JPMorgan Chinese Investment Trust plc

Annual Report & Accounts for the year ended 30th September 2015

J.P.Morgan
Asset Management

Features

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).

Further details on investment policies and risk management are given in the Strategic Report on page 21.

Benchmark

MSCI Golden Dragon Index, with net dividends reinvested, in sterling terms.

Risk

Investors should note that there can be significant economic and political risks inherent in investing in emerging economies. As such, the Greater China 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

At 30th September 2015, the Company’s issued share capital comprised 77,914,965 Ordinary shares of 25p each, including 2,909,495 shares held in Treasury.

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 2018 and every fifth year thereafter.

Management Company

The Company employs JPMorgan Funds Limited (‘JPMF’ or the ‘Manager’) as its Alternative Investment Fund Manager (‘AIFM’). JPMF delegates the management of the Company’s portfolio to JPMorgan Asset Management (UK) Limited (‘JPMAM’).

Association of Investment Companies

The Company is a member of the Association of Investment Companies (‘AIC’).

Website

The Company’s website, which can be found at www.jpmchinese.co.uk, includes useful information on the Company, such as daily prices, factsheets and current and historic half year and annual reports.

FCA regulation of ‘non-mainstream pooled investments’

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the rules of the Financial Conduct Authority (‘FCA’) in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA’s restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Contents

Financial Results

TOTAL RETURNS (INCLUDES DIVIDENDS REINVESTED)

-7.0%

Return to Ordinary shareholders[1]

(2014: +12.0%)

+0.2%

Return on net assets[2]

(2014: +7.8%)

0.0%

Benchmark total return[3]

(2014: +6.8%)

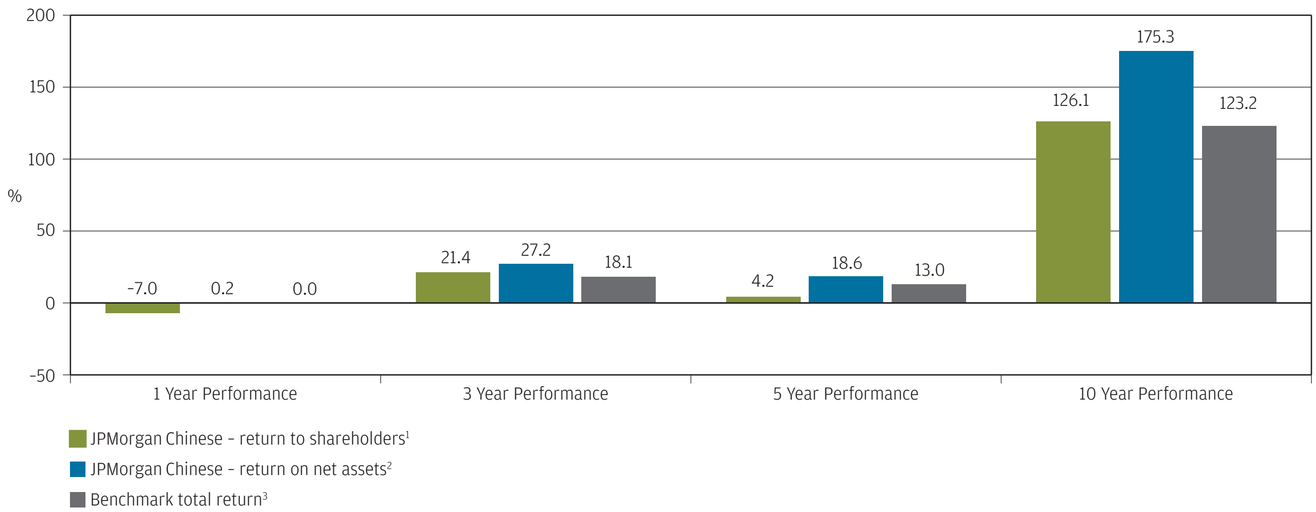
1.8p

Dividend

(2014: 1.6p)

Cumulative Performance

FOR PERIODS ENDED 30TH SEPTEMBER 2015



[1] Source: Morningstar.

[2] Source: J.P. Morgan.

[3] Source: MSCI. The Company's benchmark is the MSCI Golden Dragon Index with net dividends reinvested, in sterling terms.

CHAIRMAN'S STATEMENT

Performance

In the year to 30th September 2015, the Company achieved a return to Ordinary shareholders, which includes the final dividend of 1.60 pence paid in February 2015, of -7.0%. The Company's total return on net assets, which comprises the change in net asset value ('NAV') with the dividends received reinvested, amounted to 0.2%. By comparison, the return of the Company's benchmark, the MSCI Golden Dragon Index, was flat over the same period. The small outperformance was achieved as a result of careful stock selection. The widening discount has been a reflection of the benchmark used rather than the Company's own performance.

China Outlook

This has been a highly difficult year for foreign investors in China. They have been faced with roller-coaster conditions while the economy continues to slow down and emphasis is placed on the growth of consumerism as an integral phase in the new modernisation programme agreed to at the 2014 party plenum. The slowing economy, the risks arising from investing in cyclical industries and the structural difficulties faced by state-owned industries and the banking and property sectors have challenged fund managers. The giddy rise and fall in value of companies listed on the 'A' share domestic markets in Shanghai and Shenzhen, fueled by domestic investors, and the consequential panic reaction by officialdom not familiar at the time with how best to respond to restore calmness and stability, have compounded the difficulties for fund managers.

Despite these challenges, China's transition from its original economic model provides an exciting momentum for the value investor and ultimate stock picker, the hall marks of the JPMorgan Greater China investment team. The Manager's report highlights very interesting sectors in which good growth companies may be found as well as what can be achieved through careful stock selection in politically charged sectors such as banking and property (China Merchants Bank and China Vanke respectively). The standout sectors include: automation, travel and tourism, healthcare, insurance, logistics, environmental services, food production and the ever-growing use of e-commerce by consumers even in 3rd and 4th tier cities. The construction industry can be expected to benefit from the essential requirement for schools and hospitals in China and the massive infrastructure and communication needs across South-East Asia and other parts of the globe where China's construction industry is, or is looking to be, active.

Many of these sectors were identified by us a year ago and a number of the chosen companies within these sectors continue to grow impressively. Spring Airlines in the travel and tourism sector and Tencent, the internet giant, come to mind. We expect to have greater access to 'A' share listed companies especially when the Shanghai – Hong Kong Stock Connect includes the Shenzhen exchange (and eventually a Shanghai – London Connect is established). As with many Chinese companies, western style standards of corporate governance with regard to the treatment of minority shareholders are lacking. However, with greater access by analysts, fund managers and shareholders to the ownership and management of 'A' share quoted companies, greater transparency and better corporate governance is beginning slowly to be adopted by many of the companies as they comprehend the expectations of foreign investors better – it is an educational process after all. Investing in China therefore is an exciting prospect and no longer is it a question of whether to invest in China but whether an investor can afford not to.

CHAIRMAN'S STATEMENT *CONTINUED*

Taiwan Outlook

Investing in Taiwan in many respects is the antidote to China. So often has attribution to Taiwanese stocks provided value to the performance of your Company not least because of the long established, strong JPMorgan investment team based in Taipei. Advanced technology and financial services have long been the mainstays of Taiwanese company stock selection, although seasonality amongst technology stocks can produce some volatility. Technology will continue to be an important driver and the financial services sector should grow significantly with the expected establishment of the Shanghai-Taipei Stock Connect. What is changing is the impact of the travel and tourist industry on the Taiwanese economy as mainland Chinese visitors discover Taiwan in ever greater numbers. Food production – and it should be noted the success of Taiwanese food production companies in mainland China – health care and e-commerce are other sectors of promise, just as they are on the mainland. Elections are pending in Taiwan but whatever the result, undervalued Taiwanese companies with growth prospects will continue to form part of our Greater China portfolio.

Hong Kong Outlook

Hong Kong has been suffering from the economic slowdown in China and the measures taken by the government to drive down corruption. The result is that visits to Hong Kong by mainland visitors have slowed appreciably. Retailers of consumer branded products are consequently suffering as is the gaming sector of Macau. However, property prices would appear to be holding up driven by the importance of Hong Kong as a global financial services centre and its ability to take advantage of the opportunities deriving from the internationalisation of the RMB. Hong Kong is good at adapting to changing circumstances and as a time zone service centre to complement London and New York, Hong Kong excels even if its importance to China is less strong than it was. Although the Shanghai-Hong Kong Stock Connect has been slow to gather momentum it can be expected to galvanise liquidity going forward.

Revenue and Dividends

The revenue for the year, after taxation, was £1,701,000 (2014: £1,281,000). The revenue return per share, calculated on the average number of shares in issue, was 2.25 pence (2014: 1.70 pence).

The Board is recommending a dividend of 1.80 pence (2014: 1.60 pence) per share in respect of the financial year ended 30th September 2015 given the Company's return on its Revenue Account. Subject to shareholders' approval at the Annual General Meeting, this dividend will be paid on 2nd February 2016 to shareholders on the register at the close of business on 11th December 2015.

As previously stated, shareholders should note that the Company's objective remains that of long term capital growth and dividends will vary from year to year accordingly.

Gearing

In January 2015 the Company renewed its £20 million facility with Scotiabank for a further 364 day period on the same terms but at a reduced margin. On 5th May 2015 the facility was further increased to £30 million. The facility matures on 21st January 2016 at which point the Board will consider another gearing facility.

During the year the Company's gearing ranged from 7.4% to 14.0% geared and, at the time of writing, was 9.2%. The current facility allows the Investment Managers the flexibility to manage the gearing tactically within a range set by the Board of 10% net cash to 15% geared. The Board has reviewed the gearing policy. One of the advantages of the investment trust structure is that it allows the Manager to use gearing to enhance returns for shareholders and with this in mind the Board has decided to increase that maximum level of gearing from 15% to 20%, subject to shareholder approval of the new investment policy as discussed below.

Share Issues and Repurchases

The Directors have authority to issue new Ordinary shares for cash and to repurchase shares in the market for cancellation or to hold in Treasury. The Company will reissue shares held in Treasury only at a premium to NAV.

During the year, the Company did not issue any new Ordinary shares, although it did repurchase 525,956 shares into Treasury. However, the Board believes that its policy of share issuance and repurchases has helped to reduce discount volatility in the past and therefore recommends that the authorities be kept in place. Accordingly, it is seeking approval from shareholders to renew the share issuance and repurchase authorities at the forthcoming Annual General Meeting.

Review of services provided by the Manager

During the year the Board carried out a thorough review of the investment management, secretarial and marketing services provided to the Company by the Manager. Following this review, the Board has concluded that the continued appointment of the Manager on the terms agreed is in the interests of the shareholders as a whole.

An agreement has been reached with J.P. Morgan Funds Ltd ('JPMF') to remove the performance fee element from the current fee arrangement and revert to a management fee only at a flat fee of 1% per annum of the Company's total assets less current liabilities, after adding back any loans. This change was implemented at the Company's year end (30th September 2015).

The Company's ongoing charges for the financial year, as a percentage of the average of the daily net assets during the year, were 1.42%, which includes the increased costs associated with the AIFMD.

Board of Directors

In August 2015, the Board through its Nomination and Remuneration Committee carried out a comprehensive evaluation of the Board, its committees, the individual Directors and the Chairman. Topics evaluated included the size and composition of the Board, Board information and processes, shareholder engagement and training and accountability. The report confirmed the efficacy of the Board.

As part of the evaluation process, the Board has considered succession planning and has agreed a planned phased exit for the longest-serving Directors, ahead of the Company's next continuation vote in 2018. Sir Andrew Burns will retire from the Board at the conclusion of the 2016 AGM. He joined the Board in 2003. On behalf of the Board, I would like to thank Sir Andrew for his valuable contribution to the Company over the years.

CHAIRMAN'S STATEMENT *CONTINUED*

Proposed Changes to Benchmark and Investment Objective and Policy

Your Board, in conjunction with the Manager, has conducted a review of the benchmark that the Company is managed against. At the time of the Company's launch in 1993, the MSCI Golden Dragon Index offered the best comparator of the investment opportunity. However, as the investment opportunities in mainland China have increased in recent years, the Board and the Manager now consider that the MSCI China Index provides a better reflection of the investment opportunity. In light of the increase in investment opportunities in mainland China and reflecting the proposed change in the benchmark, the Company is proposing certain changes to its investment policy including allowing for a greater allocation to China A-Shares. However, the Manager continues to find quality investments in Taiwan and Hong Kong which will also give exposure to the wider China economy and therefore the proposed investment policy will continue to allow for investment in Taiwan and Hong Kong listed companies. These changes reflect an evolution of the market and the changing access to mainland Chinese companies that has occurred since the launch of the Company. The proposed new investment objective and investment policy, as set out in the Appendix to the Company's annual report and accounts for the year ended 30th September 2015, will be proposed at the forthcoming AGM and the Board recommends shareholders vote in favour of this resolution. The change in the Company's benchmark will take effect following the AGM, conditional on shareholder approval of the new investment objective and investment policy.

Annual General Meeting

This year's Annual General Meeting will be held at 60 Victoria Embankment, London EC4Y 0JP on Monday, 25th January 2016 at 11.30 a.m. In addition to the formal proceedings, there will be a presentation by a representative of the investment management team, who will also be available to respond to questions on the Company's portfolio and investment strategy. I look forward to seeing as many of you as possible at the meeting. If you have any detailed questions, you may wish to raise these in advance with the Company Secretary or via the Company's website by following the 'Ask the Chairman' link at www.jpmchinese.co.uk. Shareholders who are unable to attend the Annual General Meeting in person are encouraged to use their proxy votes. Shareholders who hold their shares through CREST are able to lodge their proxy votes electronically.

William Knight
Chairman

21st December 2015

INVESTMENT MANAGERS' REPORT


Howard Wang


Emerson Yip


Shumin Huang


William Tong

For the financial year ended 30th September 2015, the Company delivered a total return on net assets of +0.2% (in GBP terms) against a benchmark return of 0.0%. During this period, stock selection in China and Taiwan contributed positively while stock selection in Hong Kong detracted. In terms of asset allocation, despite corrections in the Chinese markets in recent months, China A-shares still enjoyed gains over the past year and our overweight position contributed to performance. Meanwhile, an average gearing of 10.0% detracted from returns, primarily driven by a leverage to falling markets in the last quarter of the financial year, when the Company was geared at an average of 13.8%.

Over the reporting period, the Company's portfolio was helped by stock selection in China. Our overweight position in the financial sector, in names such as Ping An (insurance), China Merchants Bank (mid-sized bank) and China Vanke (property), contributed to returns as stocks rallied over this period on the back of a supportive liquidity environment. Our technology stock picks also helped performance. Overweight positions in component providers AAC Technologies and Catcher Technology worked well as they are leveraged to the Apple food chain and geared to capture market share and new revenue opportunities through the new-generation iPhones. Positive contribution also came from a variety of secular growth names across healthcare (Sino Biopharmaceutical), internet (Tencent), environmental related play (Zhengzhou Yutong Bus) and consumption (Spring Airlines). As we underwent episodes of market volatility this year, we have taken advantage of the indiscriminate sell-down as buying opportunities to add to quality growth companies we like, with the belief that, in China's transition to a 'New Normal,' these are the investments with strong multi-year growth prospects.

On the negative side, the casino operators sold off sharply over this period on weak gaming revenue growth, pressured by ongoing anti-corruption clampdowns, renewed concerns over capital flow restrictions and the latest junket scandal. The collapse in the energy complex hurt companies such as Sinopec Oilfield Service and China Petroleum & Chemical, where our overweight positions detracted from returns. Lackluster global growth also negatively impacted several companies in the materials sector, such as Angang Steel and China Steel Chemical, with weak demand weighing on earnings. Additionally, our overall underweight exposure in China Mobile hurt returns, as the stock's defensive earnings stream held up better than peers. The recent top-level leadership reshuffle among the largest three telecom operators also drove share price volatility. We continue to be underweight in the space due to rich valuations, limited growth prospects and reform dependency given its state-owned enterprise constituents.

China Review

Chinese equities rallied in the fourth quarter of 2014, with offshore-listed equities up 7% and domestic A-shares (CSI 300) rising sharply, up 44%. The key catalysts were the rate cut in late November – the first cut since 2012 – coupled with a steady recovery in property transactions and further progress on structural reforms (such as local government financing vehicle ('LGFV') debt). The rise was led almost solely by financial sectors, which benefited from the avoidance of a hard landing, rate sensitivity and attractive valuations.

Market strength continued into the first quarter of this calendar year, with offshore-listed equities up 8% and domestic A-shares (CSI 300) up 15%. The key catalysts were accommodative policy in terms of both cyclical stimulus (easing monetary/fiscal policies) and structural reforms (relating to LGFV debt swaps and deposit insurance, for example), despite the macroeconomic backdrop remaining weak. The gains have been led by both cyclical names (beneficiaries of policy easing) as well as growth sectors.

In the second quarter of 2015, however, the stock market began to struggle with volatility, driven by fears of a government crackdown on grey market margin financing. Both onshore

INVESTMENT MANAGERS' REPORT *CONTINUED*

and offshore Chinese equities came sharply down in June, with the latter suffering from a spill-over and renewed concerns over Greece. Despite a rollercoaster second quarter in 2015, however, the Chinese markets ended the period with H-shares up 4.2% and domestic A-shares up 10.4%.

Markets were less resilient in the last quarter of the financial year as the summer was impacted with further concerns over margin financing rules, the sudden devaluation of the renminbi and weaker earnings potential due to further macro weakness. The government's less coordinated crackdown of grey market financing resulted in a sharp share price fall after forced selling and dried-up market liquidity, despite support from buying by quasi-government funds. Chinese equities ended sharply down in the third quarter, with offshore-listed equities falling 23.2% and domestic A-shares (CSI 300) losing 28.4% in local currencies.

China Outlook

We expect macro indicators to stabilise from very low levels. The government has stepped up its efforts on fiscal policy easing. August fiscal spending from central government increased to 31% year on year compared to the 15% growth achieved in the first eight months of the year, despite fiscal revenue slowing to single-digit growth from double digits. The stabilised renminbi shows the PBoC's determination to defend the currency from overshooting, potentially providing a cushion for further monetary easing. Some green shoots are emerging. September NBS Manufacturing PMI picked up moderately to 49.8% from 49.7% in August, surpassing expectations. The recovery was partly driven by the resumption of production after the factory shutdown in northern China for the 3rd September Military Parade, as well as by government-led investment since September.

On the structural reform front, the picture looks mixed. The government's heavy-handed intervention in the stock market represents a clear setback for financial reform. We are keeping a close eye on the potential rollout of government measures to move the capital market mechanism towards a more market-driven model. Meanwhile, a RMB 3.2 trillion local government debt swap has surprised on the upside. New guidelines for state-owned enterprise reforms have also been announced, although execution will remain critical.

