

E FUND INVESTMENT FUND SERIES

REPORTS AND FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 MAY 2023 (DATE OF
TERMINATION)**

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

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E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

GENERAL INFORMATION

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

Trustee and Registrar

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

PRC Custodian

Bank of Communications Co., Ltd.
188 Yin Cheng Zhong Road
Shanghai 200120
The People's Republic of China

Legal Counsel to the Manager

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

Auditor

PricewaterhouseCoopers
22/F Prince's Building
Central
Hong Kong

Directors of the Manager

For the period from 1 January 2023 to 31 May 2023 (date of termination)

Chen Rong (Resigned on 11th May 2023)

Fan Yue

Huang Gaohui

Lou Lizhou

MA Jun

Song Kun (Appointed on 11th May 2023)

Wu Xinrong

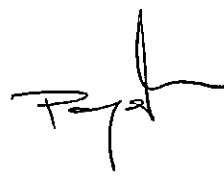
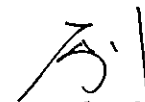
Yang Dongmei (Resigned on 11th May 2023)

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

TO THE UNITHOLDERS OF E FUND INVESTMENT FUND SERIES

We hereby confirm that, in our opinion, the Manager has, in all material respects, managed E Fund Investment Fund Series - E Fund (HK) RMB Fixed Income Fund in accordance with the provisions of the Trust Deed dated 18 January 2012 and all its supplemental deeds for the period from 1 January 2023 to 31 May 2023 (date of termination).



For and on behalf of
Bank of Communications Trustee Limited

26 September 2023

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF E FUND (HK) RMB FIXED INCOME FUND**
(A Sub-Fund of E Fund Investment Fund Series)

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of E Fund (HK) RMB Fixed Income Fund (the "Sub-Fund"), a sub-fund of E Fund Investment Fund Series, which are set out on pages 8 to 34 comprise:

- the statement of financial position as at 31 May 2023 (date of termination);
- the statement of comprehensive income for the period from 1 January 2023 to 31 May 2023 (date of termination);
- the statement of changes in net assets attributable to unitholders for the period from 1 January 2023 to 31 May 2023 (date of termination);
- the statement of cash flows for the period from 1 January 2023 to 31 May 2023 (date of termination); and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 May 2023 (date of termination), and of its financial transactions and its cash flows for the period from 1 January 2023 to 31 May 2023 (date of termination) in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Emphasis of Matter

We draw your attention to Note 1 to the financial statements which states that the Sub-Fund was terminated on 31 May 2023. As a result, the financial statements have not been prepared on a going concern basis, and are prepared in accordance with the basis set out in Note 2(a) to the financial statements. Our opinion is not modified in respect of this matter.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF E FUND (HK) RMB FIXED INCOME FUND
(CONTINUED)**
(A Sub-Fund of E Fund Investment Fund Series)

Other Information

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

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

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

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

Responsibilities of the Management for the Financial Statements

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

In preparing the financial statements, the Management of the Sub-Fund is responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the trust deed dated 18 January 2012, as amended (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

Auditor's Responsibilities for the Audit of the Financial Statements

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

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF E FUND (HK) RMB FIXED INCOME FUND
(CONTINUED)**

(A Sub-Fund of E Fund Investment Fund Series)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and Appendix E of the SFC Code

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



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 September 2023

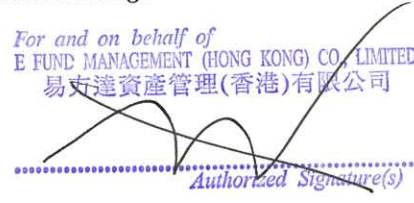
E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2023 (DATE OF TERMINATION)

	Note	31 May 2023 (date of termination) RMB	31 December 2022 RMB
Assets			
Cash and cash equivalents	4(e)	-	1,879,718
Amount due from the Manager	7(e)	-	21,878
Financial assets at fair value through profit or loss	4(b)	-	-
Interest receivable		-	-
Deposit reserve		-	-
Total assets		-	1,901,596
Liabilities			
Redemption payable		-	-
Management fee payable	7(a)	-	-
Trustee fee payable	7(b)	-	-
Custodian fee payable	7(c)	-	-
Tax payable	3, 6	-	1,147,150
Other payables and accruals		-	754,446
Total liabilities		-	1,901,596
Equity			
Net assets attributable to unitholders	8	-	-

Approved by the Trustee and the Manager on 26 September 2023.


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For and on behalf of
Bank of Communications Trustee Limited
as the Trustee

For and on behalf of
E FUND MANAGEMENT (HONG KONG) CO., LIMITED
易方達資產管理(香港)有限公司

.....
Authorized Signature(s)
.....
For and on behalf of
E Fund Management (Hong Kong) Co., Limited
as the Manager

The notes on pages 12 to 34 are an integral part of these financial statements.

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 MAY 2023 (DATE OF TERMINATION)

	Note	Period from 1 January 2023 to 31 May 2023 (date of termination) RMB	Year ended 31 December 2022 RMB
Income			
Interest income on financial assets at fair value through profit or loss		-	692,852
Bank interest income		2,365	14,466
Net losses on investments	5	-	(12,537)
Net exchange gain/(loss)		16,727	80,995
Other income		-	21,878
Total income/(loss)		<u>19,092</u>	<u>797,654</u>
Expenses			
Management fee	7(a)	-	181,502
Trustee fee	7(b)	-	176,087
Custodian fee	7(c)	8	18,161
Auditor's remuneration		-	263,183
Legal and professional fees		-	249,764
Transaction costs		-	163
Other expenses		18,868	1,048,038
Total expenses		<u>18,876</u>	<u>1,936,898</u>
Profit /(losses) before tax		216	(1,139,244)
Withholding tax	6	(216)	-
Decrease in net assets attributable to unitholders from operations		<u>-</u>	<u>(1,139,244)</u>

The notes on pages 12 to 34 are an integral part of these financial statements.

