JPMorgan Chinese Investment Trust plc

Annual Report & Financial Statements for the year ended 30th September 2017

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 China (including domestic A-shares listed in Shanghai and Shenzhen), Hong Kong 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 20% of shareholders’ funds to increase potential returns to shareholders.
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts).

Benchmark

MSCI China 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 2017, the Company’s issued share capital comprised 77,914,965 Ordinary shares of 25p each, including 4,986,803 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 forthcoming Annual General Meeting in 2018 and every fifth year thereafter.

Management Company and Company Secretary

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

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 FCA’s rules 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.

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.

Contents

Financial Results

TOTAL RETURNS (INCLUDES DIVIDENDS REINVESTED) TO 30TH SEPTEMBER 2017

+36.4%
Return to shareholders[1]
(2016: +38.0%)

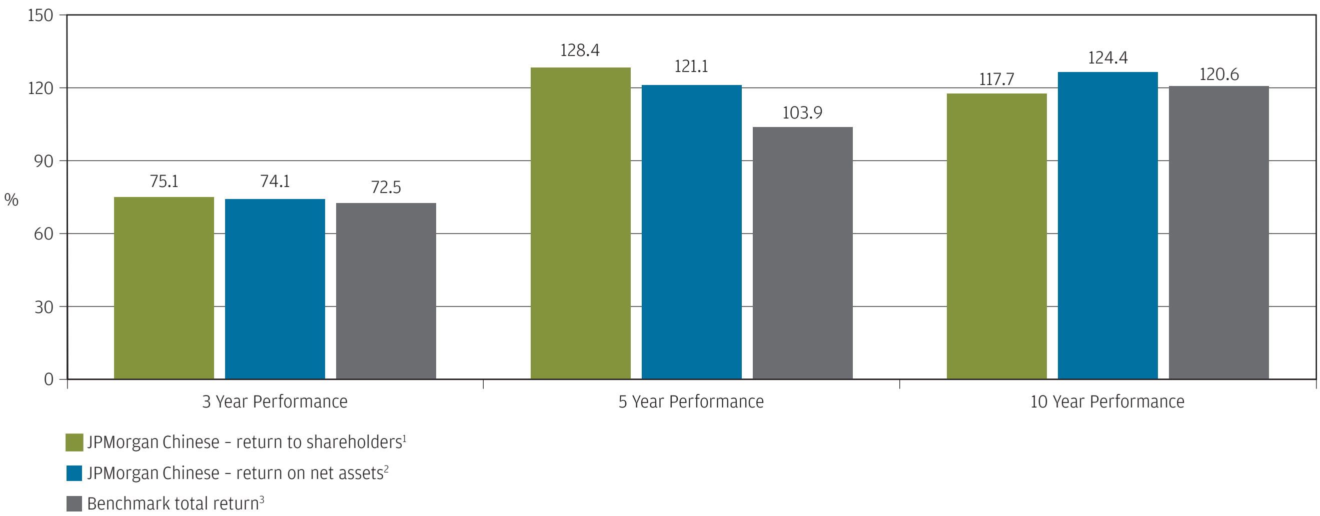
+28.5%
Return on net assets[2]
(2016: +35.2%)

+28.8%
Benchmark return[3]
(2016: 34.0%)

1.6p
Dividend
(2016: 1.6p)

Cumulative Performance

FOR PERIODS ENDED 30TH SEPTEMBER 2017



[1] Source: Morningstar.

[2] Source: Morningstar/J.P. Morgan, using cum income net asset value per share. The 10 year performance is using capital only net asset values due to a lack of historic cum income net asset values.

[3] Source: MSCI. The Company's benchmark is the MSCI China Index with net dividends reinvested, in sterling terms. Prior to 26th January 2016, the benchmark was the MSCI Dragon Index.

A glossary of terms and alternative performance measures is provided on pages 73 and 74.

CHAIRMAN'S STATEMENT

I have great pleasure in presenting the Annual Report of the JP Morgan Chinese Investment Trust Plc ('the Company') for the year ended 30th September 2017. During the year the MSCI for the first time decided to include the shares of Chinese companies quoted on the Shanghai and Shenzhen exchanges ('A' shares) in their China index providing the positive long term signal for the development of the onshore markets and accessibility for foreign investors. In my statement a year ago, reference was made to the prospects for greater accessibility which would enable the Company's investment team to unearth a wider range of interesting growth companies in which to invest. This is happening. The 19th National Party Congress which took place in late October displayed a confident, outward looking China in which the economic priorities were highlighted and a long term policy road map for balanced growth and financial stability projected. The emphasis on environmental issues, healthcare, artificial intelligence, food production and consumption are positives for investors and the distinctive investment approach being taken by your investment team favouring undervalued companies in these areas bodes well for our shareholders.

Activity within your Company

At the Annual General Meeting ('AGM') in January 2016 the Company received approval to change its benchmark to the MSCI China Index with the flexibility to invest up to 30% of the portfolio outside the new benchmark (predominately in Taiwan and Hong Kong), be granted flexibility over the use of gearing and increase exposure to China 'A' shares and China 'A' Share ADRs. Apart from taking advantage of the opportunities and greater investment access to Chinese companies as referred above, the objective was to encourage the investment team to differentiate itself from other China focused investment vehicles. The investment team has responded well to the decisions; the Investment Managers' report below demonstrates this. The new hirings to the team particularly the range and experience of the analysts that have joined in or operate out of Hong Kong, Shanghai and Taipei is encouraging as they seek to produce good ideas and identify the next Alibaba or Tencent.

Performance

Your Board is pleased to report that despite volatile market conditions, in the year to 30th September 2017, the Company delivered a return to Ordinary shareholders of +36.4%. This includes the final dividend of 1.6 pence paid in February 2017. The Company's total return on net assets was +28.5%, which comprises the change in net asset value ('NAV') with dividends reinvested. This return was just marginally behind the MSCI China Index return of +28.8%.

Investment Approach

Well researched stock selection and a focus on providing absolute returns for shareholders lie at the heart of the benchmark agnostic investment approach of your fund management team. The structure of the portfolio is not expected to change much over the next 12 months which means that the Company will continue to hold 'Core investments', Ping An being a good example, and growth New China companies. Examples of New China companies are Hangzhou Hikvision, which your Board visited a year ago, Hans Laser and AAC Technologies, which your Board visited this year. The weighting in 'A' shares, comprising around 21% of the portfolio, will continue to grow being where the more growth-oriented listed companies can be found. There will be an acceleration of IPOs as early stage private equity investors exit from their holdings thereby providing opportunities for value portfolio investors such as your Company. Alibaba, can be expected to continue to spawn new companies within its umbrella, the fast growing payments company Alipay being an example, and dynamic groups such as Tencent can be expected also to spin off components of their group. Your analysts have been finding interesting health care and life sciences companies amongst the

CHAIRMAN'S STATEMENT *CONTINUED*

listed 'A' share companies as well as companies focussed on the lucrative tutorial sector of education and amongst the many multi brand consumer companies. All forms of technology development can be found readily but too often overpriced. The banking sector is looking healthier and the Company's largest holding in this sector, China Merchants Bank is performing well under good management. Where good investment opportunities may be found in Taiwan, Hong Kong or Macau, they will not be overlooked by your Manager. Overall, the Board is comfortable with the approach that the Manager is adopting and that the use of the gearing flexibility given to the Manager is being used effectively when well-priced ideas are uncovered to provide performance uplift. The 2.8% contribution from gearing and cash to total return provides evidence that this approach is working. With regard to good corporate governance, a problem in the past, evidence suggests that its importance is readily understood at regulatory level and encouragingly has been improving.

