

**CSI ALPHA FUND SERIES**

**- CSI China – Hong Kong Leaders Fund**

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

**Interim Report**

**For the period from 1 January 2014 to 30 June 2014**

**(Unaudited accounts)**

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

**CONTENTS**

	Pages
ADMINISTRATION AND MANAGEMENT	1
STATEMENT OF COMPREHENSIVE INCOME	2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6
STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS	7
PERFORMANCE TABLE	8
STATEMENT OF INVESTMENT PORTFOLIO	9

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

**ADMINISTRATION AND MANAGEMENT**

**MANAGER**

CITIC Securities International Investment  
Management (HK) Limited  
26/F CITIC Tower,  
1 Tim Mei Avenue,  
Central, Hong Kong

**TRUSTEE AND REGISTRAR**

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

**LEGAL ADVISERS**

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

**AUDITORS**

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

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

**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

**FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014**

	For the period from 1 January 2014 to 30 June 2014 HK\$	For the period from 1 January 2013 to 28 June 2013 HK\$
<b>INCOME</b>		
Dividend income, net of withholding taxes	6,865,100	5,867,780
Interest income	1,673	4,933
Net realized (losses)/gains on financial assets and liabilities at fair value through profit or loss	(214,270)	13,803,154
Net change in unrealized losses on financial assets and liabilities at fair value through profit or loss	(19,266,611)	(33,363,150)
Exchange gain/(loss)	91	(158)
	<u>(12,614,017)</u>	<u>(13,687,441)</u>
<b>EXPENSES</b>		
Management fee	(3,247,076)	(5,685,342)
Trustee and registrar fee	(277,206)	(466,312)
Custodian fee	(45,083)	(69,904)
Auditor's remuneration	(94,219)	(93,180)
License fee	-	(5,868)
Publishing charges	(5,004)	(4,747)
Commission expenses	(605,286)	(575,942)
Handling and transaction fees	(1,014,082)	(1,716,826)
Other general expenses	(38,909)	(28,178)
	<u>(5,326,865)</u>	<u>(8,646,299)</u>
<b>LOSS FOR THE PERIOD</b>	<u><u>(17,940,882)</u></u>	<u><u>(22,333,740)</u></u>

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	30 June 2014 (Unaudited) HK\$	31 Dec 2013 (Audited) HK\$
<b>ASSETS</b>		
Financial assets at fair value through profit or loss	329,060,635	303,475,013
Amount due from a broker	3,816,631	14,958,105
Dividends receivable	2,707,077	455,800
Cash at bank	2,949,085	10,894,345
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>338,533,428</b>	<b>329,783,263</b>
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Amount due to a broker	-	1,207,502
Management fee payable	571,271	577,552
Trustee and registrar fee payable	43,073	50,536
Accrued expenses and other payables	100,051	197,610
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>714,395</b>	<b>2,033,200</b>
	<hr/>	<hr/>
<b>EQUITY</b>		
Units in issue	318,727,525	290,717,673
Retained earnings	19,091,508	37,032,390
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<b>TOTAL EQUITY</b>	<b>337,819,033</b>	<b>327,750,063</b>
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<b>TOTAL LIABILITIES AND EQUITY</b>	<b>338,533,428</b>	<b>329,783,263</b>
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<b>NET ASSET VALUE</b>	<b>337,819,033</b>	<b>327,750,063</b>
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<b>NUMBER OF UNITS IN ISSUE</b>	<b>29,014,549.140</b>	<b>26,662,846.485</b>
	<hr/>	<hr/>
<b>NET ASSET VALUE PER UNIT</b>	<b>11.64</b>	<b>12.29</b>
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CSI ALPHA FUND SERIES  
- CSI CHINA-HONG KONG LEADERS FUND

