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

**DA CHENG CSI HONG KONG PRIVATE-OWNED MAINLAND  
ENTERPRISES TRACKER**

**DA CHENG CSI HONG KONG STATE-OWNED MAINLAND  
ENTERPRISES TRACKER**

**(SUB-FUNDS OF DCI ETF TRUST)**

## **ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2012**



**DCI ETF TRUST**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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## **DCI ETF TRUST**

### **MANAGEMENT AND ADMINISTRATION FOR THE YEAR ENDED 31 DECEMBER 2012**

#### **Directors of the Manager**

CAO Xiongfei  
CHEN Shangqian  
DU Peng  
LIAN Shaodong (resigned 20 February 2012)  
DENG Shaoyong (appointed on 20 February 2012)  
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  
Hong Kong

#### **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 Limited  
46/F, Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

#### **Auditor**

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

#### **Legal Counsel to the Manager**

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

**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 “CSI China Mainland Consumer ETF”) seeks to provide investment results, before fees and expenses, closely correspond to the performance of the CSI China Mainland Consumer Index (the “Index”) in Hong Kong dollar (“HKD”) terms. As of 31 December 2012, the Net Asset Value (“NAV”) per unit of the CSI China Mainland Consumer ETF was HKD 8.71 with a total of 500,000 units outstanding, aggregating a total asset size of approximately HKD 4,357,248.

A summary of the performance of the CSI China Mainland Consumer ETF<sup>1</sup> is given below (as at 31 December 2012).

	2012	2011	2010 <sup>2</sup>	Since Inception <sup>3</sup>
CSI China Mainland Consumer Price Index <sup>4</sup>	0.752%	-19.065%	24.817%	1.781%
CSI China Mainland Consumer Total Return Index <sup>5</sup>	2.537%	-18.241%	25.083%	4.861%
CSI Mainland China Consumer ETF NAV-to-NAV <sup>6</sup>	-4.075%	-17.379%	24.041%	-1.693%
CSI Mainland China Consumer ETF Market-to-Market <sup>7</sup>	2.847%	-21.607%	18.896%	-4.140%

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.

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

<sup>2</sup> The performance shown for 2010 covers the period from Inception date ( 15 July 2010) to 31 December 2010

<sup>3</sup> Inception date is 15 July 2010.

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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 CSI China Mainland 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 2012, there were 500,000 units outstanding.

#### **Index activities**

The CSI China Mainland Consumer Index underwent one regular annual review and one regular semi-annual review during the end of the year of 2012.

As at 31 December 2012, the CSI China Mainland Consumer ETF had exposure to all 50 index constituents indirectly.

#### **Market overview**

As at 31 December 2012, the return of CSI China Mainland Consumer Index and the CSI China Mainland Consumer ETF were 0.752% and -4.075%, respectively in 2012. The currency return of the Chinese Renminbi (RMB) against Hong Kong Dollar (HKD) was approximately 1.723%.

Compared to the return of 7.555% in CSI 300 Index, consumer sector underperformed in the Chinese A-share market. The main reasons for the underperformance are (1) in the unfavorable macro environment, the growth rate of consumption expenditure is reduced; (2) the anti-corruption campaign launched by new leader of China encumbers the luxury consumption, such as high end Chinese liquor.

In the coming years domestic consumption continues to be the key growth area for the Chinese economy, driven by rising income and wealth, and favorable policy made by government. The government will continue to boost consumer confidence by promoting personal income, and enhancing healthcare and pension coverage.

**REPORT OF THE MANAGER TO THE UNITHOLDERS**

**DA CHENG CSI HONG KONG PRIVATE-OWNED MAINLAND ENTERPRISES TRACKER  
(A SUB-FUND OF DCI ETF TRUST)**

**Fund performance**

Da Cheng CSI Hong Kong Private-Owned Mainland Consumer Enterprises Tracker (the “CSI HK Private-owned Mainland Enterprises ETF”) seeks to provide investment results, before fees and expenses, closely correspond to the performance of the CSI Hong Kong Private-owned Mainland Enterprises Index (the “Index”) in Hong Kong dollar (“HKD”) terms. As of 31 December 2012, the Net Asset Value (“NAV”) per unit of the CSI HK Private-owned Mainland Enterprises ETF was HKD 7.49 with a total of 1,000,000 units outstanding, aggregating a total asset size of approximately HKD7,490,820.

A summary of the performance of the CSI HK Private-owned Mainland Enterprises ETF<sup>1</sup> is given below (as at 31 December 2012).

	2012	2011	2010 <sup>2</sup>	Since Inception <sup>3</sup>
CSI Hong Kong Private-owned Mainland Enterprises Index <sup>4</sup>	23.329%	-24.361%	0.311%	-6.425%
CSI Private-owned Mainland Total Return Index <sup>5</sup>	26.142%	-22.880%	0.351%	-2.378%
CSI HK Private-owned Mainland Enterprises ETF NAV-to-NAV <sup>6</sup>	9.985%	-28.914%	0.314%	-21.571%
CSI HK Private-owned Mainland Enterprises ETF Market-to-Market <sup>7</sup>	12.029%	-27.975%	0.630%	-18.802%

Source: Da Cheng International Asset Management Ltd., Bloomberg

The difference in performance between CSI Hong Kong Private-owned Mainland Enterprises Index and CSI HK Private-owned Mainland Enterprises ETF is mainly attributed to fees and expenses.

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

<sup>2</sup> The performance shown for 2010 covers the period from Inception date (20 December 2010) to 31 December 2010

<sup>3</sup> Inception date is 20 December 2010.

<sup>4</sup> Price Index in HKD. 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.

<sup>5</sup> Total Return Index in HKD. Total returns represent the rate that an investor would have earned (or lost) on an investment, assuming reinvestment of dividends and distributions.

<sup>6</sup> 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.

<sup>7</sup> 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 HONG KONG PRIVATE-OWNED MAINLAND ENTERPRISES TRACKER (A SUB-FUND OF DCI ETF TRUST)**

#### **Fund activities**

Since the CSI HK Private-owned Mainland Enterprises ETF listed on the Stock Exchange of Hong Kong on 20 December 2010, it continued to attract great interest in private-owned mainland enterprises listed in Hong Kong market from investors. As at 31 December 2012, there were 1,000,000 units outstanding.

#### **Index activities**

The CSI Hong Kong Private-owned Mainland Enterprises Index underwent one regular annual review and one regular semi-annual review during the end of the year 2012.

As at 31 December 2012, the CSI HK Private-owned Mainland Enterprises ETF had exposure to all 40 index constituents directly.

#### **Market overview**

As at 31 December 2012, the return of CSI Hong Kong Private-owned Mainland Enterprises Index and the CSI HK Private-owned Mainland Enterprises ETF were 23.329% and 9.985%, respectively for 2012.

In the first half or year 2012, China economy growth rate dropped significantly, and in the second half of year 2012, China economy growth rate accelerated slightly. Therefore, benchmark index of the fund presents from low to high tendency.

In the year of 2013, the global economy may grow at a relatively low rate, and the China economy may recover slightly. In this environment, Chinese stocks listed in Hong Kong market may continually return to their value. As a proxy of the private-owned economy in China, the index which our fund follows might benefit from the movement.

**REPORT OF THE MANAGER TO THE UNITHOLDERS**

**DA CHENG CSI HONG KONG STATED-OWNED MAINLAND ENTERPRISES TRACKER  
(A SUB-FUND OF DCI ETF TRUST)**

**Fund performance**

Da Cheng CSI Hong Kong State-Owned Mainland Consumer Enterprises Tracker (the “CSI HK State-owned Mainland Enterprises ETF”) seeks to provide investment results, before fees and expenses, closely correspond to the performance of the CSI Hong Kong State-owned Mainland Enterprises Index (the “Index”) in Hong Kong dollar (“HKD”) terms. As of 31 December 2012, the Net Asset Value (“NAV”) per unit of the CSI HK State-owned Mainland Enterprises ETF was HKD 8.9 with a total of 1,500,000 units outstanding, aggregating a total asset size of approximately HKD13,350,856.

A summary of the performance of the CSI HK State-owned Mainland Enterprises ETF<sup>1</sup> is given below (as at 31 December 2012).

	2012	2011	2010 <sup>2</sup>	Since Inception <sup>3</sup>
CSI Hong Kong State-owned Mainland Enterprises Index <sup>4</sup>	16.635%	-16.989%	2.164%	1.084%
CSI State-owned Mainland Total Return Index <sup>5</sup>	21.219%	-14.486%	2.165%	5.904%
CSI HK State-owned Mainland Enterprises ETF NAV-to-NAV <sup>6</sup>	11.669%	-19.332%	2.066%	-8.058%
CSI HK State-owned Mainland Enterprises ETF Market-to-Market <sup>7</sup>	15.47%	-17.970%	1.861%	-3.516%

Source: Da Cheng International Asset Management Co., Ltd., Bloomberg

The difference in performance between the CSI Hong Kong State-owned Mainland Enterprises Index and CSI HK State-owned Mainland Enterprises ETF is mainly attributed to fees and expenses.

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

<sup>2</sup> The performance shown for 2010 covers the period from Inception date (20 December 2010) to 31 December 2010

<sup>3</sup> Inception date is 20 December 2010.

<sup>4</sup> Price Index in HKD. 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.

<sup>5</sup> Total Return Index in HKD. Total returns represent the rate that an investor would have earned (or lost) on an investment, assuming reinvestment of dividends and distributions.

<sup>6</sup> 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.

<sup>7</sup> 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 HONG KONG STATE-OWNED MAINLAND ENTERPRISES TRACKER (A SUB-FUND OF DCI ETF TRUST)**

#### **Fund activities**

Since the CSI HK State-owned Mainland Enterprises ETF listed on the Stock Exchange of Hong Kong on 20 December 2010, it continued to attract great interest in state-owned mainland enterprises listed in Hong Kong market from investors. As at 31 December 2012, there were 1,500,000 units outstanding.

#### **Index activities**

The CSI Hong Kong State-owned Mainland Enterprises Index underwent one regular annual review and one regular semi-annual review during the end of the year 2012.

As at 31 December 2012, the CSI HK State-owned Mainland Enterprises ETF had exposure to all 40 index constituents directly.

#### **Market overview**

As at 31 December 2012, the return of CSI Hong Kong State-owned Mainland Enterprises Index and the CSI HK State-owned Mainland Enterprises ETF were 16.635% and 11.669% respectively for 2012.

In the first half or year 2012, China economy growth rate dropped significantly, and in the second half of year 2012, China economy growth rate accelerated slightly. Therefore, benchmark index of the fund presents from low to high tendency.

In the year of 2013, the global economy may grow at a relatively low rate, and the China economy may recover slightly. In this environment, Chinese stocks listed in Hong Kong market may continually return to their value. As a proxy of the State-owned economy in China, the index which our fund follows might benefit from the movement.

**Da Cheng International Asset Management Company Limited**

**29 April 2013**

## **REPORT OF THE TRUSTEE TO THE UNITHOLDERS**

### **DCI ETF TRUST**

We hereby confirm that, in our opinion, the Manager of Da Cheng CSI China Mainland Consumer Tracker<sup>\*</sup> (This is a synthetic ETF), Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker and Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker (the "Sub-Funds") has, in all material respect, managed the Sub-Funds in accordance with the provisions of the Trust Deed dated 24 June 2010, as amended, for the year ended 31 December 2012.

**BOCI-Prudential Trustee Limited**

29 April 2013

## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF DCI ETF TRUST**

We have audited the financial statements of Da Cheng CSI China Mainland Consumer Tracker<sup>\*</sup> (\*This is a synthetic ETF), Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker and Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker (each a separate sub-fund of DCI ETF Trust and referred to individually or collectively as the "Sub-Funds") set out on pages 11 to 52, which comprise the statements of financial position as at 31 December 2012, and the statements of comprehensive income, statements of changes in net assets attributable to unitholders and statements of cash flows for the year then ended, 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-Funds 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-Funds' 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-Funds' 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 each of the Sub-Funds as at 31 December 2012, and of each of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF DCI ETF TRUST**

**Emphasis of Matter**

We draw attention to Note 4 to these financial statements, which indicates that the Management considers that the enforcement of PRC tax on gains on A shares is uncertain as at the date of approval of these financial statements and the Management has exercised significant judgment in their assessment of whether the potential tax charge could affect the valuation of the A Share Linked Products ("ALPs") held by Da Cheng CSI China Mainland Consumer Tracker (This is a synthetic ETF) as at 31 December 2012. Our opinion is not qualified in respect of this matter.

