

ANNUAL REPORT

E FUND (HK) CHINA EQUITY DIVIDEND FUND

(A Sub-Fund of E Fund Selection Investment Series, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)

Year ended 31 December 2021

E FUND (HK) CHINA EQUITY DIVIDEND FUND  
(A Sub-Fund of E Fund Selection Investment Series)

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E FUND (HK) CHINA EQUITY DIVIDEND FUND  
(A Sub-Fund of E Fund Selection Investment Series)

ADMINISTRATION AND MANAGEMENT

**MANAGER AND RQFII HOLDER**

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

**DIRECTORS OF THE MANAGER**

MA Jun  
HUANG Gaohui  
CHEN Rong  
CHEN Liyuan  
LOU Lizhou  
WU Xinrong  
YANG Dongmei (appointed on 28 July 2021)

**RQFII CUSTODIAN**

China Construction Bank Corporation  
No. 25, Financial Street  
Xicheng District  
Beijing, China

**SOLICITORS TO THE MANAGER**

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

**TRUSTEE**

ICBC (Asia) Trustee Company Limited  
33/F, ICBC Tower  
3 Garden Road  
Central, Hong Kong

**CUSTODIAN**

Industrial and Commercial Bank of China (Asia) Limited  
33/F, ICBC Tower  
3 Garden Road  
Central, Hong Kong

**REGISTRAR AND TRANSFER AGENT**

ICBC (Asia) Trustee Company Limited  
33/F, ICBC Tower  
3 Garden Road  
Central, Hong Kong

**AUDITOR**

Ernst & Young  
27/F, One Taikoo Place,  
979 King's Road,  
Quarry Bay, Hong Kong

E FUND (HK) CHINA EQUITY DIVIDEND FUND  
(A Sub-Fund of E Fund Selection Investment Series)

REPORT OF THE MANAGER TO THE UNITHOLDERS

**Introduction**

E Fund (HK) China Equity Dividend Fund (the “Sub-Fund”) is a Sub-Fund of E Fund Selection Investment Series. The inception day of the Sub-Fund was on 25 October 2015. The manager of E Fund (HK) China Equity Dividend Fund is E Fund Management (Hong Kong) Co., Ltd. and the trustee is ICBC (Asia) Trustee Company Limited.

**Fund Performance**

The Sub-Fund seeks to achieve long-term capital appreciation primarily through equity-based investments in equity and equity-related securities of companies which are incorporated in, have their area of primary activity in or are related to the growth of China’s economy and are expected to achieve high dividend returns. As of 31 December 2021, the Net Asset Value per unit of E Fund (HK) China Equity Dividend Fund for HKD Class A (accumulation) was HKD 164.15, HKD Class A (distribution) was HKD 192.94, HKD Class I (Distribution) was HKD 194.97, HKD Class I (accumulation) was HKD 220.10, USD Class A (accumulation) was USD 14.64 and USD Class I (accumulation) was USD 7.60. The total size of the fund was approximately HKD 1,090 million.

As of 31 December 2021, a summary of the performance of the Sub-Fund is given below.

Cumulative Performance in HKD*						
	Since Launch <sup>1</sup>	YTD	1 Month	3 Months	6 Months	1 Year
HKD Class A (Acc)	64.20%	-20.80%	-1.50%	-4.00%	-19.20%	-20.80%
HKD Class A (Dis)	128.50%	-20.80%	-1.50%	-4.00%	-19.10%	-20.80%
HKD Class I (Acc)**	120.10%	-20.60%	-1.50%	-3.90%	-19.00%	-20.60%
HKD Class I (Dis)	131.00%	-20.60%	-1.50%	-3.90%	-19.00%	-20.60%
USD Class A (Acc)	46.40%	-21.20%	-1.50%	-4.10%	-19.50%	-21.20%
USD Class I (Acc)	-24.00%	-24.00%	-1.40%	-4.00%	-19.30%	-

Source: Bloomberg

No performance data can be displayed until 6 months from inception date.

#Fund: NAV-to-NAV return, total return with dividend (if any) reinvested. [1] The total return for the period from its inception date.

\*\*Original HKD Class I (Acc) launch date was 18 November 2015. Class was fully redeemed on October 2018 then relaunched on 20 November 2018. Performance data inception from 18 November 2015.

E FUND (HK) CHINA EQUITY DIVIDEND FUND  
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REPORT OF THE MANAGER TO THE UNITHOLDERS (continued)

**Fund Performance (continued)**

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 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/HKD, including ongoing charges and excluding subscription fee and redemption fee you might have to pay.

Where no past performance is shown there was insufficient data available in that year /period to provide performance.

Fund launch date: HKD Class A(Dis): 13/11/2015; HKD Class I(Dis): 23/10/2015; HKD Class I(Acc): 18/11/2015; HKD Class A(Acc): 29/12/2017; USD Class A(Acc):28/8/2019;USD Class A(Dis): 3/5/2019; USD Class I(Acc):12/1/2021; USD Class I(Dis): 3/5/2019.

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SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

E FUND (HK) CHINA EQUITY DIVIDEND FUND  
(A Sub-Fund of E Fund Selection Investment Series)

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager, E Fund Management (Hong Kong) Co., Limited has, in all material aspects, managed E Fund (HK) China Equity Dividend Fund for the year ended 31 December 2020 in accordance with the provisions of the Trust Deed dated 14 August 2014 , as amended by the first supplemental deed dated 27 October 2014, the second supplemental deed dated 13 March 2015, the third supplemental deed dated 13 March 2015, the fourth supplemental deed dated 20 April 2015, the fifth supplemental deed dated 8 July 2015, the sixth supplemental deed dated 26 October 2016, the seventh supplemental deed dated 26 October 2016 and eighth supplemental deed dated 30 June 2017, the ninth supplemental deed dated 13 July 2018, the tenth supplemental deed dated 14 November 2018, the eleventh supplemental deed dated 31 December 2019 and the twelfth supplemental deed dated 12 November 2020.

For and on behalf of  
ICBC (Asia) Trustee Company Limited  
29 April 2022

## **INDEPENDENT AUDITOR'S REPORT**

To the Trustee and the Manager of  
E Fund (HK) China Equity Dividend Fund  
(A Sub-Fund of E Fund Selection Investment Series, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)

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

#### **Opinion**

We have audited the financial statements of E Fund (HK) China Equity Dividend Fund (a Sub-Fund of E Fund Selection Investment Series and referred to as the "Sub-Fund") set out on pages 8 to 35, which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2021, and of its financial performance and its cash flows for the year 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 are independent of 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT (continued)**

To the Trustee and the Manager of  
E Fund (HK) China Equity Dividend Fund  
(A Sub-Fund of E Fund Selection Investment Series, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)

### **Report on the Audit of the Financial Statements (continued)**

The Manager of the Sub-Fund is 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 Manager 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 Manager of the Sub-Fund are 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 Manager either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Manager 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 14 August 2014 and as amended and supplemented from time to time (collectively, the "Trust Deeds") and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds ("the SFC Code") issued by the Hong Kong Securities and Futures Commission.

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 Deeds and the relevant disclosure provisions of Appendix E of the SFC Code.



## **INDEPENDENT AUDITOR'S REPORT (continued)**

To the Trustee and the Manager of  
E Fund (HK) China Equity Dividend Fund  
(A Sub-Fund of E Fund Selection Investment Series, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)

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

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

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

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

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

Certified Public Accountants  
Hong Kong  
29 April 2022

E FUND (HK) CHINA EQUITY DIVIDEND FUND  
(A Sub-Fund of E Fund Selection Investment Series)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 HKD	2020 HKD
<b>INCOME</b>			
Dividend income		15,509,024	1,694,284
Interest income on bank deposits		61,570	10,405
Net (losses)/gains on financial assets at fair value through profit or loss	6	(325,366,619)	148,751,260
Foreign exchange differences		298,896	(316,930)
		<u>(309,497,129)</u>	<u>150,139,019</u>
<b>EXPENSES</b>			
Management fees	4	(20,935,042)	(4,061,236)
Administration expenses		(217,931)	(207,350)
Trustee and custodian fees	4	(1,568,229)	(763,598)
Auditor's remuneration		(575,492)	(269,200)
Brokerage fees		(5,275,894)	(1,862,682)
Transaction costs		(5,439,816)	(1,583,388)
Bank charges		(183,944)	(3,920)
Legal fees		(358,666)	(42,740)
Other expenses		(318,290)	(10,225)
		<u>(34,873,304)</u>	<u>(8,804,339)</u>
<b>OPERATING (LOSS)/PROFIT</b>		<u>(344,370,433)</u>	<u>141,334,680</u>
Distributions to unitholders	9	(9,794,236)	(3,208,114)
<b>(LOSS)/PROFIT BEFORE TAX</b>		(354,164,669)	138,126,566
Withholding taxes	5	<u>(1,131,009)</u>	<u>(63,362)</u>
<b>(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>(355,295,678)</u>	<u>138,063,204</u>