Outlook

The 19th National Party Congress confirmed the policy road map for the next ten years with an emphasis on supporting a balanced growth of the economy and financial stability with importance given to environmental issues and consumption. The much publicised Belt Road initiative which emphasises the 'China Dream' of becoming an outward looking predominant global trading nation, is taking shape. A cautionary note for investors is whether there will be sufficient checks and balances in the system to provide sufficient warnings of road bumps ahead before they are actually reached. However, other than that, the outlook is positive with strong external growth supporting the macro-economy and a greater understanding of the needs of investors.

Investment Team

During the year the Company's Investment Management team was enhanced by the hire of additional experienced personnel in both portfolio management and research. Rebecca Jiang joined the team to work alongside Howard Wang on the Company's portfolio as Co-Portfolio Manager. Shumin Huang continues to lead the Greater China Research Analysts who are now a significant and fully integrated part of the investment process. The Taiwan investment team remains unchanged and is the regional home for a number of the analysts.

Board due diligence trip to Shanghai, Shenzhen and Hong Kong

In October, the Board visited Shanghai, Shenzhen and Hong Kong over one working week to review the activities of the JPMorgan Asset Management ('JPMAM') China Team. In Shanghai, the Board looked at the structure and activities of CIFM, JPMorgan's joint venture Chinese asset management company and spent time with JPMorgan's recently established wholly owned Shanghai based investment management company, where it met the China sectorial analysts attached to the Company and sought views on the future of investing in China from the Company's management. The Board also visited various Shanghai based companies held in the portfolio including the Shanghai office of Ping An insurance a significant holding and contributor to the Fund's performance. In Shenzhen, whose Stock Exchange has become increasingly important as a listing centre for technologically – driven growth 'A' share companies, the Board met a number of existing and potential new portfolio companies including several notable holdings in the portfolio such as Tencent and China Merchants Bank. In Hong Kong, the Board reviewed amongst others, JPMorgan's preparedness for MiFID II and the workings of the back, middle and risk management offices as well as meeting those remaining members of the greater China investment team it had not already met in Shanghai earlier in the week. The timing of the visit was propitious coinciding with that of the 19th Party Plenum, being a directional indicator of China as an investment destination. The Board concluded from the visit that the JPMorgan investment operations for China are well organised to meet the challenges and opportunities ahead as bottom-up stock pickers.

Revenue and Dividends

The revenue for the year, after taxation, was £850,000 (2016: £1,335,000). The revenue return per share, calculated on the average number of shares in issue, was 1.16 pence (2016: 1.79 pence).

The Board is recommending a dividend of 1.60 pence (2016: 1.60 pence) per share in respect of the financial year ended 30th September 2017. Subject to shareholders' approval at the Annual General Meeting, this dividend will be paid on 7th February 2018 to shareholders on the register at the close of business on 15th December 2017.

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. However, your Board aims to reduce the volatility of the payout and maintain a stable dividend.

On 22nd November 2017, your Board announced that it had recently reviewed its policy of allocation of expenses (management fee and finance costs) to revenue and capital. Since the launch of the Company in October 1993, the Company has allocated 100% of expenses to revenue. However, with effect from 1st October 2017, the Board has decided to split the allocation of expenses between 75% to capital and 25% to revenue. This change will result in an increase in future dividends paid out by the Company such that it is able to maintain its investment trust status.

Gearing

In January 2017 the Company renewed its £30 million facility with Scotiabank for a further 364 day period on the same terms but at a reduced margin. The facility matures on 19th January 2018 at which point the Board will consider another gearing facility.

During the year the Company's gearing ranged from 6.0% to 9.3% geared and, at the time of writing, was 8.8%. At the time of the arrangement, the facility allowed the Investment Managers the flexibility to manage the gearing tactically within a range set by the Board of 10% net cash to 20% geared.

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 1,146,773 shares into Treasury. Your 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 AGM.

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.

The Company's ongoing charges for the financial year, as a percentage of the average of the daily net assets during the year, were 1.38% (2016: 1.44%).

CHAIRMAN'S STATEMENT *CONTINUED*

Board of Directors

As advised in our Half Year Report & Financial Statements I shall be retiring from the Board at the Company's AGM in January 2018, which coincides with the Company's next continuation vote, and David Graham was appointed in May 2017 to fill my vacating board seat. Since taking up his appointment David's contribution to the board has been exemplary. The Board has agreed unanimously that my successor as Chairman of the Company should be John Misselbrook and that David Graham will assume the role of Chairman of the Audit Committee.

In accordance with corporate governance best practice John Misselbrook, Kathryn Matthews and Oscar Wong will retire at the forthcoming AGM and, being eligible, will offer themselves for reappointment by shareholders. In addition, David Graham, having been appointed during the financial year, will stand for appointment at the AGM.

As part of the important annual evaluation process of the Board, its effectiveness and its Committees undertaken through its Nomination and Remuneration Committee, the Board has considered succession planning and it has agreed to continue with its policy for a planned phased exit for the longest-serving Director. Kathryn Matthews will have served nine years on the Board in July 2019 and therefore the process to find a replacement Director would commence at the next Nomination and Remuneration Meeting during 2018.

Continuation of the Company

In accordance with the Company's Articles of Association, an ordinary resolution will be put to shareholders at the forthcoming AGM that the Company continues in existence as an investment trust for a further five year period.

Following consultation with the Company's largest shareholders and its advisers, the Board will introduce, subject to the passing of the resolution in favour of the Company's continuation, an obligation on the Board to put forward proposals for a tender offer for up to 15% of the Company's issued share capital at price equal to net asset value less costs if, over the next five years (from the start of the current financial year, being 1st October 2017), the Company underperforms its benchmark. Should it be required to implement such a tender, it would be for up to 15% of the Company's issued share capital.

Your Board believes that the long term outlook for the Greater China Region remains favourable, despite some near term challenges. Equally it believes that JPMAM has the resources and process to deliver better results for shareholders. Accordingly, the Board believes that the continuation of the Company is in the best interests of all shareholders and strongly recommends that shareholders vote in favour of the resolution, as they intend to do in respect of their own holdings. Given the importance of this resolution, shareholders are encouraged to vote, either in person at the AGM, or by completing a Form of Proxy/Voting Instruction Form.

If the resolution is not passed, the Company's Articles of Association require that the Directors shall within four months of the AGM convene a General Meeting of the Company at which a special resolution will be proposed, designed to result in the holders of shares in the Company receiving, in lieu of their shares, units in a unit trust scheme (or equivalent) or in the reorganisation of the Company's share capital in some other manner or which shall be a resolution requiring the Company to be wound up voluntarily.

Valedictory Thoughts

As advised, I shall be retiring from the Board of your Company following the 2018 AGM in January after having served on the Board from 2004 until now and as its Chairman from 2011.

