

# CICC KraneShares ETF Trust

## **CICC KraneShares CSI China Internet Index ETF**

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

For the period from 1 January 2022 to 21 April 2023  
(date of termination)

<b>Contents</b>	<b>Page(s)</b>
Administration and management	1
Manager's report	2
Trustee's report	3
Independent auditor's report	4 – 7
Statement of assets and liabilities	8 – 9
Statement of comprehensive income	10
Statement of changes in equity	11
Statement of cash flows	12 – 13
Notes to the financial statements	14 – 33
Statement of movements in portfolio holdings (Unaudited)	34 – 35
Performance record (Unaudited)	36
Statement of disclosure - ESG (Unaudited)	37

## Administration and management

### **Manager**

China International Capital Corporation  
Hong Kong Asset Management Limited  
29/F, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

### **Directors of the Manager**

Mr. Feng Ping (resigned on 20 February 2023)  
Mr. Lee Hung Hing (appointed on 18 January 2023)  
Mr. Lin Ning  
Ms. Ma Kui  
Mr. Wong King Fung  
Mr. Xu Yicheng (appointed on 20 February 2023)

### **Trustee and Registrar**

Brown Brothers Harriman Trustee Services  
(Hong Kong) Limited  
13/F, Man Yee Building  
68 Des Voeux Road Central  
Central  
Hong Kong

### **Service Agent**

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

### **Sub-Manager**

Krane Funds Advisors, LLC  
1270 Ave of the Americas  
Suite 2217  
New York  
NY 10020

### **Legal Counsel to the Manager**

Simmons & Simmons  
30/F, One Taikoo Place  
979 King's Road  
Hong Kong

### **Auditor**

KPMG  
8/F, Prince's Building  
10 Chater Road  
Central  
Hong Kong

*Public Interest Entity Auditor registered in  
accordance with the Financial Reporting  
Council Ordinance*

# 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").

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.

On 23 December 2022, the Manager issued an announcement and notice of the proposed cessation of trading, termination, voluntary deauthorisation and delisting of CICC KraneShares CSI China Internet Index ETF. The Sub-fund was delisted from the SEHK and de-authorized from SFC on 21 April 2023 (the "Termination Date"). This report covers the reporting period from 1 January 2022 to 21 April 2023 for CICC KraneShares CSI China Internet Index ETF. The last trading day when investors might buy or sell units on the SEHK was 26 January 2023. Therefore, with effect from the trading cessation date, 27 January 2023, the Sub-fund ceased to track the Index, and would not be able to meet its investment objective of tracking the performance of the Index.

### Activities of the Index

The CSI Overseas China Internet Index underwent two reviews during the period.

China International Capital Corporation Hong Kong Asset Management Limited

2 August 2023

## Trustee's report CICC KraneShares CSI China Internet Index ETF

We hereby confirm that, in our opinion, the Manager of the Sub-fund within the Trust has, in all material respects, managed the Sub-fund in accordance with the provisions of the Trust Deed dated 16 March 2018, as amended from time to time, for the period from 1 January 2022 to 21 April 2023 (date of termination).

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)  
) For and on behalf of  
) Brown Brothers Harriman Trustee Services  
) (Hong Kong) Limited,  
) Trustee  
)  
2 August 2023

# Independent auditor's report to the unitholders of CICC KraneShares CSI China Internet Index ETF

## **Opinion**

We have audited the financial statements of CICC KraneShares CSI China Internet Index ETF, the "Sub-Fund" of CICC KraneShares ETF Trust (the "Trust") set out on pages 8 to 33 which comprise the statement of assets and liabilities as at 21 April 2023 (date of termination), the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 1 January 2022 to 21 April 2023 (date of termination) and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund of the Trust as at 21 April 2023 (date of termination) and of their financial transactions and cash flows for the period from 1 January 2022 to 21 April 2023 (date of termination) in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Trust and its Sub-Fund in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Emphasis of matter**

We draw attention to the fact that the Manager and the Trustee of the Trust and its Sub-Fund resolved to terminate the Sub-Fund and therefore the Sub-Fund is no longer considered to be a going concern. Details about the basis of preparation of the financial statements are set out in note 2(b) to the financial statements. Our opinion is not modified in respect of this matter.

## **Independent auditor's report to the unitholders of CICC KraneShares CSI China Internet Index ETF (continued)**

### **Information other than the financial statements and auditor's report thereon**

The Manager and the Trustee of the Trust and its Sub-Fund are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Manager and the Trustee of the Trust and its Sub-Fund**

The Manager and the Trustee of the Trust and its Sub-Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Trust and its Sub-Fund are responsible for assessing the Trust and its Sub-Fund's ability to continue as a going concern and disclosing matters related to going concern. The Manager and the Trustee of the Trust and its Sub-Fund consider that the Sub-Fund is no longer a going concern and have prepared the financial statements on the basis as set out in note 2(b) thereto.

In addition, the Manager and the Trustee of the Trust and its Sub-Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed, as amended on 16 March 2018 ("Trust Deed"), and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds (the "SFC Code") issued by the Hong Kong Securities and Futures Commission.

## **Independent auditor's report to the unitholders of CICC KraneShares CSI China Internet Index ETF (continued)**

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-Fund of the Trust have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee.
- Conclude on the appropriateness of the Manager's and the Trustee's judgement that the Sub-Fund is no longer a going concern based on the audit evidence obtained.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## Independent auditor's report to the unitholders of CICC KraneShares CSI China Internet Index ETF (continued)

### **Auditor's responsibilities for the audit of the financial statements (continued)**

We communicate with the Manager and the Trustee of the Trust and its Sub-Fund regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Report on matters under the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code*

In our opinion, the financial statements of the Sub-Fund of the Trust have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the relevant provisions of Appendix E of the SFC Code.

