
**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER * (*THIS IS
A SYNTHETIC ETF)**

(A SUB-FUND OF DCI ETF TRUST)

ANNUAL REPORT

FOR THE PERIOD FROM 15 JULY 2010 (DATE OF COMMENCEMENT OF OPERATIONS)

TO 31 DECEMBER 2010



**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER * (*THIS IS A SYNTHETIC ETF)
(A SUB-FUND OF DCI ETF TRUST)**

**FOR THE PERIOD FROM 15 JULY 2010 (DATE OF COMMENCEMENT OF OPERATIONS)
TO 31 DECEMBER 2010**

REPORTS AND FINANCIAL STATEMENTS

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**FOR THE PERIOD FROM 15 JULY 2010 (DATE OF COMMENCEMENT OF OPERATIONS)
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MANAGEMENT AND ADMINISTRATION

Directors of the Manager

CAO Xiongfei
CHEN Shangqian
DU Peng
LIAN Shaodong
LIU Caihui
XIAO Bing
YANG Chunming

Manager

Da Cheng International Asset Management
Company Limited
Room 5811
Two International Finance Centre
8 Finance Street
Central, Hong Kong

Trustee

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

China Merchants Securities (HK) Co., Limited
48/F One Exchange Square
Central
Hong Kong

Service Agent

HK Conversion Agency Services Limited
2/F, Infinitus Plaza
199, Des Voeus Road Central
Hong Kong

Registrar

Computershare Hong Kong Investor
Services
46/F, Hopewell Centre
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Wan Chai
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Auditor

PricewaterhouseCoopers
33/F, Cheung Kong Centre
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Legal Counsel to the Manager

Simmons & Simmons
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REPORT OF THE MANAGER TO THE UNITHOLDERS

DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER * (*THIS IS A SYNTHETIC ETF) (A SUB-FUND OF DCI ETF TRUST)

Fund Performance

Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF) (the “DCI China Consumer ETF”) seeks to provide investment results, before fees and expenses, closely correspond to the performance of the CSI China Mainland Consumer Index. As of 31 December 2010, the Net Asset Value (“NAV”) per unit of the DCI China Consumer ETF was HKD10.99 with a total of 9,000,000 units outstanding, aggregating a total asset size of HKD98,828,868.

A summary of the performance of the DCI China Consumer ETF ¹ is given below (as at 31 December 2010).

	1 Month	3 month	Since Inception ²
CSI China Mainland Consumer Price Index ³	-5.39%	0.56%	24.82%
CSI China Mainland Consumer Total Return Index ⁴	-5.39%	0.56%	25.08%
DCI China Consumer ETF NAV-to-NAV ⁵	-5.34%	0.09%	24.04%
DCI China Consumer ETF Market-to-Market ⁶	-8.94%	0.18%	18.90%

Source: Da Cheng International Asset Management Ltd., Bloomberg

The difference in performance between CSI China Mainland Consumer Index and DCI China Consumer ETF is mainly attributed to fees and expenses, and a different currency exchange rate used for fund valuation and index calculation.

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

² Inception date is 15th July 2010.

³ Price Index in RMB. An investor cannot invest directly in an index and the index performance returns do not reflect management fees, transaction costs or other expenses, which would reduce performance returns.

⁴ Total Return Index in RMB. Total returns represent the rate that an investor would have earned (or lost) on an investment, assuming reinvestment of dividends and distributions.

⁵ Unit’s NAV in HKD. Units in the Fund are issued and redeemed at NAV and the Fund’s returns have been calculated from NAV.

⁶ Market closing price in HKD. Market returns are calculated using historical market closing prices of the ETF, and do not represent the returns you would receive if you trade units at other times.

REPORT OF THE MANAGER TO THE UNITHOLDERS (CONTINUED)

DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER * (*THIS IS A SYNTHETIC ETF) (A SUB-FUND OF DCI ETF TRUST)

Fund Activities

Since the DCI China Consumer ETF listed on the Stock Exchange of Hong Kong on 15 July 2010, it continued to attract great interest in the consumer sector of the A share market from investors. As at 31 December 2010, there were 9,000,000 units outstanding.

Index Activities

The CSI China Mainland Consumer Index underwent one regular semi-annual review during the end of the year 2010. There were involved addition and deletion of 6 stocks in the Index. As at 31 December 2010, the DCI China Consumer ETF had exposure to all 50 index constituents indirectly. In addition, 1.246% of the ETF's assets in Shanghai Jahwa United were passively held though the share was deleted from the Index after the recent semi-annual review as the company has been suspended for trading since 6 December 2010 due to its asset restructuring with major shareholder. The Manager continues to monitor closely the development of the restructuring and will take appropriate actions once the company resumes trading.

Market Overview

As at 31 December 2010, the return of CSI China Mainland Consumer Index and the China Mainland Consumer ETF were 24.82% and 24.04%, respectively, since the fund listed on 15 July 2010. The currency return of the Chinese Renminbi (RMB) against Hong Kong Dollar (HKD) was approximately 2.65%.

Compared to an increase of 19.92% in CSI 300 Index, consumer sector outperformed in the Chinese A-share market on the benefit of supportive government policies during the period. Domestic consumption continues to be the key growth area for the Chinese economy in the coming years, driven by rising income and wealth, favourable demographics and more accessible consumer credit. The government will continue to boost consumer confidence by optimizing income distribution, enhancing healthcare and pension coverage and increasing spending in social welfare and affordable housing.

Da Cheng International Asset Management Company Limited

29 April 2011



REPORT OF THE TRUSTEE TO THE UNITHOLDERS

**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER * (*THIS
IS A SYNTHETIC ETF)
(A SUB-FUND OF DCI ETF TRUST)**

We hereby confirm that, in our opinion, the Manager of Da Cheng CSI Mainland Consumer Tracker (the Sub-Fund of DCI ETF Trust, the "Sub-Fund") has, in all material respect, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 24 June 2010, as amended, for the period then ended.

