E FUND LEVERAGED AND INVERSE SERIES

ANNUAL REPORT

E FUND YUANTA HANG SENG INDEX DAILY (-1X) INVERSE PRODUCT
For the period from 20 March 2017 (date of inception) to 31 December 2017

E FUND YUANTA HANG SENG INDEX DAILY (2X) LEVERAGED PRODUCT
For the period from 25 August 2017 (date of inception) to 31 December 2017

(SUB-FUNDS OF E FUND LEVERAGED AND INVERSE SERIES)

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Building a better working world

E FUND LEVERAGED AND INVERSE SERIES

CONTENTS

E FUND LEVERAGED AND INVERSE SERIES

REPORT OF THE MANAGER TO THE UNITHOLDERS
E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product

Introduction
E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product ("HSII") is a sub-fund of E Fund Leveraged and Inverse Series, an umbrella unit trust established under Hong Kong law. Units of HSII (the "Units") are traded on The Stock Exchange of Hong Kong Limited (the "SEHK") like stocks. The investment objective is to provide daily investment results, before fees and expenses, which closely correspond to the inverse (-1x) of the daily performance of the Hang Seng Index (the "Index"). The Manager of HSII is E Fund Management (Hong Kong) Co., Limited and the trustee is HSBC Institutional Trust Services (Asia) Limited

Fund Performance
HSII seeks to provide daily investment results, before fees and expenses, which closely correspond to the inverse (-1x) of the daily performance of the Index. HSII does not seek to achieve its stated investment objective over a period of time greater than one day. As of 31 December 2017, the net asset value ("NAV") per unit of HSII was HKD 4.87, and there were 32,000,000 units outstanding. The total size of HSII was approximately HKD 155.77 million.

A summary of the performance of HSII is given below.

	Since Launch [1]	1 Month	3 Months	6 Months
HSII (HKD) *	-21.4%	-2.1%	-8.4%	-16.0%
Index (Price Return) [2]	22.1%	2.5%	8.6%	16.1%

Source: Bloomberg and Hang Seng Index
*NAV-to-NAV return, net return with dividend (if any) not reinvested.
[1]Since launch of HSII, calculated from 20 March 2017.
[2]The benchmark of HSII is Hang Seng Index
Note:
Past performance information is not indicative of future performance. Investors may not get back the full amount invested. The computation basis of the performance is based on the calendar year/period end, NAV-to-NAV, with dividend not reinvested. These figures show by how much HSII increased or decreased in value during the calendar year/period being shown. Performance data has been calculated in HKD, including ongoing charges and excluding subscription fee and redemption fee you might have to pay. Where no past performance is shown there was insufficient data available in that year/period to provide performance.

Fund Activities
The average daily trading volume for HSII during the period was reported by Bloomberg to be approximately HKD2,248,013. As of 31 December 2017, HSII comprised of 32,000,000 outstanding units.

Index Activities
The Index measures the performance of the largest and most liquid companies listed in Hong Kong. It comprises a representative sample of stocks quoted on the SEHK. It is denominated in HKD. The Index was launched on 24 November 1969 and had a base level of 100 on 31 July 1964.

E FUND LEVERAGED AND INVERSE SERIES

REPORT OF THE MANAGER TO THE UNITHOLDERS
E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product

Introduction
E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product ("HSIL") is a sub-fund of E Fund Leveraged and Inverse Series, an umbrella unit trust established under Hong Kong law. Units of HSIL (the "Units") are traded on The Stock Exchange of Hong Kong Limited (the "SEHK") like stocks. The investment objective of HSIL is to provide daily investment results, before fees and expenses, which closely correspond to twice (2x) the daily performance of the Hang Seng Index (the "Index"). The Manager of HSIL is E Fund Management (Hong Kong) Co., Limited and the trustee is HSBC Institutional Trust Services (Asia) Limited

Fund Performance
HSIL seeks to provide daily investment results, before fees and expenses, which closely correspond to the inverse (2x) of the daily performance of the Index. HSIL does not seek to achieve its stated investment objective over a period of time greater than one day. As of 31 December 2017, the net asset value ("NAV") per unit of HSIL was HKD7.30, and there were 17,200,000 units outstanding. The total size of HSIL was approximately HKD 125.61 million.

A summary of the performance of HSIL is given below.

	Since Launch [1]	1 Month	3 Months
HSIL (HKD) *	13.6%	3.6%	16.5%
Index (Price Return) [2]	7.4%	2.5%	8.6%

Source: Bloomberg and Hang Seng Index
*NAV-to-NAV return, net return with dividend (if any) not reinvested.
[1]Since launch of HSIL, calculated from 25 Aug 2017.
[2]The benchmark of HSIL is Hang Seng Index
Note:
Past performance information is not indicative of future performance. Investors may not get back the full amount invested. The computation basis of the performance is based on the calendar year/period end, NAV-to-NAV, with dividend not reinvested. These figures show by how much HSIL increased or decreased in value during the calendar year/period being shown.
Performance data has been calculated in HKD, including ongoing charges and excluding subscription fee and redemption fee you might have to pay. Where no past performance is shown there was insufficient data available in that year/period to provide performance.

Fund Activities
The average daily trading volume for HSIL during the period was reported by Bloomberg to be approximately HKD 1,502,276. As of 31 December 2017, HSIL comprised of 17,200,000 outstanding units.

Index Activities
The Index measures the performance of the largest and most liquid companies listed in Hong Kong. It comprises a representative sample of stocks quoted on the SEHK. It is denominated in HKD. The Index was launched on 24 November 1969 and had a base level of 100 on 31 July 1964.

E FUND LEVERAGED AND INVERSE SERIES

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, E Fund Management (Hong Kong) Co., Limited, the Manager of E Fund Leveraged and Inverse Series (the "Trust") has, in all material respects, managed the Trust in accordance with the provisions of the Trust Deed dated 7 March 2017, as amended by the first supplemental deed dated 7 March 2017 and the second supplemental deed dated 12 July 2017 (collectively, the "Trust Deed"), for the period ended 31 December 2017.

HSBC Institutional Trust Services (Asia) Limited
30 April 2018

E FUND LEVERAGED AND INVERSE SERIES

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

MANAGER'S RESPONSIBILITIES

The Manager of E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product and E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product, the sub-funds of E Fund Leveraged and Inverse Series (collectively, the "Sub-Funds"), is required by the Code on Unit Trusts and Mutual Funds (the "SFC Code") established by the Securities & Futures Commission of Hong Kong and the Trust Deed to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Funds at the end of that period and of the transactions for the period then ended. In preparing these financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Sub-Funds will continue in operation unless it is inappropriate to assume this.

The Manager is also required to manage the Sub-Funds in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

E Fund Leveraged and Inverse Series is an umbrella unit trust governed by its Trust Deed. As at 31 December 2017, the Trust has established two Sub-Funds, namely, E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product and E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product.

TRUSTEE'S RESPONSIBILITIES

The Trustee of the Sub-Funds is required to:

- ensure that the Sub-Funds are managed by the Manager in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Sub-Funds and rights attaching thereto; and
- report to the Unitholders for each annual accounting year on the conduct of the Manager in the management of the Sub-Funds.

