

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 2013 to 28 June 2013

(Unaudited accounts)

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

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**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

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 2013 TO 28 JUNE 2013

	For the period from 1 January 2013 to 28 June 2013 HK\$	For the period from 1 January 2012 to 29 June 2012 HK\$
INCOME		
Dividend income, net of withholding taxes	5,867,780	3,364,861
Interest income	4,933	1,766
Net realized gains/(losses) on financial assets and liabilities at fair value through profit or loss	13,803,154	(1,223,929)
Net change in unrealized (losses)/gains on financial assets and liabilities at fair value through profit or loss	(33,363,150)	1,961,937
Exchange (loss)/gain	(158)	695
	<u>(13,687,441)</u>	<u>4,105,330</u>
EXPENSES		
Management fee	5,685,342	2,231,956
Trustee and registrar fee	466,312	195,345
Custodian fee	69,904	27,901
Auditor's remuneration	93,180	100,276
Legal and professional fee	-	151,248
License fee	5,868	5,969
Publishing charges	4,747	5,185
Commission expenses	575,942	158,044
Handling and transaction fees	1,716,826	643,643
Other general expenses	28,178	11,367
	<u>8,646,299</u>	<u>3,530,934</u>
(LOSS)/PROFIT FOR THE PERIOD	<u><u>(22,333,740)</u></u>	<u><u>574,396</u></u>

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

STATEMENT OF FINANCIAL POSITION

AS AT 28 JUNE 2013

	(Unaudited) 28 June 2013 HK\$	(Audited) 31 December 2012 HK\$
ASSETS		
Financial assets at fair value through profit or loss	258,744,407	233,060,209
Amount due from a broker	12,708,267	10,296,097
Dividends receivable	763,080	274,583
Cash at bank	37,827,407	6,961,538
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TOTAL ASSETS	310,043,161	250,592,427
	<hr/>	<hr/>
LIABILITIES		
Financial liabilities at fair value through profit or loss	683,800	388,000
Amount due to a broker	8,978,622	392,619
Management fee payable	464,138	416,885
Trustee and registrar fee payable	40,612	36,477
Accrued expenses and other payables	153,908	192,865
	<hr/>	<hr/>
TOTAL LIABILITIES	10,321,080	1,426,846
	<hr/>	<hr/>
EQUITY		
Units in issue	298,029,511	225,510,378
Retained earnings	1,692,570	23,655,203
	<hr/>	<hr/>
TOTAL EQUITY	299,722,081	249,165,581
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TOTAL LIABILITIES AND EQUITY	310,043,161	250,592,427
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NET ASSET VALUE	299,722,081	249,165,581
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NUMBER OF UNITS IN ISSUE	27,266,277.899	21,441,563.697
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NET ASSET VALUE PER UNIT	10.99	11.62
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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 2013 TO 28 JUNE 2013

	Note	Number of units outstanding	Total equity HK\$
At 1 January 2012		18,543,664.841	189,534,431
Issue of units		2,925,822.919	30,019,608
Redemption of units		(17,545.236)	(187,008)
Total comprehensive income for the period		-	574,396
		<u>21,451,942.524</u>	<u>219,941,427</u>
At 29 June 2012			
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 income for the period	3	-	(21,962,633)
		<u>27,266,277.899</u>	<u>299,722,081</u>
At 28 June 2013			

