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

**CONTENTS**

	<b>Pages</b>
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 – 12
Notes to the Financial Statements	13 – 33
Investment Portfolio (Unaudited)	34 – 37
Statement of Movements in Investment Portfolio (Unaudited)	38 – 48
Performance Table (Unaudited)	49



**DA CHENG CHINA BALANCED 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)

**Manager**

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

**Custodian**

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

**PRC Sub-Custodian**

Bank of China Limited  
No. 1, Fuxingmen Nei Dajie  
Beijing 100818  
China

**Auditor**

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

**Trustee and Registrar**

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

**Legal Counsel to the Manager**

Simmons & Simmons  
13/F, One Pacific Place  
88 Queensway  
Hong Kong

**PRC Investment Advisor**

Da Cheng Fund Management Company Limited  
32/F, Tower of China Merchants Bank  
No. 7088 Shennan Road  
Futian, Shenzhen 518040  
People's Republic of China

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

**REPORT OF THE MANAGER**

**Fund Performance**

Da Cheng China Balanced Fund (the “Sub-Fund”) seeks to provide long-term growth of capital and income. As of 31 December 2017, the Net Asset Value (“NAV”) per unit of the RMB Class A was RMB14.42, the NAV per unit of the USD Class A was USD13.36, and the NAV per unit of the HKD Class A was HKD13.46, aggregating a total asset size of approximately RMB 1,944,083,220.

A summary of the performance of the Sub-Fund is set out below <sup>1</sup> (as at 31 Dec 2017)

	2017	2016	2015	Since Inception <sup>2</sup>
DA CHENG China Balanced Fund -RMB Class A NAV-to-NAV return	23.05%	-1.6%	6.21%	72.29%
DA CHENG China Balanced Fund -USD Class A NAV-to-NAV return	31.64%	-7.25%	0.67%	61.82%
DA CHENG China Balanced Fund -HKD Class A NAV-to-NAV return	32.71%	-7.19%	0.59%	63.16%

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 3 March 2014, the Sub-Fund has attracted wide interest among investors to participate in the Mainland China market. As at 31 Dec 2017, there were 25,280,350, 7,415,815, 83,286,180 units outstanding in RMB Class A, USD Class A and HKD Class A respectively.

**Market Overview**

Given the persistent recovery of A-share companies’ earnings, steady valuation uplift, and incremental fund inflow to the stock market, we expect that A-share market will continue its strong momentum and deliver a double digit full year return in 2018.

From the perspective of earnings growth, we forecast that overall A-share earnings will achieve double digit growth in 2018, while earnings growth from the financial sector is expected to accelerate, driven by possible steepened yield curve, steady uptrend of the capital market, and improved asset quality. Earnings growth of non-financial sectors will return to the normal range, as earnings growth of upstream sectors may stabilize after sharp fluctuations in 2017, but non-financial sector’ profit margin may further expand.

<sup>1</sup> Past performance figures shown are not indicative of the future performance of the Sub-Fund

<sup>2</sup> Date of commencement of operations is 3 March 2014



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

From the perspective of valuation, we expect that A-share market valuation will continue to re-rate in 2018, as the valuation of A-share market is relatively low among the world's major stock markets, according to their historical average valuation deviation. The valuation of US and European stock markets has been rising since the end of European sovereign debt crisis in 2011, and is now greater than 0.5 standard deviation, above the historical average. The valuation of Hong Kong stock market has recovered in 2017 and is also above the historical average. Comparatively, the valuation of A-share has plunged since 2012 due to deteriorating economic growth. Considering that China's economy has entered into the middle stage of recovery while systematic risk is declining, the re-rating of A-share valuation can be expected in 2018.

From the perspective of liquidity, we expect that incremental capital will flow into A-share stock market in 2018. Considering the factors including earlier limited exposure and improved access to A-shares, foreign investors will continue lifting their exposure to A-share market after reassessing the Chinese economy. Given that the current portion of foreign investors in A-share free float capitalization is only 2.3%, we perceive a large space for improvement in the future. In addition, we expect that capital will flow from other asset classes into the equity market as the attractiveness of equity asset class is improving due to the implementation of financial regulatory tightening to correct the risk-return mismatch for domestic financial products.

As for asset allocation strategy, we prefer equity to fixed income asset class, because risky assets such as equities are likely to outperform as economic recovery continues with rising inflation. In terms of sector allocation, given that the year of 2018 is the first year for implementing the decisions of the 19<sup>th</sup> CPC National Congress, we will explore investment opportunities by following the directions reported in the 19<sup>th</sup> CPC National Congress. Sectors that will be focused include: 1) technology and advanced manufacturing such as technology hardware, electronic components, machinery, national defense and military, auto parts, home appliances; 2) consumer sectors such as health care, food and beverage, outbound tourism, duty free consumption, media, courier; 3) cyclical sectors such as insurance and brokerage.

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

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24 April 2018



**DA CHENG CHINA BALANCED 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 China Balanced 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

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24 April 2018

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

**Opinion**

*What we have audited*

The financial statements of Da Cheng China Balanced Fund (the “Sub-Fund”), a sub-fund of DCI Investment Trust, set out on pages 8 to 33, 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 CHINA BALANCED 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 CHINA BALANCED 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 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 CHINA BALANCED FUND  
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

	Note	2017 RMB	2016 RMB
<b>Assets</b>			
<b>Non-Current Assets</b>			
Deposit reserve		319,530	191,534
<b>Current Assets</b>			
Investments	3.1, 3.4	1,944,513,624	607,491,887
Interest receivable		15,288,674	3,286,702
Dividend receivable		326,660	-
Amounts receivable on subscription of units		5,645,194	-
Prepayments and other assets		-	50
Cash and cash equivalents	3.4, 7.3	54,732,070	88,256,688
<b>Total assets</b>		<u>2,020,825,752</u>	<u>699,226,861</u>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Deferred tax liability	8	-	34,620
<b>Current Liabilities</b>			
Management fee payable	7.1	2,206,556	819,096
Amount payable on redemption of units		24,857,965	3,572,455
Accrued expenses and other payables		2,490,932	716,620
Distribution payable to unitholders		41,994,067	12,833,270
Provision for taxation	8	5,193,012	545,478
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u>76,742,532</u>	<u>18,521,539</u>
<b>Net assets attributable to unitholders</b>	6	<u>1,944,083,220</u>	<u>680,705,322</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 33 form an integral part of these financial statements.

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

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 RMB	2016 RMB
<b>Income</b>			
Dividend income		12,623,504	17,301,233
Interest income		18,496,277	9,380,529
Net gains/(losses) on investments	5	205,989,566	(35,123,033)
Sundry income		213	-
Net foreign exchange losses		(3,832,626)	(1,650,704)
<b>Total investment gains/(losses)</b>		<u>233,276,934</u>	<u>(10,091,975)</u>
<b>Expenses</b>			
Management fee	7.1	14,262,958	11,162,893
Trustee fee	7.2	1,439,952	1,227,918
Custodian fee	7.3	1,024,569	750,460
Transaction costs		4,338,255	1,990,101
Auditor's remuneration		183,063	222,934
Other expenses		156,723	136,392
<b>Total operating expenses</b>		<u>21,405,520</u>	<u>15,490,698</u>
<b>Gains/(losses) before distributions and tax</b>		211,871,414	(25,582,673)
Distributions to unitholders	10	(85,290,767)	(35,833,575)
<b>Gains/(losses) after distributions and before tax</b>		126,580,647	(61,416,248)
Taxation	8	(6,656,594)	(1,748,395)
<b>Increase/(decrease) in net assets attributable to unitholders</b>		<u><u>119,924,053</u></u>	<u><u>(63,164,643)</u></u>

The notes on pages 13 to 33 form an integral part of these financial statements.

**DA CHENG CHINA BALANCED 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**

	<b>2017 RMB</b>	<b>2016 RMB</b>
<b>Net assets attributable to unitholders at the beginning of the year</b>	680,705,322	1,021,165,586
Issue of units	2,181,324,563	192,454,009
Redemption of units	(1,037,870,718)	(469,749,630)
<b>Net increase/(decrease) from unit transactions</b>	1,143,453,845	(277,295,621)
<b>Increase/(decrease) in net assets attributable to unitholders</b>	119,924,053	(63,164,643)
<b>Net assets attributable to unitholders at the end of the year</b>	1,944,083,220	680,705,322

The notes on pages 13 to 33 form an integral part of these financial statements.

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>2017</b>	<b>2016</b>
	<b>RMB</b>	<b>RMB</b>
<b>Cash flows from operating activities</b>		
Increase/(decrease) in net assets attributable to unitholders	119,924,053	(63,164,643)
Adjustments for:		
Interest income	(18,496,277)	(9,380,529)
Dividend income	(12,623,504)	(17,301,233)
Distributions to unitholders	85,290,767	35,833,575
Taxation	6,656,594	1,748,395
	<hr/>	<hr/>
Operating gains/(losses) before working capital changes	180,751,633	(52,264,435)
Net (increase)/decrease in investments	(1,337,021,737)	354,973,861
Net (increase)/decrease in deposit reserve	(127,996)	77,266
Net (increase)/decrease in interest receivable purchased	(14,487,304)	862,213
Net decrease in prepayments and other assets	50	5,014
Net increase/(decrease) in management fee payable	1,387,460	(386,320)
Net increase/(decrease) in accrued expenses and other payables	1,774,312	(2,398,869)
	<hr/>	<hr/>
<b>Cash (used in)/generated from operations</b>	(1,167,723,582)	300,868,730
Dividend income received	12,296,844	17,301,233
Interest income received	20,981,609	8,208,841
Tax paid	(2,043,680)	(2,159,029)
	<hr/>	<hr/>
<b>Net cash (outflow)/inflow from operating activities</b>	(1,136,488,809)	324,219,775
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Proceeds from issue of units	2,164,096,682	182,356,350
Payments on redemption	(1,016,585,208)	(481,857,830)
Distributions paid to unitholders	(44,547,283)	(36,593,355)
	<hr/>	<hr/>
<b>Net cash inflow/(outflow) from financing activities</b>	1,102,964,191	(336,094,835)
	<hr/>	<hr/>

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

**STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 RMB	2016 RMB
<b>Net decrease in cash and cash equivalents</b>	(33,524,618)	(11,875,060)
Cash and cash equivalents at the beginning of the year	88,256,688	100,131,748
<b>Cash and cash equivalents at the end of the year, representing bank deposits</b>	<u>54,732,070</u>	<u>88,256,688</u>

Non-cash transactions

During the year ended 31 December 2017, the Sub-Fund issued 443,958, 175,724 and 59,550 (2016 : 390,901, 213,234 and 57,698) new units for class HKD Class A, RMB Class A and USD Class A amounted to HKD5,415,381, RMB2,379,405 and USD719,705 (2016: HKD 4,455,578, RMB 2,646,178 and USD 658,058) as part of distributions to the unitholders, totalling RMB11,582,687 (2016: RMB 11,204,861). Refer to note 6 for detail.

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

**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 China Balanced Fund (the “Sub-Fund”), Da Cheng China RMB Fixed Income Fund and Da Cheng Overseas China Concept Fund (collectively, the Sub-Funds). The date of commencement of operations of the Sub-Fund was 3 March 2014.

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 through investing directly in fixed income and equity securities issued in China. The Sub-Fund will invest directly in China’s domestic securities markets through the Manager’s status as a Renminbi Qualified Foreign Institutional Investor (“RQFII”) and via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (“Stock Connect”). The Sub-Fund will be denominated and settled in renminbi (“RMB”).

