

**E FUND ETF SERIES OFC**

**(a Hong Kong public umbrella open-ended fund company with variable capital, limited liability and segregated liability between sub-fund and authorised under section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”))**

**REPORTS AND FINANCIAL STATEMENTS**

**E FUND ETF SERIES OFC**

**FOR THE PERIOD FROM 1 JUNE 2022 (DATE OF INCORPORATION) TO 30 JUNE 2023**

**E FUND (HK) HSI ESG ENHANCED INDEX ETF  
(Stock Code: 3039)**

**FOR THE PERIOD FROM 5 OCTOBER 2022 (DATE OF COMMENCEMENT OF OPERATIONS) TO 30 JUNE 2023**

**(A Sub-Fund of E Fund ETF Series OFC)**

**E FUND (HK) HSI ESG ENHANCED INDEX ETF  
(A SUB-FUND OF E FUND ETF SERIES OFC)**

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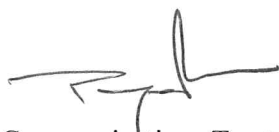
**E FUND (HK) HSI ESG ENHANCED INDEX ETF  
(A SUB-FUND OF E FUND ETF SERIES OFC)**

**REPORT OF THE CUSTODIAN TO THE SHAREHOLDERS**

We hereby confirm that, in our opinion, E Fund ETF Series OFC (the “Company”) and E Fund (HK) HSI ESG Enhanced Index ETF (the “Sub-Fund”), have in all material respects, managed the Company, in accordance with the provisions of the OFC’s Instrument of Incorporation.

For the period from 5 October 2022 (date of commencement of operations) to 30 June 2023

- E Fund (HK) HSI ESG Enhanced Index ETF



Bank of Communications Trustee Limited (the “Custodian”)  
Hong Kong, 19 October 2023

**E FUND (HK) HSI ESG ENHANCED INDEX ETF  
(A SUB-FUND OF E FUND ETF SERIES OFC)**

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF E FUND ETF SERIES OFC (THE "COMPANY") AND E FUND (HK) HSI  
ESG ENHANCED INDEX ETF (THE "SUB-FUND")**

(An umbrella open-ended fund company established under the laws of Hong Kong)

**Report on the Audit of the Financial Statements**

**Opinion**

*What we have audited*

The financial statements of E Fund ETF Series OFC (the "Company") for the period from 1 June 2022 (date of incorporation) to 30 June 2023 and E Fund (HK) HSI ESG Enhanced Index ETF (the "Sub-Fund") for the period from 5 October 2022 (date of commencement of operations) to 30 June 2023, which are set out on pages 7 to 28, comprise:

- the statement of net assets attributable to shareholders as at 30 June 2023;
  - the statement of comprehensive income for the relevant periods then ended;
  - the statement of changes in net assets attributable to shareholders for the relevant periods then ended;
  - the statement of cash flows for the relevant periods then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

*Our opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company and the Sub-Fund as at 30 June 2023, and of each of their financial performance and each of their cash flows for the relevant periods then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We are independent of the Company and the Sub-Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.



**E FUND (HK) HSI ESG ENHANCED INDEX ETF  
(A SUB-FUND OF E FUND ETF SERIES OFC)**

**INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDERS OF E FUND ETF SERIES OFC (THE "COMPANY") AND E FUND (HK) HSI  
ESG ENHANCED INDEX ETF (THE "SUB-FUND") (CONTINUED)**

(An umbrella open-ended fund company established under the laws of Hong Kong)

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matters identified in our audit are summarised as follows:

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<i>Existence and valuation of financial assets at fair value through profit or loss</i>	Our approach to addressing the matter involved the following procedures, amongst others:
The financial assets at fair value through profit or loss held by the Sub-Fund as at 30 June 2023 comprise listed equities totalling HKD4,593,753 as disclosed in the statement of net assets attributable to shareholders.	<ul style="list-style-type: none"><li>• Understood, evaluated and tested the key internal controls implemented by the Manager and the Administrator over the existence and valuation of financial assets at fair value through profit or loss.</li></ul>
We focused on the existence and valuation of the financial assets at fair value through profit or loss because the financial assets at fair value through profit or loss represented the principal element of the Sub-Fund's net assets attributable to shareholders as at 30 June 2023.	<ul style="list-style-type: none"><li>• Tested the existence of financial assets at fair value through profit or loss by obtaining confirmations directly from the custodian and agreeing the Sub-Fund's holdings to the confirmations.</li></ul>
Refer to note 4 to the financial statements.	<ul style="list-style-type: none"><li>• Tested the valuation of financial assets at fair value through profit or loss by comparing the pricing used by management to external pricing source as at 30 June 2023.</li></ul>
	No material misstatements were identified as a result of the procedures we performed.

**E FUND (HK) HSI ESG ENHANCED INDEX ETF  
(A SUB-FUND OF E FUND ETF SERIES OFC)**

**INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDERS OF E FUND ETF SERIES OFC (THE "COMPANY") AND E FUND (HK) HSI  
ESG ENHANCED INDEX ETF (THE "SUB-FUND") (CONTINUED)**

(An umbrella open-ended fund company established under the laws of Hong Kong)

**Other Information**

The directors and the manager of the Company and the Sub-Fund are responsible for the other information. The other information comprises all of 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 Directors and Manager for the Financial Statements**

The directors and the manager of the Company and the Sub-Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the directors and the manager 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 directors and the manager are responsible for assessing the Company's and the Sub-Fund's 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 directors and the manager either intend to liquidate the Company and the Sub-Fund or to cease operations, or have no realistic alternative but to do so.

In addition, the directors and the manager are required to ensure that the financial statements of the Company and the Sub-Fund have been properly prepared in accordance with the relevant disclosure provisions of the Instrument of Incorporation of E Fund ETF Series OFC dated 30 June 2022, Part 7 of the Securities and Futures (Open-ended Fund Companies) Rules ("OFC Rules"), Appendix E of the Code on Unit Trusts and Mutual Funds ("UT Code") and Chapter 9 of the Code on Open-Ended Fund Companies ("OFC Code") issued by the Hong Kong Securities and Futures Commission.

**E FUND (HK) HSI ESG ENHANCED INDEX ETF  
(A SUB-FUND OF E FUND ETF SERIES OFC)**

**INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDERS OF E FUND ETF SERIES OFC (THE "COMPANY") AND E FUND (HK) HSI  
ESG ENHANCED INDEX ETF (THE "SUB-FUND") (CONTINUED)**

(An umbrella open-ended fund company 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. We report our opinion solely to you, as a body, in accordance with Section 153 of the OFC Rules, 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 HKSAs 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 Company and the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Instrument of Incorporation, Part 7 of the OFC Rules, Appendix E of the UT Code and Chapter 9 of the OFC Code.