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014

	Number of units outstanding	Total equity HK\$
At 1 January 2013	21,441,563.697	249,165,581
Issue of units	40,487,366.312	476,519,133
Redemption of units	(34,662,652.110)	(404,000,000)
Total comprehensive loss for the period	<u>-</u>	<u>(21,962,633)</u>
At 28 June 2013	<u>27,266,277.899</u>	<u>299,722,081</u>
At 1 January 2014	26,662,846.485	327,750,063
Issue of units	2,351,702.655	28,009,852
Total comprehensive loss for the period	<u>-</u>	<u>(17,940,882)</u>
At 30 June 2014	<u>29,014,549.140</u>	<u>337,819,033</u>

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

**STATEMENT OF CASH FLOWS (UNAUDITED)**

**FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014**

	<b>For the period from 1 January 2014 to 30 June 2014 HK\$</b>	<b>For the period from 1 January 2013 to 28 June 2013 HK\$</b>
<b>Cash flows from operating activities</b>		
Net operating loss for the period	(17,940,882)	(22,333,740)
Adjustments for:		
Dividend income, net of withholding taxes	(6,865,100)	(5,867,780)
Interest income	(1,673)	(4,933)
Net realized losses/(gains) on financial investments at fair value through profit or loss	214,270	(13,803,154)
Net change in unrealized losses on financial investments at fair value through profit or loss	19,266,611	33,363,150
Proceeds from sales of financial assets at fair value through profit or loss	413,812,159	628,346,493
Payments on purchases of financial assets at fair value through profit or loss and settlement of financial liabilities at fair value through profit or loss	(458,878,662)	(672,923,780)
	<u>(50,393,277)</u>	<u>(53,223,744)</u>
Decrease/(increase) in amount due from brokers	11,141,474	(2,412,170)
(Decrease)/increase in amount due to a broker	(1,207,502)	8,586,003
(Decrease)/increase in accrued expenses and other payables	(97,559)	12,431
Decrease in management fee payable	(6,281)	-
Decrease in trustee fee payable	(7,463)	-
	<u>(40,570,608)</u>	<u>(47,037,480)</u>
Dividend received	4,613,823	5,379,283
Interest received	1,673	4,933
	<u>(35,955,112)</u>	<u>(41,653,264)</u>
<b>Net cash outflow from operating activities</b>		
<b>Cash flows from financing activities</b>		
Proceeds on issue of units	28,009,852	476,519,133
Payments on redemption of units	-	(404,000,000)
<b>Net cash inflow from financing activities</b>	<u>28,009,852</u>	<u>72,519,133</u>
<b>Net (Decrease)/increase in cash at bank</b>	(7,945,260)	30,865,869
<b>Cash at bank at the beginning of the period</b>	<u>10,894,345</u>	<u>6,961,538</u>
<b>Cash at bank at the end of the period</b>	<u><u>2,949,085</u></u>	<u><u>37,827,407</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 30 JUNE 2014**

**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, supplemented by a supplemental trust deed dated 9 April 2010, and further supplemented by a second supplemental trust deed dated 4 January 2012 and a third supplemental trust deed dated 24 April 2014 (the "Trust Deed") entered into between CITIC Securities International Investment Management (HK) Limited (the "Manager") and BOCI-Prudential Trustee Limited (the

The Trust consists of three sub-funds, namely CSI China-Hong Kong Leaders Fund, CSI RMB Income Fund and CSI RMB Short Maturity Bond Fund, as at 30 June 2014.

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 authorized 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").

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 exchange and/or other recognized 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.

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

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

The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2013.