*Certified Public Accountants*

8<sup>th</sup> Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

2 August 2023

## Statement of assets and liabilities as at 21 April 2023 (date of termination) and 31 December 2021

	Note	21 April 2023 USD	31 December 2021 USD
<b>Assets</b>			
Financial assets at fair value through profit or loss	5,6(b)	—	2,569,510
Cash and cash equivalents	6(b)	—	363
Dividend receivables		—	317
Management fee reimbursement receivables	6(a),6(b)	—	67,138
Other receivables and prepayments		—	2,375
<b>Total assets</b>		—	2,639,703
<b>Liabilities</b>			
Audit fee payables		—	(23,258)
Administration fee payables	6(b)	—	(12,258)
Trustee and registrar fees payables	6(b)	—	(1,840)
Custody fee payables	6(b)	—	(3,752)
Transaction costs payables		—	(1,775)
Other payables and accruals		—	(15,883)
<b>Total liabilities</b>		—	(58,766)
<b>Net assets attributable to unitholders</b>		—	2,580,937
<b>Representing:</b>			
<b>Total equity</b>		—	2,580,937
<b>Total number of units in issue</b>	8	—	375,000
<b>Net assets value per unit</b>	8	—	6.88

The notes on pages 14 to 33 form part of these financial statements

## Statement of assets and liabilities as at 21 April 2023 (date of termination) and 31 December 2021 (continued)

Approved by the Manager and the Trustee on 2 August 2023

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)  
) For and on behalf of  
) China International Capital Corporation  
) Hong Kong Asset Management Limited,  
) Manager  
)  
)  
)  
) For and on behalf of  
) Brown Brothers Harriman Trustee Services  
) (Hong Kong) Limited,  
) Trustee  
)

The notes on pages 14 to 33 form part of these financial statements

## Statement of comprehensive income for the period from 1 January 2022 to 21 April 2023 (date of termination) and the year ended 31 December 2021

		<i>Period from 1 January 2022 to 21 April 2023 (date of termination)</i>		<i>Year ended 31 December 2021</i>
	<i>Note</i>	<i>USD</i>		<i>USD</i>
<b>Income</b>				
Interest income		814		–
Dividend income		13,004		4,504
Other income		22,015		2,310
Net gains/(losses) from financial assets at fair value through profit or loss	3	91,088		(1,550,505)
Net foreign exchange losses		(1,007)		(120)
<b>Total net income/(loss)</b>		<b>125,914</b>		<b>(1,543,811)</b>
<b>Expenses</b>				
Management fee	6(b)	(13,228)		(23,713)
Transaction costs	9	(9,123)		(4,004)
<b>Total operating expenses</b>		<b>(22,351)</b>		<b>(27,717)</b>
Taxation	4	–		–
<b>Increase/(decrease) in net assets attributable to unitholders and total comprehensive income for the period/year</b>		<b>103,563</b>		<b>(1,571,528)</b>

The notes on pages 14 to 33 form part of these financial statements

## Statement of changes in equity for the period from 1 January 2022 to 21 April 2023 (date of termination) and the year ended 31 December 2021

		<i>Period from 1 January 2022 to 21 April 2023</i>	<i>Year ended 31 December 2021</i>
	<i>Note (date of termination)</i>	USD	USD
<b>Net assets attributable to unitholders at the beginning of the period/year (375,000 units) (2021: 375,000 units)</b>		2,580,937	5,004,565
Subscription of units (250,000 units) (2021: 125,000 units)	10	1,249,762	1,185,838
Redemption of units (250,000 units) (2021: 125,000 units)	10	(1,380,512)	(2,037,938)
Distribution to unitholders (375,000 units) (2021: nil units)	10	(2,553,750)	–
<b>Increase/(decrease) in net assets attributable to unitholders and total comprehensive income for the period/year</b>	10	103,563	(1,571,528)
<b>Net assets attributable to unitholders at the end of the period/year (nil units) (2021: 375,000 units)</b>	10	–	2,580,937

The notes on pages 14 to 33 form part of these financial statements

## Statement of cash flows for the period from 1 January 2022 to 21 April 2023 (date of termination) and the year ended 31 December 2021

	<i>Period from 1 January 2022 to 21 April 2023 (date of termination) USD</i>	<i>Year ended 31 December 2021 USD</i>
<b>Operating activities</b>		
<b>Increase/(decrease) in net assets attributable to unitholders and total comprehensive income for the period/year</b>	103,563	(1,571,528)
Adjustment for:		
Net (gains)/losses from financial assets at fair value through profit or loss	(91,088)	1,550,505
<b>Operating gains/(losses) before changes in working capital</b>	12,475	(21,023)
Purchase of financial assets at fair value through profit or loss	(1,791,584)	(2,579,680)
Proceeds from sale of financial assets at fair value through profit or loss	4,452,182	3,434,097
Decrease/(increase) in dividend receivables	317	(317)
Decrease in management fee reimbursement receivables	67,138	10,020
Decrease/(increase) in other receivables and prepayments	2,375	(75)
(Decrease)/increase in audit fee payables	(23,258)	673
Decrease in administration fee payables	(12,258)	(52,181)
Decrease in trustee and registrar fees payables	(1,840)	(4,823)
Decrease in custody fee payables	(3,752)	(16,248)
Decrease in transaction costs payables	(1,775)	(5,000)
Decrease in other payables and accruals	(15,883)	(14,170)
<b>Net cash flows generated from operating activities</b>	2,684,137	751,273