Investing in China over this period has been an extraordinary journey in terms of China's breathtaking development, a fact not always comprehended by western investors who had not always benefited from this phenomenon. I had witnessed the development of the China of Mao suits and bicycles in 1978 to an emerging giant in 2004 but nothing compares with what we have seen over the past 14 years. At the beginning of the present decade, Facebook had not been invented, now used by more than a quarter of the world's population and Apple was struggling to survive. But Alibaba, Tencent and other Chinese private sector giants, household names in China today and beyond, are challenging those Western path setters. It is extraordinary to recall that they were just beginning their journeys to global renown like their US counterparts such a short time ago and for the investor today there are countless Chinese companies taking advantage of the many ways technology is driving sustainable economic development and investment returns.

When I joined your Board in 2004, it roughly divided it's investment exposure equally between Hong Kong, Taiwanese and mainland Chinese companies listed outside China. Shanghai listed companies were predominately former state owned institutions and investment policy largely 'hugged' its then benchmark index. Accessing listed private sector mainland Chinese companies was as hard as it was challenging with good corporate governance more often than not a problem. All this has changed and is changing. The approach of the China team at JPMAM has been particularly impressive with its focus on the long term value of Chinese equities, and its emphasis on seeking-out and holding the ones that matter. They have well-demonstrated that they understand better than most that China is experiencing changes that are being underwritten by huge pools of wealth generated from sectors that often did not even exist 15 years ago.

Thanks to the team's analytical and investment skills, our market cap has increased significantly with a portfolio I would describe as being ever interesting. While a good moment to retire, I believe the real opportunities for shareholders are only just beginning.

Annual General Meeting

This year's AGM will be held at 60 Victoria Embankment, London EC4Y 0JP on Friday, 26th January 2018 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. Shareholders who are unable to attend the AGM 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

12th December 2017

INVESTMENT MANAGERS' REPORT


Howard Wang, Fund Manager


Rebecca Jiang, Fund Manager


Shumin Huang, Head of Research

Performance commentary

Over the 12 months ended 30th September 2017, the Company delivered +28.5% return compared to the benchmark return of +28.8%. Stock selection in China was the most positive contributor to relative performance while exposure to the non-index markets of Taiwan and Hong Kong detracted a little. Also, while the two largest holdings in the portfolio, Tencent and Alibaba, rose by 58.0% and 63.0% respectively, we have limited our exposure to these holdings to 10% which is underweight their index exposure of 16.5% and 13.3% respectively; this has had a small negative impact on performance relative to the index but we think it is important for the portfolio to remain broadly diversified. During a period of rising markets gearing, that averaged 8.1%, added value.

A-share holdings were among the top contributors. The overweight in the surveillance solution provider, Hangzhou Hikvision, continued to add value on strong earnings backed by promising product expansion into new industry sectors. Han's Laser rose on the back of the Apple product cycle and capex demand and the order and sales momentum is expected to continue. Stocks were also lifted on MSCI's decision to include A-shares in the indices next year. Stocks held in the information technology sector, especially the key Apple smartphone component suppliers, fared well. In addition to Han's Laser, AAC Technologies and Largan Precision outperformed, as share prices rose on a continued upbeat outlook for acoustics and dual-camera lens respectively. Despite some profit-taking in the Apple supply chain in September, on weaker sentiment around the new iPhone 8 launch, concerns may be overdone as orders have not incorporated the potential demand for iPhone X. Stock exposures within financials also contributed to returns as the underweight in large cap, index heavy banks, added value. They lagged the stronger performance of the overall market, despite delivering positive performance over the period on improving asset quality and margins. One of our highest conviction holdings in the Trust, Ping An Insurance, also contributed on the back of strong earnings and the government's intensified scrutiny on high guarantee wealth management products. Remaining with zero exposure to China Mobile benefited relative performance as the stock fell by 12.0% over the year.

Meanwhile, not owning leveraged real estate developers, which continued their rally this year, hurt performance. A lack of exposure to Sunac China, China Evergrande and Country Garden detracted from performance. We retain our preference for CR Land and China Overseas Land & Investment, the latter of which was a new purchase in the portfolio in the latest quarter, given their sustainable return profiles, good track records and attractive valuations.

Several of the top detractors were driven by company specific reasons. Regina Miracle was the biggest single detractor for the period as the textile supplier struggled with structural changes from its key clients and this holding has now been sold. The share price of IMAX China also halved during this period as its film titles lagged the overall China box office. However, the position has been retained as there are signs of a sequential recovery in growth rate and results in the latest quarter. The share price of Spring Airlines sold off as its earnings results came under pressure after its international routes, particularly to Japan and Thailand, were loss-making given increased competition and weakened demand. China Resources Phoenix Healthcare, a hospital service provider, fell 30% and the stock was sold given the limited upside in its current businesses and difficulties in integration following the recent merger.

Positioning

The overall shape of the portfolio remained broadly unchanged with overweight exposures concentrated in the structural growth companies and underweight exposures in the low growth, low quality and old industrials stocks. To find the best ideas across the Greater China markets, regardless of the stock listing, the portfolio remains predominantly invested in China, with the weighting in A-shares of 20.6%, as of end of September. This is a position that has doubled from the September 2016. This allocation is expected to continue to rise over time, particularly following the inclusion of A-shares in MSCI indices in 2018 and the introduction of Hong Kong China Stock Connect in 2015/6, which has facilitated access to the onshore China market where typically more growth orientated companies are listed.

At the stock level, quality and structural growth holdings continue to be concentrated in the consumer, healthcare, information technology and environmental services sectors. These sectors are well-positioned to deliver better earnings growth than the market and peers over the long term. The exposure to the consumer discretionary and healthcare sectors has been increased at the margin, particularly in the textile and apparel-wear space. Anta Sports, the quality sportswear brand, has delivered strong earnings given its strong

PERFORMANCE ATTRIBUTION FOR THE YEAR ENDED 30TH SEPTEMBER 2017

	%	%
Contributions to total returns		
Benchmark return		28.8
Asset allocation	-4.1	
Stock selection	1.7	
Currency effect	0.9	
Gearing/cash	2.8	
Investment Manager contribution		1.3
Dividends/Residual		-0.4
Portfolio return		29.7
Management fee/other expenses		-1.4
Structural effect – share buybacks		0.2
Return on net assets		28.5
Return to shareholders		36.4

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 alternative performance measures is provided on pages 73 and 74.

INVESTMENT MANAGERS' REPORT *CONTINUED*

multi-brand strategy. Another addition was the textile manufacturer Shenzhou International given the company's well-planned expansion strategy and good execution capabilities, backed by its stand out focus on environmental protection and labour law compliance. A holding was initiated in New Oriental Education & Technology, the largest tutoring service provider in China which stands to gain from strong demand growth due to China's admission exam reform and social demographic change. A purchase was made in Focus Media, an A-share advertising company that is well-positioned in the steadily growing 'new' out-of-home advertising segments with leading positions in both in-building advertising and cinema advertising. Elsewhere, the portfolio capitalised on the improving consumer market through holdings in A-share companies, the custom furniture maker Suofeiya Home Collection, the white goods producer Qingdao Haier and the premium liquor brand Kweichow Moutai.

