

CICC KraneShares ETF Trust

**CICC KraneShares
CSI China Internet Index ETF**

Unaudited Interim Report

For the period from

4 April 2018 (date of inception) to 30 June 2018

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IMPORTANT:

Any opinion expressed herein reflects the Manager's view only and is subject to change. For more information about the Sub-Fund, please refer to the prospectus of the Sub-Fund which is available at our website:

http://www.cicc.com/portal/business/am_hk_product/etf_cicckranekweb_en.shtml

Investors should not rely on the information contained in this report for their investment decisions.

CICC KraneShares CSI China Internet Index ETF
(a Sub-Fund of CICC KraneShares ETF Trust)

MANAGEMENT AND ADMINISTRATION

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REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

The CICC KraneShares CSI China Internet Index ETF (the “Sub-Fund”), a sub-fund of the CICC KraneShares ETF Trust (the “Trust”), was launched on 4 April 2018 and commenced trading under the stock codes 3186 for the HKD counter, 9186 for the USD counter and 83186 for the RMB counter on The Stock Exchange of Hong Kong Limited (the “SEHK”) on 10 April 2018. The Sub-Fund is a Hong Kong unit trust authorized under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. The Sub-Fund is benchmarked against the CSI Overseas China Internet Index. The manager of the Sub-Fund is China International Capital Corporation Hong Kong Asset Management Limited (the “Manager”), the sub-manager of the Sub-Fund is Krane Funds Advisors, LLC (the “Sub-Manager”) and the trustee is Brown Brothers Harriman Trustee Services (Hong Kong) Limited (the “Trustee”).

Performance of the Sub-Fund

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI Overseas China Internet Index (the “Index”). There can be no assurance that the Sub-Fund will achieve its investment objective.

Performance information of Sub-Fund may be presented only if it has an investment track record of not less than 6 months. The Sub-Fund's inception date was 4 April 2018.

Activities of the Sub-Fund

The average trading volume for the Sub-Fund during the period was reported by Bloomberg to be approximately 804,079 units from 10 April 2018 to 30 June 2018. As of 30 June 2018, there were 1,250,000 units outstanding (trade date basis).

Activities of the Index

The CSI Overseas China Internet Index underwent two reviews during the period. As of 30 June 2018, the Sub-Fund held all constituents in the CSI Overseas China Internet Index.

CICC KraneShares CSI China Internet Index ETF
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UNAUDITED FINANCIAL STATEMENTS

Statement of financial position

As of 30 June 2018

	30 June 2018 (Unaudited) USD
ASSETS	
Financial assets at fair value through profit or loss	12,400,345
Cash and cash equivalents	22,275
Management fee reimbursement receivables	31,572
TOTAL ASSETS	12,454,192
LIABILITIES	
Audit fee payables	6,818
Management fee payables	21,435
Administration fee payables	1,637
Trustee and registrar payables	1,253
Establishment cost payables	6,881
Custody fee payables	198
Transaction fee payables	2,231
Other payables and accruals	9,885
TOTAL LIABILITIES	50,338
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	12,403,854
NUMBER OF UNITS IN ISSUE	1,250,000
NET ASSET VALUE PER UNIT	9.92

CICC KraneShares CSI China Internet Index ETF
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Statement of comprehensive income

For the period from 4 April 2018 (date of inception) to 30 June 2018

	4 April 2018 to 30 June 2018 (Unaudited) USD
INCOME	
Dividend income	34,853
Interest income	587
TOTAL INCOME	35,440
EXPENSES	
Management fee	21,435
Transaction costs	15,124
Establishment cost expense	6,881
Audit fee	6,818
Administration expense	1,637
Trustee and registrar expense	1,253
Custody expense	198
Interest expense	32
Other operating expenses	12,554
TOTAL OPERATING EXPENSES	65,932
Less expense reimbursements	(31,572)
NET OPERATING EXPENSES	34,360
INCOME BEFORE INVESTMENT GAINS/(LOSSES) AND EXCHANGE DIFFERENCES	1,080
INVESTMENT GAINS/(LOSSES) AND EXCHANGE DIFFERENCES	
Net change in unrealised losses on financial assets at fair value through profit or loss	(294,693)
Net realised gains on financial assets at fair value through profit or loss	196,307
Net foreign exchange losses	(469)
NET INVESTMENTS AND EXCHANGE GAINS/(LOSSES)	(98,855)
TOTAL COMPREHENSIVE LOSS	(97,775)

CICC KraneShares CSI China Internet Index ETF
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Statement of changes in net assets attributable to unitholders

For the period from 4 April 2018 (date of inception) to 30 June 2018

	4 April 2018 to 30 June 2018 (Unaudited) USD
Balance at the beginning of the period	-
Issue of units	12,501,629
Total comprehensive loss for the period	(97,775)
Balance at the end of the period	<u>12,403,854</u>

CICC KraneShares CSI China Internet Index ETF
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Statement of cash flows

