

REPORTS AND AUDITED FINANCIAL STATEMENTS

CSI ALPHA FUND SERIES - CSI CHINA-HONG KONG  
LEADERS FUND

(A sub-fund of an open-ended umbrella unit trust established under  
the laws of Hong Kong)

Year ended 31 December 2012

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CSI ALPHA FUND SERIES  
- CSI CHINA-HONG KONG LEADERS FUND

REPORT OF THE MANAGER

To our Investors and Friends,

The CSI China-Hong Kong Leaders Fund (the "Sub-Fund") under the CSI Alpha Fund Series (the "Trust") was launched in late July 2009 with the investment objectives to achieve long-term appreciation of the unit price through capital growth and income appreciation by investing in a diversified portfolio of at least twenty three blue chip equities, and to a limited extent, ADRs and GDRs, that are listed primarily on the Hong Kong Stock Exchange and/or any international securities exchanges. The full details of our Investment Objectives and Investment Policy are available in the Trust Prospectus and Fund Specific Prospectus which you will need to read and understand before you consider making any investment in our Sub-Fund.

The Sub-Fund has been approved by the Immigration Department to be included as an eligible Collective Investment Scheme ("CIS") under the Capital Investment Entrant Scheme.

We are pleased to report that by early 2013 we have 13 distribution agreements in place for the Sub-Fund.

We thank you for your continued interest and support.

Sincerely yours,

.....  
CITIC Securities International Investment Management (HK) Limited  
12 April 2013

Investments are subject to investment risks, fund value may go up as well as down and past performance is not indicative of future performance. Please refer to the Trust Prospectus and Fund Specific Prospectus for details including the risk factors. CITIC Securities International Investment Management (HK) Limited is the issuer of this report. This document has not been reviewed by the Securities and Futures Commission.

CSI ALPHA FUND SERIES  
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REPORT OF THE TRUSTEE

We hereby confirm that, in our opinion, the Manager, CITIC Securities International Investment Management (HK) Limited, has, in all material respects, managed CSI China-Hong Kong Leaders Fund for the year ended 31 December 2012 in accordance with the provisions of the Trust Deed dated 25 June 2009 and its supplemental deeds.

.....  
BOCI-Prudential Trustee Limited  
12 April 2013

CSI ALPHA FUND SERIES  
- CSI CHINA-HONG KONG LEADERS FUND

ADMINISTRATION AND MANAGEMENT

**MANAGER**

CITIC Securities International Investment  
Management (HK) Limited  
17/F, Chuang's Tower  
30-32 Connaught Road Central  
Central  
Hong Kong

**LEGAL ADVISERS**

Clifford Chance  
28th Floor, Jardine House  
1 Connaught Place, Central  
Hong Kong

**TRUSTEE AND REGISTRAR**

BOCI-Prudential Trustee Limited  
12th Floor & 25th Floor, Citicorp Centre  
18 Whitfield Road  
Causeway Bay  
Hong Kong

**AUDITORS**

Ernst & Young  
Certified Public Accountants  
22/F CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

**Independent auditors' report****To the Trustee and Manager of****CSI Alpha Fund Series - CSI China-Hong Kong Leaders Fund**

(A sub-fund of an open-ended umbrella unit trust established under the laws of Hong Kong)

We have audited the financial statements of CSI Alpha Fund Series - CSI China-Hong Kong Leaders Fund (a sub-fund of CSI Alpha Fund Series (the "Trust") and referred to as the "Sub-Fund") set out on pages 6 to 32, which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Trustee's and Manager's responsibility for the financial statements**

The Trustee and the Manager of the Sub-Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the constitutional documents of the Trust and the Sub-Fund (the "Constitutional Documents") and disclosure requirements set out in Appendix E to the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (the "SFC Code"), and for such internal control as the Trustee and the Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and whether the financial statements are in accordance with disclosure requirements of Appendix E to the SFC Code.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee and the Manager, as well as evaluating the overall presentation of the financial statements.

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

**Independent auditors' report (continued)**

**To the Trustee and Manager of**

**CSI Alpha Fund Series - CSI China-Hong Kong Leaders Fund**

(A sub-fund of an open-ended umbrella unit trust established under the laws of Hong Kong)

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the Sub-Fund as at 31 December 2012, and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Report on Other Legal and Regulatory Requirements**

In our opinion, the financial statements have been properly prepared in accordance with the relevant disclosure provisions of its Constitutional Documents and the disclosure requirements of the SFC Code.

Certified Public Accountants  
Hong Kong  
12 April 2013



CSI ALPHA FUND SERIES  
- CSI CHINA-HONG KONG LEADERS FUND

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Notes	2012 HK\$	2011 HK\$
<b>INCOME</b>			
Dividend income, net of withholding taxes		5,386,229	4,970,043
Interest income		2,702	2,459
Net realised losses on financial assets and financial liabilities at fair value through profit or loss	8	( 1,721,843)	( 2,239,258)
Net change in unrealised gains/(losses) on financial assets and financial liabilities at fair value through profit or loss	8	33,052,648	( 17,242,418)
Exchange loss		-	( 6)
Other income		-	40,000
		<u>36,719,736</u>	<u>( 14,469,180)</u>
<b>EXPENSES</b>			
Management fee	5	(4,575,037)	( 3,957,424)
Trustee and registrar fee	5	( 400,365)	( 333,169)
Custodian fee	5	( 57,084)	( 49,634)
Auditors' remuneration		( 184,279)	( 167,540)
Legal and professional fee		( 151,248)	( 32,940)
License fee		( 12,033)	( 11,967)
Publishing charges		( 10,012)	( 13,558)
Commission expenses		( 309,468)	( 1,021,621)
Handling and transaction fees		(1,078,923)	( 1,298,846)
Other general expenses		( 33,551)	( 38,852)
		<u>(6,812,000)</u>	<u>( 6,925,551)</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>		29,907,736	(21,394,731)
Taxation	6	-	-
<b>PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		<u>29,907,736</u>	<u>(21,394,731)</u>