**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 2013

**DCI ETF TRUST**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2012**

		Da Cheng CSI China Mainland Consumer Tracker <sup>*</sup> (*This is a synthetic ETF)	
	Note	2012 HK\$	2011 HK\$
<b>Assets</b>			
<b>Current assets</b>			
Investments	3.1, 3.2, 9.5	4,144,097	57,665,210
Cash and cash equivalents	3.2, 9.4	141,263	2,592,416
Prepayments and other receivables		179,950	13,233
Receivable from the Manager	9.1	379,019	-
<b>Total assets</b>		<u>4,844,329</u>	<u>60,270,859</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payable to the Manager	9.1	-	194,445
Transaction costs payable	9.3	400	13,000
Maintenance fee payable	9.2	227,484	643,918
Securities lending expenses payable	3.2	41,492	280,522
Other payables		221,370	184,346
<b>Total liabilities</b>		<u>490,746</u>	<u>1,316,231</u>
<b>Equity</b>			
<b>Net assets attributable to unitholders (at bid market prices)</b>	5	<u>4,353,583</u>	<u>58,954,628</u>

Approved by the Trustee and the Manager on 29 April 2013.

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 23 to 52 are an integral part of these financial statements.

**DCI ETF TRUST**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 31 DECEMBER 2012**

	Note	Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	
		2012 HK\$	2011 HK\$
<b>Assets</b>			
<b>Current assets</b>			
Investments	3.1, 3.2, 9.5	7,418,151	6,782,887
Cash and cash equivalents	3.2, 9.4	360,670	313,501
Prepayments and other receivables		17,749	1,903
<b>Total assets</b>		<u>7,796,570</u>	<u>7,098,291</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Management fee payable	9.1	11,060	10,578
Trustee fee payable		25,000	48,387
Transaction costs payable	9.3	1,400	-
Other payables		285,003	252,964
<b>Total liabilities</b>		<u>322,463</u>	<u>311,929</u>
<b>Equity</b>			
<b>Net assets attributable to unitholders (at bid market prices)</b>	5	<u>7,474,107</u>	<u>6,786,362</u>

Approved by the Trustee and the Manager on 29 April 2013.

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 23 to 52 are an integral part of these financial statements.

**DCI ETF TRUST****STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 31 DECEMBER 2012**

		Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	
	Note	2012 HK\$	2011 HK\$
<b>Assets</b>			
<b>Current assets</b>			
Investments	3.1, 3.2, 9.5	13,241,534	11,880,184
Cash and cash equivalents	3.2, 9.4	421,255	372,442
Prepayments and other receivables		15,000	677
<b>Total assets</b>		<u>13,677,789</u>	<u>12,253,303</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Management fee payable	9.1	19,478	18,084
Trustee fee payable		25,000	48,387
Other payables		286,203	252,963
<b>Total liabilities</b>		<u>330,681</u>	<u>319,434</u>
<b>Equity</b>			
<b>Net assets attributable to unitholders (at bid market prices)</b>	5	<u>13,347,108</u>	<u>11,933,869</u>

Approved by the Trustee and the Manager on 29 April 2013.

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 23 to 52 are an integral part of these financial statements.

DCI ETF TRUST

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Da Cheng CSI China Mainland Consumer Tracker <sup>*</sup> (This is a synthetic ETF)	
		2012 HK\$	2011 HK\$
<b>Income</b>			
Net loss on investments	7	(201,941)	(11,942,329)
Dividend income		369,256	787,170
Other losses		(8,867)	(3,012)
<b>Total net income/(loss)</b>		<u>158,448</u>	<u>(11,158,171)</u>
<b>Expenses</b>			
Management fee	9.1	(164,756)	(830,605)
Transaction costs	9.3	(42,200)	(171,667)
Maintenance fee	9.2	(64,523)	(327,804)
Securities lending expenses	3.2	(199,633)	(527,975)
Legal and professional fees		(104,616)	(102,076)
Other operating expenses	10	(275,028)	(262,329)
<b>Total operating expenses</b>		<u>(850,756)</u>	<u>(2,222,456)</u>
<b>Loss before tax</b>		(692,308)	(13,380,627)
Withholding tax on dividend	8	(43,737)	(363,613)
<b>Total comprehensive loss</b>		<u>(736,045)</u>	<u>(13,744,240)</u>

The notes on page 23 to 52 are an integral part of these financial statements.



DCI ETF TRUST

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)  
FOR THE YEAR ENDED TO 31 DECEMBER 2012

		Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	
		Year ended 31 December 2012 HK\$	Period from 20 December 2010 (date of commencement of operations) to 31 December 2011 HK\$
	Note		
<b>Income</b>			
Net gain/(loss) on investments	7	1,450,828	(11,479,843)
Dividend income		151,170	2,775,205
Other gains/(losses)		46	(1,051)
<b>Total net income/(loss)</b>		<u>1,602,044</u>	<u>(8,705,689)</u>
<b>Expenses</b>			
Management fee	9.1	(42,728)	(784,606)
Transaction costs	9.3	(21,385)	(192,842)
Trustee fee		(426,613)	(460,107)
Legal and professional fees		(592)	(1,032,331)
Other operating expenses	10	(420,233)	(605,229)
<b>Total operating expenses</b>		<u>(911,551)</u>	<u>(3,075,115)</u>
<b>Profit/(loss) before tax</b>		690,493	(11,780,804)
Withholding tax on dividend	8	(2,748)	(17,834)
<b>Total comprehensive income/(loss)</b>		<u>687,745</u>	<u>(11,798,638)</u>

The notes on page 23 to 52 are an integral part of these financial statements.

DCI ETF TRUST

**STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2012**

		Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	
		Year ended 31 December 2012 HK\$	Period from 20 December 2010 (date of commencement of operations) to 31 December 2011 HK\$
	Note		
<b>Income</b>			
Net gain/(loss) on investments	7	1,958,291	(9,300,014)
Dividend income		430,480	2,799,206
Other gains/(losses)		1,486	(1,806)
<b>Total net income/(loss)</b>		<u>2,390,257</u>	<u>(6,502,614)</u>
<b>Expenses</b>			
Management fee	9.1	(74,310)	(536,255)
Transaction costs	9.3	(14,572)	(57,379)
Trustee fee		(426,613)	(454,990)
Legal and professional fees		(592)	(1,032,331)
Other operating expenses	10	(421,197)	(575,786)
<b>Total operating expenses</b>		<u>(937,284)</u>	<u>(2,656,741)</u>
<b>Profit/(loss) before tax</b>		1,452,973	(9,159,355)
Withholding tax on dividend	8	(39,734)	(216,776)
<b>Total comprehensive income/(loss)</b>		<u><u>1,413,239</u></u>	<u><u>(9,376,131)</u></u>

The notes on page 23 to 52 are an integral part of these financial statements.

**DCI ETF TRUST**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

		Da Cheng CSI China Mainland Consumer Tracker <sup>*</sup> (*This is a synthetic ETF)	
	Note	2012 HK\$	2011 HK\$
<b>Net assets attributable to unitholders at the beginning of the year</b>		58,954,628	98,828,868
		-----	-----
Proceeds on issue of units			
- in-kind	11.1	9,626,475	-
- cash component and cash subscription		203,525	-
Payments on redemption of units			
- in kind	11.2	(62,463,021)	(25,158,473)
- cash component and cash redemption		(1,231,979)	(971,527)
		-----	-----
Net decrease from unit transactions		(53,865,000)	(26,130,000)
		-----	-----
Total comprehensive loss		(736,045)	(13,744,240)
		-----	-----
<b>Net assets attributable to unitholders at the end of the year (at bid market prices)</b>		4,353,583	58,954,628
		=====	=====

The notes on page 23 to 52 are an integral part of these financial statements.

DCI ETF TRUST

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2012**

		Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	
		Year ended 31 December 2012 HK\$	Period from 20 December 2010 (date of commencement of operations) to 31 December 2011 HK\$
	Note		
<b>Net assets attributable to unitholders at the beginning of the year / period (at bid market prices)</b>		6,786,362	-
Proceeds on issue of units			
- in-kind	11.1	-	256,026,012
- cash component and cash subscription		-	9,033,988
Payments on redemption of units			
- in kind	11.2	-	(245,150,099)
- cash component and cash redemption		-	(1,324,901)
Net increase from unit transactions		-	18,585,000
Total comprehensive income/(loss)		687,745	(11,798,638)
<b>Net assets attributable to unitholders at the end of the year / period (at bid market prices)</b>		<u>7,474,107</u>	<u>6,786,362</u>

The notes on page 23 to 52 are an integral part of these financial statements.

DCI ETF TRUST

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2012

		Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	
	Note	Year ended 31 December 2012 HK\$	Period from 20 December 2010 (date of commencement of operations) to 31 December 2011 HK\$
<b>Net assets attributable to unitholders at the beginning of the year / period (at bid market prices)</b>		11,933,869	-
Proceeds on issue of units			
- in-kind	11.1	-	163,233,031
- cash component and cash subscription		-	11,636,969
Payments on redemption of units			
- in kind	11.2	-	(152,372,369)
- cash component and cash redemption		-	(1,187,631)
Net increase from unit transactions		-	21,310,000
Total comprehensive income/(loss)		1,413,239	(9,376,131)
<b>Net assets attributable to unitholders at the end of the year / period (at bid market prices)</b>		<b>13,347,108</b>	<b>11,933,869</b>

The notes on page 23 to 52 are an integral part of these financial statements.

DCI ETF TRUST

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Da Cheng CSI China Mainland Consumer Tracker <sup>*</sup> (* This is a synthetic ETF)	
	2012	2011
	HK\$	HK\$
<b>Cash flows from operating activities</b>		
Purchase of investments	(4,387,753)	(16,510,808)
Proceeds from sale of investments	4,870,379	20,378,220
Dividend received	365,464	773,978
Other income received	69	297
Prepayments paid	(162,925)	-
Transaction costs paid	(54,800)	(169,867)
Management fee paid	(738,220)	(1,285,736)
Securities lending expenses paid	(438,663)	(537,279)
Legal and professional fees paid	(104,616)	(102,076)
Other operating expenses paid	(727,898)	(251,333)
Withholding tax paid	(43,737)	(363,613)
	<u>(1,422,700)</u>	<u>1,931,783</u>
<b>Net cash (used in)/from operating activities</b>	-----	-----
<b>Cash flows from financing activities</b>		
Proceeds from units	203,525	-
Redemptions of units	(1,231,978)	(971,527)
	<u>(1,028,453)</u>	<u>(971,527)</u>
<b>Net cash used in financing activities</b>	-----	-----
<b>Net (decrease)/increase in cash and cash equivalents</b>	(2,451,153)	960,256
Cash and cash equivalents at the beginning of the year	2,592,416	1,632,160
<b>Cash and cash equivalents at the end of the year</b>	<u>141,263</u>	<u>2,592,416</u>
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances	<u>141,263</u>	<u>2,592,416</u>

The notes on page 23 to 52 are an integral part of these financial statements.

