

CICC KraneShares ETF Trust

CICC KraneShares CSI China Internet Index ETF

*Stock Codes: 9186 (USD counter), 83186
(RMB counter), 3186 (HKD counter)*

For the six months ended 30 June 2020

Unaudited Interim Report

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Administration and management

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Manager's report

CICC KraneShares CSI China Internet Index ETF

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 authorised 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.

The table below illustrates the comparison between the Sub-Fund's performance and that of the Index during the following period:

	YTD	1-month	3-month	6-month	1-year	Inception ¹
Sub-Fund's Total Return (%)	27.28%	17.83%	37.24%	27.28%	41.03%	6.70%
Index Benchmark (%)	28.01%	18.10%	37.69%	28.01%	42.32%	9.29%
	(0.73)%	(0.27)%	(0.45)%	(0.73)%	(1.29)%	(2.59)%

¹ Inception date of the Sub-Fund: 4 April 2018

Activities of the Sub-Fund

The average trading volume for the Sub-Fund during the six months was reported by Bloomberg to be approximately 18,104 units from 1 January 2020 to 30 June 2020. As of 30 June 2019, there were 750,000 units outstanding (trade date basis).

Activities of the Index

The CSI Overseas China Internet Index underwent one review during the period. As of 30 June 2020, the Sub-Fund held all constituents in the CSI Overseas China Internet Index.

China International Capital Corporation Hong Kong Asset Management Limited
31 August 2020

Statement of assets and liabilities as at 30 June 2020 and 31 December 2019

	30 June 2020 USD	31 December 2019 USD
Assets		
Financial assets at fair value through profit or loss	7,952,290	6,276,854
Cash and cash equivalents	13,004	9,948
Dividend receivables	637	–
Management fee reimbursement receivables	257,709	195,434
Total assets	8,223,640	6,482,236
Liabilities		
Audit fee payables	(10,967)	(21,830)
Administration fee payables	(40,261)	(16,097)
Trustee and registrar fees payables	(3,938)	(1,562)
Establishment cost payables	(133,125)	(133,125)
Custody fee payables	(12,500)	(5,000)
Transaction costs payables	(3,785)	(1,477)
Other payables and accruals	(21,567)	(19,883)
Total liabilities	(226,143)	(198,974)
Net assets attributable to unitholders	7,997,497	6,283,262
Representing:		
Total equity	7,997,497	6,283,262
Total number of units in issue	750,000	750,000
Net asset value per unit	10.66	8.38

Statement of comprehensive income for the six months ended 30 June 2020

	<i>For the six months ended 30 June 2020 (Unaudited) USD</i>	<i>Year ended 31 December 2019 USD</i>
Income		
Interest income	11	347
Dividend income	12,424	24,562
Other income	–	5,481
Net gains from financial assets at fair value through profit or loss	1,727,089	1,857,978
Net foreign exchange losses	(76)	(264)
Total net income	<u>1,739,448</u>	<u>1,888,104</u>
Expenses		
Management fee	(19,299)	(44,908)
Transaction costs	(5,914)	(7,775)
Total expenses	<u>(25,213)</u>	<u>(52,683)</u>
Taxation	<u>–</u>	<u>–</u>
Increase in net assets attributable to unitholders and total comprehensive losses for the period	<u>1,714,235</u>	<u>1,835,421</u>

Statement of changes in equity for the six months ended 30 June 2020

	<i>For the six months ended 30 June 2020 (Unaudited) USD</i>	<i>Year ended 31 December 2019 USD</i>
Net assets attributable to unitholders at the beginning of the period	6,283,262	6,494,029
Subscription of units	–	1,048,825
Redemption of units	–	(3,095,013)
Increase in net assets attributable to unitholders and total comprehensive income for the period	<u>1,714,235</u>	<u>1,835,421</u>
Net assets attributable to unitholders at the end of the period	<u>7,997,497</u>	<u>6,283,262</u>
Units issued and redeemed		
Balance at the beginning of the period	750,000	1,000,000
Subscription of units	–	125,000
Redemption of units	–	(375,000)
Balance at the end of the period	<u>750,000</u>	<u>750,000</u>

