
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 2017



DA CHENG OVERSEAS CHINA CONCEPT FUND
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MANAGEMENT AND ADMINISTRATION

Directors of the Manager

Mr. Luo Dengpan
Mr. Zhou Jiannan (resigned on 16 November 2017)
Mr. Wen Zhimin
Mr. Tan Xiaogang
Mr. Xu Zijie
Ms. Wu Ping
Mr. Liang Zhongkun (appointed on 17 February 2017)
Mr. Xiao Jian (appointed on 1 February 2018)
Mr. Yao Yudong (appointed on 1 February 2018)

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
13/F, One Pacific Place
88 Queensway
Hong Kong

Custodian

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

Auditor

PricewaterhouseCoopers
21/F, Edinburgh Tower
15 Queen's Road Central
Hong Kong

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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 2017, the Net Asset Value (“NAV”) per unit of HKD Class A was HKD 16.07, and the NAV per unit of the USD Class A was USD 15.95, aggregating a total asset size of approximately HKD 199,213,377.

A summary of the performance of the Sub-Fund is set out below ¹ (as at 31 December 2016)

	2017	Since Inception ²
DA CHENG Overseas China Concept Fund -HKD Class A NAV-to-NAV return	55.27%	60.7%
DA CHENG Overseas China Concept Fund -USD Class A NAV-to-NAV return	54.11%	59.5%

Source: Da Cheng Internal Asset Management Ltd., Bloomberg

The performance of the Sub-Fund is not referenced to pre-determined benchmarks.

Fund activities

Since its inception on 7 March 2016, the Sub-Fund has attracted wide interest among investors to participate in offshore China equity market. As at 31 December 2017, there were 6,924,210, 705,423 units outstanding in HKD Class A and USD Class A respectively.

Market Overview

For the full year of 2017, offshore china equities (as measured by MSCI China Index) surged 52% amid 1) strong liquidity inflow, 2) strong corporate earnings growth, 3) better global and domestic macroeconomic environment, and 4) re-rating of offshore china equities. Sector wise, real estate and technology was the best performing sectors in 2017, which rose 97.1 and 93.2% respectively. Telecom was the worst performing sector in 2017, which declined 1.04% in 2017, was the only sector posted negative return in 2017. The performance of China ADRs (which listed in US stock markets) remained strong in 2017. The bellwether stocks, such as Alibaba, Netease, and JD.com, posted more than 50% return for the year.

Southbound flow undoubtedly was the major driving force of the Hong Kong equity market. In 2017, the net southbound inflows recorded HK\$340 billion in 2017, which was 38% higher than 2016. Southbound inflows are expected to remain at the current robust level in 2018. In addition, the increasing attractiveness of offshore china equities could promote the global influx to return at a faster pace, due to their underweight position in China equities.

On the macro front, China's macro data remained solid in 2017. 4Q17 GDP growth came in at 6.8% yoy, which was better than the market consensus of 6.7% amid strong domestic demand. Full year 2017 GDP growth picked up to 6.9% from 6.7% in 2016. Tertiary industry continued to be the major driving force of the economy, which grew 8% in 2017 (vs. Primary industry and Secondary industry's 3.9% and 6.1% respectively). In addition, NBS manufacturing PMI and service PMI stayed above 50-level for the whole year. Inflation remained benign at 1.6% in 2017. All the macro data indicated that China economy remained strong going into 2018.

¹ Past performance figures shown are not indicative of the future performance of the Sub-Fund

² Date of commencement of operations is 7 March 2016

**DA CHENG OVERSEAS CHINA CONCEPT FUND
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REPORT OF THE MANAGER (Continued)

Outlook

After the remarkable run in 2017, we believe the prospect for offshore China equities remain rosy in 2018 and expect the offshore china equities will put up another positive year in 2018. We see the re-rating of the offshore china equities market will continue to unfold in 2018 amid resilient macro environment, robust earnings growth, undemanding valuation and continuous southbound and global influx. New economy sectors, such as Technology, Consumption and Healthcare, remain our favorite amid their strong growth outlook and solid fundamentals.

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

24 April 2018

**DA CHENG OVERSEAS CHINA CONCEPT FUND
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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 2017.

For and on behalf of
BOCI-Prudential Trustee Limited

24 April 2018

**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)**

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 26, which comprise:

- the statement of financial position as at 31 December 2017;
- 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 2017, 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 Ethics Standards Board for Accountants’ Code of Ethics for Professional 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 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 have 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 ("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 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
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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 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 the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 April 2018

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 2017

	Note	2017 HKD	2016 HKD
Assets			
Current Assets			
Investments	3.1, 3.4	200,308,334	12,304,535
Amount receivable on subscription of units		1,067,048	14,276
Prepayments and other assets		-	197,906
Cash and cash equivalents	3.4, 7.3	1,903,157	726,849
Total assets		<u>203,278,539</u>	<u>13,243,566</u>
Liabilities			
Current Liabilities			
Management fee payable	7.1	449,660	49,194
Trustee fee payable	7.2	22,258	17,500
Accrued expenses and other payables		199,680	165,872
Amount payable on redemption of units		1,050,151	-
Amount due to brokers		2,523,040	-
Total liabilities (excluding net assets attributable to unitholders)		<u>4,244,789</u>	<u>232,566</u>
Net assets attributable to unitholders (in accordance with IFRS)	6	199,033,750	13,011,000
Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	6	<u>179,627</u>	<u>275,502</u>
Net assets attributable to unitholders (in accordance with the Sub-Fund's Prospectus)	6	<u>199,213,377</u>	<u>13,286,502</u>

On behalf of
BOCI-Prudential Trustee Limited

On behalf of
Da Cheng International Asset Management
Company Limited

Authorised Signatory

Authorised Signatory

Director

The notes on pages 13 to 26 form an integral part of these financial statements.