Market valuations now stand close to trough levels, at 9X forward one-year price-to-earnings. We believe the key swing factor is expectations for the renminbi, given the potential consequences of the 'Impossible Trinity' – the economic theory that dictates that if a government has exchange-rate and interest-rate targets as well as free capital flows, it can only control two – but not all three – factors at the same time. Any longer-term market re-rating would hinge on the degree to which structural reforms can help put economic recovery and growth on a more sustainable footing.

Hong Kong Review

Hong Kong equities managed only a modest gain in the fourth quarter of 2014, held back by substantial weakness in the Macau gaming sector. The highly-anticipated Shanghai-Hong Kong Stock Connect scheme commenced with disappointing volumes, especially on the southbound route. Meanwhile, the student-led prodemocracy protests were cleared up without much further incident due to waning public support. However, the aftermath of these protests may result in further political gridlock, affecting the ability of the government to move forward with its economic policy initiatives.

Hong Kong equities continued to advance in the first quarter of 2015, driven by proposed corporate restructuring. The market then witnessed explosive growth in turnover towards the end of the quarter and into the second, spurred by the clarification of rules designed for domestic mainland China funds investing in Hong Kong equities under the Stock Connect programme. Market turnover set record highs on multiple fronts, including full utilisation of the southbound quota for the first time, though still benefitting China-related counters more than Hong Kong equities. However, at the end of the second quarter, the market sold off on concerns over Greece's potential exit from the eurozone, coupled with a substantial market correction in the domestic China equity market.

Hong Kong equities ended the financial year on a soft note, suffering a steep decline in last quarter along with the sharp correction in China, driven by government crackdown on margin financing and dampened investor sentiment from a surprise RMB devaluation, as well as concerns over global growth as the Fed delayed its interest rate hike.

On the property front, primary sales projects continued to achieve decent volumes on a more selective basis, while secondary prices have started to pull back. There has also been a more pronounced slide in retail rentals, given the continued decline in retail sales and weak mainland tourist numbers. After rallying on the back of a relaxation of the transit visa rules – the first positive policy change in over a year, the Macau gaming sector continued its recent downward spiral given the Chinese stock market sell-offs, new regulations on casino junket operations and cash transfers from mainland China, and nervous sentiment exacerbated by the scandal over a junket manager absconding with client money.

Hong Kong Outlook

Uncertainty over the US rate hike and the slowing Chinese economy continue to weigh on the Hong Kong stock market. However, we do not subscribe to the hard-landing scenario in China, nor to an accompanying credit crisis. The current share valuation should therefore provide good support despite slowing economic momentum.

The property sector has become more challenging as the residential segment appears to be capitulating, while the retail sector remains in the doldrums. However, share prices have discounted a fairly negative price scenario. On the other hand, central office vacancy rates are now close to 1%, setting the scene for further rental increases.

After the recent further price correction, Macau gaming shares are now trading at reasonable valuations relative to historical ranges. Moreover, the Chinese government appears to be open to measures to support the Macau economy, including the gaming sector. However, continued economic weakness and capital control measures are keeping per capita gaming spending on a downward trend, meaning gaming revenue growth could be challenging to achieve.

Taiwan Review

The Taiwan index ended the fourth quarter of 2014 with an almost 4% quarter-on-quarter gain, with a late year-end rally. The quarter was weighed down by a number of negative factors, such as technology seasonality, sentiment over the government's tax plan on large retail investors, concerns over Ebola, and the Kuomintang's potential weak showing in the November election, offset by the decline in oil price and a turnaround in sentiment after digesting the landslide victory for the opposition party in the election and the delay in the tax implementation.

Gains continued into the first quarter of 2015. The market saw some profit-taking in the technology sector initially, particularly in stocks that are part of the Apple supply chain, following a very strong iPhone 6 launch late in the third quarter of last year, as well as concerns that the consumer technology product cycle will be much more moderate in 2015. However, the selling reversed quickly as the Taiwanese market continued to deliver the best earnings revisions in the region, while still being seen as one of the most defensive of

INVESTMENT MANAGERS' REPORT *CONTINUED*

emerging markets, with a high dividend yield and a high current account surplus-to-GDP ratio of 12-13%.

The Taiwan Stock Exchange Index trended higher in April, but failed to sustain this momentum in latter sessions and finished down 2.7% quarter on quarter. The strength in April was boosted by speculation over the establishment of a stock trading link between Taipei and Shanghai. Unsurprisingly, financials were one of the strongest performers, as they also reported stronger-than expected first-quarter 2015 results. The market turned weak in May and June, with investors locking in profits ahead of the summer. Technology wrapped up the quarter with a 4.5% quarter-on-quarter decline, with weakness in most subsectors, including PCs, notebooks and smartphones. Non-technology fared better in comparison, with gains in energy, textiles, financials and food.

The market continued to fall in the last quarter of the financial year, ending down 15.2%, its biggest quarterly decline in the last four years. The index trended steadily down in July and August with the slump in Chinese stocks, but stabilised in September. Defensive sectors outperformed. Weak technology demand and relatively high inventory levels have not only led to a disappointing results season in the second quarter, but also to a weaker outlook for the technology sector in the third quarter, affecting Apple iPhone supply chain names as well. The 2015 GDP growth forecast has been lowered from 3.3% to 1.6%, impacted by the weak export and manufacturing sectors. However, private consumption and fixed investment growth seem to show some stabilisation.

Taiwan Outlook

The Fed rate outlook is one of the key constraints on a rate cut by emerging market policymakers, although the Central Bank of the Republic of China (Taiwan) unexpectedly cut its discount rate by 12.5 basis points to 1.75%. Taiwan has a strong current account surplus, averaging an elevated 9.6% of GDP for the three years through 2013, and surged to 12.4% of GDP in 2014. The wide current account surplus should leave room for the central bank to continue implementing accommodative monetary policies without triggering significant concerns about external balance vulnerabilities and the currency.

With the weak guidance in the technology sector, investors remain cautious about further potential earnings downgrade. The technology sector has seen a major sell-off over concerns with slower global smartphone demand and lacklustre demand for PCs, notebooks and LCD TVs. However, we remain positive on tech given near-trough valuations. Further earnings downside should be limited unless we experience a global demand shock. At the same time, we could be at the late stage of inventory correction by the fourth quarter. Outside of technology, demand for certain consumer discretionary goods remains strong, as evidenced by strong results from Nike. Overall, value is emerging and despite the shaky outlook, we maintain a constructive view given Taiwan's muted performance within the region.

Greater China Outlook

While the industrial economy has clearly stalled out based on micro-level indicators, we do not believe we are on the verge of a banking crisis, and China's consumer and service economy continues to be robust. Admittedly, market corrections may not be pleasant for investors, but it's important to keep a few things in perspective. The equity sell-offs not only moderated frothy valuations and afforded us good buying opportunities for the stocks we like, but also have a fairly marginal impact on the Chinese consumer given low household equity holdings. The property market, on the other hand, matters more in reducing economic risk, and we have seen stabilisation there. Rising sales volume and property prices paired with weak housing starts are evidence of inventory digestion. We believe macro indicators should stabilise from very low levels and the policy direction to be largely unchanged, though execution will be key. Any further RMB depreciation should be slow, as a stabilised RMB shows the PBoC's determination to defend the currency from overshooting, potentially providing a cushion for further monetary easing. Near term sentiment may remain volatile through this growth transition and further deleveraging, but we still believe there are plenty of secular growth opportunities in China's 'new economy' sectors, such as healthcare, internet, consumption and environmental services, with strong multi-year prospects, despite an overall slower growth environment. Any longer-term market re-rating would hinge on the degree to which structural reforms can help put economic recovery and growth on a more sustainable footing.

Howard Wang
Emerson Yip
Shumin Huang
William Tong
Investment Managers

21st December 2015

PERFORMANCE ATTRIBUTION FOR THE YEAR ENDED 30TH SEPTEMBER 2015

	%	%
Contributions to total returns		
Benchmark return		0.0
Asset allocation	0.9	
Stock selection	2.3	
Currency effect	0.4	
Gearing/cash	-1.9	
Investment Manager contribution		1.7
Dividends/Residual		-0.1
Portfolio return		1.6
Management fee/other expenses	-1.4	
Performance fee	-0.1	
Total fees and other expenses		-1.5
Structural effect – share buybacks		0.1
Return on net assets		0.2
Return to shareholders		-7.0

Source: Factset, JPMAM and Morningstar. All figures are on a total return basis.

Performance attribution analyses how the Company achieved its recorded performance relative to its benchmark.

A glossary of terms and definitions is provided on pages 72 and 73.

SUMMARY OF RESULTS

	2015	2014	
Total returns for the year ended 30th September			
Return to shareholders[1]	-7.0%	+12.0%	
Return on net assets[2]	+0.2%	+7.8%	
Benchmark[3]	0.0%	+6.8%	
Net asset value, share price and discount at 30th September			**% change**
Shareholders' funds (£'000)	135,932	137,802	-1.4
Net asset value per share	181.2p	182.4p	-0.7
Share price	150.8p	163.5p	-7.8
Share price discount to net asset value per share	16.8%	10.4%	
Shares in issue (excluding shares held in Treasury)	75,005,470	75,531,426	
Revenue for the year ended 30th September			
Gross revenue attributable to shareholders (£'000)	4,436	3,585	+23.7
Net revenue attributable to shareholders (£'000)	1,701	1,281	+32.7
Revenue return per share	2.25p	1.70p	+32.4
Dividend per share	1.80p	1.60p	
Gearing at 30th September[4]	**14.3%**	**8.8%**	
Ongoing charges[5]	**1.42%**	**1.40%**	

A glossary of terms and definitions is provided on pages 72 and 73.

[1] Source: Morningstar.

[2] Source: J.P. Morgan.

[3] Source: MSCI. The benchmark is the MSCI Golden Dragon Index total return with net dividends reinvested, in sterling terms.

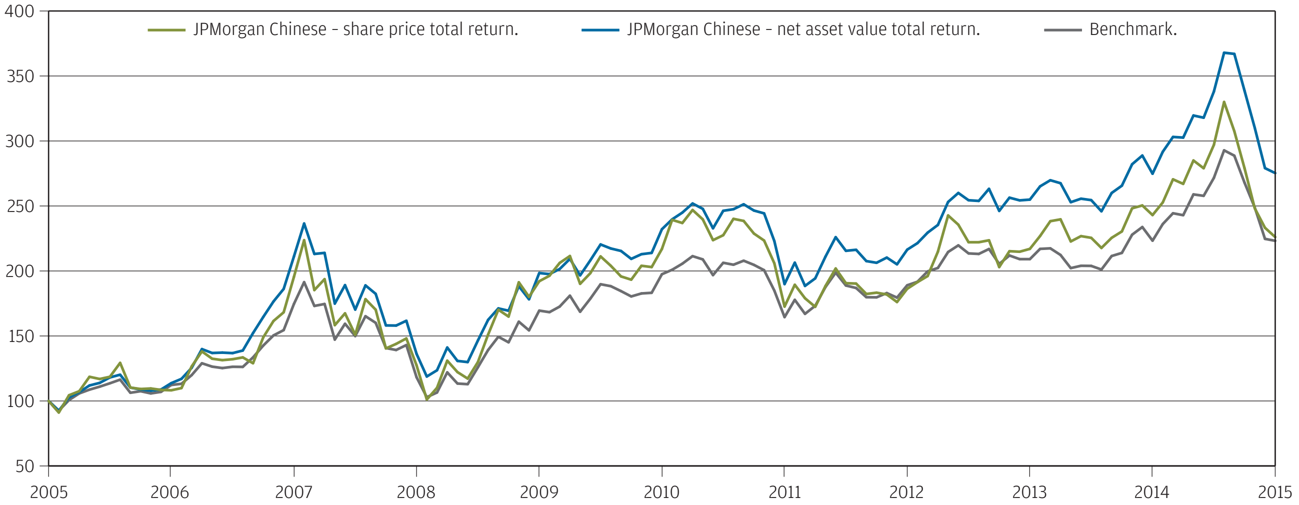
[4] Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position.

[5] Management fee and all other operating expenses, excluding finance costs and performance fee payable, expressed as a percentage of the average daily net assets during the year and are calculated in accordance with guidance issued by the Association of Investment Companies in May 2012. The Ongoing Charges including any performance fee payable are 1.46% (2014: 1.78%).

PERFORMANCE

Ten Year Performance

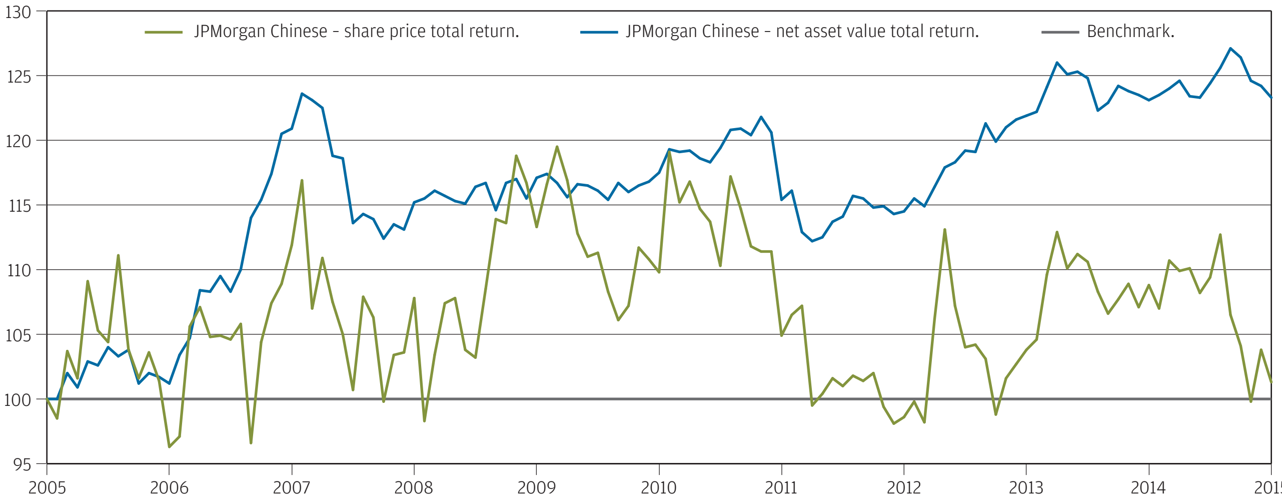
FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2005



Source: Morningstar/MSCI.

Performance Relative to Benchmark

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2005



Source: Morningstar/MSCI.

TEN YEAR FINANCIAL RECORD

At 30th September	2005[1]	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Shareholders' funds (£'m)	50.2	60.5	107.0	67.4	100.4	123.8	101.1	112.2	128.9	137.8	135.9
Net asset value per share (p)	73.3	81.8	149.9	95.4	138.2	160.1	129.8	146.4	170.7	182.4	181.2
Share price (p)	73.0	78.0	139.8	90.8	136.0	152.0	119.9	128.0	147.5	163.5	150.8
Share price discount to net asset value per share (%)	0.4	4.6	6.7	4.8	1.6	5.1	7.6	12.6	13.6	10.4	16.8
Subscription share price (p)[2]	–	–	–	7.5	21.8	18.0	7.3	3.0	–	–	–
Gearing/(net cash) (%)	(1.8)	2.7	6.6	(0.4)	3.8	5.7	3.3	9.9	11.1	8.8	14.3
Year ended 30th September											
Net revenue attributable to shareholders (£'000)	641	535	386	364	1,094	1,181	1,073	1,313	1,241	1,281	1,701
Revenue return per share (p)	0.96	0.74	0.52	0.51	1.53	1.55	1.38	1.69	1.63	1.70	2.25
Dividend per share (p)	0.90	0.70	0.50	0.50	1.50	1.50	1.30	1.60	1.60	1.60	1.80
Ongoing Charges (%) (excluding performance fee payable)[3]	1.60	1.55	1.34	1.59	1.50	1.41	1.40	1.41	1.46	1.40	1.42
Ongoing Charges (%) (including performance fee payable)[4]	2.07	1.66	2.39	2.74	2.59	2.46	1.51	1.41	2.42	1.78	1.46
Rebased to 100 at 30th September 2005											
Share price total return[5]	100.0	108.2	195.4	127.4	192.1	216.9	172.6	186.3	217.0	243.0	226.1
Net asset value total return[6]	100.0	113.7	211.1	136.2	198.4	232.1	189.9	216.4	254.9	274.8	275.3
Benchmark[7]	100.0	112.3	174.6	118.2	169.5	197.5	164.5	189.0	209.1	223.3	223.2

A glossary of terms and definitions is provided on pages 72 and 73.

[1] Figures have been restated to reflect changes in the accounting policy regarding dividends payable. Such dividends are now included in the accounts in the year in which they are approved by shareholders.

[2] On 29th May 2013, the Subscription share rights lapsed.

[3] Management fee and all other operating expenses, excluding finance costs and any performance fee payable, expressed as a percentage of the average daily net assets during the year (2009 to 2011: the average of the month end net assets; 2008 and prior years: the average of the opening and closing net assets).

[4] Management fee, all other operating expenses and any performance fee payable, but excluding finance costs, expressed as a percentage of the average daily net assets during the year (2009 to 2011: the average of the month end net assets; 2008 and prior years: the average of the opening and closing net assets).

[5] Source: Morningstar.

[6] Source: J.P. Morgan

[7] Source: MSCI. The benchmark is the MSCI Golden Dragon Index total return with net dividends reinvested, in sterling terms.

TEN LARGEST INVESTMENTS AT 30TH SEPTEMBER

Company	Country of Listing/ Classification*	2015 Valuation £'000	%[1]	2014 Valuation £'000	%[1]
Tencent Tencent provides internet, mobile, and telecommunication value-added services in China. The company has an instant messaging community in China. Tencent also provides online advertising services.	China HK listed	11,416	7.3	9,193	6.1
Taiwan Semiconductor Manufacturing Taiwan Semiconductor Manufacturing manufactures and markets integrated circuits. The company also provides the following services: wafer manufacturing, wafer probing, assembly and testing, mask production and design services. The company's integrated circuits are used in computers, communications, consumer electronics, automotive and industrial equipment industries.	Taiwan	9,898	6.3	9,973	6.6
China Construction Bank China Construction Bank provides a complete range of banking services and other financial services to individual and corporate customers. The bank's services include retail banking, international settlement, project finance and credit card services.	China HK Listed	7,495	4.8	6,550	4.3
AIA AIA provides insurance and financial services. The company writes life insurance for individuals and business, accident and health insurance, retirement planning, and wealth management services.	Hong Kong	7,125	4.5	6,630	4.4
Ping An Insurance[2] Ping An Insurance (Group) Company of China Limited provides a variety of insurance service in China. The company writes property, casualty, and life insurance. Ping An Insurance also offers financial services.	China HK listed	5,312	3.4	2,438	1.6
Cheung Kong Property[2] Cheung Kong Property Holdings Ltd is a property development company that operates in China. The company's portfolio of properties includes residential, office, retail, industrial, and hotel locations. Cheung Kong Property Holdings Ltd was spun-off of CK Hutchison Holdings Ltd.	Hong Kong	4,724	3.0	3,852	2.5
China Merchants Bank[3] China Merchants Bank Co. Ltd. provides a wide range of commercial banking services including deposit, loan, bill discount, government bonds underwriting and trading, interbank lending, letter of credit, bank guarantee, and other related services.	China HK listed	4,168	2.7	–	–
Hong Kong Exchanges & Clearing[2] Hong Kong Exchanges & Clearing Limited owns and operates the stock exchange, futures exchange, and their related clearing houses in Hong Kong. The company provides the trading platforms for a range of cash and derivatives products and the facilities for processing trades.	Hong Kong	3,861	2.5	1,156	0.8
China Vanke[2] China Vanke Co. Ltd. is a property development company. The company develops residential properties in Shenzhen, Shanghai, Beijing, Tianjin, Shenyang, Nanjing, and other big cities in China.	China HK listed	3,689	2.3	2,239	1.5
China Mobile[3] China Mobile Limited, through its subsidiaries, provides cellular telecommunications and related services in the People's Republic of China and Hong Kong SAR.	China HK listed	3,541	2.2	–	–
Total[4]		**61,229**	**39.0**		

*A glossary of terms and definitions is provided on pages 72 and 73.

