
DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

CONTENTS	PAGES
Management and Administration	1
Report of the Manager	2 - 3
Report of the Trustee	4
Independent Auditor's Report	5 - 7
Statement of Financial Position	8
Statement of Comprehensive Income	9
Statement of Changes in Net Assets Attributable to Unitholders	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 27
Investment Portfolio (Unaudited)	28 - 29
Statement of Movements in Investment Portfolio (Unaudited)	30 - 31
Performance Table (Unaudited)	32



**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

MANAGEMENT AND ADMINISTRATION

Directors of the Manager

Mr. Tan Xiaogang
Mr. Xiao Jian
Mr. Wen Zhimin
Mr. Yao Yudong
Ms. Zhao Bing
Ms. Wu Ping

Trustee and Registrar

BOCI-Prudential Trustee Limited
12/F & 25/F, Citicorp Centre,
18 Whitfield Road,
Causeway Bay,
Hong Kong

Manager

Da Cheng International Asset Management
Company Limited
Suites 3516 - 3519,
Jardine House,
1 Connaught Place,
Central, Hong Kong

Legal Counsel to the Manager

Simmons & Simmons
30/F, One Taikoo Place,
979 King's Road,
Hong Kong

Custodian

Bank of China (Hong Kong) Limited
14/F, Bank of China Tower,
1 Garden Road,
Hong Kong

Auditor

PricewaterhouseCoopers
22/F, Prince's Building,
Central,
Hong Kong

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

REPORT OF THE MANAGER

Fund Performance

Da Cheng Overseas China Concept Fund (the “Sub-Fund”) seeks to provide long term growth of capital. As of 31 December 2020, the Net Asset Value (“NAV”) per unit of Class A HKD was HKD 22.70, and the NAV per unit of the Class A USD was USD 22.71, aggregating a total net asset size of approximately HKD179,171,667.

A summary of the performance of the Sub-Fund is set out below (as at 31 December 2020).

	2020	2019	2018	2017	Since inception ¹
Da Cheng Overseas China Concept Fund - HKD Class A NAV-to-NAV return	52.76%	30.47%	- 29.12%	55.27%	127.00%
Da Cheng Overseas China Concept Fund - USD Class A NAV-to-NAV return	53.45%	31.21%	- 29.28%	54.11%	127.10%

Source: Da Cheng International Asset Management Limited, Bloomberg
The performance of the Sub-Fund is not referenced to pre-determined benchmarks.

Market Overview

For the full year of 2020, offshore china equities (as measured by MSCI China Index) rose 26.7% on rising optimism of strong economy recovery post COVID-19. Liquidity remained healthy due to strong inflow from south bound and overseas. Throughout 2020, southbound net inflows reached HK\$672bn, the record high since the inception of Stock Connect, reflecting the attractive fundamentals of offshore china equities. Energy was the worst performing sector in 2020, which fell almost 28% during the year. Information technology was the best performing sector, which rose 78% in 2020. China ADRs (which listed in US stock markets) also posted strong performance in 2020. The bellwether stocks, such as JD.com, Pinduoduo and Baidu, rose more than 70% for the year.

On the macro front, recent release of the China macroeconomic data suggested the economic recovery remained on track. December NBS manufacturing PMI Index dropped slightly by 0.2 to 51.9, indicating economic activities expanded at marginally slower pace. Non-manufacturing PMI edged down by 0.7 to 55.7, reflecting the impact of resurgence of COVID-19. In December, several provinces reported confirmed cases of COVID-19, leading to tightening of outdoor restrictions.

We expect manufacturing PMI is likely to stay in the expansion phase in 2021 on the back of a synchronous global recovery. GDP growth is on track to return to its pre-COVID path, reaching about 8% yoy in 2021. As China economy is more or less back to normal, we believe the monetary policy and fiscal stimulus will move toward neutral in 2021. But the policy normalization is expected to be gradual and would not de-rail the recovery.

¹ Date of commencement of operations is 7 March 2016



**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

REPORT OF THE MANAGER (CONTINUED)

Outlook

Looking into 2021, we stay positive on offshore china equities amid the backdrop of 1) normalization of the economy, 2) strong recovery of corporate earnings growth, 3) reasonable valuation, 4) strong fund inflow from south bound and overseas, and 5) benign interest rate environment.

In term of sector allocation, we take a more balance approach in 2021. The structural growth plays, such as 1) ecommerce, 2) cloud computing, 3) property management, 4) education, 5) new energy vehicles and 6) 5G, remain our key investment theme. We also increase our exposure in some cyclical sectors (such as industrials, domestic consumption, and financials), which are expected to be benefit from the re-opening of the economy.

For and on behalf of
Da Cheng International Asset Management Company Limited

28 April 2021



**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

REPORT OF THE TRUSTEE

We hereby confirm that, in our opinion, the Manager of Da Cheng Overseas China Concept Fund (a sub-fund of DCI Investment Trust, the “Sub-Fund”) has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 30 December 2011, as amended or supplemented from time to time, for the year ended 31 December 2020.