Statement of cash flows for the six months ended 30 June 2020

	<i>For six months ended 30 June 2020 (Unaudited) USD</i>	<i>Year ended 31 December 2019 USD</i>
Operating activities		
Increase in net assets attributable to unitholders and total comprehensive income for the period	1,714,235	1,835,421
Adjustments for:		
Net gains from financial assets at fair value through profit or loss	<u>(1,727,089)</u>	<u>(1,857,978)</u>
Operating losses before changes in working capital	(12,854)	(22,557)
Purchase of financial assets at fair value through profit or loss	(994,350)	(2,262,847)
Proceeds from sale of financial assets at fair value through profit or loss	1,046,003	4,356,892
Decrease in amount due from brokers	–	64,584
(Increase)/decrease in dividend receivables	(637)	55
Increase in management fee reimbursement receivables	(62,275)	(28,708)
Decrease in amount due to brokers	–	(50,072)
(Decrease)/increase in audit fee payables	(10,863)	173
(Decrease) in management fee payables	–	(17,643)
Increase in administration fee payables	24,164	10,861
Increase/(decrease) in trustee and registrar fees payables	2,376	(2,191)
Increase in custody fee payables	7,500	4,571
Increase/(decrease) in transaction costs payables	2,308	(3,538)
Increase in other payables and accruals	1,684	10,173
Net cash flows generated from operating activities	<u>3,056</u>	<u>2,059,753</u>

Statement of cash flows for the six months ended 30 June 2020 (continued)

	<i>For six months ended 30 June 2020 (Unaudited) USD</i>	<i>Year ended 31 December 2019 USD</i>
Cash flows from financing activities		
Proceeds from subscription of units	–	1,048,825
Payment for redemption of units	–	(3,095,013)
Net cash flows used in financing activities	–	(2,046,188)
Net increase in cash and cash equivalents (including bank overdraft)	3,056	13,565
Cash and cash equivalents at the beginning of the period	9,948	(3,617)
Cash and cash equivalents (including bank overdraft) at the end of the period	13,004	9,948
Analysis of cash and cash equivalents		
Cash at bank	13,004	9,948
Net cash flows from operating activities include:		
Interest income	11	347
Dividend income	11,787	24,617

Portfolio statement as at 30 June 2020 (Unaudited)

<i>Investments</i>	<i>Holdings</i>	<i>Fair Value USD</i>	<i>% of Net Assets</i>
<u>Financial assets at fair value through profit or loss</u>			
Listed securities			
Common Stocks			
The United States of America			
Communication Services			
58.com Inc	3,307	178,380	2.23%
Autohome Inc	1,843	139,146	1.74%
Baidu Inc	2,581	309,436	3.87%
Bilibili Inc	7,606	352,310	4.41%
DouYu International Holdings Ltd	4,976	57,423	0.72%
HUYA Inc	1,966	36,705	0.46%
iQIYI Inc	9,018	209,127	2.61%
JOYY Inc	1,793	158,770	1.99%
Momo Inc	5,570	97,364	1.22%
NetEase Inc	702	301,425	3.77%
Qutoutiao Inc	5,174	15,418	0.19%
SINA Corp	2,125	76,309	0.95%
Sogou Inc	3,539	14,793	0.18%
So-Young International Inc	1,975	26,801	0.34%
Tencent Music Entertainment Group	15,707	211,416	2.64%
Weibo Corp	2,317	77,851	0.97%
Total Communication Services		2,262,674	28.29%
Consumer Discretionary			
Alibaba Group Holding Ltd	3,251	701,241	8.77%
Baozun Inc	1,464	56,291	0.70%
GSX Techedu Inc	3,010	180,570	2.26%
JD.com Inc	8,546	514,298	6.43%
Pinduoduo Inc	6,461	554,612	6.93%
TAL Education Group	4,392	300,325	3.75%
Trip.com Group Ltd	10,176	263,762	3.30%
Vipshop Holdings Ltd	14,553	289,750	3.62%
Youdao Inc	694	26,025	0.33%
Total Consumer Discretionary		2,886,874	36.09%
Financials			
360 Finance Inc	2,313	24,772	0.31%
Fanhua Inc	1,639	32,796	0.41%
LexinFintech Holdings Ltd	3,968	42,220	0.53%
Qudian Inc	6,516	11,077	0.14%
Total Financials		110,865	1.39%