For the period from 4 April 2018 (date of inception) to 30 June 2018

	4 April 2018 to 30 June 2018 (Unaudited) USD
CASH FLOWS FROM OPERATING ACTIVITIES	
Total comprehensive loss	(97,775)
Adjustments for:	
Net realised gains on financial assets at fair value through profit or loss	(196,307)
Net change in unrealised losses on financial assets at fair value through profit or loss	294,693
Operating gains before changes in working capital	611
Purchase of financial assets at fair value through profit or loss	(15,604,952)
Proceeds from sale of financial assets at fair value through profit or loss	3,106,221
Increase in management fee reimbursement receivables	(31,572)
Increase in audit fee payables	6,818
Increase in management fee payables	21,435
Increase in administration fee payables	1,637
Increase in trustee and registrar payables	1,253
Increase in establishment cost payables	6,881
Increase in custody fee payables	198
Increase in transaction fee payables	2,231
Increase in other payables and accruals	9,885
Net cash flows used in operating activities	(12,479,354)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of units	12,501,629
Net cash flows generated from financing activities	12,501,629
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,275
Cash and cash equivalents at the beginning of the period	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	22,275

CICC KraneShares CSI China Internet Index ETF
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Statement of cash flows (continued)

4 April 2018 to
30 June 2018
(Unaudited)
USD

ANALYSIS OF CASH AND CASH EQUIVALENTS

Cash at bank

22,275

NET CASH FLOWS FROM OPERATING ACTIVITIES

INCLUDE:

Dividend received

34,853

Interest received

587

CICC KraneShares CSI China Internet Index ETF
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INVESTMENT PORTFOLIO (UNAUDITED)

As at 30 June 2018

Investments	Holdings	Fair Value USD	% of Net Assets
<u>Financial assets at fair value through profit or loss</u>			
Listed securities			
Consumer Discretionary			
500.com Ltd	362	5,325	0.04%
Alibaba Pictures Group Ltd	1,460,000	159,997	1.29%
China Literature Ltd	33,600	315,549	2.54%
Cogobuy Group	58,000	26,015	0.21%
Ctrip.com International Ltd	11,235	535,123	4.31%
JD.com Inc	20,510	798,865	6.44%
Secoo Holding Ltd	2,582	20,863	0.17%
TAL Education Group	11,862	436,522	3.52%
Tuniu Corp	6,723	56,944	0.46%
Vipshop Holdings Ltd	40,155	435,682	3.51%
Total Consumer Discretionary		2,790,885	22.49%
Financials			
Fanhua Inc	4,416	125,856	1.01%
Hexindai Inc	1,429	14,376	0.12%
Jianpu Technology Inc	1,856	12,268	0.10%
LexinFintech Holdings Ltd	3,353	41,074	0.33%
Qudian Inc	7,426	65,794	0.53%
Yirendai Ltd	4,492	95,320	0.77%
Yixin Group Ltd	276,500	115,918	0.93%
ZhongAn Online P&C Insurance Co Ltd	35,700	225,410	1.82%
Total Financials		696,016	5.61%
Industrials			
51job Inc	3,254	317,721	2.56%
Total Industrials		317,721	2.56%
Information Technology			
21Vianet Group Inc	5,185	50,295	0.41%
58.com Inc	6,616	458,753	3.70%

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INVESTMENT PORTFOLIO (UNAUDITED) (continued)

Investments	Holdings	Fair Value USD	% of Net Assets
<u>Financial assets at fair value through profit or loss</u>			
Listed securities (continued)			
Information Technology (continued)			
Alibaba Group Holding Ltd	5,818	1,079,414	8.70%
Autohome Inc	4,737	478,437	3.86%
Baidu Inc	4,078	990,954	7.99%
Baozun Inc	3,634	198,780	1.60%
Bitauto Holdings Ltd	3,397	80,781	0.65%
Changyou.com Ltd	691	11,519	0.09%
Cheetah Mobile Inc	1,252	11,969	0.10%
Fang Holdings Ltd	17,774	68,963	0.56%
HC Group Inc	56,500	33,118	0.27%
iQIYI Inc	17,508	565,508	4.56%
Kingsoft Corp Ltd	98,000	297,210	2.40%
Momo Inc	10,941	475,934	3.84%
NetDragon Websoft Holdings Ltd	27,500	60,763	0.49%
NetEase Inc	3,944	996,530	8.03%
SINA Corp	5,794	490,694	3.96%
Sogou Inc	6,640	75,895	0.61%
Sohu.com Ltd	3,461	122,866	0.99%
Tencent Holdings Ltd	24,700	1,239,461	9.99%
Tian Ge Interactive Holdings Ltd	74,000	54,880	0.44%
Weibo Corp	3,551	315,187	2.54%
Xunlei Ltd	4,269	45,678	0.37%
YY Inc	3,903	392,134	3.16%
Total Information Technology		8,595,723	69.31%
TOTAL INVESTMENTS, AT FAIR VALUE		12,400,345	99.97%
OTHER NET ASSETS		3,509	0.03%
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		12,403,854	100.00%
TOTAL INVESTMENTS, AT COST		12,695,038	

MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

For the period from 4 April 2018 (date of inception) to 30 June 2018

	Beginning holding balance as at 4 April 2018		Corporate Actions		Disposals	Closing holding balance as at 30 June 2018
INVESTMENTS		Additions				
21Vianet Group Inc	-	15,359	-	(10,174)		5,185
500.com Ltd	-	362	-	-		362
51job Inc	-	3,266	-	(12)		3,254
58.com Inc	-	6,616	-	-		6,616
Alibaba Group Holding Ltd	-	6,588	-	(770)		5,818
Alibaba Pictures Group Ltd	-	2,350,000	-	(890,000)		1,460,000
Autohome Inc	-	7,505	-	(2,768)		4,737
Baidu Inc	-	4,279	-	(201)		4,078
Baozun Inc	-	3,917	-	(283)		3,634
Bitauto Holdings Ltd	-	6,606	-	(3,209)		3,397
Changyou.com Ltd	-	2,836	-	(2,145)		691
Cheetah Mobile Inc	-	5,949	-	(4,697)		1,252
China Literature Ltd	-	33,600	-	-		33,600
China Rapid Finance Ltd	-	8,864	-	(8,864)		-
Cogobuy Group	-	92,000	-	(34,000)		58,000
Ctrip.com International Ltd	-	12,078	-	(843)		11,235
Fang Holdings Ltd	-	38,531	-	(20,757)		17,774
Fanhua Inc	-	4,577	-	(161)		4,416
HC Group Inc	-	81,000	-	(24,500)		56,500
Hexindai Inc	-	1,429	-	-		1,429
iQIYI Inc	-	29,144	-	(11,636)		17,508
JD.com Inc	-	22,697	-	(2,187)		20,510
Jianpu Technology Inc	-	1,856	-	-		1,856
Jumei International	-	12,108	-	(12,108)		-
Kingsoft Corp Ltd	-	150,000	-	(52,000)		98,000
LexinFintech Holdings Ltd	-	3,353	-	-		3,353
Momo Inc	-	18,061	-	(7,120)		10,941
NetDragon Websoft Holdings Ltd	-	46,000	-	(18,500)		27,500
NetEase Inc	-	4,253	-	(309)		3,944
Qudian Inc	-	18,504	-	(11,078)		7,426
Secoo Holding Ltd	-	2,582	-	-		2,582
SINA Corp	-	6,109	-	(315)		5,794
Sogou Inc	-	6,640	-	-		6,640

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MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (continued)

	Beginning holding balance as at 4 April 2018	Additions	Corporate Actions	Disposals	Closing holding balance as at 30 June 2018
INVESTMENTS					
Sohu.com Inc	-	4,375	(4,053)	(322)	-
Sohu.com Ltd	-	-	4,053	(592)	3,461
TAL Education Group	-	11,862	-	-	11,862
Tencent Holdings Ltd	-	26,700	-	(2,000)	24,700
Tian Ge Interactive Holdings Ltd	-	100,000	-	(26,000)	74,000
Tuniu Corp	-	6,723	-	-	6,723
Vipshop Holdings Ltd	-	52,429	-	(12,274)	40,155
Weibo Corp	-	4,429	-	(878)	3,551
Xunlei Ltd	-	4,269	-	-	4,269
Yirendai Ltd	-	5,297	-	(805)	4,492
Yixin Group Ltd	-	276,500	-	-	276,500
YY Inc	-	5,246	-	(1,343)	3,903
ZhongAn Online P&C Insurance Co Ltd	-	62,300	-	(26,600)	35,700

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MOVEMENTS ON THE REDEEMABLE UNITS (UNAUDITED)

The movements of the redeemable units are as follows:

	4 April 2018 to 30 June 2018 (Unaudited) USD
Units in issue at the beginning of the period	-
Issue of units	1,250,000
Units in issue at the end of the period	1,250,000

CICC KraneShares CSI China Internet Index ETF
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PERFORMANCE RECORD (UNAUDITED)

For the period from 4 April 2018 (date of inception) to 30 June 2018

1) Net Asset Value (calculated in accordance with the Sub-Fund's Trust Deed)

	Net assets attributable to unitholders USD	Net asset value per unit USD
As at:		
30 June 2018 (Unaudited)	12,403,854	9.92

2) Highest and lowest net asset value per unit

	Highest net asset value per unit USD	Lowest net asset value per unit USD
For the period from 4 April 2018 (date of inception) to 30 June 2018 (Unaudited)	11.09	9.56

CICC KraneShares CSI China Internet Index ETF
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**INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE
(UNAUDITED)**

As at 30 June 2018

Pursuant to the SFC's Guidelines for Regulating Index Tracking Exchange Trade Funds, the Sub-Fund's holding of any such constituent securities should 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. There were no constituent securities that individually accounted for more than 10% of the net asset value of the Sub-Fund as at 30 June 2018.

BASIS OF PREPARATION (UNAUDITED)

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds of the SFC (the "SFC Code").

They have been prepared under the historical cost basis, except for financial assets classified at fair value through profit or loss that have been measured at fair value. These financial statements are presented in United States dollar ("USD") and all values are rounded to the nearest USD except where otherwise indicated.