

CSI ALPHA FUND SERIES

- CSI RMB CHINA A-SHARES DIVERSIFICATION 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 RMB CHINA A-SHARES DIVERSIFICATION FUND

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**CSI ALPHA FUND SERIES
- CSI RMB CHINA A-SHARES DIVERSIFICATION 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

Deacons
5/F, Alexandra House
18 Chater Road, Central
Hong Kong

AUDITORS

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

CUSTODIAN

Bank of China (Hong Kong) Limited
14/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

RQFII LOCAL CUSTODIAN

Bank of China Limited
No. 1 Fuxingmen Nei Dajie
Beijing, 100818
China

CSI ALPHA FUND SERIES
- CSI RMB CHINA A-SHARES DIVERSIFICATION 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 RMB	For the period from 23 March 2015 (Date of Inception) to 30 June 2015 RMB
INCOME		
Interest income	2,708	2,025
Dividend income	96,774	48,188
Net realised (losses) / gains on financial assets at fair value through profit or loss	(2,971,178)	1,795,103
Net unrealised gains on financial assets at fair value through profit or loss	1,004,992	680,472
	<u>(1,866,704)</u>	<u>2,525,788</u>
EXPENSES		
Management fee	(82,427)	(61,370)
Trustee and registrar fee	(96,000)	(65,161)
Custodian fee	(57,621)	(12,938)
Preliminary expenses	-	(97,950)
Auditors' remuneration	(98,460)	(69,965)
Commission expenses	(75,323)	(29,827)
Handling and transaction fees	(65,735)	(23,099)
Publishing charges	(6,199)	(3,337)
Legal & professional fee	-	(22,611)
Other general expenses	(5,234)	(1,003)
	<u>(486,999)</u>	<u>(387,261)</u>
(LOSS) / PROFIT BEFORE TAX	(2,353,703)	2,138,527
Withholding tax expenses	(10,223)	(5,597)
(LOSS) / PROFIT AND TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	<u><u>(2,363,926)</u></u>	<u><u>2,132,930</u></u>

**CSI ALPHA FUND SERIES
- CSI RMB CHINA A-SHARES DIVERSIFICATION FUND**

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2016

	30 June 2016 (Unaudited) RMB	31 December 2015 (Audited) RMB
ASSETS		
Deposits	3,464	3,348
Interest receivables	203	128
Financial assets at fair value through profit or loss	8,675,649	11,564,615
Cash at banks	2,807,610	2,000,130
	<hr/>	<hr/>
TOTAL ASSETS	11,486,926	13,568,221
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES		
Amount due to a broker	219,129	-
Management fee payable	13,511	16,666
Trustee and registrar fee payable	12,000	20,000
Withholding tax payable	14	9
Other payables	110,232	42,123
	<hr/>	<hr/>
TOTAL LIABILITIES	354,886	78,798
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Units in issue	13,495,966	12,976,358
(Accumulated loss) / Retained earnings	(2,363,926)	513,065
	<hr/>	<hr/>
TOTAL EQUITY	11,132,040	13,489,423
	<hr/> <hr/>	<hr/> <hr/>
TOTAL LIABILITIES AND EQUITY	11,486,926	13,568,221
	<hr/> <hr/>	<hr/> <hr/>
NET ASSET VALUE	11,132,040	13,489,423
	<hr/> <hr/>	<hr/> <hr/>
NUMBER OF UNITS IN ISSUE	129,673	129,595
	<hr/> <hr/>	<hr/> <hr/>
NET ASSET VALUE PER UNIT	85.85	104.09
	<hr/> <hr/>	<hr/> <hr/>

**CSI ALPHA FUND SERIES
- CSI RMB CHINA A-SHARES DIVERSIFICATION FUND**

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

	Number of units outstanding	Total equity RMB
As at 23 March 2015 (Date of inception)		
Subscription of units	126,329	12,647,675
Total comprehensive income for the period	-	2,132,930
	<hr/>	<hr/>
As at 30 June 2015	<u>126,329</u>	<u>14,780,605</u>
As at 1 January 2016	129,595	13,489,423
Subscription of units	164	13,673
Redemption of units	(86)	(7,131)
Total comprehensive loss for the period	-	(2,363,926)
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As at 30 June 2016	<u>129,673</u>	<u>11,132,040</u>