**For and on behalf of
BOCI-Prudential Trustee Limited**

29 April 2011

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF DA CHENG CSI CHINA MAINLAND CONSUMER
TRACKER * (*THIS IS A SYNTHETIC ETF)
(A SUB-FUND OF DCI ETF TRUST)**

We have audited the financial statements of Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF) (the "Sub-Fund") set out on pages 7 to 28, which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the period from 15 July 2010 (date of commencement of operations) to 31 December 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Trustee and the Manager (the "Management") of the Sub-Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 24 June 2010 (the "Trust Deed"), and the relevant financial statements disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"), 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Sub-Fund's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

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 2010, and of its financial performance and cash flows for the period from 15 July 2010 (date of commencement of operations) to 31 December 2010 in accordance with International Financial Reporting Standards.



**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF DA CHENG CSI CHINA MAINLAND CONSUMER
TRACKER * (*THIS IS A SYNTHETIC ETF)
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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 4 to the financial statements which indicates that Management considers that the charge for PRC tax on gains on A shares is uncertain as at the date of approval of these financial statements and Management has exercised significant judgement in their assessment of whether the potential tax charge could affect the valuation of the A Share Linked Products ("ALPs") held by the Sub-Fund as at 31 December 2010.

Other Matters

This report, including the opinion, has been prepared for and only for 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.

Report on Other Legal and Regulatory Disclosure Requirements

We report that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the relevant financial statements disclosure provisions specified in the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 April 2011

**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER * (*THIS IS A SYNTHETIC ETF)
(A SUB-FUND OF DCI ETF TRUST)**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	Note	2010 HK\$
Assets		
Current assets		
Investments	3.1, 3.2	98,633,423
Cash and cash equivalents	3.2	1,632,160
Prepayments and other receivables		15,000
Total assets		<u>100,280,583</u>
Liabilities		
Current liabilities		
Management fee payable		649,576
Transaction costs payable		11,200
Maintenance fee payable		316,113
Securities lending expenses payable		289,826
Other payables		185,000
Total liabilities		<u>1,451,715</u>
Equity		
Net assets attributable to unitholders (at bid market prices)		<u><u>98,828,868</u></u>

Approved by the Trustee and the Manager on 29 April 2011.

BOCI-Prudential Trustee Limited as the Trustee of the Trust.
Da Cheng International Asset Management Limited as the Manager of the Trust.

The notes on page 11 to 28 are an integral part of these financial statements.

**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER * (*THIS IS A SYNTHETIC ETF)
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 15 JULY 2010 (DATE OF COMMENCEMENT OF OPERATIONS)
TO 31 DECEMBER 2010**

	Note	Period from 15 July 2010 (date of commencement of operations) to 31 December 2010 HK\$
Income		
Net gain on investments	7	33,376,999
Dividend income		466,801
Other income		1,014
Total net income		<u>33,844,814</u>
Expenses		
Transaction costs	9.3	(810,119)
Management fee	9.1	(797,768)
Maintenance fee	9.2	(316,113)
Securities lending expenses	3.2	(504,201)
Legal and professional fees		(1,644,250)
Other operating expenses		(368,223)
Total operating expenses		<u>(4,440,674)</u>
Profit before tax		29,404,140
Withholding tax	8	(165,272)
Total comprehensive income		<u><u>29,238,868</u></u>

The notes on page 11 to 28 are an integral part of these financial statements.

**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER * (*THIS IS A SYNTHETIC ETF)
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**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE PERIOD FROM 15 JULY 2010 (DATE OF COMMENCEMENT OF OPERATIONS)
TO 31 DECEMBER 2010**

	Note	Total HK\$
Net assets attributable to unitholders at 15 July 2010 (date of commencement of operations) (at bid market prices)		- -----
Proceeds on issue of units – in-kind	10.1	138,020,239
Proceeds on issue of units – cash component and cash subscription		5,979,761
Payments on redemption of units – in kind	10.2	(74,298,561)
Payments on redemption of units – cash component and cash redemption		(111,439)
Net increase from unit transactions		<u>69,590,000</u> -----
Total comprehensive income		<u>29,238,868</u> -----
Net assets attributable to unitholders at 31 December 2010 (at bid market prices)		<u>98,828,868</u> =====

The notes on page 11 to 28 are an integral part of these financial statements.

**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER * (*THIS IS A SYNTHETIC ETF)
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**STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 15 JULY 2010 (DATE OF COMMENCEMENT OF OPERATIONS)
TO 31 DECEMBER 2010**

	Period from 15 July 2010 (date of commencement of operations) to 31 December 2010 HK\$
Cash flows from operating activities	
Purchase of investments	(2,904,907)
Proceeds from sale of investments	1,370,161
Dividend received	466,801
Other income received	1,014
Transaction costs paid	(798,919)
Management fee paid	(148,192)
Securities lending expenses paid	(214,375)
Legal and professional fees paid	(1,644,250)
Other operating expenses paid	(198,223)
Withholding tax paid	(165,272)
	<u>(4,236,162)</u>
Net cash used in operating activities	<u>(4,236,162)</u>
Cash flows from financing activities	
Proceeds from units	5,979,761
Redemptions of units	(111,439)
	<u>5,868,322</u>
Net cash from financing activities	<u>5,868,322</u>
Net increase in cash and cash equivalents	1,632,160
Cash and cash equivalents at beginning of period	-
	<u>1,632,160</u>
Cash and cash equivalents at end of period	<u>1,632,160</u>
Analysis of balances of cash and cash equivalents:	
Cash and cash equivalents	<u>1,632,160</u>

The notes on page 11 to 28 are an integral part of these financial statements.

