

**E Fund (HK) CSI Liquor Index ETF**  
**Stock Code: 83189 (RMB Counter) and 03189 (HKD Counter)**

**Sub-Fund of E Fund ETFs Trust**

**Annual Report 2023**

**For the period from 14th February 2023 (Date of commencement of operations) to  
31st December 2023**

**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

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**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

**MANAGEMENT AND ADMINISTRATION**

**Manager and QFI Holder**

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**

E Fund Management Co., Limited  
25-28/F, City Development Plaza  
189 Ti Yu Xi Road  
Guangzhou 510620  
China

**Custodian**

The Hongkong and Shanghai Banking Corporation  
Limited  
1 Queen's Road Central  
Hong Kong

**PRC Custodian**

HSBC Bank (China) Company Limited  
33/F, HSBC Building  
Shanghai IFC  
8 Century Avenue, Pudong  
Shanghai 200120  
China

**Service Agent/Conversion Agent**

HK Conversion Agency Services Limited  
2/F, Infinitus Plaza  
199 Des Voeux Road 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  
30/F, One Taikoo Place  
979 King's Road  
Hong Kong

**Auditor**

PricewaterhouseCoopers  
22/F, Prince's Building  
Hong Kong

**Directors of the Manager**

As at 31st December 2023  
MA Jun  
CHEN Rong (Resigned on 11th May 2023)  
LOU Lizhou  
WU Xinrong  
YANG Dongmei (Resigned on 11th May 2023)  
HUANG Gaohui  
FAN Yue  
SONG Kun (Appointed on 11th May 2023)  
WANG Xue (Appointed on 7th Dec 2023)  
CHEN Liyuan (Appointed on 18th Apr 2024)

**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

**REPORT OF THE MANAGER TO THE UNITHOLDERS**

**E Fund (HK) CSI Liquor Index ETF**  
(a sub-fund of E Fund ETFs Trust)

**Introduction**

E Fund (HK) CSI Liquor Index ETF (the “Sub-Fund”), a sub-fund of the E Fund ETFs Trust, was launched on 14th February 2023 and commenced trading under the stock code 83189 (RMB Counter) and 03189 (HKD Counter) on The Stock Exchange of Hong Kong Limited (the “SEHK”) on 16th February 2023. The manager of the Sub-Fund is E Fund Management (Hong Kong) Co., Ltd. and the trustee is HSBC Institutional Trust Services (Asia) Limited.

**Fund Performance**

The Sub-Fund seeks to provide investment returns that, before deduction of fees and expenses, closely correspond to the performance of the CSI Liquor Index. As of 31st December 2023<sup>#</sup>, the net asset value per unit of the Sub-Fund was RMB1.8138, and there was 23,000,000 units outstanding. The total size of the Sub-Fund was approximately RMB41.72 Million.

A summary of the performance of the Sub-Fund is given below.

<b>Cumulative Performance*</b>	Since Launch <sup>1</sup>	YTD <sup>2</sup>	1 Month	3 Months	6 Months
Sub-Fund (RMB)	-27.3%	-27.3%	-5.9%	-11.1%	-6.8%
Index (Net Total Return)	-26.8%	-26.8%	-5.7%	-10.7%	-6.1%

Source: Bloomberg

<sup>#</sup>31st December 2023 is not a business day, all published net asset value per unit data is on 29th December 2023.

\*Sub-Fund: NAV-to-NAV return, net return with dividend (if any) NOT reinvested

<sup>1</sup>Since listing date 16th February 2023 to the reporting period end.

<sup>2</sup>Since listing date 16th February 2023 to the reporting period end.

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 the Fund increased or decreased in value during the calendar year/period being shown.

Performance data has been calculated in RMB, including ongoing charges and excluding your trading costs on SEHK. Where no past performance is shown there was insufficient data available in that year to provide performance.

This report is exempted from pre-vetting and authorization by the Securities and Futures Commission of Hong Kong (“SFC”) and has not been reviewed by the SFC. SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance.

The Index is a net total return free float-adjusted market capitalisation-weighted index and published by China Securities Index Co., Ltd. The Index aims to measure the performance of the liquor industry in Mainland China. The Index selects no more than 50 stocks listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange by market capitalisation which belong to Chinese liquor production industry as Index constituents.

**Fund Activities**

The average daily trading volume for the Sub-Fund during the period was reported by Bloomberg to be approximately RMB 930,607.73. As of 31st December 2023, the Sub-Fund comprised of 23,000,000 outstanding units.

**Index Activities**

As of 31st December 2023, the Sub-Fund held 18 constituents as CSI Liquor Index.

**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

**REPORT OF THE TRUSTEE TO THE UNITHOLDERS**

We hereby confirm that, in our opinion, the Manager of E Fund (HK) CSI Liquor Index ETF (the “Sub-Fund”) has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 25th July 2012, as amended by the first supplemental deed dated 25th July 2012, the second supplemental deed dated 13th September 2013, the third and fourth supplemental deeds dated 15th January 2014 and the fifth supplemental deed dated 29th October 2014, and the sixth supplemental deed dated 24th September 2018, amended and restated by an Amended and Restated Trust Deed dated 31st December 2019, further amended by the Supplemental Trust Deed dated 17th November 2020, the Supplement Deed dated 2nd December 2021 and the Supplement Deed dated 11th February 2022 (together the “Principal Deed”), for the period ended 31st December 2023.