E Fund Management (Hong Kong) Co., Limited
30 April 2018

HSBC Institutional Trust Services (Asia) Limited
30 April 2018

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INDEPENDENT AUDITOR'S REPORT

To the unitholders of E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product and E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product
(Sub-funds of E Fund Leveraged and Inverse Series, an umbrella unit trust established under the laws of Hong Kong)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product and E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product (sub-funds of E Fund Leveraged and Inverse Series, referred to as the "Sub-Funds") set out on pages 11 to 40, which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders, statement of cash flows of E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product for the period from 20 March 2017 (date of inception) to 31 December 2017 and of E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product for the period from 25 August 2017 (date of inception) to 31 December 2017, 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-Funds as at 31 December 2017, and of their financial transactions and cash flows for E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product for the period from 20 March 2017 (date of inception) to 31 December 2017 and for E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product for the period from 25 August 2017 (date of inception) to 31 December 2017, in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 Sub-Funds in accordance with the *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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INDEPENDENT AUDITOR'S REPORT (continued)

To the unitholders of E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product and E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product
(Sub-funds of E Fund Leveraged and Inverse Series, an umbrella unit trust established under the laws of Hong Kong)

Key Audit Matters (continued)

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of financial assets and financial liabilities at fair value through profit or loss	
As at 31 December 2017, the financial assets and financial liabilities at fair value through profit or loss of E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product and E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product (the "Sub-funds") represented the majority of the net assets of these Sub-Funds. These financial assets and financial liabilities consist of investments in an investment fund, namely E Fund US Dollar Money Market Fund, and investments in exchange traded futures traded on Hong Kong Futures Exchange Limited. They were measured at fair value as at 31 December 2017. We focused on this area because the financial assets and financial liabilities at fair value through profit or loss represented the principal element of the financial statements. Disclosures of the financial assets and financial liabilities at fair value through profit or loss are set out in the summary of significant accounting policies and note 9(g) to the financial statements.	We obtained independent confirmations from the custodian and counterparties of the investment portfolio held as at 31 December 2017, agreeing the quantities held to the accounting records. We tested the design and operating effectiveness of controls for the valuation of financial instruments. In addition, we checked the valuation of exchange traded futures that are quoted in active markets by independently agreeing the valuation to third party vendor sources such as Reuters or Bloomberg as at 31 December 2017. For the valuation of investment fund which is not quoted in an active market, we evaluated the valuation techniques applied and validated the observable inputs by examining the available external data.

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INDEPENDENT AUDITOR'S REPORT (continued)

To the unitholders of E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product and E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product
(Sub-funds of E Fund Leveraged and Inverse Series, an umbrella unit trust established under the laws of Hong Kong)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Existence of cash and cash equivalents	
As at 31 December 2017 the cash and cash equivalents amounted to HK$95,837,211 for E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product and HK$55,908,655 for E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product which represented the majority of the net asset value of the Sub-funds. We focused on this area because the cash and cash equivalents represented the principal element of the financial statements. Disclosures of the cash and cash equivalents are set out in the summary of significant accounting policies and note 9(c) to the financial statements.	We obtained independent confirmations from the banks which the Sub-Funds held accounts with as at 31 December 2017 and agreed the balances to the accounting records and bank statements.
Net realised gain/(loss) on sale of financial assets and financial liabilities at fair value through profit or loss	
For the period ended 31 December 2017, the net realised gain/(loss) on sale of financial assets and financial liabilities classified as 'at fair value through profit or loss' of the Sub-funds amounted to HK$37,557,071 E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product and HK$ 14,673,120 for E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product which represented a significant amount of the statement of total comprehensive income for the period. Disclosures of the net realised gain/(loss) on sale of financial assets and financial liabilities at fair value through profit or loss are set out in the summary of significant accounting policies and note 5 to the financial statements.	We tested the net realised gain/(loss) on sale of financial assets and financial liabilities at fair value through profit or loss by obtaining the trade confirmations and bank statements of selected trades and agreeing the details of the disposal of financial assets and financial liabilities at fair value through profit or loss to the accounting records.

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INDEPENDENT AUDITOR'S REPORT (continued)

To the unitholders of E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product and E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product
(Sub-funds of E Fund Leveraged and Inverse Series, an umbrella unit trust established under the laws of Hong Kong)

Other information included in the Annual Report

The Manager and the Trustee of the Sub-Funds are responsible for the other information. The other information comprises 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 Manager and Trustee of the Sub-Funds for the Financial Statements

The Manager and the Trustee of the Sub-Funds are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, 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 Sub-Funds are responsible for assessing the Sub-Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee of the Sub-Funds either intend to liquidate the Sub-Funds or to cease operations, or have no realistic alternative but to do so.

In addition, the Manager and the Trustee of the Sub-Funds are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 7 March 2017, as amended by the first supplemental deed dated 7 March 2017 and the second supplemental deed dated 12 July 2017 (collectively, the "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 (continued)

To the unitholders of E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product and E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product
(Sub-funds of E Fund Leveraged and Inverse Series, an umbrella unit trust established under the laws of Hong Kong)

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 are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our 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-Funds have been properly prepared, in all material respects, in accordance with the relevant disclosure 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 skepticism 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-Funds' 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 use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Funds' abilities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Funds to cease to continue as a going concern.

- 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.

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INDEPENDENT AUDITOR'S REPORT (continued)

To the unitholders of E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product and E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product
(Sub-funds of E Fund Leveraged and Inverse Series, an umbrella unit trust established under the laws of Hong Kong)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Manager and the Trustee of the Sub-Funds 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.

We also provide the Manager and the Trustee of the Sub-Funds with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager and the Trustee of the Sub-Funds, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ms. Hui Wing Yee.

Ernst & Young

Certified Public Accountants
Hong Kong
30 April 2018

E FUND LEVERAGED AND INVERSE SERIES

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product 2017 HK$	E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product 2017 HK$
ASSETS			
Financial assets at fair value through profit or loss	*7(c),9(g),10*	46,915,562	37,598,091
Interest receivable on bank deposits		49,532	8,554
Amounts due from brokers	*10*	14,639,764	32,821,994
Cash and cash equivalents	*9(c)*	95,837,211	55,908,655
Total assets		157,442,069	126,337,294
LIABILITIES			
Financial liabilities at fair value through profit or loss	*9(g),10*	1,517,026	-
Management fee payable	*7(a)*	231,501	158,646
Trustee fee payable	*7(b)*	16,817	12,298
Other payables		103,710	675,462
Establishment costs payable	*7(d)*	876,637	934,558
Total liabilities		2,745,691	1,780,964
Equity			
Net assets attributable to unitholders	*4*	154,696,378	124,556,330

The financial statements on pages 11 to 40 were approved by the Trustee and the Manager on [Date] and were signed on their behalf.

For and on behalf of

E Fund Management (Hong Kong) Co., Limited
as the Manager

For and on behalf of

HSBC Institutional Trust Services (Asia) Limited
as the Trustee

The accompanying notes form an integral part of these financial statements.

E FUND LEVERAGED AND INVERSE SERIES

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December 2017

	Notes	E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product For the period from 20 March 2017 (date of inception) to 31 December 2017	E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product For the period from 25 August 2017 (date of inception) to 31 December 2017
		HK$	HK$
INCOME			
Interest income on bank deposits		413,813	113,549
Interest income on debt securities		139,179	-
Net (loss)/gain on financial assets and financial liabilities at fair value through profit or loss	5	(39,074,636)	17,084,136
Net foreign exchange gains		174,015	17,342
Other income		888	-
Total net (loss)/income		(38,346,741)	17,215,027
EXPENSES			
Management fee	*7(a)*	(1,037,037)	(306,803)
Trustee fee	*7(b)*	(155,555)	(46,021)
Transaction costs on investments		(84,059)	(51,126)
Audit fee		(141,534)	(180,000)
Bank charge		(1,523)	-
Interest expense on debt securities		(33,611)	-
Establishment costs		(1,262,500)	(1,192,500)
Other operating expenses		(685,002)	(656,247)
Total operating expenses		(3,400,821)	(2,432,697)
Total comprehensive (loss)/income for the period		(41,747,562)	14,782,330

The accompanying notes form an integral part of these financial statements.

