

HSZ China Fund

SEMI-ANNUAL REPORT 2007
HSZ CHINA FUND

Mutual Fund under Swiss law (category "other funds")

AIG

Fund Management

A member of American International Group, Inc.

AIG Fund Management (Switzerland) Ltd.
Hochbordstrasse 3
CH-8600 Dubendorf-Zurich
Phone +41 44 882 13 21
Fax +41 44 882 13 24
www.aigprivatebank.com

The HSZ China Fund was launched
for HSZ Limited, British Virgin Island
by AIG Fund Management (Switzerland) Ltd.
as fund manager and AIG Private Bank Ltd.
as custodian.

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The performances shown in this report refer to the past. Historic developments are no guarantee for future performances.
The value of a unit can rise and fall any time.
The performance data does not include the costs and commissions, which are charged when units are issued or redeemed.

FACTS & FIGURES

Characteristics of the Fund

At least two thirds of the assets of the total portfolio (after deduction of cash holdings) are invested in equity-related securities and security rights of selected issuers, which are domiciled or conduct their principal business in the People's Republic of China or in holding companies, whose participations are primarily companies, which are domiciled in the People's Republic of China. Up to one third of the fund's total assets, after deduction of cash holdings can be invested in equity-related securities and security rights and money market instruments of global issuers.

The net income of the fund is distributed to the unit holders once a year at the end of April.

From the management fees there are remittances to be effected for the distribution of the mutual fund (retrocommission on unitholdings) to distributors and portfolio managers. Institutional investors who hold units of the mutual fund for third parties are entitled to receive a reimbursement from the management fees.

Organization

Fund Management

AIG Fund Management (Switzerland) Ltd.
Hochbordstrasse 3, CH-8600 Dubendorf-Zurich

Custodian and Paying Office

AIG Private Bank Ltd.
Pelikanstrasse 37, CH-8001 Zurich
www.aigprivatebank.com

Auditor

PricewaterhouseCoopers Ltd.
Birchstrasse 160, CH-8050 Zurich

Paying Office

AIG Private Bank Ltd.
Pelikanstrasse 37, CH-8001 Zurich

Investment Decisions

Investment decisions are delegated to HSZ Limited (Woodbourne Hall, P.O. Box 3162, Road Town, Tortola, British Virgin Islands, www.hszgroup.com).

Securities Code

2682803 (Class USD)
2682806 (Class CHF)
2682809 (Class EUR)

Remarks

The prospectus with the integrated fund regulations can be ordered any time and free of charge from the fund management company.

The German text is the sole basis for the authentic interpretation of the report.

A variable commission up to 5% of the net asset value was charged at issuance (can vary depending on the distribution channel).

Depositories

Switzerland

SIS SegalInterSettle, Zurich

Hong Kong

State Street Bank & Trust Co., Hong Kong

Belgium

Euroclear, Brussels

Key Data

Net Fund Asset in Mio. USD	30.06.07
Units Outstanding Class USD	186.04
Units Outstanding Class CHF	1 156 435.3610
Units Outstanding Class EUR	191 871.5890
Net Asset Value per Unit in Class USD	38 505.5900
Net Asset Value per Unit in Class CHF	136.84
Net Asset Value per Unit in Class EUR	135.19
	130.30

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Statement of Income from November 17, 2006 to June 30, 2007

	2006/2007 in USD
Income	
Income from bank receivables at time	1 608 107.11
Bonds, notes, convertible bonds	404 387.11
Purchase of current income on issue of units	4 522.66
Total Income	2 017 016.88
Expenses	
Interest expenses	348.80
Audit fees	5 248.50
Remunerations according to regulations	
– Custodian*	179 153.78
– Fund manager**	1 512 950.18
Performance fees	4 775 637.44
Transfer to realized capital gains and losses according to FTA	–4 775 637.44
Other expenses	16 053.85
Partly transfer of expenses to realized capital gains and losses***	–191 999.36
Payment of current income on redemption of units	15 746.38
Total Expenses	1 537 502.13
Operating Result	
	479 514.75
Realized capital gains and losses	–133 837.93
Partly transfer of expenses to realized capital gains and losses***	–191 999.36
Realized Result	153 677.46
Not realized capital gains and losses	51 359 930.89
Total Result	51 513 608.35

*The actual remuneration to the custodian bank amounts to 0.40%.