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 MAY 2023 (DATE OF TERMINATION)**

	Period from 1 January 2023 to 31 May 2023 RMB	Year ended 31 December 2022 RMB
Net assets attributable to unitholders at the beginning of the period / year	-	39,095,762
Decrease in net assets attributable to unitholders from operations	-	(1,139,244)
Capital transactions		
Receipts on issue of units	-	143,721
Payments on redemption of units	-	(38,100,239)
Net decrease from capital transactions	-	(37,956,518)
Net assets attributable to unitholders at the end of the period / year	-	-

Units transactions	Class A RMB (accumulation)		Class A RMB (distribution)	
	Period from 1 January 2023 to 31 May 2023 Units	2022 Units	Period from 1 January 2023 to 31 May 2023 Units	2022 Units
Units outstanding at the beginning of the period / year	-	1,452	-	258,828
Units issued	-	-	-	1,236
Units redeemed	-	(1,452)	-	(260,064)
Units outstanding at the end of the period / year	-	-	-	-

Units transactions	Class A USD (accumulation)		Class I RMB (distribution)	
	Period from 1 January 2023 to 31 May 2023 Units	2022 Units	Period from 1 January 2023 to 31 May 2023 Units	2022 Units
Units outstanding at the beginning of the period / year	-	877	-	77,419
Units issued	-	-	-	-
Units redeemed	-	(877)	-	(77,419)
Units outstanding at the end of the period / year	-	-	-	-

The notes on pages 12 to 34 are an integral part of these financial statements.

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 MAY 2023 (DATE OF TERMINATION)

	Period from 1 January 2023 to 31 May 2023 RMB	Year ended 31 December 2022 RMB
Operating activities		
Decrease in net assets attributable to unitholders from operations	-	(1,139,244)
Adjustment for:		
Interest income on financial assets at fair value through profit or loss	-	(692,852)
Bank interest income	(2,365)	(14,466)
Withholding tax	216	-
	<hr/>	<hr/>
Operating losses before changes in working capital	(2,149)	(1,846,562)
Changes in working capital:		
Net decrease in financial assets at fair value through profit or loss	-	38,488,650
Net decrease in receivable for investments sold	-	-
Net decrease in deposit reserve	-	4,695
Net decrease / (increase) in amount due from the Manager	21,878	(21,878)
Net decrease in management fee payable	-	(34,939)
Net (decrease) / increase in trustee fee payable	-	(26,499)
Net decrease in custodian fee payable	-	(483)
Net (decrease) / increase in other payables and accruals	(754,446)	411,076
	<hr/>	<hr/>
Cash (used in) / generated from operations	(734,717)	36,974,060
Interest received	2,365	1,153,624
Tax paid	(1,147,366)	-
	<hr/>	<hr/>
Net cash (used in) / generated from operating activities	(1,879,718)	38,127,684
	<hr/>	<hr/>
Financing activities		
Proceeds from units issued	-	143,721
Payments on units redeemed	-	(42,551,245)
	<hr/>	<hr/>
Net cash used in financing activities	-	(42,407,524)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(1,879,718)	(4,279,840)
Cash and cash equivalents at the beginning of the period / year	1,879,718	6,159,558
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period / year	-	1,879,718
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents		
Bank balances	-	1,879,718
	<hr/>	<hr/>

The notes on pages 12 to 34 are an integral part of these financial statements.

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 MAY 2023 (DATE OF
TERMINATION)

1 General information

E Fund Investment Fund Series (the "Trust") is an umbrella unit trust governed by its trust deed dated 18 January 2012, as amended (the "Trust Deed") made between E Fund Management (Hong Kong) Co., Limited as the manager (the "Manager") and Bank of Communications Trustee Limited as the trustee (the "Trustee"). The terms of the Trust Deed are governed by the laws of Hong Kong. The Trust is authorised by the Securities and Futures Commission of Hong Kong (the "SFC") under Section 104(1) of the Hong Kong Securities and Futures Ordinance. The Trust has four sub-funds, namely E Fund (HK) RMB Fixed Income Fund (the "Sub-Fund"), E Fund (HK) Greater China US Dollar Bond Fund, E Fund (HK) USD Cash Fund and E Fund (HK) HKD Cash Fund, in respect of which separate classes of units were issued. The date of inception of the Sub-Fund was 18 January 2012. These financial statements include the financial statements of the Sub-Fund only.

The Sub-Fund seeks to achieve long-term capital growth in RMB terms through investment in a portfolio consisting primarily of RMB denominated and settled fixed income debt instruments which aim to generate a steady flow of income in addition to capital appreciation for the Sub-Fund.

The Manager has obtained Renminbi Qualified Foreign Institutional Investor ("RQFII") status in the People's Republic of China ("PRC" or "China") and the RQFII quotas have been granted to the Manager on behalf of the Sub-Fund. To the extent that the Manager has, on behalf of the Sub-Fund, utilised its entire RQFII quota, the Manager may, subject to any applicable regulations, apply for an increase of the RQFII quota. On the other hand, the Manager actively manages the RQFII quota obtained and may impose limits on subscription applications as it considers appropriate.

Termination of the Sub-Fund

Pursuant to Clause 27.3(b) of the Trust Deed of the Fund dated 18 January 2012 (as amended and supplemented from time to time) and the announcement dated 24 June 2022, the Manager has notified all its existing unitholders regarding its liquidation plan for the Sub-Fund. The last valuation date of the Sub-Fund upon liquidation of all assets was 25 July 2022. The compulsory redemption was made to unitholders who remained so as at 25 July 2022 (the "Distribution Record Date"). The distribution was paid on 26 July 2022 (the "Distribution Date").

Pursuant to the announcement dated 30 May 2023, the Manager terminated the Sub-Fund on 31 May 2023 (date of termination). The Manager informed the Sub-Fund had settled the PRC taxes with the relevant PRC tax authorities, and the Manager bore the shortfall of the termination expenses. As a result, there are no financial assets and liability thereto.

2 Summary of significant accounting policies

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

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities held at fair value through profit or loss.