[1] Based on total investments of £157.1m (2014: £151.2m).

[2] Not held in the ten largest investments at 30th September 2014.

[3] Not held in the portfolio at 30th September 2014.

[4] At 30th September 2014, the value of the ten largest investments amounted to £53.9m representing 35.7% of total investments.

PORTFOLIO ANALYSES

Geographical

	30th September 2015 Portfolio[2] %	30th September 2015 Benchmark %	30th September 2014 Portfolio[2] %	30th September 2014 Benchmark %
China HK listed	51.7	49.8	44.3	47.0
China US listed	6.1	0.3	1.8	–
China A-shares (Indirect)	1.3	–	9.3	–
China B-shares	0.8	0.1	1.0	0.2
China Total	**59.9**	**50.2**	**56.4**	**47.2**
Taiwan[1]	21.2	26.8	26.5	29.4
Hong Kong	17.4	23.0	17.1	23.4
Liquidity Fund[3]	1.5	–	–	–
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Includes investments in a Convertible Bond (2014: Convertible Bond and JPMorgan Taiwan Best Selection Fund).

[2] Based on total investments of £157.1m (2014: £151.2m).

[3] Includes JPMorgan US Dollar Liquidity Fund (2014: nil).

Sector

	30th September 2015 Portfolio[1] %	30th September 2015 Benchmark %	30th September 2014 Portfolio[1] %	30th September 2014 Benchmark %
Financials (including property)	38.5	41.9	32.7	36.7
Information Technology	26.7	22.2	25.0	23.1
Industrials[2]	7.5	5.7	8.1	6.1
Consumer Discretionary	7.0	5.5	9.5	7.0
Health Care	5.5	1.2	5.2	1.1
Telecommunication Services	4.4	7.5	4.0	7.2
Energy	3.4	4.1	4.7	6.7
Utilities	3.4	5.5	3.8	4.7
Materials	1.1	3.5	1.9	4.3
Consumer Staples	1.0	2.9	3.1	3.1
Investment Funds[3]	–	–	2.0	–
Liquidity Fund[4]	1.5	–	–	–
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £157.1m (2014: £151.2m).

[2] Includes a Convertible Bond.

[3] 2014: Includes JPMorgan Taiwan Best Selection Fund.

[4] Includes JPMorgan US Dollar Liquidity Fund (2014: nil).

INVESTMENT ACTIVITY DURING THE YEAR ENDED 30TH SEPTEMBER 2015

	Value at 30th September 2014 £'000	% of portfolio	Purchases £'000	Sales £'000	Changes in value £'000	Geographical Reallocation[1] £'000	Value at 30th September 2015 £'000	% of portfolio
China HK listed[2]	66,943	44.3	83,387	(76,831)	1,552	6,170	81,221	51.7
China A-shares (Indirect)[3]	2,721	1.8	20,702	(13,646)	(199)	–	9,578	6.1
China US listed	14,038	9.3	2,175	(7,842)	(146)	(6,170)	2,055	1.3
China B-shares	1,486	1.0	810	(900)	(136)	–	1,260	0.8
China Total	**85,188**	**56.4**	**107,074**	**(99,219)**	**1,071**	**–**	**94,114**	**59.9**
Taiwan[4]	40,139	26.5	25,023	(31,567)	(332)	–	33,263	21.2
Hong Kong	25,857	17.1	21,783	(18,961)	(1,243)	–	27,436	17.4
Liquidity Fund	–	–	12,045	(9,984)	249	–	2,310	1.5
Total Portfolio	**151,184**	**100.0**	**165,925**	**(159,731)**	**(255)**	**–**	**157,123**	**100.0**

[1] Investments in Car, China Conch Venture, Goodbaby International, Luye Pharma and Tianhe Chemicals have been re-classified from China US listed to China HK listed.

[2] Historically consisted of Hong Kong Red Chip, Hong Kong P Chip and Hong Kong H-Shares.

[3] Includes investments in participatory notes.

[4] Includes investments in a Convertible Bond (2014: Convertible Bond and JPMorgan Taiwan Best Selection Fund).

LIST OF INVESTMENTS AT 30TH SEPTEMBER 2015

Company	Valuation £'000
China HK listed	
Tencent	11,416
China Construction Bank	7,495
Ping An Insurance	5,312
China Merchants Bank	4,168
China Vanke	3,689
China Mobile	3,541
China Petroleum & Chemical	3,385
China Telecom	3,313
China Taiping Insurance	3,134
AAC Technologies	2,947
Sino Biopharmaceutical	2,817
China Resources Gas	2,100
China Everbright International	2,084
CSPC Pharmaceutical	1,995
Phoenix Healthcare	1,984
China Longyuan Power	1,982
China Resources Land	1,949
China Citic Bank	1,880
PICC Property & Casualty	1,845
Car	1,836
China Conch Venture	1,638
China Communications Construction	1,593
China Machinery Engineering	1,242
Beijing Enterprises Water	1,200
China Shenhua Energy	1,047
Nexteer Automotive	1,045
BBMG	1,029
Fuyao Glass Industry	979
CNOOC	941
China Harmony New Energy Auto	911
Angang Steel	724
	81,221

Company	Valuation £'000
China A-Shares (Indirect)	
Hangzhou Hikvision Digital Technology[1]	1,974
Spring Airlines[1]	1,954
Industrial Bank[1]	1,836
China South Publishing & Media[1]	1,757
Midea[1]	1,063
Zhejiang Huace Film & TV[1]	994
	9,578
China B-Shares	
Chongqing Changan Automobile	1,260
	1,260
China US listed	
Ikang Healthcare	1,035
Vipshop	1,020
	2,055
Total China	**94,114**

Company	Valuation £'000
Taiwan	
Taiwan Semiconductor Manufacturing	9,898
Catcher Technology	3,382
Advanced Semiconductor Engineering	3,184
Fubon Financial	2,760
Largan Precision	2,618
E Sun Financial	2,409
Delta Electronics	2,244
President Chain Store	1,595
Silicon Motion Technology	1,330
Chipbond Technology	1,175
Nanya Technology	927
AU Optronics	906
Intai Technology[2]	835
Total Taiwan	**33,263**

Company	Valuation £'000
Hong Kong	
AIA	7,125
Cheung Kong Property	4,724
Hong Kong Exchanges & Clearing	3,861
Hong Kong Land	2,630
CK Hutchinson	2,457
BOC Hong Kong	1,894
Orient Overseas International	1,467
Wheelock & Company	1,326
MGM China	1,182
Wynn Macau	770
Total Hong Kong	**27,436**
Liquidity Fund	
JPMorgan US Dollar Liquidity Fund	2,310
Total Liquidity Fund	**2,310**
Total Portfolio	**157,123**

[1] Includes investments in participatory notes.

[2] Represents holdings in a Convertible Bond.

Portfolio holdings include investments in equities, participatory notes and a convertible bond.

A glossary of terms and definitions is provided on pages 72 and 73.

BUSINESS REVIEW

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review. To assist shareholders with this assessment, the Strategic Report sets out the structure and objective of the Company, its investment policies and risk management, investment limits and restrictions, performance and key performance indicators, share capital, principal risks and how the Company seeks to manage those risks, the Company's environmental, social and ethical policy and its long term viability.

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 plc in December 2001 and adopted its present name on 14th December 2005.

Business of the Company

JPMorgan Chinese Investment Trust plc is an investment trust company that has a premium listing on the London Stock Exchange. In seeking to achieve its objectives, the Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its AIFM which, in turn, delegates portfolio management to JPMorgan Asset Management (UK) Limited to actively manage the Company's assets. The Board has determined investment policies and related guidelines and limits. These objectives, investment policies and related guidelines and limits are detailed below.

Objective and Strategy of the Company

The Company's existing investment objective and investment policy are set out below. As noted in the Chairman's Statement on page 6, to reflect the proposed change in the Company's benchmark, a proposal is being put forward at the Company's AGM to seek shareholder approval to amend the Company's investment objective and investment policy. The new investment objective and investment policy, if approved, shall come into effect from 26th January 2016. The proposed new investment objective and investment policy are set out in full in the Appendix on page 71 of this annual report, with all the amendments to the existing investment objective and investment policy highlighted for ease of reference.

The Company's objective is to provide long term capital growth by investment in 'Greater China' (China, Hong Kong and Taiwan) companies. It aims to outperform the MSCI Golden Dragon Index total return, with net dividends reinvested, in sterling terms.

The Greater China region remains a structural growth story as the Chinese economy continues to drive growth throughout the region. The Company seeks to generate long term capital growth by investing in the wide range of opportunities that this economic growth presents the investment managers.

J.P. Morgan Asset Management ('JPMAM') has a long established presence in Greater China and the Asia Pacific region. JPMAM began managing their first Asia Pacific equity portfolio mandate in 1971 and have been managing money in Greater China since the 1990s. The Greater China Team is differentiated by its size and the experience and diversity of the backgrounds of the key investment managers, with their nationalities ranging from mainland China to Hong Kong, Taiwan and Singapore. The team comprises eight portfolio managers and nine dedicated research analysts and has on average thirteen years' within the industry. All members of the Greater China Team, including portfolio managers, conduct research for Greater China equity portfolios. In addition, the portfolio managers have access to the research conducted by global sector analysts of the broader Emerging Markets and Asia Pacific Equities team. The research on domestic A-shares conducted by the analysts in JPMAM's joint venture in China, CIFM, is also made available to the portfolio management team.

The investment managers place particular emphasis on tailoring their investment process to China equities. Company visits form the cornerstone of the proprietary research process which allows the managers to take controlled, considered positions designed to enhance performance. Stock selection provides the greatest added value to the funds. Underpinning stock selection is the rigorous research conducted by the Greater China Team. The team conducts an average of 50-100 company visits and meetings per fund manager per year and as a result, portfolio judgments are made using extensive qualitative judgment in addition to financial analysis.

Structure of the Company

The Company is subject to UK and European legislation and regulations including UK company law, UK Financial Reporting Standards, the UKLA Listing, Prospectus, Disclosure and Transparency Rules, taxation law, the Company's own Articles of Association and the Alternative Investment Fund Managers Directive.

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HM Revenue & Customs as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010). As a result the Company is not liable for taxation on capital gains. The Directors have no reason to believe that approval will not continue to be retained. The Company is not a close company for taxation purposes.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 3 to 6, and in the Investment Managers' Report on pages 7 to 11.

Investment Policies and Risk Management

In order to achieve the investment objective, the Company's business model is to invest in a diversified portfolio and to employ a Manager with a strong focus on research and company visits that enables it to identify what it believes to be the most attractive stocks in the region.

Investment risks are managed by diversifying investment over a number of 'Greater China' companies. The number of investments in the Company will normally range between 40 and 90. The Company seeks to manage its risk relative to its benchmark index by limiting the active portfolio exposure to the various countries, sectors and stocks covered by the benchmark index and, in some cases, to specific stocks. The maximum permitted active exposure to each of the countries is 25% above or below the benchmark index weighting.

Liquidity and borrowings are managed with the aim of increasing returns to shareholders.

The Company does not invest more than 15% of its gross assets in other UK listed investment companies (including investment trusts), nor does it invest more than 10% of its gross assets in companies that themselves may invest more than 15% of their gross assets in UK listed investment companies.

Investment Restrictions and Guidelines

The Board seeks to manage the Company's risk by imposing various investment limits and restrictions:

- At the time of purchase, the maximum permitted exposure to each individual company is 10.0% of the Company's total assets, and 12.5% for China Mobile and JPMorgan China Pioneer 'A' Share Fund.
- As a result of market growth, the maximum permitted exposure to each individual company is 12.5% of the Company's total assets, with the exception of China Mobile and JPMorgan China Pioneer 'A' Share Fund which is 15.0%.
- The maximum permitted exposure to group or related companies is 15% of the Company's total assets.
- The maximum permitted exposure to mid-cap stocks (a stock with a market capitalisation of below US$500 million) is 45% (including market movement) without Board permission.
- No more than 20% of the portfolio's value may be held in or exposed to China A-Shares.
- The Company may use derivative instruments for the purpose of efficient portfolio management up to a value of 10%. The Company does not have a policy of hedging or otherwise seeking to mitigate foreign exchange risk but reserves the right to do so from time to time as part of the Company's efficient portfolio management.
- The Company does not normally invest in unquoted investments and no more than 10% of the Company's total assets can be invested in unquoted investments.
- The Company's actual gearing is not to exceed 15% without Board permission.

These limits and restrictions may be varied by the Board at any time at its discretion.

Monitoring of Compliance

Compliance with the Board's investment restrictions and guidelines is monitored continuously by the Manager and is reported to the Board on a monthly basis.

Performance

In the year to 30th September 2015, the Company produced a total return to Ordinary shareholders of -7.0% and a total return on net assets of +0.2%. This compares with the return on the Company's benchmark index of 0.0%. As at 30th September 2015, the value of the Company's investment portfolio was £157.1 million. The Investment Managers' Report on pages 7 to 11 includes a review of developments during the year as well as information on investment activity within the Company's portfolio and the factors likely to affect the future performance of the Company.

Total Return, Revenue and Dividends

The gross total return for the year amounted to £3,158,000 (2014: £12,651,000) and the net total return after deducting the management fee, other administrative expenses, finance costs and taxation, amounted to £364,000 (2014: £10,093,000).

The Directors recommend a final dividend of 1.8 pence (2014: 1.6 pence) per share payable on 2nd February 2016 to holders on the register at the close of business on 11th December 2015. This distribution will amount to £1,350,000 (2014: £1,209,000). No other dividends were paid in respect of the year. The revenue reserve after the payment of the dividend will amount to £1,041,000 (2014: £690,000).

BUSINESS REVIEW *CONTINUED*

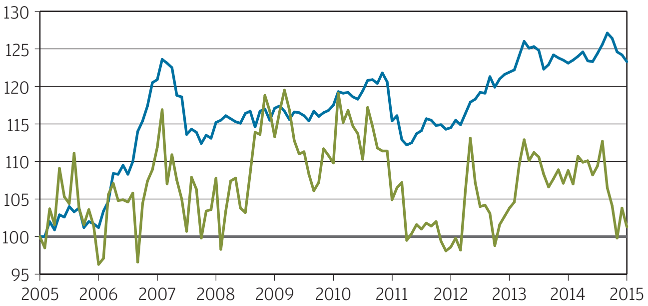
Key Performance Indicators ('KPIs')

The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The principal KPIs are:

- **Performance against the benchmark**
  This is the most important KPI by which performance is judged. Information on the Company's performance is given in the Chairman's Statement and the Investment Managers' Report.

Performance Relative to Benchmark Index

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2005



Source: Morningstar/MSCI.

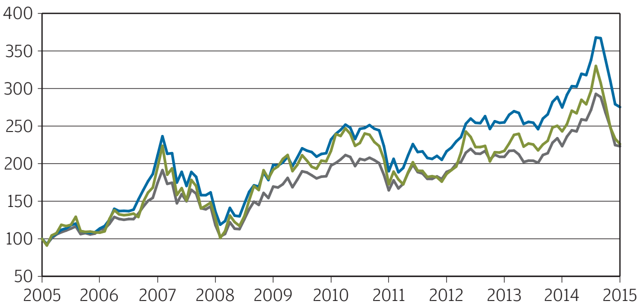
JPMorgan Chinese – Ordinary share price total return.

JPMorgan Chinese – net asset value total return.

Benchmark (represented by the bold horizontal line).

Ten Year Performance

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2005



Source: Morningstar/MSCI.

JPMorgan Chinese – share price total return.

JPMorgan Chinese – net asset value total return.

Benchmark.

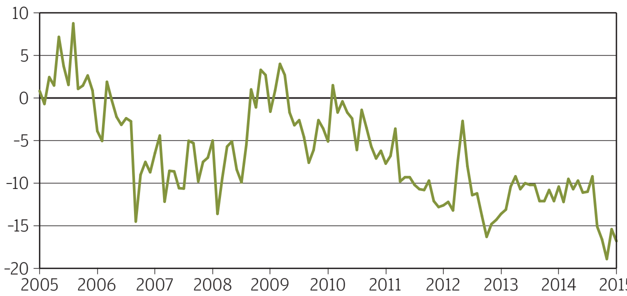
- **Performance against the Company's peers**
  The Company's principal objective is to achieve capital growth and outperformance relative to its benchmark. However, the Board also monitors the performance relative to a broad range of competitor funds.

- **Performance attribution**
  The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. Details of the attribution analysis for the year ended 30th September 2015 are given in the Investment Managers' Report on page 11.

- **Share price (discount)/premium to net asset value ('NAV') per share**
  The Board operates a share issuance and share repurchase programme which seeks to address imbalances in the supply of and demand for the Company's shares within the market and thereby reduce the volatility and absolute level of the discount/premium to NAV per share at which the Company's shares trade. In the year to 30th September 2015, the Company's shares traded between a discount of 9.2% and 18.9%, mainly due to rising concerns regarding the strength of future economic growth.

  The Board also has the ability to purchase shares into Treasury and to re-issue them at a later date at a premium to NAV per share. Further details of the Company's share capital can be found below in this Strategic Report.

Discount Performance



Source: Datastream (month end data).

JPMorgan Chinese – discount.

- **Ongoing Charges**
  The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs and performance fee payable, expressed as a percentage of the average daily net assets during the year. The ongoing charges for the year ended 30th September 2015 were 1.42% (2014: 1.40%). The Board reviews each year an analysis which shows a comparison of the Company's ongoing charges and its main expenses with those of its peers. The ongoing charges including the performance fee payable for 2015 were 1.46% (2014: 1.78%). The performance fee was removed with effect from 30th September 2015.

