

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 2016 to 30 June 2016
(Unaudited accounts)

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

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**CSI ALPHA FUND SERIES
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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

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 INCOME 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 1 January 2015 to 30 June 2015 RMB
INCOME		
Bank interest income	3,491	6,660
Interest income on debt securities held for trading	3,563,538	5,687,949
Other interest income	19,895	31,930
Net realised gains on financial assets at fair value through profit or loss	3,892,055	3,480,387
Net change in unrealised losses on financial assets at fair value through profit or loss	(4,472,320)	(1,514,804)
	<u>3,006,659</u>	<u>7,692,122</u>
EXPENSES		
Management fee	(796,437)	(1,072,910)
Trustee and registrar fee	(240,000)	(240,000)
Custodian fee	(64,405)	(86,329)
Auditors' remuneration	(104,685)	(90,183)
Legal and professional fees	(13,209)	(22,650)
Publishing charges	(8,557)	(8,450)
Commission expenses	(56,988)	(13,712)
Handling and transaction fees	(40,962)	(65,576)
Other general expenses	(12,058)	(16,773)
	<u>(1,337,301)</u>	<u>(1,616,583)</u>
PROFIT BEFORE TAX	1,669,358	6,075,539
(Withholding tax)/ Reversal of withholding tax	(1,124)	5,294
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>1,668,234</u></u>	<u><u>6,080,833</u></u>

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	(Unaudited) 30 June 2016 RMB	(Audited) 31 December 2015 RMB
ASSETS		
Deposits	23,456	24,856
Interest receivables	3,197,067	3,788,730
Financial assets at fair value through profit or loss	142,795,440	151,988,900
Cash at banks	20,442,522	13,222,205
TOTAL ASSETS	166,458,485	169,024,691
LIABILITIES		
Redemptions payable	-	513,475
Distributions payable to unitholders	-	8,027,967
Management fee payable	135,386	141,819
Trustee and registrar fee payable	40,000	40,000
Withholding tax payable	440,100	440,352
Other payables	132,988	208,270
TOTAL LIABILITIES	748,474	9,371,883
EQUITY		
Units in issue	140,841,378	136,452,409
Reserves	24,868,633	23,200,399
TOTAL EQUITY	165,710,011	159,652,808
TOTAL LIABILITIES AND EQUITY	166,458,485	169,024,691
NET ASSETS VALUE(calculated in accordance with IFRSs)	165,710,011	159,652,808
Adjustment for distribution payable to unitholders	-	8,027,967
NET ASSET VALUE (calculated in accordance with Trust Prospectus - Fund Specific Prospectus)	165,710,011	167,680,775
NUMBER OF UNITS IN ISSUE		
Distribution unit class	15,248,113.764	14,596,303
Accumulation unit class	189,814.399	406,914
NET ASSET VALUE PER UNIT (calculated in accordance with IFRSs)	10.72	10.61
Distribution unit class	11.88	11.76
Accumulation unit class		

**CSI ALPHA FUND SERIES
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STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

	Accumulation unit class		Distribution unit class		Total
	Number of units outstanding	RMB	Number of units outstanding	RMB	RMB
At 1 January 2015	1,371,614	14,815,602	18,166,774	186,241,729	201,057,331
Subscription of units	-	-	6,627,282	69,041,144	69,041,144
Redemption of units	(560,000)	(6,194,800)	(4,617,166)	(48,080,909)	(54,275,709)
Total comprehensive income for the period	-	401,153	-	5,679,680	6,080,833
At 30 June 2015	<u>811,614</u>	<u>9,021,955</u>	<u>20,176,889</u>	<u>212,881,644</u>	<u>221,903,599</u>
At 1 January 2016	406,914	4,784,507	14,596,303	154,868,301	159,652,808
Subscription of units	-	-	1,303,868	13,909,862	13,909,862
Redemption of units	(217,100)	(2,567,773)	(652,058)	(6,953,120)	(9,520,893)
Total comprehensive income for the period	-	38,162	-	1,630,072	1,668,234
At 30 June 2016	<u>189,814</u>	<u>2,254,896</u>	<u>15,248,113</u>	<u>163,455,115</u>	<u>165,710,011</u>