Portfolio statement as at 30 June 2020 (Unaudited) (continued)

<i>Investments</i>	<i>Holdings</i>	<i>Fair Value USD</i>	<i>% of Net Assets</i>
<u>Financial assets at fair value through profit or loss</u>			
Listed securities (continued)			
Common Stocks (continued)			
The United States of America (continued)			
Industrials			
51job Inc	1,087	78,036	0.98%
Total Industrials		78,036	0.98%
Information Technology			
21Vianet Group Inc	2,574	61,416	0.77%
OneConnect Financial Technology Co Ltd	2,152	39,295	0.49%
Total Information Technology		100,711	1.26%
Total The United States of America		5,439,160	68.01%
Hong Kong			
Communication Services			
Alibaba Pictures Group Ltd	436,000	57,943	0.72%
China Literature Ltd	15,910	107,157	1.34%
Meitu Inc	67,500	13,238	0.17%
NetDragon Websoft Holdings Ltd	8,625	24,205	0.30%
Tencent Holdings Ltd	11,220	721,812	9.03%
Wise Talent Information Technology Co Ltd	4,400	9,753	0.12%
XD Inc	5,000	19,225	0.24%
Total Communication Services		953,333	11.92%
Consumer Discretionary			
Koolearn Technology Holding Ltd	12,000	48,153	0.60%
Maoyan Entertainment	20,800	31,722	0.40%
Meituan Dianping	28,050	622,139	7.78%
Tongcheng–Elong Holdings Ltd	33,600	60,520	0.76%
Total Consumer Discretionary		762,534	9.54%
Financials			
ZhongAn Online P&C Insurance Co Ltd	12,220	60,467	0.75%
Total Financials		60,467	0.75%
Health Care			
Alibaba Health Information Technology Ltd	118,000	344,088	4.30%
Ping An Healthcare & Technology Co Ltd	13,100	199,280	2.49%
Total Health Care		543,368	6.79%

Portfolio statement as at 30 June 2020 (Unaudited) (continued)

<i>Investments</i>	<i>Holdings</i>	<i>Fair Value USD</i>	<i>% of Net Assets</i>
<u>Financial assets at fair value through profit or loss</u>			
Listed securities (continued)			
Common Stocks (continued)			
Hong Kong (continued)			
Information Technology			
Kingsoft Corp Ltd	27,550	128,146	1.60%
Weimob Inc	52,000	65,282	0.82%
Total Information Technology		193,428	2.42%
Total Hong Kong		2,513,130	31.42%
Total Common Stocks		7,952,290	99.43%
Total investments, at fair value		7,952,290	99.43%
Other assets		45,207	0.57%
Net assets attributable to unitholders (for Unitholder Dealing Purposes)		7,997,497	100.00%
Total investments, at cost		6,707,821	

Statement of movements in portfolio holdings for the six months ended 30 June 2020 (Unaudited)