Share Capital

The Directors have, on behalf of the Company, the authority to issue new Ordinary shares for cash and to repurchase shares in the market for cancellation. In addition, the Directors have authority to repurchase shares into Treasury. The Directors will re-issue shares held in Treasury only at a premium to net asset value per share.

During the year the Company repurchased 525,956 Ordinary shares into Treasury (2014: nil). The Company did not repurchase any Ordinary shares for cancellation. In addition, no new Ordinary shares were issued. No shares have been repurchased into Treasury or for cancellation since the year end.

Resolutions to renew the authorities to issue new shares and to repurchase shares for cancellation or to be held in Treasury will be put to shareholders for approval at the Annual General Meeting.

The full text of these Resolutions is set out in the Notice of Meeting on pages 68 and 69.

Principal Risks

Investors should note that there can be significant economic and political risks inherent in investing in emerging economies. As such, the Greater China 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.

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The risks identified have not changed over the year under review, and the ways in which they are managed or mitigated are summarised as follows:

With the assistance of the Manager, the Board has drawn up a risk matrix, which identifies the key risks to the Company. These key risks fall broadly under the following categories:

- Investment Underperformance: An inappropriate investment decision may lead to underperformance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages these risks by diversification of investments through its investment restrictions and guidelines which are monitored and reported on by the Manager. The Manager provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, transaction reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the investment manager, who attends all Board meetings, and review data which show statistical measures of the Company's risk profile. The investment managers employ the Company's gearing within a strategic range set by the Board. The Board holds an annual strategy meeting in addition to at least four Board meetings.
- Loss of Investment Team: A sudden departure of several members of the investment management team could result in a deterioration in investment performance. The Manager takes steps to reduce the likelihood of such an event by ensuring appropriate succession planning and the adoption of a team-based approach, as well as special efforts to retain key personnel.
- Discount: A disproportionate widening of the discount relative to the Company's peers could result in a loss of value for Shareholders. In order to manage the Company's discount, which can be volatile, the Company operates a share repurchase programme and the Board regularly discusses discount policy and has set parameters for the Manager and the Company's broker to follow.
- Market: Market risk arises from uncertainty about the future prices of the Company's investments. It represents the potential loss that the Company might suffer through holding investments in the face of negative market movements. The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by the Manager. The Board monitors the implementation and results of the investment process with the Investment Managers.
- Political, Economic and Governance: Changes in financial, regulatory or tax legislation, including in the European Union, may adversely affect the Company. The Manager makes recommendations to the Board on accounting, dividend and tax policies and the Board seeks external advice where appropriate. In addition, the Company is subject to administrative risks, such as the imposition of restrictions on the free movement of capital. These risks are discussed by the Board on a regular basis.
- Change of Corporate Control of the Manager: The Board holds regular meetings with senior representatives of JPMF in order to obtain assurance that the Manager continues to demonstrate a high degree of commitment to its investment trusts business through the provision of significant resources.
- Accounting, Legal and Regulatory: In order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). Details of the Company's approval are given under 'Structure of the

BUSINESS REVIEW *CONTINUED*

Company' on page 20. Were the Company to breach Section 1158, it may lose investment trust status and, as a consequence, gains within the Company's portfolio would be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by the Manager and the results reported to the Board each month. The Company must also comply with the provisions of the Companies Act 2006 and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules, Disclosure and Transparency Rules ('DTRs') and, as an Investment Trust, the Alternative Investment Fund Managers Directive ('AIFMD'). A breach of the Companies Act 2006 could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules or DTRs could result in the Company's shares being suspended from listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary, the Manager, and its professional advisers to ensure compliance with the Companies Act 2006, the UKLA Listing Rules, DTRs and AIFMD.

- Corporate Governance and Shareholder Relations: Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance statement on pages 31 to 35.
- Operational: Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the Depositary or Custodian's records could prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by JPMF and its associates and the key elements designed to provide effective internal control are included with the Risk Management and Internal Control section of the Corporate Governance report on pages 34 and 35.
- Going concern: Pursuant to the Sharman Report, Boards are now advised to consider going concern as a potential risk, whether or not there is an apparent issue arising in relation thereto. Going concern is considered rigorously on an ongoing basis and the Board's statement on going concern is detailed on page 29.
- Financial: The financial risks faced by the Company include market risk, liquidity risk and credit risk. Further details are disclosed in note 22 on pages 61 to 66.

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. Diversity is important in bringing an appropriate range of skills and experience to the Board.

At 30th September 2015, there were four male Directors and one female Director on the Board. The Company has no employees and therefore there is nothing further to report in respect of gender representation within the Company.

The Company's policy on gender is detailed under the Nomination and Remuneration Committee section on page 32.

Employees, Social, Community and Human Rights Issues

The Company has a management contract with JPMF. It has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Board notes the policy statements of JPMorgan Asset Management (UK) Limited ('JPMAM') in respect of Social, Community, Environmental and Human Rights issues, as highlighted in italics below.

Social, Environmental and Human Rights

JPMAM believes that companies should act in a socially responsible manner. Although our priority at all times is the best economic interests of our clients, we recognise that, increasingly, non-financial issues such as social and environmental factors have the potential to impact the share price, as well as the reputation of companies. Specialists within JPMAM's environmental, social and governance ('ESG') team are tasked with assessing how companies deal with and report on social and environmental risks and issues specific to their industry.

JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. Our detailed approach to how we implement the principles is available on request.

Greenhouse Gas Emissions

The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. *JPMAM is a signatory to the Carbon Disclosure Project and JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance*.

Long Term Viability

The Company is an Investment Trust with an objective of achieving long term capital growth by investment in 'Greater China' companies. Taking account of the Company's current position, the principal risks that it faces and their potential impact on its future development and prospects, the Directors have assessed the prospects of the Company, to the extent that they are able to do so, over the next five years. They have made that assessment by considering those principal risks, the Company's investment objective and strategy, the investment capabilities of the Manager and the current outlook for the Greater China economy and equity market. It has also taken into account the fact that the Company has a continuation vote at the 2018 AGM and, with input from the Company's major shareholders and its brokers, the likelihood of shareholders voting in favour of continuation.

In determining the appropriate period of assessment the Directors had regard to their view that, given the Company's objective of achieving capital growth, shareholders should consider the Company as a long term investment proposition. This is consistent with advice provided by independent financial advisers and wealth managers, that investors should consider investing in equities for a minimum of five years. Accordingly, the Directors consider five years to be an appropriate time horizon to assess the Company's viability.

The Directors confirm that they have a reasonable expectation, on the assumption that the principal risks identified above are managed or migrated effectively, that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of assessment.

Future Developments

The future development of the Company is dependent upon the success of the Company's investment strategy in the light of economic and equity market developments and the continued support of shareholders. The Chairman and Investment Managers discuss the outlook in their reports on pages 3 to 11.

By order of the Board
Lucy Dina, for and on behalf of
JPMorgan Funds Limited
Secretary

21st December 2015

BOARD OF DIRECTORS

William Knight (Chairman of the Board and Nomination and Remuneration Committee)
A Director since April 2004.

Last reappointed to the Board: 2015.

Current remuneration: £30,000.

Co-founder and partner of Emerisque Brands, a private equity management buy-in company for whom he chairs three Chinese joint ventures the company has entered into (MCS Apparel (HK) Ltd, Henry Cotton's (Greater China) Ltd and Marina Yachting (Hong Kong) Ltd. He is Chairman of Myanmar Investments International Ltd, an AIM investment company, and of the Advisory Board of Homestrings Ltd. His other board directorships include Guardian Ceylon Investment Trust Plc and Smith Tan Asia Phoenix Fund Ltd. He has been involved with the Greater China region for over 40 years initially at Lazard Brothers and later in various capacities for the Lloyds Bank group with responsibility for its merchant banking activities throughout Asia based out of Hong Kong, and later as Managing Director of Lloyds Bank Fund Management. He first visited China in 1978.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 4,400 Ordinary shares.

John Misselbrook (Chairman of the Audit Committee)
A Director since July 2012.

Last reappointed to the Board: 2015.

Current remuneration: £25,500.

Formerly Chief Operating Officer and on the board of Baring Asset Management Ltd and its predecessor from 2001 to 2011, the board of Baring Asset Management Japan Ltd from 2006 to 2011 and the boards of Baring Fund Managers Ltd and Baring International Fund Managers (Ireland) Ltd from 2009 to 2011. He had also held senior positions in finance and operations, including Director and Chief Financial Officer at LGT Asset Management Asia, Operations Director at Invesco Asia and Managing Director of Investment Administration at the WM Company Limited, part of the Deutsche Bank Group. He is Non-Executive Chairman of Northern Trust Global Services Limited and Aviva Investors Holdings Limited, and a Non-Executive Director of Brown Shipley & Co Ltd.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 6,000 Ordinary shares.

Sir Andrew Burns, KCMG (Senior Independent Director)
A Director since December 2003.

Last reappointed to the Board: 2015.

Current remuneration: £21,500.

British Consul-General to Hong Kong and Macau from 1997 to 2000. A career British diplomat since 1965, he had extensive experience of Asia, including the Indian sub-continent and South-East Asia as well as Greater China, and was Assistant Under Secretary of State (Asia), FCO from 1990 to 1992 and Deputy Under Secretary of State (non-Europe, trade and investment) from 1995 to 1997. He was British Ambassador to Israel from 1992 to 1995 and British High Commissioner to Canada from 2000 to 2003. He was UK Envoy for Post-Holocaust Issues from 2010 to 2015, and is currently a Director of Aberdeen Japan Investment Trust plc and Chairman of the Bar Standards Board.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 4,723 Ordinary shares.

Kathryn Matthews
A Director since July 2010.

Last reappointed to the Board: 2015.

Current remuneration: £21,500.

Formerly Chief Investment Officer, Asia Pacific (ex Japan), for Fidelity International. Prior to that, she held senior appointments with William M Mercer, AXA Investment Managers, Santander Global Advisers and Baring Asset Management. She is a Non-Executive Director of a number of Boards including Rathbone Brothers Public Limited Company, Hermes Fund Management Ltd and Aperam, and Chairman of Montanaro UK Smaller Companies Investment Trust plc.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 3,000 Ordinary shares.

Oscar Wong
A Director since August 2014.

Current remuneration: £21,500.

Currently a non-executive Director of two Growth Enterprise Market listed companies in Hong Kong, and is serving as an independent non-executive Director of Hong Kong Exchanges and Clearing Limited and Ping An Insurance Group. In addition, he is Chairman and NED of China Bio-Med Regeneration Technology Limited and NED of Credit China Holdings. Prior to this he held senior appointments at LGT Asset Management, Deputy Chief Executive of INVESCO Asia Limited, Regional Managing Director at Prudential Portfolio Managers Asia, and Chief Executive of BOCI-Prudential Asset Management Limited and ICBC (Asia) Investment Management Company Limited.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: Nil.

All Directors are members of the Audit and Nomination and Remuneration Committees and are considered independent of the Manager.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 30th September 2015.

A number of disclosures previously incorporated in the Directors' Report are now included in the Strategic Report. These include: *Business of the Company; Objective and Strategy of the Company; Structure of the Company; Investment Policies and Risk Management; Investment Restrictions and Guidelines; Performance; Total Return. Revenue and Dividends; KPIs; Share Capital; Principal Risks; Employee, Social, Community and Human Rights Issues and Future Developments.*

Management of the Company

The Manager and Company Secretary to the Company is JPMorgan Funds Limited ('JPMF'), a company authorised and regulated by the FCA. Prior to 1st July 2014, these roles were undertaken by JPMorgan Asset Management (UK) Limited ('JPMAM'). JPMF is an affiliate of JPMAM and was appointed as the Company's Alternative Investment Fund Manager ('AIFM') from 1st July 2014. JPMF is a wholly-owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides marketing, banking, dealing and custodian services to the Company.

JPMF is employed under a contract which can be terminated on one year's notice, without penalty. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

Overall portfolio management is delegated to JPMorgan Asset Management (UK) Limited, a firm regulated by the FCA and under the Markets in Financial Instruments Directive, with day to day investment management activity conducted in Hong Kong.

The Board conducts a formal evaluation of the performance of, and contractual relationship with, the Manager on an annual basis. Part of this evaluation includes a consideration of the management fees and whether the service received is value for money for shareholders. No separate management engagement committee has been established because all Directors are considered to be independent of the Manager and, given the nature of the Company's business, it is felt that all Directors should take part in the review process.

The Board has thoroughly reviewed the performance of the Manager in the course of the year. The review covered the performance of the Manager, its management processes, investment style, resources and risk controls and the quality of support that the Company receives from the Manager including the marketing support provided. As part of this process, the Board visits China each year. The Board is of the opinion that the continuing appointment of the Manager is in the best interests of shareholders as a whole. Such a review is carried out on an annual basis.

The Alternative Investment Fund Managers Directive ('AIFMD')

JPMF, an affiliate of JPMAM, has been appointed as the Company's alternative investment fund manager ('AIFM'). JPMF has been approved as an AIFM by the Financial Conduct Authority ('FCA'). For the purposes of the AIFMD the Company is an alternative investment fund ('AIF').

The Company entered into a new investment management agreement with JPMF on 1st July 2014. JPMF has delegated responsibility for the day to day management of the Company's portfolio to JPMAM. JPMF is required to ensure that a depositary is appointed to the Company. The Company therefore has appointed BNY Mellon Trust and Depositary (UK) Limited ('BNY') as its depositary. BNY has delegated its safekeeping function to the custodian, JPMorgan Chase Bank, N.A. However, BNY remains responsible for the oversight of the custody of the Company's assets and for monitoring its cash flows.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. Investor Disclosure Documents, which set out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information are available on the Company's website at www.jpmchinese.co.uk

There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider. As an authorised AIFM, JPMF will make the requisite disclosures on remuneration levels and polices to the FCA at the appropriate time.

Management and Performance Fees

The basic annual management fee is fixed at 1% per annum of the Company's total assets less current liabilities, after adding back any loans. Investments in J.P. Morgan managed funds are excluded from the assets used for the purpose of this calculation. However, J.P. Morgan earns a management fee of 1.75% per annum from the JPMorgan Taiwan Best Selection Fund which was sold during the year.

In addition to the basic annual management fee, there is a performance related fee calculated at 15% of outperformance of the Company's net asset value total return over the benchmark. The maximum total fee payable in any one year in respect of the fixed management fee and any performance fee is capped at 2% of the Company's average total assets less current liabilities. In effect, this caps the potential performance fee paid in any one year to 1%. Any performance fee earned in any one year in excess of the 1% cap will be carried forward until paid in full or absorbed by any underperformance in a subsequent year. The performance fee is calculated annually on 30th September, based on average total assets less current liabilities, and paid within three months of that date. An estimate is accrued monthly and reflected in the Company's published net asset value per share.

The Company outperformed its benchmark in the year ended 30th September 2015 and this gave rise to a positive performance fee of £59,188.

During the year the Board undertook a review of the fees paid to the Manager and decided that the performance fee be removed with effect from 30th September 2015, and revert to a management fee only at a flat fee of 1% per annum of the Company's total assets less current liabilities, after adding back any loans.

Going Concern

The Directors believe that, having considered the Company's investment objective (see page 20), risk management policies (see page 21), liquidity risk (see note 22 on page 65), capital management policies and procedures (see note 23 on page 67), the nature of the portfolio and expenditure and cashflow projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence. For these reasons, the Directors consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the Company's financial statements. They have not identified any material uncertainties to the Company's ability to continue to do so over a period of at least 12 months from the date of approval of these financial statements.

Directors

All Directors who held office during the year under review and their details are included on pages 26 and 27.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 37.

In accordance with corporate governance best practice, William Knight, John Misselbrook, Kathryn Matthews and Oscar Wong will retire at the forthcoming Annual General Meeting ('AGM') and, being eligible, will offer themselves for reappointment by shareholders. The Nomination and Remuneration Committee, having considered their qualifications, performance and contribution to the Board and its Committees, confirms that each Director continues to be effective and demonstrates commitment to the role, and the Board recommends to shareholders that those standing for reappointment be reappointed.

Andrew Burns will retire from the Board at the conclusion of the 2016 AGM.

Director Indemnification and Insurance

As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity, as defined by Section 234 of the Companies Act 2006. The indemnities were in place during the year and as at the date of this report.

An insurance policy is maintained by the Company which indemnifies the Directors of the Company against certain liabilities arising in the conduct of their duties. There is no cover against fraudulent or dishonest actions.

Disclosure of information to Auditors

In the case of each of the persons who are Directors of the Company at the time when this report was approved:

(a) so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's Auditors are unaware, and

(b) each of the Directors has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

The above confirmation is given and should be interpreted in accordance with the provision of Section 418(2) of the Companies Act 2006.

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as Auditors and a resolution proposing their reappointment and authorising the Directors to determine their remuneration for the ensuing year will be put to shareholders at the Annual General Meeting.

Section 992 Companies Act 2006

The following disclosures are made in accordance with Section 992 Companies Act 2006.

Capital Structure
The Company's capital structure is summarised on the inside front cover of this report.

Voting Rights in the Company's shares
Details of the voting rights in the Company's shares at the date of this report are given in note 16 to the Notice of Annual General Meeting on page 70.

DIRECTORS' REPORT *CONTINUED*

Notifiable Interests in the Company's Voting Rights
At the year end, the following had declared a notifiable interest in the Company's voting rights:

Shareholders	Number of voting rights	%
City of London	7,510,229	10.01

Since the year end, City of London's holding has increased to 8,269,554, representing 11.02% of the Company's voting rights. No other changes to these holdings have been notified as at the date of this report.

The Company is also aware that as at 30th September 2015, approximately 19.8% of the Company's total voting rights are held by individuals through the savings products managed by JPMorgan and registered in the name of Chase Nominees Limited. If those voting rights are not exercised by the beneficial holders, in accordance with the terms and conditions of the savings products, under certain circumstances, JPMorgan has the right to exercise those voting rights. That right is subject to certain limits and restrictions and falls away at the conclusion of the relevant General Meeting.

The rules concerning the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or repurchase the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006.

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; no agreements which the Company is party to that affect its control following a takeover bid; and no agreements between the Company and its directors concerning compensation for loss of office.

Annual General Meeting

NOTE: THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor or other financial advisor authorised under the Financial Services and Markets Act 2000.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting ('AGM'):

(i) Authority to allot new Ordinary shares and to disapply statutory pre-emption rights (resolutions 10 and 11)
The Directors will seek renewal of the authority at the AGM to issue up to 7,791,496 new Ordinary shares for cash up to an aggregate nominal amount of £1,947,874 such amount being equivalent to 10% of the present issued Ordinary share capital as at the last practicable date before the publication of this document. This authority will expire at the conclusion of the Company's AGM in 2017 unless renewed at a prior general meeting.

