

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 2017 to 30 June 2017
(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

CLSA Alternative Investment Management Limited
(formerly known as "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
27th 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
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

	For the period from 1 January 2017 to 30 June 2017 RMB	For the period from 1 January 2016 to 30 June 2016 RMB
INCOME		
Bank interest income	718	3,491
Interest income on debt securities held for trading	2,754,633	3,563,538
Other interest income	21,971	19,895
Net realized (losses) / gains on financial assets at fair value through profit or loss	(294,240)	3,892,055
Net change in unrealized gains/ (losses) on financial assets at fair value through profit or loss	309,245	(4,472,320)
	<u>2,792,327</u>	<u>3,006,659</u>
EXPENSES		
Management fee	(611,317)	(796,437)
Trustee and registrar fee	(241,290)	(240,000)
Custodian fee	(42,675)	(64,405)
Auditors' remuneration	(97,737)	(104,685)
Legal and professional fees	(16,115)	(13,209)
Publishing charges	(5,954)	(8,557)
Commission expenses	(4,527)	(56,988)
Handling and transaction fees	(9,329)	(40,962)
Other general expenses	(4,827)	(12,058)
	<u>(1,033,771)</u>	<u>(1,337,301)</u>
PROFIT BEFORE TAX	1,758,556	1,669,358
Withholding tax	(256,476)	(1,124)
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>1,502,080</u></u>	<u><u>1,668,234</u></u>

CSI ALPHA FUND SERIES
- CSI RMB INCOME FUND

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2017

	(Unaudited) 30 June 2017 RMB	(Audited) 31 December 2016 RMB
ASSETS		
Deposits	10,002	18,995
Interest receivables	2,518,812	2,751,987
Financial assets at fair value through profit or loss	105,705,972	104,123,787
Cash at banks	14,042,776	24,759,299
TOTAL ASSETS	<u>122,277,562</u>	<u>131,654,068</u>
LIABILITIES		
Redemptions payable	63,235	-
Distributions payable to unitholders	-	1,822,250
Management fee payable	98,958	108,380
Trustee and registrar fee payable	40,000	38,710
Withholding tax payable	677,547	455,066
Other payables	305,789	234,307
TOTAL LIABILITIES	<u>1,185,529</u>	<u>2,658,713</u>
EQUITY		
Units in issue	95,302,582	104,707,984
Reserves	25,789,451	24,287,371
TOTAL EQUITY	<u>121,092,033</u>	<u>128,995,355</u>
TOTAL LIABILITIES AND EQUITY	<u>122,277,562</u>	<u>131,654,068</u>
NET ASSETS VALUE	121,092,033	128,995,355
Adjustment for distributions payable to unitholders	-	1,822,250
NET ASSET VALUE (calculated in accordance with Trust Prospectus - Fund Specific Prospectus)	<u>121,092,033</u>	<u>130,817,605</u>
NUMBER OF UNITS IN ISSUE		
Distribution unit class	<u>11,264,660</u>	<u>12,148,330</u>
NET ASSET VALUE PER UNIT (calculated in accordance with IFRSs)		
Distribution unit class	<u>10.75</u>	<u>10.62</u>

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

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

	Accumulation unit class		Distribution unit class		Total
	Number of units outstanding	RMB	Number of units outstanding	RMB	RMB
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>
At 1 January 2017	-	-	12,148,330	128,995,355	128,995,355
Subscription of units	-	-	187	1,995	1,995
Redemption of units	-	-	(883,857)	(9,407,397)	(9,407,397)
Total comprehensive income for the period	-	-	-	1,502,080	1,502,080
At 30 June 2017	<u>-</u>	<u>-</u>	<u>11,264,660</u>	<u>121,092,033</u>	<u>121,092,033</u>

CSI ALPHA FUND SERIES
- CSI RMB INCOME FUND

STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

	For the period from 1 January 2017 to 30 June 2017 RMB	For the period from 1 January 2016 to 30 June 2016 RMB
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,758,556	1,669,358
Adjustment for:		
Interest income	(2,777,322)	(3,586,924)
Decrease in deposits	8,993	1,400
(Increase)/decrease in financial asset at fair value through profit or loss	(1,582,185)	9,193,460
Decrease in management fee payable	(9,422)	(6,433)
Increase in trustee and registrar fee payable	1,290	-
Increase/(decrease) in other payables	71,482	(75,282)
Net cash (used in) / generated from operations	(2,528,608)	7,195,579
Interest received	3,010,497	4,178,587
Withholding tax paid	(33,995)	(1,376)
Net cash inflow from operating activities	447,894	11,372,790
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of units	1,995	13,909,862
Payments on redemption of units	(9,344,162)	(10,034,368)
Distribution paid to unitholders	(1,822,250)	(8,027,967)
Net cash used in financing activities	(11,164,417)	(4,152,473)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(10,716,523)	7,220,317
Cash and cash equivalents at beginning of the period	24,759,299	13,222,205
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	14,042,776	20,442,522

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

30 JUNE 2017

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 CLSA Alternative Investment Management Limited (formerly known as "CITIC Securities International Investment Management (HK) Limited") (the "Manager") and BOCI-Prudential Trustee Limited (the "Trustee").

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 2016.