The portfolio increased exposure to the turnaround in the Macau gaming industry, both the VIP and mass gaming markets, through holding a number of the major operators, MGM China, Galaxy Entertainment and Sands.

Healthcare is another area with exciting opportunities in A-shares, especially, across a variety of business models, as China is the second largest healthcare market in the world. Opportunities span from traditional Chinese medicine, with the likes of A-share holdings Dong-E-E-Jiao and Yunnan Baiyao and more conventional medicine through China Medical Systems, which commercializes multinational pharmaceutical companies (MNC) drugs through its distribution network, and CSPC Pharmaceutical, which benefits from potential high growth when its flagship drugs are included in the National Reimbursement Drug List.

Outlook

Economic rebalancing is progressing well and deflationary pressures have subsided through supply side reforms and foreign exchange liberalisation. Although the stimulus is being withdrawn, economic growth is being driven by the consumer and exports. The deleveraging has been aimed at non-bank lending, as interbank rates have been allowed to rise, while the prime lending rates that fund the real economy have remained stable. This has driven lending back to the mainstream large cap banks like ICBC. As a result, the rate of lending growth and rate of debt accumulation have started to slow. This time, the PBOC has ensured sufficient liquidity in the system to offset capital outflows. Although policy risk remains in China it appears that the authorities have executed this last round of tightening quite successfully. Despite debt levels remaining high, the slower pace of the build-up and the shift in sources of the lending are incremental positives.

Further on the policy front, the 19th National Party Congress took place in late October highlighting China's economic priorities and laying out the policy roadmap for the next couple of decades. While there are no major surprises, there was an emphasis of quality over quantity in terms of growth objectives, which supports not only financial stability but also a more balanced growth path focusing on environmental issues and consumption, which are key positives for investors.

MSCI's decision, in June, to include some A-share representation in their China index (5% from June 2018) has been well received. Although the near-term impact on the A-share market is expected to be limited, the long-term positive implication for the development of the onshore markets is extremely positive. The decision acknowledges the significant effort China has made to liberalise their capital markets and improve accessibility to foreign

investors. It is hoped that this will provide a much needed catalyst for the lagging China A-share market. The higher foreign participation should help rebalance the investment styles and horizon of the market which is currently dominated by retail investors.
In addition, foreign investors are likely to focus on the quality companies in sectors enjoying structural growth which have been favoured by this portfolio.

The outlook continues to be positive for Chinese equities given the supportive outlook for corporate earnings, the accommodative liquidity conditions and strong external global growth supporting the macro-economy. The portfolio will see further broadening and deepening of the exposure to China consumer discretionary stocks, especially in services, while retaining a positive tilt towards technology and healthcare, as structural growth sectors drive further re-rating.

Howard Wang
Rebecca Jiang
Shumin Huang
Investment Managers

12th December 2017

SUMMARY OF RESULTS

	2017	2016	
Total returns for the year ended 30th September			
Return to shareholders[1]	+36.4%	+38.0%	
Return on net assets[2]	+28.5%	+35.2%	
Benchmark return[3]	+28.8%	+34.0%	
Net asset value, share price and discount at 30th September			**% change**
Shareholders' funds (£'000)	225,962	179,795	+25.7
Net asset value per share	309.8p	242.7p	+27.6
Share price	278.3p	205.8p	+35.2
Share price discount to net asset value per share	10.2%	15.2%	
Shares in issue (excluding shares held in Treasury)	72,928,162	74,074,935	
Revenue for the year ended 30th September			
Gross revenue attributable to shareholders (£'000)	3,687	3,631	+1.5
Net revenue attributable to shareholders (£'000)	850	1,335	-36.3
Revenue return per share	1.16p	1.79p	-35.2
Dividend per share	1.60p	1.60p	
Gearing at 30th September	**9.3%**	**8.5%**	
Ongoing charges	**1.38%**	**1.44%**	

[1] Source: Morningstar.

[2] Source: Morningstar /J.P. Morgan, using cum income net asset value per share.

[3] Source: MSCI. The benchmark is the MSCI China Index with net dividends reinvested, in sterling terms. Prior to 26th January 2016, the benchmark was the MSCI Golden Dragon Index.

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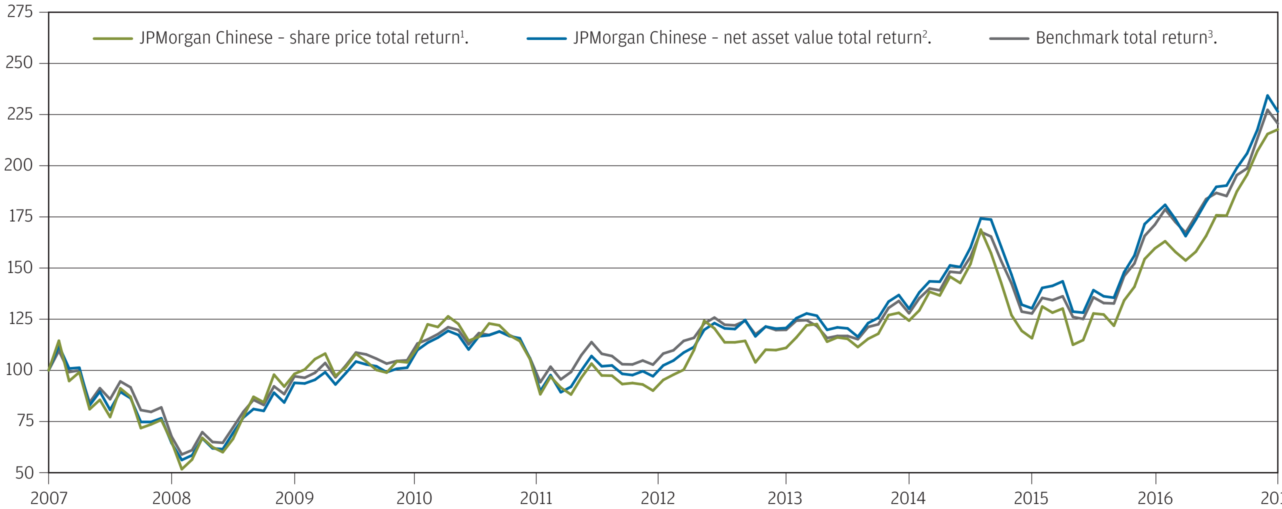
PERFORMANCE