It is advantageous for the Company to be able to issue new shares (or to re-issue Treasury shares) to participants purchasing shares through the J.P. Morgan savings products and also to other investors when the Directors consider that it is in the best interests of shareholders to do so. As such issues are only made at prices greater than the net asset value (the 'NAV'), they increase the NAV per share and spread the Company's administrative expenses, other than the management fee (and any performance fee) which is charged on the value of the Company's assets, over a greater number of shares. The issue proceeds are available for investment in line with the Company's investment policies.

The full text of the resolutions is set out in the Notice of Annual General Meeting on page 68.

(ii) Authority to repurchase the Company's shares (resolution 12)
The authority to repurchase up to 14.99% of the Company's issued Ordinary shares granted by shareholders at the 2015 AGM, will expire at the forthcoming AGM unless renewed at this meeting. The Directors consider that the renewing of the authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining Ordinary shares.

Resolution 12 gives the Company authority to repurchase its own issued Ordinary shares in the market as permitted by the Companies Act 2006 (the 'Act'). The authority limits the number of shares that could be purchased to a maximum of approximately 14.99% of the Company's issued Ordinary shares as at 18th December 2015 (being the latest practicable date prior to the publication of this document). The authority also sets minimum and maximum prices and will expire on 24th July 2017 unless the authority is renewed at the Company's AGM in 2016 or any other prior general meeting.

If resolution 12 is passed at the AGM, the Board may repurchase the shares for cancellation or hold then in Treasury. The Company will only reissue shares held in Treasury at a premium to NAV.

The full text of the resolution is set out in the Notice of Annual General Meeting on pages 68 and 69. Repurchases of Ordinary shares will be made at the discretion of the Board and will only be made in the market at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares as and when market conditions are appropriate.

(iii) Investment Objective and Policy (resolution 13)
As noted in the Chairman's Statement on page 6, in light of the increase in investment opportunities in mainland China and reflecting the proposed change in the benchmark to the MSCI China Index, the Company is proposing certain changes to its investment policy including allowing for a greater allocation to China A-Shares. However, the Manager continues to find quality investments in Taiwan and Hong Kong which will also give exposure to the wider China economy and therefore the proposed investment policy will continue to allow for investment in Taiwan and Hong Kong listed companies. These changes reflect an evolution of the market and the changing access to mainland Chinese companies that has occurred since the launch of the Company.

The proposed new investment objective and investment policy are set out in full in the Appendix on page 71 of this annual report, with all the amendments to the existing investment objective and investment policy highlighted for ease of reference. The new investment objective and investment policy, if approved, shall come into effect from 26th January 2016. The proposed change in the Company's benchmark will take effect following the AGM, conditional on shareholder approval of the new investment objective and investment policy.

Recommendation

The Board considers that resolutions 10 to 13 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do, where voting rights are exercisable, in respect of their own beneficial holdings which amount in aggregate to 18,123 Ordinary shares representing approximately 0.02% of the voting rights of the Company.

Corporate Governance Statement

Compliance

The Company is committed to high standards of Corporate Governance. This statement, together with the Statement of Directors' Responsibilities on page 39, indicates how the Company has applied the principles of good governance of the Financial Reporting Council UK Corporate Governance Code (the 'UK Corporate Governance Code') and the Association of Investment Companies' ('AIC') Code of Corporate Governance, (the 'AIC Code'), which complements the UK Corporate Governance Code and provides a framework of best practice for investment trusts.

The Board is responsible for ensuring the appropriate level of Corporate Governance and considers that the Company has complied with the best practice provisions of the UK Corporate Governance Code and of the AIC Code, insofar as they are relevant to the Company's business, throughout the year under review.

Role of the Board
The management agreement between the Company and JPMF sets out the matters which have been delegated to the Manager. This includes management of the Company's assets and the provision of accounting, company secretarial, administration and some marketing services. All other matters are reserved for the approval of the Board. A formal schedule of matters reserved to the Board for decision has been approved. This includes determination and monitoring of the Company's investment objectives and policy and its future strategic direction, gearing policy, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Company's Corporate Governance and risk control arrangements.

At each Board meeting, Directors' interests are considered. These are reviewed carefully, taking into account the circumstances surrounding them, and, if considered appropriate, are approved. It was resolved that there were no actual or indirect interests of a Director which conflicted with the interests of the Company which arose during the year.

The Board has procedures in place to deal with potential conflicts of interest and, following the introduction of the Bribery Act 2010, has adopted appropriate procedures designed to prevent bribery. It confirms that the procedures have operated effectively during the year under review.

The Board meets at least quarterly during the year and additional meetings are arranged as necessary. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

There is an agreed procedure for Directors to take independent professional advice if necessary, and at the Company's expense. This is in addition to the access that every Director has to the advice and services of the Company Secretary, JPMF, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Board Composition
The Board, chaired by William Knight, consists of five Non-Executive Directors as at the year end, all of whom are regarded by the Board as independent of the Company's Manager. Irving Koo retired during the financial year, following the last Annual General Meeting. Sir Andrew Burns will retire following the 2016 AGM. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on pages 26 and 27.

There have been no changes to the Chairman's other significant commitments during the year under review.

DIRECTORS' REPORT *CONTINUED*

A review of Board composition and balance is included as part of the annual performance evaluation of the Board, details of which may be found below. The Senior Independent Director, Sir Andrew Burns, leads the evaluation of the performance of the Chairman and is available to shareholders if they have concerns that cannot be resolved through discussion with the Chairman. Kathryn Matthews will take over this position following the retirement of Sir Andrew Burns.

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be appointed by shareholders. Thereafter, a Director's appointment will run for a term of three years. Subject to the performance evaluation carried out each year, the Board will agree whether it is appropriate for the Director to seek an additional term. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board will take into account the ongoing requirements of the UK Corporate Governance Code, including the need to refresh the Board and its Committees. A rigorous review was carried out prior to reappointment of all Directors who have served a period greater than six years. Although the Company's Articles of Association stipulate that Directors should retire and be eligible for reappointment every three years, the Board has adopted corporate governance best practice and hence all Directors must stand for annual reappointment.

The terms and conditions of Directors' appointments are set out in formal letters of appointment, copies of which are available for inspection on request at the Company's registered office and at the Annual General Meeting.

Induction and Training

On appointment, the Manager and Company Secretary provide all Directors with induction training. Thereafter, regular briefings are provided on changes in law and regulatory requirements that affect the Company and the Directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trust companies. Regular reviews of the Directors' training needs are carried out by the Chairman by means of the evaluation process described below.

Meetings and Committees

The Board delegates certain responsibilities and functions to committees. All Directors are members of the Committees.

The table details the number of Board and Committee meetings attended by each Director. During the year there were four Board meetings, two Audit Committee meetings and one Nomination and Remuneration Committee meeting. The Board holds four full Board meetings each year and any additional ad hoc meetings as and when required to deal with various corporate initiatives, procedural matters and formal approvals. In addition, there is regular contact between the Directors and the Manager and Company Secretary throughout the year.

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination and Remuneration Committee Meetings Attended
Sir Andrew Burns	4	2	1
William Knight	4	2	1
Irving Koo[1]	2	1	–
Kathryn Matthews	4	2	1
John Misselbrook	4	2	1
Oscar Wong	4	2	1

[1] Retired 26th January 2015.

Board Committees

Nomination and Remuneration Committee

The Nomination and Remuneration Committee, chaired by William Knight, consists of all of the Directors and meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary. The appointment process takes account of the benefits of diversity, including gender.

The Board's policy on diversity, including gender, is to take account of the benefits of these during the appointment process.

The Committee conducts an annual performance evaluation of the Board, its committees and individual Directors to ensure that all Directors have devoted sufficient time and contributed adequately to the work of the Board and its Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together.

Questionnaires, drawn up by the Board, with the assistance of the Manager and a firm of independent consultants, are completed by each Director. The responses are collated and then discussed by the Committee. The evaluation of individual Directors is led by the Chairman. The Senior Independent Director, Sir Andrew Burns, leads the evaluation of the Chairman's performance.

The Committee also reviews Directors' fees and makes recommendations to the Board as and when appropriate in relation to remuneration policy. This takes into account the level of fees paid to the directors of the Company's peers and within the investment trust industry generally to ensure that high quality people are attracted and retained.

Audit Committee

The Audit Committee, chaired by John Misselbrook, consists of all the Directors and meets at least twice each year. The members of the Audit Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee (as detailed on pages 26 and 27) and are satisfied that at least one member (John Misselbrook) of the Audit Committee has recent and relevant financial experience.

The Committee reviews the actions and judgements of the Manager in relation to the Half Year and Annual Report & Accounts and the Company's compliance with the UK Corporate Governance Code. At the request of the Board, the Audit Committee provides confirmation to the Board as to how it has discharged its responsibilities so that the Board ensures that information presented is fair, balanced and understandable, together with details of how it has done so.

During its review of the Company's financial statements for the year ended 30th September 2015, the Audit Committee considered the following significant issues, including those communicated by the Auditors during their reporting:

Significant issue	How the issue was addressed
Going concern	The Directors have considered the Company's investment objective, risk management policies, capital management policies and procedures, the nature of the portfolio and expenditure and cash flow projections. As a result, they have determined that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future.
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1 to the accounts on page 50. Controls are in place to ensure that valuations are appropriate and existence is verified through custodian reconciliations.
Recognition of investment income	The recognition of investment income is undertaken in accordance with accounting policy note 1(d) to the accounts on page 50. The Board regularly reviews subjective elements of income such as special dividends and agrees their accounting treatment.
Compliance with Sections 1158 and 1159	Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1st October 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.

The Board was made fully aware of any significant financial reporting issues and judgements made in connection with the preparation of the financial statements.

Having taken all available information into consideration and having discussed the content of the annual report and accounts with the Alternative Investment Fund Manager, Investment Managers, Company Secretary and other third party service providers, the Audit Committee has concluded that the Annual Report and Accounts for the year ended 30th September 2015, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 39.

The Audit Committee also reviews the terms of the management agreement and examines the effectiveness of the Company's internal control systems, receives information from the Manager's Compliance department and reviews the scope and results of the external audit, its effectiveness and cost effectiveness, the balance of audit and non-audit services and the independence and objectivity of the external Auditors. In the Directors' opinion the Auditors are considered independent. In order to safeguard the Auditors' objectivity and independence, any significant non-audit services are carried out through a partner other than the audit engagement partner. The Audit Committee also receives confirmations from the Auditors, as part of their reporting, in regard to their objectivity and independence. Representatives of the Company's Auditors attend the Audit Committee meeting at which the draft annual report and accounts are considered.

The Audit Committee also has a primary responsibility for making recommendations to the Board on the reappointment and removal of external auditors. PwC was appointed at the Company's launch in 1993. The audit engagement partner rotates every five years in accordance with ethical guidelines and 2015 was the first year for the new partner. Under the new EU audit reform, given that the Company's Auditors have been in place for over 20 years, the Company must rotate their audit firm by 2020 at the latest.

Having reviewed the performance of the external Auditors and assessed their effectiveness, including assessing the quality of work, timing of communications and work with JPMF, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The Board reviews and approves the Auditors' fees and any non-audit services provided by the independent Auditors and assesses the impact of any non-audit work on the ability of the Auditors to

DIRECTORS' REPORT *CONTINUED*

remain independent. No such work was undertaken by the Auditors during the year under review. Details of the Auditors' fees are disclosed in note 5 on page 53.

The Directors' statement on the Company's system of Risk Management and Internal Control is set out on pages 34 and 35.

Terms of Reference
The Nomination and Remuneration Committee and the Audit Committee have written terms of reference which define clearly their respective responsibilities, copies of which are available on the Company's website and for inspection, on request at the Company's registered office and at the Company's Annual General Meeting.

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders quarterly each year by way of the Annual Report & Accounts, the Half Year Report and two Interim Management Statements. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's Ordinary shares.

All shareholders have the opportunity, and are encouraged, to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet shareholders and answer their questions. In addition, a presentation is given by the investment managers who review the Company's performance.

During the year, the Company's brokers, the investment managers and JPMF hold regular discussions with larger shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 75. The Chairman can also be contacted via the Company's website by following the 'Ask a Question' link at www.jpmchinese.co.uk.

The Company's Annual Report & Accounts are published in time to give shareholders at least 20 working days notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 75.

Details of the proxy voting position on each resolution will be published on the Company's website shortly after the Annual General Meeting.

Risk Management and Internal Control

The UK Corporate Governance Code requires the Directors, at least annually, to review the effectiveness of the Company's system of risk management and internal control and to report to shareholders that they have done so. This encompasses a review of all controls, which the Board has identified as including business, financial, operational, compliance and risk management.

The Directors are responsible for the Company's system of risk management and internal control which is designed to safeguard the Company's assets, maintain proper accounting records and ensure that financial information used within the business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material misstatement or loss.

Since investment management, custody of assets and all administrative services are provided to the Company by the Manager and its associates, the Company's system of risk management and internal control mainly comprises monitoring the services provided by the Manager and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal Risks on pages 23 and 24). This process has been in place for the year under review and up to the date of the approval of the Annual Report & Accounts, and it accords with the Financial Reporting Council's guidance. The Company does not have an internal audit function of its own, but relies on the Internal Audit department of the Manager which reports any material failings or weaknesses. This arrangement is kept under review.

The key elements designed to provide effective risk management and internal control are as follows:

Financial Reporting – Regular and comprehensive review by the Board of key investment and financial data, including management accounts, revenue projections, analysis of transactions and performance comparisons.

Management Agreement – Appointment of a manager, depositary and custodian regulated by the FCA whose responsibilities are clearly defined in a written agreement.

Management Systems – The Manager's system of risk management and internal control includes organisational agreements which clearly define the lines of responsibility, delegated authority, control procedures and systems. These are monitored by the Manager's Compliance department which regularly monitors compliance with FCA rules.

Investment Strategy – Authorisation and monitoring of the Company's investment strategy and exposure limits by the Board.

The Board, either directly or through the Audit Committee, keeps under review the effectiveness of the Company's system of risk management and internal control by monitoring the operation of the key operating controls of the Manager and its associates as follows:

- reviews the terms of the management agreement and receives regular reports from the Manager's Compliance department;
- reviews reports on the risk management and internal controls and the operations of its Depositary, BNY Mellon Trust & Depositary (UK) Limited, and its custodian, JPMorgan Chase Bank, which are themselves independently reviewed; and
- reviews every six months an independent report on the risk management and internal controls and the operations of the Manager.

Through the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 30th September 2015 and to the date of approval of this Annual Report & Accounts.

During the course of its review of the system of risk management and internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to the Manager. The following is a summary of JPMorgan Asset Management (UK) Limited's ('JPMAM's') policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board. Details on social and environmental issues are included in the Strategic Report on page 24.

Corporate Governance

JPMAM believes that corporate governance is integral to our investment process. As part of our commitment to delivering superior investment performance to our clients, we expect and encourage the companies in which we invest to demonstrate the highest standards of corporate governance and best business practice. We examine the share structure and voting structure of the companies in which we invest, as well as the board balance, oversight functions and remuneration policy. These analyses then form the basis of our proxy voting and engagement activity.

Proxy Voting

JPMAM manages the voting rights of the shares entrusted to it as it would manage any other asset. It is the policy of JPMAM to vote in a prudent and diligent manner, based exclusively on our reasonable judgement of what will best serve the financial interests of our clients. So far as is practicable, we will vote at all of the meetings called by companies in which we are invested.

Stewardship/Engagement

JPMAM recognises its wider stewardship responsibilities to its clients as a major asset owner. To this end, we support the introduction of the FRC Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of investee companies. Under the Code, managers should:

- *publicly disclose their policy on how they will discharge their stewardship responsibilities to their clients;*
- *disclose their policy on managing conflicts of interest;*
- *monitor their investee companies;*
- *establish clear guidelines on how they escalate engagement;*
- *be willing to act collectively with other investors where appropriate;*
- *have a clear policy on proxy voting and disclose their voting record; and*
- *report to clients.*

JPMAM endorses the Stewardship Code for its UK investments and supports the principles as best practice elsewhere. We believe that regular contact with the companies in which we invest is central to our investment process and we also recognise the importance of being an 'active' owner on behalf of our clients.

JPMAM's Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from JPMAM's website: www.jpmorganassetmanagement.co.uk/institutional/CommentaryAndAnalysis/CorporateGovernance, which also sets out its approach to the seven principles of the FRC Stewardship Code, its policy relating to conflicts of interest and its detailed voting record.

By order of the Board
Lucy Dina, for and on behalf of
JPMorgan Funds Limited,
Secretary

21st December 2015

DIRECTORS' REMUNERATION REPORT

The Board presents the Directors' Remuneration Report for the year ended 30th September 2015, which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006 as amended.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in its report on pages 40 to 45.

As all of the Directors are non-executive, the Board has not established a Remuneration Committee. Instead, the Nomination and Remuneration Committee reviews Directors' fees on a regular basis and makes recommendations to the Board as and when appropriate.

Directors' Remuneration Policy

The Directors' Remuneration Policy Report is subject to a triennial binding vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. The policy subject to the vote, is set out in full below and is currently in force.

The Board's policy for this and subsequent years is that Directors' fees should properly reflect the time spent by the Directors on the Company's business and should be at a level to ensure that candidates of a high calibre are recruited to the Board. The Chairman of the Board and the Chairman of the Audit Committee are paid higher fees than other Directors, reflecting the greater time commitment involved in fulfilling those roles.

The Nomination and Remuneration Committee, comprising all Directors, reviews fees on a regular basis and makes recommendations to the Board as and when appropriate. Reviews are based on information provided by the Manager, and includes research carried out by third parties on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. The involvement of remuneration consultants has not been deemed necessary as part of this review.

All of the Directors are non-executive. There are no performance-related elements to their fees and the Company does not operate any type of incentive, share scheme, award or pension scheme and therefore no Directors receive bonus payments or pension contributions from the Company or hold options to acquire shares in the Company. Directors are not granted exit payments and are not provided with compensation for loss of office. No other payments are made to Directors, other than the reimbursement of reasonable out-of-pocket expenses incurred in attending the Company's business.

During the year under review, Directors' fees were paid at a fixed rate of £27,000 per annum for the Chairman, £23,500 per annum for the Chairman of the Audit Committee and £20,000 per annum for each other Director. Fees were increased from the date of the AGM in 2015 to £30,000 for the Chairman, £25,500 for the Audit Committee Chairman and £21,500 for each other Director.

As part of the review, it was agreed that the number of Directors on the Board be reduced. As a consequence and with effect from 26th January 2016, the date of the 2016 AGM, fees will be increased to the following rates: Chairman, £34,000; Chairman of the Audit Committee, £29,000; and other Directors, £23,000.

The Company's Articles of Association stipulate that aggregate fees must not exceed £150,000 per annum. Any increase in this the maximum aggregate amount requires both Board and shareholder approval.

The Company has no Chief Executive Officer and no employees and therefore there was no consultation of employees, and there is no employee comparative data to provide, in relation to the setting of the remuneration policy for Directors.

The Company has not sought shareholder views on its remuneration policy. The Nomination and Remuneration Committee considers any comments received from shareholders on remuneration policy on an ongoing basis and will take account of these views if appropriate.