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

STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2013 TO 28 JUNE 2013

	For the period from 1 January 2013 to 28 June 2013 HK\$	For the period from 1 January 2012 to 29 June 2012 HK\$
Cash flows from operating activities		
Net operating (loss)/income for the period	(22,333,740)	574,396
Adjustments for:		
Dividend income, net of withholding taxes	(5,867,780)	(3,364,861)
Interest income	(4,933)	(1,766)
Net realized (gains)/losses on financial investments at fair value through profit or loss	(13,803,154)	1,223,929
Net change in unrealized losses/(gains) on financial investments at fair value through profit or loss	33,363,150	(1,961,937)
Proceeds from sales of financial assets at fair value through profit or loss	628,346,493	205,553,576
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	(672,923,780)	(215,100,753)
	<u>(53,223,744)</u>	<u>(13,077,416)</u>
Increase in amount due from a broker	(2,412,170)	(1,454,839)
Increase/(decrease) in amount due to a broker	8,586,003	(4,200,118)
Increase/(decrease) in accrued expenses and other payables	12,431	(40,645)
Net cash used in operations	<u>(47,037,480)</u>	<u>(18,773,018)</u>
Dividend received	5,379,283	1,635,929
Interest received	<u>4,933</u>	<u>1,766</u>
Net cash outflow from operating activities	<u>(41,653,264)</u>	<u>(17,135,323)</u>
Cash flows from financing activities		
Proceeds on issue of units	476,519,133	30,019,608
Payments on redemption of units	<u>(404,000,000)</u>	<u>(187,008)</u>
Net cash inflow from financing activities	<u>72,519,133</u>	<u>29,832,600</u>
Net increase in cash at bank	30,865,869	12,697,277
Cash at bank at the beginning of the period	<u>6,961,538</u>	<u>13,084,867</u>
Cash at bank at the end of the period	<u><u>37,827,407</u></u>	<u><u>25,782,144</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

AS AT 28 JUNE 2013

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 (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 two sub-funds, namely CSI China-Hong Kong Leaders Fund and CSI RMB Income Fund, as at 28 June 2013.

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 statement for the year ended 31 December 2012.

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

NOTES TO THE FINANCIAL STATEMENTS

AS AT 28 June 2013

3. 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. Prior to 31 December 2012, for the purposes of the statement of financial position as at 31 December 2012 according to the requirements of IAS 39, the quoted market price used for financial assets held by the Sub-Fund is the closing bid price, and the appropriate quoted market price for financial liabilities is the closing ask price. The Sub-Fund adopted IFRS 13 'Fair Value Measurement' from 1 January 2013 and changed its fair valuation input to utilize the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value. This change eliminated the difference between the Trust Deed and IFRS measurement of financial instruments as at 28 June 2013. However, there was a difference of HK\$371,107 as at 31 December 2012. The difference is eliminated in 2013 and is presented in the statement of comprehensive income.

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:-

	28 June 2013 (Unaudited) HK\$	31 December 2012 (Audited) HK\$
Net asset value at trading value	299,722,081	249,536,688
Adjustment for difference in valuation inputs	-	(371,107)
	299,722,081	249,165,581
	28 June 2013 (Unaudited) At last traded market prices HK\$	31 December 2012 (Audited) At bid-ask market prices HK\$
	At last traded market prices HK\$	At last traded market prices HK\$
Net asset value	299,722,081	249,165,581
Net asset value per unit	10.99	11.62
	11.64	11.64

