

**BOSERA LEVERAGED AND INVERSE SERIES**

**REPORTS AND FINANCIAL STATEMENTS**

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

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**(A PRODUCT OF BOSERA LEVERAGED AND INVERSE SERIES)**

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

<b>CONTENTS</b>	<b>Pages</b>
Management and administration	1
Report of the trustee to the unitholders	2
Independent auditor's report	3 - 7
Audited financial statements	
Statement of financial position	8
Statement of profit or loss and other comprehensive income	9
Statement of changes in net assets attributable to unitholders	10
Statement of cash flows	11 - 12
Notes to the financial statements	13 - 42
Investment portfolio (Unaudited)	43 - 45
Statement of movements in investment portfolio (Unaudited)	46
Performance table (Unaudited)	47
Information on exposure arising from financial derivative instruments (Unaudited)	48

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  
Zhou Yi  
Wu Huifeng (appointed on 26 May 2023)  
Sun Xian (resigned on 26 May 2023)

### Registrar

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

### Legal Counsel to the Manager

Simmons & Simmons  
30/F, One Taikoo Place  
979 King's Road  
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)

**REPORT OF THE TRUSTEE TO THE UNITHOLDERS**

We hereby confirm that, in our opinion, Bosera Asset Management (International) Co., Limited, the Manager of the Bosera SZSE ChiNext Daily (2x) Leveraged Product (the “Sub-Fund”), a sub-fund of Bosera leveraged and Inverse Series has, in all material respects, managed the Product for the year ended 31 December 2023 in accordance with the provisions of the Trust Deed dated 21 March 2022, as amended, supplemented and restated.



**Cititrust Limited (the “Trustee”)**

**30 APR 2024**



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

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香港鰂魚涌英皇道979號  
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## Independent auditor's report

To the unitholders of Bosera SZSE ChiNext Daily (2x) Leveraged Product  
(An umbrella unit trust established under the laws of Hong Kong)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Bosera SZSE ChiNext Daily (2x) Leveraged Product (the "Product") for the year ended 31 December 2023 set out on pages 8 to 42 which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, the statement of changes in net assets attributable to unitholders and statement of cash flows for the period then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Product as at 31 December 2023, and of its financial transactions and cash flows for the period then ended 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 are independent of the Product in accordance with the *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

## Independent auditor's report (continued)

To the unitholders of Boserá SZSE ChiNext Daily (2x) Leveraged Product  
(An umbrella unit trust established under the laws of Hong Kong)

### Key audit matter

Key audit matter	How our audit addressed the key audit matter
<b>Existence and valuation of financial assets at fair value through profit or loss</b>	
<p>As at 31 December 2023, the financial assets at fair value through profit or loss were valued at HK\$1,420,172, which represented 4.97% of the net asset value of the Product. The financial assets at fair value through profit and loss represented total return swaps. We focused on this area because the financial assets at fair value through profit or loss represented the principal element of the financial statements.</p> <p>Disclosures in respect of the financial assets at fair value through profit or loss are set out in the material accounting policies and notes 4 and 13 to the financial statements.</p>	<p>The procedures we performed to address the key audit matter included:</p> <ul style="list-style-type: none"> <li>• Obtaining independent confirmation from the brokers and custodians of the investment in financial assets at fair value through profit or loss at 31 December 2023, and agreed to the quantities held to the Product's accounting records;</li> <li>• Obtaining an understanding of the valuation process of financial assets at fair value through profit and loss;</li> <li>• Testing the valuation of the financial assets at fair value through profit or loss by checking the valuation of financial assets against independent third-party sources at 31 December 2023;</li> <li>• For total return swaps, evaluating the valuation techniques applied by checking the observable inputs to external market data, and reperforming the valuation based on the validated observable inputs; and</li> <li>• Assessing the adequacy of disclosures relating to financial assets at fair value through profit or loss in the financial statements.</li> </ul>

## **Independent auditor's report (continued)**

To the unitholders of Bosera SZSE ChiNext Daily (2x) Leveraged Product  
(An umbrella unit trust established under the laws of Hong Kong)

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

The Manager and the Trustee of the Product are responsible for the other information. The other information comprises the information included in the reports and financial statements, 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 Manager and the Trustee for the Financial Statements**

The Manager and the Trustee of the Product are 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 Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Product are responsible for assessing the Product's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee either intend to liquidate the Product or to cease operations or have no realistic alternative but to do so.

In addition, the Manager and the Trustee of the Product are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the trust deed dated 21 March 2022 (the "Trust Deed") as amended or supplemented from time to time and the relevant disclosure provisions of Appendix E of the *Code on Unit Trusts and Mutual Funds* (the "SFC Code") issued by the Securities and Futures Commission of Hong Kong.

## **Independent auditor's report (continued)**

To the unitholders of Boserá SZSE ChiNext Daily (2x) Leveraged Product  
(An umbrella unit trust established under the laws of Hong Kong)

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, 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 Product have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

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

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



**Independent auditor's report (continued)**

To the unitholders of Bosera SZSE ChiNext Daily (2x) Leveraged Product  
(An umbrella unit trust established under the laws of Hong Kong)

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

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

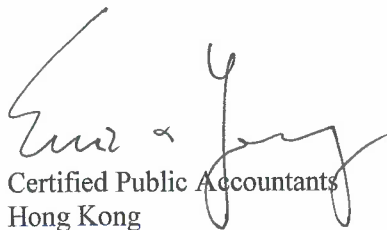
We also provide the Manager and the Trustee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Manager and the Trustee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Kwong Chun Kit.