The notes on pages 14 to 33 form part of these financial statements

## Statement of cash flows for the period from 1 January 2022 to 21 April 2023 (date of termination) and the year ended 31 December 2021

	<i>Period from 1 January 2022 to 21 April 2023 (date of termination) USD</i>	<i>Year ended 31 December 2021 USD</i>
<b>Cash flows from financing activities</b>		
Proceeds from subscription of units	1,249,762	1,185,838
Payment for redemption of units	(1,380,512)	(2,037,938)
Distribution paid	(2,553,750)	—
<b>Net cash flows used in financing activities</b>	(2,684,500)	(852,100)
<b>Net decrease in cash and cash equivalents</b>	(363)	(100,827)
Cash and cash equivalents at the beginning of the period/year	363	101,190
<b>Cash and cash equivalents at the end of the period/year</b>	—	363
Analysis of cash and cash equivalents		
Cash at bank	—	363
Net cash flows from operating activities include:		
Interest income	814	—
Dividend income	13,321	4,187
Interest expenses	(18)	(14)
	—	—

The notes on pages 14 to 33 form part of these financial statements

## Notes to the financial statements

### 1 The Trust

CICC KraneShares ETF Trust (the “Trust”) is a Hong Kong umbrella unit trust established under a trust deed dated 16 March 2018 and as amended from time to time (the “Trust Deed”) between China International Capital Corporation Hong Kong Asset Management Limited (the “Manager”) and Brown Brothers Harriman Trustee Services (Hong Kong) Limited (the “Trustee”), and governed by the laws of Hong Kong. The Amended and Restated Trust Deed was last updated on 5 December 2019. The Trust and its Sub-fund (the “Sub-fund”) were authorized by the Securities and Futures Commission (the “SFC”) under the Section 104 of the Hong Kong Securities and Futures Ordinance (the “SFO”) and the Sub-fund is a fund falling under Chapter 8.6 of the Hong Kong Code on Unit Trusts and Mutual Funds (the “SFC Code”).

As at 21 April 2023, there is one Sub-fund under the Trust. The name of the Sub-fund, its relevant benchmark and date of commencement of operations are set out as below:

<i>Sub-fund</i>	<i>Benchmark index</i>	<i>Date of commencement of operations</i>
CICC KraneShares CSI China Internet Index ETF	CSI Overseas China Internet Index	4 April 2018

The date of inception of the Sub-fund was 4 April 2018 and the date of listing on the Stock Exchange of Hong Kong (the “SEHK”) was 10 April 2018. The investment objective of the Sub-fund is to provide investment results that, before fees and expenses, closely correspond to the performance of its benchmark index. There can be no assurance that the Sub-fund will achieve its investment objective. On 23 December 2022, the Manager exercised its discretion to terminate the Sub-fund with effect from 21 April 2023 (date of termination) pursuant to clause 35.5(A) and 35.6(A) of the Trust Deed in relation to the Sub-fund. The Sub-fund was delisted from the SEHK, de-authorized from the SFC and terminated on 21 April 2023 (date of termination). All outstanding units of the Sub-fund was redeemed on 21 April 2023 (date of termination). This report covers the reporting period from 1 January 2022 to the date of termination.

The Trust Deed does not contain any requirement that a combined set of financial statements for the Trust itself be prepared.

The investment activities of the Trust are managed by the Manager and the administration of the Trust is delegated to Brown Brothers Harriman & Co. (the “Administrator”).

### 2 Significant accounting policies

#### (a) Statement of compliance

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”), and Interpretations issued by International Accounting Standards Board (“IASB”), the relevant disclosure provisions of the Trust Deed and the relevant disclosure requirements of the Code issued by the Hong Kong Securities and Futures Commission (the “SFC”).



## **2 Significant accounting policies (continued)**

### **(b) Basis of preparation of the financial statements**

These financial statements are presented in United States dollars (“USD”), which is the Sub-fund’s functional currency. All values are rounded to the nearest USD except when otherwise indicated.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

As explained in note 1, the Sub-fund was fully redeemed and the Manager exercised its discretion to terminate the Sub-fund. Accordingly, the Sub-fund is no longer a going concern and assets are valued at their estimated realizable amounts and their liabilities are measured at their estimated settlement amounts. No adjustments to the carrying value at assets and liabilities were recognized as a result of this change in the basis of accounting. The measurement basis used in the preparation of the financial statements is the historical cost basis.

The previous financial statements were prepared in respect of the year ended 31 December 2021 (i.e. a full year), however the current financial statements were prepared in respect of the period from 1 January 2022 to 21 April 2023 (date of termination) (i.e. more than a year). Consequently, the comparative figures shown on the statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes are not comparable.

### **(c) Foreign currency translation**

Foreign currency transactions during the period are translated into the functional currency of the Sub-fund at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the foreign exchange rates ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are re-translated into the functional currencies at the exchange rate at the date on which the fair value was determined. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in profit or loss.

### **(d) Financial assets and financial liabilities**

#### **(i) Recognition and initial measurement**

The Sub-fund initially recognises financial assets and financial liabilities at fair value through profit or loss (FVTPL) on the trade date, which is the date on which the Sub-fund becomes a party to the contractual provisions of the instruments.