CSI ALPHA FUND SERIES
- CSI RMB CHINA A-SHARES DIVERSIFICATION 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 RMB	For the period from 23 March 2015 (Date of Inception) to 30 June 2015 RMB
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(2,353,703)	2,138,527
Adjustments for:		
Interest income	(2,708)	(2,025)
Dividend income	(96,774)	(48,188)
	<u>(2,453,185)</u>	<u>2,088,314</u>
Increase in deposits	(116)	(3,376)
Increase in other receivables	-	(182,050)
Decrease / (Increase) of financial assets at fair value through profit and loss	2,888,966	(13,869,164)
Increase in an amount due to a broker	219,129	1,513,037
(Decrease) / Increase in management fee payable	(3,155)	21,349
(Decrease) / Increase in trustee and registrar fee payable	(8,000)	21,290
Increase in other payables	68,109	144,690
	<u>711,748</u>	<u>(10,265,910)</u>
Net cash generated from / (used in) operations	711,748	(10,265,910)
Interest received	2,633	1,760
Dividend received	96,774	48,188
Withholding tax paid	(10,218)	(5,579)
	<u>800,937</u>	<u>(10,221,541)</u>
Net cash flows generated from / (used in) operating activities	<u>800,937</u>	<u>(10,221,541)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of units	13,673	12,647,675
Payments on redemption of units	(7,131)	-
	<u>6,543</u>	<u>12,647,675</u>
Net cash flows generated from financing activities	<u>6,543</u>	<u>12,647,675</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	807,480	2,426,134
Cash and cash equivalents at beginning of the period	<u>2,000,130</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>2,807,610</u></u>	<u><u>2,426,134</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at banks	<u><u>2,807,610</u></u>	<u><u>2,426,134</u></u>

CSI ALPHA FUND SERIES
- CSI RMB CHINA A-SHARES DIVERSIFICATION FUND

30 JUNE 2016

NOTES TO FINANCIAL STATEMENTS

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, 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 RMB China A-Shares Diversification Fund (the "Sub-Fund") was constituted as a separate sub-fund on 23 March 2015. 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 investment objective of the Sub-Fund is to achieve long-term appreciation of the unit price through capital growth and income appreciation by investing primarily in a diversified portfolio of China A-shares, subject to the investment policy and restrictions applicable to the Fund, as set out in the trust prospectus of the Trust, the fund specific prospectus of the Sub-Fund and related amendments or supplements from time to time.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements have been prepared on a historical cost basis, except for financial assets classified at fair value through profit or loss that have been measured at fair value. The financial statements are presented in Renminbi ("RMB"). 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 period from 23 March 2015 (date of inception) to 31 December 2015.