Certified Public Accountants  
Hong Kong

30 APR 2024

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK\$	2022 HK\$
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	4	1,420,172	5,676
Interest receivables		6,030	24,612
Prepayment and other receivables		–	15,679
Margin accounts	5	13,707,649	18,645,807
Rebate receivables	8	600,544	372,500
Time deposit	6	–	2,000,000
Cash and cash equivalents	7	13,780,044	18,775,509
<b>TOTAL ASSETS</b>		<u>29,514,439</u>	<u>39,839,783</u>
<b>LIABILITIES</b>			
Financial liabilities at fair value through profit or loss	4	4,303	1,540,346
Management fee payable	8	102,812	140,176
Custodian, fund administration and trustee fee payables	8	38,495	28,486
Other payables and accruals		795,502	933,992
<b>TOTAL LIABILITIES</b>		<u>941,112</u>	<u>2,643,000</u>
<b>EQUITY</b>			
Net assets attributable to unitholders	11	<u>28,573,327</u>	<u>37,196,783</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>29,514,439</u>	<u>39,839,783</u>

For and on behalf of

.....  
Bosera Asset Management (International) Co., Limited

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

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 year ended 31 December 2023

	Notes	For the year ended 31 December 2023 HK\$	For the period from 11 May 2022 (date of commencement of operations) to 31 December 2022 HK\$
<b>INCOME</b>			
Interest income		445,451	147,491
Distribution income		57	–
Rebate income	8	600,543	372,500
		<u>1,046,051</u>	<u>519,991</u>
<b>EXPENSES</b>			
Management fee	8	(503,535)	(360,212)
Custodian, fund administration and trustee fee	8	(388,869)	(242,196)
Formation fee	11	–	(2,000,000)
Auditor's remuneration		(197,681)	(155,933)
Brokerage and transaction fee	8	(1,204)	(1,432)
Bank charges	8	(205)	–
Conversion agent fee		(59,998)	(38,387)
Other operating expenses		(44,425)	(61,553)
TOTAL OPERATING EXPENSES		<u>(1,195,917)</u>	<u>(2,859,713)</u>
LOSS BEFORE INVESTMENT LOSS		(149,866)	(2,339,722)
<b>INVESTMENT LOSSES</b>			
Net realised losses on sale of financial assets and financial liabilities at fair value through profit or loss		(19,720,075)	(7,740,151)
Net change in unrealised gains/(losses) on financial assets and financial liabilities at fair value through profit or loss		2,950,540	(1,534,671)
		<u>(16,769,535)</u>	<u>(9,274,822)</u>
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		<u>(16,919,401)</u>	<u>(11,614,544)</u>

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

Bosera SZSE ChiNext Daily (2x) Leveraged Product  
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 December 2023

	Note	Number of units	HK\$
Net assets attributable to unitholders at 11 May 2022 (date of commencement of operations)		–	–
Issue of units		<u>5,600,000</u>	<u>48,811,327</u>
Net issue of units		5,600,000	48,811,327
Total comprehensive income for the period			<u>(11,614,544)</u>
Net assets attributable to unitholders at 31 December 2022 and 1 January 2023	11	5,600,000	37,196,783
Issue of units		<u>1,900,000</u>	<u>8,295,945</u>
Net issue of units		7,500,000	8,295,945
Total comprehensive income for the year			<u>(16,919,401)</u>
Net assets attributable to unitholders at 31 December 2023	11		<u><u>28,573,327</u></u>

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

Bosera SZSE ChiNext Daily (2x) Leveraged Product  
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STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	For the year ended 31 December 2023 HK\$	For the period from 11 May 2022 (date of commencement of operations) to 31 December 2022 HK\$
Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss and total comprehensive income for the year/period	(16,919,401)	(11,614,544)
Adjustment for:		
Interest income	(445,451)	(147,491)
Distribution income	(57)	–
Operating cash flows before movements in working capital	<u>(17,364,909)</u>	<u>(11,762,035)</u>
Decrease/(increase) in time deposits at bank with original maturity more than three months	2,000,000	(2,000,000)
(Increase)/decrease in financial assets and liabilities at fair value through profit or loss	(2,950,539)	1,534,670
Decrease/(increase) in margin accounts	4,938,158	(18,645,807)
Decrease/(increase) in prepayment and other receivables	15,679	(15,679)
Increase in rebate receivables	(228,044)	(372,500)
(Decrease)/increase in management fee payable	(37,364)	140,176
Increase in custodian, fund administration and trustee fee payables	10,009	28,486
(Decrease)/increase in other payables and accruals	<u>(138,490)</u>	<u>933,992</u>
Cash used in operations	(13,755,500)	(30,158,697)
Interest received	464,033	122,879
Distribution received	57	–
Net cash flows used in operating activities	<u>(13,291,410)</u>	<u>(30,035,818)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Proceeds from issue of units	8,295,945	48,811,327
Net cash flows from financing activity	<u>8,295,945</u>	<u>48,811,327</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(4,995,465)	18,775,509
Cash and cash equivalents at the beginning of the year/period	<u>18,775,509</u>	–
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD</b>	<u>13,780,044</u>	<u>18,775,509</u>

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

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2023

		For the year ended 31 December 2023 HK\$	For the period from 11 May 2022 (date of commencement of operations) to 31 December 2022 HK\$
	Note		
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Bank balances	7	3,729,211	4,684,841
Term deposits with original maturity of less than 3 months when acquired	7	4,142,213	14,090,668
Money market fund	7	<u>5,908,620</u>	<u>–</u>
Cash and cash equivalents as stated in the statement of cash flows		<u>13,780,044</u>	<u>18,775,509</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 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”). The Trust 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 the sole product 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 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 Index comprises the 100 largest and most liquid A-share stocks listed and traded on the ChiNext Market of the Shenzhen Stock Exchange.