Ten Year Performance

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2007



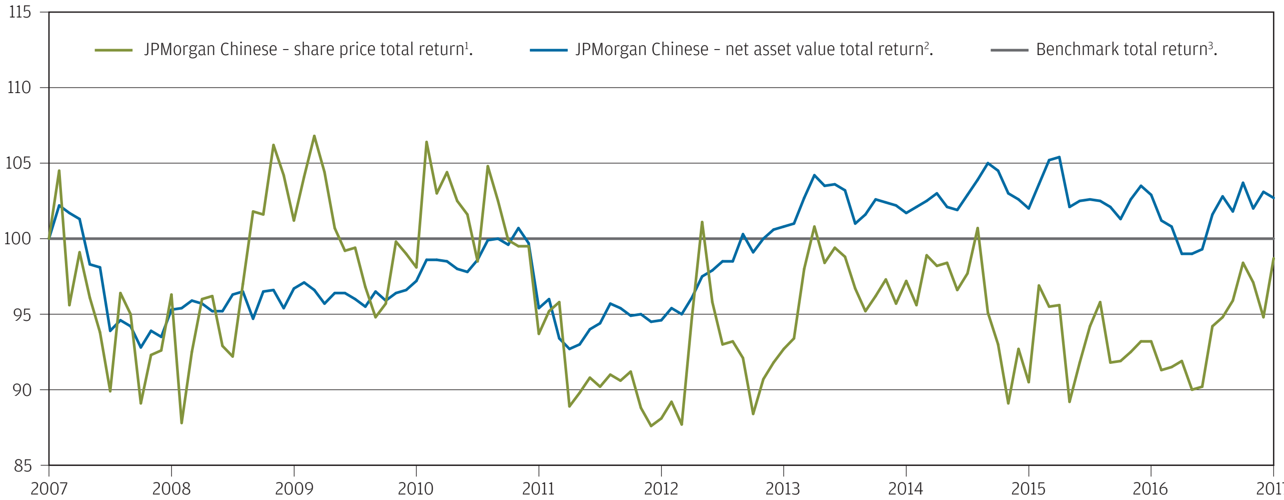
[1] Source: Morningstar.

[2] Source: Morningstar/J.P.Morgan, using cum income net asset value per share. Prior to 30th June 2008, capital only net asset value due to lack of historic cum income net asset values.

[3] Source: MSCI.

Performance Relative to Benchmark

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2007



[1] Source: Morningstar.

[2] Source: Morningstar/J.P.Morgan, using cum income net asset value per share. Prior to 30th June 2008, capital only net asset value due to lack of historic cum income net asset values.

[3] Source: MSCI.

TEN YEAR FINANCIAL RECORD

At 30th September	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Shareholders' funds (£'m)	107.0	67.4	100.4	123.8	101.1	112.2	128.9	137.8	135.9	179.8	226.0
Net asset value per share (p)	149.9	95.4	138.2	160.1	129.8	146.4	170.7	182.4	181.2	242.7	309.8
Share price (p)	139.8	90.8	136.0	152.0	119.9	128.0	147.5	163.5	150.8	205.8	278.3
Share price discount to net asset value per share (%)	6.7	4.8	1.6	5.1	7.6	12.6	13.6	10.4	16.8	15.2	10.2
Gearing (%)	6.6	(0.4)	3.8	5.7	3.3	9.9	11.1	8.8	13.9	8.5	9.3
Year ended 30th September											
Net revenue attributable to shareholders (£'000)	386	364	1,094	1,181	1,073	1,313	1,241	1,281	1,701	1,335	850
Revenue return per share (p)	0.52	0.51	1.53	1.55	1.38	1.69	1.63	1.70	2.25	1.79	1.16
Dividend per share (p)	0.50	0.50	1.50	1.50	1.30	1.60	1.60	1.60	1.80	1.60	1.60
Ongoing Charges (%) (excluding performance fee payable)[1]	1.34	1.59	1.50	1.41	1.40	1.41	1.46	1.40	1.42	1.44	1.38
Ongoing Charges (%) (including performance fee payable)[2]	2.39	2.74	2.59	2.46	1.51	1.41	2.42	1.78	1.46	1.44	1.38
Rebased to 100 at 30th September 2006											
Total return to shareholders[3]	100.0	65.2	98.3	111.0	88.3	95.3	111.0	124.3	115.7	159.6	217.7
Total return on net assets[4]	100.0	64.5	93.9	109.9	89.9	102.4	120.7	130.1	130.3	176.2	226.5
Benchmark total return[5]	100.0	67.7	97.1	113.1	94.2	108.2	119.8	127.9	127.8	171.2	220.6

[1] Management fee and all other operating expenses, excluding finance costs and any performance fee payable are 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).

[2] Management fee and all other operating expenses and any performance fee, excluding finance costs are expressed as a percentage of the average daily net assets during the year (2009 to 2011: the average of the month end net asset; 2008 and prior years: the average of the opening and closing net assets). The performance fee was removed from the Company's fee structure with effect from 30th September 2015.

[3] Source: Morningstar.

[4] Source: J.P. Morgan/Morningstar, using cum income net asset value per share. Prior to 30th June 2008, capital only net asset value due to lack of historic cum income net asset values.

[5] Source: MSCI. The benchmark is the MSCI China Index with net dividends reinvested, in sterling terms. Prior to 26th January 2016, the benchmark was the MSCI Golden Dragon Index.

A glossary of terms and alternative performance measures is provided on pages 73 and 74.

TEN LARGEST INVESTMENTS AT 30TH SEPTEMBER

Company	Country of Listing/ Classification*	2017 Valuation £'000	%[1]	2016 Valuation £'000	%[1]
Alibaba	China US listed	23,663	9.6	17,742	9.1
Tencent	China HK listed	23,078	9.4	17,871	9.2
Ping An Insurance	China HK listed	17,085	6.9	10,702	5.5
China Merchants Bank	China HK listed	14,162	5.7	10,838	5.6
JD.com	China US listed	8,812	3.6	5,633	2.9
Bank of China[3]	China HK listed	8,639	3.5	–	–
CNOOC	China HK listed	7,463	3.0	6,885	3.5
AAC Technologies	China HK listed	7,107	2.9	5,281	2.7
Baidu[2]	China US listed	4,898	2.0	3,572	1.8
ANTA Sports Products[3]	China HK listed	4,510	1.8	–	–
Total[4]		**119,417**	**48.4**		

[1] Based on total investments of £246.9m (2016: £195.2m).

[2] Not held in the ten largest investments at 30th September 2016.

[3] Not held in the portfolio at 30th September 2016.

[4] At 30th September 2016, the value of the ten largest investments amounted to £91.1m representing 46.7% of total investments.

*A glossary of terms and alternative performance measures is provided on pages 73 and 74.

INVESTMENT ACTIVITY DURING THE YEAR ENDED 30TH SEPTEMBER 2017

	Value at 30th September 2016 £'000	Value at 30th September 2016 % of portfolio	Purchases £'000	Sales £'000	Changes in value £'000	Value at 30th September 2017 £'000	Value at 30th September 2017 % of portfolio
China HK listed[1]	110,281	56.5	69,830	(73,534)	26,697	133,274	54.0
China A-shares[2]	21,177	10.9	50,539	(32,576)	7,520	46,660	18.9
China US listed	35,174	18.0	13,248	(15,715)	12,828	45,535	18.5
China B-shares	1,582	0.8	–	(1,469)	(113)	–	–
China Total	**168,214**	**86.2**	**133,617**	**(123,294)**	**46,932**	**225,469**	**91.4**
Hong Kong	10,107	5.2	14,100	(11,770)	(508)	11,929	4.8
Taiwan	16,836	8.6	8,688	(17,827)	1,786	9,483	3.8
Total Portfolio	**195,157**	**100.0**	**156,405**	**(152,891)**	**48,210**	**246,881**	**100.0**

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

[2] 2016: Includes investments in participatory notes.

