



CSOP LEVERAGED AND INVERSE SERIES II
(An umbrella unit trust established in Hong Kong)

CSOP CSI 300 INDEX DAILY (-1X) INVERSE PRODUCT
(Stock Code: 07333)
(A sub-fund of CSOP Leveraged and Inverse Series II)

Unaudited Semi-Annual Report
FOR THE PERIOD FROM 24 JULY 2020 (DATE OF INCEPTION) TO
30 JUNE 2021

**CSOP CSI 300 INDEX DAILY (-1X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES II)**

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**CSOP CSI 300 INDEX DAILY (-1X) INVERSE PRODUCT
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CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	30 June 2021 (Unaudited) RMB
ASSETS	
CURRENT ASSETS	
Financial assets at fair value through profit or loss	83,202,366
Other receivables	212,118
Amounts due from a broker	27,467,931
Margin accounts	33,296,624
Cash and cash equivalents	23,607,449
TOTAL ASSETS	<u>167,786,488</u>
LIABILITIES	
CURRENT LIABILITIES	
Financial liabilities at fair value through profit or loss	3,418
Interest payable from swap contracts	37,202
Management fee payable	1,763,354
Other payables and accruals	268,113
Formation fee payable	111,402
TOTAL LIABILITIES	<u>2,183,489</u>
EQUITY	
Net assets attributable to unitholders	<u>165,602,999</u>
TOTAL LIABILITIES AND EQUITY	<u>167,786,488</u>
Number of units in issue	<u>30,400,000</u>
Net asset value per unit	<u>5.4475</u>

Note: No annual report has been published preceding the publication of this Semi-Annual report as the date of inception of the Sub-Fund was on 24 July 2020. The Semi-Annual report have applied the accounting policies and methods of computation as per the accompanying notes which are an integral part of these financial statements.

**CSOP CSI 300 INDEX DAILY (-1X) INVERSE PRODUCT
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CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period from 24 July 2020 (date of inception) to 30 June 2021

	Period from 24 July 2020 (date of inception) to 30 June 2021 (Unaudited) RMB
INCOME	
Interest income from bank deposits	1,368,571
Interest income from margin accounts	357,583
Net losses on financial assets at fair value through profit or loss	(186,471,969)
Net foreign exchange losses	(7,594,608)
Rebate income	459,290
TOTAL NET LOSS	<u>(191,881,133)</u>
EXPENSES	
Management fee ^{Note 1, 2}	(11,511,275)
Collateral management fee	(145,667)
Formation fee	(1,532,264)
Audit fee	(67,219)
Bank charges	(15,468)
Interest expenses on swap contracts	(48,247,507)
Index licensing fee	(290,263)
Brokerage and transaction fee	(47,245)
Interest on margin accounts	(7,273)
Legal and other professional fee	(141,802)
Other operating expenses	(248,262)
TOTAL OPERATING EXPENSES	<u>(62,254,245)</u>
TOTAL COMPREHENSIVE LOSS	<u><u>(254,135,378)</u></u>

Note 1 During the period ended 30 June 2021, the Trustee fee and Registrar's fee are included in the Management fee and the Manager will pay the fees of the Trustee and Registrar out of the management fee.

Note 2 During the period ended 30 June 2021, other than Management fee that paid to the Manager, no other amounts are paid to the Manager/connected person of Manager.

The accompanying notes form an integral part of these unaudited condensed financial statements.

**CSOP CSI 300 INDEX DAILY (-1X) INVERSE PRODUCT
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CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the period from 24 July 2020 (date of inception) to 30 June 2021

	Period from 24 July 2020 (date of inception) to 30 June 2021 (Unaudited) <i>RMB</i>
Net assets attributable to unitholders at the beginning of the period	—

Proceeds on issue of units	1,282,263,693
Payments on redemption of units	(862,525,316)

Net increase from unit transactions	419,738,377

Total comprehensive loss for the period	(254,135,378)

Net assets attributable to unitholders at the end of the period	165,602,999
	=====

The movement of the redeemable units are as below:

	Period from 24 July 2020 (date of inception) to 30 June 2021 (Unaudited) <i>Units</i>
Number of units in issue at the beginning of the period	—
Units issued	184,000,000
Units redeemed	(153,600,000)

Number of units in issue at the end of the period	30,400,000
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The accompanying notes form an integral part of these unaudited condensed financial statements.