The Directors do not have service contracts with the Company. The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. Details of the Board's policy on tenure are set out on page 32.

The Company's Remuneration policy also applies to new Directors.

Directors' Remuneration Policy Implementation Report

The Directors' Remuneration Policy Implementation Report which includes details of the Directors' Remuneration Policy and its implementation, is subject to an annual advisory vote and therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting. There have been no changes to the policy compared with the year ended 30th September 2014 and no changes are proposed for the year ending 30th September 2016.

At the Annual General Meeting held on 26th January 2015, of votes cast in respect of the Remuneration Policy, 98.8% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration policy and 1.2% voted against. In respect of the Remuneration Report, 98.8% of votes were cast in favour and 1.2% against.

Details of the implementation of the Company's remuneration policy are given below. No advice from remuneration consultants was received during the year under review.

Single total figure of remuneration

The single total figure of remuneration for the Board as a whole for the year ended 30th September 2015 was £123,406. The single total figure of remuneration for each Director is detailed below together with the prior year comparative.

There are no performance targets in place for the Directors of the Company and there are no benefits for any of the Directors which will vest in the future. There are no benefits, pension, bonus, long term incentive plans, exit payments or arrangements in place on which to report.

Single total figure table[1]

	Total fees[2] 2015	2014
William Knight	£29,057	£27,000
John Misselbrook	£24,872	£23,500
Sir Andrew Burns	£21,029	£20,000
Irving Koo[3]	£6,390	£20,000
Kathryn Matthews	£21,029	£20,335
Oscar Wong[4]	£21,029	£3,333
Total	**£123,406**	**£114,168**

[1] Audited information.

[2] Other columns have been omitted as no payments of any other type were made.

[3] Retired 26th January 2015.

[4] Appointed 1st August 2014.

A table showing the total remuneration for the Chairman over the five years ended 30th September 2015 is below:

Remuneration for the Chairman over the five years ended 30th September 2015

Year ended 30th September	Fees
2015	£30,000
2014	£27,000
2013	£27,000
2012[1]	£26,000
2011	£24,000

[1] Appointed Chairman during financial year.

Directors' Shareholdings[1]

There are no requirements pursuant to the Company's Articles of Association for the Directors to own shares in the Company. The Directors' beneficial shareholdings, including any shares held by connected persons, are detailed below.

Directors' Name	2015 Number of shares held	2014 Number of shares held
William Knight	4,400	4,400
Sir Andrew Burns	4,723	4,946
Irving Koo[2]	–	–
Kathryn Matthews	3,000	3,000
John Misselbrook	6,000	4,000
Oscar Wong[3]	–	–
Total	**18,123**	**16,346**

[1] Audited information.

[3] Retired 26th January 2015.

[3] Appointed 1st August 2014.

As at the latest practicable date before the publication of this document, there have been no changes to the Directors' shareholdings.

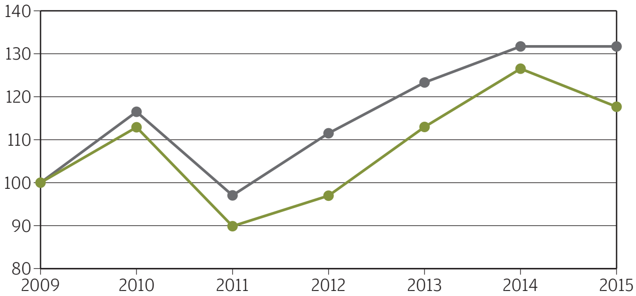
The Directors have no other share interests or share options in the Company and no share schemes are available.

No amounts (2014: nil) were paid to third parties for making available the services of Directors.

DIRECTORS' REMUNERATION REPORT *CONTINUED*

In accordance with the Companies Act 2006, a graph showing the Company's share price total return compared with its benchmark, the MSCI Golden Dragon Index with dividends reinvested, in sterling terms, over the last six years is shown below. The Board believes this Index is the most representative comparator for the Company, as it includes China securities and non-domestic China securities listed in Hong Kong and Taiwan.

Six Year Share Price and Benchmark Total Return Performance to 30th September 2015



Source: Morningstar/Datastream/MSCI.

Share price total return.

Benchmark.

A table showing actual expenditure by the Company on remuneration and distributions to shareholders for the year and the prior year is below:

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 30th September 2015	2014
Remuneration paid to all Directors	£123,406	£114,168
Distribution to shareholders		
– by way of dividend	£1,350,000	£1,209,000
– by way of share repurchases	£1,025,000	nil
Total distribution to shareholders	**£2,300,000**	**£1,209,000**

For and on behalf of the Board
William Knight
Chairman

21st December 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that, taken as a whole, the annual report and accounts are fair, balanced and understandable, provide the information necessary for shareholders to assess the Company's performance, business model and strategy and that they give a true and fair view of the state of affairs of the Company and of the total return or loss of the Company for that period. In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business

and the Directors confirm that they have done so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts are published on the www.jpmchinese.co.uk website, which is maintained by the Company's Manager. The maintenance and integrity of the website maintained by the Manager is, so far as it relates to the Company, the responsibility of the Manager. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. The accounts are prepared in accordance with UK legislation, which may differ from legislation in other jurisdictions.

Under applicable law and regulations the Directors are also responsible for preparing a Directors' Report, Strategic Report, Statement of Corporate Governance and Directors' Remuneration Report that comply with that law and those regulations.

Each of the Directors, whose names and functions are listed on pages 26 and 27, confirms that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law, give a true and fair view of the assets, liabilities, financial position and return or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Board confirms that it is satisfied that the annual report and accounts taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the strategy and business model of the Company.

The Board also confirms that it is satisfied that the Strategic Report and Directors' Report include a fair review of the development and performance of the business, and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

For and on behalf of the Board
William Knight,
Chairman

21st December 2015

Independent Auditors’ Report

TO THE MEMBERS OF JPMORGAN CHINESE INVESTMENT TRUST PLC

Report on the financial statements

Our opinion

In our opinion, JPMorgan Chinese Investment Trust plc’s financial statements (the ‘financial statements’):

- give a true and fair view of the state of the Company’s affairs as at 30th September 2015 and of its net return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report & Accounts (the ‘Annual Report’), comprise:

- the Balance Sheet as at 30th September 2015;
- the Income Statement for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Reconciliation of Movements in Shareholders’ Funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our audit approach

Overviews

Materiality:

- Overall materiality: £1.4 million which represents approximately 1% of net assets.

Audit scope:

- The Company is a standalone Investment Trust Company and engages JPMorgan Funds Limited (the ‘Manager’) to manage its assets.
- We conducted our audit of the financial statements using information from JPMorgan Chase Bank N.A., Investor Services (the ‘Administrator’) to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

Areas of focus:

- Income from investments.
- Valuation and existence of investments.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)').

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Income from investments Refer to page 33 (Directors Report), page 50 (Accounting Policies) and page 52 (Notes to the financial statements). We focused on the accuracy and completeness of income recognition from investments and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP'). This is because inaccurate or incomplete income could have a material impact on the Company's net asset value.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. In addition we tested dividend receipts by agreeing the dividend rates from a sample of investments to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared by a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. We tested the allocation and presentation of income from investments between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We then tested the validity of revenue and capital special dividends to independent third party sources. We did not find any special dividends that were not treated in accordance with the AIC SORP.

Area of focus	How our audit addressed the area of focus
Valuation and existence of investments Refer to page 33 (Directors Report), page 50 (Accounting Policies) and page 55 (Notes to the financial statements). The investment portfolio at the year-end principally comprised listed equity investments valued at £157m. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the financial statements.	We tested the valuation of the investment portfolio as follows: • for listed equity investments and for bonds, we agreed the prices used in the valuation to independent third party sources; • for equity-linked securities we agreed the underlying value of the listed equity investments to independent third party sources as these securities give the holder the right to purchase, and therefore to indirectly hold, the underlying asset on predefined terms. No misstatements were identified by our testing which required reporting to those charged with governance. We tested the existence of the investment portfolio by agreeing the holdings for investments to an independent Custodian confirmation from JPMorgan Chase Bank, N.A. No differences were identified which required reporting to those charged with governance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the types of investments within the Company, the involvement of the Manager and Administrator, the accounting processes and controls, and the industry in which the Company operates.

The Company's accounting is delegated to the Administrator who maintain their own accounting records and controls and report to the Manager and the Directors.

As part of our risk assessment, we assessed the control environment in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and reading the relevant control reports issued by the independent auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work. We then identified those key controls at the Administrator on which we could place reliance to provide audit evidence. We also assessed the gap period of 6 months between the period covered by the controls report and the year-end of the Company. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements, including whether we needed to perform additional testing in respect of those key controls to support our substantive work. For the purposes of our audit, we determined that additional testing of controls in place at the Administrator was not required because additional substantive testing was performed.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£1.4 million (2014: £1.4 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £68,000 (2014: £70,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 29, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
• the statement given by the Directors on page 39, in accordance with provision C.1.1 of the UK Corporate Governance Code (the 'Code'), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit.	We have no exceptions to report.
• the section of the Annual Report on page 33, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

The Directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

• the Directors' confirmation on page 23 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the Directors' explanation on page 25 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Company and the Directors' statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' Remuneration Report - Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 39, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Alex Bertolotti (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

21st December 2015

INCOME STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER 2015

	Notes	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
(Losses)/gains on investments held at fair value through profit or loss	2	–	(297)	(297)	–	9,138	9,138
Net foreign currency losses		–	(981)	(981)	–	(72)	(72)
Income from investments	3	4,436	–	4,436	3,585	–	3,585
Gross return/(loss)		**4,436**	**(1,278)**	**3,158**	**3,585**	**9,066**	**12,651**
Management fee	4	(1,764)	–	(1,764)	(1,417)	–	(1,417)
Performance fee	4	–	(59)	(59)	–	(254)	(254)
Other administrative expenses	5	(467)	–	(467)	(454)	–	(454)
Net return/(loss) on ordinary activities before finance costs and taxation		**2,205**	**(1,337)**	**868**	**1,714**	**8,812**	**10,526**
Finance costs	6	(211)	–	(211)	(178)	–	(178)
Net return/(loss) on ordinary activities before taxation		**1,994**	**(1,337)**	**657**	**1,536**	**8,812**	**10,348**
Taxation	7	(293)	–	(293)	(255)	–	(255)
Net return/(loss) on ordinary activities after taxation		**1,701**	**(1,337)**	**364**	**1,281**	**8,812**	**10,093**
Return/(loss) per share	9	**2.25p**	**(1.77)p**	**0.48p**	**1.70p**	**11.66p**	**13.36p**

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

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information. 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.

The notes on pages 50 to 67 form an integral part of these accounts.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	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
At 30th September 2013	19,481	13,321	3	581	37,392	56,313	1,827	128,918
Net return from ordinary activities	–	–	–	–	–	8,812	1,281	10,093
Dividends appropriated in the year	–	–	–	–	–	–	(1,209)	(1,209)
At 30th September 2014	19,481	13,321	3	581	37,392	65,125	1,899	137,802
Repurchase of shares into Treasury	–	–	–	–	–	(1,025)	–	(1,025)
Net (loss)/return from ordinary activities	–	–	–	–	–	(1,337)	1,701	364
Dividends appropriated in the year	–	–	–	–	–	–	(1,209)	(1,209)
At 30th September 2015	19,481	13,321	3	581	37,392	62,763	2,391	135,932

The notes on pages 50 to 67 form an integral part of these accounts.

BALANCE SHEET AT 30TH SEPTEMBER 2015

	Notes	2015 £'000	2014 £'000
Fixed assets	10		
Investments held at fair value through profit or loss		154,813	151,184
Investments in liquidity funds at fair value through profit or loss		2,310	–
		157,123	**151,184**
Current assets	11		
Debtors		890	301
Cash and short term deposits		2,326	1,071
		3,216	**1,372**
Creditors: amounts falling due within one year	12	(24,407)	(14,754)
Net current liabilities		**(21,191)**	**(13,382)**
Total assets less current liabilities		**135,932**	**137,802**
Net assets		**135,932**	**137,802**
Capital and reserves			
Called up share capital	14	19,481	19,481
Share premium	15	13,321	13,321
Exercised warrant reserve	15	3	3
Capital redemption reserve	15	581	581
Other reserve	15	37,392	37,392
Capital reserves	15	62,763	65,125
Revenue reserve	15	2,391	1,899
Total equity shareholders' funds		**135,932**	**137,802**
Net asset value per share	16	**181.2p**	**182.4p**

The accounts on pages 46 to 67 were approved and authorised for issue by the Directors on 21st December 2015 and were signed on their behalf by:

William Knight
Chairman

The notes on pages 50 to 67 form an integral part of these accounts.

Company registration number: 02853893.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER 2015

	Notes	2015 £'000	2014 £'000
Net cash inflow from operating activities	17	1,184	106
Returns on investments and servicing of finance			
Interest paid		(215)	(172)
Net cash outflow from returns on investments and servicing of finance		(215)	(172)
Taxation			
Taxation recovered		21	–
Capital expenditure and financial investment			
Purchases of investments		(166,477)	(128,064)
Sales of investments		159,180	131,362
Other capital charges		(57)	(72)
Net cash (outflow)/inflow from capital expenditure and financial investment		(7,354)	3,226
Dividend paid		(1,209)	(1,209)
Net cash (outflow)/inflow before financing		(7,573)	1,951
Financing			
Net drawdown/(repayment) of bank loan		9,638	(3,300)
Repurchase of shares into Treasury		(1,025)	–
Net cash inflow/(outflow) from financing		8,613	(3,300)
Net increase/(decrease) in cash for the year	18	1,040	(1,349)

The notes on pages 50 to 67 form an integral part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2015

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the AIC in January 2009.

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

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments at fair value through profit or loss. The Directors consider it appropriate to prepare the financial statements on a going concern basis. For more details see page 29.

The policies applied in these financial statements are consistent with those applied in the preceding year.

(b) Valuation of investments

The Company's business is investing in financial assets with a view to profiting from the total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis in accordance with a documented investment strategy and information about the portfolio is provided internally on that basis to the Board of Directors. Accordingly, upon initial recognition the investments are designated as at fair value through profit or loss ('FVTPL'). They are included initially at fair value which is taken to be their cost, excluding expenses incidental to their acquisition, which are written off to capital at the time of acquisition. Subsequently the investments are valued at 'fair value', which are quoted bid prices for investments traded in active markets.

For investments which are not traded in active markets, unlisted and restricted investments, the Board takes into account the latest traded prices, other observable market data and asset values based on the latest available accounts.

Gains and losses on sales of investments including the related foreign exchange gains and losses of a capital nature, are dealt with in capital reserves within 'Gains and losses on sales of investments'. Increases and decreases in the valuation of investments held at the year end, are dealt with in capital reserves within 'Holding gains and losses on investments'.

All purchases and sales are accounted for on a trade date basis.

(c) Income

Dividends receivable from equity shares and investment funds are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital.

Overseas dividends are shown gross of any withholding tax.

Interest receivable is taken to revenue on an accruals basis.

Where the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in revenue. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

(d) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to revenue with the following exceptions:

- any performance fee is allocated 100% to capital; and
- expenses incidental to the purchase of an investment are included within the cost of the investment and those incidental to the sale are deducted from the sale proceeds. These expenses are commonly referred to as transaction costs and include items such as stamp duty and brokerage commissions. Details of transaction costs are given in note 10 on page 56.

(e) Finance costs

Finance costs are accounted for on an accruals basis and in accordance with the provisions of FRS 25: 'Financial instruments: Presentation' and FRS 26: 'Financial instruments: Measurement'.

Finance costs are allocated wholly to revenue.

(f) Financial instruments

Cash and short term deposits may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Other debtors and creditors do not carry any interest, are short term in nature and are accordingly stated at nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

(g) Foreign currency

In accordance with FRS 23: 'The effects of changes in Foreign Currency Exchange Rates' the Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined the functional currency to be Sterling. Sterling is also the currency in which the accounts are presented.

Transactions denominated in foreign currencies are converted at actual exchange rates at the date of the transaction. Monetary assets, liabilities and equity investments held at fair value, denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end.

Any gain or loss arising on monetary assets from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature. Gains and losses on investments arising from a change in exchange rates are included in the Income Statement within 'Gains or losses on investments held at fair value through profit or loss' and charged or credited to capital reserves.

(h) Taxation

Current tax is provided at the amounts expected to be paid or recovered.

Deferred taxation is accounted for in accordance with FRS 19: 'Deferred Tax'.

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred taxation liabilities are recognised for all taxable timing differences but deferred taxation assets are only recognised to the extent that it is more likely than not that taxable profits will be available against which those timing differences can be utilised.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date and is measured on an undiscounted basis.

Tax relief is allocated to expenses charged to capital on the 'marginal basis'. On this basis, if taxable income is capable of being entirely offset by revenue expenses, then no tax relief is transferred to capital.

(i) Dividends

In accordance with FRS 21: 'Events after the Balance Sheet Date', dividends payable are included in the accounts in the year in which they are approved by shareholders.

(j) Performance fee

Any performance fee falling due for payment immediately is included in 'Creditors: amounts falling due within one year'. Amounts which are carried forward for payment in future years but which are subject to reduction by any future underperformance are included in 'Provisions for liabilities and charges'.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

1. Accounting policies *continued*

(k) Value Added Tax (VAT)

Irrecoverable VAT is included in the expense on which it has been suffered. Recoverable VAT is calculated using the partial exemption method based on the proportion of zero rated supplies to total supplies.

(l) Repurchases of ordinary shares for cancellation

The cost of repurchasing ordinary shares including the related stamp duty and transactions costs is charged to 'Capital reserves' and dealt with in the Reconciliation of Movement in Shareholders' Funds. Share repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of 'Called up share capital' and into 'Capital redemption reserve'.

(m) Repurchase of shares to hold in Treasury

The cost of repurchasing shares into Treasury, including the related stamp duty and transaction costs is charged to capital reserves and dealt with in the Reconciliation of Movements in Shareholders' Funds. Share repurchase transactions are accounted for on a trade date basis. Where shares held in Treasury are subsequently cancelled, the nominal value of those shares is transferred out of called up share capital and into capital redemption reserve.

Should shares held in Treasury be reissued, the sales proceeds will be treated as a realised profit up to the amount of the purchase price of those shares and will be transferred to capital reserves. The excess of the sales proceeds over the purchase price will be transferred to share premium.