As part of an audit in accordance with HKSAs, we exercise professional judgment 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 Company's and the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' and the manager'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 Company's and the Sub-Fund's ability 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 Company and the Sub-Fund 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.

**E FUND (HK) HSI ESG ENHANCED INDEX ETF  
(A SUB-FUND OF E FUND ETF SERIES OFC)**

**INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDERS OF E FUND ETF SERIES OFC (THE "COMPANY") AND E FUND (HK) HSI  
ESG ENHANCED INDEX ETF (THE "SUB-FUND") (CONTINUED)**

(An umbrella open-ended fund company established under the laws of Hong Kong)

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

We communicate with the directors and the manager 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 directors and the manager 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors and the manager, 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 Instrument of Incorporation, Part 7 of the  
OFC, Appendix E of the UT Code and Chapter 9 of the OFC Code**

In our opinion, the financial statements of the Company and the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Instrument of Incorporation of E Fund ETF Series OFC, Part 7 of the OFC, Appendix E of the UT Code and Chapter 9 of the OFC Code.

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



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 19 October 2023



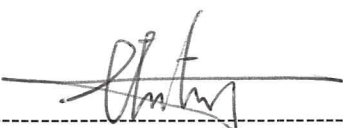
**E FUND (HK) HSI ESG ENHANCED INDEX ETF  
(A SUB-FUND OF E FUND ETF SERIES OFC)**

**STATEMENT OF NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**

As at 30 June 2023

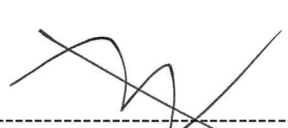
	<i>Notes</i>	E Fund ETF Series OFC 30 June 2023 HKD	E Fund (HK) HSI ESG Enhanced Index ETF 30 June 2023 HKD
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	4(b)	-	4,593,753
Amount due from Manager	6(c)	-	2,160
Amount due from Custodian	9	-	1,181
Dividend receivables		-	24,637
Cash and cash equivalents	6(f)	-	50,833
<b>TOTAL ASSETS</b>		-	<u>4,672,564</u>
<b>LIABILITIES</b>			
Management fee payable	6(b)	-	1,657
Transaction fee payable	6(d)	-	2,160
<b>TOTAL LIABILITIES</b>		-	<u>3,817</u>
<b>EQUITY</b>			
<b>NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS</b>		-	<u>4,668,747</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		-	<u><u>4,672,564</u></u>

For and on behalf of



As Directors of E Fund ETF Series OFC

For and on behalf of



E Fund Management (Hong Kong) Co., Limited  
As the Manager of the Sub-fund

*The accompanying notes are an integral part of these financial statements.*

**E FUND (HK) HSI ESG ENHANCED INDEX ETF  
(A SUB-FUND OF E FUND ETF SERIES OFC)**

**STATEMENT OF COMPREHENSIVE INCOME**

For the periods ended 30 June 2023

		E Fund ETF Series OFC	E Fund (HK) HSI ESG Enhanced Index ETF
		Period from 1 June 2022 (date of incorporation) to 30 June 2023	Period from 5 October 2022 (date of commencement of operations) to 30 June 2023
	<i>Notes</i>	HKD	HKD
<b>INCOME</b>			
Dividend income	<i>2(p)</i>	-	103,261
Interest income on deposits	<i>6(a)</i>	-	216
Net foreign exchange gain/(loss)		-	2
Net loss on financial assets at fair value through profit or loss	<i>5</i>	-	(539,437)
Other Income		-	42,328
Reimbursement from Manager	<i>6(d)</i>	-	9,720
<b>Total income</b>		-	<b>(383,910)</b>
<b>EXPENSES</b>			
Bank charge	<i>6(e)</i>	-	(250)
Transaction costs on investments	<i>6(d), 8</i>	-	(49,778)
Management fee	<i>6(b)</i>	-	(8,158)
Other operating expenses		-	(3,483)
<b>Total operating expenses</b>		-	<b>(61,669)</b>
<b>LOSS BEFORE TAX</b>		-	<b>(445,579)</b>
Withholding tax on investment income		-	(1,314)
<b>LOSS AFTER TAX AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		-	<b>(446,893)</b>

*The accompanying notes are an integral part of these financial statements.*

**E FUND (HK) HSI ESG ENHANCED INDEX ETF  
(A SUB-FUND OF E FUND ETF SERIES OFC)**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**

For the periods ended 30 June 2023

		E Fund ETF Series OFC	E Fund (HK) HSI ESG Enhanced Index ETF
	<i>Notes</i>	Period from 1 June 2022 (date of incorporation) to 30 June 2023 HKD	Period from 5 October 2022 (date of commencement of operations) to 30 June 2023 HKD
Net assets attributable to shareholders at the beginning of the period		-	-
Issue of shares during the period			
- in-kind subscription	7	-	8,266,500
- cash component and cash subscription	7	-	6,454,020
Redemption of shares during the period			
- in-kind redemption		-	-
- cash component and cash redemption		-	(9,604,880)
Net issue of shares		-	5,115,640
Loss after tax and total comprehensive loss for the period		-	(446,893)
<b>Net assets attributable to shareholders at the end of the period</b>		-	4,668,747
<b>Number of shares in issue at beginning of the period</b>		-	-
Issue of shares during the period (shares)	3	-	5,600,000
Redemption of shares during the period (shares)	3	-	(4,000,000)
<b>Number of shares in issue at end of the period</b>		-	1,600,000
Net assets attributable to shareholders per share		-	2.9180

*The accompanying notes are an integral part of these financial statements.*

**E FUND (HK) HSI ESG ENHANCED INDEX ETF  
(A SUB-FUND OF E FUND ETF SERIES OFC)**

**STATEMENT OF CASH FLOWS**

For the periods ended 30 June 2023

	E Fund ETF Series OFC Period from 1 June 2022 (date of incorporation) to 30 June 2023  HKD	E Fund (HK) HSI ESG Enhanced Index ETF Period from 5 October 2022 (date of commencement of operations) to 30 June 2023  HKD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	-	(445,579)
Adjustment for:		
Dividend income	-	(103,261)
Interest income on bank deposits	-	(216)
	-	(549,056)
Decrease in financial assets at fair value through profit or loss*	-	3,672,747
Increase in amount due from Manager	-	(2,160)
Increase in amount due from Custodian	-	(1,181)
Increase in management fee payable	-	1,657
Increase in transaction fee payable	-	2,160
<b>Cash generated from operations</b>	-	3,673,223
Dividend received, net of withholding tax	-	77,310
Interest received	-	216
<b>Net cash flows from operating activities</b>	-	3,201,693
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from subscription of shares*	-	6,454,020
Payments on redemption of shares	-	(9,604,880)
<b>Net cash used in financing activities</b>	-	(3,150,860)
Net increase in cash and cash equivalents	-	50,833
Cash and cash equivalents at the beginning of the period	-	-
Cash and cash equivalents at the end of the period	-	50,833
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents	-	50,833

\* During the period, there was non-cash in-kind subscription of HKD8,266,500 apart from the cash proceeds from issue of shares.