For and on behalf of
BOCI-Prudential Trustee Limited

28 April 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of Da Cheng Overseas China Concept Fund (the "Sub-Fund"), a sub-fund of DCI Investment Trust, set out on pages 8 to 27, which comprise:

- the statement of financial position as at 31 December 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2020, and of its financial transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Sub-Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information

The Trustee and the Manager (the "Management") of the Sub-Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

Responsibilities of the Management for the Financial Statements

The Management of the Sub-Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management of the Sub-Fund is responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 30 December 2011, as amended (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and Appendix E of the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 April 2021

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Notes	2020 HKD	2019 HKD
Assets			
Current assets			
Investments	3.1, 3.4	185,657,699	269,907,981
Dividend receivable		182,746	94,110
Amount receivable on subscription of units		452,381	198,020
Cash and cash equivalents	3.4, 7.3	750,421	1,173,613
Total assets		<u>187,043,247</u>	<u>271,373,724</u>
Liabilities			
Current liabilities			
Management fee payable	7.1	231,079	348,048
Trustee fee payable	7.2	35,000	36,167
Amount payable on redemption of units		7,414,943	2,481,932
Accrued expenses and other payables		190,558	186,043
Total liabilities (excluding net assets attributable to unitholders)		<u>7,871,580</u>	<u>3,052,190</u>
Net assets attributable to unitholders	6	<u>179,171,667</u>	<u>268,321,534</u>

On behalf of
BOCI-Prudential Trustee Limited

On behalf of
Da Cheng International Asset Management
Company Limited

Authorised Signatory

Authorised Signatory

Director

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 HKD	2019 HKD
Income			
Dividend income		2,231,694	3,557,953
Interest income	7.3	43	3,726
Net gains on investments	5	89,992,464	75,085,624
Net foreign exchange losses		(64,731)	(95,400)
Other income		30	-
Total investment income		<u>92,159,500</u>	<u>78,551,903</u>
Expenses			
Management fee	7.1	3,256,892	4,029,305
Trustee fee	7.2	420,000	423,578
Custodian fee	7.3	269,971	223,935
Transaction handling fees	7.4	111,600	77,520
Transaction costs	11	857,001	1,113,443
Auditor's remuneration		194,068	187,057
Legal and professional fee		58,300	103,003
Other expenses		11,819	9,953
Total operating expenses		<u>5,179,651</u>	<u>6,167,794</u>
Profit before tax		<u>86,979,849</u>	<u>72,384,109</u>
Taxation	8	(90,779)	(129,007)
Increase in net assets attributable to unitholders		<u><u>86,889,070</u></u>	<u><u>72,255,102</u></u>

The notes on pages 12 to 27 form an integral part of these financial statements.

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 HKD	2019 HKD
Net assets attributable to unitholders at the beginning of the year	268,321,534	272,797,222
	-----	-----
Subscription of units	200,279,529	26,016,767
Redemption of units	(376,318,466)	(102,747,557)
	-----	-----
Net decrease from unit transactions	(176,038,937)	(76,730,790)
	-----	-----
Increase in net assets attributable to unitholders	86,889,070	72,255,102
	-----	-----
Net assets attributable to unitholders at the end of the year	179,171,667	268,321,534
	=====	=====

Number of units issued and redeemed

	2020		2019	
	HKD Class A	USD Class A	HKD Class A	USD Class A
Number of units in issue at the beginning of the year	9,163,946	1,146,427	12,189,917	1,517,113
Units issued	4,668,549	770,318	797,539	144,296
Units redeemed	(9,174,740)	(1,499,549)	(3,823,510)	(514,982)
	-----	-----	-----	-----
Number of units in issue at the end of the year	4,657,755	417,196	9,163,946	1,146,427
	=====	=====	=====	=====

The notes on pages 12 to 27 form an integral part of these financial statements.

DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	HKD	HKD
Cash flows from operating activities		
Increase in net assets attributable to unitholders	86,889,070	72,255,102
Adjustments for:		
Interest income	(43)	(3,726)
Dividend income	(2,231,694)	(3,557,953)
Taxation	90,779	129,007
Operating profit before changes in working capital	84,748,112	68,822,430
Decrease in investments	84,250,282	399,652
Decrease in management fee payable	(116,969)	(14,771)
Decrease in trustee fee payable	(1,167)	(115)
Increase in accrued expenses and other payables	4,515	887
Decrease in amount due to brokers	-	(7,749,123)
Decrease in amount due from brokers	-	9,631,683
Cash generated from operations	168,884,773	71,090,643
Dividend income received, net of withholding taxes	2,052,279	3,349,874
Interest income received	43	3,726
Net cash generated from operating activities	170,937,095	74,444,243
Cash flows from financing activities		
Proceeds from subscription of units	200,025,168	25,918,747
Payments on redemption of units	(371,385,455)	(100,716,103)
Net cash used in financing activities	(171,360,287)	(74,797,356)
Net decrease in cash and cash equivalents	(423,192)	(353,113)
Cash and cash equivalents at the beginning of the year	1,173,613	1,526,726
Cash and cash equivalents at the end of the year, representing bank deposits	750,421	1,173,613

The notes on pages 12 to 27 form an integral part of these financial statements.

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1 General information

DCI Investment Trust (the “Trust”) is an open-ended unit trust established as an umbrella fund under the laws of Hong Kong by a trust deed dated 30 December 2011, as amended (the “Trust Deed”), between Da Cheng International Asset Management Company Limited as Manager (the “Manager”) and BOCI-Prudential Trustee Limited as Trustee (the “Trustee”). As at 31 December 2020, the Trust has six sub-funds, Da Cheng Overseas China Concept Fund (the “Sub-Fund”), Da Cheng China Balanced Fund, Da Cheng China RMB Fixed Income Fund, Da Cheng Money Market Fund, Da Cheng Total Return Bond Fund and Da Cheng Hong Kong Dollar Money Market Fund (collectively, the “Sub-Funds”). The date of commencement of operations of the Sub-Fund was 7 March 2016.

