



Stride for stride

keeping pace with the China A-share market

Bosera SZSE ChiNext Daily (2x) Leveraged Product

A Product of Bosera Leveraged and Inverse Series Stock Code: 07234

SEMI-ANNUAL REPORT (UNAUDITED)

For the period from 1 January 2023 to 30 June 2023

BOSERA LEVERAGED AND INVERSE SERIES

REPORTS AND FINANCIAL STATEMENTS

**BOSERA SZSE CHINEXT DAILY (2X) LEVERAGED PRODUCT
(Stock Code: 7234)**

FOR THE PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023

(A PRODUCT OF BOSERA LEVERAGED AND INVERSE SERIES)

Bosera SZSE ChiNext Daily (2x) Leveraged Product
(A Product of Bosera Leveraged and Inverse Series)

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Bosera SZSE ChiNext Daily (2x) Leveraged Product
(A Product of Bosera Leveraged and Inverse Series)

MANAGEMENT AND ADMINISTRATION

Manager

Bosera Asset Management (International) Co., Limited
Suite 4109, Jardine House
One Connaught Place
Central
Hong Kong

Directors of the Manager

He Kai
Lian Shaodong
Ou Zhiming
Wu Huifeng
Zhou Yi

Registrar

Computershare Hong Kong Investor Services Limited
46/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Auditors

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Administrator and Custodian

Citibank, N.A., Hong Kong Branch
50/F., Champion Tower
Three Garden Road
Central
Hong Kong

Trustee

Cititrust Limited
50/F., Champion Tower
Three Garden Road
Central
Hong Kong

Service Agent

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

Listing Agent

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

Bosera SZSE ChiNext Daily (2x) Leveraged Product
(A Product of Bosera Leveraged and Inverse Series)

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

| | 30 June 2023 (Unaudited) HK\$ | 31 December 2022 (Audited) HK\$ |
|--|-------------------------------------|---------------------------------------|
| ASSETS | | |
| Financial assets at fair value through profit or loss | 10,054 | 5,676 |
| Interest receivables | 10,249 | 24,612 |
| Prepayment and other receivables | 7,928 | 15,679 |
| Margin accounts | 19,207,649 | 18,645,807 |
| Rebates receivable | – | 372,500 |
| Time deposit | – | 2,000,000 |
| Cash and cash equivalents | 12,671,115 | 18,775,509 |
| TOTAL ASSETS | <u>31,906,995</u> | <u>39,839,783</u> |
| LIABILITIES | | |
| Financial liabilities at fair value through profit or loss | 1,484,778 | 1,540,346 |
| Management fee payable | 294,370 | 140,176 |
| Cash collateral liabilities | 551 | – |
| Custodian, fund administration and trustee fee payables | 32,618 | 28,486 |
| Other payables and accruals | 864,323 | 933,992 |
| TOTAL LIABILITIES | <u>2,676,640</u> | <u>2,643,000</u> |
| EQUITY | | |
| Net assets attributable to unitholders | <u>29,230,355</u> | <u>37,196,783</u> |
| TOTAL LIABILITIES AND EQUITY | <u><u>31,906,995</u></u> | <u><u>39,839,783</u></u> |

Bosera SZSE ChiNext Daily (2x) Leveraged Product
(A Product of Bosera Leveraged and Inverse Series)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 1 January 2023 to 30 June 2023

For the period
from 1 January
2023 to 30 June
2023
(Unaudited)
HK\$

INCOME

| | |
|------------------------------------|----------------|
| Interest income from bank deposits | 19,788 |
| Interest income from term deposits | 186,414 |
| | <u>206,202</u> |

EXPENSES

| | |
|---|------------------|
| Management fee | (294,370) |
| Custodian, fund administration and trustee fees | (170,192) |
| Auditor's remuneration | (77,736) |
| Bank charges | (205) |
| Interest expense | (551) |
| Brokerage and transaction fee | (1,253) |
| Compliance monitoring fee | (15,549) |
| Conversion agent fee | (29,753) |
| Listing fee | (7,751) |
| SFC annual fee | (5,951) |
| Other operating expenses | (29,359) |
| TOTAL OPERATING EXPENSES | <u>(632,670)</u> |

| | |
|-----------------------------|-----------|
| LOSS BEFORE INVESTMENT LOSS | (426,468) |
|-----------------------------|-----------|