*The accompanying notes are an integral part of these financial statements.*



**E FUND (HK) HSI ESG ENHANCED INDEX ETF  
(A SUB-FUND OF E FUND ETF SERIES OFC)**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

E Fund ETF Series OFC (the “Company”) is a public umbrella open-ended fund company with variable capital with limited liability, which was incorporated in Hong Kong under the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) on 1 June 2022 with the company number OF69. The Company is constituted by way of its Instrument filed to the Companies Registry of Hong Kong on, and effective as of, 1 June 2022.

The Company is registered with the Securities and Futures Commission of Hong Kong (the “SFC”) under Section 112D of the SFO. The Company is authorised as a collective investment scheme by the SFC under Section 104 of the SFO and each sub-fund falls within Chapter 8.6 of the Unit Trusts and Mutual Funds (the “SFC Code”) issued by the SFC.

The Company and E Fund (HK) HSI Enhance Index ETF (the “Sub-Fund”) commenced trading under the stock code 3039 on the Stock Exchange of Hong Kong Limited (“SEHK”) on 10 October 2022.

The Sub-Fund will adopt a full replication strategy by directly investing all, or substantially all, of the Sub-Fund’s assets in securities constituting the Index (“Index Securities”) in substantially the same weightings as these Index Securities have in the Index. The Manager will not use a representative sampling strategy other than in exceptional circumstances.

Under exceptional circumstances (i.e. due to restrictions, suspensions of trading, limited availability of certain Index Securities, corporate events, or as the Manager believes there is significant market mispricing or foreseeable market turbulence), where it is not feasible or not in the best interest of investors to acquire certain securities which are constituents of the Index and/or it is not cost efficient, by reference to the Sub-Fund’s Net Asset Value, to use a full replication strategy, the Manager may without prior notice to shareholders, also use a representative sampling strategy to invest in the following, in its absolute discretion, and as often as the Manager believes is appropriate, in order to achieve the investment objective of the Sub-Fund by tracking the Index as closely as possible to the benefit of shareholders: (i) a representative sample whose performance is closely correlated with the Index, but whose constituents may or may not themselves be constituents of the Index; and/or (ii) other collective investment schemes (CIS). “CIS” means an exchange traded fund and/or an unlisted index tracking fund which tracks an index that has a high correlation with the Index. The Sub-Fund’s ability to invest in other CIS may not exceed 10% of its Net Asset Value and the Sub-Fund will not hold more than 10% of any units issued by any single CIS; and/or (iii) financial derivative instruments (FDIs) (e.g. futures contracts) with no more than 10% of the Sub-Fund’s Net Asset Value for investment and hedging purposes, where the Manager believes such investments will help the Sub-Fund achieve its investment objective and are beneficial to the Sub-Fund. In pursuing a representative sampling strategy, the Manager may cause the Sub-Fund to deviate from the Index weighting on condition that the maximum deviation from the Index weighting of any constituent will not exceed 3% or such other percentage as determined by the Manager after consultation with the SFC. If any non-constituent of the Index is held in the portfolio, for reasons other than Index rebalancing and Index related corporate action, to enhance transparency the Manager will disclose the name and weighting of such non-constituent securities and other CIS on the Manager’s website immediately after the purchase and it will be reported daily until its disposal. The Sub-Fund may conduct securities lending transactions, sale and repurchase transactions and/or reverse repurchase transactions in aggregate for up to 10% of its Net Asset Value. Other than pursuing a representative sampling strategy during exceptional circumstances as disclosed above, the Manager does not intend to invest in FDIs for any purpose.

**E FUND (HK) HSI ESG ENHANCED INDEX ETF  
(A SUB-FUND OF E FUND ETF SERIES OFC)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**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 Company and the Sub-Fund have been prepared in accordance with Hong Kong Financial Reporting Standard (“HKFRSs”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss.

*Significant accounting judgements, estimates and assumptions*

The preparation of financial statements in conformity with HKFRSs requires the use of certain accounting estimates. It also requires the Manager to exercise its judgment in the process of applying the Company’s and the Sub-Fund’s accounting policies. The resulting accounting estimate will, by definition, seldom equal the related actual results. However, there are no estimates or assumptions used in these financial statements that the Managers expects will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

*Issued but not yet effective HKFRSs*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 June 2022 (date of commencement of operations), and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company and the Sub-Fund.

**(b) Financial instruments**

**(i) Classification**

Assets

The Company and the Sub-Fund classify their investments based on both the Company and the Sub-Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company and the Sub-Fund are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. This category includes equity instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. Consequently, all investments are measured at fair value through profit or loss.

As such, the Sub-Fund classifies all of their investment portfolio as financial assets as fair value through profit or loss.

The Sub-Fund’s policy requires the Manager to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

**(ii) Recognition/derecognition**

Purchases and sales of investments are accounted for on the trade date basis - the date on which the Company and the Sub-Fund commit to purchase or sell the investments. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Financial instruments (continued)**

(iii) Measurement

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

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

(iv) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the close of trading on the reporting date. The Sub-Fund utilises the last traded market price for listed financial assets 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 Manager will determine the point within the bid-ask spread that is most representative of fair value.

(v) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

**(c) Interest income**

Interest income is recognised on a time-proportionate basis using the effective interest method.

**(d) Distribution to shareholders**

Distributions to shareholders are recognised in the Statement of Net Assets Attributable to Shareholders when they are approved by the Manager. Distributions to shareholders are recognised as distributions in the Statement of Changes in Net Assets Attributable to Shareholders.

The Manager may at its discretion distribute income to shareholders, having regard to the Sub-Fund's net income after fees and costs. Currently, the Manager intends to make distributions annually, in October each year. The Manager may, at its discretion, pay dividend out of or effectively pay dividend out of capital. However, there is no guarantee of regular distribution nor the amount being distributed, if any. All Shares will receive distributions in the base currency only.

**(e) Net change in unrealised gains or losses on financial assets at fair value through profit or loss**

This item includes changes in the fair value of financial assets as at fair value through profit or loss and excludes dividend income and interest expenses.

Unrealised gains and losses comprise change in the fair value of financial instruments for the period.