Under current regulations in the People’s Republic of China (“PRC”), generally foreign investors can invest only in the domestic securities market through certain qualified foreign institutional investors that have obtained status as a Qualified Foreign Institutional Investor (“QFII”) or a RQFII from the China Securities Regulatory Commission (“CSRC”) and have been granted quota by the State Administration of Foreign Exchange (“SAFE”) of the PRC to remit foreign freely convertible currencies (in the case of a QFII) and RMB (in the case of a RQFII) into the PRC for the purpose of investing in the PRC’s domestic securities markets. Foreign investors can also invest a limited number of equity securities in the domestic securities market through Stock Connect.

The Sub-Fund obtains exposures to securities issued within the PRC through the RQFII quotas of the Manager and Stock Connect. The Manager has obtained RQFII status in the PRC and the RQFII quotas have been granted to the Manager. The Sub-Fund invests in securities issued within the PRC through the RQFII program. To the extent that the Manager has, on behalf of the Sub-Fund, utilised its entire RQFII quota, the Manager may, subject to any applicable regulations, apply for an increase of the RQFII quota.

**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 period presented, unless otherwise stated.

**DA CHENG CHINA BALANCED 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)**

**2.1 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.

***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.

**DA CHENG CHINA BALANCED 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)**

**2.1 Basis of preparation (Continued)**

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 Sub-Fund assessed IFRS 9's impact and considered that interest income on items that are not measured at amortised cost or fair value through other comprehensive income will no longer be able to be included in interest revenue.

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.

**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 Sub-Fund invests in securities in the PRC and the performance of the Sub-Fund is measured and reported to the unitholders in Chinese Yuan Renminbi ("RMB"). The Manager considers RMB as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in RMB, 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 gains/(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.

**DA CHENG CHINA BALANCED 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)**

**2.3 Investments (Continued)**

(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 period in which they arise.

(iii) Fair value estimation

The fair value of investments that are listed or traded on an exchange is based on quoted market prices at close of trading on reporting date. For listed debt securities, the fair value is determined by using the valuation provided by China Securities Index Co., Ltd., a company jointly established by Shanghai Stock Exchange and Shenzhen Stock Exchange specialising in the creation and management of indices and index-related services.

The fair value of financial assets that are traded in interbank markets (for example, unlisted debt securities) is determined by using the valuation provided by China Central Depository & Clearing Co., Ltd., a company jointly established by People's Bank of China and Ministry of Finance to undertake the function of centralised depository and settlement for the inter-bank bond market.

**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.

**DA CHENG CHINA BALANCED 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)**

**2.5 Income and expenses (Continued)**

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 three classes of redeemable units 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.

**2.7 Distribution to unitholders**

It is the intention of the Manager that only the net income available for distribution may be distributed. No distribution will be paid out of the Sub-Fund's capital. Distribution to unitholders is recognised in the statement of comprehensive income when they are approved by the Manager.

**2.8 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.

**2.9 Taxation**

The Sub-Fund currently incurs withholding taxes on imposed by the PRC on investment 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.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

**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:

	<b>2017 RMB</b>	<b>2016 RMB</b>
<b>Investments</b>		
Listed equities	1,312,404,885	402,105,661
Bonds	622,960,839	205,385,025
Collective investment schemes	9,147,900	1,201
<b>Total investments</b>	<u>1,944,513,624</u>	<u>607,491,887</u>

**DA CHENG CHINA BALANCED FUND  
 (A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**
**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2017**
**3 Financial risk management (Continued)**
**3.1 Market price risk (Continued)**

As at 31 December, the fair value of investments were as follows:

Investments	2017		2016	
	Fair value of investment RMB	% of net assets	Fair value of investment RMB	% of net assets
<b>Equities and debt securities</b>				
Auto manufacturers	-	-	20,546,222	3.02
Auto parts and equipment	-	-	16,717,211	2.46
Banking	-	-	48,325,457	7.10
Basic materials	71,729,501	3.69	-	-
Beverages	-	-	25,804,731	3.79
Building materials	-	-	20,575,780	3.02
Communications	25,323,077	1.30	-	-
Consumer products	525,302,105	27.02	-	-
Diversified	43,565,935	2.24	-	-
Electric	-	-	10,557,300	1.55
Electrical equipment	-	-	10,446,600	1.53
Electronics	-	-	22,650,740	3.33
Energy	17,226,122	0.89	-	-
Engineering and construction services	-	-	22,685,685	3.33
Financial services	864,476,289	44.47	39,373,286	5.78
Government bond	6,338	0.00	130,157,379	19.12
Home and office products	-	-	3,664,076	0.54
Industrial	326,426,172	16.79	-	-
Insurance	-	-	47,704,758	7.01
Media	-	-	97,915	0.01
Metal and mining	-	-	15,232,728	2.24
Miscellaneous manufacturer	-	-	13,458,343	1.98
Oil, gas and coal	-	-	15,418,274	2.27
Pharmaceuticals	-	-	40,178,294	5.90
Real estate	-	-	30,933,867	4.54
Software	-	-	2,738,736	0.40
Technology	45,355,130	2.33	-	-
Transportation	-	-	33,129,658	4.87
Utilities	15,955,055	0.82	-	-
Others	-	-	37,093,646	5.45
	<u>1,935,365,724</u>	<u>99.55</u>	<u>607,490,686</u>	<u>89.24</u>
<b>Collective investment schemes</b>	9,147,990	0.47	1,201	0.00
<b>Total investments</b>	<u>1,944,513,624</u>	<u>100.02</u>	<u>607,491,887</u>	<u>89.24</u>

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

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

**3 Financial risk management (Continued)**

**3.1 Market price risk (Continued)**

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 (2016: Nil).

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 CSI300 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 of RMB1,312,404,885 (2016: RMB402,105,661) moved according to their historical correlation with the index. This would have increased/decreased the net assets of the Sub-Fund by approximately RMB174,495,720 (2016: RMB59,255,717). This represents management's best estimate of a reasonable possible shift in the CSI300 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 Cash flow and fair value Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.



**DA CHENG CHINA BALANCED FUND  
 (A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**
**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2017**
**3 Financial risk management (Continued)**
**3.2 Cash flow and fair value Interest rate risk (Continued)**

As at 31 December 2016	Maturity up to 1 year RMB	Maturity 1-5 years RMB	Maturity over 5 years RMB	Non-interest bearing RMB	Total RMB
<b>Assets</b>					
Investments					
- RMB denominated bonds	-	133,115,148	72,269,877	-	205,385,025
- RMB denominated listed equities	-	-	-	402,105,661	402,105,661
- RMB denominated collective investment schemes	-	-	-	1,201	1,201
Other receivables	-	-	191,534	3,286,752	3,478,286
Cash and cash equivalents	88,256,688	-	-	-	88,256,688
<b>Total assets</b>	<b>88,256,688</b>	<b>133,115,148</b>	<b>72,461,411</b>	<b>405,393,614</b>	<b>699,226,861</b>
<b>Liabilities</b>					
Management fee payable	-	-	-	819,096	819,096
Amount payable on redemption of units	-	-	-	3,572,455	3,572,455
Accrued expenses and other payables	-	-	-	716,620	716,620
Distribution payable to unitholders	-	-	-	12,833,270	12,833,270
Net assets attributable to unitholders	-	-	-	680,705,322	680,705,322
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>698,646,763</b>	<b>698,646,763</b>
<b>Total interest sensitivity gap</b>	<b>88,256,688</b>	<b>133,115,148</b>	<b>72,461,411</b>		

The Manager and Trustee monitor the interest rate risks by quantifying (a) market exposure in percentage terms; and (b) exposure in duration terms by different countries. As at 31 December 2017, the Sub-Fund has invested in interest-bearing securities of RMB622,960,839 (2016: RMB205,385,025) and the portfolio weighted average modified duration of the Sub-Fund is 1.41 (2016: 3.77).

Given a 100 basis points change in the rate of all debt securities held by the Sub-Fund as at 31 December 2017, the percentage change in net asset value will be the total portfolio weighted average modified duration multiplied by 1%, i.e. RMB8,785,340 (2016: RMB7,748,711) while holding all other variables constant.

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

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

**3 Financial risk management (Continued)**

**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 RMB, the Sub-Fund's functional and presentation currency. 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 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 main concentration to which the Sub-Fund is exposed arises from the Sub-Fund's investments in debt securities. The Sub-Fund does not have explicit restrictions on the minimum credit ratings of securities it may hold. The Manager will actively manage the portfolio of the Sub-Fund. In case of credit rating downgrading, the Manager will adjust the positions in the portfolio using its credit analysis and rating systems that are designed to manage credit risks.

The tables below summarise the credit quality of the Sub-Fund's debt portfolio, which represents 32.04% (2016:30.17%) of net assets value, as at 31 December 2017 and 2016.

<b>Credit rating agency</b>	<b>Rating range</b>	<b>2017 % of net assets value</b>	<b>2016 % of net assets value</b>
Lianhe	AAA	6.55%	4.69%
	AA+	2.02%	-
	AA	-	0.02%
Dagong	AAA	4.14%	2.02%
	AA+	-	0.74%
	AA	-	3.58%
Moody's	Aa3	-	19.12%
	A1	2.52%	-
Chengxin	AAA	8.16%	-
	AA+	0.51%	-
Golden credit rating	AA+	1.49%	-
Shanghai Brilliance	AAA	6.65%	-
<b>Total</b>		<b>32.04%</b>	<b>30.17%</b>

The Manager has assessed the credit quality of the RMB denominated bonds based on the nature of issuers and historical information about the issuers' default rates.

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

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

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

**3 Financial risk management (Continued)**

**3.4 Credit and counterparty risk (Continued)**

The tables below summarise the net exposure to the Sub-Fund's counterparties as at 31 December 2017 and 2016 together with its credit rating.

<b>At 31 December 2017</b>	<b>RMB</b>	<b>Credit rating</b>	<b>Source of credit rating</b>
<b>Investments</b>			
Bank of China (Hong Kong) Limited	582,544,249	Aa3	Moody's
Bank of China Limited	1,361,969,375	A1	Moody's
<b>Cash and cash equivalents</b>			
Bank of China (Hong Kong) Limited	54,290,973	Aa3	Moody's
Bank of China Limited	441,097	A1	Moody's
<b>Deposit reserve</b>			
China Securities Depository and Clearing Corporation Limited	319,530	A1	Moody's
<b>At 31 December 2016</b>			
<b>Investments</b>			
Bank of China (Hong Kong) Limited	46,371,903	Aa3	Moody's
Bank of China Limited	561,119,984	A1	Moody's
<b>Cash and cash equivalents</b>			
Bank of China (Hong Kong) Limited	58,772,306	Aa3	Moody's
Bank of China Limited	29,484,382	A1	Moody's
<b>Deposit reserve</b>			
China Securities Depository and Clearing Corporation Limited	191,534	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 non-debt investments.

The 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.

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

**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.

	<b>2017</b>	<b>2016</b>
	<b>Less than</b>	<b>Less than</b>
	<b>3 months</b>	<b>3 months</b>
	<b>RMB</b>	<b>RMB</b>
Management fee payable	2,206,556	819,096
Accrued expenses and other payables	2,490,932	716,620
Amount payable on redemption of units	24,857,965	3,572,455
Distribution payable to unitholders	41,994,067	12,833,270
Net assets attributable to unitholders	1,944,083,220	680,705,322
	<u>2,015,632,740</u>	<u>698,646,763</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 RMB2,020,825,752 (2016: RMB699,226,861). 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.