PORTFOLIO ANALYSES

Geographical

	30th September 2017		30th September 2016	
	Portfolio[1] %	Benchmark %	Portfolio[1] %	Benchmark %
China HK listed	54.0	72.9	56.5	77.4
China A-shares[2]	18.9	–	10.9	–
China US listed	18.5	26.9	18.0	22.3
China B-shares	–	0.2	0.8	0.3
China Total	**91.4**	**100.0**	**86.2**	**100.0**
Hong Kong	4.8	–	5.2	–
Taiwan	3.8	–	8.6	–
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £246.9m (2016: £195.2m).

[2] 2016: Includes investments in participating notes.

Sector

	30th September 2017		30th September 2016	
	Portfolio[1] %	Benchmark %	Portfolio[1] %	Benchmark %
Information Technology	30.6	40.3	32.2	33.7
Consumer Discretionary	21.2	10.1	16.6	8.2
Financials	19.0	22.4	24.9	29.9
Health Care	8.7	2.0	6.0	2.1
Industrials	5.8	4.6	8.0	5.4
Utilities	4.9	2.4	3.1	2.9
Energy	3.8	4.8	3.5	6.1
Real Estate	3.1	4.9	–	–
Consumer Staples	2.2	1.9	1.8	2.3
Materials	0.7	1.3	1.6	1.2
Telecommunication Services	–	5.3	2.3	8.2
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on total investments of £246.9m (2016: £195.2m).

LIST OF INVESTMENTS AT 30TH SEPTEMBER 2017

Company	Valuation £'000
China HK listed	
Tencent	23,078
Ping An Insurance	17,085
China Merchants Bank	14,162
Bank of China	8,639
CNOOC	7,463
AAC Technologies	7,107
ANTA Sports Products	4,510
Brilliance China Automotive	4,369
China Resources Gas	4,350
China Medical System	4,214
CSPC Pharmaceutical	4,077
China Overseas Land & Investment	3,515
Nexteer Automotive	3,498
Shenzhou International	3,335
Guangdong Investment	3,196
China Everbright International	2,900
China Resources Land	2,754
IMAX China	2,403
ZhongAn Online P&C Insurance	2,385
CGN Power	2,112
3SBio	2,032
Wisdom Education International	1,438
Zoomlion Heavy Industry Science and Technology	1,297
RYB Education[1]	1,225
BOC Aviation	1,144
China Yuhua Education	727
China Taiping Insurance	259
	133,274
China A Shares	
Jiangsu Hengrui Medicine	3,967
Hangzhou Hikvision Digital Technology	3,622
Han's Laser Technology Industry	3,027
Qingdao Haier	2,823
Hangzhou Robam Appliances	2,785
China Yangtze Power	2,278
Yunnan Baiyao	2,265
Shenzhen Sunway Communication	2,169
Kweichow Moutai	2,136
Cangzhou Mingzhu Plastic	1,959
Focus Media Information Technology	1,914
Dong-E-E-Jiao	1,814
GoerTek	1,812
Suofeiya Home Collection	1,756
Luxshare Precision Industry	1,752
China A Shares *continued*	
Zhejiang Weixing New Building Materials	1,712
Aier Eye Hospital	1,629
Sany Heavy Industry	1,504
SAIC Motor	1,501
China Fortune Land Development	1,470
Spring Airlines	1,434
China CAMC Engineering	1,331
	46,660
China US listed	
Alibaba[1]	23,663
JD.com[1]	8,812
Baidu[1]	4,898
New Oriental Education & Technology[1]	3,343
Noah[1]	2,439
Hutchison China MediTech[1]	1,400
Tuniu[1]	980
	45,535
Hong Kong	
WH Group	3,328
Galaxy Entertainment	3,250
AIA	1,985
MGM China	1,808
Sands China	1,558
	11,929
Taiwan	
Largan Precision	3,010
Taiwan Paiho	2,247
Silergy	2,216
Silicon Motion Technology[1]	2,010
	9,483
Total Investments	**246,881**

[1] American Depositary Receipts (ADRs).

A glossary of terms and alternative performance measures is provided on pages 73 and 74.

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 restrictions and guidelines, performance and key performance indicators, share capital, the Company's environmental, social and ethical policy, principal risks and how the Company seeks to manage those risks and finally its long term viability.

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. Its aim is to outperform the MSCI China Index.

Objective and Strategy of the Company

The Company's existing investment objective and investment policy are set out below.

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 China 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, Singapore and America. The team comprises seven portfolio managers and eleven 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 over 1,600 company meetings annually 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 Guidance and Transparency Rules, Market Abuse Regulation, taxation law and the Company's own Articles of Association.

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 7, and in the Investment Managers' Report on pages 8 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 held by the Company will normally range between 45 and 70. The maximum permitted exposure to Hong Kong and Taiwan listed stocks not in the index is 30% of the portfolio.

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 closed-ended investment funds (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 closed-ended investment funds.

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.
- As a result of market growth, the maximum permitted exposure to each individual company is 12.5% of the Company's total assets.
- The maximum permitted exposure to group or related companies is 15% of the Company's total assets.
- The maximum permitted exposure to 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 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 20% without Board permission.

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 2017, the Company produced a total return to shareholders of +36.4% and a total return on net assets of +28.5%. This compares with the total return on the Company's benchmark index of +28.8%. As at 30th September 2017, the value of the Company's investment portfolio was £246.9 million. The Investment Managers' Report on pages 8 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 £52,602,000 (2016: £49,203,000) and the net total return after deducting the management fee, other administrative expenses, finance costs and taxation, amounted to £49,765,000 (2016: £46,886,000).

The Directors recommend a final dividend of 1.6 pence (2016: 1.6 pence) per share payable on 7th February 2018 to holders on the register at the close of business on 15th December 2017. This distribution will amount to £1,167,000 (2016: £1,185,000). No other dividends were paid in respect of the year. The revenue reserve after the payment of the dividend will amount to £881,000 (2016: £1,191,000).

Key Performance Indicators ('KPIs')

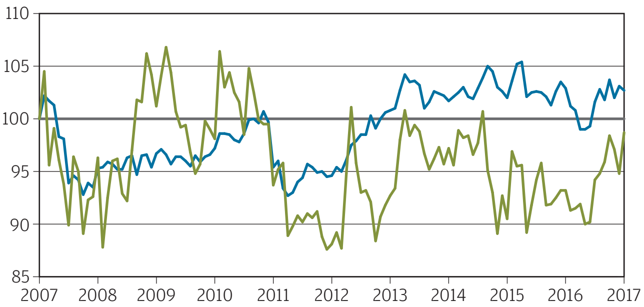
The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The principal KPIs are:

- **Performance against the benchmark index**
  This is the most important KPI by which performance is judged. The Company's principal objective is to achieve capital growth and outperformance relative to its benchmark over a normal cycle which is deemed to be five years. Information on the Company's performance is given in the Chairman's Statement and the Investment Managers' Report.

BUSINESS REVIEW *CONTINUED*

Performance Relative to Benchmark Index (MSCI China index)

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2007



Source: Morningstar/J.P. Morgan/MSCI.