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 Financial Derivative Instruments (“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 amounts presented in the financial statements of the Product and the related explanatory notes presented are not entirely comparable as prior period covered is shorter than twelve months.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Product has adopted the following revised IFRSs, which are applicable to the Product for the first time in the current year's financial statements.

Amendments to IAS 1 and  
IFRS Practice Statement 2

*Disclosure of Accounting Policies*

Amendments to IAS 8

*Disclosure of Accounting Estimates*

The nature and the impact of the revised IFRSs that are applicable to the Product are described below:

Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Product has disclosed the material accounting policy information in note 2.5 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any item in the Product's financial statements.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Product's approach and policy align with the amendments, the amendments had no impact on the Product's financial statements.

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Product has not applied the following amendments to IFRS, that has been issued but are not yet effective, in these financial statements. The Product intends to apply these amendments to IFRS, if applicable when they become effective.

Amendments to HKAS 1

*Classification of Liabilities as Current or Non-current*  
(the "2020 Amendments")<sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

Further information about those amendments to IFRS that are expected to be applicable to the Product is described below.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification.

Based on a preliminary assessment, these amendments are not expected to have any significant impact on the Product's financial statements.

### 3. MATERIAL ACCOUNTING POLICIES

#### Financial instruments

##### (i) Classification

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 Product includes in this category interest receivables, other receivables, margin accounts, rebate receivables, time deposit and cash and cash equivalent.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. MATERIAL 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 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*

The Product includes in this category 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 Product commits to purchase or sell the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. MATERIAL 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

31 December 2023

3. MATERIAL 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 Product has 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 Product has 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

31 December 2023

### 3. MATERIAL 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 bank balances, short-term highly liquid deposits in banks with original maturities of three months or less, and money market fund which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

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

31 December 2023

### 3. MATERIAL 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

31 December 2023

3. MATERIAL 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

The Product recognises an allowance for expected credit losses ("ECLs") for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Product expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Impairment allowances are recognised under the general approach where ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which 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 (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. MATERIAL 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

31 December 2023

3. MATERIAL 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)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

4. FINANCIAL ASSETS/FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK\$	2022 HK\$
Financial assets at fair value through profit or loss		
Total return swaps	<u>1,420,172</u>	<u>5,676</u>
	<u>1,420,172</u>	<u>5,676</u>
Financial liabilities at fair value through profit or loss		
Total return swaps	<u>4,303</u>	<u>1,540,346</u>
	<u>4,303</u>	<u>1,540,346</u>

Swap agreements ("swaps") represent agreements between two parties to make payments based upon the performance of certain underlying assets. The Product is obligated to pay, or entitled to receive as the case may be, the net difference in the value determined at the onset of the swaps versus the value determined at the termination or reset date of the swaps. Therefore, amounts required for the future satisfaction of the swaps may be greater or less than the amounts recorded. The ultimate gain or loss depends upon the prices at which the underlying financial instrument of the swaps is valued, at the swap's settlement date. In managing the Product, the Manager adopted a synthetic replication investment strategy, pursuant to which the Product will enter into one or more unfunded swaps (which are over-the-counter financial derivative instruments entered into with one or more counterparties (each a "swap counterparty")) whereby the Product will receive or pay the economic gain or loss in respect of the inverse or leveraged performance of the relevant index (net of swap fees and indirect costs of the Product).

The following swap agreements were unsettled as at 31 December 2023:

Type of contract	Position	Counterparty	Underlying investment	Expiration date	Notional amount HK\$	Fair value HK\$
Total return swaps	Long	Goldman Sachs International	TRS EQUITY~L49~ 277 1,088,004.42 HK\$ 28/12/2023	09 August 2024	1,088,004	8,117
			09/08/2024			
Total return swaps	Long	Citigroup Global Markets Limited	TRS EQUITY~L49~ 272 15,472,910.85 HK\$ 18/12/2023	21 May 2024	15,472,907	404,890
			09/08/2024			

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

4. FINANCIAL ASSETS/FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The following swap agreements were unsettled as at 31 December 2023 (continued):

Type of contract	Position	Counterparty	Underlying investment	Expiration date	Notional amount HK\$	Fair value HK\$
Total return swaps	Long	Goldman Sachs International	TRS EQUITY~L49~ 273 23,742,914.93	09 August 2024	23,280,506	612,892
			HK\$ 18/12/2023 09/08/2024			
Total return swaps	Long	CICC Financial Trading Limited	TRS EQUITY~L49~ 271 14,476,953.37	15 December 2024	13,463,211	351,232
			HK\$ 15/12/2023 15/12/2024			
Total return swaps	Long	CICC Financial Trading Limited	TRS EQUITY~L49~ 274 87,533.02	19 December 2024	87,533	3,735
			HK\$ 19/12/2023 19/12/2024			
Total return swaps	Long	CICC Financial Trading Limited	TRS EQUITY~L49~ 275 790,941.92	21 December 2024	790,942	30,608
			HK\$ 21/12/2023 21/12/2024			
Total return swaps	Long	CICC Financial Trading Limited	TRS EQUITY~L49~ 276 1,178,671.46	28 December 2024	1,178,671	<u>8,698</u>
			HK\$ 28/12/2023 28/12/2024			
Sub-total of financial assets at fair value through profit or loss						<u>1,420,172</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