**The actual remuneration to the fund management amounts to 1.50%.

***According to a notice from the federal tax authorities (FTA) as of January 3, 2007, applicable to financial statements as per June 30, 2007

TER for the units of the class USD without performance fees	1.69%
TER for the units of the class CHF without performance fees	1.71%
TER for the units of the class EUR without performance fees	1.68%
TER for the units of the class USD with performance fees	4.59%
TER for the units of the class CHF with performance fees	4.63%
TER for the units of the class EUR with performance fees	4.58%
PTR is calculated on the pool's assets as PTR is not meaningful on the subfund level.	18.80%

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Statement of Assets as of June 30

	2007 in USD
Bank receivables	
– at sight	8 650 455.37
– at time	9 114 807.30
Structured products	3 442 910.67
Shares and other equity instruments	167 960 141.00
Other assets	260 636.82
Total Assets	189 428 951.16
Liabilities	–3 389 984.90
Net Fund Assets	186 038 966.26
	USD Class
Number of Units Outstanding	
Total as of November 17, 2006	0.0000
Units issued in the period under review	1 294 005.2660
Units redeemed in the period under review	–137 569.9050
Total as of June 30	1 156 435.3610
Net Asset Value of a Unit	136.84
	CHF Class
Number of Units Outstanding	
Total as of November 17, 2006	0.0000
Units issued in the period under review	221 512.8990
Units redeemed in the period under review	–29 641.3100
Total as of June 30	191 871.5890
Net Asset Value of a Unit USD	109.69
Net Asset Value of a Unit CHF	135.19
	EUR Class
Number of Units Outstanding	
Total as of November 17, 2006	0.0000
Units issued in the period under review	41 005.5900
Units redeemed in the period under review	–2 500.0000
Total as of June 30	38 505.5900
Net Asset Value of a Unit USD	175.23
Net Asset Value of a Unit EUR	130.30

Off-Balance Sheet Transactions as of June 30, 2007

As per key-date there are no open transactions.
No loans have been granted nor have securities been lent.

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Changes of the Fund's Net Assets (Art. 75 CISO-SFBC)

	2007 in USD
Net Fund Assets as of November 17, 2006	0.00
Units issued in the period under review	155 327 489.87
Units redeemed in the period under review	-20 802 131.96
Realized capital gains and losses	-325 837.29
Operating result	479 514.75
Unrealized capital gains and losses	51 359 930.89
Net Assets of the Fund according to Statement of Assets as of June 30, 2007	186 038 966.26
Thereof Class USD	158 245 072.93
Thereof Class CHF	21 046 533.06
Thereof Class EUR	6 747 360.27
Interim balance of current year's earnings per unit of Class USD	0.35
Interim balance of current year's earnings per unit of Class CHF	0.29
Interim balance of current year's earnings per unit of Class EUR	0.48
Retained earnings per unit	0.00

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Portfolio Composition as of June 30, 2007