HSBC Institutional Trust Services (Asia) Limited  
25th April 2024

**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

**STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE**

**MANAGER'S RESPONSIBILITIES**

The Manager of E Fund (HK) CSI Liquor Index ETF (the "Sub-Fund"), a sub-fund of E Fund ETFs Trust, is required by the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong and the Trust Deed dated 25th July 2012, as amended (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-Fund 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-Fund will continue in operation unless it is inappropriate to assume this.

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

E Fund ETFs Trust (the "Trust") is an umbrella unit trust governed by its Trust Deed. As at 31st December 2023, the Trust has two sub-funds, namely, E Fund (HK) CSI Liquor Index ETF (the "Sub-Fund") and E Fund (HK) MSCI China A50 Connect ETF. The other sub-funds established by the Trust, E Fund FTSE Chinese Government Bond 5-10 Years Index ETF, E Fund CES China 120 Index ETF and E Fund (HK) CSI 300 A-Share Index ETF, were terminated on 31st May 2019, 4th November 2019 and 5th May 2023 respectively.

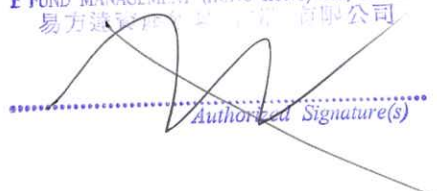
**TRUSTEE'S RESPONSIBILITIES**

The Trustee of the Sub-Fund is required to:

- ensure that the Sub-Fund is 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-Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting period on the conduct of the Manager in the management of the Sub-Fund.


E Fund Management (Hong Kong) Co., Limited  
25th April 2024

*For and on behalf of*  
E FUND MANAGEMENT (HONG KONG) CO., LIMITED  
易方達證券(香港)有限公司

  
.....  
*Authorized Signature(s)*

HSBC Institutional Trust Services (Asia) Limited  
25th April 2024

*For and on behalf of*  
HSBC INSTITUTIONAL TRUST SERVICES (ASIA) LIMITED

  
.....  
*Authorized Signatories*

**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE UNITHOLDERS OF E Fund (HK) CSI Liquor Index ETF**

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

**Opinion**

*What we have audited*

The financial statements of E Fund (HK) CSI Liquor Index ETF (the "Sub-Fund"), a sub-fund of E Fund ETFs Trust, which are set out on pages 10 to 28, comprise:

- the statement of financial position as at 31st December 2023;
- the statement of comprehensive income for the period from 14th February 2023 (date of commencement of operations) to 31st December 2023;
- the statement of changes in net assets attributable to unitholders for the period from 14th February 2023 (date of commencement of operations) to 31st December 2023;
- the statement of cash flows for the period from 14th February 2023 (date of commencement of operations) to 31st December 2023; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

*Our opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31st December 2023, and of its financial transactions and its cash flows for the period from 14th February 2023 (date of commencement of operations) to 31st December 2023 in accordance with IFRS Accounting Standards issued by the International Accounting Standard Board ("IASB").

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standard Board ("IAASB"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We 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 Sub-Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standard Board for Accountants (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

**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.

**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE UNITHOLDERS OF E Fund (HK) CSI Liquor Index ETF**

**Report on the Audit of the Financial Statements (Continued)**

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

- Existence and valuation of investments

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><i>Existence and valuation of investments</i></p> <p>Refer to note 7 to the financial statements</p> <p>The Sub-Fund's investments mainly comprised of listed equities valued at RMB41,626,860.</p> <p>We focused on the existence and valuation of the investments because the investments represented the principle element of the Sub-Fund's net assets attributable to unitholders as at 31st December 2023.</p>	<p>Our work included an assessment of the key controls over the existence and valuation of the investments, which included the following:</p> <ul style="list-style-type: none"><li>• We developed an understanding of the control objectives and related controls relevant to our audit of the Sub-Fund by obtaining the service organisation internal control reports provided by the trustee setting out the controls in place, and the independent service auditor's assurance report over the design and operating effectiveness of those controls.</li><li>• We evaluated the tests undertaken by the service auditor, the results of the tests undertaken and the opinions formed by the service auditor on the design and operating effectiveness of the controls, to the extent relevant to our audit of the Sub-Fund.</li></ul> <p>We tested the existence of investments by obtaining direct confirmations from the custodian and agreeing the Sub-Fund's holdings of investments to the confirmations.</p> <p>We tested the valuation of the Sub-Fund's investments by comparing the pricing used by the Sub-Fund to external pricing sources as at 31st December 2023.</p> <p>Based on the procedures we performed, we found no material exceptions from our testing.</p>



**E Fund ETFs Trust  
- E Fund (HK) CSI Liquor Index ETF**

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF E Fund (HK) CSI Liquor Index ETF**

**Report on the Audit of the Financial Statements (Continued)**

**Other Information**

The manager and the trustee (the "Management") of the Sub-Fund is 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 Management for the Financial Statements**

The Management of the Sub-Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as the Management determines 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 Management of the Sub-Fund is responsible for assessing 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 Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 25th July 2012, as amended ("Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

**E Fund ETFs Trust  
- E Fund (HK) CSI Liquor Index ETF**

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF E Fund (HK) CSI Liquor Index ETF**

**Report on the Audit of the Financial Statements (Continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management'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-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 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.