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 MAY 2023 (DATE OF
TERMINATION)**

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

As referred to in Note 1, the Manager terminated the Sub-Fund on 31 May 2023. As a result, the financial statements of the Sub-Fund for the period from 1 January 2023 to 31 May 2023 (date of termination) have not been prepared on a going concern basis of accounting. The Trustee and the Manager have assessed that the values of all assets and liabilities of the Sub-Fund at the reporting date approximate their net realisable value, and therefore no changes to accounting policies or adjustments have been made in the financial statements of the Sub-Fund in order to reflect the fact that it will be able to realise its assets or to extinguish its liabilities in the normal course of business.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires the Manager and the Trustee (the "Management") to exercise their judgment in the process of applying the Sub-Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Standards and amendments to existing standards effective 1 January 2023

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2023 that have a material effect on the financial statements of the Sub-Fund.

New standards, amendments and interpretations effective after 1 January 2023 and have not been early adopted by the Sub-Fund

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

(b) Financial assets at fair value through profit or loss

Classification

The Sub-Fund classifies its investments based on both the Sub-Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund primarily focuses on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as measured at fair value through other comprehensive income. The contractual cash flows of the Sub-Fund's debt securities investments are solely principal and interest; however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Sub-Fund's business objective. Consequently, all investments are measured at fair value through profit or loss.

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

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

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 MAY 2023 (DATE OF
TERMINATION)

2 Summary of significant accounting policies (continued)

(b) Financial assets at fair value through profit or loss (continued)

Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date - the date on which the Sub-Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets at fair value through profit or loss are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the statement of comprehensive income within net gain/(loss) on investments in the period in which they arise.

Fair value estimation

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

Debt securities investments are valued based on quoted prices.

Investments in collective investment schemes are stated at fair value based on the net asset value per unit of the respective funds as determined by the administrators of the respective funds or stated at last traded prices if the collective investment schemes are listed or traded on an exchange.

Transfer between levels of the fair value hierarchy

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

(c) Interest income

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents and financial assets at fair value through profit or loss.

(d) Other income

Other income represents the reimbursement from the Manager for the shortfall of termination costs.

(e) Expenses

Expenses are accounted for on an accruals basis.

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 MAY 2023 (DATE OF
TERMINATION)

2 Summary of significant accounting policies (continued)

(f) Transaction costs

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

(g) Cash and cash equivalents

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

(h) Deposit reserve

Deposit reserve is a balance deposited with China Securities Depository and Clearing Corporation Limited, and is recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(i) Amount due from the Manager

Amount due from the Manager represents reimbursement from the Manager for the shortfall of termination costs. The amounts are non-interest bearing and repayable on demand.

These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(j) Other receivables and payables

Other receivables and payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method. At each reporting date, the Sub-Fund shall measure the loss allowance on other receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparties, probability that the counterparties will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. A significant increase in credit risk is defined by the Management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(k) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates (the “functional currency”). The performance of the Sub-Fund is measured and reported to the unitholders in Chinese Renminbi (“RMB”) and United States dollars (“USD”). The Management considers RMB as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in RMB, which is the Sub-Fund’s functional and presentation currency.

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 MAY 2023 (DATE OF
TERMINATION)

2 Summary of significant accounting policies (continued)

(k) Foreign currency translation (continued)

Transactions and balances

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

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

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

(l) Redeemable units

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

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

The Sub-Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units for the respective classes. In accordance with the provisions of the Sub-Fund's explanatory memorandum, investment positions are valued based on the last traded market prices for the purpose of determining the net asset value per unit for subscriptions and redemptions.

(m) Taxation

The Sub-Fund currently incurs withholding tax imposed by the PRC on investment income, capital gains arising from trading of PRC debt securities and fund distribution income from PRC investment funds. Such income or gains are recorded gross of withholding tax in the statement of comprehensive income. Withholding tax is shown as a separate item in the statement of comprehensive income.

(n) Interest receivable

Interest receivable is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment if any. At each reporting date, the Sub-Fund shall measure the loss allowance on interest receivable at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses.

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2 Summary of significant accounting policies (continued)

(n) Interest receivable (Continued)

Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganization and default in payments are all considered indicators that a loss allowance may be required.

(o) Structured entities

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

The Sub-Fund considers all of its investments in other funds ("Investee Funds") to be investments in unconsolidated structured entities. The Sub-Fund invests in Investee Funds whose objectives range from achieving medium to long term capital growth and whose investment strategy does not include the use of leverage. The Investee Funds are managed by related asset managers and apply various investment strategies to accomplish their respective investment objectives. The Investee Funds finance their operations by issuing redeemable shares which are puttable at the holder's option and entitle the holder to a proportional stake in the respective funds' net assets. The Sub-Fund holds redeemable shares in each of its Investee Funds.

The change in fair value of each Investee Funds is included in the statement of comprehensive income in "Net losses on investments".

3 Critical accounting estimates and judgements

As at 31 May 2023 (date of termination), the Manager considered there is no critical accounting estimates. As at 31 December 2022, the Manager makes estimates and assumptions concerning the future of the Sub-Fund. The resulting accounting estimates may not equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

PRC tax provision

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

Under the general tax provision of PRC Corporate Income Tax Law ("PRC CIT Law"), the non-PRC residents with no place of effective management, establishment or place of business in the PRC may be subject to 10% PRC withholding income tax ("WIT") on the capital gain derived from disposal of securities, unless exempt or reduced under current PRC tax laws and regulations or relevant tax treaties.

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3 Critical accounting estimates and judgements (continued)

PRC tax provision (continued)

In addition, the non-PRC residents with interest income derived from the debt securities will be subject to 10% PRC WIT. Pursuant to the PRC CIT Law, debt securities issuers in the PRC are obligated to withhold the 10% PRC WIT on interest income for those foreign debt securities holders. However, interest income derived from government bonds issued by the State Council's finance departments and/or local government bonds approved by the State Council is exempt from PRC WIT under the PRC CIT Law.