DCI ETF TRUST

STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	
	Year ended 31 December 2012 HK\$	Period from 20 December 2010 (date of commencement of operations) to 31 December 2011 HK\$
<b>Cash flows from operating activities</b>		
Purchase of investments	(1,119,397)	(49,528,596)
Proceeds from sale of investments	1,934,960	42,141,779
Dividend received	149,648	2,772,700
Other income received	46	227
Transaction costs paid	(19,985)	(192,842)
Management fee paid	(42,246)	(774,028)
Trustee fee paid	(450,000)	(411,720)
Legal and professional fees paid	-	(1,032,923)
Other operating expenses paid	(403,109)	(352,349)
Withholding tax paid	(2,748)	(17,834)
	<u>47,169</u>	<u>(7,395,586)</u>
<b>Net cash from/(used in) operating activities</b>	----- 47,169	----- (7,395,586)
<b>Cash flows from financing activities</b>		
Proceeds from units	-	9,033,988
Redemptions of units	-	(1,324,901)
	<u>-</u>	<u>7,709,087</u>
<b>Net cash from financing activities</b>	----- -	----- 7,709,087
<b>Net increase in cash and cash equivalents</b>	47,169	313,501
Cash and cash equivalents at the beginning of the year/period	313,501	-
	<u>360,670</u>	<u>313,501</u>
<b>Cash and cash equivalents at the end of the year/period</b>	=====	=====
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances	<u>360,670</u>	<u>313,501</u>

The notes on page 23 to 52 are an integral part of these financial statements.

DCI ETF TRUST

**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

	Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	
	Year ended 31 December 2012 HK\$	Period from 20 December 2010 (date of commencement of operations) to 31 December 2011 HK\$
<b>Cash flows from operating activities</b>		
Purchase of investments	(857,952)	(18,867,749)
Proceeds from sale of investments	1,454,893	8,548,215
Dividend received	431,930	2,797,261
Other income received	36	139
Transaction costs paid	(13,372)	(57,379)
Management fee paid	(72,916)	(518,171)
Trustee fee paid	(450,000)	(406,603)
Legal and professional fees paid	(592)	(1,032,923)
Other operating expenses paid	(403,480)	(322,910)
Withholding tax paid	(39,734)	(216,776)
<b>Net cash from/(used in) operating activities</b>	<b>48,813</b>	<b>(10,076,896)</b>
	-----	-----
<b>Cash flows from financing activities</b>		
Proceeds from units	-	11,636,969
Redemptions of units	-	(1,187,631)
<b>Net cash from financing activities</b>	<b>-</b>	<b>10,449,338</b>
	-----	-----
<b>Net increase in cash and cash equivalents</b>	<b>48,813</b>	<b>372,442</b>
Cash and cash equivalents at the beginning of the year/period	372,442	-
<b>Cash and cash equivalents at the end of the year/period</b>	<b>421,255</b>	<b>372,442</b>
	=====	=====
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances	421,255	372,442
	=====	=====

The notes on page 23 to 52 are an integral part of these financial statements.



## DCI ETF TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 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 2012, the Trust has established three sub-funds which are listed on The Stock Exchange of Hong Kong Limited:

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 Private-owned Mainland Enterprises Tracker	20 December 2010
Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	20 December 2010

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

##### Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF)

The investment objective of Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF) 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.

##### Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker

The investment objective of Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker is to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI Hong Kong Private-owned Mainland Enterprises Index. To achieve the investment objective, the Manager intends to utilise a full replication strategy to achieve the Sub-Fund's investment objective.

##### Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker

The investment objective of Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker is to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI Hong Kong State-owned Mainland Enterprises Index. To achieve the investment objective, the Manager intends to utilise a full replication strategy to achieve the Sub-Fund's investment objective.

## DCI ETF TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## 2 Principal 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-Funds 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-Funds’ 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-Funds but are not yet effective and have not been early adopted by the Sub-Funds***

IFRS 9, ‘Financial instruments’, effective for annual periods beginning on or after 1 January 2015, specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. The standard is not expected to have a significant impact on the Sub-Funds’ financial position or performance, as it is expected that the Sub-Funds will continue to classify their financial assets and financial liabilities as being at fair value through profit or loss.

IFRS 13, ‘Fair value measurement’, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. On adoption of the standard, the Sub-Funds shall change its valuation inputs for listed financial assets and liabilities to last traded prices to be consistent with the inputs prescribed in the Sub-Funds’ offering document for the calculation of its per share trading value for subscriptions and redemptions. The use of last traded prices is recognised as a standard pricing convention within the industry. The standard is not expected to have a significant impact on the Sub-Funds’ financial position or performance.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Sub-Funds.

## DCI ETF TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 2 Principal accounting policies (Continued)

##### 2.2 Foreign currency translation

###### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Funds operate, the functional currency. The performance of the Sub-Funds 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 Hong Kong dollars, which is the Sub-Funds' functional and presentation currency.

###### (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 year/period-end exchange rates of assets and liabilities denominated in foreign currencies are recognised within "other gains/(losses)" in the statement of comprehensive income.

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

###### (i) Classification

The Sub-Funds classify their 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-Funds do 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-Funds commit 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.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Funds have 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.

**DCI ETF TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**2 Principal accounting policies (Continued)**

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

**(iii) Fair value estimation**

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

Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF) 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 Units**

The Sub-Funds issue 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-Funds' net asset value per unit at the time of issue or redemption. The Sub-Funds' net asset value per unit 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.

**2.6 Interest income**

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

**2.7 Dividend income**

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

**2.8 Expenses**

Expenses are accounted for on an accrual basis.

**2.9 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 in the statement of comprehensive income as an expense.

## DCI ETF TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 2 Principal accounting policies (Continued)

##### 2.10 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 Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF) is not entitled to the dividend income from the share collateral and does not retain substantially all the risk and rewards. Cash collateral received (if any) is treated as an on-balance sheet transaction with a corresponding liability shown separately.

Dividend income from the ALPs under securities lending arrangements is recognised as income by Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF) in the statement of comprehensive income.

Income from the share collateral is not an income to Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF) and is paid to the counterparty who provides the collateral to Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF).

##### 2.11 Taxation

The Sub-Funds currently incur withholding taxes imposed by certain countries 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.

##### 2.12 Distribution to unitholders

Distribution to unitholders is recognised in the statement of changes in net assets attributable to unitholders when they are approved by the Manager.

##### 2.13 Provisions

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation that reflects current market assessments of the time value of money and the risks specific to the obligation.

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

3 Financial risk management

The objectives of the Sub-Funds are to provide investment results that closely correspond to the performance of the underlying indices. The Sub-Funds are 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.

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-Funds are designated to track the performance of the relevant Indices; therefore the exposures to market risk in the Sub-Funds will be substantially the same as the tracked indices. The Manager manages the Sub-Funds' 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 indices.

*Da Cheng CSI China Mainland Consumer Tracker* \* (This is a synthetic ETF)

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

	2012		2011	
	Notional market value HK\$	Fair value HK\$	Notional market value HK\$	Fair value HK\$
Financial assets at fair value through profit or loss				
Long position -ALPs	4,144,097	4,144,097	57,665,210	57,665,210

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

3 Financial risk management (Continued)

3.1 Market risk (Continued)

(i) Market price risk (Continued)

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

	2012		2011	
	Fair value HK\$	% of Net assets	Fair value HK\$	% of Net assets
<b>ALPs – By sector</b>				
Agriculture, forestry, livestock farming, fishery	119,768	2.75%	1,405,475	2.38%
Communication and cultural Industry	115,617	2.66%	834,386	1.42%
Comprehensive	300,979	6.91%	1,234,719	2.09%
Electronics	-	-	780,951	1.32%
Food & beverage	1,574,645	36.17%	26,571,876	45.07%
Machinery	820,311	18.84%	13,116,684	22.25%
Metals & non-metals	74,756	1.72%	942,668	1.60%
Social Services	63,450	1.46%	2,255,742	3.83%
Textiles & apparel	594,491	13.66%	1,382,796	2.35%
Wholesale and retail trade	480,080	11.03%	9,139,913	15.50%
	<u>4,144,097</u>	<u>95.19%</u>	<u>57,665,210</u>	<u>97.81%</u>

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 10% as estimated by the Manager

As at 31 December 2012, if the CSI China Consumer Index had increased by 10% (2011: 3%) with all other variables held constant, net assets attributable to unitholders would have increased by approximately HK\$414,410 (2011: HK\$1,729,956). Conversely, if the CSI China Consumer Index had decreased by 10%, net assets attributable to unitholders would have decreased by equal amounts.

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

3 Financial risk management (Continued)

3.1 Market risk (Continued)

(i) Market price risk (Continued)

*Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker*

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

	2012		2011	
	Fair value HK\$	% of Net assets	Fair value HK\$	% of Net assets
<b>Listed equities and unit trust – By sector</b>				
Automobiles and components	332,574	4.45%	159,360	2.35%
Banks	408,693	5.47%	282,484	4.16%
Capital goods	72,940	0.98%	168,628	2.48%
Consumer durables and apparel	194,626	2.60%	237,244	3.50%
Energy	82,304	1.10%	85,628	1.26%
Food, beverage and tobacco	1,120,267	14.99%	1,277,365	18.82%
Household and personal products	476,385	6.37%	581,477	8.57%
Insurance	664,777	8.89%	582,489	8.58%
Materials	293,486	3.93%	149,677	2.21%
Pharmaceuticals, biotechnology and life sciences	46,328	0.62%	37,335	0.55%
Real estate	1,325,602	17.74%	950,914	14.01%
Retailing	1,096,558	14.67%	1,152,822	16.99%
Software and services	673,615	9.01%	769,369	11.34%
Technology Hardware & Equipment	299,000	4.00%	-	-
Utilities	330,996	4.43%	348,095	5.13%
	<u>7,418,151</u>	<u>99.25%</u>	<u>6,782,887</u>	<u>99.95%</u>

The Sub-fund held the relevant shares comprising the CSI Hong Kong Private-owned Mainland Enterprises Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the CSI Hong Kong Private-owned Mainland Enterprises Index.

Sensitivity analysis in the event of a possible change in the index by 10% as estimated by the Manager



## DCI ETF TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 3 Financial risk management (Continued)

##### 3.1 Market risk (Continued)

###### (i) Market price risk (Continued)

###### Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker (Continued)

As at 31 December 2012, if the CSI Hong Kong Private-owned Mainland Enterprises Index had increased by 10% (2011: 3%) with all other variables held constant, net assets attributable to unitholders would have increased by approximately HK\$741,815 (2011: HK\$203,487). Conversely, if the CSI Hong Kong Private-owned Mainland Enterprises Index had decreased by 10%, net assets attributable to unitholders would have decreased by equal amounts.

###### Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker

As at 31 December 2012, the Sub-Fund's investments were concentrated in the following industries:

	2012		2011	
	Fair value HK\$	% of Net assets	Fair value HK\$	% of Net assets
<b>Listed equities – By sector</b>				
Automobiles and components	193,345	1.45%	146,300	1.23%
Banks	4,728,356	35.43%	3,960,310	33.19%
Capital goods	374,478	2.81%	370,140	3.10%
Diversified financials	51,520	0.39%	30,117	0.25%
Energy	3,447,930	25.83%	3,319,985	27.82%
Food, beverage and tobacco	146,548	1.10%	130,507	1.09%
Insurance	1,125,548	8.43%	777,421	6.51%
Materials	305,362	2.28%	213,143	1.79%
Real estate	577,145	4.32%	392,833	3.29%
Retailing	141,455	1.06%	134,117	1.12%
Technology hardware and equipment	169,985	1.27%	134,673	1.13%
Telecommunication services	1,640,299	12.29%	1,968,042	16.49%
Transportation	183,834	1.38%	184,812	1.55%
Utilities			117,784	0.99%
	155,729	1.17%		
	<u>13,241,534</u>	<u>99.21%</u>	<u>11,880,184</u>	<u>99.55%</u>

The Sub-fund held the relevant shares comprising the CSI Hong Kong State-owned Mainland Enterprises Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the CSI Hong Kong State-owned Mainland Enterprises Index.

**DCI ETF TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**3 Financial risk management (Continued)**

**3.1 Market risk (Continued)**

*Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker (Continued)*

Sensitivity analysis in the event of a possible change in the index by 10% as estimated by the Manager

As at 31 December 2012, if the CSI Hong Kong State-owned Mainland Enterprises Index had increased by 10% (2011: 3%) with all other variables held constant, net assets attributable to unitholders would have increased the post-tax profit for the period by approximately HK\$1,324,153 (2011: HK\$356,406). Conversely, if the CSI Hong Kong State-owned Mainland Enterprises Index had decreased by 10%, net assets attributable to unitholders would have decreased by equal amounts.

