



Half Year Report 09

JPMorgan Chinese  
Investment Trust plc

Half Year Report & Accounts for the six months ended 31st March 2009

J.P.Morgan  
Asset Management

# Features

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## Objective

To provide long term capital growth by investment in 'Greater China' companies.

## Investment Policies

- To invest in companies which are quoted on the stock exchanges of Hong Kong, China and Taiwan or which derive a substantial part of their revenues or profits from these territories.
- To use gearing up to a maximum level of 15% of shareholders' funds to increase potential returns to shareholders.
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts).

## Benchmark

MSCI Golden Dragon Index in sterling terms.

## Risk

Investors should note that there can be significant economic and political risks inherent in investing in an emerging economy such as China. As such, the Chinese markets can exhibit more volatility than developed markets and this should be taken into consideration when evaluating the suitability of the Company as a potential investment.

## Capital Structure

The Company has an authorised share capital of 175,000,000 Ordinary shares of 25p each (of which 75,462,001 were in issue as at 31st March 2009, including 4,329,000 shares held in Treasury) and 14,136,600 Subscription shares of 1p each (of which 14,136,407 were in issue as at 31st March 2009).

## Continuation Vote

In accordance with the Company's Articles of Association, the Directors are required to propose a resolution that the Company continue as an investment trust at the Annual General Meeting in 2013 and every fifth year thereafter.

## Management Company

The Company employs JPMorgan Asset Management (UK) Limited ('JPMAM') to manage its assets.

# Half Year Performance

Total Returns (capital plus income)

**+2.0%**

Return to shareholders<sup>1</sup>

**+8.2%**

Return on net assets<sup>2</sup>

**+6.5%**

Benchmark return<sup>3,4</sup>

## Financial Data

	<b>31st March 2009</b>	<b>30th September 2008</b>	<b>% change</b>
Shareholders' funds (£'000)	<b>72,642</b>	67,435	+7.7
Number of ordinary shares in issue <sup>5</sup>	<b>71,133,001</b>	70,683,001	+6.4
Net asset value per ordinary share	<b>102.1p</b>	95.4p	+7.0
Ordinary share price	<b>92.0p</b>	90.8p	+1.3
Discount of ordinary share price to net asset value	<b>9.9%</b>	4.8%	
Subscription share price	<b>10.3p</b>	7.5p	+37.3
Number of subscription shares in issue	<b>14,136,407</b>	14,136,407	–

A glossary of terms and definitions is provided on page 16.

<sup>1</sup>Source: Morningstar.

<sup>2</sup>Source: J.P. Morgan.

<sup>3</sup>Source: Datastream.

<sup>4</sup>The Company's benchmark is the MSCI Golden Dragon Index in sterling terms.

<sup>5</sup>Excluding 4,329,000 (2008: 4,779,000) shares held in Treasury.

# Chairman's Statement



## Performance

During this period of global economic uncertainty, it is pleasing to report that the Company achieved a positive net asset value ('NAV') return of +8.2% in the six months ended 31st March 2009. This compares favourably with the return of +6.5% from the Company's benchmark, the MSCI Golden Dragon Index in sterling terms, and represents an outperformance of +1.7%. Over the same period, the Company's share price return was lower at +2.0%, reflecting a widening of the discount from 4.8% to 9.9%.

The Investment Managers' Report on pages 4 and 5 gives a more detailed review of the Company's performance.

## Subscription Shares

On 16th April 2008, the Company issued subscription shares as a bonus issue to the ordinary shareholders on the basis of one subscription share for every five ordinary shares held. Each subscription share confers the rights (but not the obligation) to subscribe for one ordinary share, at pre-determined prices, on 15th May each year from 2009 to 2013, whereupon the rights under the subscription shares will lapse. On 15th May 2009 applications for the first conversion opportunity were received to convert 79,460 subscription shares into ordinary shares. Further details of the subscription shares, including the bonus cost for the calculation of taxation, can be found on page 14 of this report and on the Company's website at [www.jpchinse.co.uk](http://www.jpchinse.co.uk)

## Share Issues and Share Buybacks

At a General Meeting held on 14th April 2008, shareholders gave the Board authority to issue up to approximately 50 million new ordinary shares in the Company. In addition, at the Annual General Meeting held on 16th December 2008, the authority to repurchase up to 14.99% of the Company's issued ordinary and subscription share capital was renewed. Repurchases will only be made in the market at prices below the prevailing NAV. At the time of writing, no shares have been repurchased under this authority.