CSOP CSI 300 INDEX DAILY (-1X) INVERSE PRODUCT
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CONDENSED STATEMENT OF CASH FLOWS

For the period from 24 July 2020 (date of inception) to 30 June 2021

	Period from 24 July 2020 (date of inception) to 30 June 2021 (Unaudited) <i>RMB</i>
CASH FLOWS FROM OPERATING ACTIVITIES	
Total comprehensive loss for the period	(254,135,378)
Adjustments for:	
Interest on margin accounts	7,273
Interest income from bank deposits	(1,368,571)
Interest income from margin accounts	(357,583)
Interest expenses on swap contracts	48,247,507
	<hr/>
Operating cash flows before movements in working capital	(207,606,752)
Increase in financial assets at fair value through profit or loss	(83,198,948)
Increase in other receivables	(212,118)
Increase in amounts due from a broker	(27,467,931)
Increase in margin accounts	(33,296,624)
Increase in management fee payable	1,763,354
Increase in formation fee payable	111,402
Increase in other payables and accruals	268,113
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Cash used in operations	(349,639,504)
Interest received on bank deposits	1,368,571
Interest received on margin accounts	350,310
Interest paid on swap contracts	(48,210,305)
	<hr/>
Net cash flows used in operating activities	(396,130,928)

CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds on issue of units	1,282,263,693
Payments on redemption of units	(862,525,316)
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Net cash flows generated from financing activities	419,738,377

**CSOP CSI 300 INDEX DAILY (-1X) INVERSE PRODUCT
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CONDENSED STATEMENT OF CASH FLOWS (Continued)
For the period from 24 July 2020 (date of inception) to 30 June 2021

	Period from 24 July 2020 (date of inception) to 30 June 2021 (Unaudited) <i>RMB</i>
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,607,449
Cash and cash equivalents at the beginning of the period	—
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	23,607,449
Analysis of balances of cash and cash equivalents	
Bank balances	23,607,449

The accompanying notes form an integral part of these unaudited condensed financial statements.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

1. GENERAL INFORMATION

CSOP Leveraged and Inverse Series II (the “Trust”) is an umbrella unit trust governed by its trust deed dated 24 April 2020, as amended by the supplemental deeds on 24 April 2020 and 19 May 2020 (collectively, the “Trust Deed”) between CSOP Asset Management 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.

CSOP CSI 300 Index Daily (-1x) Inverse product (the “Sub-Fund”) is one of the sub-funds of the Trust, which commenced trading under the stock code 7333 on the Stock Exchange of Hong Kong Limited (“SEHK”) on 27 July 2020.

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) of the daily performance of the CSI 300 Index (the “Index”).

To achieve the investment objective of the Sub-Fund, the Manager will adopt a swap-based synthetic replication strategy, pursuant to which the Product will enter into more than one partially-funded Swap (which are over-the counter financial derivative instruments 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).

As of 30 June 2021, the Trust had six sub-funds, namely CSOP Gold Futures Daily (2x) Leveraged Product, CSOP NASDAQ-100 Index Daily (2x) Leveraged Product, CSOP CSI 300 Index Daily (2x) Leveraged Product, CSOP CSI 300 Index Daily (-1x) Inverse Product, CSOP FTSE China A50 Index Daily (2x) Leveraged Product and CSOP FTSE China A50 Index Daily (-1x) Inverse Product (collectively, the “Sub-Funds”).

These financial statements relate to CSOP CSI 300 Index Daily (-1x) Inverse Product only. The remaining Sub-Funds are being presented in separate financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a)(i) Basis of preparation

The financial statements of the Sub-Fund 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 Renminbi (“RMB”) for the Sub-Fund. All values are rounded to the nearest RMB except where otherwise indicated.

The Sub-Fund has adopted for the first time all applicable and effective IFRSs.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a)(ii) Significant accounting judgements, estimates and assumptions

The preparation of financial statements, in conformity with IFRSs, requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts recognised in the financial statements and disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(a)(iii) Issued but not yet effective IFRSs

The Sub-Fund has not early applied any of the new and revised IFRSs that have been issued but are not yet effective for the accounting period ended 30 June 2021 in these financial statements. Among the new and revised IFRSs, the following is expected to be relevant to the Sub-Fund's financial statements upon becoming effective:

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*¹

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

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Sub-Fund's financial statements.