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

**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS**

**30 JUNE 2014**

	<b>31 December 2013</b>	<b>Additions</b>	<b>Disposals</b>	<b>30 June 2014</b>
<i>Listed equity securities - Hong Kong</i>				
AGRICULTURAL BANK OF CHINA LTD-H	-	5,125,000	-	5,125,000
AIA GROUP LTD	336,800	88,200	(43,800)	381,200
AJISEN CHINA HLDGS LTD	-	512,000	(283,000)	229,000
ANHUI CONCH CEMENT CO LTD-H	-	371,500	(371,500)	-
ANTA SPORTS PRODUCTS LTD	1,052,000	427,000	(1,479,000)	-
BBMG CORP-H	-	1,096,000	(1,096,000)	-
BEST PACIFIC INTL HLDGS LTD	-	714,000	-	714,000
BOC HONG KONG (HLDGS) LTD	456,500	-	(456,500)	-
CAFE DE CORAL HLDGS LTD	510,000	66,000	(66,000)	510,000
CHEUNG KONG INFRASTRUCTURE HLDGS LTD	90,000	157,000	(90,000)	157,000
CHINA CONSTRUCTION BANK CORP-H	-	883,000	(883,000)	-
CHINA GALAXY SECURITIES CO LTD-H	-	1,334,500	-	1,334,500
CHINA LILANG LTD	-	1,689,000	-	1,689,000
CHINA MENGNIU DAIRY CO LTD	507,000	-	(344,000)	163,000
CHINA MERCHANTS BANK CO LTD-H	-	1,079,000	-	1,079,000
CHINA MINSHENG BANKING CORP LTD-H	-	607,500	(607,500)	-
CHINA MODERN DAIRY HLDGS LTD	-	2,390,000	-	2,390,000
CHINA OILFIELD SERVICES LTD-H	-	620,000	(370,000)	250,000
CHINA OVERSEAS LAND & INVESTMENT LTD	-	686,000	-	686,000
CHINA PACIFIC INSURANCE (GROUP) CO-H	355,800	570,800	(355,800)	570,800
CHINA PETROLEUM & CHEMICAL CORP-H	-	2,480,000	-	2,480,000
CHINA RESOURCES GAS GROUP LTD	436,000	-	(436,000)	-
CHINA RESOURCES POWER HLDGS CO	566,000	-	(566,000)	-
CHOW TAI FOOK JEWELLERY GROUP LTD	990,000	351,200	(756,800)	584,400
CNOOC LTD	-	658,000	(658,000)	-
CSPC PHARMACEUTICAL GROUP LTD	-	1,288,000	-	1,288,000
CSR CORP LTD-H	-	1,002,000	(1,002,000)	-
DAWNRAYS PHARMACEUTICAL (HLDGS) LTD	-	1,824,000	(568,000)	1,256,000
DONGJIANG ENVIRONMENTAL CO LTD-H	162,000	81,000	-	243,000
GEELY AUTOMOBILE HLDGS LTD	3,000,000	-	(3,000,000)	-
GIORDANO INTL LTD	1,652,000	910,000	(2,562,000)	-
GREAT WALL MOTOR CO LTD-H	-	377,000	(377,000)	-
HAIER ELECTRONICS GROUP CO LTD	-	453,000	(453,000)	-