CSI ALPHA FUND SERIES
- CSI RMB INCOME FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

	At 1 January 2017	Additions	Disposals	At 30 June 2017
CHANGSHA COUNTY TONGTU HIGHWAY CONSTRUCTION INVESTMENT CO LTD 6% A 19JUN2022	100,000	-	-	100,000
CHINA GOVT BOND 2.79% A 17NOV2023	-	100,000	(100,000)	-
COFCO PROPERTY GROUP CO LTD 4.4% A 17AUG2020	100,000	-	(100,000)	-
FANGCHENGGANG CITY GANGGONG INFRASTRUCTURE CONSTRUCTION INVESTMENT CO LTD 5.58% A 22SEP2019	-	100,000	-	100,000
GUANGXI LAIBIN URBAN CONSTRUCTION INVESTMENT GROUP CO LTD 5.9% A 23MAR2018	-	100,000	-	100,000
GUANGZHOU PEARL RIVER ENTERPRISES GROUP LTD 5.95% A 19SEP2019	100,000	-	-	100,000
GUIZHOU COMMUNICATIONS CONSTRUCTION GROUP 4.2% A PERP	100,000	-	-	100,000
HEBEI TV BROADCAST INFORMATION NETWORK GROUP CO LTD 5.3% A 12JUN2023	100,000	-	-	100,000
JILIN PROVINCIAL EXPRESSWAY GROUP CO LTD 5.16% A 05NOV2021	-	100,000	-	100,000
RUDONG COUNTY DONGTAI SOCIAL DEVELOPMENT INVESTMENT LLC 6.99% A 20JUN2021	110,000	-	(110,000)	-
SHAANXI PROVINCIAL EXPRESSWAY CONSTRUCTION GROUP CO 3.3% A 25FEB2017	100,000	-	(100,000)	-
SHANDONG WEIQIAO ALUMINUM & POWER CO LTD 5.8% A 10APR2018	-	100,000	-	100,000
SHANGHAI NEW HUANGPU REAL ESTATE CO LTD 4.5% A 12OCT2021	60,000	-	-	60,000
SHANXI COAL TRANSPORTATION AND SALES GROUP CO LTD 4.95% A 28APR2017	100,000	-	(100,000)	-
TIANJIN XIQING ECONOMIC DEVELOPMENT CO LTD 3.29% A 20SEP2017	-	100,000	-	100,000
URUMQI STATE-OWNED ASSET MANAGEMENT CO LTD 6.48% A 28APR2018	100,000	25,000	(25,000)	100,000
ZIBO CITY PROPERTY CO LTD 5.45% A 27APR2019	300,000	36,000	(36,000)	300,000

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PERFORMANCE TABLE (UNAUDITED)

30 JUNE 2017

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 2017 Distribution unit class	<u>10.75</u>	<u>121,092,033</u>
As at 31 December 2016 Distribution unit class	<u>10.77</u>	<u>130,817,605</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 1 January 2017 to 30 June 2017 Distribution unit class	<u>10.75</u>	<u>10.58</u>
Year ended 31 December 2016 Distribution unit class	<u>10.96</u>	<u>10.59</u>
Accumulation unit class	<u>12.09</u>	<u>11.73</u>

CSI ALPHA FUND SERIES
- CSI RMB INCOME FUND

INVESTMENT PORTFOLIO (UNAUDITED)

30 JUNE 2017

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	10,143,840	8.38%
FANGCHENGGANG CITY GANGGONG INFRASTRUCTURE CONSTRUCTION INVESTMENT CO LTD 5.58% A 22SEP2019	100,000	10,013,890	8.27%
GUANGXI LAIBIN URBAN CONSTRUCTION INVESTMENT GROUP CO LTD 5.9% A 23MAR2018	100,000	9,983,590	8.24%
GUANGZHOU PEARL RIVER ENTERPRISES GROUP LTD 5.95% A 19SEP2019	100,000	10,221,970	8.44%
GUIZHOU COMMUNICATIONS CONSTRUCTION GROUP 4.2% A PERP	100,000	9,723,380	8.03%
HEBEI TV BROADCAST INFORMATION NETWORK GROUP CO LTD 5.3% A 12JUN2023	100,000	10,093,880	8.34%
JILIN PROVINCIAL EXPRESSWAY GROUP CO LTD 5.16% A 05NOV2021	100,000	10,069,320	8.32%
SHANDONG WEIQIAO ALUMINUM & POWER CO LTD 5.8% A 10APR2018	100,000	9,943,350	8.21%
SHANGHAI NEW HUANGPU REAL ESTATE CO LTD 4.5% A 12OCT2021	60,000	5,629,632	4.65%
TIANJIN XIQING ECONOMIC DEVELOPMENT CO LTD 3.29% A 20SEP2017	100,000	9,957,540	8.22%
ZIBO CITY PROPERTY CO LTD 5.45% A 27APR2019	300,000	7,265,580	6.00%
TOTAL QUOTED DEBT SECURITIES, AT FAIR VALUE		<u>103,045,972</u>	<u>85.10%</u>
<i>Exchange trade debt securities, at fair value-PRC</i>			
URUMQI STATE-OWNED ASSET MANAGEMENT CO LTD 6.48% A 28APR2018	100,000	2,660,000	2.20%
TOTAL EXCHANGE TRADE DEBT SECURITIES, AT FAIR VALUE		<u>2,660,000</u>	<u>2.20%</u>
TOTAL INVESTMENTS, AT FAIR VALUE		105,705,972	87.30%
OTHER NET ASSETS		<u>15,386,061</u>	<u>12.70%</u>
TOTAL NET ASSETS		<u>121,092,033</u>	<u>100.00%</u>
TOTAL INVESTMENTS, AT COST		<u>106,945,090</u>	