**DA CHENG CHINA BALANCED FUND  
 (A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**
**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2017**
**3 Financial risk management (Continued)**
**3.6 Fair value estimation (Continued)**

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 financial assets at fair value at 31 December 2017 and 2016:

<b>As at 31 December 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
Investments				
- RMB denominated bonds	-	622,960,839	-	622,960,839
- RMB denominated listed equities	1,286,798,291	25,606,594	-	1,312,404,885
- RMB denominated collective investment schemes	9,147,900	-	-	9,147,900
<b>Total</b>	<b>1,295,946,191</b>	<b>648,567,433</b>	<b>-</b>	<b>1,944,513,624</b>

  

<b>As at 31 December 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
Investments				
- RMB denominated bonds	-	205,385,025	-	205,385,025
- RMB denominated listed equities	402,105,661	-	-	402,105,661
- RMB denominated collective investment schemes	1,201	-	-	1,201
<b>Total</b>	<b>402,106,862</b>	<b>205,385,025</b>	<b>-</b>	<b>607,491,887</b>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include exchange traded debt securities and exchange traded funds. The Sub-Fund does not adjust the quoted price for these instruments.

Financial instruments 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. The investments in unlisted RMB denominated bonds are valued with reference to valuation provided by China Central Depository and Clearing Co. Ltd.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 31 December 2017 and 2016, there is no level 3 investment held by the Sub-Fund.

For the year ended 31 December 2017, the Sub-Fund transferred 1 listed equity from level 1 into level 2 (2016: transferred 3 listed equities from level 2 into level 1). This is because the respective listed company’s shares was suspended.

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

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

**3 Financial risk management (Continued)**

**3.6 Fair value estimation (Continued)**

The carrying amount of interest receivable, cash and cash equivalents, deposit reserve, amounts receivable on subscription of units, other assets, management fee payable, amounts payable on redemption of units and, accrued expenses and other payables, distribution payable to unitholders 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 at fair value through profit or loss, all other financial assets as disclosed in the statement of financial position, including deposit reserve, interest receivable, dividend receivable, 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, distribution payable to unitholders, are categorised as "other financial liabilities".

**5 Net gains/(losses) on investments**

	<b>2017 RMB</b>	<b>2016 RMB</b>
Net realised gains/(losses) on sale of investments	74,704,028	(13,289,709)
Net change in unrealised gains/losses on investments	131,285,538	(21,833,324)
	<u>205,989,566</u>	<u>(35,123,033)</u>

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

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

**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, RMB Class A and USD Class A units in issue.

The movements of the redeemable units are as follows:

	<b>2017</b>		
	<b>HKD</b>	<b>RMB</b>	<b>USD</b>
Number of units in issue at the beginning of year	28,884,171	14,174,909	2,959,272
Units issued	96,824,864	24,288,118	8,890,888
Reinvestments (Note)	443,958	175,724	59,550
Units redeemed	(42,866,813)	(13,358,401)	(4,493,895)
Number of units in issue at the end of year	<u>83,286,180</u>	<u>25,280,350</u>	<u>7,415,815</u>

  

	<b>2016</b>		
	<b>HKD</b>	<b>RMB</b>	<b>USD</b>
Number of units in issue at the beginning of year	31,494,720	25,857,576	4,383,185
Units issued	7,135,942	2,721,468	1,037,151
Reinvestments (Note)	390,901	213,234	57,698
Units redeemed	(10,137,392)	(14,617,369)	(2,518,762)
Number of units in issue at the end of year	<u>28,884,171</u>	<u>14,174,909</u>	<u>2,959,272</u>

Note: The amounts represent the distributions to the unitholders which has subsequently reinvested into the Sub-Fund during the year.

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

	<b>2017</b>		
	<b>HKD</b>	<b>RMB</b>	<b>USD</b>
Net assets attributable to unitholders per unit (Dealing NAV) at 31 December 2017	<u>13.46</u>	<u>14.42</u>	<u>13.36</u>

  

	<b>2016</b>		
	<b>HKD</b>	<b>RMB</b>	<b>USD</b>
Net assets attributable to unitholders per unit (Dealing NAV) at 31 December 2016	<u>10.82</u>	<u>12.43</u>	<u>10.83</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 CHINA BALANCED FUND  
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**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**

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 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 1.35% per annum (2016: 1.35%) 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 RMB14,262,958 (2016: RMB11,162,893) of which RMB2,206,556 (2016: RMB819,096) 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 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 (2016: up to 0.175%), subject to a minimum monthly fee of RMB40,000 (2016: minimum monthly fee of RMB40,000). The fee is calculated and accrued on each dealing day and payable monthly in arrears.

Trustee fee charged for the year was RMB1,439,952 (2016: RMB1,227,918) of which RMB207,317 (2016: RMB88,289) was payable to the Trustee.

**7.3 Custodian fee, bank balances and investment balances**

The Custodian 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 0.10% per annum of the net asset value of the Sub-Fund. Custodian fee charged for the year was RMB1,024,569 (2016: RMB750,460).

Bank balances amounted to RMB54,290,973 (2016: RMB58,772,306) and RMB441,097 (2016: RMB29,484,382) were held with Bank of China (Hong Kong) Limited and Bank of China Limited respectively. In addition, the Sub-Fund’s investments are held at Bank of China (Hong Kong) Limited and Bank of China Limited as custodian of the Sub-Fund. Bank of China (Hong Kong) Limited and Bank of China Limited are affiliates of the Trustee.

Interest income earned from bank balance for the year was RMB83,518 (2016: RMB58,081) while the bank charges for the year was RMB11,135 (2016: RMB12,444).

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

**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)**

**7.4 Transaction costs**

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

<b>Name of company</b>	<b>Aggregate value of purchases and sales of investments RMB</b>	<b>Commission Paid RMB</b>	<b>% of the total aggregate value of purchases and sales of investments in the year</b>	<b>Average commission Rate %</b>
<b>2017</b>				
Bank of China Limited	709,718,018	-	16.61	-

There was no purchase and sale of investment with related parties or connected persons during the year ended 31 December 2016.

During the year, transaction costs, excluding commission, on investment transactions of RMB131,150 and RMB73,950 (2016: RMB70,100 and RMBnil) was charged by the Trustee and Bank of China Limited, an affiliate of the Trustee, respectively.

**7.5 Investments in related parties**

During the year, the Sub-Fund purchased RMB74,881,904 (2016: RMB6,555,000) and sold RMB47,901,819 (2016:nil) of shares of Bank of China Limited, an affiliate of the Trustee. During the year, the Sub-Fund recognised a gain of RMB1,885,708 (2016: loss of RMB19,000).

As at year end, the Sub-Fund held RMB35,439,793 (2016: RMB6,536,000) of Bank of China Limited.

**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.

**DA CHENG CHINA BALANCED FUND  
 (A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**
**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2017**
**8 Taxation (Continued)**
*PRC withholding tax*

For the year ended 31 December 2017 and 2016, the Sub-Fund had invested in RMB denominated equities and debt securities in the PRC. Withholding tax was charged on dividend income arising from A-Shares and interest income arising from debt securities in PRC during the year.

The taxation of the Sub-Fund for the year ended 31 December 2017 and 2016 represents:

	<b>2017 RMB</b>	<b>2016 RMB</b>
Capital gains tax (reversed)/charged on realised gains on investments (Note a)	(352,302)	349,381
Deferred tax reversed on change in unrealised gains on investments (Note a)	(34,620)	(653,892)
	<u>(386,922)</u>	<u>(304,511)</u>
Withholding tax on dividend income	1,254,496	1,706,675
Withholding tax on interest income	3,329,791	346,231
Value-Added Tax on interest income (Note b)	2,459,229	-
	<u>7,043,516</u>	<u>2,052,906</u>
Taxation	<u><u>6,656,594</u></u>	<u><u>1,748,395</u></u>

Note a: With effect from 29 December 2017, the Manager has ceased to make Withholding Income Tax ("WIT") provision on gross realised and unrealised capital gains derived from the Sub-Fund's trading of PRC debt securities. The recognised WIT provision amounted to RMB352,302 and deferred tax liability amounted to RMB34,620 as at 29 December 2017 were fully reversed.

Note b: With effect from 29 December 2017, the Manager has made a Valued-Added Tax ("VAT") provision of 6% on bond coupon interest income (except PRC government bonds or local governments bonds) recognised by the Sub-Fund and a local surtaxes provision of 12% on the VAT payable. One-off VAT and local surtaxes provision incurred from 1 May 2016 up to and including 29 December 2017 was made.

The movement in deferred tax liabilities arising from change in unrealised gains on investments during the year is as follows:

	<b>2017 RMB</b>	<b>2016 RMB</b>
As the beginning of the year	34,620	688,512
Deferred tax reversed to the statement of comprehensive income	(34,620)	(653,892)
At the end of the year	<u><u>-</u></u>	<u><u>34,620</u></u>

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

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

**8 Taxation (Continued)**

The movement in provision for taxation during the year is as follows:

	<b>2017 RMB</b>	<b>2016 RMB</b>
At the beginning of the year	545,478	302,220
Taxation charged to the statement of comprehensive income	6,691,214	2,402,287
Tax paid	(2,043,680)	(2,159,029)
At the end of the year	<u>5,193,012</u>	<u>545,478</u>

**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 Distribution to unitholders**

The Sub-Fund made the following distributions during the year:

	<b>2017 RMB</b>	<b>2016 RMB</b>
RMB0.10 on 13,468,443 units with ex-date on 21 March 2017 and payment on 10 April 2017	1,346,844	-
HKD0.10 on 27,876,301 units with ex-date on 21 March 2017 and payment on 10 April 2017	2,468,168	-
USD0.10 on 3,022,771 units with ex-date on 21 March 2017 and payment on 10 April 2017	2,078,307	-
RMB0.15 on 11,541,282 units with ex-date on 20 June 2017 and payment on 10 July 2017	1,731,192	-
HKD0.15 on 35,287,593 units with ex-date on 20 June 2017 and payment on 10 July 2017	4,633,085	-
USD0.15 on 4,007,277 units with ex-date on 20 June 2017 and payment on 10 July 2017	4,103,291	-
RMB0.28 on 17,004,801 units with ex-date on 19 September 2017 and payment on 9 October 2017	4,761,344	-
HKD0.28 on 50,837,818 units with ex-date on 19 September 2017 and payment on 9 October 2017	12,013,993	-
USD0.28 on 5,240,255 units with ex-date on 19 September 2017 and payment on 9 October 2017	9,665,063	-
RMB0.29 on 25,324,531 units with ex-date on 15 December 2017 and payment on 4 January 2018	7,344,114	-
HKD0.29 on 84,750,914 units with ex-date on 15 December 2017 and payment on 4 January 2018	20,785,416	-
USD0.29 on 7,495,432 units with ex-date on 15 December 2017 and payment on 4 January 2018	14,359,950	-
RMB0.06 on 23,403,702 units with ex-date on 22 March 2016 and payment on 11 April 2016	-	1,404,222
HKD0.06 on 31,091,725 units with ex-date on 22 March 2016 and payment on 11 April 2016	-	1,562,546
USD0.06 on 4,254,202 units with ex-date on 22 March 2016 and payment on 11 April 2016	-	1,657,582
RMB0.08 on 20,749,345 units with ex-date on 21 June 2016 and payment on 11 July 2016	-	1,659,948
HKD0.08 on 30,526,346 units with ex-date on 21 June 2016 and payment on 11 July 2016	-	2,074,326
USD0.08 on 3,549,795 units with ex-date on 21 June 2016 and payment on 11 July 2016	-	1,871,452
RMB0.20 on 18,513,219 units with ex-date on 20 September 2016 and payment on 11 October 2016	-	3,702,644
HKD0.20 on 28,792,904 units with ex-date on 20 September 2016 and payment on 11 October 2016	-	4,960,441
USD0.20 on 3,102,088 units with ex-date on 20 September 2016 and payment on 11 October 2016	-	4,145,258
RMB0.21 on 14,179,789 units with ex-date on 16 December 2016 and payment on 5 January 2017	-	2,977,756
HKD0.21 on 29,152,546 units with ex-date on 16 December 2016 and payment on 5 January 2017	-	5,479,221
USD0.21 on 2,973,615 units with ex-date on 16 December 2016 and payment on 5 January 2017	-	4,338,179
	<u>85,290,767</u>	<u>35,833,575</u>