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

CSI ALPHA FUND SERIES  
- CSI CHINA-HONG KONG LEADERS FUND

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	2012 HK\$	2011 HK\$
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	8	233,060,209	159,662,673
Amounts due from brokers	12	10,296,097	21,328,188
Dividends receivable		274,583	186,691
Cash at bank	11	<u>6,961,538</u>	<u>13,084,867</u>
<b>TOTAL ASSETS</b>		<u><u>250,592,427</u></u>	<u><u>194,262,419</u></u>
<b>LIABILITIES</b>			
Financial liabilities at fair value through profit or loss	8	388,000	-
Amount due to a broker	12	392,619	4,200,118
Management fee payable	5	416,885	316,875
Trustee and registrar fee payable	5	36,477	29,032
Other payables		<u>192,865</u>	<u>181,963</u>
<b>TOTAL LIABILITIES</b>		<u><u>1,426,846</u></u>	<u><u>4,727,988</u></u>
<b>EQUITY</b>			
Units in issue		225,510,378	195,786,964
Retained earnings/(accumulated losses)		<u>23,655,203</u>	<u>( 6,252,533)</u>
<b>TOTAL EQUITY</b>		<u><u>249,165,581</u></u>	<u><u>189,534,431</u></u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><u>250,592,427</u></u>	<u><u>194,262,419</u></u>
<b>NET ASSET VALUE (calculated at bid-ask market prices and in accordance with IFRSs)</b>			
	14	249,165,581	189,534,431
Adjustment from bid-ask market prices to last traded market prices	14	<u>371,107</u>	<u>204,334</u>
<b>NET ASSET VALUE (calculated at last traded market prices)</b>		<u><u>249,536,688</u></u>	<u><u>189,738,765</u></u>
<b>NUMBER OF UNITS IN ISSUE</b>	13	<u><u>21,441,563.697</u></u>	<u><u>18,543,664.841</u></u>
<b>NET ASSET VALUE PER UNIT (calculated in accordance with IFRSs)</b>	14	<u><u>11.62</u></u>	<u><u>10.22</u></u>

.....  
Trustee

.....  
Manager

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

CSI ALPHA FUND SERIES  
- CSI CHINA-HONG KONG LEADERS FUND

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2012

	Note	Number of units outstanding	HK\$
At 1 January 2011		18,572,263.693	211,219,862
Issue of units	13	41,592.458	450,980
Redemption of units	13	( 70,191.310)	( 741,680)
Total comprehensive loss for the year		<u>-</u>	<u>( 21,394,731)</u>
At 31 December 2011 and 1 January 2012		18,543,664.841	189,534,431
Issue of units	13	2,925,822.919	30,019,608
Redemption of units	13	( 27,924.063)	( 296,194)
Total comprehensive income for the year		<u>-</u>	<u>29,907,736</u>
At 31 December 2012		<u><u>21,441,563.697</u></u>	<u><u>249,165,581</u></u>

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

CSI ALPHA FUND SERIES  
- CSI CHINA-HONG KONG LEADERS FUND

STATEMENT OF CASH FLOWS

Year ended 31 December 2012

	Notes	2012 HK\$	2011 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss)before tax		29,907,736	( 21,394,731)
Adjustments for:			
Dividend income, net of withholding taxes		( 5,386,229)	( 4,970,043)
Interest income		( 2,702)	( 2,459)
Net realised losses on financial assets and financial liabilities at fair value through profit or loss	8	1,721,843	2,239,258
Net change in unrealised (gains)/losses on financial assets and financial liabilities at fair value through profit or loss	8	( 33,052,648)	17,242,418
Proceeds from sales of financial assets at fair value through profit or loss		340,685,639	509,793,465
Payments for purchases of financial assets and settlement of financial liabilities at fair value through profit or loss		<u>(382,364,369)</u>	<u>( 499,754,783)</u>
Decrease/(increase) in amounts due from brokers		( 48,490,730)	3,153,125
Decrease in prepayments		11,032,091	( 17,677,639)
(Decrease)/increase in amount due to a broker		-	5,522
Increase/(decrease) in management fee payable		( 3,807,499)	4,200,118
Increase/(decrease) in trustee and registrar fee payable		100,010	( 44,802)
Increase/(decrease) in trustee and registrar fee payable		7,445	( 5,968)
Increase/(decrease) in other payables		<u>10,902</u>	<u>( 36,637)</u>
Net cash used in operations		( 41,147,781)	( 10,406,281)
Dividend received, net of withholding taxes		5,298,336	4,783,352
Interest received		<u>2,702</u>	<u>2,459</u>
Net cash outflows from operating activities		<u>( 35,846,743)</u>	<u>( 5,620,470)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds on issue of units		30,019,608	450,980
Payments on redemption of units		<u>( 296,194)</u>	<u>( 741,680)</u>
Net cash flow provided by/(used in) financing activities		<u>29,723,414</u>	<u>( 290,700)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		( 6,123,329)	( 5,911,170)
Cash and cash equivalents at beginning of year		<u>13,084,867</u>	<u>18,996,037</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>6,961,538</u></u>	<u><u>13,084,867</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash at bank	11	<u><u>6,961,538</u></u>	<u><u>13,084,867</u></u>

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

CSI ALPHA FUND SERIES  
- CSI CHINA-HONG KONG LEADERS FUND

NOTES TO FINANCIAL STATEMENTS

31 December 2012

1. THE SUB-FUND

CSI Alpha Fund Series (the "Trust") was constituted as an umbrella unit trust established under the laws of Hong Kong pursuant to a trust deed dated 25 June 2009 (the "Trust Deed") entered into between CITIC Securities International Investment Management (HK) Limited (the "Manager") and BOCI-Prudential Trustee Limited (the "Trustee").

CSI China-Hong Kong Leaders Fund (the "Sub-Fund") was constituted as a separate sub-fund of the Trust on 24 July 2009. The Sub-Fund is an open-ended unit trust and is authorised by the Securities and Futures Commission of Hong Kong under Section 104(1) of the Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code").

A separate sub-fund can be created and established to which assets and liabilities attributable to the relevant sub-fund applied. A separate class of units relating exclusively to each sub-fund will be issued. On 20 February 2012, another sub-fund, CSI Alpha Fund Series – CSI RMB Income Fund, was created and established.

The assets of each sub-fund shall form part of that sub-fund and be segregated from the assets of all other sub-funds, and such assets shall not be used to discharge directly or indirectly the liabilities of or any claim against or amount payable out of any other sub-fund.

The investment objectives of the Sub-Fund is to achieve long-term appreciation of the unit price through capital growth and income appreciation by investing in a diversified portfolio of at least twenty three blue chip equities, and to a limited extent, ADRs and GDRs, that are listed primarily on Hong Kong Stock Exchange and/or any international securities exchanges and/or other recognised securities markets that are open to the international public and on which such securities are regularly traded, subject to the investment restrictions applicable to the Sub-Fund.

As at 31 December 2012, 85.66% (2011: 99.05%) of the redeemable units of the Sub-Fund were held by CSIAM (CL) Investments Limited, which is considered as the parent of the Sub-Fund.

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB").

The financial statements have been prepared on a historical basis, except for financial assets and financial liabilities at fair value through profit or loss that have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HK\$").

NOTES TO FINANCIAL STATEMENTS

31 December 2012

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendment to IFRSs effective as of 1 January 2012:

*IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets*

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Sub-Fund's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Sub-Fund does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Sub-Fund's financial statements are disclosed below. The Sub-Fund intends to adopt these standards, if applicable, when they become effective.

*IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Sub-Fund's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012 and the Sub-Fund expects to adopt the amendments from 1 January 2013.

*IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32*

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Sub-Fund's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

*IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7*

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Sub-Fund's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

2.3. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

*IFRS 9 Financial Instruments: Classification and Measurement*

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Sub-Fund's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Sub-Fund will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

*IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements*

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27.

The amendments to IFRS 10 issued in October 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 rather than consolidate them. Consequential amendments were made to IFRS 12 Disclosure of Interest in Other Entities and IAS 27 (2011). The amendments to IFRS 12 also set out the disclosure requirements for investment entities.

Consequential amendments were made to IAS 27 and IAS 28 as a result of the issuance of IFRS 10, IFRS 11 *Joint Arrangements* and IFRS 12. The Sub-Fund expects to adopt IFRS 10, IFRS 11, IFRS 12, IAS 27 (2011), IAS 28 (2011), and the subsequent amendments to these standards issued in June and October 2012 from 1 January 2013. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Sub-Fund.

*IFRS 13 Fair Value Measurement*

IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The standard does not change the circumstances in which the Sub-Fund is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other IFRSs. The Sub-Fund expects to adopt IFRS 13 prospectively from 1 January 2013.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

2.3. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

*Annual Improvements May 2012*

These improvements will not have an impact on the Sub-Fund, but include:

*IAS 1 Presentation of Financial Statements*

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

*IAS 32 Financial Instruments, Presentation*

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*.

These improvements are effective for annual periods beginning on or after 1 January 2013.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

(a) Classification

The Sub-Fund classifies its financial assets and financial liabilities into the following categories in accordance with IAS 39.

*Financial assets and liabilities held for trading*

A financial asset or financial liability is classified as held for trading if it is: (i) acquired or incurred principally for the purpose of selling or repurchasing in the near term; or (ii) part of a portfolio of identifiable financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or a derivative (except for a derivative that is a designated and effective hedging instrument). The Sub-Fund does not apply hedge accounting.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Sub-Fund includes in this category amounts relating to amounts due from brokers and other short-term receivables.

*Other financial liabilities*

This category includes all financial liabilities, other than those classified as held for trading. The Sub-Fund includes in this category amounts relating to an amount due to a broker and short-term payables.

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



NOTES TO FINANCIAL STATEMENTS

31 December 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(c) Initial measurement

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

Loans and receivables and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(d) Subsequent measurement

After initial measurement, the Sub-Fund measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in "Net change in unrealised gains/(losses) on financial assets and financial liabilities at fair value through profit or loss". Dividend income elements of such instruments are recorded separately as dividend income.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as held for trading, 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.

(e) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

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

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.

The Sub-Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

Impairment of financial assets

The Sub-Fund assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Sub-Fund. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to profit or loss.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Offsetting financial instruments

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

Functional and presentation currency

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translations

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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 was determined.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the statement of comprehensive income as part of the net gain or loss on financial assets and financial liabilities at fair value through profit or loss. Exchange differences on other financial instruments are included in profit or loss in the statement of comprehensive income as net exchange gains/(losses).

Balances with brokers

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date.

Amount due to a broker includes payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date.

Classification of redeemable units

Redeemable units are classified as equity instruments when:

- 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.
- The redeemable units are in the class of instruments that is subordinate to all other classes of instruments.
- All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features.
- 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.
- The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the 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:

- Total cash flows based substantially on the 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
- The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of redeemable units (continued)

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 and acquisition of redeemable units are accounted for as equity transactions. Upon issuance of units, the consideration received is included in equity. Transaction costs incurred by the Sub-Fund in issuing or acquiring 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. Own equity instruments which are acquired 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 the statement of comprehensive income on the purchase, sale, issuance or cancellation of Sub-Fund's own equity instruments.

Distributions to unitholders

The Manager does not intend to make distribution in respect of the Sub-Fund and any income earned by the Sub-Fund will be reinvested in that Sub-Fund and reflected in the value of units of the relevant classes of that Sub-Fund.

Proceeds and payments on issue and redemption of units

The net asset value of the Sub-Fund is computed daily. Prices for issues and redemptions are based on the latest available valuation. Proceeds and payments for units issued and redeemed are shown as movements in the statement of changes in equity.

Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank, excluding amounts which have been pledged as collateral.

Interest income

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

Dividend income

Dividend income is recognised when the Sub-Fund's right to receive the payment is established. Dividend income is presented net of any non-recoverable withholding taxes.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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); and
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management of the entity (or of a parent of the entity).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Sub-Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Sub-Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

*Going concern*

The Sub-Fund's management has made an assessment of the Sub-Fund's ability to continue as a going concern and is satisfied that the Sub-Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Sub-Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Sub-Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Sub-Fund. Such changes are reflected in the assumptions when they occur.

*Fair value of financial instruments*

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy.

*Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded. The Sub-Fund establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective jurisdictions in which it invests. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the investments.

5. FEES

*Management fee*

The Manager is entitled to receive a management fee from the Sub-Fund, at a rate of up to 2% per annum with respect to the units of the net asset value of the Sub-Fund calculated and accrued on each dealing day and are paid monthly in arrears.

The management fee for the year was HK\$4,575,037 (2011: HK\$3,957,424). As at 31 December 2012, the management fee of HK\$416,885 (2011: HK\$316,875) was payable to the Manager.

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5. FEES (continued)

*Trustee and registrar fee*

From 1 July 2010, the Trustee is entitled to receive a trustee fee from the Sub-Fund, trustee fee and registrar fee were charged at a rate of 0.15% and 0.025% per annum respectively of the net asset value of the Sub-Fund calculated and accrued on each dealing day and is paid monthly in arrears.

Effective from 1 March 2012, the Trustee is entitled to receive a combined trustee and registrar fee as follow:

- (i) 0.175% per annum on the first HK\$350 million of the net asset value
- (ii) 0.15% per annum on the next HK\$350 million of the net asset value
- (iii) 0.125% per annum on the next HK\$350 million of the net asset value
- (iv) 0.11% per annum on the remaining balance of the net asset value

A minimum monthly fee of HK\$30,000 applies for in respect of the trustee and registrar fee. The trustee and registrar fee is calculated and accrued on each dealing day and is paid monthly in arrears.

The trustee and registrar fee for the year was HK\$400,365 (2011: HK\$333,169). As at 31 December 2012, the trustee and registrar fee of HK\$36,477 (2011: HK\$29,032) was payable to the Trustee.

*Custodian fee*

The Trustee acts as a custodian to the Sub-Fund. The custodian fee comprises of sub-custodian fees charged by the Trustee ranging from HK\$200 to HK\$400 per transaction and monthly safekeeping fees, ranging from 3 b.p. to 4 b.p. per annum based on month-end valuation portfolio. The Trustee will also charge out-of-pocket expenses include, but not limited to scrip fee charged by CCASS and stamp duty.