**(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 2012 and 2011, 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.

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

The Manager monitors the Sub-Funds' monetary foreign exchange exposure on a daily basis.

**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-Funds.

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

The Sub-Funds limit their exposures 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.

## DCI ETF TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 3 Financial risk management (Continued)

##### 3.2 Credit and counterparty risk (Continued)

All transactions in listed investments 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-Funds' 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.

##### (i) Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF)

Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF) 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 an 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 table below sets out the net exposure to credit and counterparty risk of the Sub-Fund to counterparties as at 31 December together with their credit ratings of senior long-term debt by Standard & Poor's Rating Services:

	2012 Net exposure to counterparties HK\$	2011 Net exposure to counterparties HK\$
<b>Bank balances</b>		
Bank of China (Hong Kong) Limited	141,263	2,592,416
	<hr/>	<hr/>
<b>Net exposure</b>	141,263	2,592,416
	<hr/> <hr/>	<hr/> <hr/>
- Rating	A	A+
<b>ALP issuers</b>		
Merrill Lynch International & Co. C.V. (The guarantor is rated)		
- Financial assets at fair value through profit or loss	4,144,097	57,665,210
- Collateral obtained	(5,752,910)	(80,722,230)
	<hr/>	<hr/>
<b>Net exposure</b>	-	-
	<hr/> <hr/>	<hr/> <hr/>
- Rating	A-	A

The Manager has entered into securities lending arrangements with the ALP Issuers or their affiliates, i.e., Citigroup Global Markets Holding Inc., 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. 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.

**DCI ETF TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**3 Financial risk management (Continued)**

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

**(i) Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF)  
(Continued)**

As at 31 December 2012, there was one (2011: one) securities lending arrangement: 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\$5,752,910 (2011: HK\$ 80,722,230) against ALPs lent to Merrill Lynch International & Co. C.V. (the “borrower”) valued at approximately HK\$3,143,225 (2011: HK\$ 51,953,801).

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 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 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-Funds 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.

As at 31 December 2012, the percentage of financial assets at fair value through profit or loss covered by share collateral is 139% (2011: 140%).

The Sub-Fund pays a fee in respect of the collateral arrangements. As at 31 December 2012, the Sub-Fund had incurred expenses of HK\$199,633 (2011: HK\$527,975) representing 4.59% of the net asset value as at 31 December 2012 (2011: representing 0.90% of the net asset value) pursuant to the securities lending arrangements.

The Manager considers that none of these assets are impaired nor past due as at 31 December 2012. (2011: Nil)

## DCI ETF TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 3 Financial risk management (Continued)

##### 3.2 Credit and counterparty risk (Continued)

###### (ii) Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker

The table below sets out the net exposure to credit and counterparty risk of the Sub-Fund as at 31 December together with its credit rating of senior long-term debt by Standard & Poor's Rating Services:

	2012 Net exposure to counterparties HK\$	2011 Net exposure to counterparties HK\$
<b>Bank balances</b>		
Bank of China (Hong Kong) Limited	360,670	313,501
- Rating	A	A+
<b>Investments placed with custodian</b>		
Bank of China (Hong Kong) Limited	7,418,151	6,782,887
- Rating	A	A+

The maximum exposure to credit risk at 31 December 2012 is the carrying amount of the assets as shown on the statement of financial position, excluding listed equities.

The Manager considers that none of these assets are impaired nor past due as at 31 December 2012. (2011: Nil)

###### (iii) Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker

The table below sets out the net exposure to credit and counterparty risk of the Sub-Fund as at 31 December together with its credit rating of senior long-term debt by Standard & Poor's Rating Services:

	2012 Net exposure to counterparties HK\$	2011 Net exposure to counterparties HK\$
<b>Bank balances</b>		
Bank of China (Hong Kong) Limited	421,255	372,442
- Rating	A	A+
<b>Investments placed with custodian</b>		
Bank of China (Hong Kong) Limited	13,241,534	11,880,184
- Rating	A	A+

The maximum exposure to credit risk at 31 December 2012 is the carrying amount of the assets as shown on the statement of financial position, excluding listed equities.

The Manager considers that none of these assets are impaired nor past due as at 31 December 2012. (2011: Nil)

## DCI ETF TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

## 3 Financial risk management (Continued)

### 3.3 Liquidity risk

Liquidity risk is the risk that the Sub-Funds 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 2012, all of the Sub-Funds' non-derivative financial assets and liabilities have contractual maturities of less than one month (2011: less than one month for all of the Sub-Funds). As at 31 December 2012, each 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.

Da Cheng CSI China Mainland Consumer Tracker\* (\* This is a synthetic ETF) 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.

Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker and Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker invest the majority of their assets in investments that are traded in active markets and can be readily disposed of.

### 3.4 Fair value estimation

The Sub-Funds 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.

The determination of what constitutes "observable" requires significant judgment by the Sub-Funds. The Sub-Funds consider 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.

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

3 Financial risk management (Continued)

3.4 Fair value estimation (Continued)

The following tables analyse within the fair value hierarchy the Sub-Funds' financial assets (by class) measured at fair value at 31 December:

*Da Cheng CSI China Mainland Consumer Tracker\* (This is a synthetic ETF)*

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<b>2012</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- ALPs	-	-	4,144,097	4,144,097
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>2011</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- ALPs	-	-	57,665,210	57,665,210
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

*Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker*

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<b>2012</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Equity securities	7,418,151	-	-	7,418,151
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>2011</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Equity securities	6,782,887	-	-	6,782,887
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

3 Financial risk management (Continued)

3.4 Fair value estimation (Continued)

*Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker*

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<b>2012</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Equity securities	13,241,534	-	-	13,241,534
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>2011</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Equity securities	11,880,184	-	-	11,880,184
	<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. The Sub-Funds do not adjust the quoted price for these instruments.

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 Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF) 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.

For the ALPs, effect of possible change in quoted market prices of the relevant underlying security are set out in the sensitivity analysis described in note 3.1(i).

There were no transfers between levels for the year ended 31 December 2012 (2011: Nil)



## DCI ETF TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 3 Financial risk management (Continued)

##### 3.4 Fair value estimation (Continued)

The following table presents the movement in level 3 instruments held by Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF) for the year ended 31 December 2012 by class of financial instrument.

	ALPs	
	2012 HK\$	2011 HK\$
Opening balance	57,665,210	98,633,423
Purchases	14,014,228	16,510,808
Sales	(67,333,400)	(45,536,692)
Net loss on investments	(201,941)	(11,942,329)
Closing balance	<u>4,144,097</u>	<u>57,665,210</u>
Total losses for the year included in the statement of comprehensive income for assets held at the end of the year	<u>(292,606)</u>	<u>(17,946,741)</u>

##### 3.5 Capital risk management

The Sub-Funds' capital is represented by the redeemable units outstanding. The Sub-Funds' objective is to provide investment results that correspond generally to the performance of the respective indices. The Manager may:

- Redeem and issue new units in accordance with the constitutive documents of the Sub-Funds;
- Exercise discretion when determining the amount of distributions of the Sub-Funds to the unitholders; and
- Suspend the creation and redemption of units under certain circumstances stipulated in the prospectuses.

The Sub-Funds do not have any internally and externally imposed capital requirements and therefore the Sub-Funds are not subject to significant capital risk.

## DCI ETF TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 4 Critical accounting estimates, assumptions and management judgements

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

The Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In addition, the Management makes judgements in applying accounting policies.

Estimates and judgements 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, assumptions and management judgements 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

The 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-Funds measure their performance and reports their results, as well as the currency in which the Sub-Funds determine the net asset value per unit at the time of issue or redemption. This determination also considers that the Sub-Funds are 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.

##### *Da Cheng CSI China Mainland Consumer Tracker<sup>\*</sup> (This is a synthetic ETF)*

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 or 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 on 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 2012 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.

## DCI ETF TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 4 Critical accounting estimates, assumptions and management judgements (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 gross unrealised gains and gross realised gains which could be exposed to PRC taxation at the rate of 10% as at 31 December 2012 to be approximately HK\$737,669 (2011:HK\$791,905) and approximately HK\$4,068,743 (2011:HK\$3,695,272) respectively.

As at 31 December 2012, withholding tax of HK\$319,793 (2011: HK\$304,145) arising from realised gain of HK\$3,197,933 (2011: HK\$3,041,448) was withheld by the ALP issuers.

Other than those withholding tax arising from realised gain withheld by the ALP issuers, no capital gains tax provision in relation to ALP investments of the Sub-Fund was made in the financial statements. The Manager considers the capital gains tax provision amount may differ significantly from the amounts that may have to ultimately be borne by the Sub-Fund. In the event a capital gains tax is levied at an amount that is different from what was provided for by the Sub-Fund, the Sub-Fund may incur a liability that is different from the existing provision (if any), which could significantly impact the net assets attributable to unitholders and consequently, the price per unit of the Sub-Fund based on the calculation of the net assets attributable to unitholders when distributing to the unitholders at such relevant time. When the SAT issues clarifications, this might ultimately result in either an increase or a decrease in the amount provided.

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.

#### Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker

The Sub-Fund invests in shares of companies in People's Republic of China ("PRC") listed on overseas stock exchanges including the H-shares listed in Hong Kong on the SEHK ("H-shares"). Under the PRC Corporate Income Tax Law, the Sub-fund may be liable to pay PRC tax on the capital gains realised in the trading of H-shares. However, no provision was made for taxation from such gains in the financial statements as the Manager believes that the Sub-Fund can sustain a position for filling a tax return based on the existing tax regulations and that the enforcement of PRC tax on capital gains is not probable.

#### Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker

The Sub-Fund invests in shares of companies in People's Republic of China ("PRC") listed on overseas stock exchanges including the H-shares listed in Hong Kong on the SEHK ("H-shares"). Under the PRC Corporate Income Tax Law, the Sub-fund may be liable to pay PRC tax on the capital gains realised in the trading of H-shares. However, no provision was made for taxation from such gains in the financial statements as the Manager believes that the Sub-Fund can sustain a position for filling a tax return based on the existing tax regulations and that the enforcement of PRC tax on capital gains is not probable.

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

5 Net assets attributable to unitholders

Redeemable units of the Sub-Funds, 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-Funds’ Trust Deed, which may be different from the accounting policies under IFRS.

	Da Cheng CSI China Mainland Consumer Tracker <sup>*</sup> (* This is a synthetic ETF)	
	2012	2011
	HK\$	HK\$
Accounting NAV as reported in the statement of financial position	4,353,583	58,954,628
Difference between bid market prices and official closing prices in valuing listed investments (Note a)	3,664	77,643
Dealing NAV	<u>4,357,247</u>	<u>59,032,271</u>

	Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	
	2012	2011
	HK\$	HK\$
Accounting NAV as reported in the statement of financial position	7,474,107	6,786,362
Difference between bid market prices and official closing prices in valuing listed investments (Note a)	20,713	21,037
Dealing NAV	<u>7,494,820</u>	<u>6,807,399</u>

	Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	
	2012	2011
	HK\$	HK\$
Accounting NAV as reported in the statement of financial position	13,347,108	11,933,869
Difference between bid market prices and official closing prices in valuing listed investments (Note a)	6,748	16,611
Dealing NAV	<u>13,353,856</u>	<u>11,950,480</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. The accounting policy of the Sub-Funds 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. Bid market prices for investments in ALPs are made reference to the bid market prices of the corresponding A-Shares of PRC companies linked.