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

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

**11 Approval of financial statements**

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

**DA CHENG CHINA BALANCED FUND  
 (A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**
**INVESTMENT PORTFOLIO (UNAUDITED)  
 AS AT 31 DECEMBER 2017**

Listed/Quoted Equities	Holdings	Market Value RMB	% of Net asset
AGRICULTURAL BANK OF CHINA LTD-A	10,870,740	41,634,934	2.14
ANHUI CONCH CEMENT CO LTD-A	638,000	18,712,540	0.96
BANK OF CHINA LTD-A	8,926,900	35,439,793	1.82
BEIJING NEW BUILDING MATERIALS PLC-A	582,800	13,113,000	0.67
CHANGCHUN HIGH & NEW TECHNOLOGY INDUSTRIES (GROUP) INC-A	29,100	5,325,300	0.27
CHINA AVIATION OPTICAL-ELECTRICAL TECHNOLOGY CO LTD-A	578,111	22,766,011	1.17
CHINA CITIC BANK CORP LTD-A	3,722,300	23,078,260	1.19
CHINA CONSTRUCTION BANK CORP-A	5,841,420	44,862,106	2.31
CHINA INTL MARINE CONTAINERS (GROUP) CO LTD-A	726,126	16,591,979	0.85
CHINA INTL TRAVEL SERVICE CORP LTD-A	479,308	20,797,174	1.07
CHINA JUSHI CO LTD-A	749,840	12,214,894	0.63
CHINA MERCHANTS BANK CO LTD-A	567,971	16,482,518	0.85
CHINA MERCHANTS SECURITIES CO LTD-A	1,104,980	18,961,457	0.98
CHINA PACIFIC INSURANCE (GROUP) CO LTD-A	918,149	38,029,732	1.96
CHINA PETROLEUM & CHEMICAL CORP-A	2,810,000	17,225,300	0.89
CHINA RESOURCES SANJIU MEDICAL & PHARMACEUTICAL CO LTD-A	1,155,687	31,434,686	1.62
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD-A	1,048,800	9,460,176	0.49
CHINA VANKE CO LTD-A	734,704	22,819,906	1.17
CHINA YANGTZE POWER CO LTD-A	1,023,416	15,955,055	0.82
CITIC SECURITIES CO LTD-A	3,112,181	56,330,476	2.90
DAQIN RAILWAY CO LTD-A	1,999,938	18,139,438	0.93
DONG-E E-JIAO CO LTD-A	359,658	21,676,588	1.12
FINANCIAL STREET HLDGS CO LTD-A	1,584,774	17,606,839	0.91
FOCUS MEDIA INFORMATION TECHNOLOGY CO LTD-A	1,798,514	25,323,077	1.30
FUYAO GLASS INDUSTRY GROUP CO LTD-A	440,400	12,771,600	0.66
GEMDALE CORP-A	1,275,387	16,108,138	0.83
GF SECURITIES CO LTD-A	1,075,941	17,946,696	0.92
GLODON SOFTWARE CO LTD-A	857,712	16,811,155	0.86
GOERTEK INC-A	613,040	10,636,244	0.55
GUANGDONG YIZUMI PRECISION MACHINERY CO LTD-A	626,020	10,823,886	0.56
GUANGZHOU BAIYUN INTL AIRPORT CO LTD-A	1,275,930	18,756,171	0.96
GUOTAI JUNAN SECURITIES CO LTD-A	500,000	9,260,000	0.48
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD-A	430,100	16,773,900	0.86
HAN'S LASER TECHNOLOGY INDUSTRY GROUP CO LTD-A	322,700	15,941,380	0.82
HENAN SHENHUO COAL & POWER CO LTD-A	81	822	0.00
HUADONG MEDICINE CO LTD-A	247,600	13,340,688	0.69
HUATAI SECURITIES CO LTD-A	1,456,801	25,144,385	1.29
HUAXIN CEMENT CO LTD-A	624,000	8,817,120	0.45
HUAYU AUTOMOTIVE SYSTEMS CO LTD-A	1,531,495	45,470,087	2.34
HUNDSUN TECHNOLOGIES INC-A	181,200	8,407,680	0.43
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD-A	6,626,008	41,081,250	2.11
INDUSTRIAL BANK CO LTD-A	1,080,800	18,362,792	0.94
INNER MONGOLIA YILI INDUSTRIAL GROUP CO LTD-A	1,111,000	35,763,090	1.84
JIANGSU HENGRUI MEDICINE CO LTD-A	366,940	25,311,521	1.30
JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD-A	187,330	21,542,950	1.11

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

**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)  
AS AT 31 DECEMBER 2017**

Listed/Quoted Equities (Continued)	Holdings	Market Value RMB	% of Net asset
KINGENTA ECOLOGICAL ENGINEERING GROUP CO LTD-A	1,266,237	11,586,069	0.60
KWEICHOW MOUTAI CO LTD-A	96,983	67,644,673	3.48
LEPU MEDICAL TECHNOLOGY BEIJING CO LTD-A	245,870	5,940,219	0.31
NEW HOPE LIUHE CO LTD-A	800	5,960	0.00
PERFECT WORLD CO LTD-A	201,944	6,757,046	0.35
PING AN INSURANCE GROUP CO OF CHINA LTD-A	1,408,660	98,578,026	5.07
POLY REAL ESTATE GROUP CO LTD-A	851,900	12,054,385	0.62
QINGDAO HAIER CO LTD-A	1,000	18,840	0.00
SHANGHAI FOSUN PHARMACEUTICAL GROUP CO LTD-A	575,900	25,627,550	1.32
SHANGHAI INTL AIRPORT CO LTD-A	202,223	9,102,057	0.47
SHENYANG TOLY BREAD CO LTD-A	157,327	6,131,033	0.32
SHENZHEN AIRPORT CO LTD-A	2,054,100	17,870,670	0.92
SHENZHEN OVERSEAS CHINESE TOWN CO LTD-A	645,700	5,481,993	0.28
SINOTRANS AIR TRANSPORTATION DEVELOPMENT CO LTD-A	619,892	10,711,734	0.55
SUZHOU GOLD MANTIS CONSTRUCTION DECORATION CO LTD-A	698,650	10,703,318	0.55
TAIHAI MANOIR NUCLEAR EQUIPMENT CO LTD-A	234,500	6,202,525	0.32
TONGHUA DONGBAO PHARMACEUTICAL CO LTD-A	499,911	11,442,963	0.59
WULIANGYE YIBIN CO LTD-A	237,600	18,979,488	0.98
XIAMEN KING LONG MOTOR GROUP CO LTD-A	600,000	7,818,000	0.40
ZHANGZHOU PIENZEHUANG PHARMACEUTICAL CO LTD-A	119,100	7,527,120	0.38
ZHEJIANG DAHUA TECHNOLOGY CO LTD-A	12	277	0.00
ZHENGZHOU YUTONG BUS CO LTD-A	796,350	19,168,145	0.98
		1,312,404,885	67.51
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**DA CHENG CHINA BALANCED FUND  
 (A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**
**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)  
 AS AT 31 DECEMBER 2017**

	Holdings	Market Value RMB	% of Net asset
<b>Quoted Debt Securities</b>			
AISINO CO LTD CB 1% A 12JUN2021	1,110	110,278	0.01
ALUMINUM CORP OF CHINA LTD 4.68% A 26AUG2018	300,000	29,784,360	1.53
BEIJING AUTOMOBILE INVESTMENT CO LTD 3.6% A 10DEC2020	150,000	14,340,345	0.74
CHINA CINDA ASSET MANAGEMENT CO LTD 4.1% A 22MAY2018	100,000	9,949,940	0.51
CHINA DEVELOPMENT BANK 3.88% A 19APR2020	500,000	49,046,550	2.52
CHINA GOVT BOND 3.94% S/A 27JUL2045	70	6,338	0.00
CHINA HUARONG FINANCIAL LEASING CO LTD 3.76% A 11DEC2018	100,000	9,842,310	0.51
CHINA HUARONG FINANCIAL LEASING CO LTD 4% A 11DEC2020	100,000	9,590,500	0.49
CHINA JIANYIN INVESTMENT LTD 4.46% A 23JUL2020	300,000	29,254,920	1.50
CHINA MINMETALS CO LTD 4.03% A 14SEP2018	200,000	19,760,180	1.02
CHINA NATIONAL FOREIGN TRADE FINANCIAL & LEASING CO LTD 4.64% A 27AUG2018	100,000	9,925,360	0.51
CHINA RESOURCES CO LTD 3.25% A 23MAR2021	200,000	18,805,260	0.97
CHINA SOUTH INTERNATIONAL INDUSTRIAL MATERIALS CITY SHENZHEN CO LTD 5.98% A 14JAN2019	100,930	9,565,853	0.49
CHINA SOUTH INTERNATIONAL INDUSTRIAL MATERIALS CITY SHENZHEN CO LTD 6.85% A 03MAY2019	134,000	13,133,139	0.68
CHINA SOUTH INTERNATIONAL INDUSTRIAL MATERIALS CITY SHENZHEN CO LTD 7% A 13APR2021	63,000	6,267,240	0.32
CHINA VANKE CO LTD 3.78% A 11JUN2020	100,000	9,546,980	0.49
DALIAN WANDA COMMERCIAL PROPERTIES CO LTD 3.2% A 14JAN2021	140,000	13,337,800	0.69
DALIAN WANDA COMMERCIAL PROPERTIES CO LTD 3.4% A 21OCT2019	200,000	18,120,020	0.93
FINANCIAL STREET HLDGS CO LTD 4.99% A 27APR2020	100,000	9,916,830	0.51
FORD AUTOMOTIVE FINANCE CHINA LTD 5.38% A 12JUN2020	100,000	9,968,620	0.51
FOUNDER SECURITIES CO LTD 5.7% A 12OCT2020	400,000	39,238,280	2.02
GF SECURITIES CO LTD 4.84% A 15AUG2020	200,000	19,629,040	1.01
HAITONG UNITRUST INTL LEASING CORP 3.6% A 21JAN2019	300,000	29,396,640	1.51
HEILONGJIANG BEIDAHUANG NONGKEN GROUP CO 3.34% A 11MAR2019	200,000	19,445,280	1.00
HEILONGJIANG BEIDAHUANG NONGKEN GROUP CO 4.1% A 17NOV2018	100,000	9,854,090	0.51
HSBC BANK CHINA CO LTD 4.68% A 15SEP2020	200,000	19,702,600	1.01
JIZHONG ENERGY GROUP CO LTD 5.6% A 20JAN2021	200,000	19,782,040	1.02
METALLURGICAL CORP OF CHINA LTD 6.1% A 23JUL2018	500,000	50,122,900	2.58
METRO LAND CORP LTD 4.8% A 26JUN2018	50,000	4,978,635	0.26
NANJING IRON & STEEL CO LTD 5.8% A 06MAY2018	106,050	10,598,892	0.55
NANSHAN GROUP CO LTD 6.5% A 12SEP2018	100,000	10,017,600	0.52
PEKING UNIVERSITY FOUNDER GROUP CORP 5.88% A 21NOV2018	200,000	20,025,740	1.03
SHANGHAI FOSUN PHARMACEUTICAL GROUP CO LTD 3.95% A 10SEP2018	100,000	9,869,700	0.51
TSINGHUA HLDGS CO LTD 4.98% A 15JAN2020	200,000	19,856,480	1.01
ZHEJIANG GEELY HLDG GROUP CO LTD 6.4% A 21JUN2018	500,000	50,170,099	2.57
		622,960,839	32.04