DA CHENG OVERSEAS CHINA CONCEPT FUND
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

		Year ended 31 December 2017 HKD	Period from 7 March 2016 (date of commencement of operations) to 31 December 2016 HKD
	Note		
Income			
Dividend income		492,458	422,195
Interest income	7.3	176	536
Net gains on investments	5	18,856,193	2,725,725
Sundry income	7.6	310,167	197,906
Net foreign exchange losses		(127,794)	(23,824)
Total investment income		19,531,200	3,322,538
Expenses			
Management fee	7.1	779,730	327,529
Trustee fee	7.2	214,757	163,710
Custodian fee	7.3	200,532	151,788
Preliminary expenses		85,763	416,246
Transaction costs		679,690	353,291
Auditor's remuneration		103,580	161,431
Other expenses		25,633	54,258
Total operating expenses		2,089,685	1,628,253
Profit before tax		17,441,515	1,694,285
Withholding taxes	8	(16,117)	(10,326)
Profit after tax		17,425,398	1,683,959
Adjustment for different basis adopted by the Sub-Fund in arriving net assets attribute to unitholders	6	(95,875)	275,502
Increase in net assets attributable to unitholders		17,329,523	1,959,461

The notes on pages 13 to 26 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 2017**

	Year ended 31 December 2017 HKD	Period from 7 March 2016 (date of commencement of operations) to 31 December 2016 HKD
Net assets attributable to unitholders at the beginning of the year/period	13,286,502	-
Issue of units	293,324,634	82,892,822
Redemption of units	(124,727,282)	(71,565,781)
Net increase from unit transactions	168,597,352	11,327,041
Increase in net assets attributable to unitholders	17,329,523	1,959,461
Net assets attributable to unitholders at the end of the year/period	199,213,377	13,286,502

The notes on pages 13 to 26 form an integral part of these financial statements.

DA CHENG OVERSEAS CHINA CONCEPT FUND
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Year ended 31 December 2017 HKD	Period from 7 March 2016 (date of commencement of operations) to 31 December 2016 HKD
Cash flows from operating activities		
Increase in net assets attributable to unitholders	17,329,523	1,959,461
Adjustments for:		
Adjustment for different basis adopted by the Sub-Fund in arriving net assets attributable to unitholders	95,875	(275,502)
Interest income	(176)	(536)
Dividend income	(492,458)	(422,195)
Taxation	16,117	10,326
Operating profit before working capital changes	16,948,881	1,271,554
Net increase in investments	(188,003,799)	(12,304,535)
Net decrease/(increase) in prepayments and other assets	197,906	(197,906)
Net increase in management fee payable	400,466	49,194
Net increase in trustee fee payable	4,758	17,500
Net increase in accrued expenses and other payables	33,808	165,872
Net increase in amount due to brokers	2,523,040	-
Cash used in operations	(167,894,940)	(10,998,321)
Dividend income received, net of withholding taxes	476,341	411,869
Interest income received	176	536
Net cash outflow from operating activities	(167,418,423)	(10,585,916)
Cash flows from financing activities		
Proceeds from issue of units	292,271,862	82,878,546
Payments on redemption	(123,677,131)	(71,565,781)
Net cash inflow from financing activities	168,594,731	11,312,765

The notes on pages 13 to 26 form an integral part of these financial statements.

**DA CHENG OVERSEAS CHINA CONCEPT FUND
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**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Year ended 31 December 2017 HKD	Period from 7 March 2016 (date of commencement of operations) to 31 December 2016 HKD
Net increase in cash and cash equivalents	1,176,308	726,849
Cash and cash equivalents at the beginning of the year/period	726,849	-
Cash and cash equivalents at the end of the year/period, representing bank deposits	<u>1,903,157</u>	<u>726,849</u>

**DA CHENG OVERSEAS CHINA CONCEPT FUND
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 2017, the Trust has three sub-funds, Da Cheng Overseas China Concept Fund (the “Sub-Fund”), Da Cheng China Balanced Fund and Da Cheng China RMB Fixed Income 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 and/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 and/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/periods 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 (“IFRS”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

**DA CHENG OVERSEAS CHINA CONCEPT FUND
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Standards and amendments to existing standards effective 1 January 2017

Amendments to IAS 7, 'Statement of Cash Flows' became effective for annual periods beginning on or after 1 January 2017. These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Adoption of these amendments did not have a material impact on the Sub-Fund's financial statements.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2017 that have a material effect on the financial statements of the Sub-Fund.