Furthermore, according to the notice Caishui [2016] No.36 ("Circular 36"), Value-Added Tax ("VAT") at 6% shall be levied on the difference between the selling and buying prices of those marketable securities starting from 1 May 2016. In addition, if VAT is applicable, local surtaxes including Urban Maintenance and Construction Tax ("UMCT") (currently at the rate ranging from 1% to 7%), Education Surcharge ("ES") (currently at the rate of 3%) and Local Education Surcharge ("LES") (currently at the rate of 2%) are imposed based on the VAT liabilities (the "VAT related taxes"). Pursuant to the newly issued UMCT Law and Public Notice [2021] No.28 jointly issued by the Ministry of Finance ("MOF") and the PRC State Taxation Administration ("STA"), effective from 1 September 2021, no UMCT, ES and LES would be levied on the VAT paid for the service provisions and sale of intangible assets in China by overseas parties to PRC parties. However, in practice, the implementation of the exemption may vary depending on the local practice.

The gains derived by QFIIs/RQFIIs and through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect from trading of marketable securities (including A-shares and other PRC listed securities) are exempted from VAT in the PRC under Circular 36 and other prevailing VAT regulations. In addition, deposit interest income and interest received from government bonds and local government bonds are also exempt from PRC VAT.

Temporary exemption of PRC WIT and VAT on bond interest income effective from 7 November 2018

On 7 November 2018, the MOF and the STA jointly issued a notice Caishui [2018] No.108 ("Circular 108") which stipulates that foreign institutional investors are temporarily exempted from PRC WIT and VAT in respect of bond interest income received from 7 November 2018 to 6 November 2021. On 22 November 2021, the MOF and the STA officially issued Public Notice [2021] No.34 to extend the WIT and VAT exemption treatment on the bond interest income for the foreign institutional investors investing in the domestic bond market from 6 November 2021 to 31 December 2025.

Hence, the Manager decided to change the tax provisioning policy of the Sub-Fund and ceased to make provisions for PRC WIT and VAT (plus the VAT related taxes) on the interest income derived from PRC non-government bonds for the period from 7 November 2018 onward.

(a) Capital gains on PRC debt securities ("PRC debt securities")

During the period from 1 January 2023 to 31 May 2023 (date of termination), the Sub-Fund did not invest in PRC debt securities. For the year ended 31 December 2022, the Sub-Fund invests in PRC debt securities through the RQFII program. The Manager considers that the enforcement of PRC tax on gains derived from the PRC debt securities is uncertain as at the date of approval of these financial statements and has exercised its judgment when assessing whether the Sub-Fund may be liable for PRC taxation on its gains, the amount of potential liability and the probability of such tax being levied up to the reporting date. However, significant uncertainties exist and estimation of the Manager may substantially differ from the actual events.

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3 Critical accounting estimates and judgements (continued)

(a) Capital gains on PRC debt securities (“PRC debt securities”) (continued)

The Manager considered that the PRC WIT policy for QFIIs/RQFII's investment in PRC debt securities has not been clarified in the “Notice on temporary exemption of Corporate Income Tax on capital gains derived from the transfer of equity investment assets such as PRC domestic stocks by QFII and RQFII” (the “Notice”).

Based on the current verbal interpretation of the STA and the local PRC tax authorities, the authorities are of the view that capital gains derived by foreign investors from investment in PRC debt securities would not be treated as PRC-sourced income and thus would not be subject to PRC WIT. However, there are no written tax regulations issued by the PRC tax authorities to confirm this interpretation. As a matter of practice, such 10% PRC WIT on capital gains realised by non-PRC tax resident enterprises from the trading of these PRC debt securities has not been strictly enforced by the PRC tax authorities. The Manager has considered the applicability of the arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion to the Sub-Fund and assessed that the probability of such tax being levied up to the approval date of the financial statements of the Sub-Fund is reasonably low. Based on all the aforementioned factors, the Manager has reassessed the provisioning approach and has continued not making PRC WIT provision on gains derived from the PRC debt securities of the Sub-Fund.

(b) Capital gains on PRC investment funds (“PRC investment funds”)

During the period from 1 January 2023 to 31 May 2023 (date of termination), the Sub-Fund did not invest in PRC investment funds. For the year ended 31 December 2022, the Sub-Fund invests in PRC investment funds through the QFII/RQFII program. The Manager considers that the enforcement of PRC tax on gains derived from the PRC investment funds is uncertain as at the date of approval of these financial statements and has exercised its judgment when assessing whether the Sub-Fund may be liable for PRC taxation on its gains, the amount of potential liability and the probability of such tax being levied up to the reporting date. However, significant uncertainties exist and estimation of the Manager may substantially differ from the actual events.

There are currently no specific tax rules or regulations governing the taxation of capital gains realised by foreign investors on the disposal of PRC investment funds. As a matter of practice, the collection of 10% PRC WIT on capital gains realised by foreign investors from the trading of PRC investment funds has not been strictly enforced by the PRC tax authorities.

The Manager considers that the PRC WIT on capital gains from PRC investment funds is still uncertain and has continued not making PRC WIT provision on gains derived from the PRC investment funds of the Sub-Fund.

(c) Interest income on PRC debt securities

For the period from 1 January 2023 to 31 May 2023 (date of termination), the Sub-Fund did not invest in PRC debt securities. For the year ended 31 December 2022, the Management considers that the PRC WIT treatment on accrued interest of PRC non-government bonds held by the Sub-Fund derived from 18 January 2012 (date of inception) to 6 November 2018 (prior to PRC WIT exemption under Circular 108) and the enforcement of PRC VAT and the VAT related taxes from 1 May 2016 (effective date of Circular 36) to 6 November 2018 (prior to PRC VAT exemption under Circular 108) is uncertain as at the date of approval of the 2022 financial statements. The Manager has exercised significant judgment in its assessment of the PRC WIT and the related tax provision.

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3 Critical accounting estimates and judgements (continued)

(c) Interest income on PRC debt securities (continued)

PRC WIT

For the PRC debt securities disposed of during the year end 31 December 2022, the Management has not made provision on the accrued interest income of PRC debt securities during the year and as at reporting date as its considers that:

- (i) the issuers of PRC debt securities bonds are required to withhold 10% PRC WIT at the coupon payment date before distributing the interest income to the debt securities holder; and
- (ii) the Manager has sold the PRC debt securities before the coupon payment dates or the maturity dates of the PRC debt securities.