E FUND (HK) CHINA EQUITY DIVIDEND FUND  
(A Sub-Fund of E Fund Selection Investment Series)

STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	2021 HKD	2020 HKD
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	6	930,394,814	485,339,762
Dividend and interest receivable		193,142	75,012
Amount due from brokers	8	20,973,500	-
Subscription receivable		1,500,175	49,003,550
Cash at banks	7	155,152,472	40,160,227
<b>TOTAL ASSETS</b>		<b>1,108,214,103</b>	<b>574,578,551</b>
<b>LIABILITIES</b>			
Amount due to brokers	8	12,796,983	30,511,939
Management fees payable	4	1,641,830	623,969
Trustee fees payable	4	212,782	73,647
Redemption payable		2,554,538	2,921,354
Other payables		1,224,403	551,935
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>18,430,536</b>	<b>34,682,844</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	9	<b>1,089,783,567</b>	<b>539,895,707</b>
<b>TOTAL LIABILITIES</b>		<b>1,108,214,103</b>	<b>574,578,551</b>
<b>NUMBER OF UNITS IN ISSUE</b>			
Class A (distribution) (HKD)		497,876.24	230,843.69
Class A (accumulation) (HKD)		2,151,372.00	781,779.09
Class A (accumulation) (USD)		4,269,676.74	954,491.62
Class I (distribution) (HKD)		207,151.20	266,545.00
Class I (accumulation) (HKD)		392,426.33	401,579.48
Class I (accumulation) (USD)		445,520.58	-
<b>NET ASSET VALUE PER UNIT</b>			
Class A (distribution) (HKD)		HKD192.94	HKD257.91
Class A (accumulation) (HKD)		HKD164.15	HKD207.39
Class A (accumulation) (USD)		USD14.64	USD18.59
Class I (distribution) (HKD)		HKD194.97	HKD259.72
Class I (accumulation) (HKD)		HKD220.10	HKD277.25
Class I (accumulation) (USD)		USD7.60	-

Manager

Trustee

E FUND (HK) CHINA EQUITY DIVIDEND FUND  
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 December 2021

	Note	Class A (distribution) (HKD) HKD	Class A (accumulation) (HKD) HKD	Class A (accumulation) (USD) HKD	Class I (distribution) (HKD) HKD	Class I (accumulation) (HKD) HKD	Class I (accumulation) (USD) HKD	Total HKD
At 1 January 2020		21,277,766	46,246,522	3,914,097	47,888,680	46,521,955	-	165,849,020
Subscription of units	9	54,311,214	215,947,976	134,971,421	-	32,261,900	-	437,492,511
Redemption of units	9	<u>(27,825,485)</u>	<u>(137,847,226)</u>	<u>(24,760,930)</u>	<u>(9,119,580)</u>	<u>(1,955,807)</u>	<u>-</u>	<u>(201,509,028)</u>
Increase in net assets attributable to unitholders during the year		<u>11,775,086</u>	<u>37,790,053</u>	<u>23,528,674</u>	<u>30,458,810</u>	<u>34,510,581</u>	<u>-</u>	<u>138,063,204</u>
At 31 December 2020 and 1 January 2021		<u>59,538,581</u>	<u>162,137,325</u>	<u>137,653,262</u>	<u>69,227,910</u>	<u>111,338,629</u>	<u>-</u>	<u>539,895,707</u>
Subscription of units	9	115,833,313	538,758,997	655,178,671	22,374,093	32,017,089	36,104,402	1,400,266,565
Redemption of units	9	<u>(43,525,255)</u>	<u>(225,244,671)</u>	<u>(156,375,290)</u>	<u>(32,576,293)</u>	<u>(32,804,881)</u>	<u>(4,556,637)</u>	<u>(495,083,027)</u>
Decrease in net assets attributable to unitholders during the year		<u>(35,784,062)</u>	<u>(122,502,821)</u>	<u>(149,045,940)</u>	<u>(18,636,131)</u>	<u>(24,177,616)</u>	<u>(5,149,108)</u>	<u>(355,295,678)</u>
At 31 December 2021		<u><u>96,062,577</u></u>	<u><u>353,148,830</u></u>	<u><u>487,410,703</u></u>	<u><u>40,389,579</u></u>	<u><u>86,373,221</u></u>	<u><u>26,398,657</u></u>	<u><u>1,089,783,567</u></u>

E FUND (HK) CHINA EQUITY DIVIDEND FUND  
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

For the year ended 31 December 2021

	Class A (distribution)	Class A (accumulation)	Class A (accumulation)	Class I (distribution)	Class I (accumulation)	Class I (accumulation)
	HKD	HKD	USD	HKD	HKD	USD
	Unit	Unit	Unit	Unit	Unit	Unit
At 1 January 2020	137,690.91	388,160.64	47,290.31	308,533.95	292,966.31	-
Subscription of units	251,531.13	1,390,874.21	1,148,812.27	-	120,835.18	-
Redemption of units	(158,808.74)	(997,255.76)	(241,610.96)	(41,988.95)	(12,222.01)	-
Dividend Reinvest	430.39	-	-	-	-	-
At 31 December 2020 and 1 January 2021	<u>230,843.69</u>	<u>781,779.09</u>	<u>954,491.62</u>	<u>266,545.00</u>	<u>401,579.48</u>	<u>-</u>
Subscription of units	448,703.72	2,534,666.28	4,507,474.69	82,711.06	115,400.34	515,188.31
Redemption of units	(182,969.13)	(1,165,073.37)	(1,192,289.57)	(142,104.86)	(124,553.49)	(69,667.73)
Dividend Reinvest	<u>1,297.96</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2021	<u>497,876.24</u>	<u>2,151,372.00</u>	<u>4,269,676.74</u>	<u>207,151.20</u>	<u>392,426.33</u>	<u>445,520.58</u>

E FUND (HK) CHINA EQUITY DIVIDEND FUND  
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STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 HKD	2020 HKD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before tax		(354,164,669)	138,126,566
Adjustments for:			
Dividend income		(15,509,024)	(1,694,284)
Interest income on bank deposits		(61,570)	(10,405)
Distribution expense		9,794,236	3,208,114
Working capital adjustments:			
Increase in financial assets at fair value through profit or loss		(445,055,052)	(316,182,769)
Increase in amount due from brokers		(20,973,500)	-
(Decrease)/increase in amount due to brokers		(17,714,956)	30,511,939
Increase in management fees payable		1,017,861	387,767
Increase in trustee fees payable		139,135	32,987
Increase in other payables		672,468	142,404
Cash flows used in operations		(841,855,071)	(145,477,681)
Dividend, net of tax		14,260,620	1,555,922
Interest received		60,835	10,398
Net cash flows used in operating activities		(827,533,616)	(143,911,361)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of units		1,444,739,197	390,051,943
Payments from redemption of units		(492,419,100)	(206,849,420)
Dividend distribution		(9,794,236)	(3,208,114)
Net cash flows generated from financing activities		942,525,861	179,994,409
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the year		40,160,227	4,077,179
<b>CASH AND CASH EQUIVALENTS AT YEAR END</b>	7	<u>155,152,472</u>	<u>40,160,227</u>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>			
Cash at banks		<u>155,152,472</u>	<u>40,160,227</u>

E FUND (HK) CHINA EQUITY DIVIDEND FUND  
(A Sub-Fund of E Fund Selection Investment Series)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. THE FUND AND THE SUB-FUND

E Fund Selection Investment Series (the “Fund”) was constituted as an open-ended unit trust established as an umbrella fund under the laws of Hong Kong pursuant to a trust deed dated 14 August 2014 and as amended and supplemented from time to time. E Fund (HK) China Equity Dividend Fund (the “Sub-Fund”) is a Sub-Fund under the Fund.

The manager of the Fund is E Fund Management (Hong Kong) Co., Limited (the “Manager”) and the Trustee is ICBC (Asia) Trustee Company Limited (the “Trustee”). The custodian is Industrial and Commercial Bank of China (Asia) Limited (the “Custodian”) and the Renminbi Qualified Foreign Institutional Investors (the “RQFII”) custodian is China Construction Bank Corporation (the “RQFII Custodian”).