New standards, amendments and interpretations effective after 1 January 2017 and have not been early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Sub-Fund, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The adoption of amendments to IFRS 9 would not have any significant impact on the financial performance and position of the Sub-Fund.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Sub-Fund.

**DA CHENG OVERSEAS CHINA CONCEPT FUND
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2 Summary of significant accounting policies (Continued)

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 and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within “net gain/(losses) on investments”.

2.3 Investments

(i) Classification

The Sub-Fund classifies its investments as financial assets or financial liabilities at fair value through profit or loss. These financial assets and liabilities are designated by the Management at fair value through profit or loss at inception. Financial assets and liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Sub-Fund’s documented investment strategies. The Sub-Fund’s policies require the Management to evaluate the information about these financial assets and financial liabilities on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Purchases and sales of investments are accounted for on a trade date basis. Investments 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.

Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all investments are measured at fair value. Realised and unrealised gains and losses on investments are recognised in the statement of comprehensive income in the year in which they arise.

**DA CHENG OVERSEAS CHINA CONCEPT FUND
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2 Summary of significant accounting policies (Continued)

2.3 Investments (Continued)

(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.

2.4 Cash and cash equivalents

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

2.5 Income and expenses

Interest income is recognised on a time-proportionate basis using the effective interest method in the statement of comprehensive income for all interest bearing instruments. Other income is accounted on an accrual basis.

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.

Dividend income is recorded on the ex-dividend date with the corresponding foreign withholding taxes recorded as an expense.

Expenses are accounted for on an accrual basis.

2.6 Redeemable units

The Sub-Fund issued one class of redeemable units in two different currencies as at the year ended 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 at the time of issue or redemption. The Sub-Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

In accordance with the prospectus 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 creations 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 2017**

2 Summary of significant accounting policies (Continued)

2.7 Transaction costs

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

2.8 Preliminary expenses

Preliminary expenses are recognised as an expense in the period in which they are incurred.

2.9 Withholding taxes

The Sub-Fund currently incurs withholding taxes imposed by the People's Republic of China on 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.

3 Financial risk management

The Sub-Fund is exposed to a variety of risks including but not limited to market price cash flow and fair value interest rate risk, credit and custody 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:

	2017 HKD	2016 HKD
Investments		
American Depositary Receipts	48,986,125	-
Listed equities	151,322,209	12,304,535
	<u>200,308,334</u>	<u>12,304,535</u>

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

NOTES TO THE FINANCIAL STATEMENTS
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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	2017		2016	
	Fair value of investment HKD	% of net assets	Fair value of investment HKD	% of net assets
American Depositary Receipt and equities				
Apparel	-	-	343,350	2.58
Auto manufacturers	-	-	333,450	2.51
Auto parts and equipment	-	-	144,900	1.09
Banks	-	-	639,211	4.81
Basic materials	2,431,000	1.22	-	-
Biotechnology	-	-	110,048	0.83
Commercial services	-	-	623,622	4.69
Communications	53,392,436	26.80	-	-
Consumer products	57,287,281	28.75	-	-
Diversified financial services	-	-	389,100	2.93
Electronics	-	-	457,925	3.45
Energy	5,056,040	2.54	-	-
Engineering and construction	-	-	348,000	2.62
Financial	49,703,017	24.95	-	-
Healthcare-products	-	-	98,240	0.74
Holding companies-divers	-	-	351,600	2.65
Industrial	16,348,870	8.21	-	-
Insurance	-	-	950,150	7.15
Internet	-	-	3,325,105	25.02
Lodging	-	-	315,904	2.38
Miscellaneous manufacture	-	-	237,650	1.79
Oil & gas services	-	-	690,100	5.19
Pharmaceuticals	-	-	178,920	1.35
Real estate	-	-	335,520	2.53
Retail	-	-	284,144	2.14
Semiconductors	-	-	1,067,962	8.04
Software	-	-	338,954	2.55
Technology	16,089,690	8.08	-	-
Telecommunications	-	-	308,880	2.32
Textiles	-	-	431,800	3.25
Total investments	200,308,334	100.55	12,304,535	92.61

The Sub-Fund's market price risk on equities is managed through diversification of the investment portfolio ratios by exposures to different industries. There is no exposure to individual investments representing over 10% of the Sub-Fund's net asset value at the reporting date.

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3 Financial risk management (Continued)

3.1 Market price risk (Continued)

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% (2016: 15%) with all other variables held constant, and that the fair value of the Sub-Fund's portfolio of equity securities and futures moved according to their historical correlation with the index. This would have increased/decreased the net assets of the Sub-Fund by approximately HKD25,938,740 (2016: HKD1,629,629). This represents 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.

3.2 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 2017, the Sub-Fund had a bank balance of HKD1,903,157 (2016: HKD726,849). If interest rates had been 50 basis points higher or lower with all other variables held constant, net assets attributable to unitholders would have been HKD9,516 (2016: HKD3,634) higher or lower as at 31 December 2017.

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 Hong Kong dollar is pegged to the United States dollar. Accordingly, the Management considers that it is not necessary to present a sensitivity analysis of currency risk.