**CSI ALPHA FUND SERIES
- CSI RMB INCOME 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 1 January 2015 to 30 June 2015 RMB
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,669,358	6,075,539
Adjustment for:		
Interest income	(3,586,924)	(5,726,539)
	<u>(1,917,566)</u>	<u>349,000</u>
Decrease in deposits	1,400	19,460
Decrease/ (Increase) in financial asset at fair value through profit or loss	9,193,460	(27,727,664)
(Decrease)/ Increase in management fee payable	(6,433)	5,328
Decrease in trustee and registrar fee payable	-	(86)
Decrease in other payables	(75,282)	(91,303)
Net cash generated from/ (used in) operations	<u>7,195,579</u>	<u>(27,445,265)</u>
Interest received	4,178,587	7,461,874
Withholding tax paid	(1,376)	(2,165)
Net cash flow generated from/ (used in) operating activities	<u>11,372,790</u>	<u>(19,985,556)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of units	13,909,862	68,730,265
Payments on redemption of units	(10,034,368)	(51,886,378)
Distribution paid to unitholders	(8,027,967)	(9,991,726)
Net cash flow (used in)/ generated from financing activities	<u>(4,152,473)</u>	<u>6,852,161</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	7,220,317	(13,133,395)
Cash and cash equivalents at beginning of the period	<u>13,222,205</u>	<u>19,883,490</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>20,442,522</u>	<u>6,750,095</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at banks	<u>20,442,522</u>	<u>6,750,095</u>

**CSI ALPHA FUND SERIES
- CSI RMB INCOME 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 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 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 2015.

CSI ALPHA FUND SERIES
- CSI RMB INCOME 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>Quoted debt equity securities - PRC</i>				
CHANGSHA COUNTY TONGTU HIGHWAY CONSTRUCTION INVESTMENT CO LTD 6% A 19JUN2022	100,000	100,000	(100,000)	100,000
CHINA DEVELOPMENT BANK CORP 2.72% A 03MAR2019	-	100,000	(100,000)	-
CHINA DEVELOPMENT BANK CORP 2.96% A 18FEB2021	-	100,000	(100,000)	-
CHINA DEVELOPMENT BANK CORP 3.46% A 24SEP2020	-	100,000	-	100,000
CHINA DEVELOPMENT BANK CORP 3.74% A 10SEP2025	-	100,000	(100,000)	-
CHINA GOVT BOND 3.05% A 22OCT2022	100,000	-	(100,000)	-
CHINA SECURITIES CO LTD 4.2% A 13AUG2025	-	100,000	(100,000)	-
CHINA STATE GRID CORP 4.8% A 20NOV2019	-	100,000	-	100,000
COFCO PROPERTY GROUP CO LTD 4.4% A 17AUG2020	-	130,000	-	130,000
GANSU PROVINCIAL HIGHWAY AVIATION TOURISM INVEST 7% A 27FEB2020	-	140,000	(140,000)	-
GUANGMEISHAN RAILWAY CO LTD 3.72% A 25NOV2016	100,000	-	-	100,000
GUANGXI RAILWAY INVESTMENT GROUP CO LTD 5.75% A 12MAY2022	100,000	-	(100,000)	-
GUANGZHOU PEARL RIVER ENTERPRISES GROUP LTD 5.95% A 19SEP2019	-	100,000	-	100,000
HEBEI TV BROADCAST INFORMATION NETWORK GROUP CO LTD 5.3% A 12JUN2023	100,000	-	-	100,000
HUAIAN CITY URBAN ASSET OPERATION CO LTD 6.87% A 26DEC2019	-	160,000	(160,000)	-
JIAXING HIGH CLASS HIGHWAY INVESTMENT CO LTD 6.2% A 02DEC2019	100,000	-	-	100,000
LUAN XINJIANG COAL CHEMICAL CORP 5.7% A 11AUG2020	100,000	-	-	100,000
NANJING URBAN CONSTRUCTION INVESTMENT HLDG GROUP CO LTD 5.85% A 25AUG2019	-	140,000	(140,000)	-
NINGXIA COMMUNICATIONS INVESTMENT CORP 6.1% A 27APR2021	140,000	240,000	(380,000)	-
RUDONG COUNTY DONGTAI SOCIAL DEVELOPMENT INVESTMENT LLC 6.99% A 20JUN2021	-	100,000	-	100,000
SHAANXI PROVINCIAL EXPRESSWAY CONSTRUCTION GROUP CO 3.3% A 25FEB2017	-	100,000	-	100,000
SHAANXI PROVINCIAL EXPRESSWAY CONSTRUCTION GROUP CO 5.39% A 29OCT2019	-	100,000	(100,000)	-
SINO-OCEAN LAND LTD 3.78% A 19AUG2020	-	100,000	-	100,000
SUQIAN CITY CONSTRUCTION INVESTMENT CO LTD 5.79% A 26JUN2020	100,000	100,000	(200,000)	-
URUMQI STATE-OWNED ASSET MANAGEMENT CO LTD 6.48% A 28APR2018	100,000	100,000	(100,000)	100,000
WAFANGDIAN STATE-OWNED ASSET OPERATION MANAGEMENT CENTER 6.2% A 20JUN2020	-	150,000	(150,000)	-
WUHAN METRO GROUP CO LTD 5.7% A 04FEB2020	-	150,000	(150,000)	-
XUZHOU GUANGHONG COMMUNICATION CONSTRUCTION DEVELOPMENT CO LTD 5.35% A 21AUG2020	100,000	-	(100,000)	-
YAN CHENG CENTURY NEW CITY CONSTRUCTION INVESTMENT CO LTD 4.55% A 26OCT2020	100,000	-	(100,000)	-
YONGZHOU CITY CONSTRUCTION INVESTMENT & DEVELOPMENT CO LTD 8.4% A 05DEC2021	-	100,000	(100,000)	-
YUNNAN HIGHWAY DEVELOPMENT AND INVESTMENT CO LTD 5.45% A 31MAR2016	100,000	-	(100,000)	-
ZIBO CITY PROPERTY CO LTD 5.45% A 27APR2019	300,000	300,000	(300,000)	300,000