The Fund and the Sub-Fund have been authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) under section 104(1) of the Hong Kong Securities and Futures Ordinance and are required to comply with the SFC Code. Authorisation by the SFC does not imply official approval or recommendation. The Sub-Fund was launched on 25 October 2015. As at 31 December 2021, the Fund has two Sub-Funds namely E Fund (HK) Select Bond Fund and E Fund (HK) China Equity Dividend Fund (the “Sub-Funds”), in respect of which separate class of unit was issued.

The investment objective of the Sub-Fund is to achieve long-term capital appreciation primarily through equity-based investments in equity and equity-related securities of companies which are incorporated in, have their area of primary activity in or are related to the growth of China’s economy and are expected to achieve high dividend returns.

2.1 BASIS OF PREPARATION

The financial statements of the Sub-Fund have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by HKICPA, accounting principles generally accepted in Hong Kong and the relevant disclosure provisions of the Trust Deeds and the relevant disclosure provisions specified in Appendix E to the SFC Code.

The financial statements have been prepared under the historical cost convention, except for financial assets classified as at fair value through profit or loss (“FVPL”) that have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HKD”) and all values are rounded to the nearest HKD except where otherwise indicated.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

There are no standards and interpretations that are effective for annual periods beginning on or after 1 January 2021 which, in the opinion of the Board clearly impacted the Sub-Fund and applied by the Fund for the first-time. The Fund also has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Sub-Fund has not applied any new and revised HKFRSs that have been issued but are not yet effective for the accounting period ended 31 December 2021, in these financial statements. Among the new and revised HKFRSs, the following is expected to be relevant to the Sub-Fund's financial statements upon becoming effective:

Annual Improvements to HKFRSs 2018-2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41<sup>1</sup></i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies<sup>2</sup></i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates<sup>2</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

Further information about those HKFRSs that are expected to be applicable to the Sub-Fund is described below.

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Sub-Fund are as follows:

HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted.

The amendment is not expected to have a significant impact on the Sub-Fund's financial statements.

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary.

The Sub-Fund is currently assessing the impact of the amendments on the Sub-Fund's accounting policy disclosures.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs (continued)

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

The amendments are not expected to have any significant impact on the Sub-Fund's financial statements.

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial instruments

In the current period the Sub-Fund has adopted HKFRS 9 *Financial Instruments*.

#### (i) *Classification*

In accordance with HKFRS 9, the Sub-Fund classifies its financial assets and liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### (i) *Classification* (continued)

##### **Financial assets**

The Sub-Fund classifies its financial assets as subsequently measured at amortised cost or measured at FVPL on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

##### *Financial assets measured at amortised cost*

Financial assets are measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Sub-Fund includes in this short-term non-financing receivables including cash at banks, subscription receivable and dividend and interest receivables.

##### *Financial assets measured at FVPL*

A financial asset is measured at FVPL if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding; or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Sub-Fund includes in this category: Instruments held for trading. This category includes listed equity instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) *Classification* (continued)

**Financial liabilities**

*Financial liabilities measured at FVPL*

A financial liability is measured at FVPL if it meets the definition of held for trading. The Sub-Fund doesn't hold any financial liability measured at FVPL.

*Financial liabilities measured at amortised cost*

This category includes all financial liabilities, other than those measured at FVPL. The Sub-Fund includes in this category amount due to brokers, management fee payable, trustee fees payable, redemption payable, redemption fee payable and other payables.

(ii) *Recognition*

The Sub-Fund recognises a financial asset or a financial liability when, it becomes a party to the contractual provisions of the instrument.

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

(iii) *Initial measurement*

Financial assets at FVPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

(iv) *Subsequent measurement*

After initial measurement, the Sub-Fund measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gains on financial assets at FVPL. Interest and dividend earned on these instruments are recorded separately in 'interest income on bank deposits' and 'dividend income'.

Debt instruments, other than those classified as at FVPL, are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the debt instrument are derecognised or impaired, as well as through the amortisation process.

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Sub-Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(v) *Derecognition*

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### (v) *Derecognition* (continued)

When the Sub-Fund has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Sub-Fund's continuing involvement in the asset. In that case, the Sub-Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Sub-Fund has retained. The Sub-Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

#### Fair value measurement

The Sub-Fund measures its financial assets at FVPL at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Sub-Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques, such as recent arm's length market transactions, quotes from brokers and market makers, deemed to be appropriate in the circumstances.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 6 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Impairment of financial assets

For financial assets measured at amortised cost, impairment allowances are recognised under the general approach where ECL are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Sub-Fund is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default.

The Sub-Fund's approach to ECL reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Sub-Fund uses the hybrid matrix as a practical expedient to measuring ECL on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The hybrid matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

#### Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Functional and presentation currency

The Sub-Fund's functional currency is HKD, which is the currency of the primary economic environment in which it operates. The Sub-Fund's performance is evaluated and its liquidity is managed in HKD. Therefore, the HKD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Sub-Fund's presentation currency is also HKD.

#### Foreign currency transactions

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Foreign currency transaction gains and losses on financial instruments classified as at FVPL are included in profit or loss as part of the 'net gains or losses on financial assets at FVPL. Exchange differences on other financial instruments are included in profit or loss as foreign exchange differences.

#### Transaction costs

Transaction costs are costs incurred to acquire financial assets at FVPL. They include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised as an expense.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Redeemable units

The Sub-Fund issues redeemable units, namely Class A (distribution) units, Class A (accumulation) (HKD) units, Class A (accumulation) (USD) units, Class I (distribution) units and Class I (accumulation) units, which are redeemable at the unitholder's option and are classified as financial liabilities.

Redeemable participating shares are redeemable at the unitholder's option and are classified as financial liabilities as they do not meet the conditions to be classified as equity. Redeemable participating shares are measured at the redemption amount.

#### Distributions to unitholders

Distributions to unitholders are recognised as a liability in the period in which it is approved by the Manager.

#### Cash and cash equivalents

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

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

#### Interest income

Interest income is recognised in profit or loss for all interest-bearing financial instruments using the effective interest method.

#### Dividend income

Dividend income is recognised on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted when the Sub-Fund's right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in profit or loss.

#### Net gains or losses on financial assets at FVPL

This item includes changes in the fair value of financial assets held for trading and excludes interest and dividend income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified as at FVPL are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

#### Withholding taxes

In some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Sub-Fund presents the withholding tax separately from the gross investment income in profit or loss.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Amount due to brokers

Amount due to broker is payable for securities purchased (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date. Refer to the accounting policy for financial liabilities, other than those classified as at FVPL, for recognition and measurement.

#### Related parties

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

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Sub-Fund;
  - (ii) has significant influence over the Sub-Fund; or
  - (iii) is a member of the key management personnel of the Sub-Fund;or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Sub-Fund are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Sub-Fund are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Sub-Fund or an entity related to the Sub-Fund;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, of any member of a group of which it is a part, provides key management personnel services to the Sub-Fund.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Sub-Fund's financial statements requires the Manager to make judgements, estimates and assumptions that affect the reported amounts and the accompanying disclosures recognised in the financial statements. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in future.

#### Judgements

In the process of applying the Sub-Fund's accounting policies, the Manager has not made any significant judgements which have the significant effect on the amounts recognised in the financial statements.

#### Estimation uncertainty

No significant estimation uncertainty at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.



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4. FEES

Management fees

The Manager is entitled to receive management fees from the Sub-Fund, at a rate of 1.8% (up to maximum of 3%) per annum for Class A (accumulation) units and Class A (distribution) units, and 1.5% (up to maximum of 3%) per annum for Class I (accumulation) units and Class I (distribution) units with respect to the net asset value of the Sub-Fund calculated and accrued on each dealing day and are paid monthly in arrears.

Management fees for the year ended 31 December 2021 were HKD20,935,042 (2020: HKD4,061,236). As at 31 December 2021, management fees of HKD1,641,830 (2020: HKD623,969) were payable to the Manager.

Trustee, custodian and RQFII custodian fees

The Trustee is entitled to receive trustee fees and transaction fee from the Sub-Fund, at current rates 0.11% (up to maximum of 1%) per annum based on the net asset value of the Sub-Fund calculated and accrued on each dealing day and paid monthly in arrears.

The Custodian and the RQFII Custodian are entitled to receive custodian fees from the Sub-Fund, at a rate up to 0.08% per month (as a percentage of the month-end market value of the Sub-Fund's investment in custody), calculated monthly and is paid monthly in arrears.

Trustee fees, custodian and the RQFII custodian fees are collectively subject to a minimum monthly fee of HKD40,000.