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**NOTES TO THE FINANCIAL STATEMENTS
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3 Financial risk management (Continued)

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 listed 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 made only when the custodian 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.

The table below summarises the net exposure to the Sub-Fund's counterparty as at 31 December together with its credit rating:

At 31 December 2017	HKD	Credit rating	Source of credit rating
Investments			
Bank of China (Hong Kong) Limited	200,308,334	Aa3	Moody's
Cash and cash equivalents			
Bank of China (Hong Kong) Limited	1,903,157	Aa3	Moody's
At 31 December 2016			
Investments			
Bank of China (Hong Kong) Limited	12,304,535	Aa3	Moody's
Cash and cash equivalents			
Bank of China (Hong Kong) Limited	726,849	Aa3	Moody's

The maximum exposure to credit risk as at 31 December 2017 and 2016 is the carrying amount of the financial assets as shown on the statement of financial position excluding investments.

The Investment Manager considers that none of these assets are impaired nor past due (2016: Nil).

3.5 Liquidity risk

Liquidity risk is the risk that the Sub-Fund may not be able to generate sufficient cash 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 securities that are traded in an active market which can be readily disposed of.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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 equal their carrying balances, as the impact of discounting is not significant.

	2017 Less than 3 months HKD	2016 Less than 3 months HKD
Amount due to brokers	2,523,040	-
Management fee payable	449,660	49,194
Trustee fee payable	22,258	17,500
Accrued expenses and other payables	199,680	165,872
Amount payable on redemption of units	1,050,151	-
Net assets attributable to unitholders	199,213,377	13,286,502
	<u>203,458,166</u>	<u>13,519,068</u>

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

As at 31 December 2017, the total assets of the Sub-Fund amounted to HKD203,278,539 (2016: HKD13,243,566). The Sub-Fund manages its liquidity risk by investing in securities that it expects to be able to liquidate within 7 days or less.

3.6 Fair value estimation

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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3 Financial risk management (Continued)

3.6 Fair value estimation (Continued)

The following tables analyse within the fair value hierarchy the Sub-Fund's investments at 31 December 2017:

As at 31 December 2017	Level 1	Level 2	Level 3	Total
Assets	HKD	HKD	HKD	HKD
Investments				
- American Depositary Receipts	48,986,125			48,986,125
- Listed equities	151,322,209	-	-	151,322,209
Total	200,308,334	-	-	203,308,334

As at 31 December 2016	Level 1	Level 2	Level 3	Total
Assets	HKD	HKD	HKD	HKD
Investments				
- Listed equities	12,304,535	-	-	12,304,535
Total	12,304,535	-	-	12,304,535

The investments classified in level 1 were fair valued based on quoted market price in an active market.

Investments that trade in markets that are not considered to be active and are priced by the market maker supported by observable inputs are classified within level 2.

Investments that trade in markets that are not considered to be active and are priced by the market maker based on unobservable inputs are classified within level 3.

The Sub-Fund did not invest in any level 2 or level 3 investments during the year ended 31 December 2017 and 2016.

There was no transfers between levels during the year ended 31 December 2017 (2016 : Nil).

The carrying amount of cash and cash equivalents, amounts receivable on subscription of units, other assets, management fee payable, trustee fee payable, accrued expenses and other payables 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

4 Financial instruments by category

Financial assets

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

Financial liabilities

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

5 Net gains on investments

	Year ended 31 December 2017 HKD	Period from 7 March 2016 (date of commencement of operations) to 31 December 2016 HKD
Net realised gains on sale of investments	2,670,375	2,409,982
Net change in unrealised gains/losses on investments	16,185,818	315,743
	<u>18,856,193</u>	<u>2,725,725</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. Class I Units are offered to institutional investors. As at 31 December 2017 and 2016, the Sub-Fund had HKD Class A and USD Class A units in issue.

The movements of the redeemable units are as follows:

	Year ended 31 December 2017		Period from 7 March 2016 (date of commencement of operations) to 31 December 2016	
	HKD Class A	USD Class A	HKD Class A	USD Class A
Number of units in issue at the beginning of year/period	927,415	45,945	-	-
Units issued	10,452,184	1,193,418	4,468,694	479,709
Units redeemed	(4,455,389)	(533,940)	(3,541,279)	(433,764)
Number of units in issue at the end of year/period	<u>6,924,210</u>	<u>705,423</u>	<u>927,415</u>	<u>45,945</u>

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

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

	2017 HKD Class A	2017 USD Class A
Net assets attributable to unitholders per unit (Dealing NAV) at 31 December 2017	16.07	15.95
	<hr/>	<hr/>
	2016 HKD Class A	2016 USD Class A
Net assets attributable to unitholders per unit (Dealing NAV) at 31 December 2016	10.35	10.35
	<hr/>	<hr/>

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.