We communicate with the Management 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 Management 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.

**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE UNITHOLDERS OF E Fund (HK) CSI Liquor Index ETF**

**Report on the Audit of the Financial Statements (Continued)**

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

From the matters communicated with the Management, 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 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 Appendix E of the SFC Code.

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



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 25th April 2024

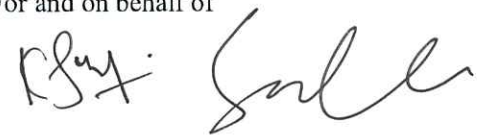
**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER 2023**

	<i>Notes</i>	31st December 2023 <i>RMB</i>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Investments	6(b), 7(a)	41,626,860
Interest receivable		1
Other receivables		1,943
Cash and cash equivalents	6(b)	208,161
<b>Total assets</b>		<u>41,836,965</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Management fee payable	6(a)	113,945
Amount due to the Manager	6(f)	1,325,992
Transaction costs payable		1,675
<b>Total liabilities</b>		<u>1,441,612</u>
<b>EQUITY</b>		
Net assets attributable to unitholders	3	<u>40,395,353</u>

The financial statements on pages 10 to 28 were approved by the Trustee and the Manager on 25th April 2024 and were signed on their behalf.

For and on behalf of  
  
E FUND MANAGEMENT (HONG KONG) CO., LIMITED  
易方達資產管理(香港)有限公司  
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 notes on pages 14 to 28 form part of these financial statements.*

**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD FROM 14th FEBRUARY 2023 (DATE OF COMMENCEMENT OF OPERATIONS) TO**  
**31ST DECEMBER 2023**

	<i>Notes</i>	Period from 14th February 2023 (Date of commencement of operations) to 31st December 2023 <i>RMB</i>
<b>INCOME</b>		
Dividend income		695,885
Bank interest income	<i>6(b)</i>	172
Net loss on investments	<i>4</i>	(12,084,938)
Other income	<i>2(l), 6(e)</i>	176,314
<b>Total net loss</b>		<u>(11,212,567)</u>
<b>EXPENSES</b>		
Management fee	<i>6(a)</i>	(270,181)
Transaction costs on investments	<i>6(d) &amp; 8</i>	(82,560)
Establishment costs	<i>2(n)</i>	(1,606,800)
<b>Total operating expenses</b>		<u>(1,959,541)</u>
Operating loss		(13,172,108)
<b>TAXATION</b>		
Withholding tax on dividend income	<i>5</i>	(69,589)
<b>Total comprehensive loss for the period</b>		<u>(13,241,697)</u>

*The notes on pages 14 to 28 form part of these financial statements.*

**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**  
**FOR THE PERIOD FROM 14th FEBRUARY 2023 (DATE OF COMMENCEMENT OF OPERATIONS) TO**  
**31ST DECEMBER 2023**

	<i>Note</i>	Period from 14th February 2023 (Date of commencement of operations) to 31st December 2023 <i>RMB</i>
<b>Net assets attributable to unitholders at the beginning of the period</b>		-
Subscription of units		55,773,050
Redemption of units		(2,136,000)
Net increase from unit transactions		53,637,050
Total comprehensive loss for the period		(13,241,697)
<b>Net assets attributable to unitholders at the end of the period</b>	<b>3</b>	<b>40,395,353</b>
		Period from 14th February 2023 (Date of commencement of operations) to 31st December 2023 <i>Units</i>
Number of units in issue at the beginning of the period		-
Units issued		24,000,000
Units redeemed		(1,000,000)
Number of units in issue at the end of the period		23,000,000

*The notes on pages 14 to 28 form part of these financial statements.*

**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM 14th FEBRUARY 2023 (DATE OF COMMENCEMENT OF OPERATIONS) TO**  
**31ST DECEMBER 2023**

	Period from 14th February 2023 (Date of commencement of operations) 31st December 2023 <i>RMB</i>
<b>OPERATING ACTIVITIES</b>	
Payments for purchase of investments	(59,744,764)
Proceeds from sale of investments	6,032,966
Dividend received	695,885
Bank interest received	171
Other income received	174,371
Management fee paid	(156,236)
Transaction costs paid	(80,885)
Taxation paid	(69,589)
Establishment costs paid	(280,808)
<b>Net cash used in operating activities</b>	<u>(53,428,889)</u>
<b>FINANCING ACTIVITIES</b>	
Proceeds from subscription of units	55,773,050
Payments on redemption of units	(2,136,000)
<b>Net cash generated from financing activities</b>	<u>53,637,050</u>
Increase in cash and cash equivalents	208,161
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	<u>208,161</u>
<b>Analysis of balances of cash and cash equivalents</b>	
Bank balances	<u>208,161</u>

*The notes on pages 14 to 28 form part of these financial statements.*

**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

E Fund ETFs Trust (the “Trust”) is an umbrella unit trust constituted by its trust deed dated 25th July 2012, as amended (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 terms of the Trust Deed are governed by the laws of Hong Kong. As at 31st December 2023, the Trust has two sub-funds, namely, E Fund (HK) MSCI China A50 Connect ETF and E Fund (HK) CSI Liquor Index ETF (the “Sub-Fund”) which are authorised by the SFC. The Sub-Funds are also listed on The Stock Exchange of Hong Kong Limited. These financial statements relate to the Sub-Fund only. The date of inception of the Sub-Fund was 14th February 2023.