The custodian fee for the year was HK\$57,084 (2011: HK\$49,634). As at 31 December 2012 and 2011, no custodian fee was payable to the Trustee.

6. TAXATION

*Hong Kong*

The Sub-Fund is exempted from Hong Kong profits tax on profits arising from authorised activities under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

*PRC*

The Sub-Fund is subject to People's Republic of China ("PRC") withholding tax of 10% on dividends and interests paid by PRC corporations, which are listed on the Hong Kong Stock Exchange.

7. DISTRIBUTION

According to the distribution policy as stated in the Fund Specific Prospectus, the Manager does not presently intend to make cash distributions in respect of the Sub-Fund. Income earned by the Sub-Fund is reinvested in the Sub-Fund and reflected in the value of its units.

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8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012 HK\$	2011 HK\$
<u>Financial assets at fair value through profit or loss</u>		
Held for trading		
- listed equity securities	221,399,280	146,400,647
- listed managed funds	11,660,929	12,659,501
- index futures (note 9)	-	602,525
	<u>233,060,209</u>	<u>159,662,673</u>
<u>Financial liabilities at fair value through profit or loss</u>		
Held for trading		
- index futures (note 9)	<u>388,000</u>	<u>-</u>
Net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss:		
- realised	( 1,721,843)	( 2,239,258)
- unrealised	<u>33,052,648</u>	<u>( 17,242,418)</u>
Net gains/(losses)	<u>31,330,805</u>	<u>( 19,481,676)</u>

9. DERIVATIVE FINANCIAL INSTRUMENTS

The Sub-Fund held the following derivative financial instruments as at year end:

Futures

Futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Futures contracts are transacted in standardised amounts on the regulated exchange and are subject to daily margin requirements. The credit risk related to futures contracts is considered minimal because the exchange ensures that these contracts are always honoured. Futures contracts are settled on a net basis. Trading in futures contracts can result in market risk exposure.

	Expiry date	Lots	Fair values		Notional amount HK\$
			Assets HK\$	Liabilities HK\$	
<u>As at 31 December 2012</u>					
Hang Seng Index Futures	30 January 2013	(80)	<u>-</u>	<u>388,000</u>	<u>90,316,000</u>



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9. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	Expiry date	Lots	Fair values		Notional amount HK\$
			Assets HK\$	Liabilities HK\$	
<u>As at 31 December 2011</u>					
Hang Seng Index Futures	28 January 2012	(65)	290,400	-	60,288,650
H-Shares Index Futures	23 January 2012	(40)	<u>312,125</u>	<u>-</u>	<u>20,260,125</u>
			<u>602,525</u>	<u>-</u>	<u>80,548,775</u>

10. FAIR VALUE HIERARCHY

The following shows financial instruments measured at fair value, analysed between those whose fair value is based on:

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

As at 31 December 2012, the Sub-Fund's financial assets at fair value through profit or loss was HK\$233,060,209 (2011: HK\$159,662,673). As at 31 December 2012, the Sub-Fund's financial liabilities at fair value through profit or loss was HK\$388,000 (2011: Nil). All of the financial assets and financial liabilities at fair value through profit or loss were classified as Level 1 fair value measurements.

During the years ended 31 December 2012 and 2011, there were no transfers between Level 1 and Level 2 of fair value measurements, and no transfers into and out of Level 3.

When fair values of listed equity securities as well as publicly traded derivatives at the reporting date are based on quoted market prices or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy.

11. CASH AT BANK

The cash at bank of the Sub-Fund is being held in an interest bearing account with Bank of China (Hong Kong) Limited, an affiliate to the Trustee.

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12. BALANCES WITH BROKERS

	2012 HK\$	2011 HK\$
Amounts due from brokers		
- Cash held by brokers	10,296,097	17,191,168
- Receivables for securities sold but not yet settled	<u>-</u>	<u>4,137,020</u>
	<u>10,296,097</u>	<u>21,328,188</u>
Amount due to a broker		
- Payables for securities purchased but not yet settled	<u>392,619</u>	<u>4,200,118</u>

13. NUMBER OF UNITS IN ISSUE

The following is the issuance/(redemption) of units of the Sub-Fund:

	2012	2011
Units outstanding at the beginning of the year	18,543,664.841	18,572,263.693
Units issued	2,925,822.919	41,592.458
Units redeemed	<u>( 27,924.063)</u>	<u>( 70,191.310)</u>
Units outstanding at the end of the year	<u>21,441,563.697</u>	<u>18,543,664.841</u>

14. CAPITAL

The consideration received or paid for units issued or redeemed respectively is based on the value of the Sub-Fund's net asset value per unit at the date of the transaction. In accordance with the provisions of the Trust Deed, the Sub-Fund's investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for subscriptions and redemptions. According to the requirements of IAS 39, for the purpose of the statement of financial position as at the end of the reporting period, fair value of listed equities and managed funds as well as publicly traded derivatives at the reporting date are based on quoted market prices or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. The difference between the valuation of investment position as prescribed by IAS 39 and the methodology indicated in the Trust Deed results in a difference in the calculation of the Sub-Fund's net asset value of HK\$371,107 as at 31 December 2012 (2011: HK\$204,334) for the purpose of calculating the net asset value per unit for processing subscriptions and redemptions in the Sub-Fund.

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14. CAPITAL (continued)

A reconciliation of the Sub-Fund's net asset value as determined for the purposes of processing subscriptions and redemptions of the redeemable units to the net asset value as reported in the statement of financial position is as follows.

	2012 HK\$	2011 HK\$
Net asset value (calculated at last traded market prices)	249,536,688	189,738,765
Adjustment from last traded market prices to bid-ask market prices	( 371,107)	( 204,334)
Net asset value (calculated at bid-ask market prices and in accordance with IFRSs)	<u>249,165,581</u>	<u>189,534,431</u>

The Sub-Fund's net asset value per unit is calculated by dividing the Sub-Fund's net assets with the total number of outstanding units.

	2012		2011	
	At bid-ask market prices and in accordance with IFRSs HK\$	At last traded market prices HK\$	At bid-ask market prices and in accordance with IFRSs HK\$	At last traded market prices HK\$
Net asset value	<u>249,165,581</u>	<u>249,536,688</u>	<u>189,534,431</u>	<u>189,738,765</u>
	HK\$	HK\$	HK\$	HK\$
Net asset value per unit	<u>11.62</u>	<u>11.64</u>	<u>10.22</u>	<u>10.23</u>

*Capital management*

The Sub-Fund's objectives for managing capital are:

- a) To invest the capital in investments for achieving its investment objectives;
- b) To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in derivatives and other capital markets and by using various investment strategies and hedging techniques; and
- c) To maintain sufficient liquidity to meet the expenses of the Sub-Fund and redemption requests as they arise.

