAGEMENT AND ADMINISTRATION

Manager and Listing Agent

Enhanced Investment Products Limited
337 New Henry House
10 Ice House Street
Central
Hong Kong

Directors of the Manager

BLAND Tobias Christopher James
LAU Che Loon David

Trustee

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

Administrator and Custodian

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

Participating Dealers

Bank of America Merrill Lynch Limited
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
Haitong International Securities Company Limited
Nomura International (Hong Kong) Limited

Registrar

Computershare Hong Kong Investor Services Limited
46/F, Hopewell Centre
183 Queen's Road East
Hong Kong

Service Agent

HK Conversion Agency Services Limited
1/F One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

Legal Counsel to the Manager

Simmons & Simmons
13/F, One Pacific Place
88 Queensway
Hong Kong

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Market Makers

CLSA Limited
Commerz Securities Hong Kong Ltd
Deutsche Securities Asia Limited

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 30 June 2018

	30 June 2018 HK\$ (UNAUDITED)	31 December 2017 HK\$ (AUDITED)
ASSETS		
Financial assets at fair value through profit or loss	165,519,972	187,713,526
Cash and cash equivalents	358,650	500,271
TOTAL ASSETS	165,878,622	188,213,797
LIABILITIES		
Management fee payable	105,073	107,444
Other payables	236,819	271,676
TOTAL LIABILITIES	341,892	379,120
EQUITY		
Net assets attributable to unitholders	165,536,730	187,834,677
Number of units outstanding	12,000,000	14,000,000
Net asset value per unit	13.7947	13.4168

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2018

	Period from 1 January 2018 to 30 June 2018 HK\$ (UNAUDITED)	Period from 1 January 2017 to 30 June 2017 HK\$ (UNAUDITED)
INCOME		
Dividend income	357,559	202,756
Interest income	4,051	563
Net gain on investments	6,922,905	63,335,633
Net foreign exchange gain	361	1,570
Total net income	7,284,876	63,540,522
OPERATING EXPENSES		
Management fees	656,151	591,428
Audit fees	100,304	47,936
Preliminary expenses	-	54,645
Legal and professional fees	2,850	-
Transaction costs on investments	13,659	14,286
Financial statements preparation fee	17,492	32,768
Registration fees	3,472	2,704
Interest expense	7	-
Bank charges	630	37,928
Other operating expenses	68,115	34,131
Total operating expenses	862,680	815,826
Operating profit	6,422,196	62,724,696
Profit before taxation	6,422,196	62,724,696
Dividend withholding tax	5,043	2,302
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,417,153	62,722,394

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the period ended 30 June 2018

	Period from 1 January 2018 to 30 June 2018 HK\$ (UNAUDITED)	Period from 1 January 2017 to 30 June 2017 HK\$ (UNAUDITED)
Balance at the beginning of the period	187,834,677	147,214,129
Proceeds on issue of units	14,811,500	-
Payment on redemption of units	<u>(43,526,600)</u>	<u>(33,284,700)</u>
Net decrease from unit transactions	(28,715,100)	(33,284,700)
Total comprehensive income for the period	6,417,153	62,722,394
Balance at the end of the period	<u><u>165,536,730</u></u>	<u><u>176,651,823</u></u>

STATEMENT OF CASH FLOWS

For the period ended 30 June 2018

	Period from 1 January 2018 to 30 June 2018 HK\$ (UNAUDITED)	Period from 1 January 2017 to 30 June 2017 HK\$ (UNAUDITED)
OPERATING ACTIVITIES		
Payments for purchase of investments	(40,762,272)	(26,087,550)
Proceeds from sale of investments	69,878,731	59,922,917
Dividends received	357,559	202,756
Interest received	4,051	563
Management fee paid	(658,522)	(583,317)
Dividend withholding tax paid	(5,043)	(2,302)
Transaction fee paid	(13,659)	(14,286)
Preliminary expenses paid	-	(69,645)
Interest expense paid	(7)	-
Other receipts and payments	(227,720)	(78,959)
Cash generated from operating activities	28,573,118	33,290,177
FINANCING ACTIVITIES		
Proceeds from issue of units	14,811,500	-
Redemption paid on redemption of units	(43,526,600)	(33,284,700)
Cash used in financing activities	(28,715,100)	(33,284,700)
Net (decrease)/increase in cash and cash equivalents	(141,982)	5,477
Cash and cash equivalents at beginning of period	500,271	262,075
Net foreign exchange gain	361	1,570
Cash and cash equivalents at end of period	358,650	269,122
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	358,650	269,122