In accordance with the Sub-Fund's Prospectus, the establishment costs of the Sub-Fund will be amortised over the first three years. However, the accounting policy of the Sub-Fund for the purpose of financial statements preparation in compliance with IFRS is to expense establishment costs in the statement of comprehensive income as incurred. The differences between expensing the establishment costs as incurred in accordance with IFRS and capitalisation and amortisation of the establishment costs indicated in the Sub-Fund's Prospectus resulted in adjustments in the net asset value. The above difference between the dealing NAV and the accounting NAV results an adjustment of HKD179,627 (2016: HKD275,502) and HKD95,875 (2016: HKD275,502) recognised in the statement of financial position and the statement of comprehensive income in 2017 respectively.

7 Transactions with the Trustee and its affiliates and the Manager and its connected persons

The following is a summary of significant related party transactions/transactions entered into during the year between the Sub-Fund and the Manager and its connected persons. Connected persons of the Manager are those as defined in the "SFC Code". All transactions entered into during the year/period between the Sub-Fund and the Manager and its connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with 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 of the net asset value of the Sub-Fund. For the year ended 31 December 2017, the Manager charged a management fee of 1.5% per annum (2016: 1.5%) 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 HKD779,730 (2016: HKD327,529) of which HKD449,660 (2016: HKD49,194) was payable to the Manager.

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NOTES TO THE FINANCIAL STATEMENTS
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7 Transactions with the Trustee and its affiliates and the Manager and its connected persons
(Continued)

7.2 Trustee fee

The Trustee is entitled to receive a trustee fee of up to 0.5% per annum of the net asset value of the Sub-Fund. Currently, the Trustee is entitled to receive a fee of 0.15% per annum (2016: 0.15%), subject to a minimum monthly fee of HKD17,500 (2016: minimum monthly fee of HKD17,500). The fee is calculated and accrued on each dealing day and payable monthly in arrears.

Trustee fee charged for the year was HKD214,757 (2016: HKD163,710) of which HKD22,258 (2016: HKD17,500) was payable to the Trustee.

7.3 Custodian fee, bank balances 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 of the net asset value of the Sub-Fund. Custodian fee charged for the year was HKD200,532 (2016: HKD151,788). All the custodian payable was fully settled as of 31 December 2017.

Bank balances amounted to HKD1,903,157 (2016: HKD726,849) 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 bank balance for the year was HKD176 (2016: HKD536) while the bank charge for the year was HKD7,576 (2016: HKD3,361).

7.4 Transaction costs

Investment transactions with the affiliate of the Trustee are set out below:

There is no purchase and sale of investment with related parties or connected persons during the year ended 31 December 2017.

Name of company	Aggregate value of purchases and sales of investments HKD	Commission Paid HKD	% of the total aggregate value of purchases and sales of investments in the year	Average commission Rate %
2016				
BOCI Securities Limited	579,600	5,796	0.48	1.00

During the year, transaction costs, excluding commission, on investment transactions of HKD131,280 (2016: HKD92,880) was charged by the Trustee.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

**7 Transactions with the Trustee and its affiliates and the Manager and its connected persons
(Continued)**

7.5 Investments in related parties

During the year ended 31 December 2017, the Sub-Fund disposed of HKD122,700 of shares of BOC Aviation Limited, a related party of the Trustee, with a loss of HKD4,494. The Sub-Fund purchased HKD5,554,726 and disposed of HKD186,200 of shares of BOC Hong Kong Holdings Limited, a related party of the Trustee, with a gain of HKD314,074. During the year ended 31 December 2016, the Sub-Fund purchased HKD1,481,425 and disposed of HKD1,234,666 of shares of BOC Aviation Limited, a related party of the Trustee. The Sub-Fund recognised a loss of HKD132,459.

As at year end, the Sub-Fund held HKD5,682,600 of BOC Hong Kong Holdings Limited (2016: HKD114,300 of BOC Aviation Limited).

7.6 Sundry income

With effective from 30 September 2016, any ongoing expense of the Sub-Fund in exceeding 3% of average net asset value was borne by the Manager. Sundry income earned for the year was HKD310,167 (2016: HKD197,906) of which nil (2016: HKD197,906) was receivable from the Manager.

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 investment securities. For the year ended 31 December 2017, the total withholding tax amounted to HKD16,117 (2016: HKD10,326).

9 Soft commission arrangements

The Manager confirms that there has been no soft commission arrangement existing during the year ended 31 December 2017 and 2016 in relation to directing transactions of the Sub-Fund through a broker or dealer.

10 Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 24 April 2018.

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INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2017