(b) Financial instruments

(i) *Classification*

In accordance with IFRS 9, the Sub-Fund 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:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- (b) 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
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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30 June 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(i) *Classification* (continued)

Financial assets

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

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

Financial assets measured at amortised cost

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

Financial assets measured at FVPL

A financial asset is measured at FVPL if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are SPPI on the principal amount outstanding;
- (b) 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
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Sub-Fund includes in this category debt securities, investment funds and derivative contracts in an asset position held for trading.

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities other than those measured at FVPL. The Sub-Fund includes in this category amounts due to a broker, management fee payable, formation fee payable, 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.

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30 June 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(ii) **Recognition**

The Sub-Fund 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.

(iii) **Initial measurement**

Financial assets at FVPL are recorded in the statement of net assets at fair value. All transaction fees 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 Sub-Fund 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.

Debt instruments, other than those classified as at FVPL, are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the debt instruments 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 Sub-Fund 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 fee and all other premiums or discounts.

(v) **Derecognition**

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired, or where the Sub-Fund has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either the Sub-Fund has transferred substantially all the risks and rewards of the asset or the Sub-Fund has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the asset.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(v) *Derecognition* (continued)

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

Fair value measurement

The Sub-Fund 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 Sub-Fund.

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

The fair value for financial instruments that are listed or traded on an exchange is based on quoted last traded market prices, that are within the bid-ask spread.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Sub-Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

Fair value measurement (continued)

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 Sub-Fund and as liabilities when amounts are payable by the Sub-Fund.

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

(c) Income

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

(d) Expenses

Expenses are recognised on an accrual basis.

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of net assets 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.

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.

(f) 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 Sub-Fund's net assets in the event of the Sub-Fund'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 Sub-Fund'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 Sub-Fund over the life of the instrument.

In addition to the redeemable units having all the above features, the Sub-Fund 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 Sub-Fund; and
- ii. The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Redeemable units (continued)

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

The Sub-Fund 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 Sub-Fund 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 Sub-Fund 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 Sub-Fund 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.

The Sub-Fund'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 Sub-Fund's own equity instruments.

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

(g) 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.

(h) Margin accounts and amounts due to a broker

Margin accounts represent cash deposits held with brokers and Custodian as collateral against open swap contracts.

Amounts due to a broker is a sum payable for securities purchased (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date.

(i) Impairment of financial assets

For financial assets measured at amortised cost, impairment allowances are recognised under the general approach where expected credit losses are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Sub-Fund is required to provide for credit losses that result from possible default events within the next 12 months (stage 1).

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30 June 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of financial assets (continued)

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 (stage 2). The Sub-Fund considers a default has occurred when a financial asset is more than 90 days past due unless the Sub-Fund has reasonable and supportable information to demonstrate that a more appropriate default criterion should be applied.

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

This item includes changes in the fair value of financial assets/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.

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

Net realised gains or losses on disposal of financial assets/liabilities classified as at FVPL are calculated using the weighted average method. They represent the difference between an instrument's average cost and disposal amount.

(l) Offsetting of financial instruments

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

(m) Taxes

In some jurisdictions, investment income and capital gains are subject to withholding tax deducted from the source of the income. The Sub-Fund presents the withholding tax separately from the gross investment income in profit or loss. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

(n) Distributions to unitholders

Distributions are at the discretion of the Manager. A distribution to the Sub-Fund'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 or effectively out of the Sub-Fund's capital.

(o) Formation fee

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

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Transaction fees

Transaction fees are costs incurred to acquire financial assets/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.

(q) Related parties

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

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

(r) 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.