4. FINANCIAL ASSETS/FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The following swap agreements were unsettled as at 31 December 2023 (continued):

Type of contract	Position	Counterparty	Underlying investment	Expiration date	Notional amount HK\$	Fair value HK\$
Total return swaps	Long	Goldman Sachs International	TRS EQUITY~L49~ 279 1,317,319.42 HK\$ 03/01/2024	08 August 2024	1,317,319	(1,974)
			09/08/2024			
Total return swaps	Long	CICC Financial Trading Limited	TRS EQUITY~L49~ 278 1,555,168.42 HK\$ 29/12/2023	29 December 2024	1,555,168	<u>(2,329)</u>
			29/12/2024			
Sub-total of financial liabilities at fair value through profit or loss						<u>(4,303)</u>

The following swap agreements were unsettled as at 31 December 2022:

Type of contract	Position	Counterparty	Underlying investment	Expiration date	Notional amount HK\$	Fair value HK\$
Total return swaps	Long	Goldman Sachs International	TRS EQUITY~L49~ 121 1,974,557.16 HK\$ 28/12/2022	02 January 2024	1,974,557	<u>5,676</u>
			02/01/2024			
Sub-total of financial assets at fair value through profit or loss						<u>5,676</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

4. FINANCIAL ASSETS/FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The following swap agreements were unsettled as at 31 December 2022 (continued):

Type of contract	Position	Counterparty	Underlying investment	Expiration date	Notional amount HK\$	Fair value HK\$
Total return swaps	Long	CICC Financial Trading Limited	TRS EQUITY~L49~ 113 21,834,689.73	15 December 2023	21,834,690	(438,234)
			HK\$ 15/12/2022 15/12/2023			
Total return swaps	Long	Goldman Sachs International	TRS EQUITY~L49~ 119 29,582,482.85	15 December 2023	29,582,483	(591,834)
			HKD 15/12/2022 15/12/2023			
Total return swaps	Long	Citigroup Global Markets Limited	TRS EQUITY~L49~ 120 25,473,804.69	15 December 2023	25,473,805	(509,635)
			HK\$ 16/12/2022 15/12/2023			
Total return swaps	Long	CICC Financial Trading Limited	TRS EQUITY~L49~ 122 346,069.07	29 December 2023	346,069	(643)
			HK\$ 29/12/2022 29/12/2023			
Sub-total of financial liabilities at fair value through profit or loss						<u>(1,540,346)</u>

5. MARGIN ACCOUNTS

Margin accounts represent cash deposits maintained for swap counterparties as collateral against open swap contracts. As at 31 December 2023 and 31 December 2022, margin accounts maintained were pledged as collateral against open swap contracts.

6. TIME DEPOSIT

As at 31 December 2023, there was no interest-bearing term deposit with original maturity more than three months (2022: HK\$2,000,000 were held with China Everbright Bank).

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

7. CASH AND CASH EQUIVALENTS

	Notes	2023 HK\$	2022 HK\$
Bank balances	(a)	3,729,211	4,684,841
Term deposit	(b)	4,142,213	14,090,668
Money market fund	(c)	5,908,620	–
		<u>13,780,044</u>	<u>18,775,509</u>

- (a) As at 31 December 2023 and 2022, the interest-bearing saving accounts were held with Citibank, Hong Kong, an affiliate of the Trustee.
- (b) Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Product, and earn interest at the respective short term time deposit rates.
- (c) As at 31 December 2023, the money market fund held with the Citibank, N.A., an affiliate of the Trustee, was called Bosera HKD Money Market ETF. It is also managed by the Product's Manager, Bosera Asset Management (International) Co., Limited.

8. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND ITS CONNECTED PERSONS

Related parties of the Product also include the Manager and the Trustee of the Product and their connected persons. Connected persons of the Manager and the Trustee are those as defined in the SFC Code. All transactions entered into during the period between the Product and its related parties, including the Manager and the Trustee and their connected persons were carried out in the normal course of business and on normal commercial terms.

To the best of the Manager's knowledge, the Product does not have any other transactions with its related parties, including the Manager and its connected persons except for those disclosed below.

Management fee

The Manager is entitled to receive a management fee of up to 3% per year of the net asset value of the Product. The current management fee in respect of the Product is 1.48% of the net asset value and is accrued daily and calculated as at each dealing day and payable monthly in arrears with no fixed terms.

Custodian, fund administration and trustee fee

The Trustee fee is included in the management fee and the Manager will pay the fees of the Trustee out of the management fee.

The Trustee receives out of the assets of the Product a monthly fee for trustee, fund accounting and global custody services. The fees are payable in arrears, accrued daily and calculated as at each dealing day at 0.1% per annum of the net asset value of the Product, subject to a monthly minimum of US\$3,000.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

8. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND ITS CONNECTED PERSONS  
(CONTINUED)

Custodian, fund administration and trustee fee (continued)

Citibank, N.A., Hong Kong Branch (the “Administrator”), an affiliate of the Trustee, is entitled to US\$3,000 per annum for financial statement preparation services.