## **2 Significant accounting policies (continued)**

### **(d) Financial assets and financial liabilities (continued)**

Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

#### **(ii) Classification and subsequent measurement**

On initial recognition, the Sub-fund classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets of the Sub-fund are measured at FVTPL.

#### *Financial assets – Business model assessment*

In making an assessment of the objective of the business model in which a financial asset is held, the Sub-fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Sub-fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

## 2 Significant accounting policies (continued)

### (d) Financial assets and financial liabilities (continued)

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Sub-fund's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

#### *Financial assets – Assessing whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Sub-fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Sub-fund considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the group's claim to cash flows from specified assets (e.g. non-recourse features).

#### *Financial assets – Reclassification*

Financial assets are not reclassified subsequent to their initial recognition unless the Sub-fund were to change its business model for management of financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

#### *Financial liabilities – Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL.

## **2 Significant accounting policies (continued)**

### **(d) Financial assets and financial liabilities (continued)**

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities

at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### **(iii) Fair value measurement principles**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Sub-fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Sub-fund measures the fair value of an instrument using the quoted price in an active market for that instrument provided such price is within the bid ask spread. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In circumstances where the quoted price is not within the bid ask spread, the Manager of the Sub-fund will determine the points within the bid ask spread that are most representative of the fair value.

When there is no quoted price in an active market, the Sub-fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Sub-fund determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

#### **(iv) Amortised cost measurement principles**

## 2 Significant accounting policies (continued)

### (d) Financial assets and financial liabilities (continued)

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount and, for financial assets, adjusted for any loss allowance.

#### (v) Impairment

The Sub-fund recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost.

The Sub-fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Sub-fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Sub-fund’s historical experience and informed credit assessment and including forward-looking information.

The Sub-fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Sub-fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

## 2 Significant accounting policies (continued)

### (d) Financial assets and financial liabilities (continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Sub-fund is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

#### *Credit-impaired financial assets*

At each reporting date, the Sub-fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

#### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### *Write-off policy*

The gross carrying amount of a financial asset is written off when the Sub-fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

### (vi) Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or they transfer the rights to receive the contractual cash

## **2 Significant accounting policies (continued)**

### **(d) Financial assets and financial liabilities (continued)**

flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Sub-fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Sub-fund is recognised as a separate asset or liability.

If a sub-fund enters into transactions whereby it transfers assets recognised on its statement of assets and liabilities, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

The Sub-fund uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

#### **(vii) Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statement of assets and liabilities when the Sub-fund has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis or simultaneously, e.g. through a market clearing mechanism.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit and loss and foreign exchange gains and losses.

### **(e) Cash and cash equivalents**

Cash and cash equivalents comprises deposits with banks and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Sub-fund for the purpose of meeting short-term commitments, other than cash collateral provided in respect of derivatives, securities sold short and securities borrowing transactions. Bank overdrafts that are repayable on demand and form an integral part of the Sub-fund's

## 2 Significant accounting policies (continued)

cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

### (f) **Revenue recognition**

Revenue is recognised when control over a service is transferred to the customer at the amount of promised consideration to which the Sub-fund is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts. Where the contract contains a variable consideration, the Sub-fund estimates the amount of consideration which it will be entitled in exchange for transferring the promised services to a customer and includes in the transaction price some or all of the variable consideration estimated, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Further details of the Sub-fund's revenue and other income recognition policies are as follows:

#### (i) Dividends

Dividend income from listed investments is recognised on the ex-dividend date. Dividend income from equity securities designated as at fair value through profit and loss and unit trusts is recognised in profit or loss in a separate line item. In some cases, the Sub-fund may choose to receive dividends in the form of additional shares rather than cash. In such cases, the Sub-fund recognises the dividend income for the amount of the equivalent cash dividend with the corresponding debit treated as an additional investment.

#### (ii) Interest income

Interest income is recognised in profit or loss as it accrues, using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument on initial recognition. When calculating the effective interest rate, the Sub-fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Dividends and interest income received by the Sub-fund may be subject to non-recoverable withholding tax imposed in the country of origin. This income is recorded gross of such taxes and the withholding tax is recognised in the profit and loss as incurred.

### (g) **Expenses**

All expenses are recognised in profit or loss on an accrual basis.



## **2 Significant accounting policies (continued)**

### **(h) Establishment cost**

The establishment costs of the Sub-fund consist of costs incurred to establish the Sub-fund and enable them legally to do business. The establishment costs are borne by the Manager.

### **(i) Related parties**

(a) A person, or a close member of that person's family, is related to a sub-fund if that person:

- (i) has control or joint control over the Sub-fund;
- (ii) has significant influence over the Sub-fund; or
- (iii) is a member of the key management personnel of the Sub-fund.

(b) An entity is related to a sub-fund if any of the following conditions applies:

- (i) The entity and the Sub-fund are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### **(j) Subscriptions and redemptions**

The Sub-fund recognises unitholders' subscriptions and allots units upon receipt of a valid subscription application and derecognises them upon receipt of a valid redemption application.

## **2 Significant accounting policies (continued)**

### **(k) Units in issue**

The Sub-fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Sub-fund has one class of redeemable units in issue. This is the most subordinate class of financial instruments in the Sub-fund and ranks *pari passu* in all material respects and has identical terms and conditions. The redeemable units provide unitholders with the right to require redemption for cash at a value proportionate to the unitholders' share in the Sub-fund's net assets at each redemption date and also in the event of the Sub-fund's liquidation.