## DCI ETF TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 6 Movement of the redeemable units

The movements of the redeemable units are as follows:

	Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF)	
	2012	2011
	Number of units	Number of units
Units in issue at the beginning of the year	6,500,000	9,000,000
Issue of units	1,000,000	-
Redemption of units	(7,000,000)	(2,500,000)
Units in issue at the end of the year	500,000	6,500,000
	HK\$	HK\$
Net assets attributable to unitholders (Dealing NAV)	4,357,247	59,032,271
Net assets attributable to unitholders (Dealing NAV) per unit	8.71	9.08
	Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	
	Year ended 31 December 2012	Period from 20 December 2010 (date of commencement of operations) to 31 December 2011
	Number of units	Number of units
Units in issue at the beginning of the year/period	1,000,000	-
Issue of units	-	26,500,000
Redemption of units	-	(25,500,000)
Units in issue at the end of the year/period	1,000,000	1,000,000
	HK\$	HK\$
Net assets attributable to unitholders (Dealing NAV)	7,494,820	6,807,399
Net assets attributable to unitholders (Dealing NAV) per unit	7.49	6.81

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

6 Movement of the redeemable units (Continued)

	Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	
	Number of units	
	Year ended 31 December 2012	Period from 20 December 2010 (date of commencement of operations) to 31 December 2011
	Number of units	Number of units
Units in issue at the beginning of the year/period	1,500,000	-
Issue of units	-	17,500,000
Redemption of units	-	(16,000,000)
Units in issue at the end of the year/period	<u>1,500,000</u>	<u>1,500,000</u>
	HK\$	HK\$
Net assets attributable to unitholders (Dealing NAV)	<u>13,353,856</u>	<u>11,950,480</u>
Net assets attributable to unitholders (Dealing NAV) per unit	<u>8.90</u>	<u>7.97</u>

7 Net gain/(loss) on investments

	Da Cheng CSI China Mainland Consumer Tracker (This is a synthetic ETF)	
	2012 HK\$	2011 HK\$
Net realised gain on financial assets at fair value through profit or loss	1,091,354	6,004,412
Net fair value change in unrealised gain/loss on financial assets at fair value through profit or loss	(1,293,295)	(17,946,741)
	<u>(201,941)</u>	<u>(11,942,329)</u>

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

7 Net gain/(loss) on investments (Continued)

	Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	
	Year ended 31 December 2012 HK\$	Period from 20 December 2010 (date of commencement of operations) to 31 December 2011 HK\$
Net realised loss on financial assets at fair value through profit or loss	(497,209)	(9,089,006)
Net fair value change in unrealised gain/loss on financial assets at fair value through profit or loss	1,948,037	(2,390,837)
	<u>1,450,828</u>	<u>(11,479,843)</u>

	Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	
	Year ended 31 December 2012 HK\$	Period from 20 December 2010 (date of commencement of operations) to 31 December 2011 HK\$
Net realised loss on financial assets at fair value through profit or loss	(206,397)	(6,813,898)
Net fair value change in unrealised gain/loss on financial assets at fair value through profit or loss	2,164,688	(2,486,116)
	<u>1,958,291</u>	<u>(9,300,014)</u>

## DCI ETF TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 8 Taxation

No provision for Hong Kong profits tax has been made as the Sub-Funds were authorised as collective investment schemes 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.

##### *PRC Withholding Tax*

The investments of Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF) in the A Shares of PRC listed companies are held through the ALPs issued by one or more QFIs or their affiliates. A 10% withholding tax is withheld by QFIs/ALP Issuers on all PRC sourced dividends. A 10% withholding tax may also be payable on gains derived from sale of A Shares by QFIs as described in Note 4 above.

A 10% withholding tax on dividend income is withheld by brokers on all PRC sourced dividend income from investments of Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker and Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker in H-shares.

#### 9 Transactions with the Trustee, Manager and connected persons

The following is a summary of significant related party transactions/transactions entered into during the year/period between the Sub-Funds 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 year/period between the Sub-Funds 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-Funds do not have any other transactions with connected persons except for transactions disclosed below.

##### 9.1 Management fee

###### *Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF)*

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 Sub-Fund adopts a single fee structure. The amount of management fee to be paid by the Sub-Fund to the Manager will depend on the gross management fee net of the Trustee fee, registrar fee and Index licensing fee.

During the year ended 31 December 2012, management fee amounted to HK\$164,756 (2011: 830,605), representing gross management fee of HK\$969,609 (2011: 1,723,832), net of trustee fee, registrar fee and index licensing fee of HK\$804,853 (2011: HK\$893,227). The trustee fee, registrar fee and index licensing fee are paid by the Sub-Fund and then reimbursed by the Manager.

At 31 December 2012, there was a receivable of HK\$379,019 from the Manager (2011: payable of HK\$194,445), representing the receivable from the Manager for reimbursement of the trustee fee, registrar fee and index licensing fee net of management fee payable.



## DCI ETF TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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

##### 9.1 Management fee (Continued)

###### Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker

The Manager is entitled to receive a management fee, currently at the annual rate of 0.60% 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.

###### Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker

The Manager is entitled to receive a management fee, currently at the annual rate of 0.60% 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.

##### 9.2 ALP maintenance charge

###### Da Cheng CSI China Mainland Consumer Tracker<sup>\*</sup> (This is a synthetic ETF)

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 2012, the relevant ALP Issuer is Merrill Lynch International & Co. C.V.

##### 9.3 Transaction costs on investment

###### Da Cheng CSI China Mainland Consumer Tracker<sup>\*</sup> (This is a synthetic ETF)

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.

###### Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker

The brokers charge a 0.08% commission (excluding stamp duty) on each purchase and sale of each security acquired for the account of the Sub-Fund. The commission is an expense borne by the Sub-Fund.

###### Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker

The brokers charge a 0.08% commission (excluding stamp duty) on each purchase and sale of each security acquired for the account of the Sub-Fund. The commission is an expense borne by the Sub-Fund.

**DCI ETF TRUST**
**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2012**
**9 Transactions with the Trustee, Manager and connected persons (Continued)**
**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 were as follows:

<b>Sub-Funds</b>	2012 HK\$	2011 HK\$
Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF)	141,263	2,592,416
Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	360,670	313,501
Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	421,255	372,442
	<u>          </u>	<u>          </u>

**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 were as follows:

<b>Sub-Funds</b>	2012 HK\$	2011 HK\$
Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF)	4,144,097	57,665,210
Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	7,418,151	6,782,887
Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	13,241,534	11,880,184
	<u>          </u>	<u>          </u>

**10 Other operating expenses**

	Da Cheng CSI China Mainland Consumer Tracker* (* This is a synthetic ETF)	
	2012 HK\$	2011 HK\$
Custodian fee	5,514	22,015
Service agent fee	60,161	59,839
Audit fee	180,493	139,590
License fee	7,000	7,000
Listing fee	15,041	14,959
Bank charges	6,819	5,545
Printing	-	8,100
Sundry expenses	-	5,281
	<u>          </u>	<u>          </u>
	<u>275,028</u>	<u>262,329</u>

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

10 Other operating expenses (Continued)

	Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	
	Year ended 31 December 2012	Period from 20 December 2010 (date of commencement of operations) to 31 December 2011
	HK\$	HK\$
Custodian fee	1,769	33,151
Registrar fee	120,323	123,548
Audit fee	143,850	155,586
License fee	7,000	7,000
Listing fee	15,085	29,916
Bank charges	1,049	37,343
Printing	-	25,525
Sundry expenses	-	1,080
Other operating expenses	131,157	192,080
	<u>420,233</u>	<u>605,229</u>

	Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	
	Year ended 31 December 2012	Period from 20 December 2010 (date of commencement of operations) to 31 December 2011
	HK\$	HK\$
Custodian fee	3,058	22,438
Registrar fee	120,323	123,548
Audit fee	143,850	155,586
License fee	7,000	7,000
Listing fee	15,085	29,916
Bank charges	724	18,613
Printing	-	25,525
Sundry expenses	-	1,080
Other operating expenses	131,157	192,080
	<u>421,197</u>	<u>575,786</u>

**DCI ETF TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**11 Major non-cash transactions**

**11.1 Subscriptions**

*Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF)*

During the year, all units issued were through in kind creation and the Sub-Fund issued 1,000,000 units in exchange for baskets consisting of investments valued at a total of HK\$9,626,475 plus the relevant cash component included in the statement of cash flows. There was no subscription for the Sub-fund during the year ended 31 December 2011.

*Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker*

There was no subscription for the Sub-Fund during the year ended 31 December 2012 (2011: all units issued were through in kind creation and the Sub-Fund issued 26,500,000 units in exchange for baskets consisting of investments valued at a total of HK\$256,026,012 plus the relevant cash component).

*Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker*

There was no subscription for the Sub-Fund during the year ended 31 December 2012 (2011: all units issued were through in kind creation and the Sub-Fund issued 17,500,000 units in exchange for baskets consisting of investments valued at a total of HK\$163,233,031 plus the relevant cash component).

**11.2 Redemptions**

*Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF)*

During the year, 7,000,000 units (2011: 2,500,000 units) of the Sub-Fund were redeemed in exchange for baskets consisting of investments valued at a total of HK\$62,463,021 (2011: HK\$25,158,473) plus the relevant cash component included in the statement of cash flows.

*Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker*

There was no redemption for the Sub-Fund during the year ended 31 December 2012 (2011: 25,500,000 units of the Sub-Fund were redeemed in exchange for baskets consisting of investments valued at a total of HK\$245,150,099 plus the relevant cash component).

*Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker*

There was no redemption for the Sub-Fund during the year ended 31 December 2012 (2011: 16,000,000 units of the Sub-Fund were redeemed in exchange for baskets consisting of investments valued at a total of HK\$152,372,369 plus the relevant cash component).

## DCI ETF TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 12 Financial instrument category

As of 31 December 2012, other than investments as disclosed in the financial statements which are classified as the financial assets at fair value through profit or loss, all financial assets are categorised as loans and receivables and carried at amortised costs. All the financial liabilities of the Sub-Fund are carried at amortised cost.

The carrying value of the financial assets and liabilities are considered by the Manager to approximate their fair values.

#### 13 Soft commission arrangements

The Manager confirms that there have been no soft commission arrangements existing during the year ended 31 December 2012 and year/period ended 31 December 2011 in relation to directing transactions of the Sub-Funds through a broker or dealer.

#### 14 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 overweight the holdings of Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF), Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker, and Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker relative to their respective weightings in their respective indices, on the condition that the maximum extra weighting in any constituent will not exceed 4%, 2.5% and 2.5% respectively.

The Manager and Trustee have confirmed that the Sub-Funds have complied with this limit during the year ended 31 December 2012 and year/period ended 31 December 2011.

There was no ALP (2011: one) that accounted for more than 10% of the net asset value of Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF) as at 31 December 2012.

There was no constituent stock (2011: nil) that accounted for more than 10% of the net asset value of Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker as at 31 December 2012.

There was one constituent stock (2011: one) that accounted for more than 10% of the net asset value of Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker as at 31 December 2012.

During the year ended 31 December 2012, the Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF) decreased by 93% (2011: decreased by 40%), while the NAV per unit of the Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF) decreased by 4% (2011: increased by 17%).

During the year ended 31 December 2012, the Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker increased by 10% (2011: decreased by 97%), while the NAV per unit of the Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker increased by 10% (2011: decreased by 29%).

**DCI ETF TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**14 Investment limitation and prohibitions under the SFC code (Continued)**

During the year ended 31 December 2012, the Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker increased by 12% (2011: decreased by 93%), while the NAV per unit of the Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker increased by 12% (2011: decreased by 18%).

**15 Segment information**

The Manager makes the strategic resource allocations on behalf of the Sub-Funds 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-Funds are to track the performance of their respective indices and invest in substantially all the index constituents with security weight and industry weight that are closely aligned to the characteristics of the tracked indices.

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

The Sub-Funds are domiciled in Hong Kong. All of the Sub-Funds' income is from investments in securities which constitute the relevant tracked indices. The Sub-Funds' investments have been categorised by relevant geography.

The Sub-Funds have no assets classified as non-current assets. The Sub-Funds have portfolios that closely correspond to the security weight and industry weight of the relevant tracked indices.

The Sub-Funds do not have a diversified unitholder population. As at 31 December 2012, there was one unitholder holding more than 10% of the units of the Sub-Funds.