**E FUND (HK) HSI ESG ENHANCED INDEX ETF  
(A SUB-FUND OF E FUND ETF SERIES OFC)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Net realised gains or losses on disposal of financial assets**

Net realised gains or losses on disposal of financial assets classified as at fair value through profit or loss are calculated using the weighted average method. They represent the difference between an instrument's average cost and disposal amount.

**(g) Expenses**

All expenses are accounted for on an accrual basis and are charged to the statement of comprehensive income.

**(h) Amount due from/to Custodian**

Amount due from Custodian represent receivables for securities dividend that have been contracted for, but not yet delivered on the reporting date respectively.

**(i) Cash component for shares issued and redeemed**

Cash component on issue represents the amount being equal to the difference between the issue price on the relevant transaction date and the value of the securities exchanged in kind for those shares.

Cash component on redemption represents the amount being equal to the difference between the redemption values on the relevant transaction date and the value of securities transferred in kind to the redeeming shareholder in respect of such shares.

**(j) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, cash at bank, demand deposits with original maturities of three months or less.

**(k) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company and the Sub-Fund operates (the "functional currency"). The Sub-Fund invests in Hong Kong listed shares, and the performance of the Sub-Fund is measured and reported to the shareholders in Hong Kong Dollar ("HKD"). The Manager considers HKD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements of the Company and the Sub-Fund are presented in HKD, which is the functional and presentation currency.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Foreign currency translation (continued)**

**(ii) 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 reporting date.

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

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within "net foreign exchange gain/(loss)".

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

**(l) Redeemable shares**

The Company and the Sub-Fund issue redeemable shares, which are redeemable at the holder's option. These shares represent puttable financial instruments of the Company and the Sub-Fund.

The Company and the Sub-Fund classify their puttable financial instruments as equity in accordance with HKAS 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 assets attributable to shareholders;
- the puttable financial instruments are the most subordinated shares in issue and share features are identical;
- there are no contractual obligations to deliver cash or other financial assets other than the obligation on the issuer to repurchase; and
- the total expected cash flows from the puttable financial instruments over its life are based substantially on the profit or loss of the Company and the Sub-Fund.

Shares are issued and redeemed at the holder's option at prices based on the Company and the Sub-Fund's net assets attributable to shareholders per share at the time of issue or redemption. The Company and the Sub-Fund's net assets attributable to shareholders per share is calculated by dividing the net assets attributable to shareholders with the total number of outstanding shares.

In accordance with the prospectus of the Company and the Sub-Fund, investment positions are valued based on the official closing price for the purpose of determining the net assets attributable to shareholders per share for subscriptions and redemptions of the Company and the Sub-Fund.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(m) Taxation**

No provision for Hong Kong profits tax has been made for the Sub-Fund as the dividend income and realised gain on disposal of investment of the Sub-Fund are excluded from the charge to profits tax under Section 14, Section 26 or Section 26A of the Hong Kong Inland Revenue Ordinance.

The Sub-Fund currently incurs withholding taxes on investment income. Such income is recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included as taxation in the statement of comprehensive income.

**(n) Other income**

Other income represents the income from subscription and redemption.

**(o) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Statement of Net Assets Attributable to Shareholders where the Sub-Fund currently has a legally enforceable right to set-off 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 Sub-Fund or the counterparty.

**(p) Dividend income**

Dividend income is recognised on the ex-dividend date. Dividend income on equity securities where no ex-dividend date is quoted is recognised when the Sub-Fund right to receive payment is established.

**(q) Transaction costs**

Transactions costs are costs incurred to acquire/dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, brokers and dealers. Transaction costs are expensed as incurred in the Statement of Comprehensive Income

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. NUMBER OF SHARES IN ISSUE AND NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**

The Sub-Fund's capital is represented by the shares in the Sub-Fund, and shown as "net assets attributable to shareholders" in the statement of net assets attributable to shareholders. Subscriptions and redemptions of shares during the period ended 30 June 2023 are shown in the statement of net assets attributable to shareholders. In order to achieve the investment objectives, the Sub-Fund endeavor to invest its capital in accordance with the investment policies as outlined in Note 4(a).

The Sub Funds' objectives and policies for managing its obligations to redeem shares are included in Note 4(g) on capital risk management and Note 4(e) on liquidity risk.

Net assets attributable to shareholders

Net assets attributable to shareholders represent an equity in the statement of net assets attributable to shareholders, carried at the redemption amount that would be payable at the period end date if the shareholder exercised the right to redeem the shares in the Sub-Fund.

Movement in number of shares

	E Fund (HK) HSI ESG Enhanced Index ETF Shares
Number of shares in issue at the beginning of the period	-
Shares issued	5,600,000
Shares redeemed	<u>(4,000,000)</u>
Number of shares in issue at the end of the period	<u>1,600,000</u>



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. FINANCIAL RISK MANAGEMENT**

**(a) Strategy in using financial instruments**

The investment objective of the Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the relevant Index, such Sub-Fund will adopt either a full replication or a representative sampling strategy.

In order to achieve the Sub-Fund's investment objective, the Manager and the Sub-Manager intend to primarily use a full replication strategy through investing directly in the Index constituents in substantially the same weightings in which they are included in the Index.

**(b) 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.

The Sub-Fund is designated to track the performance of the Index, and therefore the exposures to market risk in the Sub-Fund will be substantially the same as the tracked index. The Manager manages the Sub-Fund's exposure to market risk by ensuring that the key characteristics of the portfolio, such as security weight and industry weight, are closely aligned with the characteristics of the tracked index.

As at period end, the overall market exposures were as follows:

	Fair Value HKD	% of net assets attributable to shareholders HKD
Financial assets at fair value through profit or loss		
Listed equities	4,593,753	98.39%
Total investment, at cost	4,279,871	



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Market price risk (Continued)**

The overall exposures of the Sub-Fund to sectors as at 30 June 2023 were as follows:

	Fair Value HKD	% of net assets attributable to Shareholders HKD
Financial assets at fair value through profit or loss		
Listed equities		
Utilities	53,581	1.15%
Consumer staples	105,970	2.27%
Industrials	108,733	2.33%
Health care	169,993	3.64%
Information technology	198,859	4.26%
Communication services	613,059	13.13%
Real estate	825,208	17.68%
Consumer discretionary	950,287	20.35%
Financials	<u>1,568,063</u>	<u>33.59%</u>
Total investment	<u>4,593,753</u>	<u>98.39%</u>

The overall exposures of the Sub-Fund by place of operation as at 30 June 2023 were as follows:

	% of net assets attributable to Shareholders HKD
Financial assets at fair value through profit or loss	
Hong Kong	<u>100%</u>

As at 30 June 2023, the Sub-Fund held 68 out of 68 constituents comprising the Hang Seng Index Tracking Fund HSI ESG Enhanced Select Index ETF (price return) in proportion to the constitution of the Hang Seng Index Tracking Fund HSI ESG Enhanced Select Index ETF (price return).