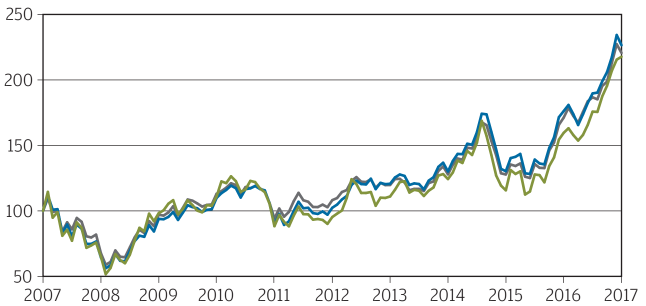
JPMorgan Chinese – Ordinary share price total return.

JPMorgan Chinese – net asset value total return.

Benchmark total return (represented by the bold horizontal line).

Ten Year Performance

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2007



Source: Morningstar/J.P. Morgan/MSCI.

JPMorgan Chinese – share price total return.

JPMorgan Chinese – net asset value total return.

Benchmark total return.

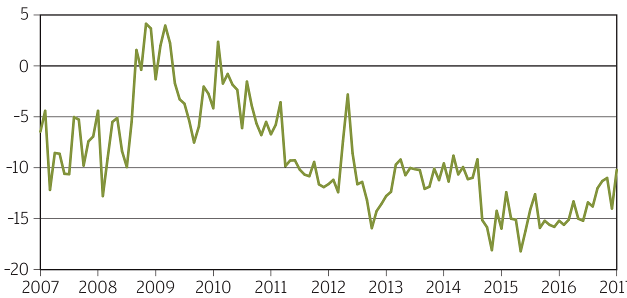
- **Performance against the Company's peers**
  The Board also monitors the performance relative to a broad range of competitor funds.

- **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 2017 are given in the Investment Managers' Report on page 9.

- **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 2017, the Company's average discount has fallen over the year from 16.87% to 9.86% as investor demand for Chinese equities has been increasing. This was in line with the investment trusts investing in Asian markets.

  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)/Premium Performance



Source: Morningstar.

JPMorgan Chinese – discount.

- **Ongoing Charges**
  The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average daily net assets during the year. The ongoing charges for the year ended 30th September 2017 further reduced to 1.38% (2016: 1.44%). 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.

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 1,146,773 Ordinary shares into Treasury (2016: 930,535). The Company did not repurchase any Ordinary shares for cancellation. In addition, no new Ordinary shares were issued and no shares have been repurchased into Treasury 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 70 and 71.

Board Diversity

When recruiting a new Director, the Board's policy is to appoint individuals on merit. The Board believes diversity is important in bringing an appropriate range of skills, knowledge and experience to the Board and gives that consideration when recruiting new directors.

At 30th September 2017, 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.

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.

The Manager has implemented a policy which seeks to restrict investments in securities issued by companies that have been identified by an independent third party provider as being involved in the manufacture, production or supply of cluster munitions, depleted uranium ammunition and armour and/or anti-personnel mines. Shareholders can obtain further details on the policy by contacting the Manager.

Greenhouse Gas Emissions

The Company is managed by the Manager. It has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. The Company itself has no premises, consumes no electricity, gas or other fuel and consequently does not have a measurable carbon footprint. JPMAM is also 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.

The Modern Slavery Act 2015 (the 'MSA')

The MSA requires companies to prepare a slavery and human trafficking statement for each financial year of the organisation. As the Company has no employees and does not supply goods and services, the MSA does not apply directly to it. The MSA requirements more appropriately relate to JPMF and JPMAM. JPMorgan's statement on the MSA can be found on the following website: https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/modern-slavery-act.pdf

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 completed a robust risk assessment and drawn up a risk matrix, which

BUSINESS REVIEW *CONTINUED*

identifies the key risks to the Company. In assessing the risks and how they can be mitigated, the Board has given particular attention to those issues that threaten the viability of the Company. These key risks fall broadly under the following categories:

- **Investment Underperformance:** An inappropriate investment decision may lead to sustained underperformance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages this risk 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 and transaction reports. The Board monitors the implementation and results of the investment process with the investment manager, who attends all Board meetings, and reviews 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.

- **Strategy/Business Management:** An ill-advised corporate initiative, for example an inappropriate takeover of another company or an ill-timed issue of new capital; misuse of the investment trust structure, for example inappropriate gearing; or if the Company's business strategy is no longer appropriate, may lead to a lack of investor demand. The Board discusses these risks regularly and takes advice from the Manager and its professional advisers.

- **Loss of Investment Team or Investment Manager:** 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.

- **Share Price 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. The Board receives regular reports and is actively involved in the discount management process.

- **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.

- **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 Company' on page 18. 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 Guidance 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, JPMorgan Funds Limited 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 28 to 32.

- **Operational Risk and Cybercrime**: Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the depositary's or custodian's records may prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by the Manager, its associates and depositary and the key elements designed to provide effective internal control are included within the Risk Management and Internal Control section of the Directors' Report on page 31. The threat of cyber attack, in all its guises, is regarded as at least as important as more traditional physical threats to business continuity and security. The Company benefits directly or indirectly from all elements of JPMorgan's Cyber Security programme. The information technology controls around the physical security of JPMorgan's data centres, security of its networks and security of its trading applications are tested independently.

The risk of fraud or other control failures or weaknesses within the Manager or other service providers could result in losses to the Company. The Audit Committee receives independently audited reports on the Manager's and other service providers' internal controls, as well as a report from the Manager's Compliance function. The Company's management agreement obliges the Manager to report on the detection of fraud relating to the Company's investments and the Company is afforded protection through its various contracts with suppliers, of which one of the key protections is the Depositary's indemnification for loss or misappropriation of the Company's assets held in custody.

- **Financial:** The financial risks faced by the Company include market risk, liquidity risk and credit risk. Further details are disclosed in note 21 on pages 60 to 65.

Long Term Viability

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 China region economy and its equity markets.

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

The Directors confirm that, assuming a successful continuation vote at the 2018 Annual General Meeting, 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 five year period of assessment.

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

12th December 2017

BOARD OF DIRECTORS

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

Last reappointed to the Board: 2017.

Current remuneration: £34,000.

Co-founder and partner of Emerisque Brands, a private equity management buy-in company and Chairman of Myanmar Investments International Ltd, an AIM investment company. His other board directorships include Guardian Ceylon Investment Trust Plc, Smith Tan Asia Phoenix Fund Ltd and of the Advisory Board of Homestrings Inc. 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 recently became a member of the Advisory Board of Chinese Resolutions, a new company established to work with Regulators both in the UK and in China to improve corporate governance practice amongst Chinese companies listing their shares outside China. 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: 2017.

Current remuneration: £29,000.

Formerly non-executive Chairman of Aviva Investment Holdings Limited. He was also 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 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.

Kathryn Matthews
A Director since July 2010.

Last reappointed to the Board: 2017.

Current remuneration: £23,000.

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, Aperam, J O Hambro Capital Management Ltd and BT Investment Management Limited. She was previously a Director of Hermes Fund Management Ltd and 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.

Last reappointed to the Board: 2017

Current remuneration: £23,000.

Currently a non-executive Director of two Growth Enterprise Market listed companies in Hong Kong and Ping An Insurance Group. In addition, he is a Non-Executive Director 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, Chief Executive of BOCI-Prudential Asset Management Limited and ICBC (Asia) Investment Management Company Limited, independent Non-Executive Director of Hong Kong Exchanges and Clearing Limited and Chairman and Non-Executive Director of China Bio-Med Regeneration Technology Limited.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: Nil.