For the period from 1 January 2023 to 31 May 2023 (date of termination), there was no accumulated interest income received from PRC non-government bonds exposed to PRC VAT nor VAT related taxes. As at 31 December 2022, the Sub-Fund's accumulated interest income received from PRC non-government bonds from 1 May 2016 (effective date of Circular 36) to 6 November 2018 (prior to PRC VAT exemption under Circular 108) of RMB11,066,628 was exposed to PRC VAT and the VAT related taxes amounting to approximately RMB743,677. The VAT and the VAT related taxes of RMB 743,677 were fully settled on 11 April 2023.

(d) Fund distribution received from PRC investment funds

The Sub-Fund considers that the enforcement of PRC tax treatment on fund distribution received from PRC investment funds is uncertain. The Sub-Fund has applied the most likely amount method in measuring the PRC tax liability.

There are currently no specific tax rules or regulations governing the taxation of distribution from the PRC investment funds to foreign investors.

According to Caishui [2008] No.1, fund distribution derived by investors from collective investment schemes should be temporarily exempt from PRC CIT Law. However, based on the current interpretation of Shanghai tax authorities, the tax exemption under Caishui [2008] No.1 is not applicable to QFII and RQFII. In practice, if the fund distribution is classified as dividend in the PRC audit report to the State Administration of Foreign Exchange (the "SAFE"), it will be subject to PRC WIT at 10%. If the fund distribution is classified as interest income in the PRC audit report, it will be subject to PRC WIT at 10% and VAT & local surtaxes at 6.72%. As mentioned, according to Public Notice [2021] No.28, effective from 1 September 2021, no local surtaxes would be levied on the VAT paid for the service provisions and sale of intangible assets in China by overseas parties to PRC parties. Based on the current interpretation of Shanghai tax authorities, the local surtax exemption is also applicable to QFII and RQFII.

The above treatment is the prevailing practice of Shanghai tax authorities only, which may be subject to change from time to time. Other PRC tax authorities may have different interpretation and practice towards the fund distribution from collective investment schemes.

According to the current practice of Shanghai tax authorities, the Sub-Fund considers that the enforcement of PRC tax treatment on fund distribution received from PRC investment funds is more likely than not as at the date of approval of these financial statements.

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3 Critical accounting estimates and judgements (continued)

(d) Fund distribution received from PRC investment funds (continued)

The Sub-Fund has exercised significant judgment in the assessment of the PRC WIT and the related tax provision. The Sub-Fund estimates that for the year ended 31 December 2022, the accumulated fund distribution received from RMB denominated PRC investment funds of RMB11,471,502 could be exposed to 10% PRC WIT of approximately RMB1,147,150. As at 31 December 2022, the Sub-Fund has made a provision of RMB1,147,150 for the distribution from the PRC investment funds.

The Sub-Fund reviews the relevant PRC tax rules on the PRC investment funds from time to time. Any change in taxation imposed on RQFII is likely to have a subsequent impact on the required provision and accordingly the net assets attributable to unitholders of the Sub-Fund. When the STA issues clarifications, this might ultimately result in either an increase or a decrease in the amount provided. The Sub-Fund always act in the best interest of unitholders and will continually assess the tax provision on an on-going basis.

On 19 May 2023, the Sub-Fund obtained the PRC tax clearance and settled all PRC tax. As at 31 May 2023 (date of termination), no PRC tax exposure and no tax provision has been made.

4 Financial risk management

(a) Strategy in using financial instruments

The Sub-Fund's objective in managing risk is the attraction of subscription and protection of unitholder value. Risk is inherent in the Sub-Fund's activities, and it is managed through a process of ongoing identification, measurement and monitoring, subject to relevant controls. The process of risk management is critical to the Sub-Fund's continuing profitability.

The investments of the Sub-Fund are subject to normal market fluctuations and other risks inherent in trading in securities and derivatives. There can be no assurance that any appreciation in value will occur. The value of investments may fluctuate and therefore the value of the units can fall as well as rise.

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

As at 31 May 2023 (date of termination) and 31 December 2022, the Sub-Fund did not hold any financial assets at fair value through profit or loss and was not exposed to market risk. As a result, no market exposure and sensitivity analysis are presented.

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4 Financial risk management (continued)

(c) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

There were no interest-bearing assets and liabilities as at 31 May 2023 (date of termination). As at 31 December 2022, interest rate risk arose only from bank balances. As the bank balances held by the Sub-Fund were short-term in nature and interest arising from these interest-bearing assets were immaterial, the Manager considered that changes in their fair value and future cash flows in the event of a change in market interest rates would not be material. As a result, the Manager considers sensitivity analysis of interest rate risk is not necessary to be presented.

(d) Currency risk

As at 31 May 2023 (date of termination), the Sub-Fund did not expose to currency risk. As at 31 December 2022, the Sub-Fund was exposed to currency risk arising from balances of RMB649,591 denominated in United States Dollar, representing cash and cash equivalents. The table below summarises the impact of increase or decrease of key foreign exchange exposure of the Sub-Fund. The analysis is based on the assumption that the exchange rate had increased or decreased by the stated percentage with all other variables held constant. The Manager does not actively manage the currency risk exposure.

<u>Exposures in United States Dollar</u>	31 December 2022 RMB	
Cash and cash equivalents		649,591
		<hr/>
	31 December 2022	
	Change in exchange rate	Change in net asset value RMB
United States Dollar	<hr/> +/-5%	<hr/> 32,480

The Manager has used its view of what would be a reasonable shift in exchange rates to estimate the change for use in the currency risk sensitivity analysis above.

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4 Financial risk management (continued)

(e) Credit risk

Credit risk is the risk that an issuer or a counterparty to a financial instrument will cause a financial loss to the Sub-Fund by failing to discharge an obligation when due.

The main concentration to which the Sub-Fund is exposed arises from the Sub-Fund's investment in debt securities. The Sub-Fund is not subject to explicit restrictions on the minimum credit rating of debt securities issued outside China that it may hold. In relation to debt securities issued within China, the Sub-Fund manages credit risk by investing in debt securities which are rated CCC or above as rated by one of the credit rating agencies in China. The Management will actively manage the portfolio of the Sub-Fund. In case of credit rating downgrading, the Management will adjust the positions in the portfolio using its credit analysis and rating systems that are designed to manage credit risk.