Trustee and custodian fees for the year ended 31 December 2021 were HKD1,568,229 (2020: HKD763,598). Transaction handling fees were HKD229,101 (2020: HKD167,320). As at 31 December 2021, trustee fees of HKD212,782 (2020: HKD73,647) were payable to the Trustee. There were no custodian fees (2020: Nil) and transaction handling fees HKD34,600 (2020: HKD30,960) were outstanding as at 31 December 2021.

During the years ended 31 December 2021 and 2020, there were no custodian and RQFII custodian fees are charged to the Sub-Fund.

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5. WITHHOLDING TAXES

Hong Kong tax

The Sub-Fund is exempt from Hong Kong profits tax under section 26A (1A) of the Hong Kong Inland Revenue Ordinance.

PRC tax

Under PRC laws and regulations, foreign investors (such as the Sub-Fund) may be subject to a 10% withholding tax on income (such as dividend/interest) imposed on securities issued by PRC tax resident enterprises.

*Capital gains tax*

On 14 November 2014, Ministry of Finance of the PRC, PRC State Administration of Taxation and China Securities Regulatory Commission jointly issued Caishui [2014] 79 “*the Notice on the issues of temporary exemption from the imposition of corporate income tax arising from gains from the transfer of equity investment assets such as PRC domestic stocks by QFII and RQFII*” to clarify the PRC withholding income tax treatment with respect to gains derived by the Sub-Fund from the trading of equity investments.

The PRC income tax treatment should be governed by the general tax provisions of the Corporate Income Tax Law, which stipulates a 10% tax on a withholding basis for capital gains derived on disposal of PRC securities.

The Notice also states that RQFIIs without an establishment or a place of business in the PRC will be temporarily exempt from corporate income tax on gains derived from the trading of PRC securities effective from 17 November 2014.

There were no capital gains tax for the years ended 31 December 2021 and 2020.

*Distribution tax*

A 10% PRC withholding tax has been levied on dividend and accrued interest from PRC companies to foreign investors. As such, the Sub-Fund is subject to a distribution tax of 10%. There is no assurance that the rate of the distribution tax will not be changed by the PRC tax authorities in the future. There were withholding taxes amounting to HKD1,131,009 for the year ended 31 December 2021 (2020: HKD63,362).

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6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HKD	2020 HKD
Financial assets at FVPL:		
- Listed equity securities	<u>930,394,814</u>	<u>485,339,762</u>
Net (losses)/gains on financial assets at FVPL:		
- Net realised (losses)/gains	(159,565,418)	87,551,417
- Net change in unrealised (losses)/gains	<u>(165,801,201)</u>	<u>61,199,843</u>
	<u>(325,366,619)</u>	<u>148,751,260</u>

The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the year end date. An active market is a market in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets measured at fair value at 31 December 2021 and 2020:

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
As at 31 December 2021				
Financial assets at FVPL				
- Listed equity securities	<u>930,394,814</u>	<u>-</u>	<u>-</u>	<u>930,394,814</u>
As at 31 December 2020				
Financial assets at FVPL				
- Listed equity securities	<u>485,339,762</u>	<u>-</u>	<u>-</u>	<u>485,339,762</u>

There are no investments classified within Level 2 and Level 3 and no transfers between levels during the years ended 31 December 2021 and 2020.

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7. CASH AT BANKS

	2021 HKD	2020 HKD
Cash at banks	<u>155,152,472</u>	<u>40,160,227</u>

The bank balances are held in interest bearing accounts with Industrial and Commercial Bank of China (Asia) Limited, an affiliate company of the Trustee, and China Construction Bank Corporation. The carrying amount of bank balances approximates to their fair value. At the end of the reporting period, the cash and bank balances of the Sub-Fund denominated in Renminbi ("RMB") amounted to HKD9,038,155 (2020: HKD111,458). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Sub-Fund is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

8. AMOUNTS DUE FROM/TO BROKERS

	2021 HKD	2020 HKD
Amount due from broker:		
Receivable for securities sold out but not yet settled	20,973,500	-
Amount due to broker:		
Commission payables	80,083	50,907
Payables for securities purchased but not yet settled	<u>12,716,900</u>	<u>30,461,032</u>
	<u>12,796,983</u>	<u>30,511,939</u>

9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

The consideration received or paid for units issued or re-purchased respectively is based on the value of the Sub-Fund's net asset value per unit at the date of the transaction. In accordance with the provisions of the Trust Deeds, Sub-Fund investment positions are valued based on the last traded market price or closing price for the purpose of determining the trading net asset value per unit for subscriptions and redemptions. The Sub-Fund's net asset value per unit is calculated by dividing the Sub-Fund's net assets with the total number of outstanding units.

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9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

Redeemable units can be issued and redeemed on each valuation day, i.e. every business day of the calendar year. The holders of redeemable units may subscribe or redeem the redeemable units on any business day by no later than 4:00p.m. (Hong Kong time) on the relevant business day. Both subscription and redemption prices are calculated by reference to the net asset value per unit of the relevant class as at the valuation day.

With a view to protect the interests of all unitholders, the Manager may limit the number of units of any Sub-Fund redeemed on any redemption day to 10% of the total number of units of the relevant Sub-Fund in issue. In this event, the limitation will apply pro rata so that all unitholders of the relevant Sub-Fund who have validly requested to redeem units of the Sub-Fund on that redemption day will redeem the same proportion of such units of the Sub-Fund.

Capital management

The Sub-Fund's objectives for managing capital are to invest the capital in investments in order to achieve its investment objective while maintaining sufficient liquidity to meet the expenses of the Sub-Fund, and to meet redemption requests as they arise.

The published net asset value per unit issued is calculated in accordance with the explanatory memorandum of the Sub-Fund while the net asset value per unit as reported in the statement of financial position included audit adjustment for subscription of units after net assets attributable to unitholders is published on 31 December 2021 and 2020 and recognition of all establishment costs incurred in profit or loss for the year ended 31 December 2021 and 2020.

	2021	2020
Number of units in issue		
Class A (distribution) (HKD)	497,876.24	230,843.69
Class A (accumulation) (HKD)	2,151,372.00	781,779.09
Class A (accumulation) (USD)	4,269,676.74	954,491.62
Class I (distribution) (HKD)	207,151.20	266,545.00
Class I (accumulation) (HKD)	392,426.33	401,579.48
Class I (accumulation) (USD)	445,520.58	-

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9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

	31 December 2021	
	Unit price (per financial statements)	Published unit price
Class A (distribution) (HKD) units		
Net assets attributable to unitholders per unit	<u>HKD 192.94</u>	<u>HKD 192.94</u>
Class A (accumulation) (HKD) units		
Net assets attributable to unitholders per unit	<u>HKD 164.15</u>	<u>HKD 164.15</u>
Class A (accumulation) (USD) units		
Net assets attributable to unitholders per unit	<u>USD 14.64</u>	<u>USD 14.64</u>
Class I (distribution) (HKD) units		
Net assets attributable to unitholders per unit	<u>HKD 194.97</u>	<u>HKD 194.97</u>
Class I (accumulation) (HKD) units		
Net assets attributable to unitholders per unit	<u>HKD 220.10</u>	<u>HKD 220.10</u>
Class I (accumulation) (USD) units		
Net assets attributable to unitholders per unit	<u>USD 7.60</u>	<u>USD 7.60</u>
	31 December 2020	
	Unit price (per financial statements)	Published unit price
Class A (distribution) (HKD) units		
Net assets attributable to unitholders per unit	<u>HKD 257.91</u>	<u>HKD 257.91</u>
Class A (accumulation) (HKD) units		
Net assets attributable to unitholders per unit	<u>HKD 207.39</u>	<u>HKD 207.39</u>
Class A (accumulation) (USD) units		
Net assets attributable to unitholders per unit	<u>USD 18.59</u>	<u>USD 18.59</u>
Class I (distribution) (HKD) units		
Net assets attributable to unitholders per unit	<u>HKD 259.72</u>	<u>HKD 259.72</u>
Class I (accumulation) (HKD) units		
Net assets attributable to unitholders per unit	<u>HKD 277.25</u>	<u>HKD 277.25</u>

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9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

Distributions

HKD

Undistributed income at 31 December 2019 and 1 January 2020	-
Increase in net assets attributable to unitholders	138,063,204
Add: Finance costs – distribution to unitholders	3,208,114
Undistributed income before distribution	141,271,318

Distribution declared by the Manager on:

Distribution per unit  
HKD

Distribution  
HKD

Class A (distribution) (HKD)