	Holdings	Market Value	% of net asset
AMERICAN DEPOSITORY RECEIPTS			
ALIBABA GROUP HLDG LTD-SPONSORED ADR	12,422	16,742,146	8.41%
BAIDU INC-ADR	1,572	2,877,827	1.44%
CHINA LODGING GROUP LTD-SPONSORED ADR	5,200	5,870,398	2.95%
CTRIIP.COM INTL LTD-ADR	2,900	999,639	0.50%
JD.COM INC-ADR	15,098	4,888,058	2.45%
NETEASE INC-ADR	1,215	3,277,104	1.65%
NEW ORIENTAL EDUCATION & TECHNOLOGY-ADR	5,502	4,042,548	2.03%
TAL EDUCATION GROUP-ADR	24,806	5,760,579	2.89%
WEIBO CORP-SPONSORED ADR	5,599	4,527,826	2.27%
		<hr/>	<hr/>
		48,986,125	24.59%
		<hr/>	<hr/>
COMMON STOCK			
HONG KONG			
AAC TECHNOLOGIES HLDGS INC	41,000	5,715,400	2.87%
AIA GROUP LTD	41,600	2,772,640	1.39%
ANGANG STEEL CO LTD-H	340,000	2,431,000	1.22%
ANTA SPORTS PRODUCTS LTD	74,000	2,623,300	1.32%
BBMG CORP-H	199,000	706,450	0.35%
BOC HONG KONG (HLDGS) LTD	143,500	5,682,600	2.85%
CHINA CONSTRUCTION BANK CORP-H	528,000	3,801,600	1.91%
CHINA INTL CAPITAL CORP LTD-H	155,200	2,523,552	1.27%
CHINA LIFE INSURANCE CO LTD-H	68,000	1,669,400	0.84%
CHINA MERCHANTS BANK CO LTD-H	197,500	6,142,250	3.08%
CHINA NEW HIGHER EDUCATION GROUP LTD	503,000	2,032,120	1.02%
CHINA OILFIELD SERVICES LTD-H	212,000	1,613,320	0.81%
CHINA PACIFIC INSURANCE (GROUP) CO-H	154,200	5,790,210	2.91%
CHINA PETROLEUM & CHEMICAL CORP-H	150,000	859,500	0.43%
CHINA STATE CONSTRUCTION INTL HLDGS LTD	250,000	2,735,000	1.37%
CHINA UNICOM (HONG KONG) LTD	162,000	1,710,720	0.86%
CHINA YONGDA AUTOMOBILES SERVICES HLDGS LTD	230,500	2,072,195	1.04%
CNOOC LTD	136,000	1,525,920	0.77%
CSPC PHARMACEUTICAL GROUP LTD	224,000	3,534,720	1.77%
GEELY AUTOMOBILE HLDGS LTD	267,000	7,235,700	3.63%
HONG KONG EXCHANGES & CLEARING LTD	8,000	1,918,400	0.96%
HSBC HLDGS PLC	38,000	3,038,100	1.53%
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	811,000	5,101,190	2.56%
MGM CHINA HLDGS LTD	161,200	3,812,380	1.91%
MINTH GROUP LTD	58,000	2,734,700	1.37%
NAMESON HLDGS LTD	760,000	2,409,200	1.21%
PETROCHINA CO LTD-H	194,000	1,057,300	0.53%
PING AN INSURANCE GROUP CO OF CHINA LTD-H	112,500	9,151,875	4.59%
SHANGHAI FOSUN PHARMACEUTICAL GROUP CO LTD-H	54,000	2,708,100	1.36%
SHENZHOU INTL GROUP HLDGS LTD	58,000	4,315,200	2.17%
STANDARD CHARTERED PLC	26,000	2,111,200	1.06%
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	59,000	5,894,100	2.96%
TENCENT HLDGS LTD	46,000	18,676,000	9.38%
TRULY INTL HLDGS LTD	384,000	1,297,920	0.65%
WYNN MACAU LTD	172,400	4,266,900	2.14%

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**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Holdings	Market Value	% of net asset
COMMON STOCK			
HONG KONG			
ZHOU HEI YA INTL HLDGS CO LTD	160,000	1,312,000	0.66%
ZTE CORP-H	101,200	2,970,220	1.49%
		<hr/> 135,952,382	<hr/> 68.24%
		-----	-----
UNITED STATES			
BROADCOM LTD	2,240	4,497,994	2.26%
MICRON TECHNOLOGY INC	14,289	4,592,633	2.31%
YUM CHINA HLDGS INC	8,175	2,557,241	1.28%
		<hr/> 11,647,868	<hr/> 5.85%
		-----	-----
SWITZERLAND			
AMS AG	5,250	3,721,959	1.87%
		<hr/>	<hr/>
		-----	-----
Total listed investments		200,308,334	100.55%
Other net assets		(1,094,957)	(0.55%)
		<hr/>	<hr/>
Total net assets as at 31 December 2017		<hr/> 199,213,377	<hr/> 100%
		=====	=====
Total investments, at cost		<hr/> 183,806,773	
		=====	

DA CHENG OVERSEAS CHINA CONCEPT FUND
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2017