**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER * (*THIS IS A SYNTHETIC ETF)
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 15 JULY 2010 (DATE OF COMMENCEMENT OF OPERATIONS)
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1 General information

DCI ETF Trust (the "Trust") is an open ended umbrella unit trust established under Hong Kong law by a trust deed dated 24 June 2010 (the "Trust Deed"). The Trust is authorised by the Securities and Futures Commission of Hong Kong (the "SFC") under section 104(1) of the Hong Kong Securities and Futures Ordinance.

As at 31 December 2010, the Trust has established three sub-funds:

Name of Sub-Fund	Listing date on The Stock Exchange of Hong Kong Limited
DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER * (*THIS IS A SYNTHETIC ETF)	15 July 2010
Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	20 December 2010
Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	20 December 2010

The financial statements relate to Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF), the first sub-fund (the "Sub-Fund"). The financial information about the Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker and Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker have not been included in these financial statements.

The manager of the Trust is Da Cheng International Asset Management Company Limited (the "Manager") and the trustee is BOCI-Prudential Trustee Limited (the "Trustee").

Investment objective

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of CSI China Mainland Consumer Index (the "Index"). To achieve the investment objective, the Manager intends to utilise a synthetic replication strategy through investment in derivatives to achieve the Sub-Fund's investment objective.

The Sub-Fund does not hold A Shares comprised in the Index directly but rather gain access to the Index through A Share Linked Products ("ALPs"). An ALP is a derivative instrument linked to either (a) an A Share of a PRC company which is at the relevant time, or will in a foreseeable future become, a constituent company of the Index or (b) the Index. An ALP represents only an obligation of the ALP Issuer to provide the Sub-Fund the economic performance equivalent to holding the underlying A Shares.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 15 JULY 2010 (DATE OF COMMENCEMENT OF OPERATIONS)
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2 Summary of significant accounting policies

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

2.1 Basis of presentation

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 at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager and the Trustee (the “Management”) to exercise its judgment in the process of applying the Sub-Fund’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

All references to net assets throughout the financial statements refer to net assets attributable to unitholders unless otherwise stated.

New standards and amendments to standards that are relevant to the Sub-Fund but are not yet effective and have not been early adopted by the Sub-Fund

IFRS 9 “Financial Instruments”, effective from 1 January 2013. IFRS 9 was issued in November 2009 and is the first part of the replacement to IAS 39 that relates to the classification and measurement of financial assets. The standard requires an entity to classify its financial assets into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The Management is considering the implications of the standard, the impact on the Sub-Fund and the timing of adoption by the Sub-Fund.

2.2 Foreign currency translation

(i) Functional and presentation currency

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

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**NOTES TO THE FINANCIAL STATEMENTS
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2 Summary of significant accounting policies (Continued)

2.2 Foreign currency translation (Continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.3 Financial assets and financial liabilities at fair value through profit or loss

(i) Classification

The Sub-Fund classifies its investments as financial assets at fair value through profit or loss. These financial assets are classified as held for trading.

Financial assets held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit trading. Derivatives are also categorised as financial assets or liabilities held for trading. The Sub-Fund does not classify any derivatives as hedges in a hedging relationship.

(ii) Recognition, derecognition and measurement

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

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**NOTES TO THE FINANCIAL STATEMENTS
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2 Summary of significant accounting policies (Continued)

**2.3 Financial assets and financial liabilities at fair value through profit or loss
(Continued)**

(ii) Recognition, derecognition and measurement (Continued)

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

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

(iii) Fair value estimation

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

The Sub-Fund invests into ALPs, which are fair valued based on the quoted market prices of the securities underlying the ALPs, adjusted for the expected amount payable to the ALP issuers in respect of potential capital gains tax (if any) as described in note 4 below.

2.4 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.5 Payables

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

2.6 Units

The Sub-Fund issues redeemable units, which are redeemable at the holder's option, are the most subordinated units in issue and are therefore classified as equity.

Units are issued and redeemed at the holder's option at prices based on the Sub-Fund's net asset value per share at the time of issue or redemption. The Sub-Fund's net asset value per share is calculated by dividing the net assets attributable to the holders of each class of units with total number of outstanding units of each respective class.

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**NOTES TO THE FINANCIAL STATEMENTS
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2 Summary of significant accounting policies (Continued)

2.7 Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method.

2.8 Dividend income

Dividend income is recognised when the Sub-Fund's right to receive payment is established.

2.9 Expenses

Expenses are accounted for on an accruals basis.

2.10 Transactions costs

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

2.11 Securities lending

Collateral received for the purpose of securities on loan generally consists of share or cash collateral. Share collateral received is treated as an off-balance sheet transaction and is therefore not included in the statement of financial position because the Sub-Fund is not entitled to the dividend income from the share collateral and does not retain substantially all the risk and rewards. Cash collateral received is treated as an off-balance sheet transaction and is therefore not included in the statement of financial position because the Sub-Fund is not entitled to the interest income from the cash collateral and does not retain substantially all the risk and rewards.

Dividend income from the ALPs under securities lending arrangements is recognised as income by the Sub-Fund in the statement of comprehensive income. Income from the share collateral and cash collateral is not an income to the Sub-Fund and is paid to the counterparty who provides the collateral to the Sub-Fund.

3 Financial risk management

The objective of the sub-fund is to provide investment results that closely correspond to the performance of the CSI China Consumer Index. The sub-fund is exposed to various risks: market risk (including market price risk, interest rate risk and currency risk), credit and counterparty risk, and liquidity risk which are stated below.

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**NOTES TO THE FINANCIAL STATEMENTS
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3 Financial risk management

3.1 Market risk

(i) 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.

The Sub-Fund is designated to track the performance of the Index, therefore the exposures to market risk in the Sub-Fund will be substantially the same as the tracked index. The Manager manages the Sub-Fund's exposures to market risk by ensuring that the key characteristics of the portfolio, such as security weight and industry weight, are closely aligned to the characteristics of the tracked index.