As at 30 June 2023, for the Sub-Fund, if the index were to increase by 20% with all other variables held constant, this would increase the net assets attributable to shareholders value by approximately HKD918,751. Conversely, if the Index were to decrease by 20%, this would decrease the net assets attributable to shareholders' value by approximately HKD918,751.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The functional currency of E Fund (HK) HSI ESG Enhanced Index ETF is HKD. E Fund (HK) HSI ESG Enhanced Index ETF has assets and liabilities denominated in currencies other than HKD, its functional and presentation currency.

The Sub-Fund holds assets and liabilities mainly denominated in HKD, the functional currency of the Sub-Fund. The Manager considers the Sub-Fund is not exposed to significant currency risk and therefore no sensitivity analysis is presented.

**(d) Credit and counterparty risk**

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Sub-Fund.

The Sub-Fund's financial assets which are potentially subject to concentrations of credit risk consist of dividend receivables, amount due from Manager, amount due from Custodian, bank deposits and investments held with the Custodian. The table below summarises the assets placed with the Custodian and the credit rating of the Custodian is at or above investment grade as at 30 June 2023.

	HKD	Credit rating	Source of credit rating
<u>Custodian</u>			
Bank of Communications Trustee Limited*	4,670,404	A2	Moody's

\* Credit rating of its ultimate holding company, Bank of Communications Co., Ltd is used.

All transactions in investments are settled/paid for upon delivery using approved and reputable Custodian. The risk of default is considered minimal, as delivery of investments sold is only made when the Sub-Fund's Custodian has received payment. Payment is made on a purchase once the investments have been received by the Sub-Fund's Custodian. The trade will fail if either party fails to meet its obligation.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. FINANCIAL RISK MANAGEMENT (Continued)**

**(d) Credit and counterparty risk (Continued)**

The Sub-Fund measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Manager considers both historical analysis and forward looking information in determining any expected credit loss. The Sub-Fund's financial assets subject to the expected credit loss model within HKFRS 9 are dividends receivables, amount due from Manager and cash at bank. Manager consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

**(e) Liquidity risk**

Liquidity risk is defined as the risk that the Sub-Fund will encounter difficulties in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Sub-Fund could be required to pay its liabilities or redeem its shares earlier than expected. The Sub-Fund is exposed to daily cash redemptions of its redeemable shares. Shares are redeemable at the holder's option based on the Sub-Fund's net assets attributable to shareholders per share at the time of redemption, calculated in accordance with the Sub-Fund's Trust Deed. It is the Sub-Fund's policy that the Manager monitors the Sub-Fund's liquidity position on a daily basis.

The Sub-Fund invests all of their assets investments that are traded in active market and can be readily disposed of. The Sub-Fund's securities are considered readily realisable, as they are listed. It is the intent of the Manager to monitor the Sub-Fund's liquidity position on a daily basis.

The table below summarises the maturity profile of the Sub-Fund's financial assets and liabilities at the end of the reporting period based on contractual undiscounted cash flows in order to provide a complete view of the Sub-Fund's contractual commitments and liquidity.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. FINANCIAL RISK MANAGEMENT (Continued)**

**(e) Liquidity risk (Continued)**

	On demand HKD	Within 1 month HKD	1 month to 3 months HKD	No stated maturity HKD	Total HKD
As at 30 June 2023					
<u>Financial assets</u>					
Financial assets at fair value through profit or loss	-	-	-	4,593,753	4,593,753
Amount due from Manager	-	2,160	-	-	2,160
Amount due from Custodian	-	1,181	-	-	1,181
Dividend receivables	-	17,828	6,809	-	24,637
Cash and cash equivalents	50,833	-	-	-	50,833
Total financial assets	50,833	21,169	6,809	4,593,753	4,672,564
<u>Financial liabilities</u>					
Management fee payable	-	1,657	-	-	1,657
Transaction fee payable	-	2,160	-	-	2,160
Total financial liabilities	-	3,817	-	-	3,817

**(f) Fair value estimation**

The fair value of financial assets and financial liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using broker quotes or valuation techniques.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

As at 30 June 2023, there are no financial assets and financial liabilities that are not traded in an active market (for example, over-the-counter derivatives).

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying amount of other receivables and payables are assumed to approximate their fair values.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. FINANCIAL RISK MANAGEMENT (Continued)**

**(f) Fair value estimation (Continued)**

HKFRS 13 requires the Sub-Fund to 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 that the entity can access at the measurement date (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 categorized 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-Fund. The Sub-Fund considers 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-Fund investments (by class) measured at fair value at 30 June 2023:

	Quoted prices in active markets Level 1 HKD	Significant observable inputs Level 2 HKD	Significant unobservable inputs Level 3 HKD	Total HKD
30 June 2023				
Financial assets at fair value through profit or loss:				
- Listed equity securities	4,593,753	-	-	4,593,753

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include actively listed equities. The Sub-Fund does not adjust the quoted price for these instruments.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. FINANCIAL RISK MANAGEMENT (Continued)**

**(f) Fair value estimation (Continued)**

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. These include derivative financial instruments.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 30 June 2023, the Sub-Fund did not hold any investments classified in level 3.

There is no transfer between levels for the period ended 30 June 2023.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

Assets and liabilities included in the statement of financial position, except for investments, are carried at amortized cost, their carrying values are a reasonable approximation of fair value.

There are no other assets and liabilities not at fair value but for which the fair value is disclosed.

**(g) Capital risk management**

The Sub-Funds' capital is represented by the net assets attributable to shareholders. The Sub-Funds' objective is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Index

In order to maintain or adjust the capital structure, the Manager may:

- redeem and issue new shares in accordance with the prospectus of the Sub-Fund;
- exercise discretion when determining the amount of distributions of the Sub-Fund to the shareholders; and
- suspend the creation and redemption of shares under certain circumstances stipulated in the Instrument of Incorporation

**(h) Financial instruments by category**

Financial assets

Apart from financial assets at fair value through profit or loss, all other financial assets as disclosed in the statement of net assets attributable to shareholders, including cash and cash equivalents are categorised as "financial assets at amortised cost".

Financial liabilities

All the financial liabilities as disclosed in the statement of net assets attributable to shareholders, including management fee payable is categorised as "other financial liabilities at amortised cost".