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

The Sub-Fund was designated to track the performance of the CSI Liquor Index. The Index is a net total return free float-adjusted market capitalisation-weighted index and published by China Securities Index Co., Ltd.

As from 16th February 2023 (the “Effective Date”), the Sub-Fund will track the net total return version of the Index. A net total return index calculates the performance of the index constituents on the basis that any dividends or distributions are reinvested net of any withholding tax that may apply. In respect of the net total return version of the Index, the Bloomberg ticker is SH399998.

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 underlying index, namely, CSI Liquor Index.

In order to achieve the investment objective of the Sub-Fund, the Manager will adopt a physical representative sampling strategy by investing at least 80% and up to 100% of its NAV in a representative portfolio of securities that collectively has a high correlation with the Index, but whose constituents may or may not themselves be constituents of the Index.

Under current regulations in the People’s Republic of China (the “PRC”), foreign investors can invest in the domestic securities market through certain qualified foreign institutional investors that have obtained status as a Qualified Foreign Institutional Investor (“QFII”) or a Renminbi Qualified Foreign Institutional Investor (“RQFII”) from the China Securities Regulatory Commission (“CSRC”) to remit foreign freely convertible currencies in the case of a QFII and Renminbi (“RMB”) in the case of a RQFII into the PRC for the purpose of investing in the PRC’s domestic currencies markets.

The Manager has obtained QFI status from the CSRC.

Effective from 1st November 2020, the implementation of Measures for the Administration of Domestic Securities and Futures Investment by QFII and RQFII and its implementing rules (collectively, the “QFI”), the Manager is able to select whether to use foreign convertible currencies or RMB to make investment under the RQFII regime.



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

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION**

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-Fund have been prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Trustee and the Manager to exercise their judgment in the process of applying the Sub-Fund's accounting policies.

- (i) Standards and amendments to existing standards effective 14th February 2023 (Date of commencement of operations)

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

- (ii) New standards, amendments and interpretations effective after 14th February 2023 (Date of commencement of operations) and have not been early adopted by the Sub-Fund

A number of new standards, amendments to standards and interpretations are effective for the period beginning after 14th February 2023 (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 Sub-Fund.

**(b) Investments**

- (i) Classification

The Sub-Fund classifies its investments based on 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 Sub-Fund primarily focuses on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as measured at fair value through other comprehensive income. All investments are measured at fair value through profit or loss.

- (ii) Recognition/derecognition

Purchases and sales of investments are accounted for on the trade date basis. 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 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

**(b) Investments (continued)**

**(iii) Measurement**

Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all investments are measured at fair value. Realised and unrealised gains and losses on investments 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 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, management will determine the point within the bid-ask spread that is most representative of fair value.

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

**(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) Dividend income and interest income**

Dividend income is recorded on the ex-dividend date with the corresponding foreign withholding taxes recorded as an expense.

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

**(d) Distribution to unitholders**

No distribution will be paid out of capital.

Distribution to unitholders is recognised in the statement of changes in net assets attributable to unitholders when it is approved by the Manager.

**(e) Amounts due to participating dealers**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

(f) 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. At each reporting date, the Sub-Fund shall measure the loss allowance on other receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-months expected credit losses. Significant financial difficulties of the counterparties, probability that the counterparties will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(g) Expenses

Expenses are accounted for on an accrual basis.

(h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

(i) 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 Sub-Fund operates (the “functional currency”). The Sub-Fund invests in A-Shares in the PRC and Hong Kong listed PRC shares, and the performance of the Sub-Fund is measured and reported to the unitholders in RMB. The Manager considers RMB as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in RMB, which is the Sub-Fund’s functional and presentation currency.

(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 rates 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 investments are presented in the statement of comprehensive income within net gain/(loss) on investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

(j) Redeemable units

The Sub-Fund issues redeemable units which are redeemable at the holder's option and which represent puttable financial instruments of the Sub-Fund. The Sub-Fund classifies its puttable financial instruments as equity in accordance with IAS 32 (Amendment) "Financial instruments: Presentation" as those puttable financial instruments meet all of 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 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 Sub-Fund.

Units are issued and redeemed at the holder's option at prices based on the Sub-Fund's net asset value per unit at the time of issue or redemption. The Sub-Fund's 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-Fund, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for subscriptions and redemptions of the Sub-Fund.

(k) Taxation

The Sub-Fund currently incurs withholding taxes imposed by the PRC 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.

(l) Other income

Other income includes the difference between the proceeds received from/paid to participating dealers and the cost of investments purchased/sold and expense reimbursement by the Manager.

(m) Transaction cost on investment

Transactions costs are costs incurred to acquire investments. They include fees and commissions paid to agents, brokers and dealers, and transaction handling fees paid to Trustee. Transactions costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense.