INVESTMENT LOSSES

| | |
|--|--------------------|
| Net realised losses on sale of financial assets and financial liabilities at FVPL | (7,599,906) |
| Net change in unrealised gain on financial assets and financial liabilities at FVPL | 59,946 |
| | <u>(7,539,960)</u> |

LOSS AND TOTAL COMPREHENSIVE INCOME
FOR THE PERIOD

(7,966,428)

Bosera SZSE ChiNext Daily (2x) Leveraged Product
(A Product of Bosera Leveraged and Inverse Series)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the period from 1 January 2023 to 30 June 2023

| | Number of units | HK\$ |
|--|--------------------|--------------------------|
| Net assets attributable to unitholders at the beginning of the period | 5,600,000 | 37,196,783 |
| Issue of units | — | — |
| Redemption of units | — | — |
| Net issue of units | — | — |
| Total comprehensive loss for the period | | <u>(7,966,428)</u> |
| Net assets attributable to unitholders at 30 June 2023 | | <u><u>29,230,355</u></u> |

Bosera SZSE ChiNext Daily (2x) Leveraged Product
(A Product of Bosera Leveraged and Inverse Series)

STATEMENT OF CASH FLOWS

For the period from 1 January 2023 to 30 June 2023

For the period from
1 January 2023 to 30
June 2023
(Unaudited)
HK\$

CASH FLOWS FROM OPERATING ACTIVITIES

Loss and total comprehensive income for the period

Adjustment for:

Interest income from bank deposits

Interest income from term deposits

Operating cash flows before movements in working capital

(7,966,428)

(19,788)

(186,414)

(8,172,630)

Increase in financial assets and liabilities at fair value through
profit or loss

(59,946)

Increase in margin accounts

(561,842)

Increase in prepayment and other receivables

(1,049,961)

Decrease in rebates receivable

372,500

Increase in management fee payable

154,194

Increase in cash collateral liabilities

551

Increase in custodian, fund administration and trustee fee
payables

4,132

Increase in other payables and accruals

988,043

Cash used in operations

(8,324,959)

Interest received on bank deposits

19,788

Interest received on term deposits

200,777

Net cash flows used in operating activities

(8,104,394)

NET DECREASE IN CASH AND CASH EQUIVALENTS

(8,104,394)

Cash and cash equivalents at the beginning of the period

20,775,509

CASH AND CASH EQUIVALENTS AT THE END OF THE
PERIOD

12,671,115

ANALYSIS OF BALANCES OF CASH AND CASH
EQUIVALENTS

Bank balances

2,574,532

Term deposits with original maturity of less than 3 months
when acquired

10,096,583

Cash and cash equivalents as stated in the statement of cash
flows

12,671,115

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

1. THE TRUST

Bosera Leveraged and Inverse Series (the “Trust”) is an umbrella unit trust governed by its trust deed dated 21 March 2022, as amended by the supplemental deeds on 21 March 2022 (collectively, the “Trust Deed”) between Bosera Asset Management (International) Co., Limited (the “Manager”) and Cititrust Limited (the “Trustee”). It is authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) pursuant to Section 104(1) of the Securities and Futures Ordinance of Hong Kong.

Bosera SZSE ChiNext Daily (2x) Leveraged Product (the “Product”) is one of the products of the Trust, which commenced trading under the stock code 7234 on the Stock Exchange of Hong Kong Limited (“SEHK”) on 12 May 2022.

Pursuant to the prospectus of the Product, the investment objective, the investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the performance of a relevant leveraged or inverse index of the ChiNext Index (HK\$)(CNH) (the “Index”).

The Manager intends to adopt a swap-based synthetic replication strategy to achieve the investment objective of the Product, through entering into one or more partially-funded swaps (which are over-the-counter FDIs entered into with more than one swap counterparty) whereby the Product will provide a portion of the net proceeds from subscription from the issue of the Units as initial margin (“Initial Amount”) to the swap counterparties which will be held by the custodian appointed by the Trustee in a segregated account and will only be transferred to the swap counterparties when the Product defaults and in return the swap counterparties will provide the Product with an exposure to the Index (net of transaction costs).

2.1 BASIS OF PREPARATION

The financial statements of the Product have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds of the SFC (the “SFC Code”).