As at 31 May 2023 (date of termination), the Sub-Fund held no bank balance nor investment. As at 31 December 2022, the Sub-Fund placed bank balances of RMB1,879,718 with the below counterparties.

	RMB	Credit rating	Source of credit rating
As at 31 December 2022			
Bank balances			
Bank of Communications Co., Ltd. Hong Kong			
Branch ¹	673,339	A2	Moody's
Bank of Communications Co., Ltd.	1,205,852	A2	Moody's
Citibank N.A. Hong Kong Branch	527	Aa3	Moody's

¹ Rating represented that of Bank of Communications Co., Ltd.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as shown on the statement of financial position. None of the assets are impaired nor past due but not impaired. The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any expected credit losses. As at 31 May 2023 (date of termination), there were no financial assets subjected to credit and counterparty risk. As at 31 December 2022, the Manager considers the probability of default of cash and cash equivalent balance with custodian and other receivables such as interest receivable and amount due from the manager to be insignificant as the counterparties generally have a strong capacity to meet their contractual obligations in the near term and there is no default history on such receivables in the past. As a result, no loss allowance has been recognised based on 12-month expected credit losses.

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4 Financial risk management (continued)

(f) Liquidity risk

Liquidity risk is the risk that the Sub-Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Sub-Fund is exposed to daily redemptions of units in the Sub-Fund. The Sub-Fund invests the majority of its assets in securities that are traded in an active market which can be readily disposed of.

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

	Less than 3 months RMB
As at 31 May 2023 (date of termination)	
Other payables and accruals	-
	-
As at 31 December 2022	
Other payables and accruals	754,446
	754,446

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4 Financial risk management (continued)

(f) Liquidity risk (continued)

Units are redeemable on demand at the unitholder's option. With a view to protecting the interest of unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of units of the Sub-Fund redeemed on any dealing day to 10% of the total number of units in issue ("Redemption Gate"). As at 31 May 2023 (date of termination) and 31 December 2022, there were no unitholders each holding more than 10% of the Sub-Fund's units.

As at 31 May 2023 (date of termination), the total assets of the Sub-Fund amounted to RMB nil (2022: RMB1,901,596). The Sub-Fund manages its liquidity risk by investing in securities that it expects to be able to liquidate within 3 months or less.

The table below illustrates the expected liquidity of assets held.

	Less than 3 months RMB	Over 3 months RMB
As at 31 May 2023 (date of termination)		
Total assets	-	-
As at 31 December 2022		
Total assets	1,901,596	-

(g) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the reporting date. The Sub-Fund utilises the last traded market price as its fair valuation inputs for both financial assets and liabilities.

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

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

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4 Financial risk management (continued)

(g) Fair value estimation (continued)

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

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

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

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

No investment was held by the Sub-Fund as at 31 May 2023 (date of termination) and 31 December 2022.

Financial instruments whose values are based on quoted market prices in active markets, are classified within level 1. The Sub-Fund does not adjust the quoted prices for these instruments.

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

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4 Financial risk management (continued)

(g) Fair value estimation (continued)

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

The Sub-Fund did not have any transfer between levels for the period from 1 January 2023 to 31 May 2023 (date of termination) and year ended 31 December 2022.

For assets and liabilities carried at amortised cost, their carrying amounts are a reasonable approximation of fair value as at 31 May 2023 (date of termination) and 31 December 2022.

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

The Sub-Fund was not subject to master netting arrangements as at 31 May 2023 (date of termination) and 31 December 2022.

(i) Capital risk management

The Sub-Fund's capital is represented by the net assets attributable to unitholders. The Sub-Fund strives to invest the subscriptions in investments that meet the Sub-Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions. The Management may:

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

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5 Net loss on investments

	Period from 1 January 2023 to 31 May 2023 (date of termination) RMB	Year ended 31 December 2022 RMB
Net unrealised gains on investments	-	669,809
Net realised losses on investments	-	(682,346)
	-	(12,537)

6 Taxation

(a) Hong Kong

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

(b) The People's Republic of China

For the period from 1 January 2023 to 31 May 2023 (date of termination), the Sub-Fund has no investments issued in the PRC. The Sub-Fund obtained the PRC tax clearance and settled all PRC tax on 19 May 2023. The Sub-Fund only placed deposits in PRC bank accounts which was subject to 10% withholding tax on interest income received from bank deposits.

For the year ended 31 December 2022, the Sub-Fund has invested in RMB denominated debt securities, collective investment schemes issued in the PRC and placed deposits in PRC bank accounts. Refer to Note 4 for deposits in PRC bank details.

Significant judgement is required in determining the provision for PRC WIT on fund distribution income. There are transactions and calculations for which the ultimate tax determination is uncertain. The Sub-Fund has applied the most likely amount method in measuring uncertain tax liabilities with respect to PRC WIT on fund distribution income. While the estimated value differs significantly from the amount ultimately payable, such differences will impact the income tax provisions in the period in which such determination is made. Refer to Note 3 for details.

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6 Taxation (continued)

(b) The People's Republic of China (continued)

The taxation of the Sub-Fund for the period from 1 January 2023 to 31 May 2023 (date of termination) and year ended 31 December 2022 represents:

	Period from 1 January 2023 to 31 May 2023 (date of termination) RMB	Year ended 31 December 2022 RMB
Withholding tax on bank deposits	216	-
Taxation	<u>216</u>	<u>-</u>

The movements in tax payable are as follows:

	Period from 1 January 2023 to 31 May 2023 (date of termination) RMB	Year ended 31 December 2022 RMB
At the beginning of the period / year	1,147,150	1,147,150
Withholding tax charged	216	-
Tax paid	(1,147,366)	-
At the end of the period / year	<u>-</u>	<u>1,147,150</u>

7 Transactions with related parties or connected persons

The following is a summary of transactions entered into during the period/year between the Sub-Fund and its related parties including the Manager, Trustee and their connected persons. Connected persons are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with the connected persons except for those disclosed below.