The Trust and the Sub-Fund are authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) under Section 104(1) of the Hong Kong Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds established by the SFC (the “SFC Code”).

The investment objective of the Sub-Fund is to achieve its objective by primarily investing in China Concept Stocks, which are listed on stock exchanges outside of the People’s Republic of China (“PRC”). The Sub-Fund will primarily invest directly in China Concept Stocks, which are equities issued by:

- (i) companies domiciled in the PRC, Hong Kong or Macau but listed on a stock exchange outside of the PRC; and
- (ii) companies domiciled and listed on a stock exchange, outside of the PRC, whose:
 - (a) operations or assets are based mainly in the PRC, Hong Kong or Macau;
 - (b) management or ownership is mainly controlled by an entity that is established or incorporated in the PRC, Hong Kong or Macau; or
 - (c) revenues or profits are mainly derived from the PRC, Hong Kong or Macau,

including but not limited to H-shares, S-chips and P-chips.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards (“IFRSs”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires the Trustee and the Manager (the “Management”) to exercise its judgement in the process of applying the Sub-Fund’s accounting policies.



大成國際

DA CHENG INTERNATIONAL

DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Standards and amendments to existing standards effective 1 January 2020

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2020 that have a material effect on the financial statements of the Sub-Fund.

New standards, amendments and interpretations effective after 1 January 2020 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

2.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates (the “functional currency”). The performance of the Sub-Fund is measured and reported to the unitholders in Hong Kong dollar (“HKD”). The Manager considers HKD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in HKD, which is the Sub-Fund’s functional and presentation currency.

(ii) Transactions and balances

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within “net gains on investments”.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “net foreign exchange losses”.

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2 Summary of significant accounting policies (Continued)

2.3 Investments

(i) Classification

The Sub-Fund classifies its investments based on both the Sub-Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

The Sub-Fund's policy requires the Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date - the date on which the Sub-Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the investments are presented in the statement of comprehensive income within "net gains on investments" in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Sub-Fund's right to receive payments is established.

(iii) Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the closing of trading on the reporting date. The quoted market price used for financial assets held by the Sub-Fund is the last traded price.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2 Summary of significant accounting policies (Continued)

2.4 Cash and cash equivalents

Cash and cash equivalents include cash at banks and deposits held with banks with original maturities of three months or less.

2.5 Interest income

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents.

The effective interest method is a method of calculating the amortised cost of an interest bearing asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Sub-Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.6 Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.7 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.8 Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.9 Redeemable units

The Sub-Fund issued one class of redeemable units in two different currencies as at year end and the redeemable units do not have identical features. The Sub-Fund classified its puttable instruments as financial liabilities. Units are issued and redeemed at the holder's option at prices based on the Sub-Fund's net asset value per unit of the respective class and currency at the time of issue or redemption. The Sub-Fund's net asset value per unit of the respective class and currency is calculated by dividing the net assets attributable to unitholders of the respective class and currency with the total number of outstanding units of the respective class and currency.

The redeemable units are carried at amortised cost which corresponds to the redemption amount that is payable at the reporting date if the unitholder exercises the right to put the units back to the Sub-Fund.

In accordance with the explanatory memorandum of the Sub-Fund, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for subscriptions and redemptions of the Sub-Fund.

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2 Summary of significant accounting policies (Continued)

2.10 Transaction costs

Transaction costs are costs incurred to acquire financial assets at fair value through profit or loss. They include the transaction handling fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs are expensed as incurred in the statement of comprehensive income.

2.11 Taxation

The Sub-Fund currently incurs withholding taxes on certain dividend income. Such income is recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included as taxation in the statement of comprehensive income.

2.12 Establishment costs

Establishment costs are recognised as expenses in the year in which they are incurred in accordance with IFRSs.

2.13 Comparative figures

Certain comparatives have been amended to conform to the current year's presentation.

3 Financial risk management

The Sub-Fund is exposed to a variety of risks including but not limited to market price risk, cash flow and fair value interest rate risk, credit and counterparty risk, liquidity risk and currency risk which are associated with the markets in which the Sub-Fund invests.

The following is a summary of the main risks and risk management policies.

3.1 Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market. All investments present a risk of loss of capital.

The following table discloses the investments of the Sub-Fund by product type:

	2020 HKD	2019 HKD
Investments		
American depositary receipts	49,060,831	68,305,898
Listed equity securities - HK	123,577,351	194,901,784
Listed equity securities - US	13,019,517	6,700,299
Total investments	<u>185,657,699</u>	<u>269,907,981</u>

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3 Financial risk management (Continued)

3.1 Market price risk (Continued)

The following table discloses the investments of the Sub-Fund by industrial sectors:

Investments	2020		2019	
	Fair value of investments HKD	% of net assets	Fair value of investments HKD	% of net assets
Communications	7,514,100	4.19	12,802,800	4.77
Consumer products and services	61,384,965	34.27	96,838,338	36.10
Energy	8,313,197	4.64	13,144,294	4.90
Financials	25,009,545	13.96	28,019,061	10.44
Healthcare	11,933,924	6.66	18,883,448	7.04
Industrial	15,000,200	8.37	10,926,000	4.07
Real estate	41,842,268	23.35	71,920,490	26.80
Technology	14,659,500	8.18	17,373,550	6.47
Total investments	185,657,699	103.62	269,907,981	100.59

The Sub-Fund's market price risk on equity securities is managed through diversification of the investment portfolio ratios by exposures to different industries. There is no exposure to individual investment representing over 10% of the Sub-Fund's net asset value at 31 December 2020 and 2019.