HAITONG SECURITIES CO LTD-H	-	1,531,200	-	1,531,200
HOSA INTL LTD	378,000	946,000	(1,324,000)	-
HSBC HLDGS PLC	219,200	-	(219,200)	-
HUTCHISON WHAMPOA LTD	182,000	59,000	(100,000)	141,000
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	1,520,000	-	(1,520,000)	-
INTIME RETAIL GROUP CO LTD	611,500	209,500	(821,000)	-
KINGSOFT CORP LTD	-	255,000	(255,000)	-
LI NING CO LTD	1,004,391	-	(1,004,391)	-
LIJUN INTL PHARMACEUTICAL (HLDG) CO LTD	4,080,000	528,000	(4,608,000)	-
LIVZON PHARMACEUTICAL GROUP INC-H	-	275,900	-	275,900
LUEN THAI HLDGS LTD	1,145,000	1,170,000	(565,000)	1,750,000
MELCO INTL DEVELOPMENT LTD	-	450,000	(450,000)	-
MINTH GROUP LTD	-	1,062,000	-	1,062,000
NVC LIGHTING HLDGS LTD	-	4,043,000	(4,043,000)	-
PACIFIC TEXTILES HLDGS LTD	1,469,000	173,000	(1,199,000)	443,000
PCCW LTD	1,978,000	-	(1,978,000)	-
PING AN INSURANCE GROUP CO OF CHINA LTD-H	152,500	187,000	(67,000)	272,500
POLY CULTURE GROUP CORP LTD-H	-	133,000	(133,000)	-
POWER ASSETS HLDGS LTD	67,500	44,500	(112,000)	-
SAMSONITE INTL SA	-	245,400	(245,400)	-
SANDS CHINA LTD	-	233,200	(91,200)	142,000
SHANGHAI FUDAN MICROELECTRONICS GROUP CO LTD-H	-	1,014,000	(1,014,000)	-
SHANGHAI FUDAN-ZHANGJIANG BIO-PHARMACEUTICAL CO LTD-H	-	275,000	(275,000)	-
SHENZHEN INVESTMENT LTD	3,612,000	-	(3,612,000)	-
SHIMAO PROPERTY HLDGS LTD	-	1,090,500	(1,090,500)	-
SITOU GROUP HLDGS LTD	-	1,724,000	-	1,724,000
SMARTONE TELECOMMUNICATIONS	-	957,500	-	957,500
SUNAC CHINA HLDGS LTD	-	2,664,000	(812,000)	1,852,000
TENCENT HLDGS LTD	-	28,300	(28,300)	-
TEXWINCA HLDGS LTD	1,250,000	-	(1,022,000)	228,000
TONG REN TANG TECHNOLOGIES CO LTD-H	492,000	433,000	(201,000)	724,000
TOWNGAS CHINA CO LTD	949,000	549,000	(356,000)	1,142,000
TRINITY LTD	4,568,000	1,426,000	(1,262,000)	4,732,000
UNITED PHOTOVOLTAICS GROUP LTD	-	7,190,000	(7,190,000)	-
ZHUZHOU CSR TIMES ELECTRIC CO LTD-H	-	126,500	(126,500)	-
<i>Not Listed equity securities - Hong Kong</i>				
POWER ASSETS HLDGS LTD-OFFER SHARES (EX 08JAN2014)	-	16,875	(16,875)	-