As at 31 December, the Sub-Fund invested in the following derivative financial instruments:

	Notional market value HK\$	Fair value HK\$
As at 31 December 2010		
Financial assets at fair value through profit or loss		
Long position		
- ALPs	98,633,423	98,633,423

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

3.1 Market risk (Continued)

(i) Market price risk (Continued)

As at 31 December 2010, the Sub-Fund's investments were concentrated in the following industries:

	Fair value HK\$	% of Net asset
ALPs – By sector		
Agriculture, forestry, livestock farming, fishery	1,902,845	1.93%
Communication and Cultural Industry	1,214,547	1.23%
Comprehensive	3,245,827	3.28%
Electronics	2,756,703	2.79%
Food & Beverage	33,851,879	34.25%
Machinery	24,647,965	24.94%
Metals & Non -metals	1,879,131	1.90%
Petrochemicals	1,355,915	1.37%
Social Services	4,075,790	4.12%
Textiles & Apparel	2,435,628	2.47%
Wholesale and retail trade	21,267,193	21.52%
	98,633,423	99.80%
	98,633,423	99.80%

The Sub-Fund invested all, or substantially all, of its assets in ALPs which are linked to A Shares of those PRC companies comprising the CSI China Mainland Consumer Index in substantially the same weightings as constituted in the Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the CSI China Mainland Consumer Index.

Sensitivity analysis in the event of a possible change in the index by 3% as estimated by the Manager

As at 31 December 2010, if the CSI China Consumer Index had increased by 3% with all other variables held constant, this would have increased the post-tax profit for the period by approximately HK\$2,959,003. Conversely, if the CSI China Consumer Index had decreased by 3%, this would have decreased the post-tax profit for the year by equal amounts.

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

3.1 Market risk (Continued)

(ii) Interest rate risk

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 flows.

As at 31 December 2010, interest rate risk arises only from bank balances which are reset monthly. As these interest bearing assets and liabilities are short-term in nature, the Manager considers that changes in their fair value and future cash flows in the event of a change in market interest rates will not be material. Therefore no sensitivity analysis has been disclosed for these bank balances.

(iii) Currency risk

Currency risk arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. Refer to note 3.1(i) for details.

As the Sub-Fund did not have significant amount of monetary assets and liabilities denominated in other currencies at the end of the reporting period, the Sub-Fund is not exposed to significant currency risk.

3.2 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.

Financial assets which potentially subject the Sub-Fund to concentrations of credit and counterparty risk consist principally of investments issued by ALP Issuers and bank balances.

The Sub-Fund limits its exposure to credit and counterparty risk by transacting the majority of their investments and contractual commitment activity with well established broker-dealers, banks and regulated exchanges with high credit ratings.

All transactions in are settled or paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of investments sold is only made once the Sub-Fund's custodians have received payment. On a purchase, payment is made once the investments have been received by the broker. If either party fails to meet their obligation, the trade will fail.

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3 Financial risk management (Continued)

3.2 Credit and counterparty risk (Continued)

The Sub-Fund is subject to credit and counterparty risk associated with each ALP Issuer and may suffer losses potentially equal to the full value of the ALPs issued by a ALP Issuer if such ALP Issuer fails to perform its obligations under the ALPs. The ALPs constitute direct, general and unsecured contractual obligations of the ALP Issuer.

The Manager has entered into securities lending arrangements with the ALP Issuers or their affiliates, i.e., Goldman Sachs International and Merrill Lynch International & Co. C.V., in order to reduce the Sub-Fund's net relative exposure to each of their banking groups accordingly.

Under the securities lending arrangement, the ALP Issuer has agreed to provide share or cash collateral to the Sub-fund in respect of the ALPs issued. The Sub-fund will lend ALPs to the ALP Issuer in return for share or cash collateral. The purpose of the securities lending arrangement is to reduce the Sub-Fund's net counterparty exposure to each ALP Issuer to about 10% of the net asset value.

As at 31 December 2010, there were two securities lending arrangements: (1) an arrangement between the Sub-Fund and Goldman Sachs International, under which the amount of collateral held in custody by the Trustee from Goldman Sachs International amounted to approximately HK\$7,776,283 against ALPs lent to Goldman Sachs International valued at approximately HK\$8,041,887, and (2) an arrangement between the Sub-Fund and Merrill Lynch International & Co. C.V., under which the value of share collateral held in custody by the Trustee from Merrill Lynch International & Co. C.V. amounted to approximately HK\$74,159,005 against ALPs lent to Merrill Lynch International & Co. C.V. valued at approximately HK\$67,551,622.

The collateral and ALPs are marked to market every day by the borrower or an affiliate of the borrower. The Trustee may demand the provision of additional collateral to eliminate any deficiency. Likewise the borrower may demand the return of collateral to eliminate any excess.

The Sub-Fund pays a fee in respect of the collateral arrangements. As at 31 December 2010, the Sub-Fund had incurred expenses of HK\$504,201, representing 0.51% of the net asset value as at 31 December 2010 pursuant to the securities lending arrangements.

Under the securities lending arrangements, both the lender and the borrower are obligated to pay and deliver any sum or money or property that the original owner would have been entitled including dividends and interest.

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3 Financial risk management (Continued)

3.2 Credit and counterparty risk (Continued)

Collateral may involve risks including settlement, operational and realisation risks. For example, collateral is subject to fluctuations in market value and the prices of subject securities may change over time. The value of the collateral securities may be lower upon realisation of the securities. In case of collateral securities which are listed securities, the listing of such securities may be suspended or revoked or the trading of such securities on the stock exchanges may be suspended, and during the period of suspension or upon revocation, it may not be possible to realise the relevant collateral securities. While the Manager will endeavor to use a tax efficient arrangement in respect of any collateral, there is no guarantee that such arrangement will not be challenged by the tax authorities. If such arrangement is successfully challenged, the Sub-Fund may be required to pay the requisite tax (such as stamp duties) and other penalties.