E FUND LEVERAGED AND INVERSE SERIES

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 December 2017

	Note	E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product For the period from 20 March 2017 (date of inception) to 31 December 2017	E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product For the period from 25 August 2017 (date of inception) to 31 December 2017
		HK$	HK$
Net assets attributable to unitholders at the beginning of the period		-	-
Proceeds from subscription of units		228,665,940	112,557,560
Payments on redemption of units		(32,222,000)	(2,783,560)
Net increase from unit transactions		196,443,940	109,774,000
Total comprehensive (loss)/income for the period		(41,747,562)	14,782,330
Net assets attributable to unitholders at the end of the period	*4*	154,696,378	124,556,330

The accompanying notes form an integral part of these financial statements.

E FUND LEVERAGED AND INVERSE SERIES

STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product For the period from 20 March 2017 (date of inception) to 31 December 2017	E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product For the period from 25 August 2017 (date of inception) to 31 December 2017
	HK$	HK$
OPERATING ACTIVITIES		
Purchase of financial assets and financial liabilities at fair value through profit or loss	(226,927,200)	(35,187,075)
Proceeds from sale of financial assets and financial liabilities at fair value through profit or loss	142,454,028	14,673,120
Interest received on bank deposits	364,281	104,995
Interest income on debt securities	139,179	-
Interest expense on debt securities	(33,611)	-
Other income received	888	-
Management fee paid	(805,536)	(148,157)
Transaction costs paid	(84,059)	(51,126)
Trustee fee paid	(138,738)	(33,723)
Audit fee, bank charges and other operating expenses paid	(550,334)	(143,443)
Margin deposit paid	(14,639,764)	(32,821,994)
Establishment costs paid	(385,863)	(257,942)
Net cash used in operating activities	(100,606,729)	(53,865,345)
FINANCING ACTIVITIES		
Proceeds from subscription of units	228,665,940	112,557,560
Payments on redemption of units	(32,222,000)	(2,783,560)
Net cash generated from financing activities	196,443,940	109,774,000
Increase in cash and cash equivalents	95,837,211	55,908,655
Cash and cash equivalents at the beginning of the period	-	-
Cash and cash equivalents at the end of the period	95,837,211	55,908,655
Analysis of balances of cash and cash equivalents		
Bank balances	95,837,211	55,908,655

The accompanying notes form an integral part of these financial statements.

1. GENERAL INFORMATION

E Fund Leveraged and Inverse Series (the "Trust") is an umbrella unit trust constituted by its trust deed dated 7 March 2017, as amended by the first supplemental deed dated 7 March 2017 and the second supplemental deed dated 12 July 2017 (collectively, the "Trust Deed") and authorised by the Securities and Futures Commission of Hong Kong (the "SFC") pursuant to section 104(1) of the Hong Kong Securities and Futures Ordinance (the "SFO"). The terms of the Trust Deed are governed by the laws of Hong Kong. As at 31 December 2017, the Trust has established two Sub-Funds, namely, E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product and E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product (the "Sub-Funds") which are authorised by the SFC. The date of inception of E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product was 20 March 2017 and that of E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product was 25 August 2017. E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product and E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product were listed on The Stock Exchange of Hong Kong Limited (a subsidiary of The Hong Kong Exchange and Clearing Limited) on 20 March 2017 and 25 August 2017 respectively.

The manager and the trustee of the Sub-Funds are E Fund Management (Hong Kong) Co., Limited (the "Manager") and HSBC Institutional Trust Services (Asia) Limited ("the Trustee") respectively.

<u>E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product ("HSII")</u>
The investment objective of the HSII is to provide investment results that, before deduction of fees and expenses, closely correspond to the inverse (-1x) of the daily performance of the Hang Seng Index. HSII does not seek to achieve its stated investment objective over a period of time greater than one day.

In order to achieve the investment objective of HSII, the Manager will adopt a futures based replication strategy through investing directly in spot month Hang Seng Futures ("HSI Futures") contracts that replicate the inverse daily performance of the underlying index.

<u>E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product ("HSIL")</u>
The investment objective of the HSIL is to provide investment results that, before deduction of fees and expenses, closely correspond to twice (2x) of the daily performance of the Hang Seng Index. HSIL does not seek to achieve its stated investment objective over a period of time greater than one day.

In order to achieve the investment objective of the HSIL, the Manager will adopt a futures based replication strategy through investing directly in spot month Hang Seng Futures ("HSI Futures") contracts that replicate the leveraged daily performance of the underlying index.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Sub-Funds 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 IFRS 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 Fund of the SFC (the "SFC Code").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation (continued)

The financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities classified as at fair value through profit or loss that have been measured at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires the Manager and the Trustee (collectively known as the "Management") to exercise their judgement in the process of applying the Sub-Funds' accounting policies.

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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 to the financial statements.

All references to Net Asset Value ("NAV") throughout these financial statements refer to net assets attributable to unitholders unless otherwise stated.

The Sub-Funds adopted for the first time all the applicable and effective IFRSs.

(b) Issued but not yet effective IFRSs

The Sub-Funds have not applied the following new and revised IFRSs that have been issued but are not yet effective in these financial statements.

IFRS 9 *Financial Instruments: Classification and Measurement*
In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Sub-Funds plan to adopt the new standard on the required effective date and will not restate comparative information. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Sub-Funds in 2018 when the Sub-Funds will adopt IFRS 9. Overall, the Sub-Funds expect no significant impact on its results of financial performance or position.

IFRS 15 *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Issued but not yet effective IFRSs (continued)

The new revenue standard will supersede all current revenue recognition requirements under IFRSs. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Sub-Funds plan to adopt the new standard on the required effective date and will not restate comparative information. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Sub-Funds in 2018 when the Sub-Funds will adopt IFRS 15. The Sub-Funds expect no significant impact on its results of financial performance or position.

(c) Financial instruments

(i) Classification

The Sub-Funds classify their financial assets and liabilities at initial recognition into the following categories, in accordance with IAS 39 *Financial Instruments: Recognition and Measurement.*

Financial assets and financial liabilities at fair value through profit or loss
The Sub-Funds classify their investments as financial assets and financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are designated by the Management at fair value through profit or loss at inception. Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Sub-Funds' documented investment strategies. The Sub-Funds' policies require the Management to evaluate the information about these financial assets and financial liabilities on a fair value basis together with other related financial information.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Sub-Funds include in this category interest receivable on bank deposits and amounts due from brokers.

Other financial liabilities
This category includes all financial liabilities, other than those classified as held-for-trading. The Sub-Funds include in this category management fees payable, trustee fee payable, establishment costs payable and other payables.

(ii) Recognition

The Sub-Funds recognise a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Sub-Funds commit to purchase or sell the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(iii) Initial measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

Loans and receivables and financial liabilities (other than those classified as held-for-trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(iv) Subsequent measurement

Subsequent to initial recognition, all financial assets and financial liabilities which are classified as fair value as at fair value through profit or loss are measured at fair value. Realised and unrealised gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised in the statement of comprehensive income in the period in which they arise.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Sub-Funds estimate cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(v) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired or the Sub-Funds have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- the Sub-Funds have transferred substantially all the risks and rewards of the asset, or
- the Sub-Funds have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(v) Derecognition (continued)

When the Sub-Funds have transferred their rights to receive cash flows from an asset (or have entered into a pass-through arrangement), and have neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Sub-Funds' continuing involvement in the asset.