All such transactions were entered into in the ordinary course of business and on normal commercial terms.

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7 Transactions with related parties or connected persons (continued)

(a) Management fee

The Manager is entitled to receive a management fee of up to 3% (2022: 3%) per annum of the net asset value of the Sub-Fund, calculated and accrued on each dealing day and payable monthly in arrears. In respect of the Sub-Fund, the Manager currently charges a rate of 1% (2022: 1%) per annum for Class A and 0.5% (2021: 0.5%) per annum for Class I.

The management fee only charged till 25 July 2022 (date of compulsory redemption). For the period from 1 January 2023 to 31 May 2023 (date of termination), no management fee was charged and was outstanding. For year ended 31 December 2022, management fee of RMB181,502 was charged, of which RMB nil was outstanding at 31 December 2022.

(b) Trustee fee

The Trustee is entitled to receive a trustee fee of up to 1% (2022: 1%) per annum of the net asset value of the Sub-Fund. Currently, the Trustee is entitled to receive a fee of 0.11% (2022: 0.11%) per annum of the net asset value of each class of the Sub-Fund, subject to a monthly minimum fee of RMB13,000 (2022: RMB13,000) for each class of units. The fee is calculated and accrued daily and payable monthly in arrears.

The trustee fee only charged till 25 July 2022 (date of compulsory redemption). For the period from 1 January 2023 to 31 May 2023 (date of termination), no trustee fee was charged and was outstanding. For the year ended 31 December 2022, trustee fee of RMB176,087 was charged, of which RMB nil was outstanding at 31 December 2022.

(c) Custodian fee

Bank of Communications Co., Ltd. (the "PRC Custodian") is entitled to receive a custodian fee of up to 0.5% (2022: 0.5%) per annum of the net asset value of the Sub-Fund. Currently, the PRC Custodian is entitled to receive a fee of 0.08% (2022: 0.08%) per annum of the net asset value. The fee is calculated and payable monthly in arrears.

The custodian fee charged for the period from 1 January 2023 to 31 May 2023 (date of termination) was RMB 8 (2022: RMB18,161), of which RMB nil (2022: RMB nil) was outstanding at 31 May 2023 (date of termination).

(d) Cash and cash equivalents and investments

The total cash and cash equivalents and investment balance of the Sub-Fund held with related parties of the Trustee as at 31 May 2023 (date of termination) amounted to RMB nil (2022: RMB1,879,191) and RMB nil (2022: RMB nil). In addition, the investments balance of the Sub-Fund held with the PRC Custodian amounted to RMB nil (2022: RMB nil).

For the period from 1 January 2023 to 31 May 2023 (date of termination), interest income on cash and cash equivalents held with related parties of the Trustee amounted to RMB 2,365 (2022: RMB14,444).

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 MAY 2023 (DATE OF TERMINATION)

7 Transactions with related parties or connected persons (continued)

(e) Transactions with the Manager

During the period from 1 January 2023 to 31 May 2023, the Sub-Fund did not hold any units of unlisted collective investment schemes which are managed by the Manager. The movements of the Sub-Fund's investments in the unlisted collective investment schemes are as follows:

	Period from 1 January 2023 to 31 May 2023 (date of termination) RMB	Year ended 31 December 2022 RMB
At the beginning of the year	-	2,452,443
Purchase	-	-
Sales	-	(2,452,443)
	<hr/>	<hr/>
At the end of the year	-	-
	<hr/>	<hr/>

Other than dividend earned, there was RMB nil and RMB568,869 loss from the transactions for the period from 1 January 2023 to 31 May 2023 (date of termination) and year ended 31 December 2022 respectively.

The Manager is required to bear shortfall arising from the termination of the Sub-Fund. There was no shortfall during the period from 1 January 2023 to 31 May 2023 (date of termination) and no expenses would be reimbursed by the Manager. The shortfall during the year ended 31 December 2022 amounted to RMB 21,878 would be reimbursed by the Manager. As at 31 December 2022, amount due from the Manager amounted to RMB 21,878 was receivable from the Manager.

(f) Cross trades with other funds and mandates managed by the Manager

During the period from 1 January 2023 to 31 May 2023 (date of termination) and year ended 31 December 2022, the Sub-Fund did not purchase or sell any investments in debt securities to other funds and mandates managed by the Manager.

(g) Transactions with the Manager's ultimate holding company

During the period from 1 January 2023 to 31 May 2023 (date of termination) and year ended 31 December 2022, the Sub-Fund did not hold any units of unlisted collective investment schemes which are managed by E Fund Management Co., Ltd, the ultimate holding company of the Manager.

(h) Transactions with connected person of the Manager

As at 31 May 2023 (date of termination) and 31 December 2022, the Sub-Fund has not entered into transactions through the connected person of the Manager for its brokerage services.

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 MAY 2023 (DATE OF
TERMINATION)

7 Transactions with related parties or connected persons (continued)

(i) Transactions with connected person of the Trustee

During the period from 1 January 2023 to 31 May 2023 (date of termination), the Sub-Fund did not hold any debt securities issued by Bank of Communications (Hong Kong Branch), the connected person of the Trustee.

The below table shows the movements of the Sub-Fund's debt securities during the year ended 31 December 2022.

	RMB
At the beginning of the year	3,000,120
Purchase	-
Sales	(3,000,000)
Unrealised loss	-
Realised loss	(120)
	<hr/>
At the end of the year	<hr/> <hr/>

(j) Units subscription and redemption

For the period from 1 January 2023 to 31 May 2023 (date of termination), a related party of the Trustee, in its capacity as the dealer of the Sub-Fund, subscribed no units (2022: no units) and redeemed no units (2022: 7,073 units) of Class A RMB (distribution) as well as redeemed no units (2022: 1,444 units) of Class A RMB (accumulation) of the Sub-Fund. For the period from 1 January 2023 to 31 May 2023 (date of termination), a managed fund by the Manager subscribed no units (2022: nil units) and redeemed no units (2022: 77,419 units) of Class I RMB (distribution) of the Sub-Fund.

8 Units in issue and net assets attributable to unitholders per unit

As at 31 May 2023 (date of termination) and 31 December 2022, all class of units has been compulsorily redeemed and no outstanding units under the Sub-Fund.