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15. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2012

<u>Financial assets</u>	Held for trading HK\$	Loans and receivables HK\$	Total HK\$
Financial assets at fair value through profit or loss	233,060,209	-	233,060,209
Amounts due from brokers	-	10,296,097	10,296,097
Dividends receivable	-	274,583	274,583
Cash at bank	-	6,961,538	6,961,538
	<u>233,060,209</u>	<u>17,532,218</u>	<u>250,592,427</u>
<u>Financial liabilities</u>	Held for trading HK\$	At amortised cost HK\$	Total HK\$
Financial liabilities at fair value through profit or loss	388,000	-	388,000
Amounts due to a broker	-	392,619	392,619
Management fee payable	-	416,885	416,885
Trustee and registrar fee payable	-	36,477	36,477
Other payables	-	192,865	192,865
	<u>388,000</u>	<u>1,038,846</u>	<u>1,426,846</u>

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15. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2011

<u>Financial assets</u>	Held for trading HK\$	Loans and receivables HK\$	Total HK\$
Financial assets at fair value through profit or loss	159,662,673	-	159,662,673
Amounts due from brokers	-	21,328,188	21,328,188
Dividends receivable	-	186,691	186,691
Cash at bank	-	<u>13,084,867</u>	<u>13,084,867</u>
	<u>159,662,673</u>	<u>34,599,746</u>	<u>194,262,419</u>
 <u>Financial liabilities</u>			At amortised cost HK\$
Amount due to a broker			4,200,118
Management fee payable			316,875
Trustee and registrar fee payable			29,032
Other payables			<u>181,963</u>
			<u>4,727,988</u>

16. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

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

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

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16. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

The performance of the Sub-Fund could be affected by a number of risk factors, including the following:

*Market risk*

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices, interest rates, and foreign exchange rates. The maximum risk resulting from the equity securities equals their fair value. The use of derivatives in the Sub-Fund may also expose the Sub-Fund significantly to the fluctuations in the market.

Market movement may therefore result in substantial fluctuation in the net asset value per unit of the Sub-Fund.

The Sub-Fund assumes market risk in trading activities as follows:

- Equity price risk
- Interest rate risk
- Foreign exchange risk

*Equity price risk*

Equity price risk is the risk of unfavourable changes in the fair values of equities or index futures as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Sub-Fund's investments in equity securities, managed funds and index futures contracts.

The Sub-Fund's equity price risk is managed through diversification of the investment portfolio as well as investing in securities with strong fundamentals. The table below summarises the overall equity investment exposures of the Sub-Fund and the Manager's best estimate of the effect on the Sub-Fund's net asset value per unit at the end of the reporting period due to a reasonable possible movement in equity price/index, with all other variables held constant. However, this does not represent a prediction of the future movement in the net asset value of the Sub-Fund.

	Financial assets/ (liabilities) at fair value through profit or loss HK\$	% of net assets	Beta	% of reasonable possible change in Hang Seng Index	Effect on net asset value HK\$
As at 31 December 2012					
Held for trading					
- Listed equity securities	221,399,280	88.86	0.44	±25	±24,353,921
- Listed managed funds	11,660,929	4.68	0.44	±25	±1,282,702
- Index futures	( 388,000)	(0.16)	0.44	±25	∓42,680
As at 31 December 2011					
Held for trading					
- Listed equity securities	146,400,647	77.24	0.48	±25	±17,568,078
- Listed managed funds	12,659,501	6.68	0.48	±25	±1,519,140
- Index futures	602,525	0.32	0.48	±25	±9,593,550

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16. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Market risk (continued)*

Equity price risk (continued)

For the analysis of Sub-Fund's investment portfolio by geographical distribution at the end of the reporting period, please refer to the statement of movements in portfolio holdings.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. At the end of the reporting period, the Sub-Fund's exposure to the risk of changes in market interest rates relates primarily to the Sub-Fund's margin account with the broker with floating interest rates. Manager considers that the Sub-Fund's exposure to interest rate risk is minimal and therefore no sensitivity analysis is presented.

Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Sub-Fund mainly invests in securities and other investments that are denominated in Hong Kong dollars, the functional currency of the Sub-Fund. Accordingly, the Manager considers that the Sub-Fund is not exposed to significant currency risk and therefore no sensitivity analysis is presented.

*Liquidity risk*

Liquidity risk is defined as the risk that the Sub-Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Sub-Fund could be required to pay its liabilities or redeem its units earlier than expected. The Sub-Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the holder's option based on the Sub-Fund's net asset value per unit at the time of redemption calculated in accordance with the Sub-Fund's Trust Deed.

The Manager monitors the Sub-Fund's liquidity position on a daily basis. The Manager may limit the aggregate number of units relating to the Sub-Fund redeemed on any dealing day to 10% of the total value of the units in issue of the Sub-Fund. In this event, the limitation will apply pro rata so that all unitholders wishing to redeem units on that dealing day will redeem the same proportion by value of those units, and units not redeemed are carried forward for redemption, subject to the same limitation, on the next dealing day.

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16. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Liquidity risk* (continued)

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

	On demand HK\$	Less than 1 month HK\$	Total HK\$
At 31 December 2012			
Financial assets at fair value through profit or loss	233,060,209	-	233,060,209
Amounts due from brokers	-	10,296,097	10,296,097
Dividends receivable	-	274,583	274,583
Cash at bank	6,961,538	-	6,961,538
Total financial assets	<u>240,021,747</u>	<u>10,570,680</u>	<u>250,592,427</u>
Financial liabilities at fair value through profit or loss	388,000	-	388,000
Amount due to a broker	-	392,619	392,619
Management fee payable	-	416,885	416,885
Trustee and registrar fee payable	-	36,477	36,477
Other payables	-	192,865	192,865
Total financial liabilities	<u>388,000</u>	<u>1,038,846</u>	<u>1,426,846</u>
At 31 December 2011			
Financial assets at fair value through profit or loss	159,662,673	-	159,662,673
Amounts due from brokers	-	21,328,188	21,328,188
Dividends receivable	-	186,691	186,691
Cash at bank	13,084,867	-	13,084,867
Total financial assets	<u>172,747,540</u>	<u>21,514,879</u>	<u>194,262,419</u>
Amount due to a broker	-	4,200,118	4,200,118
Management fee payable	-	316,875	316,875
Trustee and registrar fee payable	-	29,032	29,032
Other payables	-	181,963	181,963
Total financial liabilities	<u>-</u>	<u>4,727,988</u>	<u>4,727,988</u>



CSI ALPHA FUND SERIES  
- CSI CHINA-HONG KONG LEADERS FUND

NOTES TO FINANCIAL STATEMENTS

31 December 2012

16. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Credit risk*

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

The Sub-Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within financing relationships, derivatives and other transactions.