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. NET LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	E FUND (HK) HSI ESG ENHANCED INDEX ETF HKD
Realised loss on sale of investments	(853,319)
Change in unrealized gains in value of investments	<u>313,882</u>
Net loss on financial assets at fair value through profit or loss	<u>(539,437)</u>

**6. TRANSACTIONS WITH RELATED PARTIES, INCLUDING THE CUSTODIAN, THE MANAGER AND THEIR CONNECTED PERSONS**

In addition to those disclosed in Note 4(d), the Sub-Fund had the following transactions with related parties and connected persons. Connected persons of the Manager and the Custodian are those as defined in the SFC Code issued by the SFC. All such transactions were entered into in the ordinary course of business and on normal commercial terms. Outstanding balances of the transactions are unsecured, interest free and there are no fixed terms. To the best of the Manager's knowledge, the Sub-Fund did not have any other transactions with their related parties, including the Custodian, the Manager and their connected persons except for those disclosed.

**(a) Interest income on deposits**

Interest income on deposits amounted to HKD216 was earned on balances held with the Custodian and its related parties and connected persons for the period ended 30 June 2023.

**(b) Management fee**

The Sub-Fund employs a single management fee structure, with the Sub-Fund paying all of its fees, costs and expenses (and its due proportion of any costs and expenses of the Company allocated to it) as a single flat fee. Fees and expenses taken into account in determining this single flat fee include, but are not limited to, the Manager's fee, Administrator/Custodian's fee, Registrar's fees, fees of the Service Agent, fees and expenses of the auditors, securities transaction fee, ordinary out-of-pocket expenses incurred by the Manager or the Administrator/Custodian or their agents.

Management fee is 0.2% per annum of the net assets attributable to shareholders of the Sub-Fund is charged by E Fund Management (Hong Kong) Limited, with a maximum rate of up to 3% per annum of the net assets attributable to shareholders of the Sub-Fund. The management fee is accrued daily and calculated as at each dealing day.

During the period ended 30 June 2023, management fee was HKD8,158.

As at 30 June 2023, management fee payable was HKD1,657.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6. TRANSACTIONS WITH RELATED PARTIES, INCLUDING THE CUSTODIAN, THE MANAGER AND THEIR CONNECTED PERSONS (CONTINUED)**

**(c) Amount due from Manager**

The transaction fee of investment handling fee and investment related charges to be reimbursed by the Manager to the Sub-Fund for the period ended 30 June 2023 are as follows:

	E FUND (HK) HSI ESG ENHANCED INDEX ETF Period from 5 October 2022 (date of commencement of operations) to 30 June 2023 HKD
Amount due from Manager	2,160

The cost of establishing the Company and the Sub-Fund was borne by the Manager and it confirms that it will not recharge the Sub-Fund for the establishment cost.

**(d) Transaction fee**

Transaction fee comprise of investment handling fee and investment related charges. Investment handling fee pertain to fee charges on transaction made through the Custodian at HKD120 per transaction. The investment handling fee for the period ended 30 June 2023 was HKD9,720, which would be reimbursed by the Manager. As at 30 June 2023, investment handling fee of HKD2,160 was payable to the Custodian.

**(e) Bank charge**

Bank charge amounted to HKD250 was charged by the Bank of Communications (Hong Kong) Limited the period ended 30 June 2023.

**(f) Cash and cash equivalents and financial assets at fair value through profit or loss**

Cash and cash equivalents included in the statement of financial position of the Sub-Fund were placed with Bank of Communications (Hong Kong) Ltd, affiliate company of the Custodian as at 30 June 2023. The bank balance comprises savings and current account with bank at market interest rates. The bank balance is deposited with creditworthy bank with no recent history of default.

Financial assets at fair value through profit or loss included in the statement of financial position of all the Sub-Fund are held with the Custodian as at 30 June 2023.

	E FUND (HK) HSI ESG ENHANCED INDEX ETF As at 30 June 2023 HKD
Cash and cash equivalents	50,833
Financial assets at fair value through profit or loss	4,593,753



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**7. MAJOR NON-CASH TRANSACTIONS**

During the period from 5 October 2022 (date of commencement of operations) to 30 June 2023, the Sub-Fund issued 5,600,000 shares totaling HKD14,720,520 in exchange of Index Baskets consisting of investments valued at HK8,266,500 and cash component of HKD6,454,020.

**8. TRANSACTION COSTS ON INVESTMENTS**

Transaction costs on investments include SFC transaction levy, trading fee to Hong Kong Stock Exchange (HKEX), transaction fee paid to Custodian and stamp duty on stock transaction incurred for purchases and sales of investments.

**9. AMOUNT DUE FROM CUSTODIAN**

As at 30 June 2023, amount due from Custodian was HKD1,181, which represent receivables for securities dividend that have been contracted for, but not yet delivered on the reporting date respectively.

**10. SOFT COMMISSION ARRANGEMENTS**

The Manager and its connected persons have not received any soft dollar commissions or entered into any soft dollar arrangements in respect of the management of the Sub-Fund for the period from 5 October 2022 (date of commencement of operations) to 30 June 2023. The Manager and its connected persons have not retained any cash rebates from any custodian or dealer.

**11. DISTRIBUTIONS TO SHAREHOLDERS**

The Manager may at its discretion distribute income to Shareholders, having regard to the Sub-Fund's net income after fees and costs. Currently, the Manager intends to make distributions annually, in October each year. The Manager may, at its discretion, pay dividend out of or effectively pay dividend out of capital. However, there is no guarantee of regular distribution nor the amount being distributed, if any.

**12. INCOME TAXATION**

No provision for Hong Kong profits tax has been made for the Sub-Fund as the dividend income and realised gain on disposal of investment of the Sub-Fund are excluded from the charge to profits tax under Section 14, Section 26 or Section 26A of the Hong Kong Inland Revenue Ordinance.

The Sub-Fund is subject to dividend withholding tax for investments in Hong Kong listed China companies' stock.

**13. CONTINGENT LIABILITIES**

The Sub-Fund has no contingent liabilities as at 30 June 2023.

**14. NEGOTIABILITY OF ASSETS**

The Sub-Fund does not have any assets restricted by statutory or contractual requirement as at 30 June 2023.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**15. INVESTMENT LIMITATIONS AND PROHIBITIONS UNDER THE UT CODE**

The UT Code allows the Sub-Fund to invest in constituent securities issued by a single issuer for more than 10% of the Sub-Fund's net assets attributable to shareholders provided that:

- (a) the investment is limited to any constituent securities that each accounts for more than 10% of the weighting of the index; and
- (b) the Sub-Fund's holding of any such constituent securities may not exceed their respective weightings in the index, except where weightings are exceeded as a result of changes in the composition of the index and the excess is only transitional and temporary in nature.