During the six months to 31st March 2009, the Company issued 450,000 shares out of Treasury at a weighted average premium of 3.6%. The Company will only re-issue shares held in Treasury at a premium to NAV.

## Outlook

There is a common belief in China that whatever happens at the start of the New Year is a sign of things to come. It is therefore encouraging to report that this Chinese New Year (26th January 2009) coincided with a marked improvement in the Greater China markets. Whilst one hopes that such a belief holds true, it is too early to tell if the recent good performance is sustainable in the near term, but the Board is confident that the Greater China markets continue to offer excellent growth opportunities and is encouraged by the stimulus policy announcements made by the Chinese government. With ample government reserves and low levels of corporate and

consumer borrowing, the Chinese domestic economy is well positioned to withstand the global economic downturn. Whilst volatility is likely to continue over the coming months, the longer term growth prospects of the Greater China markets look attractive.

**Nigel Melville**  
Chairman

19th May 2009

# Investment Managers' Report



Howard Wang

During the six months ended 31st March 2009, the Company achieved a total return on net assets of +8.2% in sterling terms, outperforming the benchmark return of +6.5% by +1.7%. The outperformance can be attributed to the portfolio's overweight position in Chinese equities and stock selection within the Chinese and Taiwanese markets. The biggest detractor from performance was stock selection in Hong Kong equities; however, this negative effect was reduced substantially by the portfolio's favourable underweight position in Hong Kong equities during the period.

## China

### Market Performance

Regardless of large stimulus packages announced by the Chinese government and falling interest rates, Chinese equities faced a challenging last quarter in 2008 due to rising concerns about much slower than expected global growth. The announced 4 trillion renminbi ('RMB') fiscal stimulus package was designed to support GDP growth, with a focus on infrastructure, social welfare and rural reform, as well as credit easing. In the last quarter of 2008 the MSCI China Index fell 11%\*, whilst the domestic A-Share markets declined even further, with the CSI 300 Index down 19%.

Chinese equities edged up modestly in the first quarter of 2009, despite worries about the global financial system. The market was somewhat lifted by optimism triggered by falling interest rates and expectations of the large-scale stimulus packages showing first signs of traction. The domestic A-Share markets outperformed strongly, supported by ample liquidity and improved domestic confidence. First signs of the stimulus package working became evident as total RMB loans reached RMB 2.7 trillion (against an annual loan target of RMB 6 trillion for 2009).

### Market Outlook

Despite its reliance on global trade flows, China's economy is very well positioned in a global context, with ample government reserves and low levels of corporate and consumer borrowing. We believe that the Chinese economy will continue to stand out as one with growth. There are still divided views over China's second quarter economic performance in 2009, which would suggest high volatility in the next few months. Despite this, the government's pro-active stimulus policies should help support investor interest.

## Hong Kong

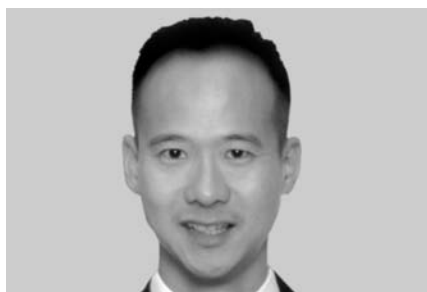
### Market Performance

In the last quarter of 2008, Hong Kong shares underperformed the China shares with the MSCI Hong Kong Index losing almost 19%. This underperformance was primarily due to Hong Kong's greater sensitivity to external conditions. Property stocks did outperform as a result of attractive valuations, temporary physical pricing stability and rising transaction volumes. In contrast, banks were sold off substantially due to fears over a systemic breakdown as well as a rise in non-performing loans on the back of further decreases in global demand.

\*Returns from this point are stated in local currency.