2. (Losses)/gains on investments held at fair value through profit or loss

	2015 £'000	2014 £'000
Gains on sales of investments held at fair value through profit or loss based on historical cost	12,433	9,752
Amounts recognised as investment holding gains and losses in the previous year in respect of investments sold during the year	(7,842)	(11,052)
Gains/(losses) on sales of investments based on the carrying value at previous balance sheet date	4,591	(1,300)
Net movement in investment holding gains and losses	(4,846)	10,525
Other capital charges	(42)	(87)
Total capital (losses)/gains on investments held at fair value through profit or loss	**(297)**	**9,138**

3. Income

	2015 £'000	2014 £'000
Income from investments		
Overseas dividends	4,160	3,465
Income from liquidity stocks	2	3
Dividend from Participatory Notes	140	–
Scrip dividends	134	117
Total income	**4,436**	**3,585**

4. Management fee and performance fee

	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Management fee	1,764	–	1,764	1,417	–	1,417
Performance fee	–	59	59	–	254	254
	1,764	**59**	**1,823**	**1,417**	**254**	**1,671**

Details of the management fee and performance fee are given in the Directors' Report on pages 28 and 29.

5. Other administrative expenses

	2015 £'000	2014 £'000
Other administration expenses	317	316
Directors' fees[1]	123	114
Safe custody fees	63	66
Depository fees	37	6
Auditors' remuneration for audit services	25	24
	467	**454**

[1] Full disclosure is given in the Directors' Remuneration Report on page 37.

6. Finance costs

	2015 £'000	2014 £'000
Interest on bank loans and overdraft	**211**	**178**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

7. Taxation

(a) Analysis of tax charge in the year

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas withholding tax	293	–	293	255	–	255
Current tax charge for the year	**293**	**–**	**293**	**255**	**–**	**255**

(b) Factors affecting current tax charge for the year

The tax assessed for the year is higher (2014: lower) than the Company's applicable rate of corporation tax for the year of 20.5% (2014: 22.0%). The factors affecting the current tax charge for the year are as follows:

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return/(loss) on ordinary activities before taxation	1,994	(1,337)	657	1,536	8,812	10,348
Net return/(loss) on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 20.5% (2014: 22.0%)	409	(274)	135	338	1,939	2,277
Effects of:						
Non taxable capital losses/(gains)	–	262	262	–	(1,995)	(1,995)
Non taxable overseas dividends	(853)	–	(853)	(762)	–	(762)
Non taxable scrip dividends	(28)	–	(28)	(26)	–	(26)
Overseas withholding tax	293	–	293	255	–	255
Unrelieved expenses and charges	472	12	484	450	56	506
Current tax charge for the year	**293**	**–**	**293**	**255**	**–**	**255**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £3,303,000 (2014: £2,861,000) based on a prospective corporation tax rate of 20% (2014: 20%). The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts. The UK Government announced in July 2015 that the corporation tax rate is set to be cut to 19% in 2017 and 18% in 2020. These rate reductions have not been substantively enacted, therefore the impact of these reductions has not been incorporated into the tax charge for the period.

Given the Company's status as an Investment Trust Company and the intention to continue meeting the conditions required to obtain approval, the Company has not provided deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

8. Dividends

(a) Dividends paid and proposed

	2015 £'000	2014 £'000
2014 Final dividend paid of 1.6p (2013: 1.6p)	1,209	1,209
2015 Final dividend proposed of 1.8p (2014: 1.6p)[1]	1,350	1,209

[1] Based on Ordinary shares in issue of 75,005,470 (2014: 75,531,426).

The final dividend proposed in respect of the year ended 30th September 2015 is subject to shareholder approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, this dividend will be reflected in the accounts for the year ending 30th September 2016.

(b) Dividend for the purposes of Section 1158 of the Corporation Tax Act 2010 ('Section 1158')

The requirements of Section 1158 are considered on the basis of the dividend proposed in respect of the financial year, as follows:

	2015 £'000	2014 £'000
Final dividend proposed of 1.8p (2014: 1.6p)	1,350	1,209

The revenue available for distribution by way of dividend for the year is £1,701,000 (2014: £1,281,000).

9. Return/(loss) per share

The revenue return per share is based on the revenue return attributable to the ordinary shares of £1,701,000 (2014: £1,281,000) and on the weighted average number of shares in issue during the year of 75,384,066 (2014: 75,531,426) excluding shares held in Treasury.

The capital loss per share is based on the capital loss attributable to the ordinary shares of £1,337,000 (2014: gain of £8,812,000) and on the weighted average number of shares in issue during the year of 75,384,066 (2014: 75,531,426) excluding shares held in Treasury.

The total return per share is based on the total return attributable to the ordinary shares of £364,000 (2014: £10,093,000) and on the weighted average number of shares in issue during the year of 75,384,066 (2014: 75,531,426) excluding shares held in Treasury.

10. Investments held at fair value through profit or loss

	2015 £'000	2014 £'000
Investments listed on a recognised stock exchange[1]	154,813	148,175
Investments in Liquidity fund	2,310	–
Open-ended investment funds	–	3,009
	157,123	**151,184**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

10. Investments held at fair value through profit or loss *continued*

	2015 Overseas investments[1] £'000	2015 Investment fund £'000	2015 Total £'000
Opening book cost	122,364	2,996	125,360
Opening investment holding gains	25,811	13	25,824
Opening valuation	148,175	3,009	151,184
Movements in the year:			
Purchases at cost	165,925	–	165,925
Sales - proceeds	(156,856)	(2,875)	(159,731)
Losses on sales of investments based on the carrying value at the previous balance sheet date	4,712	(121)	4,591
Net movement in investment holding gains and losses	(4,833)	(13)	(4,846)
Closing valuation	157,123	–	157,123
Closing book cost	143,987	–	143,987
Closing investment holding gains	13,136	–	13,136
Total investments held at fair value	**157,123**	**–**	**157,123**

[1] Includes investments in a Convertible Bond and participatory notes in listed companies.

Transaction costs on purchases during the year amounted to £370,000 (2014: £369,000) and on sales during the year amounted to £336,000 (2014: £308,000). These costs comprise mainly brokerage commission.

During the year, prior year investment holding gains amounting to £7,842,000 have been transferred to gains and losses on sales of investments as disclosed in note 15 on page 58.

11. Current assets

Debtors

	2015 £'000	2014 £'000
Securities sold awaiting settlement	669	118
Overseas tax recoverable	12	11
Dividends and interest receivable	188	155
Other debtors	21	17
	890	301

The Directors consider that the carrying amount of debtors approximates to their fair value.

Cash and short term deposits

Cash and short term deposits comprises bank balances and short term deposits. The carrying amount of these represents their fair value. Cash balances in excess of a predetermined amount are placed on short term deposit at market rates of interest.

12. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Securities purchased awaiting settlement	123	809
Bank loan	24,096	13,262
Performance fee payable[1]	59	509
Other creditors and accruals	129	174
	24,407	14,754

[1] Further details of the performance fee can be found in note 13 below.

On 27th January 2012, the Company arranged a £20 million unsecured 364 day multicurrency revolving loan facility with Scotiabank Ireland Limited. This facility was renewed for a further 364 days in January 2013 and again in January 2014 and January 2015 with a maturity date of 21st January 2016. On 5th May 2015, the £20 million facility was increased to £30 million.

Under the terms of this agreement, the Company may draw down up to £30 million or its equivalent in other currency, at an interest rate of LIBOR as, offered in the market for the relevant currency and loan period, plus a margin of 0.75% plus 'Mandatory Costs', which are the lender's costs of complying with certain regulatory requirements of the Bank of England and the Financial Conduct Authority. The facility is unsecured and is subject to covenants which are customary for a credit agreement of this nature.

At 30th September 2015, the Company had drawn down US$36.5 million (2014: US$21.5 million) on the multicurrency revolving loan facility with Scotiabank at an interest rate of 1.00% (2014: 1.00%).

The Directors consider that the carrying amount of creditors falling due within one year approximates to their fair value.

13. Provisions for liabilities and charges

	2015 £'000	2014 £'000
Performance fee		
Opening balance	–	255
Performance fee for the year	59	254
Amount realised during the year	(59)	(509)
Closing balance	–	–

The Company outperformed its benchmark in the year ended 30th September 2015 and this gave rise to a positive performance fee of £59,188.

During the year the Board undertook a review of the fees paid to the Manager and decided that the performance fee be removed with effect from 30th September 2015, and revert to a management fee only at a flat fee of 1% per annum of the Company's total assets less current liabilities, after adding back any loans.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

14. Called up share capital

	2015 £'000	2014 £'000
Issued and fully paid share capital		
Opening balance of 75,531,426 (2014: 75,531,426) shares of 25p each	18,885	18,885
Repurchase of 525,956 (2014: nil) Ordinary shares held in Treasury	(131)	–
Sub total of 75,005,470 (2014: 75,531,426)	18,754	18,885
2,909,495 (2014: 2,383,539) shares held in Treasury	727	596
Closing balance of 77,914,965 (2014: 77,914,965) including 2,909,495 (2014: 2,383,539) shares held in Treasury	**19,481**	**19,481**

15. Reserves

					Capital reserves		
	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Other reserve[1] £'000	Gains and losses on sales of investments £'000	Holding gains and losses on investments £'000	Revenue reserve £'000
Opening balance	13,321	3	581	37,392	39,235	25,890	1,899
Currency gains on cash and short term deposits	–	–	–	–	215	–	–
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	4,591	–	–
Net movement in investment holding gains and losses	–	–	–	–	–	(4,846)	–
Transfer on disposal of investments	–	–	–	–	7,842	(7,842)	–
Performance fee for the year	–	–	–	–	–	(59)	–
Performance fee now realised	–	–	–	–	(59)	59	–
Repurchase of shares into Treasury	–	–	–	–	(1,025)	–	–
Unrealised exchange loss on foreign currency loan	–	–	–	–	–	(1,019)	–
Realised exchange loss on repayment of foreign currency loan	–	–	–	–	(177)	–	–
Unrealised exchange gain on foreign currency loan now realised	–	–	–	–	10	(10)	–
Other capital charges	–	–	–	–	(42)	–	–
Dividends appropriated in the year	–	–	–	–	–	–	(1,209)
Net revenue for the year	–	–	–	–	–	–	1,701
Closing balance	**13,321**	**3**	**581**	**37,392**	**50,590**	**12,173**	**2,391**

[1] Created during the year ended 30th September 1999, following a cancellation of the share premium account.

16. Net asset value per share

The net asset value per share is based on the net assets attributable to the ordinary shareholders of £135,932,000 (2014: £137,802,000) and on the 75,005,470 (2014: 75,531,426) shares in issue at the year end excluding 2,909,495 (2014: 2,383,539) shares held in Treasury.

17. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	2015 £'000	2014 £'000
Net return on ordinary activities before finance costs and taxation	868	10,526
Add capital loss/(less capital return) on ordinary activities before taxation	1,337	(8,812)
Scrip dividends received as income	(134)	(117)
Increase in accrued income	(33)	(37)
(Increase)/decrease in other debtors	(4)	8
(Decrease)/increase in accrued expenses	(27)	5
Performance fee paid	(509)	(1,212)
Overseas taxation	(314)	(255)
Net cash inflow from operating activities	**1,184**	**106**

18. Analysis of changes in net debt

	2014 £'000	Cash flow £'000	Exchange movements £'000	2015 £'000
Cash and short term deposits	1,071	1,040	215	2,326
Bank loan falling due within one year	(13,262)	(9,638)	(1,196)	(24,096)
Net debt	**(12,191)**	**(8,598)**	**(981)**	**(21,770)**

19. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments at the balance sheet date (2014: £nil).

20. Transactions with the Manager, affiliates of the Manager and related party transactions

Details of the management contract with JPMorgan Funds Limited (JPMF) and JPMorgan Asset Management (UK) Limited (JPMAM) are set out in the Directors' Report on pages 28 and 29. The terms make allowance for the exclusion of management charges on investments held in funds managed by the Manager. The fee payable to JPMAM for the year was £1,764,000 (2014: £1,417,000) of which £nil (2014: £nil) was outstanding at the year end.

Details of the performance fee are set out in the Directors' Report on pages 28 and 29. Performance fee amounting to £59,000 (2014: £254,000) is payable to the Manager for the year and £59,000 (2014: £509,000) was outstanding at the year end.

Included in other administration expenses in note 5 on page 53 are safe custody fees amounting to £63,000 (2014: £66,000) of which £15,000 (2014: £23,000) was outstanding at the year end. These fees were paid to third party custodians by the Manager on behalf of the Company.

The JPMAM carries out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities for the year was £10,000 (2014: £9,000) of which £nil (2014: £nil) was outstanding at the year end.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

20. Transactions with the Manager, affiliates of the Manager and related party transactions *continued*

Handling charges, incurred on dealing transactions undertaken by overseas custodians during the year, amounting to £42,000 (2014: £88,000) were payable to JPMorgan Chase of which £16,000 (2014: £31,000) was outstanding at the year end.

The Company holds an investment in JPMorgan Taiwan Best Selection Fund which is managed by the Manager. At 30th September 2015 this investment was fully sold (2014: £3.0 million) and represented nil (2014: 2.0%) of the Company's investment portfolio. During the year the Company made no purchases of this investment (2014: £6.7 million) and sales with a total value of £3.0 million (2014: £8.7 million). No income was received from this investment in the current or comparative year.

The Company holds an investment in JPMorgan US Dollar Liquidity Fund which is managed by the Manager. At 30th September 2015 this investment was valued at £2.3 million (2014: £nil) and represented 1.5% (2014: nil) of the Company's investment portfolio. During the year the Company made purchases of this investment with a total value of £12.0 million (2014: £8.4 million) and sales with a total value of £10.0 million (2014: £8.3 million). Income amounting to £2,000 (2014: £3,000) was received from this investment during the year.

At the year end, a bank balance of £2,326,000 (2014: £1,071,000) was held with JPMorgan Chase. A net amount of interest of £nil (2014: £nil) was receivable by the Company during the year from JPMorgan Chase of which £nil (2014: £nil) was outstanding at the year end.

The Company has no related parties other than its Directors. Details of the Directors' shareholdings and the remuneration payable to the Directors are given in the Directors' Remuneration Report on page 37.

21. Disclosures regarding financial instruments measured at fair value

The disclosures required by the amendment to FRS 29: 'Improving Disclosures about Financial Instruments' are given below. The Company's financial instruments within the scope of FRS 29 that are held at fair value comprise its investment portfolio.

The investments are categorised into a hierarchy consisting of the following three levels:

Level 1 – valued using quoted prices in active markets

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. Details of the valuation techniques used by the Company are given in note 1(b) on page 50.

The following table sets out the fair value measurements using the FRS 29 hierarchy at 30th September:

	2015			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets held at fair value through profit or loss				
Investment listed on a recognised stock exchange[1]	145,235	–	–	145,235
Liquidity Funds	2,310	–	–	2,310
Investments in participatory notes	–	9,578	–	9,578
Total	**147,545**	**9,578**	**–**	**157,123**

	2014			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets held at fair value through profit or loss				
Investment listed on a recognised stock exchange[1]	144,816	–	–	144,816
Investments in participatory notes and open-ended investment funds	–	6,368	–	6,368
Total	**144,816**	**6,368**	**–**	**151,184**

[1] Includes investments in a Convertible Bond.

There have been no transfers between Levels 1, 2 or 3 during the current or comparative year.

22. Financial instruments' exposure to risk and risk management policies

As an investment trust, the Company invests in equities and other securities for the long term so as to secure its investment objective stated on the 'Features' page. In pursuing this objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends. These risks include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Company Secretary, in close cooperation with the Board and the Manager, coordinates the Company's risk management strategy.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Company's financial instruments may comprise:

- investments in equity shares, convertibles, warrants, participatory notes and open ended investment companies, with exposure to 'Greater China' companies and which are held in accordance with the Company's investment objective;
- short term debtors, creditors and cash arising directly from its operations; and
- a loan facility.

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk. Information to enable an evaluation of the nature and extent of these three elements of market risk is given in parts (i) to (iii) of this note, together with sensitivity analyses where appropriate. The Board reviews and agrees policies for managing the risks and these policies have remained unchanged from those applying in the comparative year. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Currency risk

Certain of the Company's assets, liabilities and income are denominated in currencies other than Sterling (the Company's functional currency and the currency in which it reports). As a result, movements in exchange rates may affect the Sterling value of those items.

Management of currency risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least four occasions each year. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. Income denominated in foreign currencies is converted to Sterling on receipt. The Company may use short term forward currency contracts to manage working capital requirements. It is currently not the Company's policy to hedge against foreign currency risk.

Foreign currency exposure

The fair value of the Company's monetary items that have foreign currency exposure at 30th September are shown below. Where the Company's equity investments (which are not monetary items) are priced in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

22. Financial instruments' exposure to risk and risk management policies *continued*

(a) Market risk *continued*

(i) Currency risk *continued*

Foreign currency exposure *continued*

	2015			
	US Dollar £'000	Hong Kong Dollar £'000	Taiwan Dollar £'000	Total £'000
Current assets	2,540	793	2,090	5,423
Creditors	(24,151)	(68)	–	(24,219)
Foreign currency exposure on net monetary items	(21,611)	725	2,090	(18,796)
Investments held at fair value through profit or loss	15,593	107,287	31,933	154,813
Total net foreign currency exposure	**(6,018)**	**108,012**	**34,023**	**136,017**

	2014			
	US Dollar £'000	Hong Kong Dollar £'000	Taiwan Dollar £'000	Total £'000
Current assets	491	848	512	1,851
Creditors	(13,838)	(703)	(35)	(14,576)
Foreign currency exposure on net monetary items	(13,347)	145	477	(12,725)
Investments held at fair value through profit or loss	12,646	99,037	39,501	151,184
Total net foreign currency exposure	**(701)**	**99,182**	**39,978**	**138,459**

The above year end amounts are broadly representative of the exposure to foreign currency risk during the year.

Foreign currency sensitivity

The following tables illustrate the sensitivity of return after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and assumes a 10% (2014: 10%) appreciation or depreciation in Sterling against the US dollar, Hong Kong dollar, Taiwan dollar and the other currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

If Sterling had weakened by 10% this would have had the following effect:

	2015 £'000	2014 £'000
Income statement return after taxation		
Revenue return	430	358
Capital return	(1,880)	(1,272)
Total return after taxation for the year	(1,450)	(914)
Net assets	**(1,450)**	**(914)**

Conversely if Sterling had strengthened by 10% this would have had the following effect:

	2015 £'000	2014 £'000
Income statement return after taxation		
Revenue return	(430)	(358)
Capital return	1,880	1,272
Total return after taxation for the year	1,450	914
Net assets	**1,450**	**914**

In the opinion of the Directors, the above sensitivity analysis is broadly representative of the whole year.

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on the Company's variable rate cash borrowings.

Management of interest rate risk

The Company does not normally hold significant cash balances. Short term borrowings are used when required. The Company may finance part of its activities through borrowings at levels approved and monitored by the Board. The possible effects on cash flows that could arise as a result of changes in interest rates are taken into account when the Company borrows on the loan facility. However, amounts drawn down on this facility are for short term periods and therefore exposure to interest rate risk is not significant.

The exposure of financial assets and liabilities to floating interest rates, giving cash flow interest rate risk when rates are reset, is shown below.