INVESTMENT PORTFOLIO (UNAUDITED)

As at 30 June 2018

Investments

Listed equities	Holdings	Fair value HK\$ ¹	% of net assets
The United States			
21Vianet Group Inc	9,520	724,483	0.44%
51job Inc	2,669	2,044,540	1.23%
58.com Inc	11,164	6,073,275	3.67%
Alibaba Group Holding Ltd	11,193	16,292,207	9.84%
Autohome Inc	6,468	5,125,198	3.10%
Baidu Inc	8,708	16,601,371	10.03%
Baozun Inc	2,649	1,136,812	0.69%
BeiGene Ltd	3,452	4,163,405	2.51%
BEST Inc	20,736	1,987,996	1.20%
Bitauto Holdings Ltd	3,277	611,375	0.37%
Canadian Solar Inc	5,222	501,461	0.30%
Changyou.com Ltd	2,012	263,138	0.16%
China Biologic Products Holdings Inc	3,091	2,408,789	1.46%
Ctrip.com International Ltd	44,439	16,605,964	10.04%
Fang Holdings Ltd	26,018	792,000	0.48%
Global Cord Blood Corp	4,831	359,685	0.22%
Hollysys Automation Technologies Ltd	5,065	879,785	0.53%
Huazhu Group Ltd	12,025	3,961,414	2.39%
iKang Healthcare Group Inc	5,491	881,407	0.53%
JD.com Inc	57,498	17,570,311	10.61%
JinkoSolar Holding Co Ltd	3,222	348,080	0.21%
Momo Inc	11,504	3,926,064	2.37%
NetEase Inc	8,514	16,877,441	10.20%
New Oriental Education & Technology Group Inc	15,970	11,860,164	7.16%
Noah Holdings Ltd	1,221	499,562	0.30%
Qudian Inc	7,592	527,727	0.32%
SINA Corp	7,195	4,780,598	2.89%
Sogou Inc	5,511	494,192	0.30%
Sohu.com Ltd	3,576	995,967	0.60%
TAL Education Group	33,064	9,546,023	5.77%
Vipshop Holdings Ltd	49,403	4,205,352	2.54%
Weibo Corp	4,347	3,027,096	1.83%
Xunlei Ltd	3,435	288,357	0.17%
YY Inc	4,788	3,774,069	2.28%
ZTO Express Cayman Inc	34,317	5,384,664	3.25%
Total investments		<u>165,519,972</u>	<u>99.99%</u>
Other net assets		<u>16,758</u>	<u>0.01%</u>
Net assets attributable to unitholders at 30 June 2018		<u>165,536,730</u>	<u>100.00%</u>
Total investments, at cost		<u>123,590,641</u>	