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 MAY 2023 (DATE OF
TERMINATION)

8 Units in issue and net assets attributable to unitholders per unit (continued)

The movements of the redeemable units are as follows:

	Period from 1 January 2023 to 31 May 2023 (date of termination)	Year ended 31 December 2022
Class A RMB (accumulation) units		
Number of units in issue at the beginning of the period / year	-	1,452
Units redeemed	-	(1,452)
	<hr/>	<hr/>
Number of units in issue at the end of the period / year	-	-
	<hr/>	<hr/>
Class A RMB (distribution) units		
Number of units in issue at the beginning of the period / year	-	258,828
Units issued	-	1,236
Units redeemed	-	(260,064)
	<hr/>	<hr/>
Number of units in issue at the end of the period / year	-	-
	<hr/>	<hr/>
Class A USD (accumulation) units		
Number of units in issue at the beginning of the period / year	-	877
Units issued	-	-
Units redeemed	-	(877)
	<hr/>	<hr/>
Number of units in issue at the end of the period / year	-	-
	<hr/>	<hr/>
Class I RMB (distribution) units		
Number of units in issue at the beginning of the period / year	-	77,419
Units issued	-	-
Units redeemed	-	(77,419)
	<hr/>	<hr/>
Number of units in issue at the end of the period / year	-	-
	<hr/>	<hr/>

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 MAY 2023 (DATE OF
TERMINATION)

9 Soft dollar arrangements

The Manager confirms that there has been no soft dollar arrangement existing during the period from 1 January 2023 to 31 May 2023 (date of termination) and year ended 31 December 2022 in relation to directing transactions of the Sub-Fund through a broker or dealer.

10 Distribution

In accordance with the explanatory memorandum of the Sub-Fund, the Manager has discretion as to whether or not to make any distribution of dividends, the frequency of distribution and amount of dividends. During the period from 1 January 2023 to 31 May 2023 (date of termination) and year ended 31 December 2022, there was no distribution declared by the Sub-Fund.

11 Events after the statement of financial position date

There is no subsequent events after the statement of financial position date to the report released date which requires adjustments to or disclosures in the financial statements.

12 Approval of financial statements

The financial statements of the Sub-Fund were approved by the Trustee and the Manager on 26 September 2023.

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 31 MAY 2023 (DATE OF TERMINATION)

The Fund did not hold any investments as at 31 May 2023 (date of termination).

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

PERFORMANCE TABLE (UNAUDITED) (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 MAY 2023 (DATE OF TERMINATION)

Highest and lowest net asset value per unit (Dealing NAV)

The last trading date of the Sub-Fund is 25 July 2022. There are no outstanding units under the Sub-Fund from 25 July 2022.

	Highest net asset value per unit	Lowest net asset value per unit
At 25 July 2022 (Dealing NAV)		
Class A RMB (accumulation)	RMB129.49	RMB120.26
Class A RMB (distribution)	RMB117.55	RMB109.13
Class A USD (accumulation)	USD12.59	USD11.02
Class I RMB (distribution)	RMB123.42	RMB115.35
At 31 December 2021 (Dealing NAV)		
Class A RMB (accumulation)	RMB137.03	RMB128.37
Class A RMB (distribution)	RMB124.40	RMB116.53
Class A USD (accumulation)	USD13.20	USD12.50
Class I RMB (distribution)	RMB130.08	RMB122.13
At 31 December 2020 (Dealing NAV)		
Class A RMB (accumulation)	RMB135.78	RMB127.32
Class A RMB (distribution)	RMB123.26	RMB115.58
Class A USD (accumulation)	USD12.81	USD11.10
Class I RMB (distribution)	RMB128.53	RMB120.52
At 31 December 2019 (Dealing NAV)		
Class A RMB (accumulation)	RMB133.40	RMB125.69
Class A RMB (distribution)	RMB121.10	RMB114.10
Class A USD (accumulation)	USD12.15	USD11.35
Class I RMB (distribution)	RMB126.22	RMB118.40
At 31 December 2018 (Dealing NAV)		
Class A RMB (accumulation)	RMB125.59	RMB121.73
Class A RMB (distribution)	RMB114.01	RMB110.51
Class A USD (accumulation)	USD12.16	USD11.04
Class I RMB (distribution)	RMB118.29	RMB114.20
At 31 December 2017 (Dealing NAV)		
Class A RMB (accumulation)	RMB122.97	RMB121.19
Class A RMB (distribution)	RMB111.64	RMB110.02
Class A USD (accumulation)	USD11.67	USD10.83
Class I RMB (distribution)	RMB115.01	RMB113.21
At 31 December 2016 (Dealing NAV)		
Class A RMB (accumulation)	RMB123.68	RMB120.30
Class A RMB (distribution)	RMB113.45	RMB109.55
Class A USD (accumulation)	USD11.68	USD10.79
Class I RMB (distribution)	RMB116.05	RMB112.52
Class I USD (accumulation)	USD12.61	USD12.26

E FUND (HK) RMB FIXED INCOME FUND
(A Sub-Fund of E Fund Investment Fund Series)

PERFORMANCE TABLE (UNAUDITED) (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 MAY 2023 (DATE OF TERMINATION)

Highest and lowest net asset value per unit (Dealing NAV)
(continued)

At 31 December 2015 (Dealing NAV)

Class A RMB (accumulation)	RMB121.08	RMB114.65
Class A RMB (distribution)	RMB117.42	RMB107.22
Class A USD (accumulation)	USD11.73	USD10.69
Class I RMB (distribution)	RMB119.46	RMB108.84
Class I USD (accumulation)	USD12.33	USD11.51

At 31 December 2014 (Dealing NAV)

Class A RMB (distribution)	RMB110.40	RMB99.34
Class A USD (accumulation)	USD10.68	USD10.57
Class I RMB (distribution)	RMB112.02	RMB100.36

At 31 December 2013 (Dealing NAV)

Class A RMB (distribution)	RMB104.59	RMB99.32
Class I RMB (distribution)	RMB105.33	RMB100.30