

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 2016 to 30 June 2016

(Unaudited accounts)

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

CONTENTS

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

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
27th Floor, Jardine House
1 Connaught Place, Central
Hong Kong

AUDITORS

PricewaterhouseCoopers
21/F Edinburgh Tower
15 Queen's Road, Central
Hong Kong

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

	For the period from 1 January 2016 to 30 June 2016 HK\$	For the period from 1 January 2015 to 30 June 2015 HK\$
INCOME		
Dividend income	6,757,567	8,514,136
Interest income	2,782	512
Net realised (losses)/gains on financial assets and liabilities at fair value through profit or loss	-36,039,012	72,212,831
Net change in unrealised gains on financial assets and liabilities at fair value through profit or loss	3,513,292	650,080
Exchange losses	-55,000	-21
	<u>-25,820,371</u>	<u>81,377,538</u>
EXPENSES		
Management fee	-3,621,176	-4,535,485
Trustee and registrar fee	-269,664	-326,858
Custodian fee	-51,592	(65,457)
Auditor's remuneration	-127,571	-98,768
Publishing charges	-7,280	(8,331)
Commission expenses	-442,477	-1,522,830
Handling and transaction fees	-490,809	-1,972,673
Other general expenses	-12,186	-42,830
	<u>-5,022,755</u>	<u>-8,573,232</u>
(LOSS) PROFIT AND TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	<u><u>-30,843,126</u></u>	<u><u>72,804,306</u></u>

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	30 June 2016 (Unaudited) HK\$	31 December 2015 (Audited) HK\$
ASSETS		
Financial assets at fair value through profit or loss	330,706,667	387,988,940
Amounts due from brokers	15,177,842	9,000,000
Dividends receivable	3,452,603	348,800
Cash at bank	24,600,860	11,879,002
	<u>373,937,972</u>	<u>409,216,742</u>
LIABILITIES		
Management fee payable	602,761	698,041
Trustee and registrar fee payable	44,845	51,059
Other payables	109,011	203,460
	<u>756,617</u>	<u>952,560</u>
EQUITY		
Units in issue	382,265,706	386,505,407
(Accumulated Loss) / Retained earnings	(9,084,351)	21,758,775
	<u>373,181,355</u>	<u>408,264,182</u>
TOTAL LIABILITIES AND EQUITY	<u>373,937,972</u>	<u>409,216,742</u>
NET ASSET VALUE	<u>373,181,355</u>	<u>408,264,182</u>
NUMBER OF UNITS IN ISSUE	<u>33,613,119.196</u>	<u>33,998,196.475</u>
NET ASSET VALUE PER UNIT	<u>11.10</u>	<u>12.01</u>

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

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

	Number of units outstanding	HK\$
At 1 January 2015	31,113,074.577	403,905,436
Issue of units	2,049,700.557	30,137,334
Redemption of units	(889,025.067)	(11,719,189)
Total comprehensive income for the period	-	72,804,306
	<u>32,273,750.067</u>	<u>495,127,887</u>
At 30 June 2015		
At 1 January 2016	33,998,196.475	408,264,182
Redemption of units	(385,077.279)	(4,239,701)
Total comprehensive loss for the period	-	(30,843,126)
	<u>33,613,119.196</u>	<u>373,181,355</u>
At 30 June 2016		

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

STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

	For the period from 1 January 2016 to 30 June 2016 HK\$	For the period from 1 January 2015 to 30 June 2015 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(30,843,126)	72,804,306
Adjustments for:		
Dividend income	(6,757,567)	(8,514,136)
Interest income	(2,782)	(512)
	<u>(37,603,475)</u>	<u>64,289,658</u>
Decrease / (Increase) in financial assets at fair value through profit or loss	57,282,273	(84,685,847)
(Increase) / Decrease in amounts due from brokers	(6,177,842)	38,226,822
Decrease in an amount due to a broker	-	(34,566,863)
(Decrease) / Increase in management fee payable	(95,280)	195,789
(Decrease) / Increase in trustee and registrar fee payable	(6,214)	11,997
Decrease in other payables	(94,449)	(112,780)
Net cash generated from / (used in) operations	13,305,013	(16,641,224)
Dividend received	3,653,764	2,714,586
Interest received	2,782	512
	<u>16,961,559</u>	<u>(13,926,126)</u>
Net cash flows generated from / (used in) operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in subscription receivable	-	(2,000,000)
Proceeds on issue of units	-	30,137,334
Payments on redemption of units	(4,239,701)	(11,719,189)
	<u>(4,239,701)</u>	<u>16,418,145</u>
Net cash flows (used in) / generated from financing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,721,858	2,492,019
Cash and cash equivalents at beginning of the period	11,879,002	4,755,378
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	24,600,860	7,247,397
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank	24,600,860	7,247,397

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

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, supplemented by a second supplemental trust deed dated 4 January 2012, and supplemented by a third supplemental trust deed dated 24 April 2014 and supplemented by a fourth supplemental trust deed dated 19 December 2014 (the "Trust Deed") entered into between CITIC Securities International Investment Management (HK) Limited (the "Manager") and BOCI-Prudential Trustee Limited (the "Trustee").