Accordingly, the value of the collateral realised may not be sufficient to cover the value of the ALPs secured by such collateral.

The table below sets out the net exposure of the Sub-Fund to counterparties as at 31 December 2010 together with their credit ratings of senior long-term debt by Standard & Poor's Rating Services:

	2010 Net exposure to counterparties HK\$
Bank balances	
Bank of China (Hong Kong) Limited	1,632,160
- Rating	A-
ALP issuers	
Goldman Sachs International	
- Financial assets at fair value through profit or loss	15,578,284
- Collateral obtained	(7,776,283)
	<u>7,802,001</u>
- Rating	A
Merrill Lynch International & Co. C.V.	
- Financial assets at fair value through profit or loss	83,055,139
- Collateral obtained	(74,159,005)
	<u>8,896,134</u>
- Rating	A

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3 Financial risk management (Continued)

3.2 Credit and counterparty risk (Continued)

The maximum exposure to credit risk at 31 December 2010 is the carrying amount of the assets as shown on the statement of financial position.

The Manager considers that none of these assets are impaired nor past due as at 31 December 2010.

3.3 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.

As at 31 December 2010, all of the Sub-Fund's non-derivative financial assets and liabilities have contractual maturities not later than one month. As at 31 December 2010, Sub-Fund held liquid assets, comprising bank balances and prepayments and other receivables that are expected to readily generate cash inflows for managing liquidity risk.

The Sub-Fund holds ALPs which do not have an active market. However, transactions with participating dealers are generally in-kind and where a participating dealer subscribes or redeems in cash, such transactions would be effected with an ALP Issuer nominated by the participating dealer.

3.4 Fair value estimation

The Sub-Fund adopted the amendment to IFRS 7, which requires the Sub-Fund to classify 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.

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3 Financial risk management (Continued)

3.4 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 table analyses within the fair value hierarchy the Sub-Fund’s financial assets (by class) measured at fair value at 31 December 2010:

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets				
Financial assets at fair value through profit or loss				
- ALPs	-	-	98,633,423	98,633,423
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Investment whose values are based on quoted market prices in active markets are classified within level 1.

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

Investments that trade in markets that are not considered to be active and are priced by the market maker based on unobservable inputs are classified within level 3. The level 3 investments included ALPs held by the Sub-fund which can only be traded with the relevant ALP Issuers. The value of each ALP is derived from the quoted market prices of the relevant underlying security, adjusted for the expected amount payable to the issuer in respect of potential capital gains tax (if any) which could vary as described in note 4 below.

3.5 Capital risk management

The Sub-Fund’s capital is represented by the redeemable units outstanding. The Sub-Fund does not have any internally and externally imposed capital requirements and therefore the Sub-Fund is not subject to significant capital risk.

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4 Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires Management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

4.1 Functional currency

Management considers the Hong Kong dollar the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Hong Kong dollar is the currency in which the Sub-Fund measures its performance and reports its results, as well as the currency in which the Sub-Fund determine the net asset value per unit at the time of issue or redemption. This determination also considers that the Sub-Fund is listed on The Stock Exchange of Hong Kong Limited and their shares are quoted in Hong Kong dollar.

4.2 Taxation

In preparing these financial statements, Management has made certain assumptions and used various estimates concerning the tax exposure which is dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

The Sub-Fund does not invest directly in A Shares but instead gains access to the A-Share market by investing into ALPs, which are derivative instruments linked to an A Share or the Index issued by one of more Qualified Foreign Institutional Investors ("QFIIs") or their affiliates ("ALP Issuers"). An ALP represents only an obligation of each ALP Issuer to provide the economic performance equivalent to holding the underlying A Shares. Under the general taxing provision of PRC corporate tax law, a 10% withholding tax may be payable on the gains derived from the sale of A Shares by QFIIs. The Manager considers that the charge for PRC tax on gains on A Shares is uncertain as at the date of approval of these financial statements and has exercised its judgment to this tax risk. The Manager believes that presently there are insufficient grounds to reasonably justify making an adjustment for potential tax on gains on A Shares in determining the fair value of the ALPs as at 31 December 2010 as the Manager considers that:

- (a) it is uncertain whether the PRC will enforce tax on QFII gains;
- (b) if the PRC were to enforce the tax, it is uncertain from which date the tax would be calculated and payable and the extent to which the QFIIs may benefit from tax treaties; and
- (c) at present, uncertainty remains as to the obligations of the Sub-Fund to bear such tax.

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4 Critical accounting estimates and assumptions (Continued)

4.2 Taxation (Continued)

Any adverse change in taxation imposed on QFIs is likely to have a subsequent impact on the fair value of the ALPs and accordingly the net assets attributable to unitholders of the Sub-Fund. The Manager estimates, on the basis of information provided by the ALP Issuers and the Trustee, the unrealised gains and realised gains which could be exposed to PRC taxation at the rate of 10% as at 31 December 2010 to be approximately HK\$1,663,281 and approximately HK\$165,272 respectively.

The Manager continues to monitor the situation and will make an appropriate adjustment if and when it is considered that there are sufficient grounds to do so. Such adjustment could be significant as indicated above.

5 Net assets attributable to unitholders

As stated in note 2.6, redeemable units of the Sub-Fund, which are represented by assets less liabilities, are classified as equity and accounted for in accordance with IFRS (the "Accounting NAV"). For the purpose of determining the net asset value per unit for subscriptions and redemptions and for various fee calculations (the "Dealing NAV"), the Trustee calculates the Dealing NAV in accordance with the provisions of the Sub-Fund's Trust Deed, which may be different from the accounting policies under IFRS.