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

The Product has adopted for the first time all applicable and effective IFRSs.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Products have not early applied any of the new and revised IFRSs that have been issued but are not yet effective for the accounting year ended 30 June 2023, in these financial statements. Among the new and revised IFRSs, the following are expected to be relevant to the Products' financial statements upon becoming effective:

| | |
|---|--|
| Amendments to IAS 8 | <i>Definition of Accounting Estimates</i> ¹ |
| Amendments to IAS 1 | <i>Disclosure of Accounting Policies</i> ¹ |
| Amendments to IFRS Practice Statement 2 | <i>Making Materiality Judgements</i> ² |

¹ Effective for annual periods beginning on or after 1 January 2023

² No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Products is described below.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Amendments to IAS 1 and IFRS Practice Statement 2 provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Products expect to adopt the above amendments prospectively from 1 January 2023. The amendments are not expected to have any significant impact on the Products' financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

(i) Classification (continued)

In accordance with IFRS 9, the Product classifies its financial assets and financial 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 in the near term;
- 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).

Financial assets

The Product 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; and
- The contractual cash flow characteristics of the financial assets

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. The Products include in this category interest receivables, prepayment and other receivables, margin accounts, rebate receivable, deposit and cash and cash equivalent.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(i) Classification (continued)

Financial assets (continued)

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 SPPI 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 Product includes in this category investment funds and derivative contracts in an asset position held for trading.

Financial liabilities

Financial liabilities measured at amortised cost

The Product includes in this category management fee payable, custodian, fund administration and trustee fee payables and other payables and accruals.

Financial liabilities measured at FVPL

This category includes derivative contracts in a liability position since they are classified as held for trading.

(ii) Recognition

The Product recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets at FVPL are accounted for on the trade date basis.

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(iii) Initial measurement

Financial assets and financial liabilities 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.

(iv) Subsequent measurement

After initial measurement, the Product measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair values of those financial instruments are recorded in “Net change in unrealised gain/loss on financial assets at FVPL”. Interest earned on these instruments is recorded separately in “interest income” in the statement of profit or loss and other comprehensive income.

Financial assets, 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 financial assets 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 asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Product estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Products have transferred its rights to receive cash flows from the asset, or have assumed an obligation to pay the received cash flows without material delay to a third party under a pass-through arrangement and the Products have transferred substantially all the risks and rewards of the asset, or neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Product 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 the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Product's continuing involvement in the asset. In that case, the Product 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 Product has retained. The Product derecognises a financial liability when the obligation under the liability is discharged or cancelled, or expires.

Fair value measurement

The Product measures its investments in financial instruments at fair value at the end of each reporting period.

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 by the Product.

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 that are listed or traded on an exchange is based on quoted last traded market prices, that are within the bid-ask spread.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

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 Product determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

Derivative financial instruments

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

Unrealised gains and losses arising from changes in fair value, and realised gains and losses are recognised in profit or loss.

Revenue recognition

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

Other income is recognised when it is probable that the economic benefits will flow to the Product and the other income can be reliably measured. Other income is recognised when the Product's right to receive payment has been established.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise short-term deposits in banks which are readily convertible to known amounts of cash and 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 and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Redeemable units

Redeemable units are classified as an equity instrument when:

- i. The redeemable units entitle the holder to a pro-rata share of the Product's net assets in the event of the Product's liquidation;
- ii. The redeemable units are in the class of instruments that is subordinate to all other classes of instruments;
- iii. All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features;
- iv. The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro-rata share of the Product's net assets; or
- v. The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Product over the life of the instrument.

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

- i. Total cash flows based substantially on profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Product; and
- ii. The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

The Product's redeemable units meet the definition of puttable instruments classified as equity instruments under the revised IAS 32 and are classified as equity.

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

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions. Upon issuance of redeemable units, the consideration received is included in equity.

Transaction costs incurred by the Product in issuing its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Redeemable units (continued)

The Product's own equity instruments which are reacquired are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs.

No gain or loss is recognised in profit or loss on the purchase, sale, issuance or cancellation of the Product's own equity instruments.

Redeemable units can be redeemed in cash equal to a proportionate share of the Product's net asset value. The Product's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units of the Product.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Manager, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

Impairment of financial assets

For financial assets measured at amortised cost, impairment allowances are recognised under the general approach where ECLs are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Products are 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 Products' approach to ECLs 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 Products use the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net change in unrealised gains or losses on financial assets/financial liabilities at FVPL

This item includes changes in the fair value of financial assets/financial liabilities as at FVPL.

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

Net realised gains or losses on disposal of financial assets/financial liabilities at FVPL

Realised gains and losses on disposal of financial assets/financial liabilities classified as at FVPL are calculated using the first-in-first-out method for derivative financial instruments and weighted average method for investment funds.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position 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 assets and settle the liabilities simultaneously.