The Trust consists of four sub-funds, namely CSI China-Hong Kong Leaders Fund, CSI RMB Income Fund, CSI RMB Money Market Fund and CSI RMB China A-Shares Diversification Fund as at 30 June 2016.

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").

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 2015.

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

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

	1 January 2016	Additions	Disposals	30 June 2016
<i>Listed equity securities - Hong Kong</i>				
ANGANG STEEL CO LTD-H	-	3,036,000	(3,036,000)	-
ANHUI CONCH CEMENT CO LTD-H	-	695,000	(204,000)	491,000
BANK OF CHINA LTD-H	3,751,000	-	(1,155,000)	2,596,000
BEIJING ENTERPRISES WATER GROUP LTD	2,486,000	316,000	(198,000)	2,604,000
BRIILLIANCE CHINA AUTOMOTIVE HLDGS LTD	-	1,212,000	-	1,212,000
BYD CO LTD-H	254,500	86,000	(97,500)	243,000
CGN POWER CO LTD-H	2,138,000	-	(2,138,000)	-
CHEUNG KONG INFRASTRUCTURE HLDGS LTD	39,000	-	(39,000)	-
CHINA COAL ENERGY CO LTD-H	-	2,136,000	-	2,136,000
CHINA COMMUNICATIONS CONSTRUCTION CO LTD-H	1,342,000	258,000	(1,600,000)	-
CHINA CONSTRUCTION BANK CORP-H	3,008,000	-	-	3,008,000
CHINA EASTERN AIRLINES CORP LTD-H	2,762,000	496,000	(1,748,000)	1,510,000
CHINA MENGNIU DAIRY CO LTD	-	571,000	(140,000)	431,000
CHINA MERCHANTS BANK CO LTD-H	442,000	233,000	(442,000)	233,000
CHINA OVERSEAS LAND & INVESTMENT LTD	624,000	140,000	(374,000)	390,000
CHINA PACIFIC INSURANCE (GROUP) CO-H	552,000	46,600	(68,400)	530,200
CHINA RAILWAY CONSTRUCTION CORP LTD-H	-	753,500	(753,500)	-
CHINA RESOURCES LAND LTD	796,444	-	(396,000)	400,444
CHINA SHENHUA ENERGY CO LTD-H	-	1,497,000	(746,000)	751,000
CHINA STATE CONSTRUCTION INTL HLDGS LTD	1,298,000	488,000	(324,000)	1,462,000
CK HUTCHISON HLDGS LTD	-	69,000	-	69,000
CNOOC LTD	704,000	1,286,000	(412,000)	1,578,000
DIGITAL CHINA HLDGS LTD	-	433,000	(433,000)	-
DONGJIANG ENVIRONMENTAL CO LTD-H	994,600	-	-	994,600
GALAXY ENTERTAINMENT GROUP LTD	-	423,000	(240,000)	183,000
GF SECURITIES CO LTD-H	503,400	-	(503,400)	-
HAIER ELECTRONICS GROUP CO LTD	364,000	-	(364,000)	-
HAITONG SECURITIES CO LTD-H	968,400	-	(968,400)	-
HARMONICARE MEDICAL HLDGS LTD	787,000	-	(787,000)	-
HKT TRUST AND HKT LTD	-	655,000	-	655,000
HUA HONG SEMICONDUCTOR LTD	285,000	-	(285,000)	-
HUADIAN FUXIN ENERGY CORP LTD-H	1,934,000	-	-	1,934,000
INTL HOUSEWARES RETAIL CO LTD	2,823,000	-	-	2,823,000
LINK REAL ESTATE INVESTMENT TRUST	-	70,500	-	70,500
LUEN THAI HLDGS LTD	2,809,000	-	-	2,809,000
MGM CHINA HLDGS LTD	792,800	198,000	(326,800)	664,000
MINIH GROUP LTD	546,000	120,000	(156,000)	510,000
ORIENT OVERSEAS INTL LTD	-	250,500	(68,000)	182,500
PACIFIC TEXTILES HLDGS LTD	872,000	229,000	(341,000)	760,000
PETROCHINA CO LTD-H	-	812,000	(812,000)	-
PING AN INSURANCE GROUP CO OF CHINA LTD-H	465,000	-	(176,500)	288,500
SHANGHAI FUDAN MICROELECTRONICS GROUP CO LTD-H	1,136,000	-	(1,136,000)	-
SHANGHAI JIN JIANG INTL HOTELS (GROUP) CO LTD-H	2,506,000	648,000	(3,154,000)	-
SHENZHEN INTL HLDGS LTD	851,500	-	(851,500)	-
SHENZHEN INVESTMENT LTD	2,548,000	-	(2,548,000)	-
SINOPHARM GROUP CO LTD-H	263,600	-	(263,600)	-
SINOTRANS LTD-H	2,004,000	564,000	(559,000)	2,009,000
TECHNOVATOR INTL LTD	1,490,000	-	(1,490,000)	-
TENCENT HLDGS LTD	155,300	44,300	-	199,600
WASION GROUP HLDGS LTD	1,340,000	-	(1,340,000)	-
WEICHAI POWER CO LTD-H	-	791,000	-	791,000
ZHUZHOU CRRC TIMES ELECTRIC CO LTD-H	199,500	63,000	-	262,500
ZTE CORP-H	498,600	-	(498,600)	-
<i>Listed equity securities - USA</i>				
58.COM INC-ADR	-	21,600	-	21,600
ALIBABA GROUP HLDG LTD-SPONSORED ADS	-	11,463	-	11,463
JD.COM INC-ADR	-	34,200	-	34,200
QUNAR CAYMAN ISLANDS LTD-SPONSORED ADR	-	4,635	(4,635)	-
WEIBO CORP-SPONSORED ADR	-	16,900	-	16,900