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

**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)  
AS AT 31 DECEMBER 2017**

	Holdings	Market Value RMB	% of Net asset
<b>Collective Investment Schemes</b>			
FORTUNE SGAM XIANJIN TIANYI MONEY MARKET FUND	64	6,401	0.00
SWS MU SHENZHEN STOCK GROWTH CLASSIFICATION FUND	1	1	0.00
YINHUA TRADED MONEY MARKET FUND	91,289	9,141,498	0.47
		<hr/>	<hr/>
		9,147,900	0.47
		<hr/>	<hr/>
<b>Total listed/quoted investments</b>		1,944,513,624	100.02
<b>Other net assets</b>		(430,404)	-0.02
		<hr/>	<hr/>
<b>Total net assets as at 31 December 2017</b>		1,944,083,220	100.00
		<hr/> <hr/>	<hr/> <hr/>
<b>Total investments, at cost</b>		1,825,956,549	
		<hr/> <hr/>	

**DA CHENG CHINA BALANCED 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**

Listed/Quoted Equities	31 December 2016	Additions	Bonus/ Dividends	Deductions	31 December 2017
ADD INDUSTRY ZHEJIANG CORP LTD-A	-	219	-	(219)	-
ADVANCED FIBER RESOURCES ZHUHAI LTD-A	-	242	-	(242)	-
AGRICULTURAL BANK OF CHINA LTD-A	2,429,840	8,440,900	-	-	10,870,740
ALUMINUM CORP OF CHINA LTD-A	-	1,690,000	-	(1,690,000)	-
ANHUI CONCH CEMENT CO LTD-A	549,967	907,885	-	(819,852)	638,000
ANHUI HELI CO LTD-A	-	445,900	54,000	(499,900)	-
ANHUI PROVINCE NATURAL GAS DEVELOPMENT CO LTD-A	1,677	-	-	(1,677)	-
ANHUI TRANSPORT CONSULTING & DESIGN INSTITUTE CO LTD-A	-	943	-	(943)	-
ANNIL CO LTD-A	-	206	-	(206)	-
ANZHENG FASHION GROUP CO LTD-A	-	784	-	(784)	-
BAIYIN NONFERROUS GROUP CO LTD-A	-	11,556	-	(11,556)	-
BANK OF CHINA LTD-A	1,900,000	19,389,700	-	(12,362,800)	8,926,900
BANK OF COMMUNICATIONS CO LTD-A	2,429,928	799,955	-	(3,229,883)	-
BEIJING CAREER INTL CO LTD-A	-	512	-	(512)	-
BEIJING NEW BUILDING MATERIALS PLC-A	-	582,800	-	-	582,800
BEIJING ORIGINWATER TECHNOLOGY CO LTD-A	350,500	-	-	(350,500)	-
BEIJING SHIJI INFORMATION TECHNOLOGY CO LTD-A	-	451,660	-	(451,660)	-
BEIJING TONGRENTANG CO LTD-A	-	124,225	-	(124,225)	-
BEIJING VASTDATA TECHNOLOGY CO LTD-A	-	398	-	(398)	-
BGI GENOMICS CO LTD-A	-	311	-	(311)	-
BICHAMP CUTTING TECHNOLOGY HUNAN CO LTD-A	-	263	-	(263)	-
BIEM.L.FDLKK GARMENT CO LTD-A	623	-	-	(623)	-
CANGZHOU MINGZHU PLASTIC CO LTD-A	125,000	-	-	(125,000)	-
CHANG LAN ELECTRIC TECHNOLOGY CO LTD-A	-	348	-	(348)	-
CHANGCHUN HIGH & NEW TECHNOLOGY INDUSTRIES (GROUP) INC-A	-	29,100	-	-	29,100
CHANGSHU RUIE ELECTRIC CO LTD-A	-	138	-	(138)	-
CHENGDU INFORMATION TECHNOLOGY OF CHINESE ACADEMY OF SCIENCES CO LTD-A	-	154	-	(154)	-
CHINA AVIATION OPTICAL-ELECTRICAL TECHNOLOGY CO LTD-A	54,000	523,911	40,200	(40,000)	578,111
CHINA CITIC BANK CORP LTD-A	528,100	3,722,300	-	(528,100)	3,722,300
CHINA CONSTRUCTION BANK CORP-A	1,640,510	7,265,420	-	(3,064,510)	5,841,420
CHINA CYTS TOURS HLDG CO LTD-A	-	423,139	-	(423,139)	-
CHINA GALAXY SECURITIES CO LTD-A	-	8,130	-	(8,130)	-
CHINA GEZHOUBA GROUP CO LTD-A	-	450,000	-	(450,000)	-
CHINA INTL MARINE CONTAINERS (GROUP) CO LTD-A	500,000	1,284,426	-	(1,058,300)	726,126
CHINA INTL TRAVEL SERVICE CORP LTD-A	-	479,308	-	-	479,308
CHINA JUSHI CO LTD-A	-	1,041,840	8,000	(300,000)	749,840
CHINA LIFE INSURANCE CO LTD-A	399,932	-	-	(399,932)	-
CHINA MERCHANTS BANK CO LTD-A	-	1,836,571	-	(1,268,600)	567,971
CHINA MERCHANTS SECURITIES CO LTD-A	-	1,104,980	-	-	1,104,980
CHINA MERCHANTS SHEKOU INDUSTRIAL ZONE CO LTD-A	250,000	150,000	-	(400,000)	-

**DA CHENG CHINA BALANCED 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**

Listed/Quoted Equities (Continued)	31 December 2016	Additions	Bonus/ Dividends	Deductions	31 December 2017
CHINA PACIFIC INSURANCE (GROUP) CO LTD-A	480,163	920,149	-	(482,163)	918,149
CHINA PETROLEUM & CHEMICAL CORP-A	1,310,000	2,499,984	-	(999,984)	2,810,000
CHINA RAILWAY CONSTRUCTION CORP LTD-A	699,990	-	-	(699,990)	-
CHINA RESOURCES SANJIU MEDICAL & PHARMACEUTICAL CO LTD-A	414,100	940,287	-	(198,700)	1,155,687
CHINA SOUTH PUBLISHING & MEDIA GROUP CO LTD-A	-	1,161,658	-	(1,161,658)	-
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD-A	200,000	2,579,400	-	(1,730,600)	1,048,800
CHINA VANKE CO LTD-A	-	884,704	-	(150,000)	734,704
CHINA YANGTZE POWER CO LTD-A	405,000	1,023,416	-	(405,000)	1,023,416
CHINESE UNIVERSE PUBLISHING AND MEDIA CO LTD-A	-	457,200	-	(457,200)	-
CHONGQING CONSTRUCTION ENGINEERING GROUP CO LTD-A	-	2,839	-	(2,839)	-
CHONGQING QINAN M&E PLC-A	-	763	-	(763)	-
CHOW TAI SENG JEWELLERY CO LTD-A	-	499	-	(499)	-
CITIC SECURITIES CO LTD-A	-	3,960,136	-	(847,955)	3,112,181
CLIENT SERVICE INTL INC-A	-	360	-	(360)	-
CSD WATER SERVICE CO LTD-A	-	257	-	(257)	-
DALIAN BIO-CHEM CO LTD-A	-	499	-	(499)	-
DAODAOQUAN GRAIN & OIL CO LTD-A	-	377	-	(377)	-
DAQIAN ECOLOGY & LANDSCAPE CO LTD-A	-	567	-	(567)	-
DAQIN RAILWAY CO LTD-A	769,983	1,579,955	-	(350,000)	1,999,938
DASHENLIN PHARMACEUTICAL GROUP CO LTD-A	-	469	-	(469)	-
DOCTORGLASSES CHAIN CO LTD-A	-	195	-	(195)	-
DONG-E E-JIAO CO LTD-A	192,010	249,658	-	(82,010)	359,658
DONGGUAN CHITWING TECHNOLOGY CO LTD-A	-	498	-	(498)	-
DONGGUAN GOLDEN SUN ABRASIVES CO LTD-A	-	310	-	(310)	-
ELECTRIC CONNECTOR TECHNOLOGY CO LTD-A	-	264	-	(264)	-
EMBEDWAY TECHNOLOGIES SHANGHAI CORP-A	-	300	-	(300)	-
EMEI SHAN TOURISM CO LTD-A	-	352,542	-	(352,542)	-
EUROCRANE CHINA CO LTD-A	-	975	-	(975)	-
FINANCIAL STREET HLDGS CO LTD-A	399,974	1,914,800	-	(730,000)	1,584,774
FLYING TECHNOLOGY CO LTD-A	-	623	-	(623)	-
FOCUS MEDIA INFORMATION TECHNOLOGY CO LTD-A	-	1,798,514	-	-	1,798,514
FU JIAN ANJOY FOODS CO LTD-A	-	1,283	-	(1,283)	-
FUJIAN APEX SOFTWARE CO LTD-A	-	192	-	(192)	-
FUJIAN HAIXIA ENVIRONMENTAL PROTECTION GROUP CO LTD-A	-	2,609	-	(2,609)	-
FUJIAN KUNCAI MATERIAL TECHNOLOGY CO LTD-A	-	1,124	-	(1,124)	-
FUJIAN RAYNEN TECHNOLOGY CO LTD-A	-	340	-	(340)	-
FUJIAN STAR-NET COMMUNICATION CO LTD-A	-	307,405	-	(307,405)	-
FUYAO GLASS INDUSTRY GROUP CO LTD-A	492,000	440,000	-	(491,600)	440,400
GANSO CO LTD-A	631	-	-	(631)	-
GEMDALE CORP-A	-	1,275,387	-	-	1,275,387

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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)  
 FOR THE YEAR ENDED 31 DECEMBER 2017**