(n) Establishment costs

Establishment costs are recognised as an expense in the period in which they are incurred.

**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

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

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

The Sub-Fund's capital is represented by the units in the Sub-Fund and shown as net assets attributable to unitholders in the statement of financial position. Creation and redemption 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-Fund endeavors to invest its 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-Fund's Trust Deed dated 25th July 2012, as amended, and the prospectus dated 5th May 2023, as amended, 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 the net asset value per unit for creations and redemptions and for various fees calculation.

As stated in Note 2(j), redeemable units of the Sub-Fund are classified as equity.

The Sub-Fund's objectives and policies for managing its obligations to redeemable units are included in Note 7(g) on capital risk management.

The redeemable units as at 31st December 2023 for the Sub-Fund are as follows:

	31st December 2023 <i>Units</i>
Number of units in issue at 31st December	23,000,000
	31st December 2023 <i>RMB</i>
Net assets attributable to unitholders per unit	1.7563

In accordance with the Sub-Fund's Explanatory Memorandum, the establishment costs of the Sub-Fund will be amortised over the first five accounting years. However, the accounting policy of the Sub-Fund for the purpose of financial statements preparation in compliance with IFRS Accounting Standards 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 Accounting Standards and capitalisation and amortisation of the establishment costs indicated in the Sub-Fund's Explanatory Memorandum resulted in adjustments in the net asset value. As at 31st December 2023, RMB1,318,099 is unamortised with remaining four years amortization.

	31st December 2023 RMB
Accounting net assets attributable to unitholders as reported in the statement of financial position	40,395,353
Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	1,318,099
Net assets attributable to unitholders (in accordance with the Sub-Fund's Explanatory Memorandum)	41,713,452

**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

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

**4. NET LOSS ON INVESTMENTS**

31st December 2023  
*RMB*

Net change in unrealised loss on investments	(11,521,977)
Net realised loss on investments	(562,961)
	<hr/>
	(12,084,938)
	<hr/> <hr/>

**5. TAXATION**

No provision for Hong Kong profits tax has been made for the Sub-Fund as the Trust is authorised as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

Withholding tax on dividend income

The Sub-Fund invests in A-Shares listed in the PRC (“A-Shares”) and is subject to 10% withholding tax on dividend income derived from the A-Shares. Withholding tax was charged on dividend income received from A-Shares during the period ended 31st December 2023.

Capital gains tax on A-Shares

According to Caishui [2014] No. 79, QFIIs/RQFIIs without permanent establishment in the PRC or having an establishment in the PRC but the income derived in China is not effectively connected with such establishment are temporarily exempt from PRC CIT on capital gains derived from trading PRC equity investments (including A Shares) effective from 17th November 2014.

According to Caishui [2014] No. 81 and Caishui [2016] No. 127, capital gains derived by overseas investors from the trading of China A Shares via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are temporarily exempt from PRC CIT. The capital gains derived by QFIIs/RQFIIs and through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect from trading of marketable securities (including A-shares and other PRC listed securities) are exempted from VAT in the PRC under Circular 36 and other prevailing VAT regulations.

The taxation of the Sub-Fund for the period represents:

31st December 2023  
*RMB*

Withholding tax on dividend	(69,589)
	<hr/> <hr/>

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

**6. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND THEIR CONNECTED PERSONS**

The following is a summary of significant related party transactions and transactions entered into during the period between the Sub-Fund and the Trustee, the Manager and their connected persons. Connected persons are those as defined in the Code on Unit Trusts and Mutual Funds established by the SFC (the “SFC Code”). All transactions entered into during the period between the Sub-Fund and the Trustee, the Manager and their 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-Fund does not have any other transactions with the Trustee, the Manager and their affiliates, except for those disclosed below.

**(a) Management fee**

The Fee structure of the Sub-Fund is to a single management fee structure, with the Sub-Fund paying all of its fees, costs and expenses as a single flat fee (“Single Management Fee”). Fees and expenses taken into account in determining the Single Management Fee include, but are not limited to, the management fee, the Trustee’s fee, the Registrar’s fees, fees of the Service Agent, fund administration fees, custody fees, fees and expenses of the auditors, ordinary out-of-pocket expenses incurred by the Manager or the Trustee (and their delegates) and certain operating costs relating to the administration of the Sub-Fund including expenses of its legal counsel, auditors and other professionals, index licensing fees, the costs in connection with maintaining a listing of the Units on the SEHK, costs incurred in the preparation, printing and updating of any offering documents and the costs incurred in the preparation of supplemental deeds and the expenses incurred in convening meetings of Unitholders, printing and distributing annual and half-yearly financial reports and other circulars relating to the Sub-Fund and the expenses of publishing Unit prices.

For the avoidance of doubt, any such fees and expenses exceeding the Single Management Fee will be borne by the Manager and will not be charged to the Sub-Fund. Notwithstanding the above, the Single Management Fee will not include brokerage and transaction costs (including but not limited to fees, charges, commissions or spreads relating to the acquisition, holding or disposal of portfolio assets), stamp duty, taxes, fees and extraordinary items such as litigation expenses.