It is the Sub-Fund's policy to enter into financial instruments with reputable counterparties.

The Manager closely monitors the creditworthiness of the Sub-Fund's counterparties (e.g. brokers, custodian and banks) by reviewing their credit ratings and financial statements on a regular basis.

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

The Sub-Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits, amounts due from the brokers and assets held with the custodian. The table below summarises the Sub-Fund's assets placed with the bank, the broker and the custodian:

*As at 31 December 2012*

	HK\$	Credit rating	Source of credit rating
<u>Bank</u>			
Bank of China (Hong Kong) Limited	6,961,538	P-1	Moody's
<u>Broker</u>			
UBS AG	10,296,097	P-1	Moody's
<u>Sub-custodian</u>			
Bank of China (Hong Kong) Limited	232,672,209	P-1	Moody's

CSI ALPHA FUND SERIES  
- CSI CHINA-HONG KONG LEADERS FUND

NOTES TO FINANCIAL STATEMENTS

31 December 2012

16. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Credit risk (continued)*

*As at 31 December 2011*

	HK\$	Credit rating	Source of credit rating
<u>Bank</u>			
Bank of China (Hong Kong) Limited	13,084,867	P-1	Moody's
<u>Broker</u>			
UBS AG	17,793,693	P-1	Moody's
<u>Sub-custodian</u>			
Bank of China (Hong Kong) Limited	159,662,673	P-1	Moody's

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

17. TRANSACTIONS WITH MANAGER AND ITS CONNECTED PERSONS

Connected persons are those as defined in the SFC Code and are related parties of the Manager and the Sub-Fund. All transactions entered into during the year between the Sub-Fund and the Manager and its connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, in addition to the transactions detailed in note 5, the Sub-Fund had the following transactions with connected persons during the year:

(a) Holdings in the Sub-Fund

The Sub-Fund allows the Manager, its connected persons and other funds managed by the Manager to subscribe for, and redeem, units in the Sub-Fund.

As at 31 December 2012, 18,366,805.256 (31 December 2011: 18,366,805.256) units were held by CSIAM (CL) Investments Limited, a fellow subsidiary of the Manager. There have been no subscription and redemption by CSIAM (CL) Investments Limited during the years ended 31 December 2012 and 2011.

(b) Investment transactions with connected persons of the Manager

During the year, the Manager did not execute any investment transaction with any connected person of the Manager.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

18. SOFT COMMISSION ARRANGEMENTS

Neither the Manager nor any of its connected persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions to them. The Manager and any of its connected persons may effect transactions by or through the agency of another person with whom the Manager or any of its connected persons have 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: for example, research and advisory services, computer hardware associated with specialised software or research services and performance measures etc., the nature of which is such that their provision can reasonably be expected to benefit the Sub-Fund as a whole and may contribute to an improvement in the Sub-Fund's performance and that of the Manager or any of its connected persons in providing services to the Sub-Fund and for which no direct payment is made but in consideration of which the Manager or any of its connected persons will direct transactions to that party. Such transactions would only be executed on a basis which is consistent with best-execution standards and where the brokerage rates are not in excess of customary institutional full service brokerage rates.

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

Since the inception of the Sub-Fund, the Manager had not participated in any soft dollar arrangements in respect of any transactions for the accounts of the Sub-Fund.

19. EVENTS AFTER THE REPORTING PERIOD

During the period between the end of the reporting period and the date of authorisation of these financial statements, the Sub-Fund had issued 40,032,820.858 units of which CSIAM (CL) Investments Limited had subscribed 38,350,735.072 units increasing its ownership from 85.66% as at 31 December 2012 to 92.26% as at the date of this report.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Trustee and the Manager on 12 April 2013.

CSI ALPHA FUND SERIES  
- CSI CHINA-HONG KONG LEADERS FUND

STATEMENTS OF MOVEMENTS IN PORTFOLIO HOLDINGS

31 December 2012

	1 January 2012	Additions	Disposals	31 December 2012
<i>Listed equity securities – Hong Kong</i>				
AGRICULTURAL BANK OF CHINA LTD-H	-	1,518,000	( 1,518,000)	-
ALUMINUM CORP OF CHINA LTD-H	-	954,000	( 954,000)	-
ANHUI CONCH CEMENT CO LTD-H	-	99,000	( 99,000)	-
ANTA SPORTS PRODUCTS LTD	-	277,000	-	277,000
BANK OF COMMUNICATIONS CO LTD-H	-	745,000	( 745,000)	-
BEIJING ENTERPRISES HLDGS LTD	163,500	276,500	( 246,000)	194,000
BELLE INTL HLDGS LTD	406,000	-	( 406,000)	-
BOC HONG KONG (HLDGS) LTD	-	412,000	-	412,000
BYD CO LTD-H	-	177,000	( 177,000)	-
CAFE DE CORAL HLDGS LTD	130,000	-	( 130,000)	-
CHEUNG KONG (HLDGS) LTD	86,000	-	( 47,000)	39,000
CHEUNG KONG INFRASTRUCTURE HLDGS LTD	-	235,000	-	235,000
CHINA BLUECHEMICAL LTD-H	-	660,000	( 660,000)	-
CHINA COAL ENERGY CO LTD-H	658,000	1,378,000	( 2,036,000)	-
CHINA CONSTRUCTION BANK CORP-H	1,274,000	882,000	( 1,382,000)	774,000
CHINA FOODS LTD	-	142,000	( 142,000)	-
CHINA LIFE INSURANCE CO LTD-H	237,000	609,000	( 420,000)	426,000
CHINA MERCHANTS BANK CO LTD-H	298,000	123,000	( 421,000)	-
CHINA MERCHANTS HLDGS (INTL) CO LTD	82,000	-	( 82,000)	-
CHINA MOBILE LTD	130,000	10,500	( 110,000)	30,500
CHINA NATL BUILDING MATERIAL CO LTD-H	-	672,000	( 672,000)	-
CHINA PACIFIC INSURANCE (GROUP) CO-H	-	414,400	( 141,600)	272,800
CHINA PETROLEUM & CHEMICAL CORP-H	1,482,000	-	( 1,482,000)	-
CHINA RESOURCES LAND LTD	-	560,000	( 560,000)	-
CHINA RESOURCES POWER HLDGS CO	150,000	366,000	( 142,000)	374,000
CHINA SHENHUA ENERGY CO LTD-H	244,000	229,500	( 243,000)	230,500
CHINA SHIPPING CONTAINER LINES CO LTD-H	-	1,769,000	( 1,769,000)	-
CHINA TAIPING INSURANCE HLDGS CO LTD	-	448,600	( 190,000)	258,600
CHINA TELECOM CORP LTD-H	1,172,000	802,000	( 1,288,000)	686,000
CHINA UNICOM (HONG KONG) LTD	-	1,172,000	( 1,172,000)	-
CIMC ENRIC HLDGS LTD	-	954,000	( 954,000)	-
CLP HLDGS LTD	50,000	62,500	( 112,500)	-
CNOOC LTD	-	990,000	( 794,000)	196,000
COSCO PACIFIC LTD	202,000	318,000	( 520,000)	-
DONGJIANG ENVIRONMENTAL CO LTD-H	108,000	-	-	108,000
GIORDANO INTL LTD	-	1,334,000	-	1,334,000
GLORIOUS PROPERTY HLDGS LTD	-	3,488,000	( 3,488,000)	-
GUANGDONG INVESTMENT LTD	406,000	734,000	( 406,000)	734,000
HAITONG SECURITIES CO LTD-H	-	656,800	( 438,800)	218,000
HANG SENG BANK LTD	43,400	-	( 43,000)	-
HENDERSON LAND DEVELOPMENT CO LTD	-	67,000	( 67,000)	-