Assets

Quantity	Name	Country	Currency	Price	Price in USD	Price in % Fund Assets
Shares and other Equity Instruments, quoted on Stock Exchange 90.28%						
Lodging and Catering Ind., Leisure Facilities 8.73%						
4 719 000	Fuji Food & Catering Services Holdings Ltd.	Cayman Island	HKD	26.90	16 231 981.63	8.73
Mechanical Engineering and Industrial Equipment 7.39%						
5 954 000	China Infrastructure Machinery Holdings Ltd.	Cayman Island	HKD	17.08	13 003 671.26	6.99
1 394 000	Dongfeng Motor Group Co. Ltd.	Cayman Island	HKD	4.16	741 524.30	0.40
Watch and Clock Industry, Jewellery 6.78%						
14 442 000	Eganagoldpfeil Holdings Ltd.	Cayman Island	HKD	6.83	12 612 969.04	6.78
Real Estate 6.38%						
2 450 000	China Resources Land Ltd.	Cayman Island	HKD	11.82	3 702 992.62	1.99
9 101 000	Shui on Land Ltd.	Bermudas	HKD	7.01	8 157 863.19	4.39
Banks and other Credit Institutions 6.00%						
3 670 000	China Merchants Bank Co. Ltd.	China	HKD	23.80	11 168 948.97	6.00
Traffic and Transportation 5.75%						
2 192 000	Beijing Capital International Airport Co. Ltd.	Bermudas	HKD	11.00	3 083 205.84	1.66
10 580 000	Cosco International Holdings Ltd.	Bermudas	HKD	5.62	7 603 109.91	4.09
Energy and Water Supply 5.52%						
6 987 000	Epure International Ltd.	Singapore	SGD	2.25	10 267 913.79	5.52
Building Industry and Building Materials 5.19%						
1 250 000	Shimao Property Holdings Ltd.	Bermudas	HKD	17.48	2 793 963.49	1.50
1 026 000	Shui on Construction & Materials Ltd.	Hong Kong	HKD	25.15	3 299 549.40	1.77
850 000	West China Cement Ltd.	Jersey	GBP	2.10	3 573 620.69	1.92
Miscellaneous Consumer Goods 5.04%						
5 856 000	Beijing Jingkelong Co. Ltd.	Bermudas	HKD	7.76	5 810 748.44	3.12
1 272 000	Ports Design Ltd.	Bermudas	HKD	22.00	3 578 319.19	1.92
Graphics, Publishing and Printing Media 4.99%						
17 190 000	Mingyuan Medicare Development Company Ltd.	Bermudas	HKD	1.10	2 417 897.28	1.30
21 490 000	Pico Far East Holdings Ltd.	Cayman Island	HKD	2.50	6 869 825.56	3.69
Telecommunication 4.06%						
10 998 000	Comba Telecom Systems Holdings Ltd.	Cayman Island	HKD	3.56	5 006 485.91	2.69
1 192 000	Proactive Technology Holdings Ltd.	Hong Kong	HKD	16.70	2 545 435.00	1.37
Financial, Investment and Other Diversified Companies 3.21%						
990 600	Bank of East Asia Ltd.	Hong Kong	HKD	44.00	5 573 400.92	3.00
500 000	China Citic Bank Corporation Ltd.	Hong Kong	HKD	5.98	382 331.85	0.21
Textiles, Garments and Leather Goods 3.14%						
345 500	Esprit Holdings Ltd.	Bermudas	HKD	99.20	4 382 571.49	2.36
1 700 000	Hongguo International Holdings Ltd.	Cayman Island	SGD	1.31	1 454 551.72	0.78

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Portfolio Composition as of June 30, 2007

Assets

Quantity	Name	Country	Currency	Price	Price in USD	Price in % Fund Assets
Petroleum 2.94%						
1 846 000	PetroChina Co. Ltd.	China	HKD	11.52	2 719 277.07	1.46
11 534 375	Sinolink Worldwide Holdings Ltd.	Bermudas	HKD	1.87	2 758 067.93	1.48
Retail Trade and Department Stores 2.68%						
2 060 000	Li Ning Co. Ltd.	Bermudas	HKD	18.96	4 994 302.44	2.68
Food and Soft Drinks 2.66%						
1 120 000	China Mengniu Dairy Company Ltd.	Cayman Island	HKD	26.95	3 859 633.59	2.07
458 300	Lion Diversified Holdings BHD	Cayman Island	MYR	8.30	1 103 359.57	0.59
Rubber and Tires 2.49%						
10 592 000	Xingda International Holdings Ltd.	Cayman Island	HKD	3.42	4 632 051.33	2.49
Pharmaceuticals, Cosmetics and Med. Products 1.82%						
969 000	Beauty China Holdings Ltd.	Cayman Island	SGD	1.27	803 778.62	0.43
4 610 000	Ecogreen Fine Chemicals Group Ltd.	Cayman Island	HKD	4.38	2 581 929.15	1.39
Electronics and Semiconductors 1.59%						
3 276 000	Aupu Group Holding Co. Ltd.	Hong Kong	HKD	3.00	1 256 708.15	0.68
232 000	Parkson Retail Group Ltd.	Hong Kong	HKD	50.10	1 486 260.71	0.80
598 000	Scud Group Ltd.	Cayman Island	HKD	2.68	204 929.87	0.11
Miscellaneous Trading Companies 1.45%						
748 000	Li & Fung Ltd.	Hong Kong	HKD	28.15	2 692 460.14	1.45
Mining, Coal and Steel 1.27%						
678 000	China Shenhua Energy Co. Ltd.	China	HKD	27.30	2 366 800.36	1.27
Non-Ferrous Metals 0.66%						
25 506	Pyeong San Ltd.	South Korea	KRW	44 850.00	1 229 797.92	0.66
Computer Hardware and Networking 0.54%						
647 000	Quanta Computer Inc.	Taiwan	TWD	51.20	1 007 902.66	0.54
Total Shares and other Equity Instruments, quoted on Stock Exchange					167 960 141.00	90.28
Units of other Collective Investments Schemes 1.85%						
Units of other Collective Investments Schemes 1.85%						
120 000	UBS AG London Zero Coupons on Sany Heavy	Great Britain	USD	5.99	719 259.60	0.39
1 369 357	Wts Merrill Lynch on Daqin Railway Co. Ltd. 2006-10.8.09	USA	USD	1.99	2 723 651.07	1.46
Total Units of other Collective Investments Schemes 1.85%					3 442 910.67	1.85
Total Assets			USD	171 403 051.67		