- 23 January 2020 (paid on 31 January 2020)	0.64	(65,299)
- 25 February 2020 (paid on 28 February 2020)	0.64	(63,328)
- 25 March 2020 (paid on 31 March 2020)	0.64	(65,611)
- 24 April 2020 (paid on 29 April 2020)	0.64	(66,415)
- 26 May 2020 (paid on 29 May 2020)	0.64	(27,320)
- 24 June 2020 (paid on 30 June 2020)	0.64	(33,726)
- 24 July 2020 (paid on 30 July 2020)	0.64	(57,519)
- 25 August 2020 (paid on 31 August 2020)	0.64	(72,153)
- 25 September 2020 (paid on 30 September 2020)	0.64	(81,110)
- 23 October 2020 (paid on 30 October 2020)	0.64	(80,192)
- 24 November 2020 (paid on 29 November 2020)	0.64	(107,790)
- 23 December 2020 (paid on 30 December 2020)	0.64	(135,673)
		(856,136)

Class I (distribution) (HKD)

- 23 January 2020 (paid on 31 January 2020)	0.65	(200,547)
- 25 February 2020 (paid on 28 February 2020)	0.65	(200,547)
- 25 March 2020 (paid on 31 March 2020)	0.65	(200,547)
- 24 April 2020 (paid on 29 April 2020)	0.65	(200,547)
- 26 May 2020 (paid on 29 May 2020)	0.65	(200,547)
- 24 June 2020 (paid on 30 June 2020)	0.65	(200,547)
- 24 July 2020 (paid on 30 July 2020)	0.65	(200,547)
- 25 August 2020 (paid on 31 August 2020)	0.65	(200,547)
- 25 September 2020 (paid on 30 September 2020)	0.65	(200,547)
- 23 October 2020 (paid on 30 October 2020)	0.65	(200,547)
- 24 November 2020 (paid on 29 November 2020)	0.65	(173,254)
- 23 December 2020 (paid on 30 December 2020)	0.65	(173,254)
		(2,351,978)

Total distribution declared (3,208,114)

Transfer to Capital (138,063,204)

Undistributed income at 31 December 2020 -

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9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

Distributions (continued)

HKD

Undistributed income at 31 December 2020 and 1 January 2021	-
Decrease in net assets attributable to unitholders	(355,295,678)
Add: Finance costs – distribution to unitholders	9,794,236
Loss before distribution	(345,501,442)

Distribution declared by the Manager on:

Distribution per unit	Distribution
HKD	HKD

Class A (distribution) (HKD)

- 22 January 2021 (paid on 28 January 2021)	1.08	(430,164)
- 23 February 2021 (paid on 1 March 2021)	1.08	(514,824)
- 23 March 2021 (paid on 29 March 2021)	1.08	(520,727)
- 23 April 2021 (paid on 29 April 2021)	1.08	(527,425)
- 25 May 2021 (paid on 31 May 2021)	1.08	(515,021)
- 25 June 2021 (paid on 30 June 2021)	1.08	(534,334)
- 23 July 2021 (paid on 30 July 2021)	1.08	(540,810)
- 24 August 2021 (paid on 31 August 2021)	1.08	(540,400)
- 24 September 2021 (paid on 30 September 2021)	1.08	(534,618)
- 22 October 2021 (paid on 29 October 2021)	1.08	(542,311)
- 23 November 2021 (paid on 30 November 2021)	1.08	(531,632)
- 23 December 2021 (paid on 31 December 2021)	1.08	(536,624)
		(6,268,890)

Class I (distribution) (HKD)

- 22 January 2021 (paid on 28 January 2021)	1.08	(287,869)
- 23 February 2021 (paid on 1 March 2021)	1.08	(350,357)
- 23 March 2021 (paid on 29 March 2021)	1.08	(350,357)
- 23 April 2021 (paid on 29 April 2021)	1.08	(364,089)
- 25 May 2021 (paid on 31 May 2021)	1.08	(377,197)
- 25 June 2021 (paid on 30 June 2021)	1.08	(281,077)
- 23 July 2021 (paid on 30 July 2021)	1.08	(281,077)
- 24 August 2021 (paid on 31 August 2021)	1.08	(281,077)
- 24 September 2021 (paid on 30 September 2021)	1.08	(281,077)
- 22 October 2021 (paid on 29 October 2021)	1.08	(223,723)
- 23 November 2021 (paid on 30 November 2021)	1.08	(223,723)
- 23 December 2021 (paid on 31 December 2021)	1.08	(223,723)
		(3,525,346)

Total distribution declared	(9,794,236)
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Transfer to Capital	355,295,678
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Undistributed income at 31 December 2021	-
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

The Manager may in its absolute discretion distribute income to unitholders at such time or times as it may determine in each financial year or determine that no distribution shall be made in any financial year. The amount to be distributed to unitholders, if any, will be derived from the net income of the Sub-Fund.

10. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES

Investment in the Sub-Fund is subject to market fluctuations and other risks inherent in investing in securities and there can be no assurance that any appreciation in value will occur. The performance of the Sub-Fund will be affected by a number of risk factors, including the following:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables such as interest rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments equals their fair value.

The Sub-Fund assumes market risk in trading activities. The Sub-Fund distinguishes market risk as price risk, interest rate risk and foreign exchange risk.

*Price risk*

The Sub-Fund's market price risk is managed through diversification of the investment portfolio as well as investing in securities with strong fundamentals. The Manager considers that the table below summarises the overall market exposures of the Sub-Fund and the impact of increases/decreases from the Sub-Fund's financial assets at FVPL on the Sub-Fund's net asset value as at 31 December 2021 and 2020. The analysis is based on the assumption that the underlying investments in listed equity securities increased/decreased by a reasonable possible shift, with all other variables held constant. However, this does not represent a prediction of the future movement in the corresponding key markets.

	Carrying value of financial assets at fair value through profit or loss HKD	% of net assets %	Estimated shift in underlying securities increase/ (decrease) %	Possible change in net asset value increase/ (decrease) HKD
31 December 2021				
Financial assets at FVPL	930,394,814	85.37	25/(25)	232,598,704/ (232,598,704)
31 December 2020				
Financial assets at FVPL	485,339,762	89.90	10/(10)	48,533,976/ (48,533,976)

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Sub-Fund has interest-bearing bank deposits. As the bank deposits are on demand, the Manager considers the movement in interest rates will not have significant cash flow impact on the net assets attributable to unitholders for the years ended 31 December 2021 and 2020 and therefore no sensitivity analysis on bank deposit is presented.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

10. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

Market risk (continued)

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Since USD are pegged with HKD, the foreign currency risk of financial assets and liabilities denominated in USD is minimal.

The Sub-Fund holds assets and liabilities mainly denominated in USD, HKD and RMB, other than USD, the table below summarizes the Sub-Fund's exposure to RMB:

	2021 HKD equivalent	2020 HKD equivalent
RMB	135,047,294	72,735,784

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of foreign exchange rates on the exposures tabled above, to which the Sub-Fund is exposed. The analysis is based on the assumption that the foreign exchange rates had increased/decreased by the respective percentage with all other variables held constant.

	2021		2020	
	Change in foreign exchange rates % +/-	Impact on net assets attributable to unitholders HKD +/-	Change in foreign exchange rates % +/-	Impact on net assets attributable to unitholders HKD +/-
RMB	5	6,752,365	5	3,636,789

The Manager has used their view of what would be a "reasonable shift" in the foreign exchange rates, having regard to historical volatility of those rates, to estimate the change for use in the currency risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in foreign exchange rates % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

As at 31 December 2021 and 2020, the Sub-Fund's exposure to liquidity risk is considered to be relatively small as the investment portfolio was predominantly equity securities listed in stock exchanges which were considered to be highly liquid. Also, if sizable redemption requests are received, the Manager may need to liquidate the investment at a substantial discount and the Sub-Fund may suffer losses as a result.

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For the year ended 31 December 2021

10. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

Liquidity risk (continued)

The following table summarises the maturity profile of the Sub-Fund's financial liabilities. The table also analyses the maturity profile of the Sub-Fund's financial assets (undiscounted where appropriate) in order to provide a complete view of the Sub-Fund's contractual commitments and liquidity.