Emerson Yip



Kevin Chan



Shumin Huang

In the first quarter of 2009, the MSCI Hong Kong Index fell 1%, only marginally underperforming the general Asia Pacific ex Japan Region Index. Corporate results were on average slightly behind expectations as, in the financial sector especially, companies aggressively wrote down their valuations of underperforming assets in order to improve conditions for a stronger reporting year in 2009. For property companies, most earnings were adversely affected by booking delays while write-downs, due to property revaluations, were largely within expectations.

#### **Market Outlook**

Global policy uncertainty remains an overhang on the Hong Kong stock market as it is largely exposed to global money flows. However, the stimulus package from China should soon translate into economic benefits flowing across the border. The resilience of retail rents from Hong Kong property companies and the recovery in transaction volumes has been reflected by the recent strength of share prices. However, a sustained upturn seems unlikely given a lack of new development opportunities and continued pressures on margins.

#### **Taiwan**

##### **Market Performance**

In the last quarter of 2008, Taiwan saw a sharp synchronised sell-down alongside global markets with the MSCI Taiwan Index falling 24%. The concerns over both the global and domestic economies were overwhelming and redemption selling pressures dampened sentiment. As part of its effort to support domestic growth, the Taiwan government announced several stimulus measures such as special budgets for infrastructure projects and shopping vouchers for consumers worth around 1% of GDP. The trend for Taiwanese equities, however, reversed in the first quarter of 2009, as it was the best performing Asian market despite the still uncertain economic backdrop, with most of the outperformance coming from the technology and construction sectors. The rally was mainly driven by retail investors and was backed by an improved revenue outlook and company restocking after overly aggressive order cuts in late 2008.

##### **Market Outlook**

In spite of the poor global outlook, the uncertainty for end demand from OECD countries and relatively rich valuations, there is strong liquidity in Taiwan. An upcoming signing of a Memorandum of Understanding ("MOU") with China in June 2009, could provide the ammunition for continued strength in the Taiwanese market for the early part of the second quarter in 2009. The thawing relations between China and Taiwan have been further evidenced by China Mobile's recent announcement of a planned investment in Far EasTone, a Taiwan telecommunications service provider. The announcement led to a surge in Taiwanese share prices as investors began to speculate whether this signalled the start of further cross-strait investments.

By midway through the second quarter of 2009 markets may weaken as worries about the sustainability of restocking remain and investors tend to sell ahead of news on the MOU. Within technology, there could be some rotation out of upstream (exploration/production) and into downstream (distributional/sales/marketing) technology stocks where valuations are generally more attractive. Financials, which have underperformed in the first quarter of 2009, could see rotational interest ahead of the signing of the MOU. More concrete steps in cross-strait talks are likely to trigger interest in China concept stocks, properties, tourism and transportation stocks.

**Howard Wang**

**Emerson Yip**

**Kevin Chan**

**Shumin Huang**

Investment Managers

19th May 2009

# Ten Largest Investments

at 31st March 2009

Company	Country of Listing/ Classification*	Valuation £'000	Portfolio % <sup>1</sup>	Benchmark %	Active Position %
China Mobile	Hong Kong Red Chip Shares	5,489	7.4	7.6	-0.2
China Construction Bank	Hong Kong H-Shares	4,374	5.9	3.7	+2.2
China Life Insurance	Hong Kong H-Shares	3,999	5.4	3.4	+2.0
Industrial & Commercial Bank of China	Hong Kong H-Shares	3,828	5.2	3.1	+2.1
Taiwan Semiconductor Manufacturing	Taiwan	3,722	5.0	4.5	+0.5
CNOOC	Hong Kong Red Chip Shares	2,979	4.0	2.2	+1.8
Cheung Kong	Hong Kong	2,690	3.6	1.7	+1.9
JF China Pioneer 'A' Share Fund	China A-Shares	2,451	3.3	–	+3.3
China Petroleum & Chemical	Hong Kong H-Shares	2,020	2.7	1.5	+1.2
Hon Hai Precision Industry	Taiwan	1,828	2.5	1.9	+0.6
<b>Total<sup>2</sup></b>		<b>33,380</b>	<b>45.0</b>	<b>29.6</b>	

\*A glossary of terms and definitions is provided on page 16.

<sup>1</sup>Based on total assets less current liabilities of £74.2m.