Manager is entitled to receive a management fee, at the rate of 0.80% per annum of the net asset value of Sub-Fund, accrued daily, calculated as at each dealing day and payable monthly in arrears.

For the period ended 31st December 2023, the Manager was entitled to management fee of RMB270,181 for the Sub-Fund. As at 31st December 2023, management fee of RMB113,945 was payable to the Manager for the Sub-Fund.

**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

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

**6. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND THEIR CONNECTED PERSONS (CONTINUED)**

**(b) Financial assets**

The investments and cash and cash equivalents of the Sub-Fund held with related parties of the Trustee are as follows:

31st December 2023  
*RMB*

**Investments**

The Hongkong and Shanghai Banking Corporation Limited ("HSBC")

41,626,860

**Cash and cash equivalents**

HSBC

208,161

For the period ended 31st December 2023, interest income on bank deposits amounted to RMB172 for the Sub-Fund.

**(c) Investment transactions with the Connected Persons of the Trustee**

During the period ended 31st December 2023, investment transactions with connected persons of the Trustee are set out below:

Name of company	Aggregate value of purchases and sales of investments <i>RMB</i>	% of the Fund's total aggregate value of transactions	Commission paid <i>RMB</i>	% of the Fund's total commission paid in the period	Average commission rate %
<u>2023</u>					
The Hongkong and Shanghai Banking Corporation Limited (Global Markets Equities Operations), Hong Kong	13,850	0.02%	14	0.02%	0.10%

**(d) Transaction costs on investments**

For the period ended 31st December 2023, the Trustee was entitled to transaction handling fees of RMB4,891 from the Sub-Fund. As at 31st December 2023, transaction handling fee of RMB1,675 was payable to the Trustee by the Sub-Fund.

**(e) Expense reimbursed by the Manager**

For the period ended 31st December 2023, there was expense reimbursement of RMB167,651 from the Manager.



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

**6. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND THEIR CONNECTED PERSONS (CONTINUED)**

**(f) Amount due to the Manager**

The Manager settled the establishment costs on behalf of the Sub-Fund when the Sub-Fund was set-up. The amount due to the Manager will be settled in next 4 financial years of the Sub-Fund. As at 31st December 2023, establishment costs of RMB1,325,992 was payable to the Manager of the Sub-Fund.

**7. FINANCIAL RISK MANAGEMENT**

The objective of the Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of CSI Liquor Index. The Sub-Fund's activities may expose it to a variety of risks including but not limited to market price risk, interest rate risk, credit risk, liquidity risk and currency risk which are associated with the markets in which the Sub-Fund invests.

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.

The Sub-Fund is designated to track the performance of the Index, therefore the exposures to market risk in the Sub-Fund will be substantially the same as the respective tracked index in each of the relevant period. The Manager manages the Sub-Fund's exposures 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.

At the reporting date, the Sub-Fund's investments by industries are as follows:

	31st December 2023	
	Fair value	% of net
	<i>RMB</i>	asset
		value
Consumer, Non-cyclical	41,626,860	103.05%

As at 31st December 2023, the Sub-Fund held 18 out of 18 constituents comprising the Index in proportion to the constitution of the Index. The Sub-Fund is therefore exposed to similar market price risk as the Index.

As at 31st December 2023, for the Sub-Fund, if the Index were to increase by 30% with all other variables held constant, this would increase the net asset value by approximately RMB12,488,058. Conversely, if the Index were to decrease by 30%, this would decrease the net asset value by approximately RMB12,488,058.

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

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

**7. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(b) Interest rate risk**

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

At the reporting date, interest rate risk arises from cash and cash equivalents. As interest from these interest bearing assets are immaterial, the Manager considers that changes in their fair value and future cash flows in the event of a change in market interest rates will not be material.

**(c) Credit risk**

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

The Sub-Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and/or that the Sub-Fund considers to be well established.

The Sub-Fund's financial assets which are potentially subject to concentration of credit risk consist principally of bank deposits and assets held with the custodian.

As at 31st December 2023, the Sub-Fund placed cash and cash equivalents of RMB208,161 with the bank. The credit ratings of the Sub-Fund's bank is at or above investment grade with reference to the rating agencies<sup>1</sup>.

As at 31st December 2023, the Sub-Fund held investments of RMB41,626,860 with the bank. The credit ratings of the Sub-Fund's custodian is at or above investment grade with reference to the rating agencies<sup>1</sup>.

The maximum exposure to credit risk at the reporting date for the Sub-Fund is the carrying amounts of the financial assets as shown in the statement of financial position.

<sup>1</sup> Rating represented that of The Hongkong and Shanghai Banking Corporation Limited.

The Sub-Fund measures credit risk and expected credit losses using the probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward-looking information in determining any expected credit losses. The Manager considers the probability of default of cash and cash equivalents, interest receivable and other receivables to be insignificant as the counterparties generally 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 insignificant to the Sub-Fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

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

The Sub-Fund is exposed to daily redemption of units in the Sub-Fund. The Sub-Fund invests the majority of its assets in investments that are traded in an active market which can be readily disposed of.

The following table analyses the Sub-Fund's financial liabilities into relevant maturity groupings based on the remaining period from the reporting 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 amounts, as the impact of discounting is not significant.