In that case, the Sub-Funds also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Sub-Funds have retained. The Sub-Funds derecognise a financial liability when the obligation under the liability is discharged, cancelled or expired.

(d) Fair value estimation

The Sub-Funds measure their financial assets and financial liabilities at fair value through profit or loss at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. The fair values of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Sub-Funds utilise the last traded market price for both listed financial assets and liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the management will determine the point within the bid-ask spread that is most representative of fair value.

The fair values of financial assets and financial liabilities that are not traded in an active market (for example, over-the-counter derivatives) are determined by using broker quotes or valuation techniques. Details of the fair value estimation of these securities are discussed in note 9(g).

Investments in investment fund are valued at their last traded prices as provided by the administrators of such schemes. Where last traded prices are not available, investments in the investment fund are valued at its net asset value per unit as provided by the administrator of the investment fund.

All derivative financial instruments are recorded on a mark-to-market basis. Fair values are determined by using quoted market prices for futures contracts or calculated by reference to changes in specified prices of an underlying asset or otherwise determined notional amount for swap contracts. All derivatives are carried as assets when amounts are receivable by the Sub-Funds and as liabilities when amounts are payable by the Sub-Funds.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Sub-Funds determine whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) and deems transfers to have occurred at the beginning of each reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Impairment

Financial assets and financial liabilities that are stated at cost or amortised cost are reviewed at the end of the reporting period to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's effective interest rate.

(f) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(g) Interest income

Interest income is recognised using the effective interest method. Interest income on bank deposits is disclosed separately on the face of the statement of comprehensive income.

(h) Expenses

Expenses are accounted for on an accrual basis.

(i) Distribution to unitholders

The Manager does not intend to pay or make any distributions or dividends to the Sub-Funds' unitholders.

However, the Manager may pay special dividends upon making an announcement in respect of the relevant distribution amount (in HK$ only).

Distributions will not be paid out of capital or effectively out of capital of the Sub-Funds.

(j) Amounts due from/to participating dealers

Amounts due from/to participating dealers represent the subscription receivable and redemption payable to the participating dealer at the end of the reporting period. The amounts are non-interest-bearing and repayable on demand.

(k) Amounts due from/to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the reporting date respectively.

Amounts due from brokers include margin accounts that represent cash deposits held with brokers as collateral against open futures contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Other receivables and payables

Other receivables and payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(m) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when appropriate.

(n) Foreign currencies translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Funds operate (the "functional currency"). The performance of the Sub-Funds is measured and reported to the unitholders in Hong Kong Dollar ("HK$"). The Management considers HK$ as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the period end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within "net (loss)/gain on financial assets and financial liabilities at fair value through profit or loss".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Redeemable units

The Sub-Funds issue redeemable units which are redeemable at the holder's option represents puttable financial instruments of the Sub-Funds. The Sub-Funds classify their puttable financial instruments as equity in accordance with IAS 32 (Amendment) *Financial instruments: Presentation* as those puttable financial instruments meet all the following criteria:

- the puttable financial instruments entitle the holder to a pro-rata share of net asset value;
- the puttable financial instruments are the most subordinated units in issue and unit features are identical;
- there are no contractual obligations to deliver cash or another financial asset; and
- the total expected cash flows from the puttable financial instrument over its life are based substantially on the profit or loss of the respective Sub-Funds.

In addition to the redeemable units having all of the above features, the Sub-Funds must have no other financial instrument or contract that has:

- Total cash flows based substantially on the 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 Sub-Funds
- The effect of substantially restricting or fixing the residual return to the redeemable unitholders

The Sub-Funds continuously assess the classification of the redeemable units. If the redeemable units cease to have all the features or meet all the conditions set out to be classified as equity, the Sub-Funds will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Sub-Funds will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

Units are issued and redeemed at the holder's option at prices based on the Sub-Funds' net asset value per unit at the time of issue or redemption. The Sub-Funds' net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

In accordance with the Prospectus of the Sub-Funds dated 23 August 2017 (the "Prospectus"), investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for creations and redemptions of the Sub-Funds.

(p) Taxation

In some jurisdictions, dividend income, interest income and capital gains are subject to withholding tax deducted at the source of the income. The Sub-Funds present the withholding tax separately from the gross investment gains in the statement of comprehensive income.

For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Establishment costs

The cost of establishing the Trust and the Sub-Funds including the preparation of the prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs including, if considered appropriate by the Manager, any additional costs of determining the stock code, will be borne by the Sub-Funds and amortised over the first five financial years of the respective Sub-Funds or such other period as determined by the Manager. However, with respect to the preparation of the Sub-Funds' financial statements in compliance with IFRS, establishment costs are recognised as an expense in the period in which they are incurred.

(r) Transactions costs

Transactions costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, brokers and dealers. Transactions costs, when incurred, are immediately recognised in profit or loss as an expense.

(s) Related parties

A party is considered to be related to the Sub-Funds if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Sub-Funds;
- (ii) has significant influence over the Sub-Funds; or
- (iii) is a member of the key management personnel of the Sub-Funds;

or

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Sub-Funds are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the group 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 Sub-Funds or an entity related to the Sub-Funds;
- (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); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Sub-Funds or to the parent of the Sub-Funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Sub-Funds consider of their investments in E Fund US Dollar Money Market Fund (the "Investee Fund") to be investments in unconsolidated structured entity. The Sub-Funds invest in the Investee Fund whose objective is to invest in short-term deposits and debt securities. The Investee Fund seeks to achieve a return in United States dollars in line with prevailing money market rates, with primary considerations of both capital security and liquidity. The Investee Fund is managed by the same asset manager and applies various investment strategies to accomplish its investment objective. The Investee Fund finances its operations by issuing redeemable units which are puttable at the holder's option and entitles the holder to a proportional stake in the respective fund's net assets. The Sub-Funds' interests in the Investee Fund are the fair value of the investment in such Investee Fund as at the end of reporting date and the related net gains/(losses) recognised in profit or loss during the period.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Assessment of investment funds as structured entities

The Sub-Funds have assessed whether the Investee Fund in which they invest should be classified as a structured entity. The Sub-Funds have considered the voting rights and other similar rights afforded to investors in this Investee Fund, including the rights to remove the fund manager or redeem holdings. The Sub-Funds have concluded as to whether these rights are the dominant factor in controlling the Investee Fund, or whether the contractual agreement with the investee fund manager is the dominant factor in controlling this Investee Fund. The Sub-Funds have concluded that E Fund US Dollar Money Market Fund is a structured entity as disclosed in note 2(t).

Taxation

In preparing these financial statements, the Manager has made certain assumptions and used various estimates concerning the tax exposure which is dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

4. NUMBER OF UNITS IN ISSUE AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS PER UNIT

The Sub-Funds' capital is represented by the units in the Sub-Funds, and shown as "net assets attributable to unitholders" in the statement of financial position in accordance with IFRSs (the "Accounting NAV"). Subscriptions and redemptions of units during the period are shown in the statement of changes in net assets attributable to unitholders. In order to achieve the investment objectives, the Sub-Funds endeavour to invest their capital in accordance with the investment policies, whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments.

In accordance with the provisions of the Sub-Funds' Trust Deed and the Prospectus, investments are stated at the official closing price or the last traded price on the market on the valuation day for the purpose of determining net asset value per unit for subscriptions and redemptions and for various fee calculations (the "Dealing NAV").