**16 Subsequent events**

*Da Cheng CSI China Mainland Consumer Tracker\* (\*This is a synthetic ETF)*

On 17 January 2013, the Manager of the Sub-Fund announced that China Merchants (HK) Co., Limited has agreed and has been approved by the Stock Exchange of Hong Kong Limited to act as a market maker for the Sub-Fund for the period from 4 January 2013 to 30 June 2014.

**17 Approval of the financial statements**

The financial statements were approved by the Manager and the Trustee on 29 April 2013.

**DCI ETF TRUST****DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER\* (\*THIS IS A SYNTHETIC ETF)  
(A SUB-FUND OF DCI ETF TRUST)****INVESTMENT PORTFOLIO (UNAUDITED)  
AS AT 31 DECEMBER 2012**

	Holdings	Fair value HK\$	% of Net assets
<b>Investments (95.19%)</b>			
<b>China (95.19%)</b>			
<b>ALPs issued by Merrill Lynch International &amp; Co. C.V. (95.19%)</b>			
Beijing Dabeinong Technology Group Co Ltd	2,202	59,217	1.37%
Beijing Wangfujing Department Store Co Ltd	1,306	38,977	0.89%
Beijing Yanjing Brewery Co Ltd	7,834	55,035	1.27%
Beiqi Foton Motor Co Ltd	5,546	46,491	1.08%
BYD Co Ltd	440	11,142	0.27%
China Hainan Rubber Industry Group Co Ltd	1,522	10,768	0.26%
China International Travel Service Co Ltd	1,853	63,450	1.46%
China South Publishing & Media Group Co Ltd	3,738	41,625	0.96%
Chongqing Brewery Co Ltd	2,009	38,462	0.88%
Chongqing Changan Automobile Co Ltd	12,867	106,420	2.44%
CITIC Guoan Information Industry Co Ltd	6,450	48,285	1.11%
FAW Car Co Ltd	5,611	58,149	1.33%
Fujian Sunner Development Co Ltd	2,034	27,008	0.62%
Fuyao Group Glass Industries Co Ltd	6,859	74,756	1.72%
Great Wall Motor Co Ltd	1,778	52,266	1.20%
Gree Electric Appliances Inc of Zhuhai	7,764	246,510	5.66%
Guangdong Midea Electric Appliances Co Ltd	11,476	131,081	3.01%
Haining China Leather Market Co Ltd	964	31,880	0.73%
Heilongjiang Agriculture Co Ltd	4,928	50,150	1.15%
Henan Shuanghui Investment & Development Co Ltd	1,451	104,646	2.40%
Inner Mongolia Yili Industrial Group Co Ltd	8,128	222,227	5.10%
Jiangsu Phoenix Publishing & Media Co Ltd	3,044	25,707	0.59%
Jiangsu Yanghe Brewery Joint-Stock Co Ltd	1,630	189,450	4.35%
Jihua Group Co Ltd	7,962	29,852	0.69%
Joeone Co Ltd	986	19,872	0.46%
Kweichow Moutai Co Ltd	1,045	272,110	6.25%
Luzhou Lao Jiao Co Ltd	3,519	155,168	3.56%
New Hope Liuhe Co Ltd	2,996	46,610	1.07%
Pangda Automobile Trade Co Ltd	2,976	19,165	0.44%
Qingdao Haier Co Ltd	8,720	145,111	3.33%
SAIC Motor Co Ltd	9,896	215,960	4.96%
Shanghai Bashi Industrial (Group) Co Ltd	7,132	98,786	2.27%

**DCI ETF TRUST**

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

**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)  
AS AT 31 DECEMBER 2012**

	Holdings	Fair value HK\$	% of Net Assets
<b>Investments (95.19%) (Continued)</b>			
<b>China (95.19%) (Continued)</b>			
<b>ALPs issued by Merrill Lynch International &amp; Co. C.V. (95.19%) (Continued)</b>			
Shanghai Friendship Group Incorporated Co	3,872	41,477	0.95%
Shanghai Jahwa United Co Ltd	1,138	72,576	1.67%
Shanghai Oriental Pearl (Group) Co Ltd	10,932	75,710	1.74%
Shanghai Pharmaceuticals Co Ltd	2,495	34,496	0.79%
Shanghai Yuyuan Tourist Mart Co Ltd	7,943	70,939	1.63%
Shanxi Xinghuacun Fen Wine Factory Co Ltd	1,152	59,837	1.37%
Shenzhen Overseas Chinese Town Co Ltd	16,345	152,695	3.50%
Suning Appliance Co Ltd	19,045	157,754	3.62%
TCL Corporation	39,738	108,400	2.49%
Tsingtao Brewery Co Ltd	1,848	75,985	1.74%
Weifu High-Technology Group Co Ltd	2,164	85,986	1.97%
Wuliangye Yibin Co Ltd	6,728	236,495	5.43%
Wuzhou Minovo Co Ltd	364	2,453	0.06%
Yantai Changyu Pioneer Wine Co Ltd	973	56,950	1.31%
Yonghui Superstores Co Ltd	268	8,342	0.19%
Youngor Group Co Ltd	5,973	58,774	1.35%
Zhangzidao Group Co Ltd	1,620	31,842	0.73%
Zhejiang China Commodities City Group Co Ltd	9,330	77,050	1.77%
		<hr/>	<hr/>
		4,144,097	95.19%
		<hr/>	<hr/>
Total investments		4,144,097	95.19%
Other net assets		209,486	4.81%
		<hr/>	<hr/>
Net assets as at 31 December 2012		4,353,583	100%
		<hr/> <hr/>	<hr/> <hr/>
Total investments, at cost		4,069,265	
		<hr/> <hr/>	



**DCI ETF TRUST**

**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)  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Holdings				31 December 2012
	1 January 2012	Additions	Corporate action	Disposals	
<b>Investments</b>					
<b>China</b>					
<b>ALPs issued by Merrill Lynch International &amp; Co. C.V</b>					
Anhui Jianghuai Automobile Co Ltd	61,795	-	-	61,795	-
Beijing Dabeinong Technology Group Co Ltd	5,458	8,000	3,058	14,314	2,202
Beijing Gehua CATV Network Co Ltd	43,549	-	-	43,549	-
Beijing Wangfujing Department Store Co Ltd	17,368	-	-	16,062	1,306
Beijing Yanjing Brewery Co Ltd	41,465	-	10,075	43,706	7,834
Beiqi Foton Motor Co Ltd	86,692	12,700	-	93,846	5,546
BYD Co Ltd	-	5,300	-	4,860	440
China Hainan Rubber Industry Group Co Ltd	53,834	-	-	52,312	1,522
China International Travel Service Co Ltd	18,129	-	-	16,276	1,853
China South Publishing & Media Group Co Ltd	36,934	-	-	33,196	3,738
Chongqing Brewery Co Ltd	19,913	-	-	17,904	2,009
Chongqing Changan Automobile Co Ltd	128,775	-	-	115,908	12,867
CITIC Guoan Information Industry Co Ltd	64,432	-	-	57,982	6,450
Cofco Tunhe Co Ltd	34,445	-	-	34,445	-
Dashang Co Ltd	20,094	-	-	20,094	-
FAW Car Co Ltd	55,775	-	-	50,164	5,611
Fujian Sunner Development Co Ltd	-	24,500	-	22,466	2,034
Fuyao Group Glass Industries Co Ltd	96,109	11,800	-	101,050	6,859
Great Wall Motor Co Ltd	-	5,700	-	3,922	1,778
Gree Electric Appliances Inc of Zhuohai	135,189	1,824	-	129,249	7,764
Guangdong Midea Electric Appliances Co Ltd	139,130	-	-	127,654	11,476
Haining China Leather Market Co Ltd	15,348	-	-	14,384	964
Heilongjiang Agriculture Co Ltd	48,770	-	-	43,842	4,928

**DCI ETF TRUST**

**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 YEAR ENDED 31 DECEMBER 2012**

	Holdings				31 December 2012
	1 January 2012	Additions	Corporate action	Disposals	
<b>Investments (Continued)</b>					
<b>China (Continued)</b>					
<b>ALPs issued by Merrill Lynch International &amp; Co. C.V (Continued)</b>					
Henan Shuanghui Investment & Development Co Ltd	20,716	-	-	19,265	1,451
Inner Mongolia Yili Industrial Group Co Ltd	109,598	-	-	101,470	8,128
Jiangling Motors Corp Ltd	-	14,000	-	14,000	-
Jiangsu Phoenix Publishing & Media Co Ltd	-	10,500	-	7,456	3,044
Jiangsu Yanghe Brewery Joint- Stock Co Ltd	18,492	-	832	17,694	1,630
Jihua Group Co Ltd	79,344	-	-	71,382	7,962
Joeone Co Ltd	-	11,600	-	10,614	986
Jointown Pharmaceutical Group Co Ltd	19,516	-	-	19,516	-
Kweichow Moutai Co Ltd	28,493	-	-	27,448	1,045
Luzhou Lao Jiao Co Ltd	47,809	-	-	44,290	3,519
New Hope Liuhe Co Ltd	27,422	7,700	-	32,126	2,996
Pangda Automobile Trade Co Ltd	-	35,300	-	32,324	2,976
Qingdao Haier Co Ltd	110,138	-	-	101,418	8,720
SAIC Motor Co Ltd	126,632	21,800	-	138,536	9,896
Shanghai Bashi Industrial (Group) Co Ltd	70,830	-	-	63,698	7,132
Shanghai Friendship Group Incorporated Co	36,838	11,400	-	44,366	3,872
Shanghai Jahwa United Co Ltd	-	4,200	-	3,062	1,138
Shanghai Oriental Pearl (Group) Co Ltd	109,128	-	-	98,196	10,932
Shanghai Pharmaceuticals Co Ltd	65,859	-	-	63,364	2,495
Shanghai Yuyuan Tourist Mart Co Ltd	78,811	-	-	70,868	7,943
Shanxi Xinghuacun Fen Wine Factory Co Ltd	8,884	-	2,144	9,876	1,152
Shenzhen Agricultural Products Co Ltd	36,869	-	-	36,869	-

**DCI ETF TRUST**

**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 YEAR ENDED 31 DECEMBER 2012**

	Holdings				31 December 2012
	1 January 2012	Additions	Corporate action	Disposals	
<b>Investments (Continued)</b>					
<b>China (Continued)</b>					
<b>ALPs issued by Merrill Lynch International &amp; Co. C.V (Continued)</b>					
Shenzhen Overseas Chinese Town Co Ltd	191,674	-	12,930	188,259	16,345
Suning Appliance Co Ltd	287,608	-	-	268,563	19,045
TCL Corporation	348,506	125,800	-	434,568	39,738
Tianjin Faw Xiali Automobile Co Ltd	32,817	-	-	32,817	-
Tsingtao Brewery Co Ltd	23,894	-	-	22,046	1,848
Wanxiang Qianchao Co Ltd	54,630	-	-	54,630	-
Weifu High-Technology Group Co Ltd	24,796	-	-	22,632	2,164
Wuliangye Yibin Co Ltd	130,107	-	-	123,379	6,728
Wuzhou Minovo Co Ltd	-	36,400	-	36,036	364
Yantai Changyu Pioneer Wine Co Ltd	7,200	-	531	6,758	973
Yonghui Superstores Co Ltd	10,486	-	-	10,218	268
Youngor Group Co Ltd	91,533	-	-	85,560	5,973
Zhangzidao Group Co Ltd	14,658	4,500	-	17,538	1,620
Zhejiang China Commodities City Group Co Ltd	93,218	-	-	83,888	9,330
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**DCI ETF TRUST**
**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)  
 FOR THE YEAR ENDED 31 DECEMBER 2012**