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

PERFORMANCE TABLE

30 JUNE 2016

**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 2016 (Unaudited)		
Distribution unit class	<u>10.72</u>	<u>163,455,115</u>
Accumulation unit class	<u>11.88</u>	<u>2,254,896</u>
As at 31 December 2015 (Audited)		
Distribution unit class	<u>11.16</u>	<u>162,896,268</u>
Accumulation unit class	<u>11.76</u>	<u>4,784,507</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
Period from 01 January 2016 to 30 June 2016 (Unaudited)		
Distribution unit class	<u>10.75</u>	<u>10.59</u>
Accumulation unit class	<u>11.91</u>	<u>11.73</u>
Year ended 31 December 2015 (Unaudited)		
Distribution unit class	<u>11.16</u>	<u>10.26</u>
Accumulation unit class	<u>11.76</u>	<u>10.81</u>

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

INVESTMENT PORTFOLIO (UNAUDITED)

30 JUNE 2016

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Holdings	Fair Value RMB	% of NAV
<i>Quoted debt securities-PRC</i>			
CHANGSHA COUNTY TONGTU HIGHWAY CONSTRUCTION INVESTMENT CO LTD 6% A 19JUN2022	100,000	10,612,460	6.40%
CHINA DEVELOPMENT BANK CORP 3.46% A 24SEP2020	100,000	10,147,640	6.12%
CHINA STATE GRID CORP 4.8% A 20NOV2019	100,000	10,587,300	6.39%
GUANGMEISHAN RAILWAY CO LTD 3.72% A 25NOV2016	100,000	9,998,540	6.03%
GUANGZHOU PEARL RIVER ENTERPRISES GROUP LTD 5.95% A 19SEP2019	100,000	10,745,680	6.48%
HEBEI TV BROADCAST INFORMATION NETWORK GROUP CO LTD 5.3% A 12JUN2023	100,000	10,489,790	6.33%
JIAXING HIGH CLASS HIGHWAY INVESTMENT CO LTD 6.2% A 02DEC2019	100,000	10,729,890	6.48%
LUAN XINJIANG COAL CHEMICAL CORP 5.7% A 11AUG2020	100,000	8,951,180	5.40%
SHAANXI PROVINCIAL EXPRESSWAY CONSTRUCTION GROUP CO 3.3% A 25FEB2017	100,000	10,007,230	6.04%
ZIBO CITY PROPERTY CO LTD 5.45% A 27APR2019	300,000	11,196,810	6.76%
TOTAL QUOTED DEBT SECURITIES, AT FAIR VALUE		<u>103,466,520</u>	<u>62.44%</u>
<i>Exchange trade debt securities, at fair value-PRC</i>			
COFCO PROPERTY GROUP CO LTD 4.4% A 17AUG2020	130,000	13,232,960	7.99%
RUDONG COUNTY DONGTAI SOCIAL DEVELOPMENT INVESTMENT LLC 6.99% A 20JUN2021	100,000	10,791,960	6.51%
SINO-OCEAN LAND LTD 3.78% A 19AUG2020	100,000	10,089,000	6.09%
URUMQI STATE-OWNED ASSET MANAGEMENT CO LTD 6.48% A 28APR2018	100,000	5,215,000	3.15%
TOTAL EXCHANGE TRADE DEBT SECURITIES, AT FAIR VALUE		<u>39,328,920</u>	<u>23.73%</u>
TOTAL INVESTMENTS, AT FAIR VALUE		142,795,440	86.17%
OTHER NET ASSETS		<u>22,914,571</u>	<u>13.83%</u>
TOTAL NET ASSETS		<u>165,710,011</u>	<u>100.00%</u>
TOTAL INVESTMENTS, AT COST		<u>142,780,240</u>	