Listed/Quoted Equities (Continued)	31 December 2016	Additions	Bonus/ Dividends	Deductions	31 December 2017
GETEIN BIOTECH INC-A	-	415	-	(415)	-
GF SECURITIES CO LTD-A	-	1,374,441	-	(298,500)	1,075,941
GLODON SOFTWARE CO LTD-A	-	1,057,712	-	(200,000)	857,712
GOERTEK INC-A	403,900	444,740	168,300	(403,900)	613,040
GOKE MICROELECTRONICS CO LTD-A	-	231	-	(231)	-
GOSPELL DIGITAL TECHNOLOGY CO LTD-A	-	700	-	(700)	-
GREE ELECTRIC APPLIANCES INC-A	200,000	300,000	-	(500,000)	-
GUANGDONG DAAN PROJECT MANAGEMENT CO LTD-A	-	291	-	(291)	-
GUANGDONG DCENTI AUTO-PARTS STOCK LTD CO-A	-	910	-	(910)	-
GUANGDONG ELECTRIC POWER DEVELOPMENT CO LTD-A	-	1,400,000	-	(1,400,000)	-
GUANGDONG ENPACK PACKAGING CO LTD-A	-	425	-	(425)	-
GUANGDONG HOSHION ALUMINIUM CO LTD-A	-	231	-	(231)	-
GUANGDONG HYBRIBIO BIOTECH CO LTD-A	-	155	-	(155)	-
GUANGDONG LIANTAI ENVIRONMENTAL PROTECTION CO LTD-A	-	696	-	(696)	-
GUANGDONG PAK CORP CO LTD-A	-	564	-	(564)	-
GUANGDONG SENSSUN WEIGHING APPARATUS GROUP LTD-A	-	270	-	(270)	-
GUANGDONG WANLIMA INDUSTRY CO LTD-A	468	-	-	(468)	-
GUANGDONG XIONGSU TECHNOLOGY GROUP CO LTD-A	-	596	-	(596)	-
GUANGDONG YIZUMI PRECISION MACHINERY CO LTD-A	-	626,020	-	-	626,020
GUANGZHOU BAIYUN INTL AIRPORT CO LTD-A	-	1,095,930	180,000	-	1,275,930
GUANGZHOU HAIGE COMMUNICATIONS GROUP INC CO-A	-	840,000	-	(840,000)	-
GUANGZHOU JIACHENG INTL LOGISTICS CO LTD-A	-	288	-	(288)	-
GUANGZHOU KDT MACHINERY CO LTD-A	83	-	-	(83)	-
GUANGZHOU PORT CO LTD-A	-	10,830	-	(10,830)	-
GUANGZHOU RESTAURANT GROUP CO LTD-A	-	401	-	(401)	-
GUANGZHOU SHANGPIN HOME COLLECTION CO LTD-A	-	370	-	(370)	-
GUANGZHOU SHIYUAN ELECTRONIC TECHNOLOGY CO LTD-A	-	326	-	(326)	-
GUIZHOU BROADCASTING & TV INFORMATION NETWORK CO LTD-A	5,211	-	-	(5,211)	-
GUIZHOU TRANSPORTATION PLANNING SURVEY & DESIGN ACADEME CO LTD-A	-	255	-	(255)	-
GUIZHOU YONGJI PRINTING CO LTD-A	248	-	-	(248)	-
GUOTAI JUNAN SECURITIES CO LTD-A	400,000	270,000	-	(170,000)	500,000
HAILIR PESTICIDES AND CHEMICALS GROUP CO LTD-A	-	222	-	(222)	-
HAINAN POLY PHARM CO LTD-A	-	382	-	(382)	-
HAMATON AUTOMOTIVE TECHNOLOGY CO LTD-A	-	493	-	(493)	-
HANG ZHOU GREAT STAR INDUSTRIAL CO LTD-A	-	350,000	-	(350,000)	-
HANGCHA GROUP CO LTD-A	674	-	-	(674)	-
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD-A	499,999	530,100	47,474	(647,473)	430,100

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 (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**

Listed/Quoted Equities (Continued)	31 December 2016	Additions	Bonus/ Dividends	Deductions	31 December 2017
HANGZHOU HUNING ELEVATOR PARTS CO LTD-A	-	141	-	(141)	-
HANGZHOU NBOND NONWOVENS CO LTD-A	-	726	-	(726)	-
HANGZHOU RADICAL ENERGY SAVING TECHNOLOGY CO LTD-A	-	251	-	(251)	-
HANGZHOU STAR SHUAIER ELECTRIC APPLIANCE CO LTD-A	-	177	-	(177)	-
HAN'S LASER TECHNOLOGY INDUSTRY GROUP CO LTD-A	-	322,700	-	-	322,700
HEFEI CHANGQING MACHINERY CO LTD-A	-	522	-	(522)	-
HENAN SHENHUO COAL & POWER CO LTD-A	-	1,535,332	-	(1,535,251)	81
HENAN SHUANGHUI INVESTMENT & DEVELOPMENT CO LTD-A	100,000	-	-	(100,000)	-
HENGDIAN GROUP TOSPO LIGHTING CO LTD-A	-	826	-	(826)	-
HENGTONG OPTIC ELECTRIC CO LTD-A	-	317,550	-	(317,550)	-
HIVI ACOUSTICS TECHNOLOGY CO LTD-A	-	128	-	(128)	-
HUADONG MEDICINE CO LTD-A	-	247,600	-	-	247,600
HUALAN BIOLOGICAL ENGINEERING INC-A	-	129,944	-	(129,944)	-
HUANGSHAN TOURISM DEVELOPMENT CO LTD-A	-	239,950	-	(239,950)	-
HUATAI SECURITIES CO LTD-A	-	1,814,901	-	(358,100)	1,456,801
HUAXIN CEMENT CO LTD-A	-	624,000	-	-	624,000
HUAYI BROTHERS MEDIA CORP-A	-	299,930	-	(299,930)	-
HUAYU AUTOMOTIVE SYSTEMS CO LTD-A	223,654	1,531,495	-	(223,654)	1,531,495
HUBEI YINGTONG TELECOMMUNICATION CABLE CO LTD-A	-	260	-	(260)	-
HUIDA SANITARY WARE CO LTD-A	-	652	-	(652)	-
HUNAN HUAKAI CULTURAL AND CREATIVE CO LTD-A	-	507	-	(507)	-
HUNDSUN TECHNOLOGIES INC-A	-	263,200	-	(82,000)	181,200
HYLINK DIGITAL SOLUTION CO LTD-A	-	358	-	(358)	-
IFE ELEVATORS CO LTD-A	-	840	-	(840)	-
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD-A	-	7,976,708	-	(1,350,700)	6,626,008
INDUSTRIAL BANK CO LTD-A	-	208,300	-	-	208,300
INDUSTRIAL BANK CO LTD-A	-	872,500	-	-	872,500
INNER MONGOLIA YILI INDUSTRIAL GROUP CO LTD-A	-	561,610	-	(561,610)	-
INNER MONGOLIA YILI INDUSTRIAL GROUP CO LTD-A	400,000	1,061,000	-	(350,000)	1,111,000
INVENTRONICS HANGZHOU INC-A	270	-	-	(270)	-
JACK SEWING MACHINE CO LTD-A	-	941	-	(941)	-
JIANGSHAN OUPAI DOOR INDUSTRY CO LTD-A	-	210	-	(210)	-
JIANGSU DAYBRIGHT INTELLIGENT ELECTRIC CO LTD-A	-	211	-	(211)	-
JIANGSU EXPRESSWAY CO LTD-A	-	684,910	-	(684,910)	-
JIANGSU EXPRESSWAY CO LTD-A	958,400	-	-	(958,400)	-
JIANGSU HENGRUI MEDICINE CO LTD-A	-	366,940	-	-	366,940
JIANGSU HENGRUI MEDICINE CO LTD-A	130,600	211,592	-	(342,192)	-

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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)  
 FOR THE YEAR ENDED 31 DECEMBER 2017**

Listed/Quoted Equities (Continued)	31 December 2016	Additions	Bonus/ Dividends	Deductions	31 December 2017
JIANGSU JIEJIE MICROELECTRONICS CO LTD-A	-	200	-	(200)	-
JIANGSU LEILI MOTOR CO LTD-A	-	273	-	(273)	-
JIANGSU LOPAL TECH CO LTD-A	-	461	-	(461)	-
JIANGSU MAYSTA CHEMICAL CO LTD-A	-	202	-	(202)	-
JIANGSU NANFANG MEDICAL CO LTD-A	-	291	-	(291)	-
JIANGSU PROVINCIAL AGRICULTURAL RECLAMATION AND DEVELOPMENT CO LTD-A	-	1,774	-	(1,774)	-
JIANGSU RIYING ELECTRONICS CO LTD-A	-	232	-	(232)	-
JIANGSU RUTONG PETRO-MACHINERY CO LTD-A	496	-	-	(496)	-
JIANGSU SEAGULL COOLING TOWER CO LTD-A	-	276	-	(276)	-
JIANGSU XINQUAN AUTOMOTIVE TRIM CO LTD-A	-	463	-	(463)	-
JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD-A	97,938	172,330	-	(82,938)	187,330
JIANGSU ZHANGJIAGANG RURAL COMMERCIAL BANK CO LTD-A	-	1,714	-	(1,714)	-
JIANGSU ZHENG DAN CHEMICAL INDUSTRY CO LTD-A	-	600	-	(600)	-
JILIN JLU COMMUNICATION DESIGN INSTITUE CO LTD-A	-	343	-	(343)	-
JILIN LIYUAN PRECISION MANUFACTURING CO LTD-A	-	366,400	-	(366,400)	-
JINLONGYU GROUP CO LTD-A	-	844	-	(844)	-
JINNENG SCIENCE & TECHNOLOGY CO LTD-A	-	562	-	(562)	-
JUEWEI FOOD CO LTD-A	-	805	-	(805)	-
JUNHE PUMPS HLDG CO LTD-A	-	292	-	(292)	-
KINGENTA ECOLOGICAL ENGINEERING GROUP CO LTD-A	-	607,012	-	-	607,012
KINGENTA ECOLOGICAL ENGINEERING GROUP CO LTD-A	459,225	200,000	-	-	659,225
KINGNET NETWORK CO LTD-A	-	227,900	-	(227,900)	-
KINGRAY NEW MATERIALS SCIENCE & TECHNOLOGY CO LTD-A	-	319,948	-	(319,948)	-
KONFOONG MATERIALS INTL CO LTD-A	-	350	-	(350)	-
KUNSHAN KERSEN SCIENCE & TECHNOLOGY CO LTD-A	-	292	-	(292)	-
KWEICHOW MOUTAI CO LTD-A	38,000	84,983	-	(26,000)	96,983
L&K ENGINEERING SUZHOU CO LTD-A	363	-	-	(363)	-
LAFANG CHINA CO LTD-A	-	378	-	(378)	-
LAO FENG XIANG CO LTD-A	-	289,962	-	(289,962)	-
LENS TECHNOLOGY CO LTD-A	130,000	188	-	(130,188)	-
LEPU MEDICAL TECHNOLOGY BEIJING CO LTD-A	-	245,870	-	-	245,870
LIJIANG YULONG TOURISM CO LTD-A	-	119,937	35,980	(155,917)	-
LILY GROUP CO LTD-A	1,935	-	-	(1,935)	-
LONGSHINE TECHNOLOGY CO LTD-A	-	325	-	(325)	-
MALION NEW MATERIALS CO LTD-A	153	-	-	(153)	-
MIDEA GROUP CO LTD-A	130,000	100,000	-	(230,000)	-
MOON ENVIRONMENT TECHNOLOGY CO LTD-A	-	400,000	-	(400,000)	-
NANJING HANRUI COBALT CO LTD-A	-	457	-	(457)	-
NANJING HUAMAI TECHNOLOGY CO LTD	-	265	-	(265)	-
NANJING KING-FRIEND BIOCHEMICAL PHARMACEUTICAL CO LTD-A	-	774	-	(774)	-

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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)  
 FOR THE YEAR ENDED 31 DECEMBER 2017**