	Holdings				31 December 2012
	1 January 2012	Additions	Corporate action	Disposals	
<b>Investments (Continued)</b>					
<b>China (Continued)</b>					
<b>ALPs issued by Citigroup</b>					
Anhui Jianghuai Automobile Co Ltd	-	9,170	-	9,170	-
Beijing Dabeinong Technology Group Co Ltd	-	2,036	2,036	4,072	-
Beijing Wangfujing Department Store Co Ltd	-	2,350	-	2,350	-
Beijing Yanjing Brewery Co Ltd	-	6,410	6,410	12,820	-
Beiqi Foton Motor Co Ltd	-	15,014	-	15,014	-
BYD Co Ltd	-	802	-	802	-
China Hainan Rubber Industry Group Co Ltd	-	7,994	-	7,994	-
China International Travel Service Co Ltd	-	2,684	-	2,684	-
China South Publishing & Media Group Co Ltd	-	5,474	-	5,474	-
Chongqing Brewery Co Ltd	-	2,952	-	2,952	-
Chongqing Changan Automobile Co Ltd	-	19,114	-	19,114	-
CITIC Guoan Information Industry Co Ltd	-	9,558	-	9,558	-
Dashang Co Ltd	-	2,984	-	2,984	-
FAW Car Co Ltd	-	8,274	-	8,274	-
Fujian Sunner Development Co Ltd	-	3,706	-	3,706	-
Fuyao Group Glass Industries Co Ltd	-	16,286	-	16,286	-
Great Wall Motor Co Ltd	-	3,800	-	3,800	-
Gree Electric Appliances Inc of Zhuhai	-	21,400	-	21,400	-
Guangdong Midea Electric Appliances Co Ltd	-	20,638	-	20,638	-
Haining China Leather Market Co Ltd	-	1,706	-	1,706	-
Heilongjiang Agriculture Co Ltd	-	7,224	-	7,224	-
Henan Shuanghui Investment & Development Co Ltd	-	3,080	-	3,080	-

**DCI ETF TRUST****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)  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Holdings				31 December 2012
	1 January 2012	Additions	Corporate Action	Disposals	
<b>Investments (Continued)</b>					
<b>China (Continued)</b>					
<b>ALPs issued by Citigroup (Continued)</b>					
Inner Mongolia Yili Industrial Group Co Ltd	-	16,248	-	16,248	-
Jiangling Motors Corp Ltd	-	2,112	-	2,112	-
Jiangsu Phoenix Publishing & Media Co Ltd	-	7,000	-	7,000	-
Jiangsu Yanghe Brewery Joint- Stock Co Ltd	-	2,744	548	3,292	-
Jihua Group Co Ltd	-	11,760	-	11,760	-
Joeone Co Ltd	-	1,748	-	1,748	-
Kweichow Moutai Co Ltd	-	4,222	-	4,222	-
Luzhou Lao Jiao Co Ltd	-	7,086	-	7,086	-
New Hope Liuhe Co Ltd	-	5,296	-	5,296	-
Pangda Automobile Trade Co Ltd	-	5,334	-	5,334	-
Qingdao Haier Co Ltd	-	16,376	-	16,376	-
SAIC Motor Co Ltd	-	22,414	-	22,414	-
Shanghai Bashi Industrial (Group) Co Ltd	-	10,500	-	10,500	-
Shanghai Friendship Group Incorporated Co	-	7,600	-	7,600	-
Shanghai Jahwa United Co Ltd	-	2,800	-	2,800	-
Shanghai Oriental Pearl (Group) Co Ltd	-	16,190	-	16,190	-
Shanghai Pharmaceuticals Co Ltd	-	7,816	-	7,816	-
Shanghai Yuyuan Tourist Mart Co Ltd	-	11,690	-	11,690	-
Shanxi Xinghuacun Fen Wine Factory Co Ltd	-	1,320	1,320	2,640	-
Shenzhen Overseas Chinese Town Co Ltd	-	28,422	8,526	36,948	-

**DCI ETF TRUST**

**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)  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	1 January 2012	Additions	<u>Holdings</u> Corporate action	Disposals	31 December 2012
<b>Investments (Continued)</b>					
<b>China (Continued)</b>					
<b>ALPs issued by Citigroup (Continued)</b>					
Suning Appliance Co Ltd	-	42,666	-	42,666	-
TCL Corporation	-	80,912	-	80,912	-
Tsingtao Brewery Co Ltd	-	3,536	-	3,536	-
Wanxiang Qianchao Co Ltd	-	8,098	-	8,098	-
Weifu High-Technology Group Co Ltd	-	4,022	-	4,022	-
Wuliangye Yibin Co Ltd	-	19,292	-	19,292	-
Wuzhou Minovo Co Ltd	-	5,510	-	5,510	-
Yantai Changyu Pioneer Wine Co Ltd	-	1,064	319	1,383	-
Yonghui Superstores Co Ltd	-	1,560	-	1,560	-
Youngor Group Co Ltd	-	13,580	-	13,580	-
Zhangzidao Group Co Ltd	-	2,890	-	2,890	-
Zhejiang China Commodities City Group Co Ltd	-	13,828	-	13,828	-

**DCI ETF TRUST**

**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 2012**

**Net asset value (Dealing NAV)**

	Net asset value per unit HK\$	Net asset value of the Sub-Fund HK\$
At end of financial period dated		
31 December 2012	8.71	4,357,247
31 December 2011	9.08	59,032,271
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 2012	10.40	7.77
31 December 2011	11.65	8.86
31 December 2010 (since inception)	12.34	8.86

**DCI ETF TRUST**

**DA CHENG CSI HONG KONG PRIVATE-OWNED MAINLAND ENTERPRISES TRACKER  
(A SUB-FUND OF DCI ETF TRUST)**

**INVESTMENT PORTFOLIO (UNAUDITED)  
AS AT 31 DECEMBER 2012**

	Holdings	Fair value HK\$	% of Net assets
<b>Investments (99.25%)</b>			
<b>Hong Kong</b>			
<b>Listed Equities (98.00%)</b>			
Aac Technologies Hldgs Inc	6,000	162,000	2.17%
Agile Property Hldgs Ltd	12,394	134,847	1.80%
Anta Sports Products Ltd	8,955	61,163	0.82%
Belle Intl Hldgs Ltd	37,542	626,951	8.39%
Bosideng Intl Hldgs Ltd	28,747	65,543	0.88%
Byd Co Ltd-H	4,984	115,380	1.54%
Chaoda Modern Agriculture (Hldgs) Ltd	30,271	33,298	0.45%
China Minsheng Banking Corp Ltd-H	45,664	408,693	5.47%
China Rongsheng Heavy Industries Group Hldgs Ltd	31,423	38,965	0.52%
China Shanshui Cement Group Ltd	17,704	100,205	1.34%
China Yurun Food Group Ltd	13,094	73,719	0.99%
China Zhengtong Auto Services Hldgs Ltd	7,000	37,590	0.50%
Country Garden Hldgs Co Ltd	60,000	243,600	3.26%
Enn Energy Hldgs Ltd	6,607	222,656	2.98%
Evergrande Real Estate Group Ltd	50,694	214,943	2.88%
Gcl Poly Energy Hldgs Ltd	69,449	108,340	1.45%
Geely Automobile Hldgs Ltd	33,474	122,515	1.64%
Golden Eagle Retail Group Ltd	6,984	132,417	1.77%
Gome Electrical Appliances Hldgs Ltd	86,114	79,225	1.06%
Haier Electronics Group Co Ltd	6,000	67,920	0.91%
Hengan Intl Group Co Ltd	6,825	476,385	6.37%
Huabao Intl Hldgs Ltd	19,846	76,010	1.02%
Intime Department Store Group Co Ltd	8,954	81,481	1.09%
Kingboard Chemical Hldgs Ltd	5,000	137,000	1.83%
Longfor Properties Co Ltd	13,190	199,169	2.66%
Nine Dragons Paper Hldgs Ltd	16,753	117,271	1.57%
Parkson Retail Group Ltd	12,621	78,755	1.05%
Ping An Insurance Group Co Of China Ltd-H	10,251	664,777	8.89%
Renhe Commercial Hldgs Co Ltd	94,972	76,927	1.03%
Sany Heavy Equipment Intl Hldgs Co Ltd	8,389	33,975	0.45%
Shimao Property Hldgs Ltd	11,828	172,689	2.31%
Shougang Fushan Resources Group Ltd	28,993	82,303	1.10%



**DCI ETF TRUST****DA CHENG CSI HONG KONG PRIVATE-OWNED MAINLAND ENTERPRISES TRACKER  
(A SUB-FUND OF DCI ETF TRUST)****INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)  
AS AT 31 DECEMBER 2012**

	Holdings	Fair value HK\$	% of Net assets
<b>Investments (99.25%) (Continued)</b>			
<b>Hong Kong (Continued)</b>			
<b>Listed Equities (98.00%) (Continued)</b>			
Shui On Land Ltd	19,806	74,273	0.99%
Sihuan Pharmaceutical Hldgs Group Ltd	13,626	46,328	0.62%
Soho China Ltd	18,633	115,525	1.55%
Tencent Hldgs Ltd	2,714	673,615	9.01%
Tingyi (Cayman Islands) Hldg Corp	17,579	375,312	5.02%
Want Want China Hldgs Ltd	59,732	637,938	8.54%
Xinyi Glass Hldg Co Ltd	19,849	94,680	1.27%
Zhongsheng Group Hldgs Ltd	5,140	60,138	0.81%
		<hr/>	<hr/>
		7,324,521	98.00%
		-----	-----
<b>Unit Trust (1.25%)</b>			
Hui Xian Real Estate Investment Trust	18,194	93,630	1.25%
		<hr/>	<hr/>
Total investments		7,418,151	99.25%
Other net assets		55,956	0.75%
Net assets as at 31 December 2012		<hr/> <hr/> 7,474,107	<hr/> <hr/> 100%
Total investments, at cost		<hr/> <hr/> 7,953,001	

**DCI ETF TRUST**
**DA CHENG CSI HONG KONG PRIVATE-OWNED MAINLAND ENTERPRISES TRACKER  
 (A SUB-FUND OF DCI ETF TRUST)**
**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)  
 FOR THE YEAR ENDED 31 DECEMBER 2012**

	Holdings				
	1 January 2012	Additions	Corporate action	Disposals	31 December 2012
<b>Investments</b>					
<b>Hong Kong</b>					
<b>Listed Equities</b>					
Aac Technologies Hldgs Inc	-	6,000	-	-	6,000
Agile Property Hldgs Ltd	14,169	-	-	1,775	12,394
Alibaba.Com Ltd (Acquired)	15,480	-	-	15,480	-
Anta Sports Products Ltd	10,177	-	-	1,222	8,955
Belle Intl Hldgs Ltd	47,528	-	-	9,986	37,542
Bosideng Intl Hldgs Ltd	26,336	2,411	-	-	28,747
Byd Co Ltd-H	5,661	-	-	677	4,984
Chaoda Modern Agriculture (Hldgs) Ltd	30,271	-	-	-	30,271
China Dongxiang (Group) Co Ltd	30,216	-	-	30,216	-
China High Speed Transmission Equipment	9,597	-	-	9,597	-
China Minsheng Banking Corp Ltd- H	42,099	14,000	-	10,435	45,664
China Rongsheng Heavy Industries Group Hldgs Ltd	35,691	-	-	4,268	31,423
China Shanshui Cement Group Ltd	-	17,704	-	-	17,704
China Yurun Food Group Ltd	14,808	-	-	1,714	13,094
China Zhengtong Auto Services Hldgs Ltd	-	7,000	-	-	7,000
China Zhongwang Hldgs Ltd	16,534	-	-	16,534	-
Country Garden Hldgs Co Ltd	-	60,000	-	-	60,000
Enn Energy Hldgs Ltd	7,203	-	-	596	6,607
Evergrande Real Estate Group Ltd	61,207	-	-	10,513	50,694
Gcl Poly Energy Hldgs Ltd	78,986	-	-	9,537	69,449
Geely Automobile Hldgs Ltd	37,997	-	-	4,523	33,474
Glorious Property Hldgs Ltd	31,796	-	-	31,796	-
Golden Eagle Retail Group Ltd	8,077	-	-	1,093	6,984
Gome Electrical Appliances Hldgs Ltd	103,058	-	-	16,944	86,114
Haier Electronics Group Co Ltd	-	6,000	-	-	6,000
Hengan Intl Group Co Ltd	8,037	-	-	1,212	6,825
Hopson Development Hldgs Ltd	7,152	-	-	7,152	-
Huabao Intl Hldgs Ltd	1,698	18,148	-	-	19,846