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

**PERFORMANCE TABLE**

**30 JUNE 2014**

**Net asset value**

	<b>Net asset value per unit HK\$</b>
As at 30 June 2014 (Unaudited)	<u>11.64</u>
As at 31 December 2013 (Audited)	<u>12.29</u>

**Highest issue price and lowest redemption price per unit**

	<b>Highest issue price per unit HK\$</b>
Period from 1 January 2014 to 30 June 2014 (Unaudited)	<u>12.33</u>
Year ended 31 December 2013 (Audited)	<u>12.47</u>

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

**PERFORMANCE TABLE**

**30 JUNE 2014**

**Net asset value**

	<b>Total net asset value HK\$</b>
As at 30 June 2014 (Unaudited)	<u>337,819,033</u>
As at 31 December 2013 (Audited)	<u>327,750,063</u>

**Highest issue price and lowest redemption price per unit**

	<b>Lowest redemption price per unit HK\$</b>
Period from 1 January 2014 to 30 June 2014 (Unaudited)	<u>10.98</u>
Year ended 31 December 2013 (Audited)	<u>10.68</u>

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

**STATEMENT OF INVESTMENT PORTFOLIO (UNAUDITED)**

**AS AT 30 JUNE 2014**

	Nominal value/ holdings	Fair value HK\$	% of NAV
<i>Listed securities</i>			
<i>Hong Kong</i>			
<i>Equities</i>			
HK.0013 HUTCHISON WHAMPOA LTD	141,000	14,946,000	4.42%
HK.0311 LUEN THAI HLDGS LTD	1,750,000	3,727,500	1.10%
HK.0315 SMARTONE TELECOMMUNICATIONS	957,500	9,345,200	2.77%
HK.0321 TEXWINCA HLDGS LTD	228,000	1,751,040	0.52%
HK.0341 CAFE DE CORAL HLDGS LTD	510,000	13,336,500	3.95%
HK.0386 CHINA PETROLEUM & CHEMICAL CORP-H	2,480,000	18,327,200	5.43%
HK.0425 MINTH GROUP LTD	1,062,000	15,993,720	4.73%
HK.0538 AJISEN CHINA HLDGS LTD	229,000	1,378,580	0.41%
HK.0688 CHINA OVERSEAS LAND & INVESTMENT LTD	686,000	12,896,800	3.82%
HK.0891 TRINITY LTD	4,732,000	7,807,800	2.31%
HK.0895 DONGJIANG ENVIRONMENTAL CO LTD-H	243,000	6,099,300	1.81%
HK.1023 SITOY GROUP HLDGS LTD	1,724,000	8,154,520	2.41%
HK.1038 CHEUNG KONG INFRASTRUCTURE HLDGS LTD	157,000	8,391,650	2.48%
HK.1083 TOWNGAS CHINA CO LTD	1,142,000	10,426,460	3.09%
HK.1093 CSPC PHARMACEUTICAL GROUP LTD	1,288,000	7,972,720	2.36%
HK.1117 CHINA MODERN DAIRY HLDGS LTD	2,390,000	7,289,500	2.16%
HK.1234 CHINA LILANG LTD	1,689,000	8,343,660	2.47%
HK.1288 AGRICULTURAL BANK OF CHINA LTD-H	5,125,000	17,527,500	5.19%
HK.1299 AIA GROUP LTD	381,200	14,847,740	4.40%
HK.1382 PACIFIC TEXTILES HLDGS LTD	443,000	4,292,670	1.27%
HK.1513 LIVZON PHARMACEUTICAL GROUP INC-H	275,900	11,863,700	3.51%
HK.1666 TONG REN TANG TECHNOLOGIES CO LTD-H	724,000	8,195,680	2.43%
HK.1918 SUNAC CHINA HLDGS LTD	1,852,000	8,130,280	2.41%
HK.1928 SANDS CHINA LTD	142,000	8,314,100	2.46%
HK.1929 CHOW TAI FOOK JEWELLERY GROUP LTD	584,400	6,919,296	2.05%
HK.2111 BEST PACIFIC INTL HLDGS LTD	714,000	1,642,200	0.49%
HK.2318 PING AN INSURANCE GROUP CO OF CHINA LTD-H	272,500	16,350,000	4.84%
HK.2319 CHINA MENGNIU DAIRY CO LTD	163,000	5,843,550	1.73%
HK.2348 DAWNRAYS PHARMACEUTICAL (HLDGS) LTD	1,256,000	7,096,400	2.10%
HK.2601 CHINA PACIFIC INSURANCE (GROUP) CO-H	570,800	15,611,380	4.62%
HK.2883 CHINA OILFIELD SERVICES LTD-H	250,000	4,660,000	1.38%
HK.3968 CHINA MERCHANTS BANK CO LTD-H	1,079,000	16,487,120	4.88%
HK.6837 HAITONG SECURITIES CO LTD-H	1,531,200	18,405,024	5.45%
HK.6881 CHINA GALAXY SECURITIES CO LTD-H	1,334,500	6,685,845	1.98%
		<u>329,060,635</u>	<u>97.41%</u>
TOTAL INVESTMENTS, AT FAIR VALUE		329,060,635	97.41%
OTHER NET ASSETS		<u>8,758,398</u>	<u>2.59%</u>
TOTAL NET ASSETS		<u><u>337,819,033</u></u>	<u><u>100.00%</u></u>
TOTAL INVESTMENTS, AT COST		<u><u>323,954,802</u></u>	