<i>Investments</i>	<i>Beginning holding balance as at 31 December 2019</i>	<i>Additions</i>	<i>Corporate Actions</i>	<i>Disposals</i>	<i>Closing holding balance as at 30 June 2020</i>
21Vianet Group Inc	–	2,574	–	–	2,574
360 Finance Inc	2,458	–	–	(145)	2,313
51job Inc	1,111	–	–	(24)	1,087
58.com Inc	3,615	299	–	(607)	3,307
Alibaba Group Holding Ltd	2,947	417	–	(113)	3,251
Alibaba Health Information Technology Ltd	–	118,000	–	–	118,000
Alibaba Pictures Group Ltd	486,000	–	–	(50,000)	436,000
Autohome Inc	2,027	–	–	(184)	1,843
Baidu Inc	3,575	–	–	(994)	2,581
Baozun Inc	1,548	–	–	(84)	1,464
Bilibili Inc	7,901	227	–	(522)	7,606
Bitauto Holdings Ltd	1,297	–	–	(1,297)	–
China Literature Ltd	13,910	2,000	–	–	15,910
DouYu International Holdings Ltd	5,205	–	–	(229)	4,976
Fanhua Inc	1,974	–	–	(335)	1,639
FinVolution Group	6,768	–	–	(6,768)	–
GSX Techedu Inc	3,416	444	–	(850)	3,010
HUYA Inc	2,402	–	–	(436)	1,966
iQIYI Inc	10,542	–	–	(1,524)	9,018
JD.com Inc	10,921	–	–	(2,375)	8,546
JOYY Inc	2,351	–	–	(558)	1,793
Kingsoft Corp Ltd	26,550	1,000	–	–	27,550
Koolearn Technology Holding Ltd	13,000	–	–	(1,000)	12,000
LexinFintech Holdings Ltd	4,218	–	–	(250)	3,968
Maoyan Entertainment	21,800	–	–	(1,000)	20,800
Meitu Inc	–	67,500	–	–	67,500
Meituan Dianping	37,050	900	–	(9,900)	28,050
Momo Inc	6,106	–	–	(536)	5,570
NetDragon Websoft Holdings Ltd	9,125	–	–	(500)	8,625
NetEase Inc	790	–	–	(88)	702
OneConnect Financial Technology Co Ltd	–	2,152	–	–	2,152

Statement of movements in portfolio holdings for the six months ended 30 June 2020 (Unaudited) (continued)

<i>Investments</i>	<i>Beginning holding balance as at 31 December 2019</i>	<i>Additions</i>	<i>Corporate Actions</i>	<i>Disposals</i>	<i>Closing holding balance as at 30 June 2020</i>
Pinduoduo Inc	6,491	408	–	(438)	6,461
Ping An Healthcare & Technology Co Ltd	–	13,100	–	–	13,100
Qudian Inc	9,458	–	–	(2,942)	6,516
Qutoutiao Inc	5,267	–	–	(93)	5,174
Sina Corp	2,430	–	–	(305)	2,125
Sogou Inc	4,236	–	–	(697)	3,539
So–Young International Inc	2,227	–	–	(252)	1,975
TAL Education Group	5,184	–	–	(792)	4,392
Tencent Holdings Ltd	12,120	100	–	(1,000)	11,220
Tencent Music Entertainment Group	11,890	3,817	–	–	15,707
Tongcheng–Elong Holdings Ltd	32,400	1,200	–	–	33,600
Trip.com Group Ltd	7,318	3,554	–	(696)	10,176
Uxin Ltd	10,066	–	–	(10,066)	–
Vipshop Holdings Ltd	16,725	–	–	(2,172)	14,553
Weibo Corp	2,473	–	–	(156)	2,317
Weimob Inc	54,000	–	–	(2,000)	52,000
Wise Talent Information Technology Co Ltd	–	4,400	–	–	4,400
XD Inc	–	5,000	–	–	5,000
Yixin Group Ltd	89,775	–	–	(89,775)	–
Youdao Inc	–	694	–	–	694
Yunji Inc	3,195	–	–	(3,195)	–
ZhongAn Online P&C Insurance Co Ltd	13,420	–	–	(1,200)	12,220