<sup>2</sup>As at 30th September 2008, the value of the ten largest investments amounted to £31.9m, representing 46.0% of total assets less current liabilities.



# Portfolio Analyses

## Geographical Analysis

	at 31st March 2009			at 30th September 2008		
	Portfolio %	Benchmark %	Active Position %	Portfolio %	Benchmark %	Active Position %
Hong Kong H-Shares	29.3	27.9	1.4	25.3	24.8	0.5
Hong Kong Red Chip Shares	15.0	16.0	-1.0	14.2	18.3	-4.1
China Other	4.1	4.1	–	–	–	–
China A-Shares	3.3	–	3.3	3.8	–	3.8
China B-Shares	2.2	0.7	1.5	–	0.5	-0.5
<b>China Total</b>	<b>53.9</b>	<b>48.7</b>	<b>5.2</b>	43.3	43.6	-0.3
<b>Taiwan</b>	<b>26.3</b>	<b>29.8</b>	<b>-3.5</b>	28.0	31.3	-3.3
<b>Hong Kong</b>	<b>17.7</b>	<b>21.5</b>	<b>-3.8</b>	25.4	25.1	0.3
<b>Singapore</b>	<b>1.3</b>	–	<b>1.3</b>	–	–	–
<b>Net current assets</b>	<b>0.8</b>	–	<b>0.8</b>	3.3	–	3.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>		100.0	100.0	

Based on total assets less current liabilities of £74.2m (2008: £69.5m).

## Sector Analysis

	at 31st March 2009			at 30th September 2008		
	Portfolio %	Benchmark %	Active Position %	Portfolio %	Benchmark %	Active Position %
Financials (including Property)	41.4	34.8	6.6	38.8	33.8	5.0
Information Technology	18.3	18.9	-0.6	19.6	19.5	0.1
Telecommunication Services	11.4	11.4	–	13.8	11.7	2.1
Energy	9.1	8.7	0.4	10.4	9.1	1.3
Industrials	7.4	7.8	-0.4	5.8	8.6	-2.8
Materials	6.5	6.3	0.2	1.8	5.9	-4.1
Utilities	3.3	5.5	-2.2	4.1	5.4	-1.3
Consumer Discretionary	1.8	4.3	-2.5	2.4	4.4	-2.0
Consumer Staples	–	2.3	-2.3	–	1.6	-1.6
<b>Net current assets</b>	<b>0.8</b>	–	<b>0.8</b>	3.3	–	3.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>		100.0	100.0	

Based on total assets less current liabilities of £74.2m (2008: £69.5m).

# Income Statement

for the six months ended 31st March 2009

	(Unaudited)			(Unaudited)			(Audited)		
	Six months ended			Six months ended			Year ended		
	31st March 2009			31st March 2008			30th September 2008		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Gains/(losses) from investments held at fair value through profit or loss</b>									
Net foreign currency gains	–	4,995	4,995	–	(21,469)	(21,469)	–	(39,414)	(39,414)
Income from investments	–	364	364	–	166	166	–	103	103
Other interest receivable and similar income	499	–	499	235	–	235	2,306	–	2,306
	26	–	26	44	–	44	30	–	30
<b>Gross return/(loss)</b>	<b>525</b>	<b>5,359</b>	<b>5,884</b>	279	(21,303)	(21,024)	2,336	(39,311)	(36,975)
Management fee	(324)	–	(324)	(510)	–	(510)	(933)	–	(933)
VAT recoverable (note 3)	3	16	19	–	–	–	–	–	–
Performance fee (charge)/writeback	–	(135)	(135)	–	1,010	1,010	–	627	627
Other administrative expenses	(209)	–	(209)	(218)	–	(218)	(705)	–	(705)
<b>Net (loss)/return on ordinary activities before finance costs and taxation</b>	<b>(5)</b>	<b>5,240</b>	<b>5,235</b>	(449)	(20,293)	(20,742)	698	(38,684)	(37,986)
Finance costs	(15)	–	(15)	(95)	–	(95)	(150)	–	(150)
<b>Net (loss)/return on ordinary activities before taxation</b>	<b>(20)</b>	<b>5,240</b>	<b>5,220</b>	(544)	(20,293)	(20,837)	548	(38,684)	(38,136)
Taxation	(39)	–	(39)	(5)	–	(5)	(184)	–	(184)
<b>Net (loss)/return on ordinary activities after taxation</b>	<b>(59)</b>	<b>5,240</b>	<b>5,181</b>	(549)	(20,293)	(20,842)	364	(38,684)	(38,320)
<b>(Loss)/return per share (note 5)</b>	<b>(0.1)p</b>	<b>7.4p</b>	<b>7.3p</b>	(0.8)p	(28.6)p	(29.4)p	0.5p	(54.6)p	(54.1)p