CSI ALPHA FUND SERIES  
- CSI CHINA-HONG KONG LEADERS FUND

STATEMENTS OF MOVEMENTS IN PORTFOLIO HOLDINGS (continued)

31 December 2012

	1 January 2012	Additions	Disposals	31 December 2012
<i>Listed equity securities – Hong Kong (continued)</i>				
HKT TRUST AND HKT LTD	489,000	792,000	( 588,000)	693,000
HONG KONG EXCHANGES & CLEARING LTD	64,600	80,100	( 98,300)	46,400
HSBC HLDGS PLC	-	232,000	( 79,600)	152,400
HUANENG POWER INTL INC-H	-	1,980,000	( 858,000)	1,122,000
HUTCHISON WHAMPOA LTD	66,000	105,000	-	171,000
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	806,000	1,696,000	( 547,000)	1,955,000
LENOVO GROUP LTD	862,000	1,492,000	( 906,000)	1,448,000
NVC LIGHTING HLDGS LTD	974,000	-	( 974,000)	-
PETROCHINA CO LTD-H	432,000	806,000	( 1,238,000)	-
PICC PROPERTY & CASUALTY CO LTD-H	492,400	-	( 492,400)	-
PING AN INSURANCE GROUP CO OF CHINA LTD-H	-	144,500	( 87,500)	57,000
POLY (HONG KONG) INVESTMENTS LTD	-	958,000	( 958,000)	-
POWER ASSETS HLDGS LTD	83,000	70,000	( 46,000)	107,000
PRADA SPA	-	48,800	( 48,800)	-
SHENZHEN EXPRESSWAY CO LTD-H	1,424,000	-	( 1,424,000)	-
SHOUGANG FUSHAN RESOURCES GROUP LTD	-	3,684,000	( 3,684,000)	-
SINGAMAS CONTAINER HLDGS LTD	-	1,718,000	( 1,718,000)	-
SINOPEC KANTONS HLDGS LTD	-	468,000	-	468,000
SUN HUNG KAI PROPERTIES LTD	-	51,000	( 51,000)	-
TENCENT HLDGS LTD	25,800	27,300	( 9,600)	43,500
TEXWINCA HLDGS LTD	-	1,726,000	( 128,000)	1,598,000
VINDA INTL HLDGS LTD	-	914,000	-	914,000
WEST CHINA CEMENT LTD	-	4,180,000	( 4,180,000)	-
YUEXU PROPERTY CO LTD	-	1,156,000	( 1,156,000)	-
<i>Listed managed funds – Hong Kong</i>				
HANG SENG H-SHARE INDEX ETF	72,800	46,400	( 119,200)	-
HARVEST MSCI CHINA A INDEX ETF	-	700,100	-	700,100
ISHARES FTSE A50 CHINA INDEX ETF	309,800	-	( 309,800)	-
LINK REAL ESTATE INVESTMENT TRUST	78,500	165,000	( 133,000)	110,500
TRACKER FUND OF HONG KONG	-	115,500	( 115,500)	-
<i>Index futures – Hong Kong</i>				
HANG SENG INDEX FUTURES	( 65)	1,007	( 1,022)	( 80)
H-SHARES INDEX FUTURES	( 40)	1,350	( 1,310)	-

CSI ALPHA FUND SERIES  
 - CSI CHINA-HONG KONG LEADERS FUND

PERFORMANCE TABLE

31 December 2012

Net asset value

	Net asset value per unit HK\$	Total net asset value HK\$
As at 31 December 2012	11.62	249,165,581
As at 31 December 2011	10.22	189,534,431
As at 31 December 2010	11.37	211,219,862

Highest issue price and lowest redemption price per unit

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$
Year ended 31 December 2012	11.64	10.00
Year ended 31 December 2011	11.55	10.23
Year ended 31 December 2010	12.21	9.74
Period from 24 July 2009 (date of inception) to 31 December 2009	10.88	9.86

CSI ALPHA FUND SERIES  
- CSI CHINA-HONG KONG LEADERS FUND

INVESTMENT PORTFOLIO

31 December 2012

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

*Listed equity securities  
Hong Kong*

	Holdings	Fair value HK\$	% of NAV
ANTA SPORTS PRODUCTS LTD	277,000	1,891,910	0.76%
BEIJING ENTERPRISES HLDGS LTD	194,000	9,787,300	3.93%
BOC HONG KONG (HLDGS) LTD	412,000	9,908,600	3.98%
CHEUNG KONG (HLDGS) LTD	39,000	4,621,500	1.85%
CHEUNG KONG INFRASTRUCTURE HLGDS LTD	235,000	11,139,000	4.47%
CHINA CONSTRUCTION BANK CORP-H	774,000	4,814,280	1.93%
CHINA LIFE INSURANCE CO LTD-H	426,000	10,799,100	4.33%
CHINA MOBILE LTD	30,500	2,752,625	1.11%
CHINA PACIFIC INSURANCE (GROUP) CO-H	272,800	7,815,720	3.14%
CHINA RESOURCES POWER HLDGS CO	374,000	7,367,800	2.96%
CHINA SHENHUA ENERGY CO LTD-H	230,500	7,802,425	3.13%
CHINA TAIPING INSURANCE HOLDGS CO LTD	258,600	4,060,020	1.63%
CHINA TELECOM CORP LTD-H	686,000	2,949,800	1.18%
CNOOC LTD	196,000	3,288,880	1.32%
DONGJIANG ENVIRONMENTAL CO LTD-H	108,000	3,445,200	1.38%
GIORDANO INTL LTD	1,334,000	9,938,300	3.99%
GUANGDONG INVESTMENT LTD	734,000	4,462,720	1.79%
HAITONG SECURITIES CO LTD-H	218,000	2,877,600	1.16%
HKT TRUST AND HKT LTD	693,000	5,225,220	2.10%
HONG KONG EXCHANGES & CLEARING LTD	46,400	6,115,520	2.46%
HSBC HLDGS PLC	152,400	12,367,260	4.96%
HUANENG POWER INTL INC-H	1,122,000	8,011,080	3.22%
HUTCHISON WHAMPOA LTD	171,000	13,825,350	5.55%
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	1,955,000	10,752,500	4.32%
LENOVO GROUP LTD	1,448,000	10,150,480	4.07%
PING AN INSURANCE GROUP CO OF CHINA LTD-H	57,000	3,696,450	1.48%
POWER ASSETS HLDGS LD	107,000	7,062,000	2.83%
SINOPEC KANTONS HLDGS LTD	468,000	2,368,080	0.95%
TENCENT HLGDS LTD	43,500	10,796,700	4.33%
TEXWINCA HLDGS LTD	1,598,000	11,617,460	4.66%
VINDA INTL HLDGS LTD	914,000	9,688,400	3.89%
		<hr/>	<hr/>
Total listed equity securities, at fair value		221,399,280	88.86%
		<hr/>	<hr/>