**CSOP CSI 300 INDEX DAILY (-1X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES II)**

INVESTMENT PORTFOLIO (Unaudited)

As at 30 June 2021

			Holdings Units	Fair value RMB	% of net assets	
<u>Financial assets at fair value through profit or loss</u>						
<u>Listed investment funds</u>						
Hong Kong						
CSOP HKD MONEY MRKT ETF HKD			19,000	16,331,849	9.86	
CSOP RMB MONEY MARKET ETF-R			210,000	32,707,500	19.75	
CSOP USD MONEY MRKT ETF USD			50,000	33,076,680	19.97	
				<u>82,116,029</u>	<u>49.58</u>	
	Underlying assets	Counterparty	Contracts	Fair value RMB	% of net assets	
<u>Unlisted total return swap contracts</u>						
TRS 07-JUN-22 CP CICC SHSZ300~L49~ 334 49,224,750.23 CNY 28/06/2021 07/06/2022	CSI 300 Index	CICC Financial Trading Limited	(9,373)	259,823	0.16	
TRS19-JUL-21 CP CGML~L49~ 335 118,029,499.10 CNY 30/06/2021 19/07/2021	CSI 300 Index	Citigroup Global Markets Limited	(22,483)	577,408	0.35	
				<u>837,231</u>	<u>0.51</u>	
	Underlying assets	Counterparty	Expiration date	Notional amount	Fair value RMB	% of net assets
<u>Unlisted forward contracts</u>						
Buy Renminbi/Sell Hong Kong Dollars	Currency	Citibank, N.A., Hong Kong	30 July 2021	16,680,000	21,227	0.01
Buy Renminbi/Sell United States Dollars	Currency	Citibank, N.A., Hong Kong	30 July 2021	105,006,780	227,879	0.14
					<u>249,106</u>	<u>0.15</u>

**CSOP CSI 300 INDEX DAILY (-1X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES II)**

INVESTMENT PORTFOLIO (Unaudited) (Continued)

As at 30 June 2021

	Underlying assets	Counterparty	Expiration date	Notional amount	Fair value RMB	% of net assets
<u>Financial liabilities at fair value through profit or loss</u>						
<u>Unlisted forward contracts</u>						
Buy United States Dollars/Sell Renminbi	Currency	Citibank, N.A., Hong Kong	30 July 2021	600,000	(3,418)	(0.00)
					<u>(3,418)</u>	<u>(0.00)</u>
Total investments, at fair value					<u>83,198,948</u>	<u>50.24</u>
Total investments, at cost					<u>84,298,528</u>	

**CSOP CSI 300 INDEX DAILY (-1X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES II)**

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)

For the period from 24 July 2020 (date of inception) to 30 June 2021

	% of net assets
<hr/>	
<u>Financial assets at fair value through profit or loss</u>	
Listed investment funds	
Hong Kong	49.58
Unlisted total return swap contracts	0.51
Unlisted forward contracts	0.15
<u>Financial liabilities at fair value through profit or loss</u>	
Unlisted forward contracts	(0.00)
Total investments and derivative financial instruments	<hr/> 50.24
Other net assets	49.76
Total net assets	<hr/> <hr/> 100.00

**CSOP CSI 300 INDEX DAILY (-1X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES II)**

PERFORMANCE RECORD (Unaudited)

Net asset value

	Dealing net asset value of the Sub-Fund* <i>RMB</i>	Dealing net asset value per unit <i>RMB</i>
At the end of financial period dated		
30 June 2021	166,837,412	5.4881

Highest and lowest net asset value per unit

	Highest net asset value per unit <i>RMB</i>	Lowest net asset value per unit <i>RMB</i>
Financial period ended		
30 June 2021 (since 24 July 2020 (date of inception))	7.0000	5.1118

**The dealing net asset value of the Sub-Fund disclosed is calculated in accordance with the Trust's Prospectus.*

**CSOP CSI 300 INDEX DAILY (-1X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES II)**

UNDERLYING INDEX CONSTITUENT STOCK DISCLOSURE (Unaudited)

There were two securities which is a collective investment scheme authorised by the SFC that individually accounted for more than 10% but less than 30% of the net asset value of the Sub-Fund as at 30 June 2021.

	Fair Value	
	<i>RMB</i>	% of assets
As at 30 June 2021		
CSOP RMB MONEY MARKET ETF-R	32,707,500	19.75
CSOP USD MONEY MRKT ETF USD	33,076,680	19.97

During the period from 24 July 2020 (date of inception) to 30 June 2021, the CSI 300 Index increased by 15.95% while the net asset value per unit of Sub-Fund decreased by 22.18%.

**CSOP CSI 300 INDEX DAILY (-1X) INVERSE PRODUCT
(A SUB-FUND OF CSOP LEVERAGED AND INVERSE SERIES II)**

MANAGEMENT AND ADMINISTRATION

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