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

PERFORMANCE TABLE

30 JUNE 2016

Net Asset Value

	Net asset value per unit HK\$	Total net asset value HK\$
As at 30 June 2016 (Unaudited)	11.10	373,181,355
As at 31 December 2015 (Audited)	12.01	408,264,182

Highest issue price and lowest redemption price per unit

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$
Period from 1 January 2016 to 30 June 2016 (Unaudited)	11.68	9.62
Year ended 31 December 2015 (Audited)	17.08	10.88

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

INVESTMENT PORTFOLIO (UNAUDITED)

30 JUNE 2016

	Nominal value/ holdings	Fair value HK\$	% of NAV
Listed securities			
Hong Kong			
Equities			
ANHUI CONCH CEMENT CO LTD-H	491,000	9,142,420	2.45%
BANK OF CHINA LTD-H	2,596,000	8,021,640	2.15%
BEIJING ENTERPRISES WATER GROUP LTD	2,604,000	12,134,640	3.25%
BRILLIANCE CHINA AUTOMOTIVE HLDGS LTD	1,212,000	9,647,520	2.59%
BYD CO LTD-H	243,000	11,287,350	3.02%
CHINA COAL ENERGY CO LTD-H	2,136,000	8,608,080	2.31%
CHINA CONSTRUCTION BANK CORP-H	3,008,000	15,400,960	4.13%
CHINA EASTERN AIRLINES CORP LTD-H	1,510,000	5,828,600	1.56%
CHINA MENGNIU DAIRY CO LTD	431,000	5,809,880	1.56%
CHINA MERCHANTS BANK CO LTD-H	233,000	4,040,220	1.08%
CHINA OVERSEAS LAND & INVESTMENT LTD	390,000	9,555,000	2.56%
CHINA PACIFIC INSURANCE (GROUP) CO-H	530,200	13,838,220	3.71%
CHINA RESOURCES LAND LTD	400,444	7,248,036	1.94%
CHINA SHENHUA ENERGY CO LTD-H	751,000	10,709,260	2.87%
CHINA STATE CONSTRUCTION INTL HLDGS LTD	1,462,000	14,941,640	4.00%
CK HUTCHISON HLDGS LTD	69,000	5,833,950	1.56%
CNOOC LTD	1,578,000	15,180,360	4.07%
DONGJIANG ENVIRONMENTAL CO LTD-H	994,600	13,208,288	3.54%
GALAXY ENTERTAINMENT GROUP LTD	183,000	4,209,000	1.13%
HKT TRUST AND HKT LTD	655,000	7,322,900	1.96%
HUADIAN FUXIN ENERGY CORP LTD-H	1,934,000	3,287,800	0.88%
INTL HOUSEWARES RETAIL CO LTD	2,823,000	3,472,290	0.93%
LINK REAL ESTATE INVESTMENT TRUST	70,500	3,722,400	1.00%
LUEN THAI HLDGS LTD	2,809,000	3,146,080	0.84%
MGM CHINA HLDGS LTD	664,000	6,679,840	1.79%
MINTH GROUP LTD	510,000	12,775,500	3.42%
ORIENT OVERSEAS INTL LTD	182,500	4,808,875	1.29%
PACIFIC TEXTILES HLDGS LTD	760,000	7,364,400	1.97%
PING AN INSURANCE GROUP CO OF CHINA LTD-H	288,500	9,852,275	2.64%
SINOTRANS LTD-H	2,009,000	6,890,870	1.85%
TENCENT HLDGS LTD	199,600	35,149,561	9.42%
WEICHAI POWER CO LTD-H	791,000	6,280,540	1.68%
ZHUZHOU CRRC TIMES ELECTRIC CO LTD-H	262,500	11,182,500	3.00%
		306,580,895	82.15%
Listed securities			
USA			
Equities			
58.COM INC-ADR	21,600	7,691,700	2.06%
ALIBABA GROUP HLDG LTD-SPONSORED	11,463	7,074,240	1.90%
JD.COM INC-ADR	34,200	5,634,127	1.51%
WEIBO CORP-SPONSORED ADR	16,900	3,725,705	1.00%
		24,125,772	6.47%
TOTAL INVESTMENTS, AT FAIR VALUE		330,706,667	88.62%
OTHER NET ASSETS		42,474,688	11.38%
TOTAL NET ASSETS		373,181,355	100.00%
TOTAL INVESTMENTS, AT COST		349,000,058	