Cash and cash equivalents, interest income and bank charges

As detailed in note 7 to the financial statements, as at 31 December 2023, part of the bank deposits were held with Citibank, Hong Kong, an affiliate of the Trustee.

During the year ended 31 December 2023, the interest income earned from the bank balances and term deposits maintained with Citibank, Hong Kong amounted to HK\$23,605 and nil (2022: HK\$327 and HK\$147,164) respectively.

Margin accounts, interest income and interest expense

As at 31 December 2023, margin accounts maintained for Citigroup Global Markets Limited, an affiliate of the Trustee, amounted to HK\$2,956,423 (2022: HK\$4,534,582), which were pledged as collateral against open swap contracts.

There was no interest income and interest expense related to the margin account as of 31 December 2023 and 31 December 2022.

Holding of units

As at 31 December 2023, Citibank, N.A., the Trustee’s affiliate of the Product, held 1,266,500 (2022: 1,400,000) units of the Product, as a market intermediary.

Investments held by the Trustee’s affiliate

The investments deposited/swap contracts with Citibank, N.A., Hong Kong and Citigroup Global Markets Limited, the Trustee’s affiliates as at 31 December 2023 and 31 December 2022 are summarised below:

	2023 HK\$	2022 HK\$
<u>Financial assets measured at fair value through profit or loss</u>		
Citigroup Global Markets Limited	404,890	–
<u>Financial liabilities measured at fair value through profit or loss</u>		
Citigroup Global Markets Limited	–	509,635

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

8. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND ITS CONNECTED PERSONS  
(CONTINUED)

Rebate income and rebate receivables

During the year ended 31 December 2023, total rebates the from Manager amounted to HK\$600,544 (2022: HK\$372,500), of which HK\$600,543 (2022: HK\$372,500) was outstanding at year end. The rebate income amount is by discretionary, the rebate receivables are interest-free, unsecured and repayable on demand.

Brokerage and transaction fees

The Product utilises the trading services of brokers who are related to the Trustee and the Manager in the purchases and sales of investments.

For the year ended 31 December 2023, brokerage fees through Citigroup Global Markets Limited, the Trustee's affiliate, amounted to HK\$1,204 (Period ended 31 December 2022: HK\$1,432), as included in "Brokerage and transaction fees" on the face of the financial statement of profit and loss and other comprehensive income.

	Aggregate value of purchases and sales of securities HK\$	Total commission paid HK\$	% of the Product's total transactions during the period %	Average commission rate %
<b>31 December 2023</b>				
Citigroup Global Markets Limited	14,754,307	–	31	–
	Aggregate value of purchases and sales of securities HK\$	Total commission paid HK\$	% of the Product's total transactions during the period %	Average commission rate %
<b>31 December 2022</b>				
Citigroup Global Markets Limited	36,025,456	–	13	–

9. INCOME TAX

No provision for Hong Kong profits tax has been made for the Product (2022: Nil) as the Product is authorised as collective investment scheme under section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempt from Hong Kong profits tax under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

10. DISTRIBUTIONS TO UNITHOLDERS

The Manager may in its absolute discretion distribute income to unitholders annually (usually in December of each financial year) or determine that no distribution shall be made in any financial year. Distributions may not be paid if the cost of the Product's operations is higher than the yield from management of the Product's cash and holdings of investments. The Product did not make any distribution for the year (2022: Nil).

11. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND MOVEMENT OF UNITS

Net assets attributable to unitholders

The creation and redemption of units of the Product can only be facilitated by or through participating dealers. Investors other than the participating dealers make a request to create or redeem units through a participating dealer, and if the investor is a retail investor, such request must be made through a stockbroker which has opened an account with a participating dealer. Units are created or redeemed at a minimum of 100,000 units or in multiples thereof for the Product.

The Trustee shall receive subscription proceeds from the participating dealers for the creation of units and pay redemption proceeds for the redemption of units to the relevant participating dealer in such form and manner as prescribed by the Trust Deed. Subscriptions and redemptions of units during the period are shown on the statement of changes in net assets attributable to unitholders.

For the purpose of determining the net asset value per unit for subscriptions and redemptions and for various fee calculations (the "Dealing NAV"), the Administrator calculates the Dealing NAV in accordance with the provisions of the Trust Deed, which may be different from the accounting policies under IFRSs.

The formation fee for establishing the Product was HK\$2,000,000. According to the prospectus of the Product, the formation fee is amortised over the first 5 financial years of the Product. However, with respect to the Product for the purpose of financial statements prepared in accordance with IFRSs, its accounting policy is to expense the formation fee in profit or loss as incurred. As of 31 December 2023, the unamortised amount was HK\$1,343,568 (2022: HK\$1,743,564) and remaining amortisation period is 3 years and 4 months (2022: 4 years and 4 months)

The difference between the net asset value as per financial statements and the Dealing NAV as at 31 December 2023 and 2022 is reconciled as set out below:

	2023 HK\$	2022 HK\$
Net asset value as per financial statements	28,573,327	37,196,783
Adjustment for the formation fee	1,343,568	1,743,564
Adjustment for capital transactions	(1,192,186)	—
Dealing NAV	<u>28,724,709</u>	<u>38,940,347</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

11. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND MOVEMENT OF UNITS  
(CONTINUED)

	2023 HK\$	2022 HK\$
Net asset value per unit as per financial statements	<u>3.8098</u>	<u>6.6423</u>

The table below summarises the movement of units for the year/period ended 31 December 2023 and 2022.