	2015 £'000	2014 £'000
Exposure to floating interest rates		
Cash and short term deposits	2,326	1,071
JPMorgan US Dollar Liquidity Fund	2,310	–
Creditors: amounts falling due within one year – borrowings on the loan facility	(24,096)	(13,262)
Total exposure	**(19,460)**	**(12,191)**

Interest receivable on cash balances is at a margin below LIBOR.

The exposure to floating interest rates has fluctuated during the year between net cash and loan balances as follows:

	2015 £'000	2014 £'000
Maximum debit interest rate exposure to floating rates – net loan balances	(22,711)	(14,147)
Minimum debit interest rate exposure to floating rates – net loan balances	(10,018)	(8,321)

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

22. Financial instruments' exposure to risk and risk management policies *continued*

(a) Market risk *continued*

(ii) Interest rate risk *continued*

Management of interest rate risk *continued*

The following table illustrates the sensitivity of return after taxation for the year and net assets to a 1% (2014: 1%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date, with all other variables held constant.

	2015		2014	
	1% Increase in rate £'000	1% Decrease in rate £'000	1% Increase in rate £'000	1% Decrease in rate £'000
Income statement – return after taxation				
Revenue return	(195)	195	(122)	122
Capital return	–	–	–	–
Total return after taxation for the year	(195)	195	(122)	122
Net assets	**(195)**	**195**	**(122)**	**122**

In the opinion of the Directors, the above sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to changes in balances drawn down on the loan facility.

(iii) Other price risk

Other price risk includes changes in market prices, other than those arising from interest rate risk or currency risk, which may affect the value of investments.

Management of other price risk

The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objectives and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Other price risk exposure

The Company's exposure to changes in market prices at 30th September comprises its holdings in investments as follows:

	2015 £'000	2014 £'000
Equity investments held at fair value through profit or loss	154,813	151,184

Concentration of exposure to other price risk

An analysis of the Company's investments is given on pages 18 and 19. This shows that the investments' value is in the 'Greater China' area. Accordingly, there is a concentration of exposure to that region. However, it should be noted that an investment may not be wholly exposed to the economic conditions in its country of domicile or of listing.

Other price risk sensitivity

The following table illustrates the sensitivity of return after taxation for the year and net assets to an increase or decrease of 10% (2014: 10%) in the fair value of the Company's equities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities and adjusting for change in the management fee, but with all other variables held constant.

	2015		2014	
	10% increase in fair value £'000	10% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Income statement – return after taxation				
Revenue return	(155)	155	(154)	154
Capital return	15,481	(15,481)	15,118	(15,118)
Total return after taxation for the year and net assets	**15,326**	**(15,326)**	**14,964**	**(14,964)**

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management of the risk

Liquidity risk is not significant as the Company's assets comprise readily realisable securities, which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of overdraft facilities. The Board's policy is for the Company to remain fully invested in normal market conditions and that short term borrowings be used to manage short term liabilities, working capital requirements and to gear the Company as appropriate. Details of the current loan facility are given in note 12 on page 57.

Liquidity risk exposure

Contractual maturities of the financial liabilities at the year end, based on the earliest date on which payment can be required by the lender are as follows:

	2015			2014		
	Three months or less £'000	More than three months but not more than one year £'000	Total £'000	Three months or less £'000	More than three months but not more than one year £'000	Total £'000
Creditors: amounts falling due within one year						
Securities purchased awaiting settlement	123	–	123	809	–	809
Bank loan – including interest	60	24,111	24,171	33	13,271	13,304
Performance fee payable	59	–	59	509	–	509
Other creditors and accruals	129	–	129	174	–	174
	371	**24,111**	**24,482**	**1,525**	**13,271**	**14,796**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

22. Financial instruments' exposure to risk and risk management policies *continued*

(c) Credit risk

Credit risk is the risk that the counterparty to a transaction fails to discharge its obligations under that transaction which could result in a loss to the Company.

Management of credit risk

Portfolio dealing

The Company invests in markets that operate DVP (Delivery Versus Payment) settlement. The process of DVP mitigates the risk of losing the principle of a trade during the settlement process. However, the Company's holdings in Participatory Notes and Warrants are subject to counterparty risk associated with each issuer. The Manager continuously monitors dealing activity to ensure best execution, a process that involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparty lists are maintained and adjusted accordingly.

Cash

Counterparties are subject to regular credit analysis by the Manager and trades can only be placed with counterparties that have been approved by both the JPMorgan Counterparty Risk Group and the Board.

Exposure to JPMorgan Chase

JPMorgan Chase is the custodian of the Company's assets. The custody agreement grants a general lien over the securities credited to the securities account. The Company's assets are segregated from JPMorgan Chase's own trading assets. Therefore these assets are designed to be protected from creditors in the event that JPMorgan Chase were to cease trading. However, no absolute guarantee can be given to investors on the protection of all assets of the Company.

Credit risk exposure

The amounts shown in the balance sheet under debtors and cash and short term deposits represent the maximum exposure to credit risk at the current and comparative year end.

Cash and short term deposits comprises balances held at banks that have a minimum rating of A1/P1 (2014: A1/P1) from Standard & Poor's and Moody's respectively.

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either included in the balance sheet at fair value or the carrying amount in the balance sheet is a reasonable approximation of fair value.

23. Capital management policies and procedures

The Company's debt and equity structure comprises the following:

	2015 £'000	2014 £'000
Debt:		
Bank loan	24,096	13,262
	24,096	13,262
Equity:		
Share capital	19,481	19,481
Reserves	116,451	118,321
	135,932	137,802
Total debt and equity	**160,028**	**151,064**

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise capital return to its equity shareholders through an appropriate level of gearing.

The Company's actual gearing is not to exceed 15% without Board permission. Gearing for this purpose is defined as Total Assets (including net current assets/liabilities) less cash/cash equivalents and excluding bank loans of less than one year, expressed as a percentage of net assets.

	2015 £'000	2014 £'000
Investments held at fair value excluding liquidity fund holdings	154,813	151,184
Current assets excluding cash	890	301
Current liabilities excluding bank loans	(311)	(1,492)
Total assets	155,392	149,993
Net assets	**135,932**	**137,802**
Gearing	**14.3%**	**8.8%**

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Manager's views on the market;
- the need to buy back equity shares, either for cancellation or to hold in Treasury, which takes into account the share price discount or premium; and
- the need for issues of new shares, including issues from Treasury.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty-second Annual General Meeting of JPMorgan Chinese Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Monday, 25th January 2016 at 11.30 a.m. for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 30th September 2015.
2. To approve the Company's Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 30th September 2015.
4. To approve a final dividend of 1.8p per share.
5. To reappoint William Knight as a Director of the Company.
6. To reappoint John Misselbrook as a Director of the Company.
7. To reappoint Kathryn Matthews as a Director of the Company.
8. To reappoint Oscar Wong as a Director of the Company.
9. To reappoint PricewaterhouseCoopers LLP as Auditors to the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following resolutions:

Authority to allot new Ordinary shares – Ordinary Resolution

10. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot Ordinary shares in the Company and to grant rights to subscribe for, or to convert any security into, Ordinary shares in the Company ('Rights') up to an aggregate nominal amount of £1,947,874 representing approximately 10% of the Company's issued Ordinary share capital (including shares held in Treasury, if any) as at the date of the passing of this resolution, provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2017 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require Ordinary shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot Ordinary shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

Authority to disapply pre-emption rights on allotment of relevant securities – Special Resolution

11. THAT subject to the passing of Resolution 10 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 11 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £1,947,874 representing approximately 10% of the issued Ordinary share capital as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 10 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuant of such offers or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

12. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693 of the Act) of its issued Ordinary shares on such terms and in such manner as the Directors may from time to time determine.

    PROVIDED ALWAYS THAT

    (i) the maximum number of Ordinary shares hereby authorised to be purchased shall be 11,243,319, or if less, that number of Ordinary shares which is equal to 14.99% of the issued share capital (less shares held in Treasury, if any) as at the date of the passing of this Resolution;

    (ii) the minimum price which may be paid for an Ordinary share shall be 25 pence;

    (iii) the maximum price which may be paid for an Ordinary share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for an Ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary share is purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;

(iv) any purchase of Ordinary shares will be made in the market for cash at prices below the prevailing net asset value per Ordinary share (as determined by the Directors);

(v) the authority hereby conferred shall expire on 24th July 2017 unless the authority is renewed at the Company's Annual General Meeting in 2016 or at any other general meeting prior to such time; and

(vi) the Company may make a contract to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which contract will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary shares pursuant to any such contract.

Investment Objective and Policy – Ordinary Resolution

13. THAT the new investment objective and investment policy as set out in the Appendix to the Company's annual report and accounts for the year ended 30th September 2015 and produced to the meeting, be and is hereby approved in substitution for the Company's existing investment objective and investment policy.

By order of the Board
Lucy Dina, for and on behalf of
JPMorgan Funds Limited,
Secretary

29th December 2015

Notes

These notes should be read in conjunction with the notes on the reverse of the proxy form.

1. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.

2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person.

3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form, no later than 11.30 a.m. two business days prior to the Meeting (ie. excluding weekends and bank holidays).

4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.00 p.m. two business days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the Meeting or adjourned Meeting.

NOTICE OF ANNUAL GENERAL MEETING *CONTINUED*

6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.
7. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

   Representatives should bring to the Meeting evidence of their appointment, including any authority under which it is signed.
8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with Auditors of the Company ceasing to hold office since the previous AGM, which the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of confidential information.
10. Under Sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy cannot be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.jpmchinese.co.uk.
13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.
14. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.
15. As an alternative to completing a hard copy Form of Proxy/Voting Direction Form, you can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy/Voting Direction Form). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at www.shareview.co.uk. Full instructions are given on both websites.
16. As at 18th December 2015 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 75,005,470 Ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 75,005,470.

Electronic appointment – CREST members

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. See further instructions on the Form of Proxy.

APPENDIX

Proposed Changes to Investment Objective and Policy
The proposed new investment objective and policy for the Company, as proposed in resolution 13 on page 69 of this report, are set out below. Changes to the existing investment objective and investment policy at the time of publication of this document are marked in black-line.

Objective of the Company
The Company's objective is to provide long term capital growth by investment in 'Greater China' (China, Hong Kong and Taiwan) Companies. It aims to outperform the ~~MSCI Golden Dragon~~ MSCI China Index total return, with net dividends reinvested, in sterling terms.

Investment Policies and Risk Management
In order to achieve the investment objective, the Company's business model is to invest in a diversified portfolio and to employ a Manager with a strong focus on research and company visits that enables it to identify what it believes to be the most attractive stocks in the region.

Investment risks are managed by diversifying investment over a number of 'Greater China' companies. The number of investments in the Company will normally range between ~~40 and 90~~ 45 and 65. ~~The Company seeks to manage its risk relative to its benchmark index by limiting the active portfolio exposure to the various countries, sectors and stocks covered by the benchmark index and, in some cases, to specific stocks. The maximum permitted active exposure to each of the countries is 25% above or below the benchmark index weighting.~~ The maximum permitted exposure to Hong Kong and Taiwan listed stocks not in the index is 30%.

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Company does not invest more than 15% of its gross assets in other UK listed investment companies (including investment trusts), nor does it invest more than 10% of its gross assets in companies that themselves may invest more than 15% of their gross assets in UK listed investment companies.

Investment Restrictions and Guidelines
The Board seeks to manage the Company's risk by imposing various investment limits and restrictions:

- At the time of purchase, the maximum permitted exposure to each individual company is 10.0% of the Company's total assets~~, and 12.5% for China Mobile and JPMorgan China Pioneer 'A' Share Fund~~.
- As a result of market growth, the maximum permitted exposure to each individual company is 12.5% of the Company's total assets~~, with the exception of China Mobile and JPMorgan China Pioneer 'A' Share Fund which is 15.0%~~.
- The maximum permitted exposure to group or related companies is 15% of the Company's total assets.
- The maximum permitted exposure to ~~mid~~small-cap stocks (a stock with a market capitalisation of below US$500 million) is 45% (including market movement) without Board permission.
- No more than ~~20~~50% of the portfolio's value may be held in or exposed to China A-Shares and China A-Share ADRs. This includes any exposure to China A-Shares through the use of derivative instruments for investment purposes in the form of P-Notes.
- The Company may use derivative instruments for the purpose of efficient portfolio management up to a value of 10%. The Company does not have a policy of hedging or otherwise seeking to mitigate foreign exchange risk but reserves the right to do so from time to time as part of the Company's efficient portfolio management.
- The Company does not normally invest in unquoted investments and no more than 10% of the Company's total assets can be invested in unquoted investments.
- The Company's actual gearing is not to exceed ~~15~~20% without Board permission.

~~These limits and restrictions may be varied by the Board at any time at its discretion.~~

GLOSSARY OF TERMS AND DEFINITIONS

Return to Shareholders
Total return to the investor, on a mid-market price to mid-market price basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

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 into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

In accordance with industry practice, dividends payable which have been declared but which are unpaid at the balance sheet date are deducted from the NAV per share when calculating the total return on net assets.

Benchmark Total Return
Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested into the shares of the underlying companies at the 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 track this index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

Share Price Discount/Premium to Net Asset Value ('NAV')
If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share. The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium.

Revenue Return per share
Net revenue return on ordinary activities after taxation, divided by the weighted average number of shares in issue during the year.

Gearing/Net Cash
Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position.

Leverage
For the purposes of the Alternative Investment Fund Managers Directive ('AIFMD'), leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and is calculated on a gross and a commitment method, in accordance with AIFMD. Under the gross method, exposure represents the sum of the Company's positions without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated after certain hedging and netting positions are offset against each other.

Alternative Investment Fund Manager's Leverage
The Company's maximum and actual leverage levels at 30th September 2015 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	200%	200%
Actual	118%	118%

Ongoing Charges
The ongoing charges represents the Company's management fee and all other operating expenses excluding interest and performance fee payable, expressed as a percentage of the average of the daily net assets during the year and is calculated in accordance with guidance issued by the Association of Investment Companies.

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

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

Hong Kong P Chips
Companies listed in Hong Kong which are incorporated in the Cayman Islands, Bermuda and the British Virgin Islands, with operations in mainland China. These companies are run by private sector Chinese businessmen.

China A-Shares (Indirect)
Companies incorporated in mainland China and which are traded in 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.

The Company does not invest directly in China A-Shares but instead gains access to the A-Share market by investing into China A-Share access products (participatory notes).

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.

Performance Attribution
Analysis of how the Company achieved its recorded performance relative to its benchmark.

Performance Attribution Definitions:

Asset Allocation
Measures the impact of allocating assets differently from those in the benchmark, via the portfolio's weighting in different countries, sectors or asset types.

Stock Selection
Measures the effect of investing in securities to a greater or lesser extent than their weighting in the benchmark, or of investing in securities which are not included in the benchmark.

Currency Effect
Measures the impact of currency exposure differences between the Company's portfolio and its benchmark.

Gearing/Cash
Measures the impact on returns of borrowings or cash balances on the Company's relative performance.

Management Fee/Other Expenses
The payment of fees and expenses reduces the level of total assets and therefore has a negative effect on relative performance.

Performance Fee Charge/Writeback
Measures the effect of a performance fee charge or writeback.

Dividends/Residual
Represented by timing differences in respect of cash flows and dividends.

WHERE TO BUY J.P. MORGAN INVESTMENT TRUSTS

Savings Plan

The Company participates in the J.P. Morgan Investment Trusts Savings Plan, which facilitates both regular monthly investments and occasional lump sum investments in the Company's ordinary shares. Shareholders who would like information on the Savings Plan should call J.P. Morgan Asset Management free on 0800 20 40 20 or visit its website at am.jpmorgan.co.uk

Stocks & Shares Individual Savings Accounts (ISA)

The Company's shares are eligible investments within J.P. Morgan's Stocks & Shares ISA. For the 2015/16 tax year, from 6th April 2015 and ending 5th April 2016, the total ISA allowance is £15,240. Details are available from J.P. Morgan Asset Management free on 0800 20 40 20 or via its website at am.jpmorgan.co.uk

There are a number of ways that you can buy shares in investment trust companies; you can invest through J.P. Morgan Online or on the following:

Fund supermarkets:

AJ Bell	James Brearley
Alliance Trust	James Hay
Barclays Stockbrokers	Stocktrade
Charles Stanley Direct	TD Direct
Halifax Share Dealing Service	The Share Centre
Hargreaves Lansdown	Tilney Bestinvest
Interactive Investor	Transact

Alternatively you can invest through an Investment Professional (e.g. a Financial Adviser) on the following 3rd party platforms:

Ascentric	Nucleus
Avalon	Praemium
Axa Elevate	Transact
Novia	

Please note that these websites are third party websites and J.P. Morgan Asset Management does not endorse or recommend any of them. This list is not exhaustive and is subject to change. Please observe each site's privacy and cookie policies as well as their platform charges structure.

You can also buy investment trusts through stockbrokers, wealth managers and banks.

To familiarise yourself with the Financial Conduct Authority ('FCA') adviser charging and commission rules, visit www.fca.org.uk.

Information about the Company

FINANCIAL CALENDAR

Financial year end	30th September
Final results announced	December
Half year end	31st March
Half year results announced	May
Dividend on Ordinary shares paid	January/February
Annual General Meeting	January

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 plc in December 2001 and adopted its present name on 14th December 2005.

Company Numbers

Company registration number: 02853893
London Stock Exchange Sedol number: 0343501
ISIN: GB0003435012
Bloomberg ticker: JMC LN

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 and on the J.P. Morgan website at www.jpmchinese.co.uk, where the Ordinary share price is updated every fifteen minutes during trading hours.

Website

www.jpmchinese.co.uk

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf. They may also be purchased and held through the J.P. Morgan Investment Account and J.P. Morgan ISA. These products are all available on the online service at www.jpmorgan.co.uk/online

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

60 Victoria Embankment
London EC4Y 0JP
Telephone number: 020 7742 4000

For company secretarial and administrative matters, please contact Lucy Dina at the above address.

Depositary

BNY Mellon Trust & Depositary (UK) Limited
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

The Depositary has appointed JPMorgan Chase Bank, N.A. as the Company's custodian.

Registrars

Equiniti Limited
Reference 1078
Aspect House
Spencer Road
West Sussex BN99 6DA
Telephone number: 0371 384 2317

Lines open 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls to the helpline will cost no more than a national rate call to a 01 or 02 number. Callers from overseas should dial +44 121 415 0225.

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

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London SE1 2RT

Brokers

Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA
Telephone number: 020 310 0000

Savings Product Administrators

For queries on the J.P. Morgan Investment Account and J.P. Morgan ISA see contact details on the back cover of this report.

aic
The Association of Investment Companies

A member of the AIC

www.jpmchinese.co.uk

J.P. Morgan Helpline

Freephone 0800 20 40 20 or +44 (0) 1268 444470.
Telephone lines are open Monday to Friday, 9am to 5.30pm.

Telephone calls may be recorded and monitored for security and training purposes.

J.P.Morgan
Asset Management