The following analysis summarises the sensitivity of the Sub-Fund's net assets to price movements of financial instruments held at the reporting date. The analysis is based on the assumptions that the MSCI China Index increased/decreased by 15% (2019: 15%) with all other variables held constant, and that the fair value of the Sub-Fund's portfolio of investments of HKD185,657,699 (2019: HKD269,907,981) moved according to their historical correlation with the index. This would have increased/decreased the net assets of the Sub-Fund by approximately HKD28,786,667 (2019: HKD42,568,611). This represents the Management's best estimate of a reasonable possible shift in the MSCI China Index, having regard to the historical volatility of the index.

The Trustee and the Manager of the Sub-Fund do not manage the Sub-Fund's investment strategy to track any index or external benchmark. The sensitivity analysis presented is based upon the portfolio composition at the reporting date and the historical correlation of the securities comprising the portfolio to the index. The composition of the Sub-Fund's investment portfolio and the correlation thereof to the above index are expected to change over time. The sensitivity analysis prepared as of the reporting date is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of the above-mentioned index.

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3 Financial risk management (Continued)

3.2 Cash flow and fair value interest rate risk

Interest rate risk is the risk that the future cash flow and the value of a financial instrument will fluctuate due to changes in market interest rates. As the Sub-Fund has no significant interest-bearing financial assets apart from cash and cash equivalents, the Sub-Fund's income and operating cash flow are substantially independent of changes in market interest rates. All cash and cash equivalents are short-term with maturity less than three months. Receivables and payables are interest-free and have settlement date less than 1 year.

As at 31 December 2020, the Sub-Fund had a cash and cash equivalents of HKD750,421 (2019: HKD1,173,613). If interest rates had been 50 basis points (2019: 50 basis points) higher or lower with all other variables held constant, net assets attributable to unitholders would have been HKD3,752 (2019: HKD5,868) higher or lower as at 31 December 2020.

3.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Sub-Fund is not exposed to currency risk arising from balances and transactions in foreign currencies as its assets and liabilities are mainly denominated in HKD, the Sub-Fund's functional and presentation currency. The Sub-Fund has financial assets denominated in United States dollar. The Sub-Fund does not consider the currency risk to be significant since the HKD is pegged to the United States dollar. Accordingly, the Management considers that it is not necessary to present a sensitivity analysis of currency risk.

3.4 Credit and counterparty risk

Credit and counterparty risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Sub-Fund.

All transactions in securities are settled or paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal, as delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Sub-Fund is exposed to credit and counterparty risk on cash and cash equivalents.

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3 Financial risk management (Continued)

3.4 Credit and counterparty risk (Continued)

The table below summarises the exposure to the Sub-Fund's counterparty as at 31 December 2020 and 2019 together with its credit rating.

At 31 December 2020	HKD	Credit rating	Source of credit rating
Investments			
Bank of China (Hong Kong) Limited	185,657,699	Aa3	Moody's
Cash and cash equivalents			
Bank of China (Hong Kong) Limited	750,421	Aa3	Moody's
At 31 December 2019			
Investments			
Bank of China (Hong Kong) Limited	269,907,981	Aa3	Moody's
Cash and cash equivalents			
Bank of China (Hong Kong) Limited	1,173,613	Aa3	Moody's

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2020 and 2019, amount receivable on subscription of units and cash and cash equivalents are held with a counterparty with a credit rating of Aa3 and are due to be settled within 1 month. Management considers the probability of default to be close to zero as the counterparty has a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

The maximum exposure at the year ended 31 December 2020 and 2019 was the carrying amount of the investments and cash and cash equivalents.

3.5 Liquidity risk

Liquidity risk is the risk that the Sub-Fund may not be able to generate sufficient cash and resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Sub-Fund is exposed to daily redemptions of units in the Sub-Fund. The Sub-Fund invests the majority of its assets in investments that are traded in an active market which can be readily disposed of.

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3 Financial risk management (Continued)

3.5 Liquidity risk (Continued)

The table below analyses the Sub-Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months are equal to their carrying balances as the impact of discounting is not significant.

	2020	2019
	Less than	Less than
	3 months	3 months
	HKD	HKD
Management fee payable	231,079	348,048
Trustee fee payable	35,000	36,167
Amount payable on redemption of units	7,414,943	2,481,932
Accrued expenses and other payables	190,558	186,043
Net assets attributable to unitholders	179,171,667	268,321,534
	<u>187,043,247</u>	<u>271,373,724</u>

Units are redeemed on demand at the unitholder's option.

As at 31 December 2020, the total assets of the Sub-Fund amounted to HKD187,043,247 (2019: HKD271,373,724). The Sub-Fund manages its liquidity risk by investing in investments that it expects to be able to liquidate within 7 days or less.

3.6 Fair value estimation

The fair value of financial assets traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The Sub-Fund utilises the last traded market price as its fair valuation inputs for financial assets.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3 Financial risk management (Continued)

3.6 Fair value estimation (Continued)

The Sub-Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgment by the Sub-Fund. The Sub-Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables analyse within the fair value hierarchy the Sub-Fund’s investments at 31 December 2020 and 2019:

As at 31 December 2020	Level 1	Level 2	Level 3	Total
Assets	HKD	HKD	HKD	HKD
Investments				
- American depositary receipts	49,060,831	-	-	49,060,831
- Listed equity securities - HK	123,577,351	-	-	123,577,351
- Listed equity securities - US	13,019,517	-	-	13,019,517
Total	185,657,699	-	-	185,657,699

As at 31 December 2019	Level 1	Level 2	Level 3	Total
Assets	HKD	HKD	HKD	HKD
Investments				
- American depositary receipts	68,305,898	-	-	68,305,898
- Listed equity securities - HK	194,901,784	-	-	194,901,784
- Listed equity securities - US	6,700,299	-	-	6,700,299
Total	269,907,981	-	-	269,907,981

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include American depositary receipts and listed equity securities.

