

**CSI Alpha Fund Series (the "Trust")  
- CSI RMB China A-Shares Diversification Fund  
(the "Fund")**

**CITIC Securities International Investment Management (HK) Limited  
(as Manager of the Trust and the Fund)  
26th Floor, CITIC Tower,  
1 Tim Mei Avenue, Central,  
Hong Kong**

**NOTICE**

**IMPORTANT: This notice requires your immediate attention. If you have any questions about the content of this notice, you should seek independent professional advice.**

**Unless otherwise indicated, all undefined capitalised terms have the same meanings in this notice as in the Trust Prospectus for the Trust and the Fund Specific Prospectus for the Fund (collectively the "Prospectuses").**

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Dear Unitholders,

Following a review of the Fund's existing operation, we would like to inform you that we, as the Manager of the Fund, have decided to terminate the Fund as we consider that it is not economically viable to continue its operation due to the current relatively small Net Asset Value and high total expense ratio. The Net Asset Value of the Fund as at 30 December 2016 was RMB 10,753,770.9. The total expense ratio of the Fund as at 30 December 2016 was 5.09%<sup>1</sup>.

For this reason, we consider it is in the best interest of Unitholders to terminate the Fund and the Trustee has given its approval to terminate the Fund. Pursuant to Clauses 9.3 and 9.4 of the Trust Deed of the Fund dated 25 June 2009 (as amended, restated and supplemented from time to time) ("Trust Deed"), with the approval of the Trustee and the Securities and Futures Commission, the Manager hereby gives not less than three (3) months' notice to all Unitholders to terminate the Fund. The Fund is no longer allowed to be marketed or offered to the public in Hong Kong and is closed for new subscriptions with effect from the date of this notice. The effective date of the termination ("Termination Date") of the Fund is proposed to be 29 May 2017 (i.e. no less than 3 months after the date of this notice), subject to the realization and liquidation of all positions of the Fund, the completion of liquidation audit and any applicable regulatory clearance and approval.

As part of the termination process, the Manager will sell all stocks of the Fund to the extent that is practicable prior to the Termination Date with a view to duly completing the termination by the Termination Date. It is anticipated that the Fund will, following the realization and liquidation of the investments, hold a substantial amount of cash prior to the Termination Date. Unitholders should note that the Fund may as a result deviate from the investment objectives and policies and not be able to fully comply with the investment restrictions set out in the

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<sup>1</sup> The total expense ratio is based on the expense for the year of 2016 divided by the average Net Asset Value of the Fund over the same period.

## Prospectuses and Key Facts Statement of the Fund.

Please note that the termination cost of the Fund is estimated to be HKD199,000 and it will be borne by the Manager. No unamortized preliminary expense was found in the latest valuation. The Manager has decided to waive the management fee and bear the ongoing charges for the Fund with effect from 1 February 2017.

From the date of this Notice, Unitholders may redeem their Units or switch their Units into CSI RMB Income Fund (“CSI Fund”), which is a SFC authorised unlisted fund<sup>2</sup> managed by the Manager, in accordance with the applicable procedures set out in the Prospectuses free of charge at any time before the Termination Date. While no further fee is charged by the Manager, the authorized distributors of the Fund however may charge other fees in respect of the aforesaid transactions. Unitholders who wish to convert their Units into units of CSI Fund must refer to their explanatory memoranda for more information relating to the CSI Fund, including without limitation the risks and charges associated with investing in the CSI Fund. The explanatory memorandum of CSI Fund is available on the Manager’s website at <https://www.citics.com.hk><sup>3</sup>, and is available for inspection at the Manager’s place of business in Hong Kong during normal business hours.

If you remain a Unitholder in the Fund on the Termination Date, the proceeds from the termination will be distributed to the Unitholders as soon as reasonably practicable after the Termination Date according to the Units held by you on the Termination Date.

Please note that the Fund does not hold any suspended stocks as of the date of this Notice. However, should there be any suspension of the stocks held by the Fund after the date of this Notice and those stocks remain suspended on the Termination Date (the “Suspended Stocks”), those Suspended Stocks can only be sold when the suspension is lifted. There is no certainty as to when such Suspended Stocks will resume trading. As a result, it may not be possible for the Fund to realize and liquidate all of its positions and the Fund may not be able to be terminated by the Termination Date. In that case, the Manager will issue a further notice to Unitholders to update the latest status of the termination process. In order to avoid undue delay or disruption with respect to the termination, the proceeds from the sale of the stocks other than the Suspended Stocks will be distributed to the Unitholders as soon as reasonably practicable after the Termination Date according to the Unitholders’ entitlement on the Termination Date. Proceeds from the sale of the Suspended Stocks will be distributed to these Unitholders on a pro rata basis as soon as reasonably practicable after the sale of such Suspended Stocks once they resume trading.

No tax is expected to be payable by Unitholders in Hong Kong in respect of dividends or other income distributions of the Fund or in respect of any capital gains arising on a sale, realization or other disposal of Units, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

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<sup>2</sup> SFC authorization is not a recommendation or endorsement of CSI Fund, nor does it guarantee the commercial merits of CSI Fund or their performance. It does not mean CSI Fund is suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

<sup>3</sup> This website has not been reviewed by the SFC.

The redemption of units by Unitholders for cancellation should not be subject to Hong Kong stamp duty. No Hong Kong stamp duty is payable where the sale or transfer of Units is effected by selling the Units back to the Manager, who then either extinguishes the Units or resell the Units to another person within two (2) months thereof. The Unitholders/ investors are recommended to consult their independent professional advisors on the taxation and other consequences if any arising from the redemption of Units of the Fund.

The Prospectuses, Trust Deed and other documents of the Fund are also available for inspection at the Manager's place of business in Hong Kong during normal business hours.

The Manager accepts full responsibility for the accuracy of the information contained in this notice as at the date of its publication and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

If you have any questions or concerns about the foregoing, please contact the Manager by telephone at (852) 2826 2913, or Fax at (852) 2526 1989 or by post to 26<sup>th</sup> Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong.

**CITIC Securities International Investment Management (HK) Limited**

**24 February 2017**