	31 December 2016	Additions	Bonus/ Dividends	Deductions	31 December 2017
AAC TECHNOLOGIES HLDGS INC	6,500.00	53,000.00	0.00	-18,500.00	41,000.00
AGRICULTURAL BANK OF CHINA LTD- H	0.00	159,000.00	0.00	-159,000.00	0.00
AIA GROUP LTD	6,600.00	56,600.00	0.00	-21,600.00	41,600.00
ALIBABA GROUP HLDG LTD- SPONSORED ADR	1,551.00	12,854.00	0.00	-1,983.00	12,422.00
AMS AG	0.00	5,250.00	0.00	0.00	5,250.00
ANGANG STEEL CO LTD-H	0.00	340,000.00	0.00	0.00	340,000.00
ANTA SPORTS PRODUCTS LTD	1,000.00	73,000.00	0.00	0.00	74,000.00
ASM PACIFIC TECHNOLOGY LTD	0.00	8,100.00	0.00	-8,100.00	0.00
BAIDU INC-ADR	198.00	1,654.00	0.00	-280.00	1,572.00
BANK OF CHINA LTD-H	0.00	393,000.00	0.00	-393,000.00	0.00
BBMG CORP-H	0.00	199,000.00	0.00	0.00	199,000.00
BOC AVIATION LTD	3,000.00	0.00	0.00	-3,000.00	0.00
BOC HONG KONG (HLDGS) LTD	0.00	149,000.00	0.00	-5,500.00	143,500.00
BROADCOM LTD	268.00	2,582.00	0.00	-610.00	2,240.00
CANVEST ENVIRONMENT PROTECTION GROUP CO LTD	0.00	61,000.00	0.00	-61,000.00	0.00
CHINA BIOLOGIC PRODUCTS HLDGS INC	132.00	0.00	0.00	-132.00	0.00
CHINA COMMUNICATIONS CONSTRUCTION CO LTD-H	0.00	22,000.00	0.00	-22,000.00	0.00
CHINA CONSTRUCTION BANK CORP-H	58,000.00	582,000.00	0.00	-112,000.00	528,000.00
CHINA INTL CAPITAL CORP LTD-H	0.00	174,400.00	0.00	-19,200.00	155,200.00
CHINA LIFE INSURANCE CO LTD-H	12,000.00	83,000.00	0.00	-27,000.00	68,000.00
CHINA LODGING GROUP LTD- SPONSORED ADR	0.00	5,500.00	0.00	-300.00	5,200.00
CHINA MEDICAL SYSTEM HLDGS LTD	8,000.00	6,000.00	0.00	-14,000.00	0.00
CHINA MERCHANTS BANK CO LTD-H	0.00	197,500.00	0.00	0.00	197,500.00
CHINA MOBILE LTD	2,000.00	1,500.00	0.00	-3,500.00	0.00
CHINA NEW HIGHER EDUCATION GROUP LTD	0.00	601,000.00	0.00	-98,000.00	503,000.00
CHINA OILFIELD SERVICES LTD-H	30,000.00	262,000.00	0.00	-80,000.00	212,000.00
CHINA OVERSEAS LAND & INVESTMENT LTD	0.00	52,000.00	0.00	-52,000.00	0.00
CHINA PACIFIC INSURANCE (GROUP) CO-H	0.00	154,200.00	0.00	0.00	154,200.00
CHINA PETROLEUM & CHEMICAL CORP-H	28,000.00	220,000.00	0.00	-98,000.00	150,000.00
CHINA RESOURCES LAND LTD	8,000.00	12,000.00	0.00	-20,000.00	0.00
CHINA STATE CONSTRUCTION INTL HLDGS LTD	30,000.00	266,000.00	0.00	-46,000.00	250,000.00
CHINA TAIPING INSURANCE HLDGS CO LTD	8,000.00	23,800.00	0.00	-31,800.00	0.00
CHINA UNICOM (HONG KONG) LTD	16,000.00	174,000.00	0.00	-28,000.00	162,000.00
CHINA YONGDA AUTOMOBILES SERVICES HLDGS LTD	0.00	341,500.00	0.00	-111,000.00	230,500.00
CHINA YUHUA EDUCATION CORP LTD	0.00	438,000.00	0.00	-438,000.00	0.00
CIFI HLDGS GROUP CO LTD	0.00	238,000.00	0.00	-238,000.00	0.00
CK ASSET HLDGS LTD	0.00	27,000.00	0.00	-27,000.00	0.00
CK HUTCHISON HLDGS LTD	4,000.00	7,000.00	0.00	-11,000.00	0.00