Taxes

The Product is exempt from all forms of taxation in Hong Kong, including income, capital gains and withholding taxes. However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted from the source of the income. The Product 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.

Distributions to unitholders

Distributions are at the discretion of the Manager. A distribution to the Product's unitholders is accounted for as a deduction from net assets attributable to unitholders. A proposed distribution is recognised as a liability in the period in which it is approved by the Manager. No distribution will be paid out of the Product's capital.

Formation fee

The formation fee is recognised as an expense in the period in which it is incurred.

Brokerage and transaction fees

Broker commission pertains to the broker commission for every transaction made through the broker at the average market rate based on the transaction value. Transaction fee pertains to fees such as trading fee and transaction levy for every transaction made on the exchange.

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Product 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 Product;
 - (ii) has significant influence over the Product; or
 - (iii) is a member of the key management personnel of the Product or of a parent of the Product;or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Product 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 Product 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 Product or an entity related to the Product;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Product or the parent of the Product.

Foreign currency translations

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 translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign currency translation gains and losses on financial instruments classified as at FVPL are included in profit or loss.

Bosera SZSE ChiNext Daily (2x) Leveraged Product
(A Product of Bosera Leveraged and Inverse Series)

INVESTMENT PORTFOLIO (UNAUDITED)

As at 30 June 2023

| | | | | | Holdings Units | Fair value HK\$ | % of net assets |
|--|----------|--|---|-----------|--------------------|--------------------|--------------------|
| <u>Financial assets at fair value through profit or loss</u> | | | | | | | |
| | Position | Underlying assets | Counterparty | Contracts | Fair value HK\$ | % of net assets | |
| <u>Total return swaps contracts</u> | | | | | | | |
| Total return swaps | Long | TRS EQUITY~L49~ 188 599,761.35 HKD 09/06/2023 09/06/2024 | CICC Financial Trading Limited | 290 | 7,279 | 0.02 | |
| Total return swaps | Long | TRS EQUITY~L49~ 189 291,097.76 HKD 13/06/2023 13/06/2024 | CICC Financial Trading Limited | 140 | 2,006 | 0.01 | |
| Total return swaps | Long | TRS EQUITY~L49~ 196 292,551.67 HKD 27/06/2023 27/06/2024 | CICC Financial Trading Limited | 140 | 769 | 0.00 | |
| | | | | | 10,054 | 0.03 | |
| <u>Financial liabilities at fair value through profit or loss</u> | | | | | | | |
| <u>Total return swaps contracts</u> | | | | | | | |
| Total return swaps | Long | TRS EQUITY~L49~ 184 18,137,494.90 HKD 30/05/2023 30/05/2024 | CICC Financial Trading Limited | 5,330 | (290,647) | (0.99) | |
| Total return swaps | Long | TRS EQUITY~L49~ 186 298,270.98 HKD 01/06/2023 01/06/2024 | CICC Financial Trading Limited | 140 | (5,367) | (0.02) | |

Bosera SZSE ChiNext Daily (2x) Leveraged Product
(A Product of Bosera Leveraged and Inverse Series)

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

As at 30 June 2023

| | Position | Underlying assets | Counterparty | Contracts | Fair value HK\$ | % of net assets |
|-------------------------------------|----------|-------------------|---------------|-----------|--------------------|--------------------|
| <u>Financial liabilities</u> | | | | | | |
| <u>at fair value</u> | | | | | | |
| <u>through profit or</u> | | | | | | |
| <u>loss (continued)</u> | | | | | | |
| <u>Total return swaps</u> | | | | | | |
| <u>contracts</u> | | | | | | |
| <u>(continued)</u> | | | | | | |
| | | TRS | | | | |
| | | EQUITY~L49~ | CICC | | | |
| | | 187 1,083,903.50 | Financial | | | |
| | | HKD 02/06/2023 | Trading | | | |
| Total return swaps | Long | 02/06/2024 | Limited | 500 | (37,796) | (0.13) |
| | | TRS | | | | |
| | | EQUITY~L49~ | CICC | | | |
| | | 190 2,104,046.67 | Financial | | | |
| | | HKD 15/06/2023 | Trading | | | |
| Total return swaps | Long | 15/06/2024 | Limited | 980 | (52,332) | (0.18) |
| | | TRS | | | | |
| | | EQUITY~L49~ | | | | |
| | | 191 | Citigroup | | | |
| | | 20,194,319.99 | Global | | | |
| | | HKD 15/06/2023 | Markets | | | |
| Total return swaps | Long | 14/06/2024 | Limited | 9,420 | (471,460) | (1.61) |
| | | TRS | | | | |
| | | EQUITY~L49~ | | | | |
| | | 193 | | | | |
| | | 25,296,494.26 | Goldman | | | |
| | | HKD 15/06/2023 | Sachs | | | |
| Total return swaps | Long | 14/06/2024 | International | 11,400 | (567,544) | (1.94) |
| | | TRS | | | | |
| | | EQUITY~L49~ | CICC | | | |
| | | 194 657,287.61 | Financial | | | |
| | | HKD 16/06/2023 | Trading | | | |
| Total return swaps | Long | 16/06/2024 | Limited | 300 | (29,238) | (0.10) |
| | | TRS | | | | |
| | | EQUITY~L49~ | | | | |
| | | 195 657,287.61 | Goldman | | | |
| | | HKD 16/06/2023 | Sachs | | | |
| Total return swaps | Long | 15/06/2024 | International | 300 | (29,105) | (0.11) |