There were no constituent securities that individually accounted for more than 10% of the net assets attributable to shareholders of the Sub-Fund and their respective weightings of HSI ESG Enhance Index as at 30 June 2023.

Unless otherwise exempted or waived, the Manager and Trustee have confirmed that the Sub-Fund has complied with the relevant requirements during the period ended 30 June 2023.

**16. SEGMENT INFORMATION**

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

The Manager considers that the Sub-Fund has a single operating segment which is investing in securities to achieve the investment objectives of the Sub-Fund. The objective of the Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Index.

The internal financial information used by the Manager for the Sub-Fund's assets, liabilities and performance is the same as that disclosed in the statement of net assets attributable to shareholders and the statement of profit or loss and other comprehensive income.

The Sub-Fund is domiciled in Hong Kong. The majority of the Sub-Fund's income is derived from investments in securities of the tracked Index.

**17. EVENTS AFTER THE REPORTING PERIOD**

Subsequent to 30 June 2023 and up to the date of authorisation of these financial statements, there is net subscription of units of HKD649,961,760 which there is subscription of 207,600,000 units of HKD649,961,760 and no redemption of units. As at the date of authorisation of these financial statements, more than 90% units of the Sub-Fund is held by BCOM HSI ESG Tracking (CF) Fund, a fund appointed the Manager as the investment manager and Bank of Communications Trustee Limited as the trustee.

**18. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the Custodian and the Manager on 19 October 2023.

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**INVESTMENT PORTFOLIO (UNAUDITED)**

*As at 30 June 2023*

	Holdings	Fair value HKD	% of net assets
<b>Listed equities</b>			
<b>Hong Kong</b>			
AIA	4,730	374,143	8.01%
ALIBABA GROUP HO	1,879	152,575	3.27%
ALIBABA HEALTH	2,401	11,309	0.24%
ANTA SPORTS PROD	1,270	101,664	2.18%
BAIDU INC-CLASS A	394	52,323	1.12%
BANK OF CHINA LTD-H	6,171	19,377	0.42%
BOC HONG KONG HO	1,128	27,015	0.58%
BUDWEISER BREWIN	1,662	33,572	0.72%
BYD CO LTD-H	247	61,750	1.32%
CCB-H	12,340	62,564	1.34%
CHINA LIFE-H	1,161	15,163	0.33%
CHINA MOBILE	1,339	85,763	1.84%
CHINA OVERSEAS	4,260	72,761	1.56%
CHINA RES LAND	2,045	67,894	1.45%
CHINA RESOURCES	182	9,391	0.20%
CHINA RESOURCES MIXC LIFESTY	1,143	44,463	0.95%
CHINA UNICOM	756	3,916	0.08%
CHOW TAI FOOK JE	2,133	30,033	0.64%
CK ASSET HOLDING	1,860	80,724	1.73%
CKH HOLDINGS	323	15,456	0.33%
CM BANK-H	456	16,234	0.35%
COUNTRY GARDEN	5,619	8,934	0.19%
COUNTRY GARDEN S	3,552	35,946	0.77%
CSPC PHARMACEUTI	749	5,101	0.11%
ENN ENERGY	138	13,469	0.29%
GALAXY ENTERTAIN	316	15,705	0.34%
GEELY AUTOMOBILE	5,518	52,752	1.13%
H Aidilao Internat	187	3,222	0.07%
HAIER SMART HOME CO LTD-H	293	7,222	0.15%
HANG LUNG PPT	2,156	26,088	0.56%
HANG SENG BANK	542	60,433	1.29%
HANSOH PHARMACEU	117	1,474	0.03%
HENDERSON LAND D	1,110	25,863	0.55%
HENGAN INTL	83	2,739	0.06%
HKEX	1,133	334,462	7.16%
HONG KG CHINA GS	5,925	40,111	0.86%

**E FUND (HK) HSI ESG ENHANCED INDEX ETF**  
**(A SUB-FUND OF E FUND ETF SERIES OFC)**

**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)**

*As at 30 June 2023*

	Holdings	Fair value HKD	% of net assets
<b>Listed equities</b>			
<b>Hong Kong</b>			
HSBC HOLDINGS PLC	6,093	371,673	7.96%
ICBC-H	5,644	23,592	0.51%
JD HEALTH INTERNATIONAL INC	400	19,780	0.42%
JD.COM INC - CL A	306	40,514	0.87%
LENOVO GROUP	8,828	72,125	1.54%
LI NING CO LTD	2,332	98,294	2.11%
LINK REIT	4,222	183,657	3.93%
LONGFOR GROUP HO	2,166	41,241	0.88%
MEITUAN DIANPI-B	1,810	221,363	4.74%
MENGNU DAIRY	256	7,552	0.16%
MTR CORP	1,122	40,392	0.87%
NETEASE INC	614	93,696	2.01%
NEW WORLD DEV	1,427	27,513	0.59%
NONGFU SPRING CO LTD-H	407	17,603	0.38%
ORIENT OVERSEAS	53	5,570	0.12%
PING AN	5,284	263,407	5.64%
SANDS CHINA LTD	2,077	55,456	1.19%
SHENZHO INTL GP	871	65,107	1.39%
SHK PPT	1,551	153,084	3.28%
SMIC	461	9,404	0.20%
SUNNY OPTICAL TECH	229	17,896	0.38%
TECHTRONIC IND	521	44,363	0.95%
TENCENT	1,138	377,361	8.08%
TINGYI HLDG CO	160	1,949	0.04%
TRIP.COM GROUP LTD	50	13,630	0.29%
WH GROUP LTD	500	2,075	0.04%
WHARF REAL ESTAT	1,457	57,042	1.22%
WUXI BIOLOGICS C	4,352	163,418	3.50%
XIAOMI CORP-B	7,875	84,420	1.81%
XINYI GLASS	242	2,952	0.07%
XINYI SOLAR HLDS	1,659	15,014	0.33%
ZHONGSHENG GROUP	1,035	30,999	0.67%
Total investment portfolio (Cost: HKD4,279,871)	140,460	4,593,753	98.39%
Other net assets		74,994	1.61%
Total net assets attributable to shareholders		4,668,747	100.00%

**E FUND (HK) HSI ESG ENHANCED INDEX ETF**  
**(A SUB-FUND OF E FUND ETF SERIES OFC)**

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)**  
*For the period from 5 October 2022 (date of commencement of operations) to 30 June 2023*