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Portfolio Composition as of June 30, 2007

Assets

Quantity	Name	Currency	Price in USD	Price in % Fund Assets
Bank Receivables¹ 9.55%				
- at sight		USD	8 650 455.37	4.65
- at time		USD	9 114 807.30	4.90
Other Assets 0.14%				
Total Assets		USD	189 428 951.16	
Liabilities -1.82%				
Net Fund Assets		USD	186 038 966.26	100.00

¹ Deposits are not protected by deposit insurances.

	Currency	Price
Exchanges Rates to USD		
Hong Kong Dollar	HKD	0.1279
British Pound	GBP	2.0020
Singapore Dollar	SGD	0.6531
Malaysian Ringgit	MYR	0.2901
South Korean Won	KRW	0.1075
Taiwan Dollar	TWD	3.0426

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Changes in Securities Holdings from November 17, 2006 to June 30, 2007

Name	Currency	Quantity 17.11.06	Quantity Bought	Quantity Sold	Quantity 30.06.07
Bermuda					
Beijing Capital International Airport Co. Ltd.	HKD	0	2 192 000	0	2 192 000
Beijing Jingkelong Co. Ltd.	HKD	0	5 856 000	0	5 856 000
Cosco International Holdings Ltd.	HKD	0	13 008 000	2 428 000	10 580 000
Esprit Holdings Ltd.	HKD	0	385 500	40 000	345 500
Li Ning Co. Ltd.	HKD	0	2 060 000	0	2 060 000
Lung Kee Holdings Ltd.	HKD	0	1 810 000	1 810 000	0
Mingyuan Medicare Development Company Ltd.	HKD	0	17 190 000	0	17 190 000
Ports Design Ltd.	HKD	0	1 272 000	0	1 272 000
Shimao Property Holdings Ltd.	HKD	0	1 250 000	0	1 250 000
Shui on Land Ltd.	HKD	0	9 101 000	0	9 101 000
Sinolink Worldwide Holdings Ltd.	HKD	0	13 275 000	3 400 000	
Sinolink Worldwide Holdings Ltd.	HKD		1 659 375 ¹	0	11 534 375
Vtech Holdings Ltd.	USD	0	486 000	486 000	0
Cayman Islands					
Ajisen Holdings Ltd.	HKD	0	286 000	286 000	0
Beauty China Holdings Ltd.	SGD	0	1 919 000	950 000	969 000
Belle International Holdings Ltd.	HKD	0	380 000	380 000	0
Capital Retail China Trust	SGD	0	150 000	150 000	0
China Resources Land Ltd.	HKD	0	2 450 000	0	2 450 000
China Fire Safety Enterprise Group Ltd.	HKD	0	4 835 000	4 835 000	0
China Infrastructure Machinery Holdings Ltd.	HKD	0	6 804 000	850 000	5 954 000
China Mengniu Dairy Company Ltd.	HKD	0	1 120 000	0	1 120 000
Comba Telecom Systems Holdings Ltd.	HKD	0	10 998 000	0	10 998 000
Country Garden Holdings	HKD	0	265 000	265 000	0
Dongfeng Motor Group Co. Ltd.	HKD	0	1 394 000	0	1 394 000
Ecogreen Fine Chemicals Group Ltd.	HKD	0	4 610 000	0	4 610 000
Eganagoldpfeil Holdings Ltd.	HKD	0	14 442 000	0	14 442 000
