

**CSI ALPHA FUND SERIES**  
**- CSI RMB INCOME 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 RMB INCOME FUND**

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**CSI ALPHA FUND SERIES  
- CSI RMB INCOME 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

**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 INCOME 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 RMB	For the period from 1 January 2013 to 28 June 2013 RMB
<b>INCOME</b>		
Interest income	9,086,522	10,915,098
Net realized (losses)/gains on financial assets at fair value through profit or loss	(1,242,425)	4,194,386
Net change in unrealized gains on financial assets at fair value through profit or loss	12,901,854	2,722,421
	<u>20,745,951</u>	<u>17,831,905</u>
<b>EXPENSES</b>		
Management fee	(1,652,139)	(2,095,355)
Trustee and registrar fee	(283,465)	(351,084)
Custodian fee	(115,222)	(170,644)
Auditors' remuneration	(87,058)	(53,102)
Commission expenses	(22,525)	(38,845)
Handling and transaction fees	(67,981)	(121,374)
Publishing charges	(3,973)	(3,797)
Other general expenses	(33,269)	(2,806)
	<u>(2,265,632)</u>	<u>(2,837,007)</u>
<b>PROFIT BEFORE TAX</b>	18,480,319	14,994,898
Withholding tax expenses	(609,242)	(657,107)
<b>PROFIT FOR THE PERIOD</b>	<u><u>17,871,077</u></u>	<u><u>14,337,791</u></u>

CSI ALPHA FUND SERIES  
- CSI RMB INCOME FUND

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2014

	(Unaudited) 30 June 2014 RMB	(Audited) 31 Dec 2013 RMB
<b>ASSETS</b>		
Cash at banks	6,305,999	49,189,041
Financial assets at fair value through profit or loss	256,752,310	290,862,410
Subscription receivable	609,037	2,850,878
Interest receivables	6,545,901	8,824,890
Deposits	112,006	252,003
<b>TOTAL ASSETS</b>	<u>270,325,253</u>	<u>351,979,222</u>
<b>LIABILITIES</b>		
Redemptions payable	409,480	1,567,676
Distributions payable to unitholders	-	12,948,367
Management fee payable	244,678	302,950
Trustee and registrar fee payable	41,524	52,018
Withholding tax payable	2,760,465	2,154,926
Other payables	131,581	197,452
<b>TOTAL LIABILITIES</b>	<u>3,587,728</u>	<u>17,223,389</u>
<b>EQUITY</b>		
Units in issue	25,732,239	338,458,702
Reserves	241,005,286	(3,702,869)
<b>TOTAL EQUITY</b>	<u>266,737,525</u>	<u>334,755,833</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>270,325,253</u>	<u>351,979,222</u>
<b>NET ASSETS VALUE</b>	266,737,525	334,755,833
<b>Adjustment for distribution payable to unitholders</b>	-	12,948,367
<b>NET ASSET VALUE (calculated in accordance with Trust Prospectus - Fund Specific Prospectus)</b>	<u>266,737,525</u>	<u>347,704,200</u>
<b>NUMBER OF UNITS IN ISSUE</b>	<u>25,732,239</u>	<u>34,074,650</u>
<b>NET ASSET VALUE PER UNIT</b>	<u>10.37</u>	<u>9.82</u>

**CSI ALPHA FUND SERIES  
- CSI RMB INCOME FUND**

**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

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

	<b>Note</b>	<b>Number of units outstanding</b>	<b>Total equity RMB</b>
At 1 January 2013		37,606,883	373,976,136
Subscription of units		15,501,516	158,847,817
Redemption of units		(11,240,111)	(116,071,480)
Total comprehensive income for the period	<b>3</b>	<u>-</u>	<u>16,198,736</u>
At 28 June 2013		<u>41,868,288</u>	<u>432,951,209</u>
At 1 January 2014		34,074,650	334,755,833
Subscription of units		4,911,453	48,797,201
Redemption of units		(13,253,864)	(134,686,586)
Total comprehensive income for the period	<b>3</b>	<u>-</u>	<u>17,871,077</u>
At 30 June 2014		<u>25,732,239</u>	<u>266,737,525</u>