CSI ALPHA FUND SERIES
- CSI RMB CHINA A-SHARES DIVERSIFICATION FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

	1 January 2016	Additions	Disposals	30 June 2016
<i>Listed equity securities - PRC</i>				
ANHUI SUN-CREATE ELECTRONICS CO LTD-A	-	8,300	(8,300)	-
AVIC AIRCRAFT CO LTD-A	15,300	-	(15,300)	-
AVIC AVIATION ENGINE CORP PLC-A	4,300	-	(4,300)	-
BANK OF COMMUNICATIONS CO LTD-A	56,000	-	(56,000)	-
BAOSHAN IRON & STEEL CO LTD-A	-	42,000	-	42,000
BAOTOU BEIFANG CHUANGYE CO LTD-A	-	31,200	(31,200)	-
BEIJING CAPITAL CO LTD-A	52,400	-	(52,400)	-
BEIJING DABEINONG TECHNOLOGY GROUP CO LTD-A	-	179,050	(97,200)	81,850
BEIJING ORIGINWATER TECHNOLOGY CO LTD-A	11,900	-	(11,900)	-
BEIJING SHOUGANG CO LTD-A	-	129,500	(129,500)	-
BEIJING SHUNXIN AGRICULTURE CO LTD-A	-	42,800	(11,000)	31,800
BEIJING TONGRENTANG CO LTD-A	8,000	-	(8,000)	-
BOE TECHNOLOGY GROUP CO LTD-A	83,900	-	(83,900)	-
BY-HEALTH CO LTD-A	-	21,000	(21,000)	-
CACHET PHARMACEUTICAL CO LTD-A	-	8,900	-	8,900
CHENGTUN MINING GROUP CO LTD-A	-	31,300	-	31,300
CHINA AVIONICS SYSTEMS CO LTD-A	22,400	-	(22,400)	-
CHINA COMMUNICATIONS CONSTRUCTION CO LTD-A	19,800	-	(19,800)	-
CHINA CONSTRUCTION BANK CORP-A	-	138,500	(138,500)	-
CHINA COSCO HLDGS CO LTD-A	-	105,700	(105,700)	-
CHINA EASTERN AIRLINES CORP LTD-A	-	55,700	(55,700)	-
CHINA HAINAN RUBBER INDUSTRY GROUP CO LTD-A	-	53,500	(53,500)	-
CHINA INTL TRAVEL SERVICE CORP LTD-A	-	15,200	(7,800)	7,400
CHINA LIFE INSURANCE CO LTD-A	21,900	-	(21,900)	-
CHINA MINSHENG BANKING CORP LTD-A	-	22,400	(22,400)	-
CHINA PACIFIC INSURANCE (GROUP) CO LTD-A	22,000	-	(22,000)	-
CHINA RAILWAY CONSTRUCTION CORP LTD-A	37,000	-	(37,000)	-
CHINA SPACESAT CO LTD-A	14,900	-	(14,900)	-
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD-A	-	36,000	-	36,000
CHINA UNIVERSAL TIANFUTONG MONEY MARKET FUND	-	5,414	-	5,414
CHINESE UNIVERSE PUBLISHING AND MEDIA CO LTD-A	-	10,500	(10,500)	-
CHONGQING FULING ZHACAI GROUP CO LTD-A	-	32,640	(32,640)	-
CRRC CORP LTD-A	-	33,000	(33,000)	-
FUJIAN SUNNER DEVELOPMENT CO LTD-A	-	34,800	(34,800)	-
GANSU QILIANSHAN CEMENT GROUP CO LTD-A	-	43,000	-	43,000
GLARUN TECHNOLOGY CO LTD-A	-	7,560	(7,560)	-
GOERTEK INC-A	-	8,000	(8,000)	-
GUANGDONG MINGZHU GROUP CO LTD-A	-	13,800	(13,800)	-
GUANGXI GUIGUAN ELECTRIC POWER CO LTD-A	-	40,600	-	40,600
GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HLDGS CO LTD-A	14,900	-	(14,900)	-
GUIZHOU PANJIANG REFINED COAL CO LTD-A	-	56,900	(56,900)	-
GUIZHOU QIANYUAN POWER CO LTD-A	-	14,300	-	14,300
GUOSEN SECURITIES CO LTD-A	-	21,000	(21,000)	-
GUOXUAN HIGH-TECH CO LTD-A	-	5,300	-	5,300
HAITONG SECURITIES CO LTD-A	-	39,000	(39,000)	-
HANGZHOU TIGERMED CONSULTING CO LTD-A	-	14,600	(7,400)	7,200
HUALAN BIOLOGICAL ENGINEERING INC-A	-	7,400	(7,400)	-
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD-A	86,000	-	(86,000)	-
JIANGSU AOYANG TECHNOLOGY CORP LTD-A	-	23,700	(23,700)	-
JIANGSU HENGRUI MEDICINE CO LTD-A	9,230	1,846	-	11,076
JIANGSU HENGSHUN VINEGAR INDUSTRY CO LTD-A	-	34,600	(19,000)	15,600
JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD-A	-	28,900	(22,800)	6,100
JIANGSU YUYUE MEDICAL EQUIPMENT & SUPPLY CO LTD-A	-	10,600	(10,600)	-
JIANGXI ZHENGBANG TECHNOLOGY CO LTD-A	-	59,200	(59,200)	-
JIANGZHONG PHARMACEUTICAL CO LTD-A	-	26,400	(26,400)	-
JINYU BIO-TECHNOLOGY CO LTD-A	-	22,800	(12,500)	10,300

JOINTOWN PHARMACEUTICAL GROUP CO LTD-A	17,800	-	(17,800)	-
JONJEE HI-TECH INDUSTRIAL AND COMMERCIAL HLDG CO LTD-A	-	60,000	-	60,000
JUNYAO AIRLINES CO LTD-A	-	8,200	-	8,200
KANGMEI PHARMACEUTICAL CO LTD-A	20,400	-	(20,400)	-
LEDMAN OPTOELECTRONIC CO LTD-A	-	9,200	(9,200)	-
LIVZON PHARMACEUTICAL GROUP INC-A	-	7,800	(7,800)	-
LONCIN MOTOR CO LTD-A	-	19,000	(19,000)	-

CSI ALPHA FUND SERIES
- CSI RMB CHINA A-SHARES DIVERSIFICATION FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)
(Continued)