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. The Total column represents all the information that is required to be disclosed in a Statement of Total Recognised Gains and Losses ('STRGL'). For this reason a STRGL has not been presented.

# Reconciliation of Movements in Shareholders' Funds

Six months ended 31st March 2009 (Unaudited)	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
<b>At 30th September 2008</b>	19,007	8,571	3	581	32,507	5,963	803	<b>67,435</b>
Sale of shares from Treasury	–	268	–	–	113	–	–	<b>381</b>
Net return/(loss) on ordinary activities	–	–	–	–	–	5,240	(59)	<b>5,181</b>
Dividends appropriated in the period	–	–	–	–	–	–	(355)	<b>(355)</b>
<b>At 31st March 2009</b>	19,007	8,839	3	581	32,620	11,203	389	<b>72,642</b>

Six months ended 31st March 2008 (Unaudited)	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
<b>At 30th September 2007</b>	18,866	8,712	3	581	33,364	44,647	796	<b>106,969</b>
Repurchase of shares into Treasury	–	–	–	–	(857)	–	–	<b>(857)</b>
Net loss on ordinary activities	–	–	–	–	–	(20,293)	(549)	<b>(20,842)</b>
Dividends appropriated in the period	–	–	–	–	–	–	(357)	<b>(357)</b>
<b>At 31st March 2008</b>	18,866	8,712	3	581	32,507	24,354	(110)	<b>84,913</b>

Year ended 30th September 2008 (Audited)	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
<b>At 30th September 2007</b>	18,866	8,712	3	581	33,364	44,647	796	<b>106,969</b>
Bonus issue of subscription shares	141	(141)	–	–	–	–	–	–
Repurchase of shares into Treasury	–	–	–	–	(857)	–	–	<b>(857)</b>
Net (loss)/return on ordinary activities	–	–	–	–	–	(38,684)	364	<b>(38,320)</b>
Dividends appropriated in the year	–	–	–	–	–	–	(357)	<b>(357)</b>
<b>At 30th September 2008</b>	19,007	8,571	3	581	32,507	5,963	803	<b>67,435</b>

# Balance Sheet

at 31st March 2009

	(Unaudited) 31st March 2009 £'000	(Unaudited) 31st March 2008 £'000	(Audited) 30th September 2008 £'000
<b>Fixed assets</b>			
Investments at fair value through profit or loss:			
China	40,001	39,799	30,067
Taiwan	19,505	23,849	19,448
Hong Kong	13,101	22,646	17,664
Singapore	950	–	–
<b>Total investments at fair value</b>	<b>73,557</b>	<b>86,294</b>	<b>67,179</b>
<b>Current assets</b>			
Debtors	520	2,321	685
Cash and short term deposits	1,161	3,885	3,478
	<b>1,681</b>	<b>6,206</b>	<b>4,163</b>
<b>Creditors:</b> amounts falling due within one year	<b>(1,067)</b>	<b>(4,936)</b>	<b>(1,870)</b>
<b>Net current assets</b>	<b>614</b>	<b>1,270</b>	<b>2,293</b>
<b>Total assets less current liabilities</b>	<b>74,171</b>	<b>87,564</b>	<b>69,472</b>
Provisions for liabilities and charges			
Performance fee	(1,529)	(2,651)	(2,037)
<b>Total net assets</b>	<b>72,642</b>	<b>84,913</b>	<b>67,435</b>
<b>Capital and reserves</b>			
Called up share capital	19,007	18,866	19,007
Share premium	8,839	8,712	8,571
Exercised warrant reserve	3	3	3
Capital redemption reserve	581	581	581
Other reserve	32,620	32,507	32,507
Capital reserves	11,203	24,354	5,963
Revenue reserve	389	(110)	803
<b>Shareholders' funds</b>	<b>72,642</b>	<b>84,913</b>	<b>67,435</b>
<b>Net asset value per share</b> (note 6)	<b>102.1p</b>	<b>120.1p</b>	<b>95.4p</b>