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

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

28 JUNE 2013

	1 January 2013	Additions	Disposals	28 June 2013
<i>Listed equity securities - Hong Kong</i>				
AIA GROUP LTD	-	827,200	(279,600)	547,600
ANTA SPORTS PRODUCTS LTD	277,000	819,000	-	1,096,000
BEIJING ENTERPRISES HLDGS LTD	194,000	258,500	(302,000)	150,500
BEIJING JINGNENG CLEAN ENERGY CO LTD-H	-	4,298,000	(1,990,000)	2,308,000
BOC HONG KONG (HLDGS) LTD	412,000	638,500	(594,000)	456,500
CHEUNG KONG (HLDGS) LTD	39,000	149,000	(188,000)	-
CHEUNG KONG INFRASTRUCTURE HLDGS LTD	235,000	553,000	(641,000)	147,000
CHINA CONSTRUCTION BANK CORP-H	774,000	4,177,000	(4,951,000)	-
CHINA LIFE INSURANCE CO LTD-H	426,000	755,000	(809,000)	372,000
CHINA MENGNIU DAIRY CO LTD	-	1,060,000	(947,000)	113,000
CHINA MOBILE LTD	30,500	115,000	(145,500)	-
CHINA PACIFIC INSURANCE (GROUP) CO-H	272,800	571,600	(495,400)	349,000
CHINA RESOURCES LAND LTD	-	522,000	-	522,000
CHINA RESOURCES POWER HLDGS CO	374,000	596,000	(360,000)	610,000
CHINA SHENHUA ENERGY CO LTD-H	230,500	382,000	(612,500)	-
CHINA TAIPING INSURANCE HLDGS CO LTD	258,600	-	(258,600)	-
CHINA TELECOM CORP LTD-H	686,000	2,344,000	(3,030,000)	-
CHOW TAI FOOK JEWELLERY GROUP LTD	-	1,121,400	-	1,121,400
CLP HLDGS LTD	-	156,000	(156,000)	-
CNOOC LTD	196,000	1,094,000	(1,290,000)	-
DONGJIANG ENVIRONMENTAL CO LTD-H	108,000	54,000	-	162,000
GIORDANO INTL LTD	1,334,000	922,000	(1,256,000)	1,000,000
GUANGDONG INVESTMENT LTD	734,000	-	(734,000)	-
HAITONG SECURITIES CO LTD-H	218,000	-	(218,000)	-
HKT TRUST AND HKT LTD	693,000	1,441,000	(2,134,000)	-
HONG KONG EXCHANGES & CLEARING LTD	46,400	108,800	(155,200)	-
HSBC HLDGS PLC	152,400	162,800	(96,000)	219,200
HUABAO INTL HLDGS LTD	-	3,991,000	(3,991,000)	-
HUANENG POWER INTL INC-H	1,122,000	-	(1,122,000)	-
HUTCHISON WHAMPOA LTD	171,000	371,000	(311,000)	231,000
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	1,955,000	3,901,000	(5,856,000)	-
LENOVO GROUP LTD	1,448,000	932,000	(2,380,000)	-
LI & FUNG LTD	-	844,000	-	844,000
LI NING CO LTD	-	1,037,891	-	1,037,891
LI NING CO LTD- OFFER OF CONVERTIBLE SECURITIES (EX 15MAR2013)	-	315,750	(315,750)	-
LI NING CO LTD- OFFER SECURITIES (EX 15MAR2013)	-	406,391	(406,391)	-
MINTH GROUP LTD	-	960,000	(960,000)	-
PACIFIC TEXTILES HLDGS LTD	-	1,562,000	(758,000)	804,000
PING AN INSURANCE GROUP CO OF CHINA LTD-H	57,000	-	(57,000)	-
POWER ASSETS HLDGS LTD	107,000	179,500	(219,000)	67,500
SHENZHEN INVESTMENT LTD	-	3,862,000	(3,862,000)	-
SHENZHOU INTL GROUP HLDGS LTD	-	365,000	-	365,000
SHIMAO PROPERTY HLDGS LTD	-	608,500	-	608,500
SHOUGANG FUSHAN RESOURCES GROUP LTD	-	4,354,000	(4,354,000)	-
SINGAMAS CONTAINER HLDGS LTD	-	4,512,000	(4,512,000)	-
SINOPEC KANTONS HLDGS LTD	468,000	1,000,000	(194,000)	1,274,000
SKYWORTH DIGITAL HLDGS LTD	-	1,890,000	-	1,890,000
SUN HUNG KAI PROPERTIES LTD	-	105,000	(105,000)	-
TENCENT HLDGS LTD	43,500	94,200	(76,000)	61,700
TEXWINCA HLDGS LTD	1,598,000	974,000	(836,000)	1,736,000
TINGYI (CAYMAN ISLANDS) HLDG CORP	-	498,000	(498,000)	-
TRINITY LTD	-	3,642,000	(784,000)	2,858,000
VINDA INTL HLDGS LTD	914,000	2,802,000	(3,204,000)	512,000
ZHENGZHOU COAL MINING MACHINERY GROUP CO LTD-H	-	361,800	(361,800)	-
<i>Listed managed funds - Hong Kong</i>				
CHINAAMC CSI 300 INDEX ETF	-	282,200	(282,200)	-
HARVEST MSCI CHINA A INDEX ETF	700,100	-	(700,100)	-
LINK REAL ESTATE INVESTMENT TRUST	110,500	323,000	(433,500)	-
<i>Index futures - Hong Kong</i>				
HANG SENG CHINA ENTERPRISES INDEX FUTURE	-	1,258	(1,258)	-
HANG SENG INDEX FUTURES	(80)	1,120	(1,070)	(30)