¹ Exchange rate as at 30 June 2018
HKD/USD 0.127462

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

For the period ended 30 June 2018

Investments - listed equities	Holdings as at 1 January 2018	Additions	Corporate action	Disposals	Holdings as at 30 June 2018
21Vianet Group Inc	13,472	1,028	-	(4,980)	9,520
51job Inc	3,258	501	-	(1,090)	2,669
58.com Inc	14,286	1,544	-	(4,666)	11,164
Alibaba Group Holding Ltd	12,910	2,185	-	(3,902)	11,193
Autohome Inc	9,052	645	-	(3,229)	6,468
Baidu Inc	9,775	1,138	-	(2,205)	8,708
Baozun Inc	4,343	310	-	(2,004)	2,649
BeiGene Ltd	3,795	2,589	-	(2,932)	3,452
BEST Inc	-	24,696	-	(3,960)	20,736
Bitauto Holdings Ltd	6,114	467	-	(3,304)	3,277
Canadian Solar Inc	7,290	556	-	(2,624)	5,222
Changyou.com Ltd	2,847	217	-	(1,052)	2,012
China Biologic Products Holdings Inc	3,662	464	-	(1,035)	3,091
China Cord Blood Corp	-	6,439	(6,439)	-	-
Ctrip.com International Ltd	53,352	3,802	-	(12,715)	44,439
Fang Holdings Ltd	32,459	3,604	-	(10,045)	26,018
Global Cord Blood Corp	-	-	6,439	(1,608)	4,831
Hollysys Automation Technologies Ltd	6,415	770	-	(2,120)	5,065
Huazhu Group Ltd	4,041	288	10,599	(2,903)	12,025
iKang Healthcare Group Inc	7,807	557	-	(2,873)	5,491
JD.com Inc	60,328	12,756	-	(15,586)	57,498
JinkoSolar Holding Co Ltd	2,804	1,430	-	(1,012)	3,222
Momo Inc	15,678	1,117	-	(5,291)	11,504
NetEase Inc	7,132	3,430	-	(2,048)	8,514
New Oriental Education & Technology Group Inc	22,143	1,578	-	(7,751)	15,970
Noah Holdings Ltd	2,895	221	-	(1,895)	1,221
Qudian Inc	-	8,866	-	(1,274)	7,592
SINA Corp	10,153	724	-	(3,682)	7,195
Sogou Inc	-	6,436	-	(925)	5,511
Sohu.com Inc	5,084	362	(4,445)	(1,001)	-
Sohu.com Ltd	-	-	4,445	(869)	3,576
TAL Education Group	46,502	3,315	-	(16,753)	33,064
Vipshop Holdings Ltd	56,339	9,894	-	(16,830)	49,403
Weibo Corp	5,558	472	-	(1,683)	4,347
Xunlei Ltd	-	4,578	-	(1,143)	3,435
YY Inc	6,384	455	-	(2,051)	4,788
ZTO Express Cayman Inc	49,099	3,500	-	(18,282)	34,317

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 2018	13.8483	166,179,954
31 December 2017	13.4742	188,639,054
31 December 2016	7.8008	148,214,538

Highest and lowest net asset value per unit

	Lowest HK\$	Highest HK\$
For the period/year ended		
30 June 2018	13.0914	15.3587
31 December 2017	7.9301	13.8750
31 December 2016	6.7080	9.3039

During the period ended 30 June 2018, the FTSE China N Shares All Cap Capped Net Tax Index increased by 3.29% (31 December 2017: increased by 74.83%), while the net asset value per unit of XIE Shares FTSE Chimerica ETF increased by 2.78%^(a) (31 December 2017: increased by 72.73%^(b)).

The following lists the constituent securities that individually accounted for more than 10% of the FTSE China N Shares All Cap Capped Net Tax Index as at 30 June 2018 and 31 December 2017 and its weighting of the FTSE China N Shares All Cap Capped Net Tax Index as at 30 June 2018 and 31 December 2017:

Constituent securities	Respective weighting in FTSE China N Shares All Cap Capped Net Tax Index	
	30 June 2018	31 December 2017
Baidu Inc	10.03%	-
Ctrip.com International Ltd	10.03%	-
JD.com Inc	10.62%	10.40%
NetEase Inc	10.20%	10.24%

^(a) This is the return of XIE Shares FTSE Chimerica ETF (net of fees and expenses) from 1 January 2018 to 30 June 2018.

^(b) This is the annualised return of XIE Shares FTSE Chimerica ETF (net of fees and expenses) from 1 January 2017 to 31 December 2017.