# Cash Flow Statement

for the six months ended 31st March 2009

	(Unaudited) Six months ended 31st March 2009 £'000	(Unaudited) Six months ended 31st March 2008 £'000	(Audited) Year ended 30th September 2008 £'000
<b>Net cash outflow from operating activities</b> (note 7)	<b>(1,064)</b>	(1,234)	(386)
Net cash outflow from returns on investments and servicing of finance	(15)	(100)	(159)
Taxation paid	–	–	–
Net cash (outflow)/inflow from capital expenditure and financial investment	<b>(1,628)</b>	6,848	7,979
Dividends paid	<b>(355)</b>	(357)	(357)
Net cash inflow/(outflow) from financing	<b>381</b>	(2,221)	(4,633)
<b>(Decrease)/increase in cash for the period</b>	<b>(2,681)</b>	2,936	2,444
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net cash movement	<b>(2,681)</b>	2,936	2,444
Loans repaid in the period	–	–	3,776
Exchange rate movements	<b>364</b>	162	103
Movement in net debt/funds in the period	<b>(2,317)</b>	3,098	6,323
Net funds/(debt) at the beginning of the period	<b>3,478</b>	787	(2,845)
<b>Net funds at the end of the period</b>	<b>1,161</b>	3,885	3,478
Represented by:			
Cash and short term deposits	<b>1,161</b>	3,885	3,478

# Notes to the Accounts

for the six months ended 31st March 2009

## 1. Financial statements

The information contained within the Financial Statements in this half year report has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 30th September 2008 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

## 2. Accounting policies

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' issued in January 2009.

All of the Company's operations are of a continuing nature.

The accounting policies applied to these half year accounts are consistent with those applied in the accounts for the year ended 30th September 2008.

## 3. VAT recoverable

No VAT has been charged on management fees since November 2007 when HM Revenue & Customs announced acceptance that VAT was not chargeable on investment trust management fees. The Company has since recovered VAT amounting to £19,000 and interest of £3,000 in respect of VAT paid in the past.

## 4. Dividends paid

	(Unaudited) Six months ended 31st March 2009 £'000	(Unaudited) Six months ended 31st March 2008 £'000	(Audited) Year ended 30th September 2008 £'000
Final dividend in respect of the year ended 30th September 2008 of 0.5p (2007: 0.5p) <sup>1</sup>	353	357	357

<sup>1</sup>No interim dividend has been declared in respect of the six months ended 31st March 2009 (2008: nil).

## 5. (Loss)/return per share

	(Unaudited) Six months ended 31st March 2009 £'000	(Unaudited) Six months ended 31st March 2008 £'000	(Audited) Year ended 30th September 2008 £'000
(Loss)/return per share is based on the following:			
Revenue (loss)/return	(59)	(549)	364
Capital return/(loss)	5,240	(20,293)	(38,684)
<b>Total return/(loss)</b>	<b>5,181</b>	<b>(20,842)</b>	<b>(38,320)</b>
Weighted average number of shares in issue	71,021,463	70,899,963	70,791,482
Revenue (loss)/return per share	(0.1)p	(0.8)p	0.5p
Capital return/(loss) per share	7.4p	(28.6)p	(54.6)p
<b>Total return/(loss) per share</b>	<b>7.3p</b>	<b>(29.4)p</b>	<b>(54.1)p</b>

## 6. Net asset value per share

Net asset value per share is calculated by dividing shareholders' funds by the number of ordinary shares in issue at 31st March 2009 of 71,133,001 (31st March 2008: 70,683,001 and 30th September 2008: 70,683,001), excluding shares held in Treasury.