Statement of movements in portfolio holdings for the year ended 31 December 2019 (Unaudited)

<i>Investments</i>	<i>Beginning holding balance as at 31 December 2018</i>		<i>Corporate Actions</i>	<i>Disposals</i>	<i>Closing holding balance as at 31 December 2019</i>	
	<i>2018</i>	<i>Additions</i>			<i>2019</i>	<i>2019</i>
21Vianet Group Inc	3,880	485	–	(4,365)	–	–
360 Finance Inc	–	2,458	–	–	–	2,458
51 Credit Card Inc	21,000	2,625	–	(23,625)	–	–
51job Inc	1,427	341	–	(657)	–	1,111
58.com Inc	4,864	862	–	(2,111)	–	3,615
Alibaba Group Holding Ltd	4,268	563	–	(1,884)	–	2,947
Alibaba Pictures Group Ltd	768,000	96,000	–	(378,000)	–	486,000
Aurora Mobile Ltd	1,862	233	–	(2,095)	–	–
Autohome Inc	2,764	486	–	(1,223)	–	2,027
Baidu Inc	3,211	1,872	–	(1,508)	–	3,575
Baozun Inc	1,880	462	–	(794)	–	1,548
Bilibili Inc	8,477	2,604	–	(3,180)	–	7,901
Bitauto Holdings Ltd	1,724	320	–	(747)	–	1,297
Changyou.com Ltd	1,016	127	–	(1,143)	–	–
Cheetah Mobile Inc	2,050	256	–	(2,306)	–	–
China Index Holdings Ltd	–	–	1,772	(1,772)	–	–
China Literature Ltd	19,880	3,885	–	(9,855)	–	13,910
Chong Sing Holdings						
FinTech	976,000	122,000	–	(1,098,000)	–	–
Cogobuy Group	30,400	3,800	–	(34,200)	–	–
Ctrip International Ltd	9,357	1,170	(6,303)	(4,224)	–	–
DouYu International						
Holdings Ltd	–	5,205	–	–	–	5,205
Fang Holdings Ltd	11,818	11,097	(7,696)	(15,219)	–	–
Fanhua Inc	2,246	688	–	(960)	–	1,974
FinVolution Group	–	275	6,493	–	–	6,768
GSX Techedu Inc	–	3,416	–	–	–	3,416
HC Group Inc	27,200	3,400	–	(30,600)	–	–
Huifu Payment Ltd	26,800	3,350	–	(30,150)	–	–
HUYA Inc	2,925	645	–	(1,168)	–	2,402
iDreamSky Technology						
Holdings Ltd	–	14,800	–	(14,800)	–	–

Statement of movements in portfolio holdings for the year ended 31 December 2019 (Unaudited) (continued)

<i>Investments</i>	<i>Beginning holding balance as at 31 December 2018</i>	<i>Additions</i>	<i>Corporate Actions</i>	<i>Disposals</i>	<i>Closing holding balance as at 31 December 2019</i>
Inke Ltd	49,000	6,125	–	(55,125)	–
iQIYI, Inc	13,858	3,159	–	(6,475)	10,542
JD.com Inc	12,408	4,292	–	(5,779)	10,921
JOYY Inc	2,377	865	–	(891)	2,351
Kingsoft Corp Ltd	39,400	5,925	–	(18,775)	26,550
Koolearn Technology Holding Ltd	–	13,000	–	–	13,000
LexinFintech Holdings Ltd	3,979	2,082	–	(1,843)	4,218
Maoyan Entertainment	–	21,800	–	–	21,800
Meituan Dianping	81,000	11,425	–	(55,375)	37,050
Momo Inc	7,572	1,718	–	(3,184)	6,106
NetDragon Websoft Holdings Ltd	13,500	2,187	–	(6,562)	9,125
NetEase Inc	1,613	231	–	(1,054)	790
Pinduoduo Inc	12,171	3,748	–	(9,428)	6,491
PPDAI Group In	4,402	3,741	(6,493)	(1,650)	–
Qudian Inc	6,788	5,215	–	(2,545)	9,458
Qutoutiao Inc	–	5,267	–	–	5,267
Secoo Holding Ltd	1,740	217	–	(1,957)	–
SINA Corp	3,385	663	–	(1,618)	2,430
Sogou Inc	3,625	2,234	–	(1,623)	4,236
Sohu.com Ltd	1,539	192	–	(1,731)	–
So-Young International Inc	–	2,227	–	–	2,227
TAL Education Group	9,428	1,328	–	(5,572)	5,184
TencentHoldings Ltd	16,560	2,570	–	(7,010)	12,120
Tencent Music Entertainment Group	20,976	3,304	–	(12,390)	11,890
Tian Ge Interactive Holdings Ltd	31,000	3,875	–	(34,875)	–
Tongcheng-Elong Holdings Ltd	–	66,000	–	(33,600)	32,400