A puttable financial instrument that includes a contractual obligation for the issuer to repurchase or redeem that instrument for cash or another financial asset is classified as equity instruments if it meets the following conditions:

- (i) it entitles the holder to a pro rata share of the entity's net assets in the event of the Sub-fund's liquidation;
- (ii) it is in the class of instruments that is subordinate to all other classes of instruments;
- (iii) all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- (iv) apart from the contractual obligation for the Sub-fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- (v) the total expected cash flows attributable to the instrument over its life are based substantially on profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

The redeemable units issued by the Sub-fund meet all of these conditions and are classified as equity.

### **(l) Distributions to holders of redeemable units**

Distributions to holders of redeemable units, if any, are recognised in the statement of changes in equity and presented in note 10.

Distribution income is recognised in accordance with the Trust Deed, with over-distributions in one period permitted to be adjusted as a deduction of distributable income in the following period.

### **(m) Segment reporting**

An operating segment is a component of the Sub-fund that engages in business activities from which it may earn revenues and incur expenses, including revenues and

**2 Significant accounting policies (continued)**

**(m) Segment reporting (continued)**

expenses that relate to transactions with any of the Sub-fund's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker of the Sub-fund is identified as the Manager.

**3 Net gains/(losses) from financial assets at fair value through profit or loss**

	<i>Period from 1 January 2022 to 21 April 2023 (date of termination)</i>	<i>Year ended 31 December 2021</i>
	USD	USD
<b>Investments in listed securities</b>		
Net realised (losses)/gains on financial assets at fair value through profit or loss	(1,256,967)	1,055,703
Net movement in unrealised gains/losses on financial assets at fair value through profit or loss	1,348,055	(2,606,208)
	91,088	(1,550,505)

**4 Taxation**

No provision for Hong Kong profits tax has been made in the financial statements as the Sub-fund is exempt from taxation under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

Interest income and dividend income received by the Sub-fund may be subject to non-recoverable withholding tax imposed in the country of origin. Interest income and dividend income are recorded gross of such taxes and the withholding tax is recognised in profit or loss as taxation expenses as incurred.

Realised gains on disposal of investment securities received by the Sub-fund may be subject to capital gains tax imposed in the country in which the investment security is listed. Realised gains are recorded gross of such taxes and the capital gains tax is recognised in profit or loss as taxation expenses as incurred.

## 5 Investments

	21 April 2023 USD	31 December 2021 USD
<b>Financial assets at fair value through profit or loss</b>		
<i>Equities</i>		
Listed securities	—	2,569,510
Total	—	2,569,510

## 6 Transactions with the Trustee, Manager and Connected Persons

The following is a summary of significant related party transactions or transactions entered into during the period/year between the Sub-fund and the Trustee, the Manager and their Connected Persons. Connected Persons are those as defined in the SFC Code. All transactions during the period/year between the Sub-fund and the Trustee, the Manager and their Connected Persons were entered into in the ordinary course of business and under normal commercial terms. To the best of the knowledge of the Trustee and the Manager, the Sub-fund did not have any other transactions with Connected Persons except for those disclosed below.

- (a) The Sub-fund employs a single management fee structure, with the Sub-fund paying all of its fees, costs and expenses (and its due proportion of any costs and expenses of the Trust allocated to it) as a single flat fee (the “Management Fee”). Fees and expenses taken into account in determining the Management Fee include, but are not limited to, the Manager’s fee, the Sub-Manager’s fees, Trustee’s fee, Registrar’s fees, fees of the Service Agent, fees and expenses of the auditors, securities transaction fee, ordinary out-of-pocket expenses incurred by the Manager or the Trustee and costs and expenses of licensing the Index. The Management Fee does not include brokerage and transaction costs, fees and extraordinary items such as litigation expenses.

The Management Fee is 0.72% per year of the Net Asset Value of the Sub-fund and is accrued daily and calculated as at each Dealing Day. It is payable out of the sub-fund monthly in arrears in USD. As the Sub-fund adopts a single management fee structure, the ongoing charges of the Sub-fund will be equal to the amount of the single management fee which is capped at a maximum of 0.72% of the average Net Asset Value of the Sub-fund. Any ongoing expenses exceeding 0.72% of the average Net Asset Value of the Sub-fund will be borne by the Manager and will not be charged to the Sub-fund.

Information relating to these fees and expenses borne by the Manager during the period/year is set out as follows:

**6 Transactions with the Trustee, Manager and Connected Persons (continued)**

	<i>Period from 1 January 2022 to 21 April 2023 (date of termination)</i>	<i>Year ended 31 December 2021</i>
	USD	USD
Management fee reimbursement receivables	—	67,138
Audit fee	22,837	23,265
Administration fee	51,932	48,355
Trustee and registrar fees	4,111	5,071
Custody fee	16,249	15,001
Interest expenses	18	14
Transaction costs	5,554	7,139
Other operating expenses	72,209	67,146
	<u>172,910</u>	<u>165,991</u>

**(b) Information relating to related party transactions is set out below:**

	<i>Period from 1 January 2022 to 21 April 2023 (date of termination)</i>	<i>Year ended 31 December 2021</i>
	USD	USD
Rate of management fee	0.72%	0.72%
Management fee for the period/year	13,228	23,713
Management fee reimbursement receivables at the period/year end	—	67,138
Administrator fee payable at the period/year end	—	12,258
Transfer agent fee payables at the period/year end	—	1,706
Trustee fee payables at the period/year end	—	134
Custody fee payables and transaction costs payables at the period/year end	—	5,527
Bank balances under the Custodian	—	363
Securities balance under the Custodian	—	2,569,510
Interest expenses during the period/year	18	14

**(c) Transactions with the funds and mandates managed by the Manager and Sub-Manager**

During the period from 1 January 2022 to 21 April 2023 and the year ended 31 December 2021, the Sub-fund did not buy or sell any units to other funds and mandates managed by the Manager, Sub-Manager and/ or their affiliates.