## 7. Reconciliation of net return/(loss) on ordinary activities before finance costs and taxation to net cash outflow from operating activities

	(Unaudited) Six months ended 31st March 2009 £'000	(Unaudited) Six months ended 31st March 2008 £'000	(Audited) Year ended 30th September 2008 £'000
Net return/(loss) on ordinary activities before finance costs and taxation	5,235	(20,742)	(37,986)
Add back capital (return)/loss before finance costs and taxation	(5,240)	20,293	38,684
Scrip dividends received as income	(66)	(31)	(87)
Decrease in accrued income	34	134	76
Decrease/(increase) in other debtors	36	17	(22)
(Decrease)/increase in accrued expenses	(44)	(28)	5
Overseas taxation	(38)	(5)	(184)
VAT recoverable included in capital	16	—	—
Performance fee paid	(997)	(872)	(872)
<b>Net cash outflow from operating activities</b>	<b>(1,064)</b>	<b>(1,234)</b>	<b>(386)</b>

# Interim Management Report

The Company is required to make the following disclosures in its half year report.

## Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into five broad categories: investment and strategy; accounting, legal and regulatory; corporate governance and shareholder relations; operational and financial. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 30th September 2008.

During the market turmoil in the second half of 2008, JPMAM reacted with heightened management scrutiny of counterparty risk. In addition, reviews were initiated of exposures, policies, procedures and legal arrangements applicable to the major sources of counterparty exposure.

## Related Parties Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have

materially affected the financial position or the performance of the Company during the period.

## Directors' Responsibilities

The Board of Directors confirms that, to the best of its knowledge:

- (i) the condensed set of financial statements contained within the half yearly financial report has been prepared in accordance with the Accounting Standards Board's Statement 'Half-Yearly Financial Reports'; and
- (ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure and Transparency Rules.

For and on behalf of the Board

**Nigel Melville**  
Chairman

19th May 2009

# Subscription Shares

On 16th April 2008 the Company issued subscription shares as a bonus issue to the ordinary shareholders on the basis of one subscription share for every five ordinary shares held. Each subscription share confers the right (but not the obligation) to subscribe for one ordinary share on 15th May in each year from 2009 to 2013, whereupon the rights under the subscription shares will lapse. On 15th May 2009 applications were received to convert 79,460 subscription shares into ordinary shares.

Future conversion prices have been determined as follows:

- (a) if exercised on 15 May 2010 - 143 pence
- (b) if exercised on 15 May 2011, 2012 or 2013 - 168 pence

For the purposes of UK taxation, the issue of Subscription shares is treated as a reorganisation of the Company's share capital. Whereas such reorganisations do not trigger a chargeable disposal for the purposes of the taxation of capital

gains, they do require shareholders to reallocate the base costs of their Ordinary shares between Ordinary shares and Subscription shares received.

At the close of business on 16th April 2008 the middle market prices of the Company's Ordinary shares and Subscription shares were as follows:

Ordinary shares: 116p

Subscription shares: 22p

Accordingly an individual investor who on 15th April 2008 held five Ordinary shares (or a multiple thereof) would have received a bonus issue of one Subscription share (or the relevant multiple thereof) and would apportion the base cost of such holding 96.35% to the five Ordinary shares and 3.65% to the Subscription shares.



# Information about the Company

## Financial Calendar

Financial year end	30th September
Final results announced	November
Half year end	31st March
Half year results announced	May
Interim Management Statements announced	January/July
Dividend on ordinary shares paid (if any)	December
Subscription shares exercise dates	15th May 2009/2010/2011/2012/2013
Annual General Meeting	December

### History

JPMorgan Chinese Investment Trust plc was launched in October 1993, as The Fleming Chinese Investment Trust plc, by a public offer of shares which raised £60 million before expenses. The Company changed its name to JPMorgan Fleming Chinese Investment Trust in December 2001 and adopted its present name on 14th December 2005.