CSI ALPHA FUND SERIES  
- CSI RMB INCOME FUND

STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014

	For the period from 1 January 2014 to 30 June 2014 RMB	For the period from 1 January 2013 to 28 June 2013 RMB
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	18,480,319	14,994,898
Adjustments for:		
Net realized losses / (gains) on financial assets at fair value through profit or loss	1,242,425	(4,194,386)
Net change in unrealized gains on financial assets at fair value through profit or loss	(12,901,854)	(2,722,421)
Purchase of of financial assets at fair value through profit or loss	(314,072,600)	(630,142,076)
Proceeds from sales of financial assets at fair value at fair value through profit or loss	359,842,129	576,463,770
	<u>52,590,419</u>	<u>(45,600,215)</u>
Decrease in deposit	139,997	-
Increase in prepayment	-	(44)
Decrease in interest receivables	2,278,989	700,575
(Decrease) / increase in management fee payable	(58,272)	5,075
(Decrease) / increase in trustee and registrar fee payable	(10,494)	163
Decrease in other payables	(65,871)	(83,251)
	<u>54,874,768</u>	<u>(44,977,697)</u>
<b>Net cash used in operations</b>	54,874,768	(44,977,697)
Withholding tax paid	(3,703)	(19,627)
	<u>54,871,065</u>	<u>(44,997,324)</u>
<b>Net cash inflow / (outflow) from operating activities</b>	54,871,065	(44,997,324)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in subscription proceeds receivable	2,241,841	-
Increase in redemption proceeds payable to unitholders	(1,158,196)	-
Proceeds on issue of units	48,797,201	158,847,817
Payments on redemption of units	(134,686,586)	(115,988,763)
Distribution paid to unitholders	(12,948,367)	(7,521,377)
	<u>(97,754,107)</u>	<u>35,337,677</u>
<b>Net cash (outflow) / inflow by financing activities</b>	(97,754,107)	35,337,677
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(42,883,042)</u>	<u>(9,659,647)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	49,189,041	21,821,158
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><u>6,305,999</u></u>	<u><u>12,161,511</u></u>

**CSI ALPHA FUND SERIES  
- CSI RMB INCOME FUND**

**30 June 2014**

**NOTES TO THE 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, 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 "Trustee").

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 RMB Income Fund (the "Sub-Fund") was constituted as a separate sub-fund on 20 February 2012. 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 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 RMB denominated and settled debt instruments and RMB denominated and settled equities or equity related securities, 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 year ended 31 December 2013.



**CSI ALPHA FUND SERIES  
- CSI RMB INCOME FUND**

**30 June 2014**

**NOTES TO THE FINANCIAL STATEMENTS**

**3. CAPITAL**

The Sub-Fund's net asset value per unit is calculated by dividing the Sub-Fund's net assets with the total number of outstanding units.

	<b>30 June 2014 (Unaudited) At last traded market prices RMB</b>	<b>31 December 2013 (Audited) At last traded market prices RMB</b>
Net asset value	<u>266,737,525</u>	<u>347,704,200</u>
Net asset value per unit	<u>10.37</u>	<u>10.20</u>

**CSI ALPHA FUND SERIES  
- CSI RMB INCOME FUND**

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

**30 JUNE 2014**

	<b>31 December 2013</b>	<b>Additions</b>	<b>Disposals</b>	<b>30 June 2014</b>
<i>Quoted debt securities</i>				
<i>China</i>				
AGRICULTURAL DEVELOPMENT BANK OF CHINA CO LTD 4.8% A 17OCT2018	200,000	-	(200,000)	-
BEIJING CHANGXIN CONSTRUCTION INVESTMENT CO LTD 6.74% A 22APR2021	-	200,000	-	200,000
BEIJING GUCAI STATE-OWNED ASSETS OPERATION CO 8.28% A 15DEC2018	-	200,000	-	200,000
BEIJING XINGZHAN STATE OWNED ASSET MANAGEMENT CO LTD 6.48% A 31AUG2019	200,000	-	-	200,000
CHINA DEVELOPMENT BANK CORP 5.6957% A 14JAN2017	-	300,000	(200,000)	100,000
CHINA GOVT BOND 4.26% S/A 31JUL2021	100,000	-	(100,000)	-
CHINA NATIONAL TRAVEL SERVICE HK GROUP CORP 4.85% A 24MAY2019	100,000	100,000	(100,000)	100,000
CHINA RESOURCES SANJIU MEDICAL & PHARMACEUTICAL CO LTD 4.6% A 09MAY2018	100,000	100,000	(100,000)	100,000
CHONGQING LAND PROPERTIES CO GROUP 5.46% A 03MAR2019	300,000	-	(300,000)	-
GUANGXI RAILWAY INVESTMENT GROUP CO LTD 6.8% A 17DEC2014	200,000	-	(200,000)	-
GUANGZHOU PANYU TRANSPORTATION CONSTRUCTION INVESTMENT CO LTD 6.3% A 12APR2019	100,000	100,000	(100,000)	100,000
JIANGXI COPPER CO LTD 1% A 22SEP2016 WW	100,000	-	(100,000)	-
KARAMAY URBAN CONSTRUCTION INVESTMENT DEVELOPMENT CO LTD 7.15% A 04SEP2019	200,000	-	-	200,000
NINGBO URBAN CONSTRUCTION INVESTMENT HLDG CO LTD 5.79% A 09JUN2016	300,000	-	(300,000)	-
NINGXIA COMMUNICATIONS INVESTMENT CORP 6.1% A 27APR2021	-	280,000	(140,000)	140,000
QINGDAO JIAOZHOU CITY DEVELOPMENT INVESTMENT CO LTD 6.59% A 25JAN2020	200,000	200,000	(200,000)	200,000
SHANDONG WEIQIAO PIONEERING GROUP CO LTD 7% A 19DEC2014	200,000	-	(200,000)	-
SHANGHAI FENGXIAN NANQIAO NEW CITY CONSTRUCTION DEVELOPMENT CO LTD 6.25% A 05MAR2020	200,000	200,000	(200,000)	200,000
SHENZHEN LONGGANG DISTRICT INVESTMENT MANAGEMENT CO LTD 6.18% A 27MAR2019	100,000	300,000	(200,000)	200,000
SHOUGANG CORP 5.26% A 23NOV2016	-	200,000	-	200,000
TIANJIN INFRASTRUCTURE CONSTRUCTION & INVESTMENT 4.48% A 02APR2015	300,000	300,000	(600,000)	-
URUMQI STATE-OWNED ASSET MANAGEMENT CO LTD 6.48% A 28APR2018	-	200,000	(100,000)	100,000
WUHAN URBAN CONSTRUCTION INVESTMENT & DEVELOPMENT 5.68% A 29MAR2016	100,000	100,000	(100,000)	100,000
XINING CITY INVESTMENT MANAGEMENT CO LTD 7.7% A 27APR2019	-	400,000	(200,000)	200,000