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 2017

	31 December 2016	Additions	Bonus/ Dividends	Deductions	31 December 2017
CK INFRASTRUCTURE HLDGS LTD	0.00	3,000.00	0.00	-3,000.00	0.00
CNOOC LTD	33,000.00	165,000.00	0.00	-62,000.00	136,000.00
COWELL E HLDGS INC	0.00	230,000.00	0.00	-230,000.00	0.00
CRYSTAL INTL GROUP LTD	0.00	105,000.00	0.00	-105,000.00	0.00
CSPC PHARMACEUTICAL GROUP LTD	0.00	224,000.00	0.00	0.00	224,000.00
CTIP.COM INTL LTD-ADR	919.00	5,861.00	0.00	-3,880.00	2,900.00
GEELY AUTOMOBILE HLDGS LTD	45,000.00	317,000.00	0.00	-95,000.00	267,000.00
HENDERSON LAND DEVELOPMENT CO LTD	0.00	24,000.00	0.00	-24,000.00	0.00
HONG KONG EXCHANGES & CLEARING LTD	1,500.00	9,400.00	0.00	-2,900.00	8,000.00
HSBC HLDGS PLC	0.00	64,000.00	0.00	-26,000.00	38,000.00
HUTCHISON TELECOMMUNICATIONS HK HLDGS	0.00	208,000.00	0.00	-208,000.00	0.00
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	63,000.00	899,000.00	0.00	-151,000.00	811,000.00
JD.COM INC-ADR	1,256.00	13,842.00	0.00	0.00	15,098.00
LOGAN PROPERTY HLDGS CO LTD	0.00	82,000.00	0.00	-82,000.00	0.00
LONGFOR PROPERTIES CO LTD	0.00	19,500.00	0.00	-19,500.00	0.00
LUYE PHARMA GROUP LTD	0.00	21,500.00	0.00	-21,500.00	0.00
MGM CHINA HLDGS LTD	0.00	210,400.00	0.00	-49,200.00	161,200.00
MICRON TECHNOLOGY INC	0.00	15,874.00	0.00	-1,585.00	14,289.00
MINTH GROUP LTD	6,000.00	62,000.00	0.00	-10,000.00	58,000.00
MOMO INC-ADR	0.00	7,786.00	0.00	-7,786.00	0.00
NAMESON HLDGS LTD	254,000.00	1,290,000.00	0.00	-784,000.00	760,000.00
NETEASE INC-ADR	203.00	1,500.00	0.00	-488.00	1,215.00
NEW ORIENTAL EDUCATION & TECHNOLOGY-ADR	689.00	6,331.00	0.00	-1,518.00	5,502.00
NXP SEMICONDUCTOR NV	494.00	0.00	0.00	-494.00	0.00
PETROCHINA CO LTD-H	0.00	294,000.00	0.00	-100,000.00	194,000.00
PING AN INSURANCE GROUP CO OF CHINA LTD-H	7,500.00	109,000.00	0.00	-4,000.00	112,500.00
POU SHENG INTL HLDGS LTD	62,000.00	178,000.00	0.00	-240,000.00	0.00
Q TECHNOLOGY GROUP CO LTD	0.00	146,000.00	0.00	-146,000.00	0.00
QUALCOMM INC	0.00	1,550.00	0.00	-1,550.00	0.00
RYB EDUCATION INC-SPONSORED ADR	0.00	7,500.00	0.00	-7,500.00	0.00
SEMICONDUCTOR MANUFACTURING INTL CORP	26,700.00	21,500.00	0.00	-48,200.00	0.00
SHANGHAI FOSUN PHARMACEUTICAL GROUP CO LTD-H	0.00	54,000.00	0.00	0.00	54,000.00
SHENZHOU INTL GROUP HLDGS LTD	7,000.00	62,000.00	0.00	-11,000.00	58,000.00
SINO-OCEAN GROUP HLDG LTD	0.00	54,000.00	0.00	-54,000.00	0.00
SINOPHARM GROUP CO LTD-H	5,600.00	29,200.00	0.00	-34,800.00	0.00
STANDARD CHARTERED PLC	0.00	39,550.00	0.00	-13,550.00	26,000.00
SUN HUNG KAI PROPERTIES LTD	2,000.00	7,000.00	0.00	-9,000.00	0.00
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	7,000.00	64,000.00	0.00	-12,000.00	59,000.00
TAL EDUCATION GROUP-ADR	733.00	27,140.00	0.00	-3,067.00	24,806.00
TECHTRONIC INDUSTRIES CO LTD	0.00	9,500.00	0.00	-9,500.00	0.00
TENCENT HLDGS LTD	6,400.00	53,200.00	0.00	-13,600.00	46,000.00

**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 2017**

	31 December 2016	Additions	Bonus/ Dividends	Deductions	31 December 2017
TENCENT HLDGS LTD-RIGHTS FOR CHINA LITERATURE LTD (EX 18OCT2017)	0.00	15.00	0.00	-15.00	0.00
TONGDA GROUP HLDGS LTD	0.00	120,000.00	0.00	-120,000.00	0.00
TRULY INTL HLDGS LTD	0.00	556,000.00	0.00	-172,000.00	384,000.00
WEIBO CORP-SPONSORED ADR	857.00	7,268.00	0.00	-2,526.00	5,599.00
WYNN MACAU LTD	25,600.00	152,800.00	0.00	-6,000.00	172,400.00
YIHAI INTL HLDG LTD	0.00	31,000.00	0.00	-31,000.00	0.00
YIXIN GROUP LTD	0.00	300,000.00	0.00	-300,000.00	0.00
YUM CHINA HLDGS INC	606.00	9,775.00	0.00	-2,206.00	8,175.00
ZHOU HEI YA INTL HLDGS CO LTD	0.00	291,000.00	0.00	-131,000.00	160,000.00
ZTE CORP-H	0.00	101,200.00	0.00	0.00	101,200.00

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 2017

Net asset values (Dealing NAV)

At the end of financial year/period date	Net asset value		Net asset value per unit	
			in HKD	in USD
	Class A - HKD	Class A - USD	Class A - HKD	Class A - USD
31 December 2017	111,270,150	87,943,227	16.07	15.95
31 December 2016	9,597,742	3,688,760	10.35	10.35

Highest and lowest net asset value per unit

Financial year/period 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 2017	17.03	10.40	16.91	10.40
31 December 2016 (since inception)	11.66	9.51	11.67	9.50