**6 Transactions with the Trustee, Manager and Connected Persons (continued)**

**(d) Investment transactions with connected persons of the Manager and Sub-Manager**

For the period from 1 January 2022 to 21 April 2023 and the year ended 31 December 2021, there were no investment transactions with connected persons of the Manager and Sub-Manager.

**7 Soft dollar arrangements**

No soft dollar arrangements were entered into with brokers by the Trust and its Sub-fund during the period/year.

**8 Units in issue**

**Number of units in issue**

	<i>21 April 2023</i>	<i>31 December 2021</i>
	Unit	Unit
Balance at the end of the period/year	—	375,000

**Net asset value per unit**

	<i>21 April 2023</i>	<i>31 December 2021</i>
	USD	USD
Net asset value per unit	—	6.88

**9 Transaction costs**

For the period ended 21 April 2023 and year ended 31 December 2021, transaction costs for the Sub-fund pertains to the following expenses:

	<i>Period from 1 January 2022 to 21 April 2023 (date of termination)</i>	<i>Year ended 31 December 2021</i>
	USD	USD
Trading commission	3,255	1,584
Trading expense	5,868	2,420
<b>Total transaction costs</b>	<b>9,123</b>	<b>4,004</b>

## 10 Distributions

Pursuant to distribution announcement dated 8 February 2023 and further distribution announcement dated 4 April 2023, the Manager has proposed a distribution of USD 2,535,000 of USD 6.76 per unit and a further distribution of USD 18,750 of USD 0.05 per unit to be paid to those investors who remain in the Sub-fund as of 31 January 2023. The distribution of USD 2,535,000 and USD 18,750 was settled on 15 February 2023 and 14 April 2023 respectively.

	<i>Period from 1 January 2022 to 21 April 2023 (date of termination)</i>	<i>Year ended 31 December 2021</i>
	USD	USD
<b>Amount available for distribution at the beginning of the period/year</b>	2,580,937	5,004,565
Subscription of units	1,249,762	1,185,838
Redemption of units	(1,380,512)	(2,037,938)
Profit/(loss) before distributions	103,563	(1,571,528)
Distribution	(2,553,750)	—
<b>Amount available for distribution at the end of the period/year</b>	—	2,580,937

## 11 Financial instruments and associated risks

Before the date of termination, the Sub-fund maintained investment portfolios of listed financial instruments as dictated by investment management strategy. The investment objectives of the Sub-fund are disclosed in note 1.

The Sub-fund's investing activities exposed it to various types of risks that were associated with the financial instruments and markets in which it invested. The Manager and the Trustee have set out below the most important types of financial risks inherent in each type of financial instruments. The Manager and the Trustee would like to highlight that the following list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Sub-fund. Unitholders should note that additional information in respect of risks associated with investment in the Sub-fund can be found in its offering document.

The asset allocation was determined by the Manager who managed and monitored the distribution of the assets to achieve the investment objectives.

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed by the Sub-fund are discussed below.

## 11 Financial instruments and associated risks (continued)

### (a) Price risk

Price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

#### *Price sensitivity*

As at 21 April 2023 the Sub-fund did not hold any investments. At 31 December 2021, the impact of a 10% increase in value of the investments, with all other variables held constant, is shown below. An equal change in the opposite direction would have reduced the net asset values by an equal but opposite amount.

<i>Sub-fund</i>	<i>Benchmark index</i>	<i>Estimated increase in net assets attributable to unitholders as at 21 April 2023 USD</i>	<i>Estimated increase in net assets attributable to unitholders as at 31 December 2021 USD</i>
CICC KraneShares CSI China Internet Index ETF	CSI Overseas China Internet Index	—	256,951

### (b) Interest rate risk

As at 21 April 2023, the Sub-fund did not hold any interest-bearing assets and therefore the Sub-fund was not subject to significant interest rate risk.

### (c) Currency risk

At 21 April 2023, the Sub-fund did not hold any investments and at 31 December 2021 all financial instruments for the Sub-fund were denominated in USD and HKD. As the HKD is pegged to the USD no significant currency risk is associated with this Sub-fund.

### (d) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Sub-fund. The Sub-fund's exposure to credit risk is monitored by the Manager on an ongoing basis.

At 21 April 2023, the Sub-fund did not hold any investments and therefore it was not subject to any significant credit risk. At 31 December 2021, part of the Sub-fund's financial assets was exposed to credit risk. These included investments in financial assets and cash and cash equivalents, if any, placed with Brown Brothers Harriman & Co. (the "Custodian").

The carrying amounts of financial asset best represented the maximum credit risk exposure at the date of statement of assets and liabilities.



## **11 Financial instruments and associated risks (continued)**

At 31 December 2021, there were no significant concentration of credit risk to counterparties except to the Custodian, banks, brokers and licensed corporations.