31 December 2021	On demand	Less than 3 months	Others	Total
	HKD	HKD	HKD	HKD
<u>Financial Assets</u>				
Financial assets at fair value through profit or loss	-	930,394,814	-	930,394,814
Dividend and interest receivable	-	193,142	-	193,142
Amount due from brokers	-	20,973,500	-	20,973,500
Subscription receivable	-	1,500,175	-	1,500,175
Cash at banks	155,152,472	-	-	155,152,472
Total financial assets	<u>155,152,472</u>	<u>953,061,631</u>	<u>-</u>	<u>1,108,214,103</u>
<u>Financial Liabilities</u>				
Amount due to brokers	-	12,796,983	-	12,796,983
Management fees payable	-	1,641,830	-	1,641,830
Trustee fees payable	-	212,782	-	212,782
Redemption payable	-	2,554,538	-	2,554,538
Other payables	-	1,224,403	-	1,224,403
Net assets attributable to unitholders*	-	-	1,089,783,567	1,089,783,567
Total financial liabilities	<u>-</u>	<u>18,430,536</u>	<u>1,089,783,567</u>	<u>1,108,214,103</u>
31 December 2020	On demand	Less than 3 months	Others	Total
	HKD	HKD	HKD	HKD
<u>Financial Assets</u>				
Financial assets at fair value through profit or loss	-	485,339,762	-	485,339,762
Dividend and interest receivable	-	75,012	-	75,012
Subscription receivable	-	49,003,550	-	49,003,550
Cash at banks	40,160,227	-	-	40,160,227
Total financial assets	<u>40,160,227</u>	<u>534,418,324</u>	<u>-</u>	<u>574,578,551</u>
<u>Financial Liabilities</u>				
Amount due to brokers	-	30,511,939	-	30,511,939
Management fees payable	-	623,969	-	623,969
Trustee fees payable	-	73,647	-	73,647
Redemption payable	-	2,921,354	-	2,921,354
Other payables	-	551,935	-	551,935
Net assets attributable to unitholders*	-	-	539,895,707	539,895,707
Total financial liabilities	<u>-</u>	<u>34,682,844</u>	<u>539,895,707</u>	<u>574,578,551</u>

\*Subject to redemption terms detailed in the explanatory memorandum of the Sub-Fund.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

10. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

Credit and counterparty risk

*Credit risk*

The Sub-Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Sub-Fund considered the credit risk as minimal as the Sub-Fund invests primarily in listed equities on stock exchanges which no credit risk was exposed.

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

Credit risk disclosures are segmented into two sections based on whether the underlying financial investment is subject to HKFRS 9's impairment disclosure or not.

**Financial assets subject to HKFRS 9's impairment requirements**

The Sub-Fund's financial assets subject to the ECL model within HKFRS 9 are only cash at banks, amount due from brokers, subscription receivable and dividend and interest receivable. As at 31 December 2021, the total of cash at banks, amount due from brokers, subscription receivable and dividend and interest receivable was HKD177,901,744 on which no loss allowance had been provided (2020: total of HKD89,238,789 on which no loss allowance had been provided). They are not considered to be any concentration of credit risk within these assets. No assets are considered impaired and no amounts have been written off in the year.

In calculating the loss allowance, the Sub-Fund measures credit risk and ECL using probability of default, exposure at default and loss given default. The Manager and the Trustee of the Sub-Fund consider both historical analysis and forward-looking information in determining any ECL. None of the assets is impaired nor past due but not impaired. Items have been grouped by their nature into the following categories: cash at banks, subscription receivable, amount due from brokers and dividend and interest receivable. All the Sub-Fund's cash at banks is held in major financial institutions located in Hong Kong, which the Manager believes are of high credit quality. The Manager considers the Sub-Fund is not exposed to significant credit risk and no loss allowance has been made.

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10. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

Credit and counterparty risk (continued)

Credit risk (continued)

**Financial assets subject to HKFRS 9's impairment requirements** (continued)

*Maximum exposure and year-end staging as at 31 December 2021*

The table below shows the credit quality and the maximum exposure to credit risk based on the Sub-Fund's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2021.

	<u>12-month expected credit losses</u>	<u>Lifetime expected credit losses</u>			
	Stage 1 HKD'000	Stage 2 HKD'000	Stage 3 HKD'000	Simplified Approach HKD'000	Total HKD'000
<u>Financial assets</u>					
Dividend and interest receivable					
- Not yet past due	193	-	-	-	193
Amount due from brokers					
- Not yet past due	20,974	-	-	-	20,974
Subscription receivable					
- Not yet past due	1,500	-	-	-	1,500
Cash at banks					
- Not yet past due	155,152	-	-	-	155,152
Total	177,819	-	-	-	177,819

*Maximum exposure and year-end staging as at 31 December 2020*

The table below shows the credit quality and the maximum exposure to credit risk based on the Sub-Fund's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2020.

	<u>12-month expected credit losses</u>	<u>Lifetime expected credit losses</u>			
	Stage 1 HKD'000	Stage 2 HKD'000	Stage 3 HKD'000	Simplified Approach HKD'000	Total HKD'000
<u>Financial assets</u>					
Dividend and interest receivable					
- Not yet past due	75	-	-	-	75
Subscription receivable					
- Not yet past due	49,004	-	-	-	49,004
Cash at banks					
- Not yet past due	40,160	-	-	-	40,160
Total	89,239	-	-	-	89,239

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

10. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

Credit and counterparty risk (continued)

Credit risk (continued)

**Financial assets not subject to HKFRS 9's impairment requirements**

The Sub-Fund is exposed to credit risk on financial assets at FVPL. These classes of financial assets are not subject to HKFRS 9's impairment requirements as they are measured at FVPL. The carrying value of these assets, under HKFRS 9 represents the Sub-Fund's maximum exposure to credit risk on financial instruments not subject to the HKFRS 9 impairment requirements on the respective reporting dates. Hence, no separate maximum exposure to credit risk disclosure is provided for these instruments.

*Counterparty risk*

The Sub-Fund's financial assets which are potentially subject to concentrations of counterparty risk consist principally of bank deposits and assets held with the Custodian and the RQFII Custodian. The table below summarises the Sub-Fund's assets placed with banks and the Custodians and their related credit ratings from Moody's:

<u>31 December 2021</u>	HKD	Credit rating	Source of credit rating
<u>Custodian</u>			
Industrial and Commercial Bank of China (Asia) Limited		A1	Moody's
- Financial assets at fair value through profit or loss	930,394,814		
- Cash at banks	146,115,064		
<u>RQFII Custodian</u>			
China Construction Bank Corporation		A1	Moody's
- Cash at banks	9,037,408		
<u>31 December 2020</u>	HKD	Credit rating	Source of credit rating
<u>Custodian</u>			
Industrial and Commercial Bank of China (Asia) Limited*		A1	Moody's
- Financial assets at fair value through profit or loss	485,339,762		
- Cash at banks	40,048,769		
<u>RQFII Custodian</u>			
China Construction Bank Corporation		A1	Moody's
- Cash at banks	111,458		

\* Note: There was no credit rating for the entity; however, the Manager is of the opinion that the affiliated or holding companies are applicable and appropriate for reference.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

11. TRANSACTIONS WITH THE TRUSTEE AND MANAGER AND THEIR CONNECTED PERSONS

Connected persons of the Manager are those as defined in the SFC Code. All transactions entered into during the year between the Sub-Fund and the Trustee, and the Manager and its connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with connected persons except for those disclosed in Note 4 to the financial statements and below.

Bank deposits and investments held by the affiliate companies of the Trustee

The Sub-Fund's bank deposits and investments were held by Industrial and Commercial Bank of China (Asia) Limited, an affiliate company of the Trustee, with interest income amounted to HKD 53,636,81 (2020: HKD9,746). Further details of the balances held are described in Note 7 to the financial statements.

Foreign currency transactions executed through the affiliate of the Trustee

During the year ended 31 December 2021, the Sub-Fund has executed foreign currency contracts amounting to HKD948,005,250.4 (2020: HKD116,787,771) through Industrial and Commercial Bank of China (Asia) Limited, an affiliate company of the Trustee.

Holdings of units

As at 31 December 2021, GF Securities (Hong Kong) Brokerage Limited, the connected person of the Manager, holds 116,850,873 units of the Sub-Fund valued at a total of HKD24,640,624 (2020: 116,787,771 units of the Sub-Fund valued at a total of HKD8,156,873).

Connected Person	Units outstanding as at 31 December	
	2021	2020
GF Securities (Hong Kong) Brokerage Limited		
- a connected person of the Manager	217,882.86	39,330.29
Client mandate accounts managed by the Manager	12,560.49	29,716.38
Directors and Officers of the Manager	8,051.18	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 12. SOFT COMMISSION ARRANGEMENTS

The Manager and its connected persons may enter into soft commission arrangements with brokers under which certain goods and services used to support investment decision making will be received. The Manager and its connected persons will not make direct payment for these services but will transact an agreed amount of business with the brokers on behalf of the Sub-Fund and commission will be paid on these transactions.

The goods and services must be of demonstrable benefit to the Sub-Fund and may include research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis and data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications.

For the years ended 31 December 2021 and 2020, the Manager had not participated in any soft dollar arrangements in respect of any transactions for the accounts of the Sub-Fund.