	Number of units	
	2023	2022
Units in issue at beginning of year/period	5,600,000	–
Issued during the year/period	<u>1,900,000</u>	<u>5,600,000</u>
Units in issue at end of year/period	<u>7,500,000</u>	<u>5,600,000</u>

12. SOFT COMMISSION ARRANGEMENTS

The Manager may effect transactions, provided that any such transaction is consistent with standards of “best execution”, by or through the agency of another person for the account of the Product with whom the Manager or any of its connected persons has an arrangement under which that party will from time to time provide to or procure for the Manager or any of its connected persons goods, services or other benefits (such as advisory services, computer hardware associated with specialised software or research services and performance measures), the nature of which is such that their provision can reasonably be expected to benefit the Product as a whole and may contribute to an improvement in the performance of the Product. For the avoidance of doubt, such goods and services may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employees’ salaries or direct money payments. Since the inception of the Product, the Manager has not participated in any soft commission arrangements in respect of any transactions for the account of the Product.

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Strategy in using financial instruments

*Investment objective and investment policies*

The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to twice (2x) the daily performance of the Index. The Manager intends to adopt a swap-based synthetic replication strategy to achieve the investment objective of the Product.

The Product itself is subject to various risks. The main risks associated with the investments, assets and liabilities of the Product are set out below:

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk

(i) *Market price risk*

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

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

The Product's financial assets and financial liabilities at FVPL were concentrated in the following country/jurisdiction:

	<u>As at 31 December 2023</u>	
	Fair value HK\$	% of net asset value
Total return swaps		
- Mainland China	1,420,172	4.97
Total financial assets at FVPL	<u>1,420,172</u>	<u>4.97</u>
Total return swaps		
- Mainland China	4,303	0.02
Total financial liabilities at FVPL	<u>4,303</u>	<u>0.02</u>
	<u>As at 31 December 2022</u>	
	Fair value HK\$	% of net asset value
Total return swaps		
- Mainland China	5,676	0.02
Total financial assets at FVPL	<u>5,676</u>	<u>0.02</u>
Total return swaps		
- Mainland China	1,540,346	4.14
Total financial liabilities at FVPL	<u>1,540,346</u>	<u>4.14</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(i) *Market price risk*

As at 31 December 2023, if the Index had increased by 10% with all other variables held constant, the net asset value would have increased by HK\$6,022,000 (2022: HK\$7,774,000) approximately. Conversely, if the tracked index had decreased by the same sensitivity threshold, the net asset value would have decreased by approximately equal amount.

The Manager has used the view of what would be a “reasonable shift” in each key market to estimate the change for use in the market sensitivity analysis above. The disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in the market index % are revised annually depending on the Manager’s current view of market volatility and other relevant factors.

(ii) *Interest rate risk*

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

As at 31 December 2023 and 2022, except for bank balances and margin accounts subject to floating interest rates, the majority of the Product’s financial assets and financial liabilities are non-interest bearing. Given that the interest arising from the bank balances is immaterial, the Manager considers the interest rate risk to be low.

(iii) *Currency risk*

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

As at 31 December 2023 and 2022, the Product holds assets and liabilities denominated in United States dollars and Hong Kong dollars, which is also the functional currency. The Manager considers that there is no currency risk to the Product.

Credit risk

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

The Product’s financial assets which are potentially subject to credit risk consist principally of securities and cash and cash equivalents. The Product limits its exposure to credit risk by transacting with well-established broker-dealers and banks with high credit ratings.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

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

The Product's financial assets subject to the ECL model within IFRS 9 are interest receivables, other receivables, margin accounts, rebates receivables, time deposit and cash and cash equivalents. At 31 December 2023, the total amount of these financial assets was HK\$28,094,267 (2022: HK\$39,824,153) for the Product, on which no loss allowance had been provided. No assets are considered impaired and no amounts have been written off during the year/period.

For financial assets measured at amortised cost, the Product applies the general approach for impairment, and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. The financial assets therefore are still classified as stage 1 and presented in gross carrying amount.

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

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

The Product seeks to minimise exposure to credit risk by only dealing with counterparties with high credit ratings. The Product also continuously monitors the credit standing of its counterparties and does not expect any material losses as a result of this concentration.

The Manager of the Product periodically reviews credit ratings of the counterparties. The Manager of the Product considers the credit risk to be minimal as the counterparties are reputable with high credit ratings. The Manager of the Product consider that none of these assets were impaired nor past due as at 31 December 2023 (2022: Nil).

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in settling a liability, including a redemption request. The Product's securities are considered readily realisable, as they are traded in an active market and can be readily disposed of. It is the intent of the Manager to monitor the Product's liquidity position on a daily basis. The following tables illustrate the expected liquidity of financial liabilities as at 31 December 2023 and 31 December 2022. The Manager manages the Product's liquidity risk by holding majority of liabilities that it expects to be able to settled within 12 months. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

<u>As at 31 December 2023</u>	On demand HK\$	Less than 1 month HK\$	1 to 3 months HK\$	3 to 12 months HK\$	More than 12 months HK\$	Total HK\$
<b>Financial liabilities</b>						
Financial liabilities at fair value						
through profit or loss	–	–	–	4,303	–	4,303
Management fee payable	–	102,812	–	–	–	102,812
Custodian, fund administration and trustee fee payables	–	38,495	–	–	–	38,495
Other payables and accruals	–	795,502	–	–	–	795,502
Total	–	936,809	–	4,303	–	941,112