As stated in note 2(o), redeemable units of the Sub-Funds are classified as equity and they are carried at the redemption amount that would be payable at the reporting date if the unitholder exercised the right to redeem the units in the Sub-Funds.

The Sub-Funds' objectives and policies for managing their obligations to redeem units are included in note 9(h) on capital risk management.

The movements of the redeemable units for the period ended 31 December 2017 for the Sub-Funds are as follows:

E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product

	Period from 20 March 2017 (date of inception) to 31 December 2017
Number of units in issue at the beginning of the period	-
Units issued	37,200,000
Units redeemed	(5,200,000)
Number of units in issue at the end of the period	32,000,000

	2017 HK$
Accounting NAV per unit at the end of the period	4.8343
Dealing NAV per unit at the end of the period	4.8675

4. NUMBER OF UNITS IN ISSUE AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS PER UNIT (continued)

E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product

	Period from 25 August 2017 (date of inception) to 31 December 2017
Number of units in issue at the beginning of the period	-
Units issued	17,600,000
Units redeemed	(400,000)
Number of units in issue at the end of the period	17,200,000

	2017 HK$
Accounting NAV at the end of the period	7.2416
Dealing NAV at the end of the period	7.3054

Reconciliation between net assets attributable to unitholders per the financial statements

In accordance with the Sub-Funds' Prospectus, the establishment costs of the Sub-Funds will be amortised over the first five years. However, the accounting policy of the Sub-Funds for the purpose of the preparation of the financial statements in compliance with IFRS is to expense establishment costs in the statement of comprehensive income as incurred. The differences between expensing the establishment costs as incurred in accordance with IFRS and capitalisation and amortisation of the establishment costs indicated in the Sub-Funds' Prospectus resulted in adjustments in the net asset value.

E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product

	2017 *HK$*
Accounting NAV as reported in the statement of financial position	154,696,378
Adjustment for unamortised establishment costs	1,063,959
NAV in accordance with Sub-Fund's Prospectus	155,760,337

4. NUMBER OF UNITS IN ISSUE AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS PER UNIT (continued)

E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product

	2017 *HK$*
Accounting NAV as reported in the statement of financial position	124,556,330
Adjustment for unamortised establishment costs	1,095,811
NAV in accordance with Sub-Fund's Prospectus	125,652,141

5. NET GAIN/(LOSS) ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product

	Period from 20 March 2017 (date of inception) to 31 December 2017 HK$
Net realised loss on sale of financial assets and financial liabilities at fair value through profit or loss	(37,557,072)
Net change in unrealised loss on financial assets and financial liabilities at fair value through profit or loss	(1,517,564)
	(39,074,636)

E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product

	Period from 25 August 2017 (date of inception) to 31 December 2017 HK$
Net realised gain on sale of financial assets and financial liabilities at fair value through profit or loss	14,673,120
Net change in unrealised gain on financial assets and financial liabilities at fair value through profit or loss	2,411,016
	17,084,136

6. TAXATION

No provision for Hong Kong profits tax has been made for the Sub-Funds as the Trust was authorised as collective investment schemes under Section 104 of the SFO and the Sub-Funds are therefore exempt from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

7. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND MANAGER'S CONNECTED PERSONS

The following is a summary of significant related party transactions entered into during the period between the Sub-Funds and the Trustee, the Manager and their Connected Persons. Connected Persons of the Manager are those as defined in the SFC Code. All transactions entered into during the period between the Sub-Funds and the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Funds do not have any other transactions with Connected Persons and the Trustee and its affiliate except for those disclosed below.

(a) Management fee

In accordance with the Prospectus, the maximum management fee is 1.5% per annum of the NAV for the Sub-funds. Currently, The Manager is entitled to receive a management fee equal to a percentage of the NAV of each Sub-Fund, accrued daily and calculated as at each dealing day and payable monthly in arrears, as follows:

E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product	0.8% per annum
E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product	0.8% per annum

For the period ended 31 December 2017, the Manager was entitled to management fee of HK$1,037,037 for HSII and HK$306,803 for HSIL respectively. As at 31 December 2017, a management fee of HK$231,501 was payable to the Manager for HSII, and HK$158,646 for HSIL respectively.

(b) Trustee fee and Registrar's fee

The Trustee receives out of the assets of each Sub-Fund a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each dealing day of up to 2% per annum of NAV of a Sub-Fund subject to a monthly minimum of HK$78,000 (waived for 12 months from the listing date). For each Sub-Fund, trustee is entitled to trustee fee as below:

E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product	0.12% per annum
E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product	0.12% per annum

The Trustee, acting as the Registrar, is also entitled to a registrar fee and an administrative transaction fee for any creation and redemption of units of the relevant Sub-Funds. The Registrar is entitled to a fee of HK$150 per Participating Dealer per transaction.

The Trustee is also entitled to receive a transaction fee of HK$105 on each open and closed future contract of the Sub-Funds (subject to a monthly maximum of HK$78,000).

7. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND MANAGER'S CONNECTED PERSONS (continued)

(b) Trustee fee and Registrar's fee (continued)

The Trustee is also entitled to an inception fee for the establishment of the Sub-Funds and to be reimbursed out of the assets of the relevant Sub-Funds for all out of pocket expenses incurred.

For the period ended 31 December 2017, the Trustee was entitled to trustee fee, registrar fee and transaction handling fee of HK$155,555, HK$1,650 and HK$15,722 respectively for HSII and HK$46,021, HK$1,050 and HK$12,397 respectively for HSIL.

At 31 December 2017, trustee fee of HK$16,817 and transaction handling fee of HK$2,252 were payable to the Trustee for HSII and trustee fee of HK$12,298 and transaction handling fee of HK$3,197 were payable to the Trustee for HSIL.

(c) Financial assets and bank balances with a connected person of the Trustee

The financial assets at fair value through profit or loss and cash and cash equivalents of the Sub-Funds held with related parties of the Trustee are:

E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product

	2017
	HK$
Financial assets at fair value through profit or loss	
The Hongkong and Shanghai Banking Corporation Limited	46,915,562
Cash and cash equivalents	
The Hongkong and Shanghai Banking Corporation Limited	19,774,356

E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product

	2017
	HK$
Financial assets at fair value through profit or loss	
The Hongkong and Shanghai Banking Corporation Limited	35,186,671
Cash and cash equivalents	
The Hongkong and Shanghai Banking Corporation Limited	1,989,039

During the period ended 31 December 2017, interest income received on bank deposits amounted to HK$5,617 and HK$1,346 for HSII and HSIL respectively.

7. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND MANAGER'S CONNECTED PERSONS (continued)

(d) Establishment costs payable

The establishment costs payable included the establishment costs paid by the Manager on behalf of the Sub-Funds. At 31 December 2017, the establishment costs payable of HK$876,637 and HK$934,558 were payable to the Manager for HSII and HSIL respectively. Such balances are unsecured, non-interest-bearing and repayable on demand.

(e) Holdings of units

As at 31 December 2017, E Fund Greater China Top 20 Fund, an investment fund managed by the Manager, holds 736,800 units of HSII and 1,103,100 units of HSIL.

As at 31 December 2017, E Fund Greater China Leaders Fund, an investment fund managed by the Manager, holds 258,600 units of HSII.

As at 31 December 2017, E Fund Greater China High Dividend Equity Fund, an investment fund managed by the Manager, holds 227,400 units of HSII and 101,000 units of HSIL.

As at 31 December 2017, E Fund International Holdings Limited, holding company of the Manager, holds 6,400,000 units of HSIL.