Investments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3 Financial risk management (Continued)

3.6 Fair value estimation (Continued)

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently.

The Sub-Fund did not invest in any level 2 or level 3 investments during the year ended 31 December 2020 and 2019.

There was no transfer between levels for the year ended 31 December 2020 and 2019.

The carrying amount of dividend receivable, amount receivable on subscription of units, cash and cash equivalents, management fee payable, trustee fee payable, accrued expenses and other payables, amount payable on redemption of units and net assets attributable to unitholders approximated their fair values and are presented in the statement of financial position. There are no financial assets and financial liabilities not carried at fair value but for which the fair value is disclosed.

3.7 Capital risk management

The Sub-Fund's capital is represented by the net assets attributable to unitholders. The Sub-Fund strives to invest the subscriptions in investments that meet the Sub-Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

The Management may:

- Redeem and issue new units in accordance with the constitutive documents of the Sub-Fund; and
- Exercise discretion when determining the amount of distributions of the Sub-Fund to the unitholders.

4 Financial instruments by category

Financial assets

Apart from investments which are classified as financial assets at fair value through profit or loss, all other financial assets as disclosed in the statement of financial position, including dividend receivable, amount receivable on subscription of units and cash and cash equivalents, are categorised as financial assets measured at amortised cost.

Financial liabilities

All financial liabilities as disclosed in the statement of financial position, including management fee payable, trustee fee payable, amount payable on redemption of units, accrued expenses and other payables and net assets attributable to unitholders, are categorised as financial liabilities measured at amortised cost.



**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5 Net gains on investments

	2020 HKD	2019 HKD
Net realised gain/(loss) on sale of investments	67,789,881	(2,287,242)
Net change in unrealised gains/losses on investments	22,202,583	77,372,866
	<u>89,992,464</u>	<u>75,085,624</u>

6 Number of units in issue and net assets attributable to unitholders per unit

Net assets attributable to unitholders are carried at the redemption amount that would be payable if the unitholder exercised the right to redeem the units in the Sub-Fund.

Class A Units are available for sale to the retail public. As at 31 December 2020 and 2019, the Sub-Fund had HKD Class A and USD Class A units in issue.

The following table details the net asset value per unit of each class of units at the reporting date:

	2020 HKD Class A	2020 USD Class A
Net assets attributable to unitholders per unit (Dealing NAV) at 31 December 2020	<u>22.70</u>	<u>22.71</u>
	2019 HKD Class A	2019 USD Class A
Net assets attributable to unitholders per unit (Dealing NAV) at 31 December 2019	<u>14.86</u>	<u>14.80</u>

At the discretion of the Manager, units subscribed may be subject to a subscription charge of up to 5% of the value of any subscription.

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7 Transactions with related parties or connected persons

The following is a summary of transactions entered into during the year between the Sub-Fund and its related parties including the Manager, the investment delegate, the Trustee/custodian and their connected persons (the “Connected Persons”). Connected Persons are those as defined in the SFC Code. All such transactions were entered into in the ordinary course of business and on normal commercial terms. To the best of the Management’s knowledge, the Sub-Fund does not have any other transactions with the Connected Persons except for those disclosed below.

7.1 Management fee

The Manager is entitled to receive a management fee of up to 2% per annum (2019: 2% per annum) of the net asset value of the Sub-Fund. For the year ended 31 December 2020, the Manager charged a management fee of 1.5% per annum (2019: 1.5% per annum) of the net asset value of Class A units of the Sub-Fund. The fee calculated and accrued on each valuation day and payable monthly in arrears.

Management fee charged for the year was HKD3,256,892 (2019: HKD4,029,305) of which HKD231,079 (2019: HKD348,048) was payable to the Manager.

7.2 Trustee fee

The Trustee is entitled to receive a trustee fee of up to 0.5% per annum (2019: 0.5% per annum) of the net asset value of the Sub-Fund. Currently, the Trustee is entitled to receive a fee of up to 0.15% per annum (2019: up to 0.15% per annum) of the net asset value of the Sub-Fund, subject to a minimum monthly fee of HKD35,000 (2019: HKD35,000). The fee is calculated and accrued on each dealing day and payable monthly in arrears.

Trustee fee charged for the year was HKD420,000 (2019: HKD423,578) of which HKD35,000 (2019: HKD36,167) was payable to the Trustee.

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7 Transactions with related parties or connected persons (Continued)

7.3 Custodian fee, cash and cash equivalents and investment balances

The custodian, an affiliate of the Trustee, is entitled to receive transaction charges at customary market rates and custody fees at different rates. Such charges and fees will be calculated monthly and payable monthly in arrears. The custodian will be paid a custodian fee of up to 0.1% per annum (2019: up to 0.1% per annum) of the net asset value of the Sub-Fund. Custodian fee charged for the year was HKD269,971 (2019: HKD223,935). All the custodian fee payable was fully settled as of 31 December 2020 and 2019.

Cash and cash equivalents amounted to HKD750,421 (2019: HKD1,173,613) is held with Bank of China (Hong Kong) Limited. In addition, the Sub-Fund's investments are held at Bank of China (Hong Kong) Limited as custodian of the Sub-Fund.