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

	1 January 2016	Additions	Disposals	30 June 2016
Listed equity securities - PRC				
METALLURGICAL CORP OF CHINA LTD-A	50,000	-	(50,000)	-
MUYUAN FOODSTUFF CO LTD-A	-	4,400	-	4,400
NEW CHINA LIFE INSURANCE CO LTD-A	10,549	-	(10,549)	-
NINGBO TECH-BANK CO LTD-A	-	28,600	(28,600)	-
PALM LANDSCAPE ARCHITECTURE CO LTD-A	-	21,500	(21,500)	-
PING AN INSURANCE GROUP CO OF CHINA LTD-A	21,400	9,900	(31,300)	-
POLY REAL ESTATE GROUP CO LTD-A	-	67,700	(67,700)	-
POWER CONSTRUCTION CORP OF CHINA LTD-A	17,800	-	(17,800)	-
QIANJIANG YONGAN PHARMACEUTICAL CO LTD-A	-	36,200	(36,200)	-
QINGDAO HAIER CO LTD-A	-	30,000	-	30,000
SANY HEAVY INDUSTRY CO LTD-A	-	57,900	(57,900)	-
SHANDONG GOLD MINING CO LTD-A	-	39,900	(39,900)	-
SHANDONG HI-SPEED CO LTD-A	38,300	24,100	(62,400)	-
SHANDONG XIANTAN CO LTD-A	-	6,500	(6,500)	-
SHANDONG YISHENG LIVESTOCK & POULTRY BREEDING CO LTD-A	-	12,800	(7,600)	5,200
SHANGHAI FOSUN PHARMACEUTICAL GROUP CO LTD-A	14,500	-	(14,500)	-
SHANGHAI JIABAO INDUSTRY & COMMERCE GROUP CO LTD-A	-	43,900	(43,900)	-
SHANGHAI PHARMACEUTICALS HLDG CO LTD-A	10,354	-	(10,354)	-
SHANGHAI RAAS BLOOD PRODUCTS CO LTD-A	8,400	-	(8,400)	-
SHANGHAI TOFFLON SCIENCE & TECHNOLOGY CO LTD-A	-	17,000	(17,000)	-
SHANXI XISHAN COAL & ELECTRICITY POWER CO LTD-A	-	80,500	(80,500)	-
SHENZHEN AUTO ELECTRIC POWER PLANT CO LTD-A	-	9,300	(9,300)	-
SHENZHEN DESAY BATTERY TECHNOLOGY CO LTD-A	-	10,500	(10,500)	-
SHENZHEN SELEN SCIENCE & TECHNOLOGY CO LTD-A	-	20,500	(20,500)	-
SHENZHEN WORLD UNION PROPERTIES CONSULTANCY INC-A	-	21,400	(21,400)	-
SHENZHEN XINGUODU TECHNOLOGY CO LTD-A	-	10,300	(10,300)	-
SINOPEC SHANGHAI PETROCHEMICAL CO LTD-A	-	35,500	-	35,500
SPRING AIRLINES CO LTD-A	-	4,500	-	4,500
TASLY PHARMACEUTICAL GROUP CO LTD-A	4,100	-	(4,100)	-
THAIHOT GROUP CO LTD-A	-	15,900	(15,900)	-
VALIANT CO LTD-A	-	4,200	-	4,200
WUHAN IRON & STEEL CO LTD-A	-	75,000	-	75,000
XIWANG FOODSTUFFS CO LTD-A	-	23,700	(23,700)	-
YUNNAN ALUMINIUM CO LTD-A	-	40,300	(40,300)	-
YUNNAN BAIYAO GROUP CO LTD-A	4,800	-	-	4,800
YUNNAN CHIHONG ZINC & GERMANIUM CO LTD-A	-	56,200	(56,200)	-
YUNNAN SALT & CHEMICAL INDUSTRY CO LTD-A	-	43,900	(43,900)	-
ZHEJIANG CONBA PHARMACEUTICAL CO LTD-A	18,190	-	(18,190)	-
ZHEJIANG JINGXIN PHARMACEUTICAL CO LTD-A	-	12,800	(12,800)	-

CSI ALPHA FUND SERIES
- CSI RMB CHINA A-SHARES DIVERSIFICATION FUND

PERFORMANCE TABLE (UNAUDITED)

30 JUNE 2016

Net Asset Value

	Net asset value per unit RMB	Total net asset value RMB
As at 30 June 2016 (Unaudited)	85.85	11,132,040
As at 31 December 2015 (Audited)	104.09	13,489,423

Highest issue price and lowest redemption price per unit

	Highest issue price per unit RMB	Lowest redemption price per unit RMB
Period from 1 January 2016 to 30 June 2016 (Unaudited)	98.94	78.29
Period from 23 March 2015 (date of inception) to 31 December 2015 (Audited)	137.44	84.33