### **(e) Liquidity risk**

Liquidity risk is the risk that the Sub-fund will encounter difficulty in meeting obligations arising from their financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Sub-fund. The Sub-fund's prospectus provides for the daily creation and redemption of units and it is therefore exposed to the liquidity of meeting unitholder redemptions daily.

The Sub-fund's policy is to regularly monitor current and expected liquidity requirements to ensure that they maintain sufficient reserves of cash and readily realisable marketable securities to meet their respective liquidity requirements in the short and longer term.

At 31 December 2021, all of Sub-fund's investments were listed investments which were considered to have insignificant exposures to liquidity risk as they were all readily realisable under normal market conditions.

All other financial liabilities disclosed in the statement of assets and liabilities mature within three months from the date of the statement of assets and liabilities or are repayable on demand.

The Sub-fund's liquidity risk is managed on a daily basis by the Manager in accordance with the policies and procedures in place. The Sub-fund's redemption policy allows redemption to be made by participating dealers with baskets of securities and a minor cash component or wholly with cash.

### **(f) Capital management**

The Sub-fund's capital as at the reporting date is represented by the respective net assets attributable to unitholders.

The Sub-fund's objective in managing the capital is to ensure a stable and strong base to provide investment results that correspond closely to the return of the respective underlying index, with a balance for managing liquidity risk arising from the redemptions. The Manager manages the capital of the Sub-fund in accordance with the Sub-fund's investment objectives and policies stated in the Sub-fund's Prospectus.

There were no changes in the policies and procedures during the period/year with respect to the Sub-fund's approach to its capital management.

The Sub-fund is not subject to externally imposed capital requirements.

The amount and the movement of equity are stated in the statement of changes in equity. As the redeemable units are redeemed on demand at the unitholders' option, the actual level of redemption may differ significantly from historical experience.

## 12 Fair value information

The Sub-fund's financial instruments are measured at fair value at the reporting date. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. Usually, fair values can be reliably determined within a reasonable range. For certain other financial instruments, including amounts due from brokers, interest and dividends receivables, cash at banks, amounts due to brokers, distribution payable, accruals and other payables, the carrying amounts approximate fair values due to the immediate or short-term nature of these financial instruments.

### ***Valuation of financial instruments***

The Sub-fund's accounting policy on fair value measurements is detailed in the significant accounting policy in note 2(d)(iii).

The Sub-fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). The category includes instruments valued using: quoted market price in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

When fair values of listed and quoted investments at the reporting date are based on quoted market prices or binding dealer price quotations in an active market, without any deduction for transactions costs, the instruments are included within Level 1 of the hierarchy. When fair values of debt securities at the reporting date represent quoted prices in markets that are considered less than active or consensus prices derived by third parties using valuation techniques where all significant inputs are directly or indirectly observable from market data, those debt securities are included within Level 2 of the hierarchy. Fair values of derivatives are determined by valuation techniques. Level 3 investment consisted of equity instrument which has been suspended for trading and in these financial statements it is revalued from last traded price before suspension based on relevant news and information. For all other financial instruments, their carrying amounts approximate fair value due to the intermediate or short-term nature of these financial instruments.

## 12 Fair value information (continued)

The following analyses financial instruments at fair value through profit or loss at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

There were no financial instruments held by the sub-fund as at 21 April 2023.

### As at 31 December 2021

<b>Financial assets at fair value through profit or loss</b>	<i>CICC KraneShares CSI China Internet Index ETF</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	USD	USD	USD	USD
Investments:				
Equities	2,569,510	—	—	2,569,510
	2,569,510	—	—	2,569,510

There were no transfers of financial instruments between Level 1 and Level 2, or transfers into or out of Level 3 during the period/year. The Sub-fund accounts for investments it transfers in and out of each level at the end of the period/year.

## 13 Reconciliation of net asset value

There are no material differences between the net asset value presented in the financial statements and that quoted for pricing purpose at the period/year end.

## 14 Segment information

The Manager makes the strategic resource allocation on behalf of the Sub-fund and determines the operating segments based on the internal reporting used to make strategic decisions.

The Manager's asset allocation decisions are based on one single and integrated investment strategy for the Sub-fund, and the Sub-fund's performance is evaluated on an overall basis. Accordingly, the Manager considers that the Sub-fund has one single operating segment which is investing in a portfolio of financial instruments to generate investment returns in accordance with the investment objectives stipulated in the Prospectus.

All revenues and losses generated from investments by the Sub-fund are disclosed in note 3. The segment information provided to the Manager is the same as that disclosed in the statement of comprehensive income and the statement of assets and liabilities.

## 15 Contingent liabilities and capital commitments

As at 21 April 2023 and 31 December 2021 there were no contingent liabilities or capital commitments outstanding.