The difference between the Accounting NAV reported in the statement of financial position and the Dealing NAV for the purpose of calculating the net asset value per unit for processing subscriptions and redemptions and for various fee calculations is reconciled below:

	2010 HK\$
Accounting NAV as reported in the statement of financial position	98,828,868
Difference between bid market prices and official closing prices in valuing listed investments (Note a)	39,483
Dealing NAV	<u>98,868,351</u>

Note a: Investments that are listed or traded on an exchange and investments with prices quoted by market makers are stated at the official closing prices for the purpose of the Dealing NAV. As stated in note 2.3, the accounting policy of the Sub-Fund for the purpose of compliance with IAS 39 – "Financial Instruments: Recognition and Measurements" and for reporting purpose is to value its investments at the relevant bid market prices at the end of the reporting period.

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6 Movement of the Redeemable Units

The movements of the redeemable units are as follows:

	Units
At 15 July 2010 (date of commencement of operations)	-
Issue of units	16,000,000
Redemption of units	(7,000,000)
	<hr/>
At 31 December 2010	9,000,000
	<hr/> <hr/>
	HK\$
Net assets attributable to unitholders (Dealing NAV)	98,868,351
	<hr/>
Net assets attributable to unitholders (Dealing NAV) per unit	10.99
	<hr/> <hr/>

7 Net gain on investments

	2010 HK\$
Net realised gain on financial assets at fair value through profit or loss	14,029,469
Net change in unrealised gain/loss on financial assets at fair through profit or loss	19,347,530
	<hr/>
	33,376,999
	<hr/> <hr/>

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8 Taxation

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

The investments of the Sub-Fund in the A Shares of PRC listed companies are held through the ALPs issued by one or more QFIIs or their affiliates. A 10% withholding tax is withheld by QFIIs/ALP Issuers on all PRC sourced dividends. A 10% withholding tax may also be payable on gains derived from sale of A Shares by QFIIs as described in Note 4 above.

9 Transactions with the Trustee, Manager and connected persons

The following is a summary of significant related party transactions/transactions entered into during the period between the Sub-Fund and the Trustee, the Manager and their connected persons. Connected persons of the Manager are those defined in the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the "SFC code"). All transactions entered into during the period between the Sub-Fund and the Manager and its connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with connected persons except for transactions disclosed below.

9.1 Management fee

The Manager is entitled to receive a management fee, currently at the annual rate of 0.99% of the net asset value of the Sub-Fund. The fee is accrued daily and calculated as at each dealing day and payable monthly in arrears.

The Trustee fee, registrar fee and Index licensing fee of the Sub-Fund, totalling HK\$214,265, are paid by the Manager.

9.2 ALP maintenance charge

The ALP Issuers are entitled to an ALP maintenance charge out of the distribution payable under the ALPs at 0.4% per annum of the daily mark to market value of the ALPs issued by the relevant ALP Issuer held by the Sub-Fund, payable at the end of each quarter based on the period's number of actual days. As at 31 December 2010, the relevant ALP Issuers are Goldman Sachs International and Merrill Lynch International & Co. C.V.

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9 Transactions with the Trustee, Manager and connected persons (Continued)

9.3 Transaction costs on investment

The ALP Issuers charge a 0.3% commission (excluding stamp duty) on each purchase and sale of each ALP acquired for the account of the Sub-Fund. The ALP Commission is an expense borne by the Sub-Fund. The ALP Commission will be adjusted for any stamp duty on the sale and purchase of A Shares, currently at 0.1% per cent on the sale of A Shares.

The ALP commission may be increased generally or in respect of specific ALP Issuers or transaction.

9.4 Bank balances

Bank balances are maintained with group companies of the Trustee, which carry interest at normal commercial rates. Bank balances held with the group companies of the Trustee as at 31 December 2010 were HK\$1,632,160.

9.5 Investment balances

Investment balances are maintained with group companies of the Trustee. Investment balances held with the group companies of the Trustee as at 31 December 2010 were HK\$98,633,423.

10 Major non-cash transactions

10.1 Subscriptions

During the period, all units issued were through in kind creation and the Sub-Fund issued 16,000,000 units in exchange for baskets consisting of investments valued at a total of HK\$138,020,239 plus the relevant cash component included in the statement of cash flows.

10.2 Redemptions

During the period, 7,000,000 units of the Sub-Fund were redeemed in exchange for baskets consisting of investments valued at a total of HK\$74,298,561 plus the relevant cash component included in the statement of cash flows.

11 Soft commission arrangements

The Manager confirms that there have been no soft commission arrangements existing during the period in relation to directing transactions of the Sub-Fund through a broker or dealer.

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12 Investment limitation and prohibitions under the SFC code

Pursuant to the SFC's Guidelines for Regulating Index Tracking Exchange Trade Funds (the "ETF Guidelines"), the Manager is permitted to overweigh the holdings of the Sub-Fund relative to their respective weightings in Index, on the condition that the maximum extra weighting in any constituent will not exceed 4%.

The Manager and Trustee have confirmed that the Sub-Fund has complied with this limit during the period.

There were no ALPs that accounted for more than 10% of the net asset value of the Sub-Fund as at 31 December 2010.

During the period from 15 July 2010 (date of commencement of operations) to 31 December 2010, the Sub-Fund decreased by 31% since its initial subscription of HK\$144,000,000 on 15 July 2010, while the NAV per unit of the Sub-Fund increased by 22%.

13 Segment information

The Manager makes the strategic resource allocations on behalf of the Sub-Fund and has determined the operating segments based on the reports reviewed which are used to make strategic decisions.

The Manager considers that each Sub-Fund has a single operating segment which is investing in securities. The objective of the Sub-Fund is to track the performance of the Index and invest in substantially all the index constituents with security weight and industry weight that are closely aligned to the characteristics of the Index.