### 13. EVENTS AFTER THE REPORTING PERIOD

During the period between the year end and the date of authorisation of these financial statements, total subsequent subscription (including dividend reinvestment), redemption and distribution of Class A (distribution) units of the Sub-Fund amounted to HKD3,868,979, HKD15,581,599 and HKD1,961,496 respectively. Total subsequent subscription and redemptions of Class A (accumulation) (HKD) units of the Sub-Fund amounted to HKD11,968,774 and HKD33,557,348. Total subsequent subscription and redemptions of Class A (accumulation) (USD) units of the Sub-Fund amounted to USD1,592,241 and USD8,724,276. Total subsequent redemptions of Class I (accumulation) (HKD) units of the Sub-Fund amounted to HKD2,770,593. Total subsequent subscriptions and redemptions of Class I (accumulation) (USD) units of the Sub-Fund amounted to USD1,803,723 and USD1,213,105. Total subsequent redemptions and distribution of Class I (distribution) units of the Sub-Fund amounted to HKD4,294,129 and HKD841,213.

There have been no other significant events affecting the Sub-Fund since the year end.

### 14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Manager and the Trustee on 29 April 2022.



E FUND (HK) CHINA EQUITY DIVIDEND FUND  
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INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 December 2021

	Holding/ Nominal value	Fair value HKD	% of net assets on fair value
<b>LISTED EQUITY SECURITIES</b>			
<i>Hong Kong</i>			
Alibaba Group Holding Ltd	200,000	23,780,000	2.18
Anhui Gujing Distillery Co - B	56,218	6,240,198	0.57
China Feihe Ltd	600,000	6,276,000	0.58
China Medical System Holdings Ltd	1,300,000	16,926,000	1.55
China Merchants Bank Co Ltd	1,200,000	72,660,000	6.67
China Resources Beer Holdings Co Ltd	868,000	55,421,800	5.09
China Resources Mixc Lifestyle Services Ltd	1,683,000	61,177,050	5.61
China Telecom Corp Ltd	17,000,000	44,200,000	4.06
China Unicom Hong Kong Ltd	7,000,000	27,300,000	2.51
Guangzhou Automobile Group Co Ltd	3,000,000	23,070,000	2.12
Hong Kong Exchanges & Clearing Ltd	177,000	80,605,800	7.40
Meituan Dianping - Class B	150,000	33,810,000	3.10
Sihuan Pharmaceutical Holdings Group Ltd	5,800,000	8,584,000	0.79
Techtronic Industries Co Ltd	630,000	97,776,000	8.97
Tencent Holdings Ltd	213,800	97,663,840	8.96
Xiaomi Corp	1,200,000	22,680,000	2.08
<i>People's Republic of China</i>			
AECC Aero-Engine Control - A	450,000	16,718,403	1.53
Bank Of Nanjing Co Ltd 2,000,000	21,986,921		
2.02Bank of Nanjing Co Ltd	2,000,000	21,986,921	2.02
Bank of Ningbo Co Ltd - A	550,000	25,832,178	2.37
Eastroc Beverage Group Co Ltd - A	36,900	8,232,698	0.76
Inner Mongolia Yili Industrial Group Co Ltd	500,000	25,434,647	2.33
Quakesafe Technologies Co Ltd - A	180,000	23,045,777	2.11
Xi'an Triangle Defense Co - A	230,000	13,796,670	1.27
<i>United States</i>			
Invesco QQQ Trust Series 1	18,800	58,306,673	5.35
SPDR S&P 500 ETF Trust	15,900	58,870,159	5.40
Total equity securities (Cost: HKD1,021,649,307)		930,394,814	85.38
Other net assets		159,388,753	14.62
Total net assets		1,089,783,567	100.00

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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

For the year ended 31 December 2021

<u>LISTED EQUITY SECURITIES</u>	At 1 January 2021	<u>Movement in holdings</u>		At 31 December 2021
		Additions	Disposals	
Adobe Inc	3,000	-	(3,000)	-
AECC Aero-Engine Control - A	-	450,000	-	450,000
AIA Group Ltd	-	130,000	(130,000)	-
Alibaba Group Holding Ltd	100,000	340,000	(240,000)	200,000
Aluminum Corp of China Ltd	-	6,000,000	(6,000,000)	-
Amazon.com Inc	700	1,200	(1,900)	-
Anhui Gujing Distillery Co - B	-	56,218	-	56,218
Apple Inc	16,000	5,300	(21,300)	-
AviChina Industry & Technology Co Ltd	-	4,000,000	(4,000,000)	-
Baidu Inc	-	18,400	(18,400)	-
Bank of Nanjing Co Ltd	-	2,000,000	-	2,000,000
Bank of Ningbo Co Ltd - A	-	550,000	-	550,000
Bank of Ningbo Co Ltd-Rights	-	50,000	(50,000)	-
Beijing Kingsoft Office Software Inc	26,407	82,000	(108,407)	-
Bilibili Inc	-	22,000	(22,000)	-
Booking Holdings Inc	-	1,300	(1,300)	-
Bosideng International Holdings Ltd	-	8,000,000	(8,000,000)	-
Burning Rock Biotech Ltd	-	95,000	(95,000)	-
BYD Co Ltd - H	-	165,000	(165,000)	-
BYD Electronic International Co Ltd	-	250,000	(250,000)	-
Carnival Corp	-	55,000	(55,000)	-
China Datang Corp Renewable Power Co Ltd - H	-	9,000,000	(9,000,000)	-
China Education Group Holdings Ltd	-	900,000	(900,000)	-
China Feihe Ltd	-	1,200,000	(600,000)	600,000
China Hongqiao Group Ltd	-	2,200,000	(2,200,000)	-
China International Marine Containers Group Co Ltd	-	1,500,000	(1,500,000)	-
China Literature Ltd	-	280,000	(280,000)	-
China Longyuan Power Group Corp Ltd	-	3,200,000	(3,200,000)	-
China Medical System Holdings Ltd	-	1,300,000	-	1,300,000
China Mengniu Dairy Co Ltd	300,000	-	(300,000)	-
China Merchants Bank Co Ltd	-	1,200,000	-	1,200,000
China Mobile Ltd	-	1,150,000	(1,150,000)	-
China Molybdenum Co Ltd	-	1,998,000	(1,998,000)	-
China Resources Beer Holdings Co Ltd	128,000	740,000	-	868,000
China Resources Mixc Lifestyle Services Ltd	140,000	1,683,000	(140,000)	1,683,000
China Telecom Corp Ltd	-	17,000,000	-	17,000,000
China Unicom Hong Kong Ltd	-	7,000,000	-	7,000,000
CLP Holdings Ltd	-	320,000	(320,000)	-
CNOOC Ltd	-	9,000,000	(9,000,000)	-
Daqo New Energy Corp	-	26,000	(26,000)	-
Diageo PLC	-	19,000	(19,000)	-
E Fund HK Hong Kong Dollar Money Market Fund-I A HKD	-	96,578	(96,578)	-
Eastroc Beverage Group Co Ltd - A	-	36,900	-	36,900
ENN Energy Holdings Ltd	-	400,000	(400,000)	-
Futu Holdings Ltd	-	15,000	(15,000)	-
Fuyao Glass Industry Group Co Ltd	-	560,000	(560,000)	-

E FUND (HK) CHINA EQUITY DIVIDEND FUND  
(A Sub-Fund of E Fund Selection Investment Series)