Interest income earned from cash and cash equivalents for the year was HKD43 (2019: HKD3,726) while the bank charge for the year was HKD5,110 (2019: HKD3,396).

7.4 Transaction handling fees

In its purchases and sales of investments, the Sub-Fund utilises the investment transaction services of the Trustee. Details of transactions effected through the Trustee are as follows:

	2020	2019
	HKD	HKD
Transaction handling fees paid for the year	111,600	77,520
Average rate of transaction handling fees	0.02%	0.01%
Total aggregate value of such transactions for the year	508,137,451	546,139,858
Percentage of such transactions in value to total transactions for the year	100%	100%

7.5 Investments in related parties

During the year ended 31 December 2020, the Sub-Fund purchased of HKD4,092,805 and disposed of HKD3,660,680 of shares of BOC Aviation Limited, a related party of the Trustee, with a loss of HKD432,125.

During the year ended 31 December 2019, the Sub-Fund disposed of HKD8,354,068 of shares of BOC Aviation Limited, a related party of the Trustee, with a gain of HKD1,764,951. The Sub-Fund disposed of HKD5,276,883 of shares of BOC Hong Kong Holdings Limited, a related party of the Trustee, with a loss of HKD1,012,782.

As at 31 December 2020 and 2019, the Sub-Fund did not hold any investments in related parties.

**DA CHENG OVERSEAS CHINA CONCEPT FUND
 (A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**
**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2020**
7 Transactions with related parties or connected persons (Continued)
7.6 Holdings in the Sub-Fund

The Sub-Fund allows the Manager and its connected persons and other funds managed by the Manager to subscribe for and redeem units in the Sub-Fund. The holdings in the Sub-Fund by the Manager and its connected persons as at 31 December 2020 and 2019 were as follows:

Units held by Bank of China (Hong Kong) Nominees Limited, a group company of the Trustee, as agent:

2020	Units outstanding at 1 January 2020	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2020
Class A - HKD	7,938,820	2,855,611	(7,280,945)	3,513,486
Class A - USD	808,784	497,921	(1,010,781)	295,924
2019	Units outstanding at 1 January 2019	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2019
Class A - HKD	9,656,359	604,050	(2,321,589)	7,938,820
Class A - USD	1,017,217	102,969	(311,402)	808,784

Units held by Bank of China Limited Macau Branch, a group company of the Trustee, as agent:

2020	Units outstanding at 1 January 2020	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2020
Class A - HKD	103,393	219,152	(106,021)	216,524
Class A - USD	2,392	3,570	(185)	5,777
2019	Units outstanding at 1 January 2020	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2020
Class A - HKD	132,258	7,019	(35,884)	103,393
Class A - USD	28,828	-	(26,436)	2,392

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8 Taxation

Hong Kong profits tax

No provision for Hong Kong profits tax has been made for the Sub-Fund as it was authorised as collective investment schemes under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

PRC withholding tax

The Sub-Fund invests in H-shares of companies in China securities listed on the Hong Kong Stock Exchange. Under the PRC Corporate Income Tax Law, the Sub-Fund may be liable to pay PRC tax on the capital gains realised in the trading of these shares. However, no provision was or has been made for PRC tax from such gains in the Sub-Fund's financial statements as the directors believe that the Sub-Fund can sustain a position that the existing tax regulations and enforcement thereof of such PRC tax on capital gains arising from the transfers of such shares are not yet certain or clarified.

The Sub-Fund is subject to withholding tax on certain dividend income earned from its investments. For the year ended 31 December 2020, the total withholding tax amounted to HKD90,779 (2019: HKD129,007).

9 Soft commission arrangements

The Manager confirms that there has been no soft commission arrangement existing during the year ended 31 December 2020 and 2019 in relation to directing transactions of the Sub-Fund through a broker or dealer.

10 Establishment costs

The Sub-Fund's explanatory memorandum requires the establishment costs to be amortised over the first three accounting periods of the Sub-Fund for the purpose of calculating its dealing net asset value ("Dealing NAV"), whereas IFRSs require the establishment costs to be expensed when incurred. There are no unamortised establishment costs for the year ended 31 December 2020 and 2019.

11 Transaction costs

The amount represents the commission or other charges incurred in the purchases and sales of investments paid to brokers or other services providers.

12 Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 28 April 2021.