The internal financial information used by the Manager for the Sub-Fund's assets, liabilities and performance is the same as that disclosed in the statement of financial position and statement of comprehensive income.

The Sub-Fund is domiciled in Hong Kong. All of the Sub-Fund's income is from investments in securities which constitute the Index. The Sub-Fund's investments have been categorised by relevant geography.

The Sub-Fund has no assets classified as non-current assets. The Sub-Fund has portfolios that closely correspond to the security weight and industry weight of the Index.

14 Approval of the financial statements

The financial statements were approved by the Manager and the Trustee on 29 April 2011.

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**INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 31 DECEMBER 2010**

	Holdings	Fair value HK\$	% of Net assets
Investments			
China			
ALPs issued by Goldman Sachs International			
CSI China Mainland Consumer Index	2,712	15,578,284	15.76%
ALPs issued by Merrill Lynch International & Co. C.V.			
Anhui Jianghuai Automobile Co Ltd	72,375	904,470	0.92%
Anhui Xinhua Media Co Ltd	8,250	147,022	0.15%
Beijing Gehua CATV Network Co Ltd	59,535	876,541	0.89%
Beijing Yanjing Brewery Co Ltd	56,625	1,265,885	1.28%
Beiqi Foton Motor Co Ltd	60,000	1,714,478	1.73%
China International Travel Service Co Ltd	24,705	896,243	0.91%
China National Medicines Corp Ltd	26,865	785,061	0.79%
Chongqing Brewery Co Ltd	27,165	1,773,555	1.79%
Chongqing Changan Automobile Co Ltd	64,725	725,008	0.73%
CITIC Guoan Information Industry Co Ltd	88,020	1,240,982	1.26%
Cofco Tunhe Co Ltd	47,025	879,014	0.89%
Dashang Co Ltd	27,480	1,521,588	1.54%
Dongfeng Automobile Co Ltd	74,910	427,046	0.43%
Double Coin Holdings Ltd	5,280	104,604	0.11%
FAW Car Co Ltd	76,125	1,438,208	1.46%
Fuyao Group Glass Industries Co Ltd	131,145	1,583,309	1.60%
Gree Electric Appliances Inc	184,523	3,938,208	3.98%
Guangdong Midea Electric Appliances Co Ltd	175,170	3,590,037	3.63%
Heilongjiang Agriculture Co Ltd	66,540	1,036,106	1.05%
Henan Shuanghui Investment & Development Co Ltd	25,000	2,556,229	2.59%
Hisense Electric Co Ltd	40,560	551,307	0.56%
Huayu Automative Systems Co Ltd	96,690	1,162,779	1.18%
Jiangling Motors Corp Ltd	19,440	630,594	0.64%
Jiangsu Sunshine Co Ltd	116,805	712,658	0.72%
Jiangsu Yanghe Brewery Joint-Stock Co Ltd	4,215	1,111,980	1.13%
Joyoung Co Ltd	21,360	379,144	0.38%
Kweichow Moutai Co Ltd	35,325	7,651,213	7.74%
Luzhou Lao Jiao Co Ltd	65,235	3,141,867	3.18%
Orient Group Incorporation	124,800	1,150,976	1.16%
Qingdao Haier Co Ltd	75,135	2,501,832	2.53%
SAIC Motor Co Ltd	169,160	2,922,926	2.96%

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**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
 AS AT 31 DECEMBER 2010**

	Holdings	Fair value HK\$	% of Net assets
Investments (Continued)			
China (Continued)			
ALPs issued by Merrill Lynch International & Co. C.V.			
Shanghai Bailian Group Co Ltd	61,800	1,109,337	1.12%
Shanghai Jahwa United Co Ltd	23,745	1,037,894	1.05%
Shanghai Jinjiang International Hotels Development Co Ltd	16,725	457,226	0.46%
Shanghai Oriental Pearl (Group) Co Ltd	149,070	1,494,204	1.51%
Shanghai Pharmaceuticals Co Ltd	74,565	1,917,250	1.94%
Shanghai Yuyuan Tourist Mart Co Ltd	107,595	1,704,529	1.72%
Shanxi Xinghuacun Fen Wine Factory Co Ltd	12,150	981,583	0.99%
Shenzhen Agricultural Products Co Ltd	50,325	1,043,838	1.06%
Shenzhen Overseas Chinese Town Co Ltd	145,380	2,080,515	2.11%
Sichuan Changhong Electric Co Ltd	186,480	810,492	0.82%
Suning Appliance Co Ltd	392,730	6,059,759	6.13%
TCL Corporation	237,885	961,061	0.97%
Tianjin Faw Xiali Automobile Co Ltd	44,745	429,529	0.43%
Tsingtao Brewery Co Ltd	32,550	1,328,447	1.34%
V V Food & Beverage Co Ltd	78,255	542,897	0.55%
Wuliangye Yibin Co Ltd	177,555	7,240,190	7.33%
Xinjiang Guannong Fruit & Antler Group Co Ltd	16,935	567,489	0.57%
Youngor Group Co Ltd	104,175	1,339,912	1.36%
Zhejiang China Commodities City Group Co Ltd	63,660	2,628,117	2.67%
		<u>83,055,139</u>	<u>84.04%</u>
		-----	-----
Total investments		98,633,423	99.80%
Other net assets		195,445	0.20%
		<u>98,828,868</u>	<u>100.00%</u>
		-----	-----
Total investments, at cost		<u>79,286,181</u>	

**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER * (*THIS IS A SYNTHETIC ETF)
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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE PERIOD FROM 15 JULY 2010 (DATE OF COMMENCEMENT OF OPERATIONS)
TO 31 DECEMBER 2010**