### Directors

Nigel Melville (Chairman)  
Sir Andrew Burns KCMG  
William Knight  
Irving Koo OBE  
Madam Yujiang Zhao

### Company Numbers

Company registration number: 02853893

### Ordinary Shares

London Stock Exchange Sedol number: 0343501  
ISIN: GB0003435012  
Bloomberg ticker: JMC LN

### Subscription Shares

London Stock Exchange Sedol number: B2PNJ66  
ISIN: GB00B2PNJ662  
Bloomberg ticker: JMCS

### Market Information

The Company's net asset value ('NAV') is published daily, via the London Stock Exchange. The Company's ordinary shares are listed on the London Stock Exchange and are quoted daily in the Financial Times, The Times, The Daily Telegraph, The Scotsman, The Independent and on the JPMorgan website at [www.jpchininese.co.uk](http://www.jpchininese.co.uk), where the ordinary share price is updated every fifteen minutes during trading hours.

The Company's subscription share price is listed on the London Stock Exchange and quoted daily in the Financial Times and on the JPMorgan website at [www.jpchininese.co.uk](http://www.jpchininese.co.uk), where the subscription share price is updated every fifteen minutes during trading hours.

### Website

[www.jpchininese.co.uk](http://www.jpchininese.co.uk)

### Share Transactions

The shares may be dealt in directly through a stockbroker or a professional adviser acting on an investor's behalf. They may also be purchased and held through the Investment Trust Share Plan, Individual Savings Account ('ISA') and Pension Account.

### Manager and Company Secretary

JPMorgan Asset Management (UK) Limited

### Company's Registered Office

Finsbury Dials  
20 Finsbury Street  
London EC2Y 9AQ  
Telephone number: 0207 742 6000

For company secretarial and administrative matters please contact Christopher Legg.

### Registrars

Equiniti  
Reference 1078  
Aspect House  
Spencer Road  
West Sussex BN99 6DA  
Telephone number: 0871 384 2317

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1078. Registered shareholders can obtain further details on their holdings on the internet by visiting [www.shareview.co.uk](http://www.shareview.co.uk)

### Auditors

PricewaterhouseCoopers LLP  
Hay's Galleria  
1 Hay's Lane  
London SE1 2RD

### Brokers

Winterflood Securities  
The Atrium Building  
Cannon Bridge  
25 Dowgate Hill  
London EC4R 2GA

### Savings Product Administrators

For queries on the JPMorgan ISA, Share Plan or Pension Account, see contact details on the back cover of this report.

**aic**

The Association of  
Investment Companies

A member of the AIC

# Glossary of Terms

## **Return to shareholders**

Total return to the investor, on a mid-market price to mid-market price basis, assuming that all dividends received by shareholders were reinvested in the shares of the Company at the time the shares were quoted ex-dividend. Transaction costs of reinvestment are not taken into account.

## **Return on net assets**

Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested in the shares of the Company at the NAV per share at time the shares were quoted ex-dividend. Transaction costs of reinvestment are not taken into account.

## **Benchmark return**

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received (net of tax) were reinvested in the shares of the underlying companies at time the shares were quoted ex-dividend. The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not follow or 'track' this index and consequently, there may be some divergence between the Company's performance and that of its stated benchmark index.

## **Discount/Premium**

If the share price of an investment company is lower than the net asset value ('NAV') per share, the trust is said to be trading at a discount. The discount is shown as a percentage of the NAV. The opposite of a discount is a premium. It is more common for an investment company to trade at a discount than a premium.

## **Active Position**

The active position shows the difference between the Company's holding of an individual stock, sector or country compared with that stock, sector or country's weighting in the Company's benchmark index. A positive number indicates an active decision by the Manager to own more of (i.e. be overweight) a particular stock, sector or country versus the benchmark and a negative number indicates a decision to hold less of (i.e. be underweight) a particular stock, sector or country versus the benchmark.

## **China A-Shares**

Companies incorporated in mainland China and traded on the mainland A-Share markets. The prices of A-Shares are quoted in renminbi, and currently only mainlanders and selected foreign institutional investors are allowed to trade A-Shares.

## **China B-Shares**

Companies incorporated in mainland China and traded on the mainland B-Share markets. The prices of B-Shares are quoted in US dollars and are available to both mainlanders and foreign investors.

## **Hong Kong H-Shares**

Companies incorporated in mainland China and listed in Hong Kong and other foreign stock exchanges.

## **Hong Kong Red Chip Shares**

Companies incorporated outside mainland China and listed in Hong Kong, but with controlling shareholders (at least 30% ownership) from mainland Chinese entities.