Listed/Quoted Equities (Continued)	31 December 2016	Additions	Bonus/ Dividends	Deductions	31 December 2017
NANJING OLO HOME FURNISHING CO LTD-A	-	480	-	(480)	-
NEW HOPE LIUHE CO LTD-A	800	-	-	-	800
NINGBO MENOVO PHARMACEUTICAL CO LTD-A	-	387	-	(387)	-
NINGBO PEACEBIRD FASHION CO LTD-A	116	-	-	(116)	-
NINGBO SHENGLONG AUTOMOTIVE POWERTRAIN SYSTEM CO LTD-A	-	436	-	(436)	-
NINGBO TIANLONG ELECTRONICS CO LTD-A	371	-	-	(371)	-
NINGBO XUSHENG AUTO TECHNOLOGY CO LTD-A	-	513	-	(513)	-
NINGXIA JIAZE RENEWABLES CORP LTD-A	-	2,420	-	(2,420)	-
OFFSHORE OIL ENGINEERING CO LTD-A	281,500	-	-	(281,500)	-
OPPEIN HOME GROUP INC-A	-	540	-	(540)	-
PERFECT WORLD CO LTD-A	-	201,944	-	-	201,944
PING AN BANK CO LTD-A	871,074	-	-	(871,074)	-
PING AN INSURANCE GROUP CO OF CHINA LTD-A	698,173	2,008,060	-	(1,297,573)	1,408,660
PNC PROCESS SYSTEMS CO LTD-A	-	854	-	(854)	-
POLY REAL ESTATE GROUP CO LTD-A	786,500	851,900	-	(786,500)	851,900
POWER CONSTRUCTION CORP OF CHINA LTD-A	610,000	-	-	(610,000)	-
QINGDAO HAIER CO LTD-A	200	660,000	-	(659,200)	1,000
QINGDAO HUIJINTONG ELECTRIC POWER EQUIPMENT CO LTD-A	192	-	-	(192)	-
QINGDAO LIQUN DEPARTMENT STORE GROUP CO LTD-A	-	1,792	-	(1,792)	-
RAISECOM TECHNOLOGY CO LTD-A	-	670	-	(670)	-
RIBO FASHION GROUP CO LTD-A	-	774	-	(774)	-
RISESUN REAL ESTATE DEVELOPMENT CO LTD-A	-	300,000	-	(300,000)	-
RIYUE HEAVY INDUSTRY CO LTD-A	308	-	-	(308)	-
SAIC MOTOR CORP LTD-A	199,800	-	-	(199,800)	-
SANY HEAVY INDUSTRY CO LTD-A	-	1,080,808	-	(1,080,808)	-
SHAANXI KANGHUI PHARMACEUTICAL CO LTD-A	-	309	-	(309)	-
SHANDONG DAWN POLYMER CO LTD-A	220	-	-	(220)	-
SHANDONG DENGHAI SEEDS CO LTD-A	-	476,800	-	(476,800)	-
SHANDONG GOLD MINING CO LTD-A	80,000	-	-	(80,000)	-
SHANDONG GOLD PHOENIX CO LTD-A	-	794	-	(794)	-
SHANDONG HUIFA FOODSTUFF CO LTD-A	-	390	-	(390)	-
SHANDONG INTCO MEDICAL PRODUCTS CO LTD-A	-	239	-	(239)	-
SHANDONG NANSHAN ALUMINUM CO LTD-A	2,650,000	2,000,000	-	(4,650,000)	-
SHANDONG SITO BIOTECHNOLOGY CO LTD-A	441	-	-	(441)	-
SHANGHAI ATHUB CO LTD-A	-	835	-	(835)	-
SHANGHAI BAOLONG AUTOMOTIVE CORP-A	-	256	-	(256)	-
SHANGHAI CONSTRUCTION GROUP CO LTD-A	-	899,902	-	(899,902)	-
SHANGHAI DAIMAY AUTOMOTIVE INTERIOR CO LTD-A	-	663	-	(663)	-
SHANGHAI FOSUN PHARMACEUTICAL GROUP CO LTD-A	150,000	1,038,389	-	(612,489)	575,900

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 FOR THE YEAR ENDED 31 DECEMBER 2017**

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SHANGHAI HUACE NAVIGATION TECHNOLOGY LTD-A	-	231	-	(231)	-
SHANGHAI INTL AIRPORT CO LTD-A	196,200	302,223	-	(296,200)	202,223
SHANGHAI JINJIANG INTL HOTELS DEVELOPMENT CO LTD-A	-	309,434	-	(309,434)	-
SHANGHAI MOONS ELECTRIC CO LTD-A	-	888	-	(888)	-
SHANGHAI SHYNDEC PHARMACEUTICAL CO LTD-A	-	300,000	-	(300,000)	-
SHANGHAI VOHRINGER WOOD PRODUCT CO LTD-A	-	216	-	(216)	-
SHENYANG TOLY BREAD CO LTD-A	-	157,327	-	-	157,327
SHENZHEN AIRPORT CO LTD-A	-	2,054,100	-	-	2,054,100
SHENZHEN CDL PRECISION TECHNOLOGY CO LTD-A	-	188	-	(188)	-
SHENZHEN EASTTOP SUPPLY CHAIN MANAGEMENT CO LTD-A	-	252	-	(252)	-
SHENZHEN FINE MADE ELECTRONICS GROUP CO LTD-A	-	263	-	(263)	-
SHENZHEN FRD SCIENCE & TECHNOLOGY CO LTD-A	-	361	-	(361)	-
SHENZHEN GAS CORP LTD-A	685,188	-	-	(685,188)	-
SHENZHEN GENVICT TECHNOLOGIES CO LTD-A	-	186	-	(186)	-
SHENZHEN HOPEWIND ELECTRIC CO LTD-A	-	543	-	(543)	-
SHENZHEN INOVANCE TECHNOLOGY CO LTD-A	-	229,929	-	(229,929)	-
SHENZHEN INSTITUTE OF BUILDING RESEARCH CO LTD-A	-	349	-	(349)	-
SHENZHEN KANGTAI BIOLOGICAL PRODUCTS CO LTD-A	-	649	-	(649)	-
SHENZHEN KEDALI INDUSTRY CO LTD-A	-	523	-	(523)	-
SHENZHEN KINWONG ELECTRONIC CO LTD-A	834	-	-	(834)	-
SHENZHEN MAGIC DESIGN & DECORATION ENGINEERING CO LTD-A	-	330	-	(330)	-
SHENZHEN MEGMEET ELECTRICAL CO LTD-A	-	330	-	(330)	-
SHENZHEN MEIG SMART TECHNOLOGY CO LTD-A	-	313	-	(313)	-
SHENZHEN OVERSEAS CHINESE TOWN CO LTD-A	300,000	1,045,700	-	(700,000)	645,700
SHENZHEN TVT DIGITAL TECHNOLOGY CO LTD-A	221	-	-	(221)	-
SHENZHEN TXD TECHNOLOGY CO LTD-A	-	135	-	(135)	-
SHENZHEN WEIGUANG BIOLOGICAL PRODUCTS CO LTD-A	-	270	-	(270)	-
SHENZHEN WEIYE DECORATION GROUP CO LTD-A	-	467	-	(467)	-
SHIJIAZHUANG KELIN ELECTRIC CO LTD-A	-	429	-	(429)	-
SICHUAN HUATI LIGHTING TECHNOLOGY CO LTD-A	-	328	-	(328)	-
SINOMA INTL ENGINEERING CO-A	660,000	-	-	(660,000)	-
SINOTRANS AIR TRANSPORTATION DEVELOPMENT CO LTD-A	199,977	419,915	-	-	619,892
SONOSCAPE MEDICAL CORP-A	-	310	-	(310)	-
SUNFLOWER PHARMACEUTICAL GROUP CO LTD-A	-	220,034	-	(220,034)	-
SUNSTONE DEVELOPMENT CO LTD-A	-	624	-	(624)	-

**DA CHENG CHINA BALANCED 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**

Listed/Quoted Equities (Continued)	31 December 2016	Additions	Bonus/ Dividends	Deductions	31 December 2017
SUPLET POWER CO LTD-A	-	477	-	(477)	-
SUZHOU CRYSTAL CLEAR CHEMICAL CO LTD-A	-	225	-	(225)	-
SUZHOU ETRON TECHNOLOGIES CO LTD-A	-	529	-	(529)	-
SUZHOU GOLD MANTIS CONSTRUCTION DECORATION CO LTD- A	646,000	598,650	-	(546,000)	698,650
TAIHAI MANOIR NUCLEAR EQUIPMENT CO LTD-A	-	587,000	-	(352,500)	234,500
TANGSHAN SUNFAR SILICON INDUSTRIES CO LTD-A	-	466	-	(466)	-
TANYUAN TECHNOLOGY CO LTD-A	-	461	-	(461)	-
TIAN DI SCIENCE & TECHNOLOGY CO LTD-A	-	1,765,300	-	(1,765,300)	-
TIANSHENG PHARMACEUTICAL GROUP CO LTD-A	-	534	-	(534)	-
TIANYU ECOLOGY & LANDSCAPE CO LTD-A	-	687	-	(687)	-
TONGHUA DONGBAO PHARMACEUTICAL CO LTD-A	-	499,911	-	-	499,911
UNIVERSAL SCIENTIFIC INDUSTRIAL (SHANGHAI) CO LTD-A	-	330,000	-	(330,000)	-
WAROM TECHNOLOGY INC CO-A	-	1,010	-	(1,010)	-
WEICHAJ POWER CO LTD-A	399,997	280,000	-	(679,997)	-
WEIFU HIGH-TECHNOLOGY GROUP CO LTD-A	345,700	-	-	(345,700)	-
WINNER INFORMATION TECHNOLOGY INC-A	-	415	-	(415)	-
WUHAN HITECK BIOLOGICAL PHARMA CO LTD-A	-	248	-	(248)	-
WULIANGYE YIBIN CO LTD-A	179,600	168,000	-	(110,000)	237,600
WUXI BEST PRECISION MACHINERY CO LTD-A	-	381	-	(381)	-
WUXI SMART AUTO-CONTROL ENGINEERING CO LTD-A	-	244	-	(244)	-
WUXI XINJE ELECTRIC CO LTD-A	205	-	-	(205)	-
XIAMEN GUANG PU ELECTRONICS CO LTD-A	-	345	-	(345)	-
XIAMEN HONGXIN ELECTRON-TECH CO LTD-A	-	261	-	(261)	-
XIAMEN INTL AIRPORT CO LTD-A	-	250,000	-	(250,000)	-
XIAMEN KING LONG MOTOR GROUP CO LTD-A	-	600,000	-	-	600,000
XIAMEN YANJAN NEW MATERIAL CO LTD-A	-	192	-	(192)	-
XINFENGMING GROUP CO LTD-A	-	965	-	(965)	-
XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO LTD-A	-	150,000	-	(150,000)	-
XJ ELECTRIC CO LTD-A	467,600	-	-	(467,600)	-
YANGZHOU CHENHUA NEW MATERIAL CO LTD-A	-	319	-	(319)	-
YANKERSHOP FOOD CO LTD-A	-	433	-	(433)	-
YANTAI EDDIE PRECISION MACHINERY CO LTD-A	-	329	-	(329)	-
YONGYUE SCIENCE & TECHNOLOGY CO LTD-A	-	460	-	(460)	-
YOUZU INTERACTIVE CO LTD-A	-	358,657	-	(358,657)	-
YUAN LONGPING HIGH-TECH AGRICULTURE CO LTD-A	-	280,408	-	(280,408)	-
YUNNAN ALUMINIUM CO LTD-A	-	1,871,733	-	(1,871,733)	-
YUNNAN BAIYAO GROUP CO LTD-A	133,693	-	-	(133,693)	-