(f) Investments in other collective investment funds managed by the Manager

As at the end of the reporting period, the following Sub-Funds invested in an investment fund managed by the Manager and the details are as below:

	Units	Fair value
31 December 2017		
E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product		
E Fund US Dollar Money Market Fund	59,900	HK$46,915,562
E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product		
E Fund US Dollar Money Market Fund	44,925	HK$35,186,671

8. INVESTMENT IN STRUCTURED ENTITIES

HSII and HSIL invest in a structured entity named E Fund US Dollar Money Market Fund, the nature of which is a money market fund. During the period ended 31 December 2017, the Sub-Funds did not make any sale of the Investee Fund, therefore there were no realised gain/(loss). HSII's investment in the Investee Fund represents 30.33% of its NAV and HSIL's investment in the Investee Fund represents 28.25% of its NAV.

9. FINANCIAL RISK MANAGEMENT

The objective of the Sub-Funds is to provide investment results that, before deduction of fees and expenses, closely correspond to the inverse (-1x) of the daily performance of the Hang Seng index for HSII and twice (2x) of the daily performance of the Hang Seng Index for HSIL. The Sub-Funds' activities may expose them to a variety of risks including but not limited to: market price risk, credit and counterparty risk and liquidity risk which are associated with the markets in which the Sub-Funds invest.

The following is a summary of the main risks and risk management policies.

(a) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

As at 31 December 2017, the Sub-Funds' investments were concentrated in the following industries:

E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product

	As at 31 December 2017	
	Fair value HK$	% of net assets
Money market fund		
Hong Kong		
Total financial assets at fair value through profit or loss	46,915,562	30.33
Futures		
Hong Kong		
Total financial liabilities at fair value through profit or loss	(1,517,026)	(0.98)

E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product

	As at 31 December 2017	
	Fair value HK$	% of net assets
Money market fund		
Hong Kong		
Total financial assets at fair value through profit or loss	35,186,671	28.25
Futures		
Hong Kong		
Total financial assets at fair value through profit or loss	2,411,420	1.94

9. FINANCIAL RISK MANAGEMENT (continued)

(a) Market price risk (continued)

Sensitivity analysis in the event of a possible change in the index by 36% as estimated by the Manager

As at 31 December 2017, for HSII, if the Hang Seng Index were to increase by 36% with all other variables held constant, this would increase the pre-tax profit for the period by approximately HK$55,690,696. Conversely, if the Hang Seng Index were to decrease by 36%, this would decrease the pre-tax profit for the period by an equal amount.

As at 31 December 2017, for HSIL, if the Hang Seng Index were to increase by 36% with all other variables held constant, this would increase the pre-tax profit for the period by approximately HK$89,680,558. Conversely, if the Hang Seng Index were to decrease by 36%, this would decrease the pre-tax profit for the period by an equal amount.

The Manager has used their view of what would be a "reasonable shift" in each key market to estimate the change for use in the market sensitivity analysis above.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

As at 31 December 2017, the Sub-Funds invested in money market funds and were indirectly exposed to interest rate risk in respect of the underlying investments in money market fund for their fixed income investment portfolios. However, the impact of interest rate risk had been taken into consideration through the market price changes in the underlying collective investment schemes.

The majority of the Sub-Funds' other financial assets and liabilities are non-interest-bearing. As a result, the Sub-Funds are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

As at 31 December 2017, interest rate risk arises from cash and cash equivalents. As interest from these interest-bearing assets are immaterial, the Sub-Funds consider that changes in the fair value and future cash flows in the event of a change in market interest rates will not be material. Accordingly, no sensitivity analysis has been disclosed for these cash and cash equivalents.

(c) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The Sub-Funds limit their exposure to credit risk by transacting the majority of their securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Sub-Funds consider to be well established.

All transactions in securities are settled or paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

9. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

The Sub-Funds' financial assets which are potentially subject to concentration of credit risk consist principally of bank deposits and assets held with the custodians and amounts due from brokers.

The table below summarises the credit rating of banks and custodians with which the Sub-Funds' assets are held.

E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product

At 31 December 2017	HK$	Credit rating	Source
Custodian			
Hongkong and Shanghai Banking Corporation Limited	46,915,562	A	S&P
Margin deposit			
CSC Futures (HK) Limited	13,836,094	A	S&P
Yuanta Futures (Hong Kong)	803,670	BBB+	Fitch
Bank			
Hongkong and Shanghai Banking Corporation Limited	19,774,356	A	S&P
Industrial and Commercial Bank of China	76,062,855	A	S&P

E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product

At 31 December 2017	HK$	Credit rating	Source
Custodian			
Hongkong and Shanghai Banking Corporation Limited	35,186,671	A	S&P
Broker			
CSC Futures (HK) Limited	2,411,420	A	S&P
Margin deposit			
CSC Futures (HK) Limited	32,821,994	A	S&P
Bank			
Hongkong and Shanghai Banking Corporation Limited	1,989,039	A	S&P
Industrial and Commercial Bank of China	53,919,616	A	S&P

As at 31 December 2017, the Sub-Funds invested in a money market fund. The credit risk exposure from the investment in money market fund is considered insignificant.

9. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability, including a redemption request.

The Sub-Funds are exposed to daily redemptions of units in the Sub-Funds. The Sub-Funds invest the majority of their assets in investments that are traded in an active market which can be readily disposed of.

The table below analyses the Sub-Funds' non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the period end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product

	Less than 3 months HK$	3 months to less than 1 year HK$	Total HK$
As at 31 December 2017			
Management fee payable	231,501	-	231,501
Trustee fee payable	16,817	-	16,817
Other payables	296	103,414	103,710
Establishment costs payable	-	876,637	876,637
Total	248,614	980,051	1,228,665

E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product

	Less than 3 months HK$	3 months to less than 1 year HK$	Total HK$
As at 31 December 2017			
Management fee payable	158,646	-	158,646
Trustee fee payable	12,298	-	12,298
Other payables	556,662	118,800	675,462
Establishment costs payable	-	934,558	934,558
Total	727,606	1,053,358	1,780,964

Units are redeemed on demand at the unitholder's option.

9. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

The Sub-Funds manage their liquidity risk by investing in investments that they expect to be able to liquidate within 3 months or less. The following table illustrates the expected liquidity of assets held:

E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product

	Less than 3 months	3 months to less than 1 year	Over 1 year	Total
	HK$	*HK$*	*HK$*	*HK$*
As at 31 December 2017				
Total assets	157,442,069	-	-	157,442,069

E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product

	Less than 3 months	3 months to less than 1 year	Over 1 year	Total
	HK$	*HK$*	*HK$*	*HK$*
As at 31 December 2017				
Total assets	126,337,294	-	-	126,337,294

(e) Offsetting and amounts subject to master netting arrangements and similar agreements

As at 31 December 2017, the Sub-Funds were not subject to master netting arrangements for the derivative assets and liabilities of the Sub-Funds held with the counterparties.

(f) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Sub-Funds hold assets and liabilities denominated in Hong Kong dollar, which is their functional currency, and United States dollar. The Manager considers that there is no currency risk to the United States dollar which is a pegged currency with the Hong Kong dollar. As a result, the Sub-Funds were not exposed to significant currency risk as at 31 December 2017.