**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 31 DECEMBER 2020**

	Holdings	Market value HKD	% of net assets
American depositary receipts			
ALIBABA GROUP HLDG LTD-SPONSORED ADR	5,000	9,020,731	5.03
BAIDU INC-ADR	2,400	4,023,154	2.25
GDS HLDGS LTD-SPONSORED ADR	8,000	5,807,253	3.24
JD.COM INC-ADR	12,200	8,313,197	4.64
KE HLDGS INC-SPONSORED ADR	6,800	3,244,036	1.81
NETEASE INC-ADR	3,100	2,301,498	1.29
NEW ORIENTAL EDUCATION & TECHNOLOGY-ADR	3,900	5,617,629	3.14
PINDUODUO INC-SPONSORED ADR	5,700	7,850,699	4.38
TAL EDUCATION GROUP-ADR	5,200	2,882,634	1.61
		49,060,831	27.39
		-----	-----
Listed equity securities			
Hong Kong			
AIA GROUP LTD	40,000	3,800,000	2.12
A-LIVING SMART CITY SERVICES CO LTD-H	60,000	2,064,000	1.15
ANTA SPORTS PRODUCTS LTD	29,000	3,564,100	1.99
BOSIDENG INTL HLDGS LTD	1,000,000	3,950,000	2.21
CHINA EAST EDUCATION HLDGS LTD	140,000	2,609,600	1.46
CHINA EDUCATION GROUP HLDGS LTD	200,000	2,988,000	1.67
CHINA MERCHANTS BANK CO LTD-H	80,000	3,920,000	2.19
CHINA RESOURCES BEER HLDGS CO LTD	42,000	2,998,800	1.67
CITIC SECURITIES CO LTD-H	110,000	1,922,800	1.07
COUNTRY GARDEN SERVICES HLDGS CO LTD	230,735	12,102,051	6.75
GEELY AUTOMOBILE HLDGS LTD	220,000	5,830,000	3.25
HANGZHOU TIGERMED CONSULTING CO LTD-H	21,000	3,769,500	2.10
HONG KONG EXCHANGES & CLEARING LTD	9,200	3,910,000	2.18
JW CAYMAN THERAPEUTICS CO LTD	1,000	26,350	0.01
LI NING CO LTD	71,000	3,784,300	2.11
MEITUAN-CLASS B	27,500	8,101,500	4.52
MINTH GROUP LTD	60,000	2,454,000	1.37
PHARMARON BEIJING CO LTD-H	32,000	4,192,000	2.34
PING AN INSURANCE GROUP CO OF CHINA LTD-H	45,000	4,275,000	2.39
SHANDONG WEIGAO GROUP MEDICAL POLYMER CO LTD-H	60,000	1,051,200	0.59
SHENZHOU INTL GROUP HLDGS LTD	22,000	3,344,000	1.87
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	25,000	4,242,500	2.37
TECHTRONIC INDUSTRIES CO LTD	33,000	3,649,800	2.04
TENCENT HLDGS LTD	27,200	15,340,800	8.56
VENUS MEDTECH HANGZHOU INC-H	25,000	1,976,250	1.10
WEIMOB INC	310,000	4,321,400	2.41
WUXI BIOLOGICS CAYMAN INC	70,500	7,247,400	4.04
XIAOMI CORP-CLASS B SHARE	185,000	6,142,000	3.43
		123,577,351	68.96
		-----	-----



**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2020**

	Holdings	Market value HKD	% of net assets
Listed equity securities (Continued)			
United States			
BROADCOM INC	850	2,885,118	1.61
MICRON TECHNOLOGY INC	6,500	3,788,219	2.11
QUALCOMM INC	3,500	4,133,343	2.31
YUM CHINA HLDGS INC	5,000	2,212,837	1.24
		<u>13,019,517</u>	<u>7.27</u>
		-----	-----
Total listed investments		185,657,699	103.62
Other net liabilities		(6,486,032)	(3.62)
		<u>179,171,667</u>	<u>100.00</u>
		=====	=====
Total investments, at cost		112,600,907	
		=====	

**DA CHENG OVERSEAS CHINA CONCEPT FUND
 (A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**
**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
 FOR THE YEAR ENDED 31 DECEMBER 2020**

	Holdings				31 December 2020
	31 December 2019	Additions	Bonus/ Dividends	Deductions	
AAC TECHNOLOGIES HLDGS INC	-	95,000	-	(95,000)	-
AIA GROUP LTD	125,000	25,000	-	(110,000)	40,000
ALIBABA GROUP HLDG LTD- SPONSORED ADR	16,000	5,600	-	(16,600)	5,000
A-LIVING SMART CITY SERVICES CO LTD-H	300,000	95,000	-	(335,000)	60,000
ANTA SPORTS PRODUCTS LTD	95,000	22,000	-	(88,000)	29,000
APPLIED MATERIALS INC	-	7,000	-	(7,000)	-
ASM PACIFIC TECHNOLOGY LTD	-	24,000	-	(24,000)	-
BAIDU INC-ADR	3,500	2,800	-	(3,900)	2,400
BOC AVIATION LTD	-	70,000	-	(70,000)	-
BOSIDENG INTL HLDGS LTD	1,800,000	1,080,000	-	(1,880,000)	1,000,000
BROADCOM INC	-	2,850	-	(2,000)	850
CENTRAL CHINA NEW LIFE LTD	-	241,000	-	(241,000)	-
CHINA EAST EDUCATION HLDGS LTD	230,000	60,000	-	(150,000)	140,000
CHINA EDUCATION GROUP HLDGS LTD	500,000	70,000	-	(370,000)	200,000
CHINA MENGNIU DAIRY CO LTD	100,000	-	-	(100,000)	-
CHINA MERCHANTS BANK CO LTD-H	264,000	60,000	-	(244,000)	80,000
CHINA RESOURCES BEER HLDGS CO LTD	120,000	30,000	-	(108,000)	42,000
CHINA RESOURCES LAND LTD	80,000	30,000	-	(110,000)	-
CHINA TOWER CORP LTD-H	2,500,000	-	-	(2,500,000)	-
CHINA YONGDA AUTOMOBILES SERVICES HLDGS LTD	-	550,000	-	(550,000)	-
CIFI HLDGS GROUP CO LTD	300,000	50,000	-	(350,000)	-
CITIC SECURITIES CO LTD-H	260,000	50,000	-	(200,000)	110,000
CNOOC LTD	360,000	40,000	-	(400,000)	-
COUNTRY GARDEN SERVICES HLDGS CO LTD	500,735	-	-	(270,000)	230,735
CSPC PHARMACEUTICAL GROUP LTD	120,000	70,000	86,000	(276,000)	-
EVEREST MEDICINES LTD	-	2,500	-	(2,500)	-
GDS HLDGS LTD-SPONSORED ADR	12,500	3,000	-	(7,500)	8,000
GEELY AUTOMOBILE HLDGS LTD	-	270,000	-	(50,000)	220,000
HANGZHOU TIGERMED CONSULTING CO LTD-H	-	23,000	-	(2,000)	21,000
HONG KONG EXCHANGES & CLEARING LTD	20,000	9,500	-	(20,300)	9,200
JD.COM INC-ADR	23,000	11,900	-	(22,700)	12,200
JOY SPREADER INTERACTIVE TECHNOLOGY LTD	-	224,000	-	(224,000)	-
JW CAYMAN THERAPEUTICS CO LTD	-	1,000	-	-	1,000
KANGJI MEDICAL HLDGS LTD	-	2,000	-	(2,000)	-
KE HLDGS INC-SPONSORED ADR	-	6,800	-	-	6,800
KWG GROUP HLDGS LTD	-	400,000	-	(400,000)	-
KWG GROUP HLDGS LTD-RIGHTS (EX 07OCT2020)	-	8,888	-	(8,888)	-
KWG LIVING GROUP HLDGS LTD	-	208,888	-	(208,888)	-
LI NING CO LTD	200,000	25,000	-	(154,000)	71,000
LONGFOR GROUP HLDGS LTD	100,000	-	-	(100,000)	-
LUFAX HLDG LTD-SPONSORED ADR	-	15,000	-	(15,000)	-
MEITUAN-CLASS B	78,000	4,500	-	(55,000)	27,500
MELCO RESORTS & ENTERTAINMENT LTD-ADR	28,000	29,000	-	(57,000)	-