CSI ALPHA FUND SERIES  
- CSI RMB INCOME FUND

PERFORMANCE TABLE (UNAUDITED)

30 JUNE 2014

Net asset value

(calculated in accordance with Trust Prospectus - Fund Specific Prospectus)

	Net asset value per unit RMB	Total net asset value RMB
As at 30 June 2014 (Unaudited)	<u>10.37</u>	<u>266,737,525</u>
As at 31 December 2013 (Audited)	<u>10.20</u>	<u>347,704,200</u>

Highest issue price and lowest redemption price per unit

(calculated in accordance with Trust Prospectus - Fund Specific Prospectus)

	Highest issue price per unit RMB	Lowest redemption price per unit RMB
For the period from 01 January 2014 to 30 June 2014	<u>10.37</u>	<u>9.82</u>
As at 31 December 2013 (Audited)	<u>10.39</u>	<u>9.99</u>

CSI ALPHA FUND SERIES  
- CSI RMB INCOME FUND

INVESTMENT PORTFOLIO (UNAUDITED)

30 JUNE 2014

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Holding	Fair Value RMB	% of NAV
<i>Quoted debt securities</i>			
<i>China</i>			
BEIJING CHANGXIN CONSTRUCTION INVESTMENT CO LTD 6.74% A 22APR2021	200,000	20,484,820	7.67%
BEIJING GUCAI STATE-OWNED ASSETS OPERATION CO 8.28% A 15DEC2018	200,000	21,225,340	7.95%
BEIJING XINGZHAN STATE OWNED ASSET MANAGEMENT CO LTD 6.48% A 31AUG2019	200,000	20,322,920	7.61%
CHINA DEVELOPMENT BANK CORP 5.6957% A 14JAN2017	100,000	10,262,380	3.84%
CHINA NATIONAL TRAVEL SERVICE HK GROUP CORP 4.85% A 24MAY2019	100,000	9,816,830	3.67%
CHINA RESOURCES SANJIU MEDICAL & PHARMACEUTICAL CO LTD 4.6% A 09MAY2018	100,000	9,867,000	3.69%
GUANGZHOU PANYU TRANSPORTATION CONSTRUCTION INVESTMENT CO LTD 6.3% A 12APR2019	100,000	10,014,350	3.74%
KARAMAY URBAN CONSTRUCTION INVESTMENT DEVELOPMENT CO LTD 7.15% A 04SEP2019	200,000	20,274,800	7.59%
NINGXIA COMMUNICATIONS INVESTMENT CORP 6.1% A 27APR2021	140,000	14,070,000	5.26%
QINGDAO JIAOZHOU CITY DEVELOPMENT INVESTMENT CO LTD 6.59% A 25JAN2020	200,000	20,150,760	7.54%
SHANGHAI FENGXIAN NANQIAO NEW CITY CONSTRUCTION DEVELOPMENT CO LTD 6.25% A 05MAR2020	200,000	19,928,400	7.46%
SHENZHEN LONGGANG DISTRICT INVESTMENT MANAGEMENT CO LTD 6.18% A 27MAR2019	200,000	19,922,540	7.46%
SHOUGANG CORP 5.26% A 23NOV2016	200,000	19,573,880	7.33%
URUMQI STATE-OWNED ASSET MANAGEMENT CO LTD 6.48% A 28APR2018	100,000	10,080,000	3.77%
WUHAN URBAN CONSTRUCTION INVESTMENT & DEVELOPMENT 5.68% A 29MAR2016	100,000	10,017,110	3.75%
XINING CITY INVESTMENT MANAGEMENT CO LTD 7.7% A 27APR2019	200,000	20,741,180	7.77%
		<hr/>	<hr/>
Total quoted debt securities, at fair value		256,752,310	96.11%
		<hr/>	<hr/>
Other net assets		9,985,215	3.89%
		<hr/>	<hr/>
Total net assets as at 30 June 2014		266,737,525	100.00%
		<hr/>	<hr/>
TOTAL INVESTMENTS, AT COST		251,264,960	