**DA CHENG CHINA BALANCED 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**

Listed/Quoted Equities (Continued)	31 December 2016	Additions	Bonus/ Dividends	Deductions	31 December 2017
ZBOM CABINETS CO LTD-A	-	518	-	(518)	-
ZHANGZHOU PIENZEHUANG PHARMACEUTICAL CO LTD-A	-	119,100	-	-	119,100
ZHEJIANG CHENG YI PHARMACEUTICAL CO LTD-A	-	224	-	(224)	-
ZHEJIANG CHENGBANG LANDSCAPE CO LTD-A	-	649	-	(649)	-
ZHEJIANG DAFENG INDUSTRY CO LTD- A	-	409	-	(409)	-
ZHEJIANG DAHUA TECHNOLOGY CO LTD-A	200,200	672,412	-	(872,600)	12
ZHEJIANG DAYUAN PUMPS INDUSTRIAL CO LTD-A	-	262	-	(262)	-
ZHEJIANG DIBAY ELECTRIC CO LTD-A	-	185	-	(185)	-
ZHEJIANG HANGMIN CO LTD-A	-	659,800	-	(659,800)	-
ZHEJIANG HUATONG MEAT PRODUCTS CO LTD-A	354	-	-	(354)	-
ZHEJIANG HUAZHENG NEW MATERIAL CO LTD-A	616	-	-	(616)	-
ZHEJIANG JIEMEI ELECTRONIC & TECHNOLOGY CO LTD-A	-	228	-	(228)	-
ZHEJIANG JIHUA GROUP CO LTD-A	-	1,196	-	(1,196)	-
ZHEJIANG JINFEI KAIDA WHEEL CO LTD- A	-	566	-	(566)	-
ZHEJIANG KANGLONGDA SPECIAL PROTECTION TECHNOLOGY CO LTD-A	-	450	-	(450)	-
ZHEJIANG MEILI HIGH TECHNOLOGY CO LTD-A	-	299	-	(299)	-
ZHEJIANG SEMIR GARMENT CO LTD-A	250,000	90,000	-	(340,000)	-
ZHEJIANG SHOUXIANGU PHARMACEUTICAL CO LTD-A	-	233	-	(233)	-
ZHEJIANG THREE STARS NEW MATERIALS CO LTD-A	-	190	-	(190)	-
ZHEJIANG TIANTIE INDUSTRY CO LTD-A	423	-	-	(423)	-
ZHEJIANG TIELIU CLUTCH CO LTD-A	-	309	-	(309)	-
ZHEJIANG TONY ELECTRONIC CO LTD-A	-	234	-	(234)	-
ZHEJIANG TUNA ENVIRONMENTAL SCIENCE & TECHNOLOGY CO LTD-A	-	666	-	(666)	-
ZHEJIANG WEIXING INTELLIGENT METER STOCK CO LTD-A	-	296	-	(296)	-
ZHEJIANG XIANTONG RUBBER & PLASTIC CO LTD-A	217	-	-	(217)	-
ZHEJIANG YANGFAN NEW MATERIALS CO LTD-A	-	331	-	(331)	-
ZHEJIANG YUANCHENG LANDSCAPE GROUP CO LTD-A	-	206	-	(206)	-
ZHEJIANG ZHENENG ELECTRIC POWER CO LTD-A	1,000,000	400,000	-	(1,400,000)	-
ZHEJIANG ZOMAX TRANSMISSION CO LTD-A	-	647	-	(647)	-
ZHENGZHOU YUTONG BUS CO LTD-A	413,650	962,700	-	(580,000)	796,350
ZHENHAI PETROCHEMICAL ENGINEERING CO LTD-A	-	327	-	(327)	-
ZHESHANG SECURITIES CO LTD-A	-	4,047	-	(4,047)	-
ZHONGFU INFORMATION INC-A	-	207	-	(207)	-
ZHONGJIN GOLD CO LTD-A	340,000	-	-	(340,000)	-
ZIJIN MINING GROUP CO LTD-A	-	1,350,000	-	(1,350,000)	-

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 (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**

Collective Investment Schemes	31 December 2016	Additions	Bonus/ Dividends	Deductions	31 December 2017
FORTUNE SGAM XIANJIN TIANYI MONEY MARKET FUND	12	136,334	-	(136,282)	64
GUOTAI JUNAN SECURITIES CO LTD-A RIGHTS (EX 07JUL2017) FOR CONVERTIBLE BOND	-	4,655	-	(4,655)	-
SWS MU SHENZHEN STOCK GROWTH CLASSIFICATION FUND	1	-	-	-	1
YINHUA TRADED MONEY MARKET FUND	-	2,372,789	-	(2,281,500)	91,289
<b>Quoted Debt Securities</b>					
AISINO CO LTD CB 1% A 12JUN2021	1,110	-	-	-	1,110
ALUMINUM CORP OF CHINA LTD 4.68% A 26AUG2018	-	300,000	-	-	300,000
BEIJING AUTOMOBILE INVESTMENT CO LTD 3.6% A 10DEC2020	-	150,000	-	-	150,000
CHANGJIANG SECURITIES CO LTD 4.87% A 19NOV2019	313,405	-	-	(313,405)	-
CHINA CINDA ASSET MANAGEMENT CO LTD 4.1% A 22MAY2018	-	100,000	-	-	100,000
CHINA DEVELOPMENT BANK 3.88% A 19APR2020	-	500,000	-	-	500,000
CHINA DEVELOPMENT BANK CORP 4.04% A 10APR2027	-	600,000	-	(600,000)	-
CHINA GOVERNMENT BOND 3.38% S/A 23MAY2023	394,470	5,530	-	(400,000)	-
CHINA GOVT BOND 3.38% S/A 23MAY2023	-	400,000	-	(400,000)	-
CHINA GOVT BOND 3.4% S/A 17APR2023	316,560	-	-	(316,560)	-
CHINA GOVT BOND 3.94% S/A 27JUL2045	70	-	-	-	70
CHINA GOVT BOND 4.26% S/A 31JUL2021	550,000	424,990	-	(974,990)	-
CHINA HUARONG FINANCIAL LEASING CO LTD 3.76% A 11DEC2018	-	100,000	-	-	100,000
CHINA HUARONG FINANCIAL LEASING CO LTD 4% A 11DEC2020	-	100,000	-	-	100,000
CHINA JIANYIN INVESTMENT LTD 4.46% A 23JUL2020	-	300,000	-	-	300,000
CHINA MINMETALS CO LTD 4.03% A 14SEP2018	-	200,000	-	-	200,000
CHINA NATIONAL FOREIGN TRADE FINANCIAL & LEASING CO LTD 4.64% A 27AUG2018	-	100,000	-	-	100,000
CHINA RESOURCES CO LTD 3.25% A 23MAR2021	-	200,000	-	-	200,000
CHINA SOUTH INTERNATIONAL INDUSTRIAL MATERIALS CITY SHENZHEN CO LTD 5.98% A 14JAN2019	45,470	243,240	-	(187,780)	100,930
CHINA SOUTH INTERNATIONAL INDUSTRIAL MATERIALS CITY SHENZHEN CO LTD 6.85% A 03MAY2019	134,000	-	-	-	134,000
CHINA SOUTH INTERNATIONAL INDUSTRIAL MATERIALS CITY SHENZHEN CO LTD 7% A 13APR2021	63,000	-	-	-	63,000
CHINA VANKE CO LTD 3.78% A 11JUN2020	-	100,000	-	-	100,000
DALIAN WANDA COMMERCIAL PROPERTIES CO LTD 3.2% A 14JAN2021	140,000	-	-	-	140,000
DALIAN WANDA COMMERCIAL PROPERTIES CO LTD 3.4% A 21OCT2019	-	200,000	-	-	200,000
FINANCIAL STREET HLDGS CO LTD 4.99% A 27APR2020	-	100,000	-	-	100,000

**DA CHENG CHINA BALANCED 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**

Quoted Debt Securities (Continued)	31 December 2016	Additions	Bonus/ Dividends	Deductions	31 December 2017
FORD AUTOMOTIVE FINANCE CHINA LTD 5.38% A 12JUN2020	-	100,000	-	-	100,000
FOUNDER SECURITIES CO LTD 5.7% A 12OCT2020	-	400,000	-	-	400,000
GF SECURITIES CO LTD 4.84% A 15AUG2020	-	200,000	-	-	200,000
HAITONG UNITRUST INTL LEASING CORP 3.6% A 21JAN2019	-	300,000	-	-	300,000
HEILONGJIANG BEIDAHUANG NONGKEN GROUP CO 3.34% A 11MAR2019	-	200,000	-	-	200,000
HEILONGJIANG BEIDAHUANG NONGKEN GROUP CO 4.1% A 17NOV2018	-	100,000	-	-	100,000
HSBC BANK CHINA CO LTD 4.68% A 15SEP2020	-	200,000	-	-	200,000
JIZHONG ENERGY GROUP CO LTD 5.6% A 20JAN2021	-	200,000	-	-	200,000
METALLURGICAL CORP OF CHINA LTD 6.1% A 23JUL2018	-	500,000	-	-	500,000
METRO LAND CORP LTD 4.8% A 26JUN2018	50,000	-	-	-	50,000
NANJING IRON & STEEL CO LTD 5.8% A 06MAY2018	-	106,050	-	-	106,050
NANSHAN GROUP CO LTD 6.5% A 12SEP2018	-	100,000	-	-	100,000
PEKING UNIVERSITY FOUNDER GROUP CORP 5.88% A 21NOV2018	-	200,000	-	-	200,000
SHANGHAI FOSUN PHARMACEUTICAL GROUP CO LTD 3.95% A 10SEP2018	-	100,000	-	-	100,000
SICHUAN KELUN PHARMACEUTICAL CO LTD 5.6% A 05NOV2017	-	180,000	-	(180,000)	-
TIANRUI GROUP CEMENT CO LTD 7.1% A 04FEB2021	-	84,140	-	(84,140)	-
TSINGHUA HLDGS CO LTD 4.98% A 15JAN2020	-	200,000	-	-	200,000
XINJIANG GUANGHUI INDUSTRY CO LTD 7.7% A 03NOV2017	-	58,690	-	(58,690)	-
ZHEJIANG GEELY HLDG GROUP CO LTD 6.4% A 21JUN2018	-	500,000	-	-	500,000

**DA CHENG CHINA BALANCED FUND  
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**PERFORMANCE TABLE (UNAUDITED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**Net asset values (Dealing NAV)**

At the end of financial period date	Net asset value	Net asset value per unit		
	Class A (in RMB)	RMB Class A (in RMB)	USD Class A (in USD)	HKD Class A (in HKD)
31 December 2017	1,944,083,220	14.42	13.36	13.46
31 December 2016	680,705,322	12.43	10.83	10.82
31 December 2015	1,021,165,586	13.20	12.26	12.24

**Highest and lowest net asset value per unit**

Financial period ended	Highest issue price per unit			Lowest redemption price per unit		
	RMB Class A (in RMB)	USD Class A (in USD)	HKD Class A (in HKD)	RMB Class A (in RMB)	USD Class A (in USD)	HKD Class A (in HKD)
31 December 2017	15.02	13.69	13.78	12.45	10.89	10.89
31 December 2016	13.25	11.93	11.93	11.60	10.71	10.75
31 December 2015	17.90	17.62	17.60	11.96	11.28	11.26
31 December 2014 (since inception)	13.17	12.94	12.93	9.50	9.30	9.29