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

As at 31 December 2022

	On demand HK\$	Less than 1 month HK\$	1 to 3 months HK\$	3 to 12 months HK\$	More than 12 months HK\$	Total HK\$
<b>Financial liabilities</b>						
Financial liabilities at fair value through profit or loss	–	–	–	1,540,346	–	1,540,346
Management fee payable	–	140,176	–	–	–	140,176
Custodian, fund administration and trustee fee payables	–	28,486	–	–	–	28,486
Other payables and accruals	–	933,992	–	–	–	933,992
<b>Total</b>	<b>–</b>	<b>1,102,654</b>	<b>–</b>	<b>1,540,346</b>	<b>–</b>	<b>2,643,000</b>

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value estimation

Financial assets carried at fair value

The following tables analyse the fair value hierarchy within the Product's financial assets measured at fair value:

<u>As at 31 December 2023</u>	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<b>Financial assets at FVPL:</b>				
Total return swaps	–	1,420,172	–	1,420,172
	–	1,420,172	–	1,420,172
<b>Financial liabilities at FVPL:</b>				
Total return swaps	–	(4,303)	–	(4,303)
	–	(4,303)	–	(4,303)
<u>As at 31 December 2022</u>	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<b>Financial assets at FVPL:</b>				
Total return swaps	–	5,676	–	5,676
	–	5,676	–	5,676
<b>Financial liabilities at FVPL:</b>				
Total return swaps	–	(1,540,346)	–	(1,540,346)
	–	(1,540,346)	–	(1,540,346)

There were no transfers between levels during the year ended 31 December 2023 and the period ended 31 December 2022.

Other financial assets and financial liabilities

The management has assessed that the carrying values of interest receivables, prepayment and other receivables, margin accounts, rebates receivables, time deposits and cash and cash equivalents approximate to their fair values largely due to the short term maturities of these instruments.

Capital risk management

The Product's capital is represented by the net assets attributable to unitholders. The Product's objective is to provide investment results that correspond generally to the performance of the Index.

The Manager may:

- redeem and issue new units in accordance with the constitutive documents of the Product;
- exercise discretion when determining the amount of distributions of the Product to the unitholders; and
- suspend the creation and redemption of units under certain circumstances stipulated in the Trust Deed.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Offsetting and amounts subject to master netting arrangements and similar agreements

The Product presents the fair value of its derivative assets and liabilities on a gross basis, and no such assets or liabilities have been offset in the statement of financial position. Certain derivative financial instruments are subject to enforceable master netting arrangements.

The arrangements allow for offsetting following an event of default, but not in the ordinary course of business, and the Product does not intend to settle these transactions on a net basis or settle the assets and liabilities on a simultaneous basis.

The tables below set out the carrying amounts of recognised financial assets and liabilities that are subject to the above arrangement, together with collateral held or pledged against these assets and liabilities as at 31 December 2023 and 2022:

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

As at 31 December 2023

	<b>Gross amounts of recognised financial assets/liabilities set-off in the statement of financial position HK\$</b>	<b>Gross amounts of recognised financial assets/liabilities set-off in the statement of financial position HK\$</b>	<b>Net amounts of financial assets/liabilities presented in the statement of financial position HK\$</b>	<b>Related amounts not set-off in the statement of financial position</b>		<b>Net amounts HK\$</b>
	<b>Gross amounts of recognised financial assets/liabilities HK\$</b>			<b>Financial instruments HK\$</b>	<b>Cash collateral received/ (pledged) HK\$</b>	
<b>Financial assets</b>						
Margin accounts	13,707,649	–	13,707,649	–	–	13,707,649
Total return swaps	1,420,172	–	1,420,172	(4,303)	–	1,415,869
<b>Total</b>	<u>15,127,821</u>	<u>–</u>	<u>15,127,821</u>	<u>(4,303)</u>	<u>–</u>	<u>15,123,518</u>
<b>Financial liabilities</b>						
Total return swaps	4,303	–	4,303	(4,303)	–	–
<b>Total</b>	<u>4,303</u>	<u>–</u>	<u>4,303</u>	<u>(4,303)</u>	<u>–</u>	<u>–</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

As at 31 December 2022

	<b>Gross amounts of recognised financial assets/liabilities set-off in the statement of financial position HK\$</b>	<b>Gross amounts of recognised financial assets/liabilities set-off in the statement of financial position HK\$</b>	<b>Net amounts of financial assets/liabilities presented in the statement of financial position HK\$</b>	<b>Related amounts not set-off in the statement of financial position</b>		<b>Net amounts HK\$</b>
	<b>Gross amounts of recognised financial assets/liabilities HK\$</b>			<b>Financial instruments HK\$</b>	<b>Cash collateral received/ (pledged) HK\$</b>	
<b>Financial assets</b>						
Margin accounts	18,645,807	–	18,645,807	–	(1,534,670)	17,111,137
Total return swaps	5,676	–	5,676	(5,676)	–	–
<b>Total</b>	<u>18,651,483</u>	<u>–</u>	<u>18,651,483</u>	<u>(5,676)</u>	<u>(1,534,670)</u>	<u>17,111,137</u>
<b>Financial liabilities</b>						
Total return swaps	1,540,346	–	1,540,346	(5,676)	(1,534,670)	–
<b>Total</b>	<u>1,540,346</u>	<u>–</u>	<u>1,540,346</u>	<u>(5,676)</u>	<u>(1,534,670)</u>	<u>–</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 14. SEGMENT INFORMATION

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

The Manager considers that the Product has a single operating segment which is investing in swaps as the Manager adopt a swap-based synthetic replication strategy to achieve the investment objective of the Product. The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to twice (2x) the daily performance of the Index.