	Holdings				At 31 December 2010
	At 15 July 2010	Additions	Corporate action	Disposals	
Investments					
China					
ALPs issued by Goldman Sachs International					
CSI China Mainland Consumer Index	-	16,082	-	(13,370)	2,712
ALPs issued by Merrill Lynch International & Co. C.V					
Anhui Jianghuai Automobile Co Ltd	-	72,375	-	-	72,375
Anhui Xinhua Media Co Ltd	-	8,250	-	-	8,250
Beijing Gehua CATV Network Co Ltd	-	59,535	-	-	59,535
Beijing Yanjing Brewery Co Ltd	-	56,625	-	-	56,625
Beiqi Foton Motor Co Ltd	-	600,000	-	-	600,000
China International Travel Service Co Ltd	-	24,705	-	-	24,705
China National Medicines Corp Ltd	-	26,865	-	-	26,865
Chongqing Brewery Co Ltd	-	27,165	-	-	27,165
Chongqing Changan Automobile Co Ltd	-	64,725	-	-	64,725
CITIC Guoan Information Industry Co Ltd	-	88,020	-	-	88,020
Cofco Tunhe Co Ltd	-	47,025	-	-	47,025
Dashang Co Ltd	-	27,480	-	-	27,480
Dongfeng Automobile Co Ltd	-	74,910	-	-	74,910
Double Coin Holdings Ltd	-	5,280	-	-	5,280
FAW Car Co Ltd	-	76,125	-	-	76,125
Fuyao Group Glass Industries Co Ltd	-	131,145	-	-	131,145
Gree Electric Appliances Inc	-	184,523	-	-	184,523

**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER * (*THIS IS A SYNTHETIC ETF)
 (A SUB-FUND OF DCI ETF TRUST)**
**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
 (CONTINUED)
 FOR THE PERIOD FROM 15 JULY 2010 (DATE OF COMMENCEMENT OF OPERATIONS)
 TO 31 DECEMBER 2010**

	Holdings				At 31 December 2010
	At 15 July 2010	Additions	Corporate action	Disposals	
Investments (Continued)					
China (Continued)					
ALPs issued by Merrill Lynch International & Co. C.V (Continued)					
Guangdong Midea Electric Appliances Co Ltd	-	175,170	-	-	175,170
Heilongjiang Agriculture Co Ltd	-	66,540	-	-	66,540
Henan Shuanghui Investment & Development Co Ltd	-	25,000	-	-	25,000
Hisense Electric Co Ltd	-	40,560	-	-	40,560
Huayu Automative Systems Co Ltd	-	96,690	-	-	96,690
Jiangling Motors Corp Ltd	-	19,440	-	-	19,440
Jiangsu Sunshine Co Ltd	-	116,805	-	-	116,805
Jiangsu Yanghe Brewery Joint-Stock Co Ltd	-	4,215	-	-	4,215
Joyoung Co Ltd	-	21,360	-	-	21,360
Kweichow Moutai Co Ltd	-	35,325	-	-	35,325
Luzhou Lao Jiao Co Ltd	-	65,235	-	-	65,235
Orient Group Incorporation	-	124,800	-	-	124,800
Qingdao Haier Co Ltd	-	75,135	-	-	75,135
SAIC Motor Co Ltd	-	239,160	-	(70,000)	169,160
Shanghai Bailian Group Co Ltd	-	61,800	-	-	61,800
Shanghai Jahwa United Co Ltd	-	23,745	-	-	23,745
Shanghai Jinjiang International Hotels Development Co Ltd	-	16,725	-	-	16,725
Shanghai Oriental Pearl (Group) Co Ltd	-	149,070	-	-	149,070
Shanghai Pharmaceuticals Co Ltd	-	74,565	-	-	74,565
Shanghai Yuyuan Tourist Mart Co Ltd	-	107,595	-	-	107,595

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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
(CONTINUED)
FOR THE PERIOD FROM 15 JULY 2010 (DATE OF COMMENCEMENT OF OPERATIONS)
TO 31 DECEMBER 2010**

	Holdings				31 December 2010
	15 July 2010	Additions	Corporate action	Disposals	
Investments (Continued)					
China (Continued)					
ALPs issued by Merrill Lynch International & Co. C.V (Continued)					
Shanxi Xinghuacun Fen Wine Factory Co Ltd	-	12,150	-	-	12,150
Shenzhen Agricultural Products Co Ltd	-	50,325	-	-	50,325
Shenzhen Overseas Chinese Town Co Ltd	-	145,380	-	-	145,380
Sichuan Changhong Electric Co Ltd	-	186,480	-	-	186,480
Suning Appliance Co Ltd	-	392,730	-	-	392,730
TCL Corporation	-	237,885	-	-	237,885
Tianjin Faw Xiali Automobile Co Ltd	-	44,745	-	-	44,745
Tsingtao Brewery Co Ltd	-	32,550	-	-	32,550
V V Food & Beverage Co Ltd	-	78,255	-	-	78,255
Wuliangye Yibin Co Ltd	-	177,555	-	-	177,555
Xinjiang Guannong Fruit & Antler Co Ltd	-	16,935	-	-	16,935
Youngor Group Co Ltd	-	104,175	-	-	104,175
Zhejiang China Commodities City Group Co Ltd	-	63,660	-	-	63,660
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**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER * (*THIS IS A SYNTHETIC ETF)
(A SUB-FUND OF DCI ETF TRUST)**

**PERFORMANCE RECORD (UNAUDITED)
AS AT 31 DECEMBER 2010**

Net asset value

	Net asset value per unit HK\$	Net asset value of the Sub-Fund HK\$
At end of financial period dated		
31 December 2010	10.99	98,868,351

Highest and lowest net asset value per unit

	Highest net asset value per unit HK\$	Lowest net asset value per unit HK\$
Financial period ended		
31 December 2010 (since inception)	12.34	8.86