Statement of movements in portfolio holdings for the year ended 31 December 2019 (Unaudited) (continued)

	<i>Beginning holding balance as at 31 December 2018</i>	<i>Additions</i>	<i>Corporate Actions</i>	<i>Disposals</i>	<i>Closing holding balance as at 31 December 2019</i>
<i>Investments</i>					
Trip.com Group Ltd	–	1,110	6,303	(95)	7,318
Tuniu Corp	2,464	308	–	(2,772)	–
Uxin Ltd	–	10,066	–	–	10,066
Vipshop Holdings Ltd	20,477	4,924	–	(8,676)	16,725
Weibo Corp	2,965	637	–	(1,129)	2,473
Weimob Inc	–	54,000	–	–	54,000
Wise Talent Information Technology Co Ltd	–	4,600	–	(4,600)	–
Xunlei Ltd	2,135	267	–	(2,402)	–
Yiren Digital Ltd	674	84	–	(758)	–
Yixin Group Ltd	121,700	20,712	–	(52,637)	89,775
Yunji Inc	–	3,195	–	–	3,195
ZhongAn Online P&C Insurance Co Ltd	18,160	3,570	–	(8,310)	13,420

Performance record (Unaudited)

1 Price record

	<i>Highest net asset value per unit</i>	<i>Lowest net asset value per unit</i>
During the period/year ended	USD	USD
30 June 2020 (Unaudited)	10.80	6.98
31 December 2019	8.53	6.25
31 December 2018 ¹	11.09	6.40

¹ The financial period of the Sub-Fund extended from 4 April 2018 (date of inception) to 31 December 2018.

2 Total net asset value and net asset value per unit

	<i>Total net asset value USD</i>	<i>Net asset value per unit USD</i>
<i>As at</i>		
30 June 2020 (Unaudited)	7,997,497	10.66
31 December 2019 (Audited)	6,283,262	8.38
31 December 2018 (Audited)	6,494,029	6.49

3 Performance of the Sub-Fund and the underlying index

For the six months ended 30 June 2020 *Performance*

CICC KraneShares CSI China Internet Index ETF 27.28%

CSI Overseas China Internet Index 28.01%

For the year ended 31 December 2019 *Performance*

CICC KraneShares CSI China Internet Index ETF 29.01%

CSI Overseas China Internet Index 29.75%

Investors should note that investments involve risks and not all investment risks are predictable. Prices of Sub-Fund's units may go up as well as down and past performance information presented is not indicative of future performance. Investors should read the Prospectus of the Trust including the full text of the risk factors stated therein (such as the arrangement in the event that the Sub-Fund is delisted) in detail before making any investment decision.

Investment limitation and prohibitions under the SFC Code (Unaudited)

As at 30 June 2020

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 underlying index as at 30 June 2020.

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 dollars ("USD") and all values are rounded to the nearest USD except where otherwise indicated.