Fuji Food & Catering Services Holdings Ltd.	HKD	0	5 874 000	1 155 000	4 719 000
GST Holdings Ltd.	HKD	0	800 000	800 000	0
Hongguo International Holdings Ltd.	SGD	0	1 700 000	0	1 700 000
Hopewell Highway Infrastructure Ltd.	HKD	0	1 307 000	1 307 000	0
Hua Han Bio Pharmaceutical Holdings Ltd.	HKD	0	4 216 000	4 216 000	0
Lion Diversified Holdings BHD	MYR	0	710 200	251 900	458 300
Pico Far East Holdings Ltd.	HKD	0	21 490 000	0	21 490 000
Scud Group Ltd.	HKD	0	12 246 000	11 648 000	598 000
Walker Group Holdings Ltd.	HKD	0	250 000	250 000	0
Xingda International Holdings Ltd.	HKD	0	11 592 000	1 000 000	10 592 000
Yanlord Land Group Ltd.	SGD	0	1 452 000	1 452 000	0
China					
Beijing Capital Land Ltd. -H-	HKD	0	514 000	514 000	0
China Merchants Bank Co. Ltd.	HKD	0	3 670 000	0	3 670 000
China Mobile (HK) Ltd.	HKD	0	170 000	170 000	0
China Shenhua Energy Co. Ltd.	HKD	0	678 000	0	678 000
Mindray Medical Intl. Ltd.	USD	0	35 900	35 900	0
PetroChina Co. Ltd.	HKD	0	1 846 000	0	1 846 000
Great Britain					
UBS AG London Zero Coupons on Sany Heavy	USD	0	120 000	0	120 000

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Changes in Securities Holdings from November 17, 2006 to June 30, 2007

Name	Currency	Quantity 17.11.06	Quantity Bought	Quantity Sold	Quantity 30.06.07
Hong Kong					
Aac Acoustic Technologies Holdings Inc.	HKD	0	3 210 000	3 210 000	0
Aupu Group Holding Co. Ltd.	HKD	0	3 276 000	0	3 276 000
Bank of East Asia Ltd.	HKD	0	990 600	0	990 600
China Citic Bank Corporation Ltd.	HKD	0	1 000 000	500 000	500 000
China Communications Services Corp. Ltd.	HKD	0	302 000	302 000	0
Denway Motors Ltd.	HKD	0	1 900 000	1 900 000	0
Glorious Sun Enterprises Ltd.	HKD	0	2 088 000	2 088 000	0
Hong Kong & China Gas Co. Ltd.	HKD	0	3 360 000	3 360 000	0
Li & Fung Ltd.	HKD	0	748 000	0	748 000
Parkson Retail Group Ltd.	HKD	0	232 000	0	232 000
Proactive Technology Holdings Ltd.	HKD	0	1 192 000	0	1 192 000
Shui on Construction & Materials Ltd.	HKD	0	1 030 000	4 000	1 026 000
Techtronic Industries Co. Ltd.	HKD	0	680 000	680 000	0
Jersey					
West China Cement Ltd.	GBP	0	1 900 000	1 050 000	850 000
Singapore					
Epure International Ltd.	SGD	0	6 987 000	0	6 987 000
Yangzijiang Shipbuilding	SGD	0	310 000	310 000	0
South Korea					
Pyeong San Ltd.	KRW	0	25 506	0	25 506
Taiwan					
Quanta Computer Inc.	TWD	0	647 000	0	647 000
USA					
Wts Merrill Lynch on Daqin Railway Co. Ltd. 2006-10.8.09	USD	0	2 739 357	1 370 000	1 369 357

¹ Bonus Issue