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

PERFORMANCE TABLE

28 JUNE 2013

Net asset value

	Net asset value per unit HK\$	Total net asset value HK\$
As at 28 June 2013 (Unaudited)	<u>10.99</u>	<u>299,722,081</u>
As at 31 December 2012 (Audited)	<u>11.62</u>	<u>249,165,581</u>

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 2013 to 28 June 2013 (Unaudited)	<u>12.00</u>	<u>10.68</u>
Year ended 31 December 2012 (Audited)	<u>11.64</u>	<u>10.00</u>

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

STATEMENT OF INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 28 JUNE 2013

	Nominal value/ holdings	Fair value HK\$	% of NAV
Listed securities			
Hong Kong			
Equities			
HK.0005 HSBC HLDGS PLC	219,200	17,810,000	5.94%
HK.0006 POWER ASSETS HLDGS LTD	67,500	4,515,750	1.51%
HK.0013 HUTCHISON WHAMPOA LTD	231,000	18,838,050	6.29%
HK.0321 TEXWINCA HLDGS LTD	1,736,000	12,499,200	4.17%
HK.0392 BEIJING ENTERPRISES HLDGS LTD	150,500	8,405,425	2.80%
HK.0494 LI & FUNG LTD	844,000	8,997,040	3.00%
HK.0579 BEIJING JINGNENG CLEAN ENERGY CO LTD-H	2,308,000	6,762,440	2.26%
HK.0700 TENCENT HLDGS LTD	61,700	18,769,140	6.26%
HK.0709 GIORDANO INTL LTD	1,000,000	6,770,000	2.26%
HK.0751 SKYWORTH DIGITAL HLDGS LTD	1,890,000	7,408,800	2.47%
HK.0813 SHIMAO PROPERTY HLDGS LTD	608,500	9,370,900	3.13%
HK.0836 CHINA RESOURCES POWER HLDGS CO	610,000	11,272,800	3.76%
HK.0891 TRINITY LTD	2,858,000	7,659,440	2.56%
HK.0895 DONGJIANG ENVIRONMENTAL CO LTD-H	162,000	4,536,000	1.51%
HK.0934 SINOPEC KANTONS HLDGS LTD	1,274,000	9,211,020	3.07%
HK.1038 CHEUNG KONG INFRASTRUCTURE HLDGS LTD	147,000	7,599,900	2.54%
HK.1109 CHINA RESOURCES LAND LTD	522,000	11,066,400	3.69%
HK.1299 AIA GROUP LTD	547,600	17,988,660	6.00%
HK.1382 PACIFIC TEXTILES HLDGS LTD	804,000	6,994,800	2.33%
HK.1929 CHOW TAI FOOK JEWELLERY GROUP LTD	1,121,400	9,083,340	3.03%
HK.2020 ANTA SPORTS PRODUCTS LTD	1,096,000	7,452,800	2.49%
HK.2313 SHENZHOU INTL GROUP HLDGS LTD	365,000	8,139,500	2.72%
HK.2319 CHINA MENGNIU DAIRY CO LTD	113,000	3,135,750	1.05%
HK.2331 LI NING CO LTD	1,037,891	4,027,017	1.34%
HK.2388 BOC HONG KONG (HLDGS) LTD	456,500	10,887,525	3.63%
HK.2601 CHINA PACIFIC INSURANCE (GROUP) CO-H	349,000	8,637,750	2.88%
HK.2628 CHINA LIFE INSURANCE CO LTD-H	372,000	6,844,800	2.28%
HK.3331 VINDA INTL HLDGS LTD	512,000	4,060,160	1.35%
		<u>258,744,407</u>	<u>86.33%</u>
Index Futures			
HSI FUTURE 1307 HANG SENG INDEX FUTURE JUL2013			
Tick Val: 50.00, Exp: 30/07/2013	(30)	(683,800)	(0.23%)
TOTAL INVESTMENTS, AT FAIR VALUE		258,060,607	86.10%
OTHER NET ASSETS		<u>41,661,474</u>	<u>13.90%</u>
TOTAL NET ASSETS		<u>299,722,081</u>	<u>100.00%</u>
TOTAL INVESTMENTS, AT COST		<u>258,929,042</u>	