CSI ALPHA FUND SERIES  
- CSI CHINA-HONG KONG LEADERS FUND

INVESTMENT PORTFOLIO (continued)

31 December 2012

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

*Listed managed funds  
Hong Kong*

	Holdings	Fair value HK\$	% of NAV
LINK REAL ESTATE INVESTMENT TRUST	110,500	4,281,875	1.72%
HARVEST MSCI CHINA A INDEX ETF	700,100	7,379,054	2.96%
		<hr/>	<hr/>
Total listed managed funds, at fair value		11,660,929	4.68%
		<hr/>	<hr/>

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

*Index futures  
Hong Kong*

	Holdings	Fair value HK\$	% of NAV
HANG SENG INDEX FUTURES JAN13	( 80)	( 388,000)	( 0.16%)
		<hr/>	<hr/>
TOTAL INVESTMENTS, AT FAIR VALUE		232,672,209	93.38%
OTHER NET ASSETS		16,493,372	6.62%
		<hr/>	<hr/>
NET ASSETS		249,165,581	100.00%
		<hr/> <hr/>	<hr/> <hr/>
TOTAL INVESTMENTS, AT COST		200,548,601	
		<hr/> <hr/>	



CSI ALPHA FUND SERIES  
- CSI CHINA-HONG KONG LEADERS FUND

INVESTMENT PORTFOLIO

31 December 2011

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

*Listed equity securities  
Hong Kong*

	Holdings	Fair value HK\$	% of NAV
BEIJING ENTERPRISES HLDGS LTD	163,500	7,610,925	4.02%
BELLE INTL HLDGS LTD	406,000	5,481,000	2.89%
CAFE DE CORAL HLDGS LTD	130,000	2,308,800	1.22%
CHEUNG KONG (HLDGS) LTD	86,000	7,929,200	4.18%
CHINA COAL ENERGY CO LTD-H	658,000	5,500,880	2.90%
CHINA CONSTRUCTION BANK CORP-H	1,274,000	6,879,600	3.63%
CHINA LIFE INSURANCE CO LTD-H	237,000	4,545,660	2.40%
CHINA MERCHANTS BANK CO LTD-H	298,000	4,672,640	2.47%
CHINA MERCHANTS HLDGS (INTL) CO LTD	82,000	1,849,100	0.98%
CHINA MOBILE LTD	130,000	9,860,500	5.19%
CHINA PETROLEUM & CHEMICAL CORP-H	1,482,000	12,107,940	6.38%
CHINA RESOURCES POWER HLDGS CO	150,000	2,235,000	1.18%
CHINA SHENHUA ENERGY CO LTD-H	244,000	8,198,400	4.33%
CHINA TELECOM CORP LTD-H	1,172,000	5,156,800	2.72%
CLP HLDGS LTD	50,000	3,297,500	1.74%
COSCO PACIFIC LTD	202,000	1,830,120	0.97%
DONGJIANG ENVIRONMENTAL CO LTD-H	108,000	2,646,000	1.40%
GUANGDONG INVESTMENT LTD	406,000	1,916,320	1.01%
HANG SENG BANK LTD	43,400	3,992,800	2.11%
HKT TRUST AND HKT LTD	489,000	2,224,950	1.17%
HONG KONG EXCHANGES & CLEARING LTD	64,600	8,055,620	4.25%
HUTCHISON WHAMPOA LTD	66,000	4,299,900	2.27%
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	806,000	3,715,660	1.96%
LENOVO GROUP LTD	862,000	4,456,540	2.35%
NVC LIGHTING HLDGS LTD	974,000	2,853,820	1.51%
PETROCHINA CO LTD-H	432,000	4,177,440	2.20%
PICC PROPERTY & CASUALTY CO LTD-H	492,400	5,160,352	2.72%
POWER ASSETS HLDGS LTD	83,000	4,755,900	2.51%
SHENZHEN EXPRESSWAY CO LTD-H	1,424,000	4,656,480	2.46%
TENCENT HLDGS LTD	25,800	4,024,800	2.12%
		<hr/>	<hr/>
Total listed equity securities, at fair value		146,400,647	77.24%
		<hr/>	<hr/>

CSI ALPHA FUND SERIES  
- CSI CHINA-HONG KONG LEADERS FUND

INVESTMENT PORTFOLIO (continued)

31 December 2011

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

*Listed managed funds*

*Hong Kong*

	Holdings	Fair value HK\$	% of NAV
HANG SENG H-SHARE INDEX ETF	72,800	7,229,040	3.81%
ISHARES FTSE A50 CHINA INDEX ETF	309,800	3,197,136	1.69%
LINK REAL ESTATE INVESTMENT TRUST	78,500	2,233,325	1.18%
		<hr/>	<hr/>
Total listed managed funds, at fair value		12,659,501	6.68%
		<hr/>	<hr/>

*Index futures*

*Hong Kong*

	Holdings	Fair value HK\$	% of NAV
HANG SENG INDEX FUTURES	(65)	290,400	0.16%
H-SHARES INDEX FUTURES	(40)	312,125	0.16%
		<hr/>	<hr/>
Total futures, at fair value		602,525	0.32%
		<hr/>	<hr/>
TOTAL INVESTMENTS, AT FAIR VALUE		159,662,673	84.24%
OTHER NET ASSETS		29,871,758	15.76%
		<hr/>	<hr/>
NET ASSETS		189,534,431	100.00%
		<hr/> <hr/>	<hr/> <hr/>
TOTAL INVESTMENTS, AT COST		160,591,713	
		<hr/> <hr/>	