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Holdings				31 December 2020
	31 December 2019	Additions	Bonus/ Dividends	Deductions	
MICRON TECHNOLOGY INC	16,000	5,000	-	(14,500)	6,500
MINTH GROUP LTD	-	60,000	-	-	60,000
MOMO INC-ADR	-	9,000	-	(9,000)	-
NETEASE INC-ADR	1,600	6,450	-	(4,950)	3,100
NEW ORIENTAL EDUCATION & TECHNOLOGY-ADR	6,000	2,400	-	(4,500)	3,900
NEW WORLD DEVELOPMENT CO LTD	250,000	-	-	(250,000)	-
PHARMARON BEIJING CO LTD-H	-	45,000	-	(13,000)	32,000
PINDUODUO INC-SPONSORED ADR	-	14,000	-	(8,300)	5,700
PING AN INSURANCE GROUP CO OF CHINA LTD-H	176,000	39,000	-	(170,000)	45,000
POWERLONG COMMERCIAL MANAGEMENT HLDGS LTD	412,000	-	-	(412,000)	-
QUALCOMM INC	-	4,100	-	(600)	3,500
REDSUN SERVICES GROUP LTD	-	560,000	-	(560,000)	-
SHANDONG WEIGAO GROUP MEDICAL POLYMER CO LTD-H	-	180,000	-	(120,000)	60,000
SHENZHOU INTL GROUP HLDGS LTD	77,000	-	-	(55,000)	22,000
SINO BIOPHARMACEUTICAL LTD	210,000	70,000	57,500	(337,500)	-
SUN HUNG KAI PROPERTIES LTD	30,000	-	-	(30,000)	-
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	40,000	23,000	-	(38,000)	25,000
TAL EDUCATION GROUP-ADR	14,500	4,000	-	(13,300)	5,200
TECHTRONIC INDUSTRIES CO LTD	105,000	-	-	(72,000)	33,000
TENCENT HLDGS LTD	70,000	18,300	-	(61,100)	27,200
TIMES NEIGHBORHOOD HLDGS LTD	500,000	170,000	-	(670,000)	-
VENUS MEDTECH HANGZHOU INC-H	-	44,000	-	(19,000)	25,000
WEIMOB INC	-	480,000	-	(170,000)	310,000
WUXI BIOLOGICS CAYMAN INC	35,000	57,000	-	(21,500)	70,500
XIAOMI CORP-CLASS B SHARE	-	320,000	-	(135,000)	185,000
YATSEN HLDG LTD-SPONSORED ADR	-	2,662	-	(2,662)	-
YUM CHINA HLDGS INC	-	7,000	-	(2,000)	5,000
ZHENRO SERVICES GROUP LTD	-	85,000	-	(85,000)	-
ZTO EXPRESS CAYMAN INC- SPONSORED ADR	38,000	8,000	-	(46,000)	-

**DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**PERFORMANCE TABLE (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Net asset value (Dealing NAV)

At the end of financial year date	Net asset value		Net asset value per unit	
	Class A - HKD	Class A - USD	Class A - HKD in HKD	Class A - USD in USD
31 December 2020	105,713,487	73,458,180	22.70	22.71
31 December 2019	136,167,160	132,154,374	14.86	14.80
31 December 2018	138,791,058	134,006,164	11.39	11.28

Highest and lowest net asset value per unit

Financial year ended	Class A - HKD		Class A - USD	
	Highest issue price per unit in HKD	Lowest redemption price per unit in HKD	Highest issue price per unit in USD	Lowest redemption price per unit in USD
31 December 2020	22.70	12.14	22.71	12.13
31 December 2019	14.96	10.93	14.90	10.83
31 December 2018	17.79	11.08	17.66	10.96
31 December 2017	17.03	10.40	16.91	10.40
31 December 2016 (since inception)	11.66	9.51	11.67	9.50