The internal financial information used by the Manager for the Product's assets, liabilities and performance is the same as that disclosed in the statement of financial position and the statement of profit or loss and other comprehensive income.

The Product is domiciled in Hong Kong. The majority of the Product's income is derived from investments in swap contracts.

### 15. SUBSEQUENT EVENTS

Subsequent to 31 December 2023 and up to the date of authorisation of these financial statements, there were subscription of 900,000 units amounting to HK\$2,773,640.

### 16. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Manager and the Trustee on 30 April 2024.

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

**INVESTMENT PORTFOLIO (UNAUDITED)**

As at 31 December 2023

				Holdings Units	Fair value HK\$	% of net assets
<b><u>Financial assets at fair value through profit or loss</u></b>						
	<b>Position</b>	<b>Underlying assets</b>	<b>Counterparty</b>	<b>Contracts</b>	<b>Fair value HK\$</b>	<b>% of net assets</b>
<b><u>Total return swaps contracts</u></b>						
Total return swaps	Long	TRS EQUITY~L49~ 277 1,088,004.42 HK\$ 28/12/2023 09/08/2024	Goldman Sachs International	600	8,117	0.03
Total return swaps	Long	TRS EQUITY~L49~ 272 15,472,910.85 HK\$ 18/12/2023 09/08/2024	Citigroup Global Markets Limited	8,700	404,890	1.42
Total return swaps	Long	TRS EQUITY~L49~ 273 23,742,914.93 HK\$ 18/12/2023 09/08/2024	Goldman Sachs International	13,090	612,892	2.14

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

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

As at 31 December 2023

	Position	Underlying assets	Counterparty	Contracts	Fair value HK\$	% of net assets
<b><u>Financial assets at fair value through profit or loss (continued)</u></b>						
<b><u>Total return swaps contracts (continued)</u></b>						
		TRS EQUITY~L49~ 271 14,476,953.37 HK\$ 15/12/2023	CICC Financial Trading Limited	7,570	351,232	1.23
Total return swaps	Long	15/12/2024				
		TRS EQUITY~L49~ 274 87,533.02 HK\$ 19/12/2023	CICC Financial Trading Limited	50	3,735	0.01
Total return swaps	Long	19/12/2024				
		TRS EQUITY~L49~ 275 790,941.92 HK\$ 21/12/2023	CICC Financial Trading Limited	450	30,608	0.11
Total return swaps	Long	21/12/2024				
		TRS EQUITY~L49~ 276 1,178,671.46 HK\$ 28/12/2023	CICC Financial Trading Limited	650	8,698	0.03
Total return swaps	Long	28/12/2024				
					<u>1,420,172</u>	<u>4.97</u>

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

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

As at 31 December 2023

	Position	Underlying assets	Counterparty	Contracts	Fair value HK\$	% of net assets
<b><u>Financial liabilities at fair value through profit or loss</u></b>						
<b><u>Total return swaps contracts (continued)</u></b>						
Total return swaps	Long	TRS EQUITY~L49~ 279 1,317,319.42 HK\$ 03/01/2024 09/08/2024	Goldman Sachs International	720	(1,974)	(0.01)
Total return swaps	Long	TRS EQUITY~L49~ 278 1,555,168.42 HK\$ 29/12/2023 29/12/2024	CICC Financial Trading Limited	850	(2,329) <u>(4,303)</u>	(0.01) <u>(0.02)</u>
Total investments, at fair value					<u>1,415,869</u>	<u>4.95</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 year ended 31 December 2023

	<b>% of net assets</b>	
	For the year ended 31 December 2023	For the period from 11 May 2022 (date of commencement of operations) to 31 December 2022
<b><u>Financial assets at fair value through profit or loss</u></b>		
Total return swap contracts	4.97	0.02
<b><u>Financial liabilities at fair value through profit or loss</u></b>		
Total return swap contracts	(0.02)	(4.14)
<b>Total investments and derivative financial instruments</b>	4.95	(4.12)
<b>Other net assets</b>	95.05	104.12
<b>Total net assets</b>	100.00	100.00



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 31 December 2022	38,940,347	6.9536
As at 31 December 2023	28,724,709	3.8300

**HIGHEST ISSUE PRICE AND LOWEST REDEMPTION PRICE PER UNIT**

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$
For the period from 11 May 2022 (date of commencement of operations) to 31 December 2022	11.7547	6.0455
For the year ended 31 December 2023	9.2195	3.5794

**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 %
For the period from 11 May 2022 (date of commencement of operations) to 31 December 2022	-13.13	-3.85
For the year ended 31 December 2023	-42.61	-20.67

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

**INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS  
(UNAUDITED)**

	Financial period ended	Gross exposure			Net exposure		
		Highest	Lowest	Average exposure	Highest	Lowest	Average exposure
Total return swap contracts	31 December 2023	200.19%	199.31%	199.91%	200.19%	199.31%	199.91%
Total return swap contracts	31 December 2022	200.36%	199.4%	199.81%	200.36%	199.4%	199.81%

**INFORMATION ON MAJOR UNITHOLDERS (UNAUDITED)**

As at 31 December 2023, there was 4 major unitholders holding 79.90% (2022: 4 majors unitholders holding 93.35%) of the Product's total net assets respectively.