	Less than 3 months <i>RMB</i>	3 months to 1 year <i>RMB</i>	Over 1 year <i>RMB</i>	Total <i>RMB</i>
<b>As at 31st December 2023</b>				
Management fee payable	113,945	-	-	113,945
Amount due to the Manager	-	331,498	994,494	1,325,992
Transaction costs payable	1,675	-	-	1,675
	<u>115,620</u>	<u>331,498</u>	<u>994,494</u>	<u>1,441,612</u>
<b>Contractual cash outflow</b>	<u>115,620</u>	<u>331,498</u>	<u>994,494</u>	<u>1,441,612</u>

Units are redeemable on demand at the holder's option.

The Sub-Fund manages its liquidity risk by investing in investments that it expects to be able to liquidate within 3 months or less. The following table illustrates the expected liquidity of assets held.

	Less than 3 months <i>RMB</i>	3 months to 1 year <i>RMB</i>	Over 1 year <i>RMB</i>	Total <i>RMB</i>
<b>As at 31st December 2023</b>				
Total assets	<u>41,836,965</u>	<u>-</u>	<u>-</u>	<u>41,836,965</u>

(e) Currency risk

The Sub-Fund is not exposed to any material currency risk arising from balances and transactions in foreign currencies as its assets and liabilities are denominated in RMB, the Sub-Fund's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Fair value estimation

The Sub-Fund classifies 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-Fund. The Sub-Fund considers observable data to be such 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's investments (by class) measured at fair value at the reporting date.

	Level 1 <i>RMB</i>	Level 2 <i>RMB</i>	Level 3 <i>RMB</i>	Total <i>RMB</i>
<b>As at 31st December 2023</b>				
Investments				
- Listed equity securities	41,626,860	-	-	41,626,860
	<u>41,626,860</u>	<u>-</u>	<u>-</u>	<u>41,626,860</u>

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

Investments that trade in markets that are not considered to be active and are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2 and include suspended equity securities. As at 31st December 2023, the Sub-Fund held Nil suspended stock.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 31st December 2023, the Sub-Fund held Nil investment classified within level 3.

There are no transfers between levels during the period ended 31st December 2023.

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

**7. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(f) Fair value estimation (continued)**

For financial assets and liabilities carried at amortised cost, their carrying amounts are a reasonable approximation of fair value. The carrying amounts of these financial assets and liabilities are considered by the Manager to approximate their fair value as they are short-term in nature and the effect of discounting is immaterial.

**(g) Capital risk management**

The Sub-Fund's capital is represented by the redeemable units outstanding. The Sub-Fund's objective is to provide investment results that correspond closely to the performance of the Index. The Manager may:

- Redeem and issue units in accordance with the constitutive documents of the Sub-Fund;
- Exercise discretion when determining the amount of distributions to the unitholders of the Sub-Fund; and
- Suspend the subscription and redemption of units under certain circumstances stipulated in the prospectus of the Sub-Fund.

**8. TRANSACTION COSTS ON INVESTMENT**

Transaction costs are costs incurred to acquire/dispose investments. They include fees and commissions paid to agents, brokers and dealers, and transaction handling fees paid to the Trustee.

**9. FINANCIAL INSTRUMENTS BY CATEGORY**

At the reporting date, other than investments as disclosed in the statement of financial position which are classified as investments, all financial assets including, interest receivable, other receivables, and cash and cash equivalents are categorised as financial assets at amortised cost and carried at amortised cost. All the financial liabilities of the Sub-Fund are categorised as financial liabilities at amortised cost and carried at amortised cost.

**10. SOFT DOLLAR ARRANGEMENTS**

The Manager, the investment delegates or their connected persons confirms that there have been no soft dollar arrangements during the period in relation to directing transactions of the Sub-Fund through a broker or dealer.

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

**11. SEGMENT INFORMATION**

The Manager makes strategic resource allocations on behalf of the Sub-Fund and has determined 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. The objective of the Sub-Fund is to track the performance of the Index and invest in substantially all the index constituents with security weight and industry weight that are closely aligned with the characteristics of the tracked 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 financial position and statement of comprehensive income.

The Sub-Fund is domiciled in Hong Kong. The Sub-Fund's income is derived from investments in PRC securities which constitute CSI Liquor Index for the period from 14th February 2023 (Date of commencement of operations) to 31st December 2023.

The total non-current assets located in the Custodian was Nil for the Sub-Fund as at 31st December 2023. The Sub-Fund has no other assets classified as non-current assets. The Sub-Fund has a diversified portfolio of investments with 5 investments accounted for more than 10% of the net asset value of the Sub-Fund as at 31st December 2023.

**12. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE**

In order to achieve the investment objective of the Sub-Fund, the Manager will adopt a physical representative sampling strategy by investing at least 80% and up to 100% of its NAV in a representative portfolio of securities that collectively has a high correlation with the Index, but whose constituents may or may not themselves be constituents of the Index. 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.

There were 5 constituent securities that individually accounted for more than 10% of the net asset value of the Sub-Fund and its respective weighting in the Index as at 31st December 2023.

There were no constituent securities of the Manager's group that accounted for more than 20% of net asset value of the Sub-Fund and its respective weightings of the CSI Liquor Index for the Sub-Fund as at 31st December 2023.