9. FINANCIAL RISK MANAGEMENT (continued)

(g) Fair value estimation

The Sub-Funds classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Sub-Funds. The Sub-Funds consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Sub-Funds' investments (by class) measured at fair value as at 31 December 2017:

E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product

	Level 1 *HK$*	Level 2 *HK$*	Level 3 *HK$*	Total *HK$*
As at 31 December 2017				
Financial assets at fair value through profit or loss				
- Money market instrument	-	46,915,562	-	46,915,562
Total assets at fair value through profit or loss	-	46,915,562	-	46,915,562

	Level 1 *HK$*	Level 2 *HK$*	Level 3 *HK$*	Total *HK$*
As at 31 December 2017				
Financial liabilities at fair value through profit or loss				
- Futures contracts	1,517,026	-	-	1,517,026
Total liabilities at fair value through profit or loss	1,517,026	-	-	1,517,026

9. FINANCIAL RISK MANAGEMENT (continued)

(g) Fair value estimation (continued)

E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product

	Level 1 *HK$*	Level 2 *HK$*	Level 3 *HK$*	Total *HK$*
As at 31 December 2017				
Financial assets at fair value through profit or loss				
- Money market instrument	-	35,186,671	-	35,186,671
- Futures contracts	2,411,420	-	-	2,411,420
Total assets at fair value through profit or loss	2,411,420	35,186,671	-	37,598,091

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed and quoted equity securities and listed money. The Sub-Funds do not adjust the quoted prices for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently.

There were no transfer between levels for HSII and HSIL for period ended 31 December 2017.

(h) Capital risk management

The Sub-Funds' capital is represented by the redeemable units outstanding. The Sub-Funds' objective is to provide investment results that correspond generally to the performance of the index. The Manager may:

- Redeem and issue new units in accordance with the constitutive documents of the Sub-Funds;
- Exercise discretion when determining the amounts of distributions of the Sub-Funds to the unitholders; and
- Suspend the creation and redemption of units under certain circumstances stipulated in the Prospectus of the Sub-Funds.

10. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments held by the Sub-Funds as at 31 December 2017 are summarised below:

Futures

Futures contracts are commitments to make or take future delivery of various commodities, currencies or financial instruments at a specified time and place. These commitments can be discharged by making or taking delivery of an approved grade of commodity, currency and financial instrument by cash settlement or by making an offsetting sale or purchase of an equivalent futures contract on the same (or a linked) exchange prior to the designated date of delivery.

The details of futures contract as at 31 December 2017 are as follows:

E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product

Description	Contract size	Notional market value HK$	Position	Counterparty	Fair value HK$
HANG SENG INDEX JAN 2018	(104)	(155,729,600)	Short	CSC Futures (HK) Limited	(1,517,026)

E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product

Description	Contract size	Notional market value HK$	Position	Counterparty	Fair value HK$
HANG SENG INDEX JAN 2018	167	250,065,800	Long	CSC Futures (HK) Limited	2,406,350
Mini-HANG SENG INDEX JAN 2018	3	898,440	Long	CSC Futures (HK) Limited	5,070
					2,411,420

Included in amounts due from brokers are margin accounts which represent margin deposits held in respect of open futures contracts. As at 31 December 2017, HSII held margin deposits of HK$14,639,764 where the margin requirement was HK$10,311,756 and HSIL held margin deposits of HK$32,821,994 where the margin requirement was HK$16,617,791.

11. SOFT COMMISSION ARRANGEMENT

The Manager confirms that there has been no soft commission arrangement existing during the period in relation to directing transactions of the Sub-Funds through a broker or dealer.

12. SEGMENT INFORMATION

The Manager makes the strategic resource allocations on behalf of the Sub-Funds and has determined the operating segments based on the reports reviewed which are used to make strategic decisions.

The Manager considers that each Sub-Fund has a single operating segment which is investing in futures as the Manager adopts a futures-based replication investment strategy to achieve the investment objective of the respective Sub-Funds' segments. The objectives of the Sub-Funds are to provide investment results that, before deduction of fees and expenses, closely correspond to the inverse (-1x) or twice (2x) the daily performance of the underlying index relevant to each Sub-Funds as disclosed in note 1.

The internal financial information used by the Manager for the Sub-Funds' assets, liabilities and performance is the same as that disclosed in the statement of net assets and statement comprehensive income.

There were no changes in the reportable segment during the period.

The Sub-Funds are domiciled in Hong Kong. Most of the Sub-Funds' income is derived from investments in financial assets and financial liabilities at fair value through profit or loss. The Sub-Funds have no assets or liabilities classified as non-current.

The Sub-Funds held one investment account with more than 10% of the net asset value of HSII and more than 10% of the net asset value of HSIL as at 31 December 2017.

13. DISTRIBUTION TO UNITHOLDERS

There was no distribution to unitholders for HSII and HSIL, during the period ended 31 December 2017.

14. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

As stated in the Prospectus, at least 80% of the NAV of HSII and 90% of the NAV of HSIL (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement) will be invested in cash (Hong Kong dollar or United States dollar) such as deposits with banks in Hong Kong, and Hong Kong dollar or US dollar denominated investment products, of which up to 50% of the NAV of HSII and 60% of the NAV of HSIL may be invested in SFC authorised money market funds and other money market funds (either recognised jurisdiction money market funds or non-recognised jurisdiction money market funds) in accordance with the requirements of the Code.

As at 31 December 2017, the Sub-Funds' investments in E Fund US Dollar Money Market Fund represented 30.33% of the NAV of HSII and 28.25% of that of HSIL.

The Manager will not invest the Sub-Funds in any financial derivative instruments (including structured products or instruments) other than HSI Futures for hedging or non-hedging (i.e. investment) purposes. The Manager will seek the prior approval of the SFC and provide at least one month's prior notice to unitholders (if such approval and notification is required) before the Manager engages in any such investments. The Sub-Funds will not enter into securities lending, repurchase, reverse-repurchase transactions or other similar over-the counter transactions.

15. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE (continued)

As the Manager expect that the aggregate margin requirement for the futures contracts that the Sub-Funds will invest may be as high as 20% for HSII and 25% for HSIL in order to obtain the required exposure to the Hang Seng Index, the Manager has applied to the SFC, and the SFC has granted, a waiver in respect of the Sub-Funds from the requirement under Chapter 8.4A(e) of the Code, that the Sub-Funds may not hold open positions in any futures contract month for which the combined margin requirement represents 5% or more of the NAV of the Sub-Funds, subject to certain conditions as stated in the Prospectus. Details of the Sub-Funds' margin requirements as at 31 December 2017 are disclosed in note 10 to the financial statements.

The Manager and the Trustee have confirmed that the Sub-Funds have complied with these limitations during the period ended 31 December 2017.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee and the Manager on 30 April 2018.