Bosera SZSE ChiNext Daily (2x) Leveraged Product
(A Product of Bosera Leveraged and Inverse Series)

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

As at 30 June 2023

| | Position | Underlying assets | Counterparty | Contracts | Fair value HK\$ | % of net assets |
|-------------------------------------|----------|-------------------|--------------|-----------|--------------------|--------------------|
| <u>Financial liabilities</u> | | | | | | |
| <u>at fair value</u> | | | | | | |
| <u>through profit or</u> | | | | | | |
| <u>loss (continued)</u> | | | | | | |
| <u>Total return swaps</u> | | | | | | |
| <u>contracts</u> | | | | | | |
| <u>(continued)</u> | | | | | | |
| | | TRS | | | | |
| | | EQUITY~L49~ | CICC | | | |
| | | 197 860,473.19 | Financial | | | |
| | | HKD 30/06/2023 | Trading | | | |
| Total return swaps | Long | 30/06/2024 | Limited | 410 | (1,289) | 0.00 |
| | | | | | <u>(1,484,778)</u> | <u>(5.08)</u> |
| Total investments, at fair value | | | | | <u>(1,474,724)</u> | <u>(5.05)</u> |
| Total investments, at cost | | | | | <u>—</u> | |

Bosera SZSE ChiNext Daily (2x) Leveraged Product
(A Product of Bosera Leveraged and Inverse Series)

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

For the period from 1 January 2023 to 30 June 2023

| | % of net assets |
|--|----------------------------|
| <u>Financial assets at fair value through profit or loss</u> | |
| Total return swap contracts | 0.03 |
| <u>Financial liabilities at fair value through profit or loss</u> | |
| Total return swap contracts | (5.08) |
| Total investments and derivative financial instruments | <hr/> (5.05) |
| Other net assets | 105.05 |
| Total net assets | <hr/> 100.00 <hr/> |

Bosera SZSE ChiNext Daily (2x) Leveraged Product
(A Product of Bosera Leveraged and Inverse Series)

PERFORMANCE TABLE (UNAUDITED)

NET ASSET VALUE

| | Dealing net asset value HK\$ | Dealing net asset value per unit HK\$ |
|----------------------------|---------------------------------|--|
| As at: | | |
| 30 June 2023 (Unaudited) | 30,776,851 | 5.4959 |
| 31 December 2022 (Audited) | 38,940,347 | 6.9536 |

HIGHEST ISSUE PRICE AND LOWEST REDEMPTION PRICE PER UNIT

| | Highest issue price per unit HK\$ | Lowest redemption price per unit HK\$ |
|---|---|---|
| During the period ended: | | |
| 30 June 2023 (Unaudited) | 9.2195 | 5.2647 |
| From 11 May 2022 (date of commencement of operations) to 31 December 2022 (Audited) | 11.7547 | 6.0455 |

COMPARISON OF THE SCHEME PERFORMANCE AND THE ACTUAL INDEX PERFORMANCE

The table below illustrates the comparison between the Product's performance (market-to-market) and that of the Index:

| | Product performance % | Index performance % |
|---|--------------------------|------------------------|
| During the period ended: | | |
| 30 June 2023 (Unaudited) | -20.92 | -9.01 |
| From 11 May 2022 (date of commencement of operations) to 31 December 2022 (Audited) | -13.13 | -3.85 |