## Statement of movements in portfolio holdings for the period ended 21 April 2023 (date of termination) (Unaudited)

<i>Investments</i>	<i>Beginning holding balance as at 31 December 2021</i>	<i>Additions</i>	<i>Corporate Actions</i>	<i>Disposals</i>	<i>Closing holding balance as at 21 April 2023</i>
51job Inc	309	–	–	(309)	–
Agora Inc	864	373	–	(1,237)	–
Alibaba Group Holding Ltd	1,906	11,866	13,342	(27,114)	–
Alibaba Health Information Technology Ltd	47,000	55,333	–	(102,333)	–
Alibaba Pictures Group Ltd	113,000	77,667	–	(190,667)	–
Autohome Inc	703	643	–	(1,346)	–
Baidu Inc	1,101	5,306	7,707	(14,114)	–
Baozun Inc	505	–	–	(505)	–
Bilibili Inc	1,723	3,736	–	(5,459)	–
China Literature Ltd	4,554	5,170	–	(9,724)	–
Chindata Group Holdings Ltd	1,678	1,632	–	(3,310)	–
Dada Nexus Ltd	869	979	–	(1,848)	–
DouYu International Holdings Ltd	1,478	–	–	(1,478)	–
Full Truck Alliance Co Ltd	9,681	9,268	–	(18,949)	–
Gaotu Techedu Inc	1,343	–	–	(1,343)	–
Hello Group Inc	1,339	824	–	(2,163)	–
HUYA Inc	905	614	–	(1,519)	–
iQIYI Inc	3,907	3,256	–	(7,163)	–
JD Health International Inc	11,026	10,334	–	(21,360)	–
JD.com Inc	2,459	4,693	2,641	(9,793)	–
JOYY Inc	499	405	–	(904)	–
Kanzhun Ltd	3,589	2,843	–	(6,432)	–
KE Holdings Inc	5,240	4,878	–	(10,118)	–
Kingsoft Cloud Holdings Ltd	1,043	1,006	–	(2,049)	–
Kingsoft Corp Ltd	9,475	11,250	–	(20,725)	–
Kuaishou Technology	10,200	11,000	–	(21,200)	–
Lufax Holding Ltd	6,898	9,568	–	(16,466)	–
Meituan	7,125	7,250	688	(15,063)	–
Ming Yuan Cloud Group Holdings Ltd	10,500	11,334	–	(21,834)	–
NetEase Inc	1,049	5,464	4,196	(10,709)	–
OneConnect Financial Technology Co Ltd	1,362	–	–	(1,362)	–
PDD Holdings Inc	1,911	1,020	–	(2,931)	–

## Statement of movements in portfolio holdings for the period ended 21 April 2023 (date of termination) (Unaudited) (continued)

<i>Investments</i>	<i>Beginning holding balance as at 31 December 2021</i>	<i>Additions</i>	<i>Corporate Actions</i>	<i>Disposals</i>	<i>Closing holding balance as at 21 April 2023</i>
Ping An Healthcare & Technology Co Ltd	4,900	5,800	–	(10,700)	–
Qifu Technology Inc	969	1,182	–	(2,151)	–
TAL Education Group	4,878	6,027	–	(10,905)	–
Tencent Holdings Ltd	4,560	4,207	–	(8,767)	–
Tencent Music Entertainment Group	6,312	11,407	–	(17,719)	–
Tongcheng Travel Holdings Ltd	11,400	12,800	–	(24,200)	–
Trip.com Group Ltd	4,026	2,080	–	(6,106)	–
Vipshop Holdings Ltd	4,513	3,609	–	(8,122)	–
Vnet Group Inc	1,293	628	–	(1,921)	–
Weibo Corp	637	1,009	–	(1,646)	–
Weimob Inc	22,000	9,333	–	(31,333)	–
XD Inc	2,100	2,167	–	(4,267)	–
Yeahka Ltd	2,201	–	–	(2,201)	–
Yidu Tech Inc	4,900	3,500	–	(8,400)	–
Youdao Inc	445	–	–	(445)	–
Zhihu Inc	4,229	3,495	–	(7,724)	–
ZhongAn Online P&C Insurance Co Ltd	6,050	7,367	–	(13,417)	–

## Performance record (Unaudited)

### 1 Price record

	<i>Highest net asset value per unit</i>	<i>Lowest net asset value per unit</i>
	USD	USD
27 January 2023 (the trading cessation date) <sup>1</sup>	7.26	3.58
31 December 2021	17.86	6.43
31 December 2020	13.41	6.98
31 December 2019	8.53	6.25
31 December 2018 <sup>2</sup>	11.09	6.40

<sup>1</sup> The financial period of the Sub-fund extended from 1 January 2022 to 27 January 2023 (the trading cessation date).

<sup>2</sup> 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</i>	<i>Net asset value per unit</i>
	USD	USD
As at		
27 January 2023 (the trading cessation date)	2,557,196	6.82
31 December 2021	2,580,937	6.88
31 December 2020	5,004,565	13.35
31 December 2019	6,283,262	8.38

### 3 Performance of the Sub-fund and the underlying index

*For the period from 1 January 2022 to  
27 January 2023, the trading cessation date*

	<i>Performance</i>
CICC KraneShares CSI China Internet Index ETF	(0.92%)
CSI Overseas China Internet Index	<u>0.32 %</u>

*For the year ended 31 December 2021*

	<i>Performance</i>
CICC KraneShares CSI China Internet Index ETF	(48.43%)
CSI Overseas China Internet Index	<u>(48.91%)</u>

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.

## Statement of disclosure - ESG (Unaudited)

An initial Climate-related Risk Relevance Assessment of the Sub-fund was conducted with data before 20 August 2022, in which further assessments were conducted with data as at 30 September 2022 for review and confirmation. According to the Climate-related Risk Relevance Assessment of the Sub-fund conducted with data as at 30 September 2022, it is determined that climate-related risks are irrelevant to the Sub-fund.

In view of the results, the disclosure of portfolio carbon footprint is not mandatory according to the climate-related risks management and disclosure requirements set out by SFC.