INVESTMENT PORTFOLIO (unaudited)
As at 31 December 2017

E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product

			Fair value HK$	% of net assets
Investment funds		**Holdings**		
Hong Kong				
E FUND US DOLLAR MONEY MARKET FUND		59,900	46,915,562	30.33%
Futures contracts	**Expiration date**	**Contracts**		
Hong Kong				
HANG SENG INDEX FUTURE JAN18 30/01/2018	30/01/2018	(104)	(1,517,026)	(0.98%)
Total investments at fair value			45,398,536	29.35%
Other net assets			109,297,842	70.65%
Net assets attributable to unitholders at 31 December 2017			154,696,378	100.00%
Total investments, at cost			46,916,100	

E FUND LEVERAGED AND INVERSE SERIES

INVESTMENT PORTFOLIO (unaudited) (continued)
As at 31 December 2017

E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product

			Fair value HK$	% of net assets
Investment funds		**Holdings**		
Hong Kong				
E FUND US DOLLAR MONEY MARKET FUND		44,925	35,186,671	28.25%
Futures contracts	**Expiration date**	**Contracts**		
Hong Kong				
HANG SENG INDEX FUTURE JAN18 30/01/2018	30/01/2018	167	2,406,350	1.93%
MINI HANG SENG INDEX FUTURES 30/01/2018	30/01/2018	3	5,070	0.01%
Total investments at fair value			37,598,091	30.19%
Other net assets			86,958,239	69.81%
Net assets attributable to unitholders at 31 December 2017			124,556,330	100.00%
Total investments, at cost			35,187,075	

E FUND LEVERAGED AND INVERSE SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (unaudited)

E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product
For the period from 20 March 2017 (date of inception) to 31 December2017

	Holdings				
	20 March 2017 (date of inception)	Additions	Disposals	Corporate action	31 December 2017
Money market funds					
Hong Kong					
E FUND US DOLLAR MONEY MARKET FUND	-	59,900	-	-	59,900
Bonds					
Hong Kong Dollar					
AGRICULTURAL BK CHINA/HK SER FXCD (REG S) 1.2% 14/11/2017	-	10,000,000	10,000,000	-	-
BANK OF CHINA/HONG KONG SER FXCD (REG S)(BR) 1% 10/08/2017	-	10,000,000	10,000,000	-	-
EXPORT-IMPORT BANK OF KOREA EMTN (REG S) 1.5% 25/07/2017	-	30,000,000	30,000,000	-	-
HK GOVT BOND PROGRAMME SER 4222 (REG S) 11/08/2017	-	40,000,000	40,000,000	-	-
HONG KONG (GOVT OF) 0.46% 22/05/2017	-	30,000,000	30,000,000	-	-
HONG KONG 0.44% 19/06/2017	-	30,000,000	30,000,000	-	-
HONG KONG GOVERNMENT 0.46% 21/08/2017	-	30,000,000	30,000,000	-	-
Futures Contracts					
Hong Kong					
HANG SENG IDX FUT MAR 17 30/03/2017	-	108	108	-	-
HANG SENG IDX FUT APR17 27/04/2017	-	124	124	-	-
HANG SENG IDX FUT 29/05/2017	-	116	116	-	-
HANG SENG IDX FUT JUN 17 29/06/2017	-	151	151	-	-
HANG SENG IDX FUT JUL17 28/07/2017	-	151	151	-	-
HANG SENG INDEX FUT 30/08/2017	-	151	151	-	-

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (unaudited) (continued)

E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product (continued)
For the period from 20 March 2017 (date of inception) to 31 December2017

	Holdings				
	20 March 2017 (date of inception)	**Additions**	**Disposals**	**Corporate action**	**31 December 2017**
Futures Contracts (continued)					
Hong Kong (continued)					
HANG SENG IDX FUT SEP 17	-	153	153	-	-
HANG SENG IDX FUT OCT17 30/10/2017	-	156	156	-	-
HANG SENG IDX FUT NOV17 29/11/2017	-	146	146	-	-
HANG SENG IDX FUT DEC17 FUT 28/12/2017	-	136	136	-	-
HANG SENG INDEX FUTURE JAN18 30/01/2018	-	2	106	-	(104)

E FUND LEVERAGED AND INVERSE SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (unaudited) (continued)

E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product
For the period from 25 August 2017 (date of inception) to 31 December2017

	Holdings				
	25 August 2017 (date of inception)	Additions	Disposals	Corporate action	31 December 2017
Money market funds					
Hong Kong					
E FUND US DOLLAR MONEY MARKET FUND	-	44,925	-	-	44,925
Futures Contracts					
Hong Kong					
HANG SENG INDEX FUT 30/08/2017	-	39	39	-	-
HANG SENG IDX FUT SEP 17	-	151	151	-	-
HANG SENG IDX FUT OCT17 30/10/2017	-	157	157	-	-
HANG SENG IDX FUT NOV17 29/11/ 2017	-	173	173	-	-
HANG SENG IDX FUT DEC17 FUT 28/12/2017	-	173	173	-	-
HANG SENG INDEX FUTURE JAN18 30/01/2018	-	167	-	-	167
MINI HANG SENG INDEX FUT 30/08/2017	-	7	7	-	-
MINI HANG SENG INDEX FUTURES 28/09/2017	-	19	19	-	-
MINI HSI IDX FUT OCT17 30/10/2017	-	21	21	-	-
MINI HSI IDX FUT NOV17 29/11/2017	-	23	23	-	-
MINI HSI IDX FUT DEC17 FUT 28/12/2017	-	23	23	-	-
MINI HANG SENG INDEX FUTURES 30/01/2018	-	3	-	-	3

E FUND LEVERAGED AND INVERSE SERIES

PERFORMANCE RECORD (unaudited)

Net Asset Value

E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product

	Net asset value of the Sub-Fund *HK$*	Net asset value per unit *HK$*
At the end of financial period dated		
31 December 2017 (Dealing NAV)	155,760,337	4.8675

E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product

	Net asset value of the Sub-Fund *HK$*	Net asset value per unit *HK$*
At the end of financial period dated		
31 December 2017 (Dealing NAV)	125,652,141	7.3054

Highest Issue Price and Lowest Redemption Price Per Unit

E Fund Yuanta Hang Seng Index Daily (-1x) Inverse Product

	Highest issue price per unit *HK$*	Lowest redemption price per unit *HK$*
Financial period ended		
31 December 2017 (since inception)	6.3613*	4.8499

E Fund Yuanta Hang Seng Index Daily (2x) Leveraged Product

	Highest issue price per unit *HK$*	Lowest redemption price per unit *HK$*
Financial period ended		
31 December 2017 (since inception)	7.4318	6.1687

*Effective 15 May 2017, HSII sub-divided its units into two sub-divided units as the application unit size was increased from 200,000 units to 400,000 sub-divided units. Accordingly, the trading lot value was halved and the number of trading board lots held by each existing unitholder was doubled.

E FUND LEVERAGED AND INVERSE SERIES

MANAGEMENT AND ADMINISTRATION

Manager
E Fund Management (Hong Kong) Co., Limited
Suites 3501- 02, 35/F
Two International Finance Centre

8 Finance Street, Central
Hong Kong

Trustee and Registrar
HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

Investment Adviser
Yuanta Securities Investment Trust Co., Ltd
11F., No.219, Sect. 3
Nanjing E. Rd.
Taipei, 104
Taiwan

Custodian
HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

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

Listing Agent
GF Capital (Hong Kong) Limited
29-30/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Legal Counsel to the Manager
Simmons & Simmons
13/F, One Pacific Place
88 Queensway
Hong Kong

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

Directors of the Manager
Liu Xiaoyan
Zhang Youzao
Ma Jun
Fan Yue
Huang Gaohui

Participating Dealers
ABN AMRO Clearing Hong Kong Limited
Level 70 International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

BOCI Securities Limited
20/F Bank of China Tower
1 Garden Road
Central
Hong Kong

China Merchants Securities (HK) Co Limited
48/F, One Exchange Square,
Central, Hong Kong

Citigroup Global Markets Asia Limited
50th Floor
Champion Tower
Three Garden Road
Central
Hong Kong

CSC Securities (Hong Kong) Limited*
Units 3201-07, Cosco Tower,
183 Queen's Road Central, Hong Kong

Essence International Securities (Hong Kong) Limited*
39/F, One Exchange Square,
Central, Hong Kong

GF Securities (Hong Kong) Brokerage Limited
29 & 30/F, Li Po Chun Chambers,
189 Des Voeux Road Central, Hong Kong

Haitong International Securities Company Limited
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