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

For the year ended 31 December 2021

LISTED EQUITY SECURITIES	At 1 January 2021	Movement in holdings		At 31 December 2021
		Additions	Disposals	
Gan & Lee Pharmaceuticals Co Ltd	-	99,920	(99,920)	-
Geely Automobile Holdings Ltd	-	1,500,000	(1,500,000)	-
Gongniu Group Co Ltd	60,000	21,931	(81,931)	-
Great Wall Motor Co Ltd - H	-	1,100,000	(1,100,000)	-
Guangzhou Automobile Group Co Ltd	-	6,000,000	(3,000,000)	3,000,000
Haier Smart Home Co Ltd	-	1,280,000	(1,280,000)	-
Hang Zhou Great Star Industrial Co Ltd	280,000	180,000	(460,000)	-
Hong Kong Exchanges & Clearing Ltd	53,000	184,000	(60,000)	177,000
Huabao International Holdings Ltd	-	1,100,000	(1,100,000)	-
Inner Mongolia Yili Industrial Group Co Ltd	-	500,000	-	500,000
InnoCare Pharma Ltd	-	1,500,000	(1,500,000)	-
Invesco QQQ Trust Series 1	-	18,800	-	18,800
JD.com Inc	-	78,000	(78,000)	-
Jiangsu Shuangxing Color Plastic New Materials Co Ltd	-	500,000	(500,000)	-
Jiumaojiu International Holdings Ltd	-	500,000	(500,000)	-
Joeone Co Ltd - A	-	565,500	(565,500)	-
Joinn Laboratories China Co Ltd - H	-	238,000	(238,000)	-
JS Global Lifestyle Co Ltd	-	1,200,000	(1,200,000)	-
JW Cayman Therapeutics Co Ltd	-	300,000	(300,000)	-
Kingsoft Corp Ltd	-	470,000	(470,000)	-
Kuaishou Technology	-	554,500	(554,500)	-
Kweichow Moutai Co Ltd - A	6,100	7,500	(13,600)	-
Lenovo Group Ltd	-	1,500,000	(1,500,000)	-
Li Ning Co Ltd	300,000	250,000	(550,000)	-
Lifetech Scientific Corp	-	1,600,000	(1,600,000)	-
LONGi Green Energy Technology Co Ltd	-	250,000	(250,000)	-
Man Wah Holdings Ltd	1,050,000	750,000	(1,800,000)	-
Mastercard Inc	3,100	8,400	(11,500)	-
Meituan Dianping - Class B	-	482,000	(332,000)	150,000
Microsoft Corp	8,400	9,500	(17,900)	-
Midea Group Co Ltd	-	310,000	(310,000)	-
MSCI Inc	3,000	-	(3,000)	-
NetEase Inc	100,000	50,000	(150,000)	-
NIO Inc	-	80,000	(80,000)	-
Nongfu Spring Co Ltd	300,000	-	(300,000)	-
NVIDIA Corp	1,500	-	(1,500)	-
Pinduoduo Inc	22,500	53,000	(75,500)	-
Pop Mart International Group Ltd	37,200	-	(37,200)	-
QuakeSafe Technologies Co Ltd - A	-	180,000	-	180,000
Raytron Technology Co Ltd	67,000	-	(67,000)	-
Shanghai Fosun Pharmaceutical Group Co Ltd - H	-	450,000	(450,000)	-
Shenzhen Mindray Bio-Medical Electronics Co Ltd	-	50,000	(50,000)	-
Sihuan Pharmaceutical Holdings Group Ltd	-	7,800,000	(2,000,000)	5,800,000
Smoores International Holdings Ltd	160,000	90,000	(250,000)	-
SPDR S&P 500 ETF Trust	-	15,900	-	15,900

E FUND (HK) CHINA EQUITY DIVIDEND FUND  
(A Sub-Fund of E Fund Selection Investment Series)

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

For the year ended 31 December 2021

<u>LISTED EQUITY SECURITIES</u>	At 1 January 2021	<u>Movement in holdings</u>		At 31 December 2021
		Additions	Disposals	
Starbucks Corp	9,300	29,000	(38,300)	-
Sunny Optical Technology Group Co Ltd	60,000	70,000	(130,000)	-
TCL Electronics Holdings Ltd	1,500,000	-	(1,500,000)	-
Techtronic Industries Co Ltd	164,000	780,000	(314,000)	630,000
Tencent Holdings Ltd	50,500	469,800	(306,500)	213,800
Tesla Inc	2,400	800	(3,200)	-
Tongwei Co Ltd	-	450,000	(450,000)	-
Topsports International Holdings Ltd	1,200,000	-	(1,200,000)	-
Tsingtao Brewery Co Ltd - H	100,000	200,000	(300,000)	-
Vesync Co Ltd	-	400,000	(400,000)	-
Walt Disney Co	-	8,000	(8,000)	-
Wuliangye Yibin Co Ltd - A	33,000	20,000	(53,000)	-
Wuxi Lead Intelligent Equipment Co Ltd	-	200,000	(200,000)	-
Xi'an Triangle Defense Co - A	-	230,000	-	230,000
Xiaomi Corp	900,000	1,800,000	(1,500,000)	1,200,000
Yatsen Holding Ltd	50,500	50,000	(100,500)	-
Yidu Tech Inc	-	103,000	(103,000)	-
Yum China Holdings Inc	-	24,000	(24,000)	-
Yunnan Aluminium Co Ltd - A	-	1,500,000	(1,500,000)	-
Yunnan Baiyao Group Co Ltd- A	-	120,000	(120,000)	-
Zhejiang Huayou Cobalt Co Ltd	-	150,000	(150,000)	-
Zijin Mining Group Co Ltd	-	2,400,000	(2,400,000)	-

E FUND (HK) CHINA EQUITY DIVIDEND FUND  
(A Sub-Fund of E Fund Selection Investment Series)

PERFORMANCE TABLE (UNAUDITED)

For the year ended 31 December 2021

Published net assets attributable to unitholders  
(Calculated in accordance with the Sub-Fund's Trust Deeds)

	Net assets attributable to unitholders per unit	Net assets attributable to unitholders
As at 31 December 2021		
- Class A (distribution) (HKD) units	HKD192.94	HKD95,987,073
- Class A (accumulation) (HKD) units	HKD164.15	HKD353,193,083
- Class A (accumulation) (USD) units	USD14.64	HKD487,395,833
- Class I (distribution) (HKD) units	HKD194.97	HKD40,389,579
- Class I (accumulation) (HKD) units	HKD220.10	HKD86,373,221
- Class I (accumulation) (USD) units	USD7.60	HKD26,398,657
As at 31 December 2020		
- Class A (distribution) (HKD) units	HKD257.91	HKD59,538,581
- Class A (accumulation) (HKD) units	HKD207.39	HKD162,137,325
- Class A (accumulation) (USD) units	USD18.59	HKD137,653,262
- Class I (distribution) (HKD) units	HKD259.72	HKD69,227,910
- Class I (accumulation) (HKD) units	HKD277.25	HKD111,338,629
As at 31 December 2019		
- Class A (distribution) (HKD) units	HKD154.53	HKD21,277,766
- Class A (accumulation) (HKD) units	HKD119.14	HKD46,246,522
- Class A (accumulation) (USD) units	USD10.62	HKD3,914,097
- Class I (distribution) (HKD) units	HKD155.21	HKD47,888,680
- Class I (accumulation) (HKD) units	HKD158.79	HKD46,521,955

E FUND (HK) CHINA EQUITY DIVIDEND FUND  
(A Sub-Fund of E Fund Selection Investment Series)

PERFORMANCE TABLE (UNAUDITED) (continued)

31 December 2021

Highest issue price and lowest redemption price per unit

	Highest issue unit price HKD	Lowest redemption unit price HKD
Year ended 31 December 2021		
- Class A (distribution) (HKD) units	HKD292.35	HKD189.93
- Class A (accumulation) (HKD) units	HKD235.99	HKD160.68
- Class A (accumulation) (USD) units	USD21.16	USD14.32
- Class I (distribution) (HKD) units	HKD294.50	HKD191.90
- Class I (accumulation) (HKD) units	HKD315.59	HKD215.43
- Class I (accumulation) (USD) units	USD10.95	USD7.43
Year ended 31 December 2020		
- Class A (distribution) units	HKD257.91	HKD126.82
- Class A (accumulation) (HKD) units	HKD207.39	HKD98.56
- Class A (accumulation) (USD) units	USD18.59	USD8.82
- Class I (distribution) units	HKD259.72	HKD127.45
- Class I (accumulation) units	HKD277.25	HKD131.45
Year ended 31 December 2019		
- Class A (distribution) units	HKD169.22	HKD141.18
- Class A (accumulation) (HKD) units	HKD125.96	HKD103.92
- Class A (accumulation) (USD) units	USD10.62	USD9.77
- Class I (distribution) units	HKD169.69	HKD141.47
- Class I (accumulation) units	HKD167.53	HKD138.10
Year ended 31 December 2018		
- Class A (distribution) units	HKD165.43	HKD133.04
- Class A (accumulation) units	HKD116.54	HKD95.63
- Class I (distribution) units	HKD165.48	HKD133.24
- Class I (accumulation) units	HKD168.79	HKD136.20
Year ended 31 December 2017		
- Class A (distribution) units	HKD144.28	HKD86.94
- Class I (distribution) units	HKD144.09	HKD86.59
- Class I (accumulation) units	HKD146.97	HKD88.32
Year ended 31 December 2016		
- Class A (distribution) units	HKD96.45	HKD83.72
- Class I (distribution) units	HKD95.78	HKD83.25
- Class I (accumulation) units	HKD97.69	HKD84.91
Period from 25 October 2015 (date of inception) to 31 December 2015		
- Class A (distribution) units	HKD101.27	HKD95.94
- Class I (distribution) units	HKD100.53	HKD95.25
- Class I (accumulation) units	HKD102.54	HKD97.15