**DCI ETF TRUST**

**DA CHENG CSI HONG KONG PRIVATE-OWNED MAINLAND ENTERPRISES TRACKER  
(A SUB-FUND OF DCI ETF TRUST)**

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Holdings				31 December 2012
	1 January 2012	Additions	Corporate action	Disposals	
<b>Investments (Continued)</b>					
<b>Hong Kong (Continued)</b>					
<b>Listed Equities (Continued)</b>					
Hui Xian Real Estate Investment Trust	-	18,194	-	-	18,194
Intime Department Store Group Co Ltd	-	8,954	-	-	8,954
Kingboard Chemical Hldgs Ltd	-	5,000	-	-	5,000
Kwg Property Hldg Ltd	14,758	-	-	14,758	-
Li Ning Co Ltd	7,525	-	-	7,525	-
Longfor Properties Co Ltd	15,772	-	-	2,582	13,190
Nine Dragons Paper Hldgs Ltd	20,322	-	-	3,569	16,753
Parkson Retail Group Ltd	15,229	-	-	2,608	12,621
Ping An Insurance Group Co Of China Ltd-H	11,399	1,652	-	2,800	10,251
Renhe Commercial Hldgs Co Ltd	130,750	-	-	35,778	94,972
Sany Heavy Equipment Intl Hldgs Co Ltd	9,520	-	-	1,131	8,389
Shimao Property Hldgs Ltd	18,103	-	-	6,275	11,828
Shougang Fushan Resources Group Ltd	32,934	-	-	3,941	28,993
Shui On Land Ltd	26,572	-	-	6,766	19,806
Sihuan Pharmaceutical Hldgs Group Ltd	13,626	-	-	-	13,626
Soho China Ltd	21,173	-	-	2,540	18,633
Tencent Hldgs Ltd	4,139	125	-	1,550	2,714
Tingyi (Cayman Islands) Hldg Corp	22,002	-	-	4,423	17,579
Want Want China Hldgs Ltd	74,362	-	-	14,630	59,732
Xinyi Glass Hldg Co Ltd	-	19,849	-	-	19,849
Zhongsheng Group Hldgs Ltd	3,891	1,249	-	-	5,140

**DCI ETF TRUST**

**DA CHENG CSI HONG KONG PRIVATE-OWNED MAINLAND ENTERPRISES TRACKER  
(A SUB-FUND OF DCI ETF TRUST)**

**PERFORMANCE RECORD (UNAUDITED)  
AS AT 31 DECEMBER 2012**

**Net asset value (Dealing NAV)**

	Net asset value per unit HK\$	Net asset value of the Sub-Fund HK\$
At end of financial period dated		
31 December 2012	7.49	7,494,820
31 December 2011	6.81	6,807,399

**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 2012	7.77	6.38
31 December 2011 (since inception)	10.24	5.90

**DCI ETF TRUST****DA CHENG CSI HONG KONG STATE-OWNED MAINLAND ENTERPRISES TRACKER  
(A SUB-FUND OF DCI ETF TRUST)****INVESTMENT PORTFOLIO (UNAUDITED)  
AS AT 31 DECEMBER 2012**

	<b>Holdings</b>	<b>Fair value HK\$</b>	<b>% of Net assets</b>
<b>Investments (99.21%)</b>			
<b>Hong Kong (99.21%)</b>			
<b>Listed Equities (99.21%)</b>			
Agricultural Bank Of China Ltd	99,004	380,175	2.85%
Air China Ltd	9,202	60,181	0.45%
Anhui Conch Cement Co Ltd	5,243	147,853	1.11%
Bank Of China Ltd	311,978	1,082,564	8.11%
Bank Of Communications Co Ltd	35,329	205,968	1.54%
Beijing Enterprises Hldgs Ltd	2,262	114,118	0.86%
Brilliance China Automotive Hldgs Ltd	5,900	56,404	0.42%
China Agri-Industries Hldgs Ltd	8,585	37,259	0.28%
China Citic Bank Corp Ltd	36,046	165,812	1.24%
China Coal Energy Co Ltd	16,575	138,733	1.04%
China Communications Construction Co	17,866	133,459	1.00%
China Construction Bank Corp	203,338	1,264,762	9.48%
China Everbright Ltd	3,467	51,520	0.39%
China Life Insurance Co Ltd	29,129	738,420	5.53%
China Mengniu Dairy Co Ltd	4,979	109,289	0.82%
China Merchants Bank Co Ltd	15,784	269,591	2.02%
China Merchants Hldgs (Intl) Co Ltd	4,986	123,653	0.93%
China Mobile Ltd	12,872	1,161,698	8.70%
China Natl Building Material Co Ltd	10,000	113,400	0.85%
China Overseas Land & Investment Ltd	16,494	381,011	2.85%
China Pacific Insurance (Group) Co	7,467	213,930	1.60%
China Petroleum & Chemical Corp	65,717	576,995	4.32%
China Resources Cement Hldgs Ltd	8,700	44,109	0.33%
China Resources Enterprise Ltd	5,061	141,455	1.06%
China Resources Land Ltd	9,362	196,134	1.47%
China Resources Power Hldgs Co	7,905	155,729	1.17%
China Shenhua Energy Co Ltd	13,317	450,780	3.38%
China Taiping Insurance Hldgs Co Ltd	3,602	56,551	0.42%
China Telecom Corp Ltd	55,964	240,645	1.80%
China Unicom (Hong Kong) Ltd	19,190	237,956	1.78%

**DCI ETF TRUST**

**DA CHENG CSI HONG KONG STATE-OWNED MAINLAND ENTERPRISES TRACKER  
(A SUB-FUND OF DCI ETF TRUST)**

**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)  
AS AT 31 DECEMBER 2012**

	Holdings	Fair value HK\$	% of Net assets
<b>Investments (99.21%) (Continued)</b>			
<b>Hong Kong (99.21%) (Continued)</b>			
<b>Listed Equities (99.21%) (Continued)</b>			
Citic Pacific Ltd	5,889	67,959	0.51%
Cnooc Ltd	66,106	1,109,259	8.31%
Dongfeng Motor Group Co Ltd	11,527	136,941	1.03%
Industrial & Commercial Bank Of China	247,179	1,359,484	10.19%
Kunlun Energy Co Ltd	10,386	167,838	1.26%
Lenovo Group Ltd	24,249	169,985	1.27%
Petrochina Co Ltd	82,141	898,623	6.73%
Picc Property & Casualty Co Ltd	10,741	116,647	0.87%
Shanghai Industrial Hldgs Ltd	2,179	58,942	0.45%
Yanzhou Coal Mining Co Ltd	8,258	105,702	0.79%
		<hr/>	
		13,241,534	99.21%
		-----	-----
Total investments		13,241,534	99.21%
Other net assets		105,574	0.79%
		<hr/>	
Net assets as at 31 December 2012		13,347,108	100%
		<hr/> <hr/>	
Total investments, at cost		13,572,480	
		<hr/> <hr/>	

**DCI ETF TRUST****DA CHENG CSI HONG KONG STATE-OWNED MAINLAND ENTERPRISES TRACKER  
(A SUB-FUND OF DCI ETF TRUST)****STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Holdings				31 December 2012
	1 January 2012	Additions	Corporate action	Disposals	
<b>Investments</b>					
<b>Hong Kong</b>					
<b>Listed Equities</b>					
Agricultural Bank Of China Ltd	99,004	-	-	-	99,004
Air China Ltd	10,598	-	-	1,396	9,202
Aluminum Corporation of China Limited	18,080	-	-	18,080	-
Anhui Conch Cement Co Ltd	-	5,243	-	-	5,243
Bank Of China Ltd	282,154	60,000	-	30,176	311,978
Bank Of Communications Co Ltd	38,193	-	-	2,864	35,329
Beijing Enterprises Hldgs Ltd	2,262	-	-	-	2,262
Brilliance China Automotive Hldgs Ltd	-	5,900	-	-	5,900
China Agri-Industries Hldgs Ltd	8,585	-	-	-	8,585
China Citic Bank Corp Ltd	38,613	-	-	2,567	36,046
China Coal Energy Co Ltd	18,184	-	-	1,609	16,575
China Communications Construction Co	19,513	-	-	1,647	17,866
China Construction Bank Corp	208,785	14,553	-	20,000	203,338
China Everbright Ltd	2,489	978	-	-	3,467
China Life Insurance Co Ltd	31,387	-	-	2,258	29,129
China Mengniu Dairy Co Ltd	4,426	553	-	-	4,979
China Merchants Bank Co Ltd	16,862	-	-	1,078	15,784
China Merchants Hldgs (Intl) Co Ltd	5,498	-	-	512	4,986
China Mobile Ltd	18,561	-	-	5,689	12,872
China Natl Building Material Co Ltd	-	10,000	-	-	10,000
China Overseas Land & Investment Ltd	17,028	-	-	534	16,494
China Pacific Insurance (Group) Co	5,597	1,870	-	-	7,467
China Petroleum & Chemical Corp	70,781	-	-	5,064	65,717

**DCI ETF TRUST**
**DA CHENG CSI HONG KONG STATE-OWNED MAINLAND ENTERPRISES TRACKER  
 (A SUB-FUND OF DCI ETF TRUST)**
**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2012**

	Holdings				31 December 2012
	1 January 2012	Additions	Corporate action	Disposals	
<b>Investments (Continued)</b>					
<b>Hong Kong (Continued)</b>					
<b>Listed Equities (Continued)</b>					
China Resources Cement Hldgs Ltd	8,700	-	-	-	8,700
China Resources Enterprise Ltd	5,061	-	-	-	5,061
China Resources Land Ltd	9,362	-	-	-	9,362
China Resources Power Hldgs Co	7,905	-	-	-	7,905
China Shenhua Energy Co Ltd	14,334	-	-	1,017	13,317
China Taiping Insurance Hldgs Co Ltd	3,602	-	-	-	3,602
China Telecom Corp Ltd	55,964	-	-	-	55,964
China Unicom (Hong Kong) Ltd	19,190	-	-	-	19,190
Citic Pacific Ltd	6,665	-	-	776	5,889
Cnooc Ltd	73,362	-	-	7,256	66,106
Dongfeng Motor Group Co Ltd	11,000	527	-	-	11,527
Industrial & Commercial Bk Of China	229,003	38,176	-	20,000	247,179
Kunlun Energy Co Ltd	10,386	-	-	-	10,386
Lenovo Group Ltd	26,049	-	-	1,800	24,249
Petrochina Co Ltd	88,997	-	-	6,856	82,141
Picc Property & Casualty Co Ltd	-	10,741	-	-	10,741
Shanghai Industrial Hldgs Ltd	2,524	-	-	345	2,179
Sinofert Hldgs Ltd	9,859	-	-	9,859	-
Sino-Ocean Land Hldgs Ltd	15,694	-	-	15,694	-
Yanzhou Coal Mining Co Ltd	8,258	-	-	-	8,258
Zijin Mining Group Co Ltd	27,703	-	-	27,703	-



**DCI ETF TRUST**

**DA CHENG CSI HONG KONG STATE-OWNED MAINLAND ENTERPRISES TRACKER  
(A SUB-FUND OF DCI ETF TRUST)**

**PERFORMANCE RECORD (UNAUDITED)  
AS AT 31 DECEMBER 2012**

**Net asset value (Dealing NAV)**

	Net asset value per unit HK\$	Net asset value of the Sub-Fund HK\$
At end of financial period dated		
31 December 2012	8.90	13,353,856
31 December 2011	<u>7.97</u>	<u>11,950,480</u>

**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 2012	9.17	7.36
31 December 2011 (since inception)	<u>10.55</u>	<u>6.96</u>