During the period ended 31st December 2023, the CSI Liquor Index decreased by 26.8% while the net asset value per unit of the Sub-Fund decreased by 27.3%.

**13. SUBSEQUENT EVENTS**

From 1st January 2024 to 24th Apr 2024, the Sub-Fund has a net redemption RMB12,966,850.

**14. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Trustee and the Manager on 25th April 2024.

**E Fund ETFs Trust**  
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**INVESTMENT PORTFOLIO (Unaudited)**  
*As at 31st December 2023*

	<b>Holdings</b>	<b>Fair value RMB</b>	<b>% of net assets</b>
<b>Listed equities</b>			
<b>CHINA (103.05%)</b>			
ANHUI GOLDEN SEED WINERY-A	32,100	594,492	1.47
ANHUI GUJING DISTILLERY CO-A	10,000	2,328,000	5.76
ANHUI KOUZI DISTILLERY CO -A	22,000	996,600	2.47
ANHUI YINGJIA DISTILLERY C-A	14,700	974,463	2.41
BEIJING SHUNXIN AGRICULT-A	31,700	674,893	1.67
HEBEI HENGSHUI LAOBAIGAN-A	44,600	1,005,730	2.49
JIANGSU KING'S LUCK BREWER-A	38,439	1,873,901	4.64
JIANGSU YANGHE BREWERY -A	36,885	4,053,661	10.04
JINHUI LIQUOR CO LTD-A	15,500	381,610	0.95
JIUGUI LIQUOR CO LTD-A	13,900	1,016,785	2.52
KWEICHOW MOUTAI CO LTD-A	3,700	6,386,200	15.81
LUZHOU LAOJIAO CO LTD-A	32,700	5,867,034	14.52
QINGHAI HUZHU TIANYOUDE HI-A	17,319	235,712	0.58
SHANXI XINGHUACUN FEN WINE-A	28,300	6,529,659	16.16
SICHUAN SWELLFUN CO LTD-A	12,000	705,240	1.75
SHEDE SPIRITS CO LTD-A	14,300	1,382,810	3.42
WULIANGYE YIBIN CO LTD-A	44,500	6,243,795	15.46
XINJIANG YILITE INDUSTRY-A	17,300	376,275	0.93
<b>Total investments</b>		41,626,860	103.05
<b>Other net liabilities</b>		(1,231,507)	(3.05)
<b>Net assets attributable to unitholders at 31st December 2023</b>		40,395,353	100.00
<b>Total investments, at cost</b>		53,148,837	

**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)**

*For the period ended 31st December 2023*

	<b>Holdings</b>				<b>31st December 2023</b>
	<b>14th February 2023 (Date of commencement of operations)</b>	<b>Additions</b>	<b>Corporate action</b>	<b>Disposals</b>	
<b>Investments</b>					
<b>Listed equities</b>					
<b>CHINA</b>					
ANHUI GOLDEN SEED WINERY-A	-	33,400	-	1,300	32,100
ANHUI GUJING DISTILLERY CO-A	-	10,900	-	900	10,000
ANHUI KOUZI DISTILLERY CO -A	-	23,700	-	1,700	22,000
ANHUI YINGJIA DISTILLERY C-A	-	15,800	-	1,100	14,700
BEIJING SHUNXIN AGRICULT-A	-	34,200	-	2,500	31,700
HEBEI HENGSHUI LAOBAIGAN-A	-	48,100	-	3,500	44,600
JIANGSU KING'S LUCK BREWER-A	-	41,339	-	2,900	38,439
JIANGSU YANGHE BREWERY -A	-	39,785	-	2,900	36,885
JINHUI LIQUOR CO LTD-A	-	16,400	-	900	15,500
JIUGUI LIQUOR CO LTD-A	-	14,900	-	1,000	13,900
KWEICHOW MOUTAI CO LTD-A	-	4,700	-	1,000	3,700
LUZHOU LAOJIAO CO LTD-A	-	38,300	-	5,600	32,700
QINGHAI HUZHU TIANYOUDE HI-A	-	18,519	-	1,200	17,319
SHANXI XINGHUACUN FEN WINE-A	-	31,400	-	3,100	28,300
SICHUAN SWELLFUN CO LTD-A	-	12,800	-	800	12,000
SHEDE SPIRITS CO LTD-A	-	14,900	-	600	14,300
WULIANGYE YIBIN CO LTD-A	-	48,400	-	3,900	44,500
XINJIANG YILITE INDUSTRY-A	-	18,500	-	1,200	17,300



**E Fund ETFs Trust**  
**- E Fund (HK) CSI Liquor Index ETF**

**PERFORMANCE RECORD (Unaudited)**

**Published Net Asset Value**

	Net asset value <i>RMB</i>	Net asset value per unit <i>RMB</i>
At the end of financial period dated		
31st December 2023*	41,717,254	1.8138

\* 31st December 2023 is not a business day, all published net assets value per unit is on 29th December 2023.

**Highest and Lowest Net Asset Value Per Unit**

	Highest net asset value per unit <i>RMB</i>	Lowest net asset value per unit <i>RMB</i>
Financial period ended		
31st December 2023 (since commencement of operations)	2.5212	1.7118