	Beginning	Additions	Corporate Action	Disposals	Closing balance
<b>Listed equities</b>					
<b>Hong Kong</b>					
AIA	-	17,982	-	13,252	4,730
ALIBABA GROUP HO	-	6,568	-	4,689	1,879
ALIBABA HEALTH	-	9,931	-	7,530	2,401
ANTA SPORTS PROD	-	4,698	-	3,428	1,270
BAIDU INC-CLASS A	-	1,413	-	1,019	394
BANK OF CHINA LTD-H	-	21,884	-	15,713	6,171
BOC HONG KONG HO	-	4,732	-	3,604	1,128
BUDWEISER BREWIN	-	6,830	-	5,168	1,662
BYD CO LTD-H	-	907	-	660	247
CCB-H	-	42,019	-	29,679	12,340
CHINA LIFE-H	-	4,116	-	2,955	1,161
CHINA MOBILE	-	5,808	-	4,469	1,339
CHINA OVERSEAS	-	15,257	-	10,997	4,260
CHINA RES LAND	-	7,731	-	5,686	2,045
CHINA RESOURCES	-	644	-	462	182
CHINA RESOURCES MIXC LIFESTY	-	1,143	-	-	1,143
CHINA UNICOM	-	2,681	-	1,925	756
CHOW TAI FOOK JE	-	7,562	-	5,429	2,133
CK ASSET HOLDING	-	6,084	-	4,224	1,860
CKH HOLDINGS	-	1,212	-	889	323
CM BANK-H	-	1,425	-	969	456
COUNTRY GARDEN	-	16,458	-	10,839	5,619
COUNTRY GARDEN S	-	12,209	-	8,657	3,552
CSPC PHARMACEUTI	-	2,660	-	1,911	749
ENN ENERGY	-	323	-	185	138
GALAXY ENTERTAIN	-	1,124	-	808	316
GEELY AUTOMOBILE	-	10,282	-	4,764	5,518
HAIDILAO INTERNA	-	664	-	477	187
HAIER SMART HOME CO LTD-H	-	293	-	-	293
HANG LUNG PPT	-	8,489	-	6,333	2,156
HANG SENG BANK	-	1,903	-	1,361	542
HANSOH PHARMACEU	-	420	-	303	117
HENDERSON LAND D	-	3,933	-	2,823	1,110
HENGAN INTL	-	291	-	208	83
HKEX	-	4,164	-	3,031	1,133
HONG KG CHINA GS	-	23,130	-	17,205	5,925
HSBC HOLDINGS PLC	-	27,973	-	21,880	6,093
ICBC-H	-	19,376	-	13,732	5,644
JD HEALTH INTERNATIONAL INC	-	400	-	-	400



**E FUND (HK) HSI ESG ENHANCED INDEX ETF**  
**(A SUB-FUND OF E FUND ETF SERIES OFC)**

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)**

*For the period from 5 October 2022 (date of commencement of operations) to 30 June 2023*

	Beginning	Additions	Corporate Action	Disposals	Closing balance
<b>Listed equities</b>					
<b>Hong Kong</b>					
JD.COM INC - CL A	-	937	-	631	306
LENOVO GROUP	-	30,829	-	22,001	8,828
LI NING CO LTD	-	8,312	-	5,980	2,332
LINK REIT	-	13,420	-	9,198	4,222
LONGFOR GROUP HO	-	7,456	-	5,290	2,166
MEITUAN DIANPI-B	-	4,026	125	2,341	1,810
MENGNIU DAIRY	-	907	-	651	256
MTR CORP	-	3,698	-	2,576	1,122
NETEASE INC	-	3,107	-	2,493	614
NEW WORLD DEV	-	6,383	-	4,956	1,427
NONGFU SPRING CO LTD-H	-	1,577	-	1,170	407
ORIENT OVERSEAS	-	184	-	131	53
PING AN	-	19,912	-	14,628	5,284
SANDS CHINA LTD	-	8,963	-	6,886	2,077
SHENZHOU INTL GP	-	3,155	-	2,284	871
SHK PPT	-	4,797	-	3,246	1,551
SMIC	-	1,638	-	1,177	461
SUNNY OPTICAL TECH	-	975	-	746	229
TECHTRONIC IND	-	2,268	-	1,747	521
TENCENT	-	4,310	-	3,172	1,138
TINGYI HLDG CO	-	160	-	-	160
TRIP.COM GROUP LTD	-	50	-	-	50
WH GROUP LTD	-	2,322	-	1,822	500
WHARF REAL ESTAT	-	5,273	-	3,816	1,457
WUXI BIOLOGICS C	-	11,748	-	7,396	4,352
XIAOMI CORP-B	-	31,659	-	23,784	7,875
XINYI GLASS	-	861	-	619	242
XINYI SOLAR HLDS	-	7,101	-	5,442	1,659
ZHONGSHENG GROUP	-	3,170	-	2,135	1,035

**% of  
holdings  
as at 30  
June  
2023**

**Listed equities**

Hong Kong

100

Total listed investment

100

**E FUND (HK) HSI ESG ENHANCED INDEX ETF  
(A SUB-FUND OF E FUND ETF SERIES OFC)**

**PERFORMANCE TABLE (UNAUDITED)**

**Net Assets Attributable to Shareholders**

	Net assets attributable to shareholders HKD	Net assets attributable to shareholders per share HKD
At the end of financial period dated		
30 June 2023	4,668,747	2.9180

**Highest and Lowest Net Assets Attributable to Shareholders Per Share**

	Highest net assets attributable to shareholders per share HKD	Lowest net assets attributable to shareholders per share HKD
For the period from 5 October 2022 (date of commencement of operations) to 30 June 2023	3.5878	2.2138

**E FUND (HK) HSI ESG ENHANCED INDEX ETF  
(A SUB-FUND OF E FUND ETF SERIES OFC)**

**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

**Administrator and Custodian**

Bank of Communications Trustee Limited  
1/F., Far East Consortium Building  
121 Des Voeux Road Central  
Hong Kong

**Registrar**

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

**Service Agent or Conversion Agent**

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

**Directors of the Company**

SHI Feng  
WANG Fei

**Directors of the Manager**

MA Jun  
LOU Lizhou  
WU Xinrong  
FAN Yue  
Gaohui HUANG  
SONG Kun

**Participating Dealer(s)<sup>#</sup>**

**Market Maker(s)<sup>#</sup>**

**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  
30<sup>th</sup> Floor One Taikoo Place  
979 King's Road  
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**Deacons**

5/F, Alexandra House  
18 Chater Road  
Central  
Hong Kong

**Auditor**

PricewaterhouseCoopers  
22/F, Prince's Building, 10 Charter Road  
Central  
Hong Kong

<sup>#</sup> Please refer to the Manager's website and the website of the HKEX for the latest lists of Market Makers and Participating Dealers for each of the Sub-Fund(s).