David Graham
A Director since May 2017.

Current remuneration: £23,000.

David is a Chartered Accountant whose career has been in investment management, firstly as an Asian fund manager with Lazards and then building businesses across Asia Pacific, Europe, Middle East and Africa for BlackRock and predecessor firms (Merrill Lynch Investment Managers and Mercury Asset Management.) He has worked in Hong Kong, Tokyo and Sydney and has been a Representative Director in domestic, joint venture, fund management companies in China, India, Thailand and Taiwan.

Currently an Advisor to BlackRock in Asia Pacific and is one of BlackRock's nominated Directors on the Board of DSP BlackRock, a fund management joint venture in India. He is also non-executive Director of the Templeton Emerging Markets Investment Trust.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 8,000 Ordinary shares.

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 2017.

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. The active management of the Company's assets is delegated by JPMF to an affiliate JPMorgan Asset Management (UK) Limited ('JPMAM') with day to day investment management activity conducted in Hong Kong. The Manager 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.

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 has visited the investment management team in Hong Kong. The Board is of the opinion that the continuing appointment of the Manager is in the best interests of shareholders as a whole.

The Alternative Investment Fund Managers Directive ('AIFMD')

JPMF is the Company's alternative investment fund manager ('AIFM'). It is approved as an AIFM by the FCA. For the purposes of the AIFMD the Company is an alternative investment fund ('AIF').

JPMF has delegated responsibility for the day to day management of the Company's portfolio to JPMAM. The Company has appointed BNY Mellon Trust and Depositary (UK) Limited ('BNY') as its depositary. BNY has appointed JPMorgan Chase Bank, N.A. as the Company's custodian. BNY is 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. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is 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 Fee

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.

Directors

All Directors of the Company who were in office during the year and up to the date of the signing of the financial statements and their details are included on pages 24 and 25.

Details of Directors' beneficial shareholdings may be found in the Directors' Remuneration Report on page 36. No changes have been reported to the Directors' shareholdings since the year end.

David Graham was appointed a Director on 1st May 2017 following a thorough search exercise conducted during the year.
In accordance with the Company's Articles of Association, David Graham will stand for appointment at the forthcoming AGM.

In accordance with corporate governance best practice, 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.

William Knight will retire from the Board at the conclusion of the 2018 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.

Companies Act 2006 Requirements

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 72.

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	16,049,964	22.0

Since the year-end, City of London has notified the Company that its holding has decreased to 15,989,494, representing 21.9% of the Company's voting rights.

The Company is also aware that as at 30th September 2017, approximately 14.7% of the Company's total voting rights are held by individuals through the savings products managed by JPMAM 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, JPMAM 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.

Listing Rule 9.8.4R

Listing Rule 9.8.4R requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

DIRECTORS' REPORT *CONTINUED*

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 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 2018 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. Any such issues would only be made at prices greater than the net asset value (the 'NAV'), thereby increasing the assets underlying each share and spreading the Company's administrative expenses, other than the management fee which is charged on the value of the Company's gross 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 70.

(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 2016 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 the last practicable date prior to the publication of this document. The authority also sets minimum and maximum prices and will expire on 25th July 2019 unless the authority is renewed at the Company's AGM in 2019 or any other prior general meeting.

If resolution 12 is passed at the AGM, the Board may repurchase the shares for cancellation or hold them 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 70 and 71. 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) Continuation Vote (Resolution 13)

The Directors recommend that the Company continues in existence as an investment trust for a further five year period.

The resolution on the continuation of the Company is put to shareholders every five years. The Directors' recommendation on this Resolution is explained in the Chairman's Statement on page 7. They unanimously recommend that shareholders vote in favour of the Company's continuation.

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 21,400 Ordinary shares representing approximately 0.13% 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 38, indicates how the Company has applied the principles of good governance of the Financial Reporting Council 2016 UK Corporate Governance Code (the 'UK Corporate Governance Code') and the AIC's 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, insofar as they are relevant to the Company's business, and with the best practice provisions of the AIC Code throughout the year under review and up to the date of approval of the Annual Report and Financial Statements.

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, including the Chairman. 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 24 and 25.

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

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, Kathryn Matthews, 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.

Tenure

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. The Board has adopted corporate governance best practice and hence all Directors must stand for annual reappointment.

The Board has considered succession planning and has agreed a planned phased exit for the Chairman. William Knight will retire following the AGM in 2018. John Misselbrook will take over as Chairman of the Company and David Graham will become Chairman of the Audit Committee.

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 AGM.

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

DIRECTORS' REPORT *CONTINUED*

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
David Graham[1]	2	1	1
William Knight	4	2	1
Kathryn Matthews	4	2	1
John Misselbrook	4	2	1
Oscar Wong	4	2	1

[1] Appointed 1st May 2017.

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, 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, Kathryn Matthews, 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 report of the Audit Committee is set out on pages 33 and 34.

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 AGM.

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 half yearly by way of the Half Year report and Annual Report and Financial Statements. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's Ordinary shares and the Company's level of gearing.

All shareholders have the opportunity, and are encouraged, to attend the Company's AGM at which the Directors and representatives of the Managers are available in person to meet with 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 broker and the Manager held regular discussions with larger shareholders. The Directors are made fully aware of their views. In addition, on a regular basis the Board invites the Company's brokers, who are independent of the manager, to present to the Directors and also asks them to canvass shareholder views when appropriate. Through them, the Board not only receives an independent and well informed report on shareholder views, but also is able to offer shareholders meetings with the Chairman or the Directors as and when required to address any queries. The Directors may be contacted through the Company Secretary whose details are shown on page 77 or via the Company's website. All communications from shareholders that are intended for the Board are forwarded in full directly to the Chairman for his response.

The Company's Annual Report and Financial Statements are published in time to give shareholders at least 20 working days notice of the AGM. 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 77.

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

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 JPMAM 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 21 to 23). This process has been in place for the year under review and up to the date of the approval of the Annual Report and Financial Statements, 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 JPMAM 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 internal controls and the operations of its custodian, JPMorgan Chase Bank, which is itself independently reviewed;
- reviews independent reports on the internal controls and the operations of JPMAM; and
- reviews quarterly reports from the Company's depositary.

Depositary – The Board has appointed BNY Mellon Trust & Depositary (UK) Limited as depositary, with responsibilities for safe keeping of custodial assets and oversight of the records and cash flows.

Through the procedures set out above, the Board confirms that it has reviewed, and is satisfied with, the effectiveness of the Company's system of internal control for the year ended 30th September 2017 and to the date of approval of this Annual Report and Financial Statements.

During the course of its review of the system of internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore, a confirmation in respect of necessary actions has not been considered appropriate.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM through the Manager. The following is a summary of 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 21.

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

DIRECTORS' REPORT *CONTINUED*

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: http://www.jpmorganinvestmenttrusts.co.uk/governance, 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.

AUDIT COMMITTEE REPORT

Composition and Role

The Audit Committee, chaired by John Misselbrook and whose membership is set out on pages 24 and 25, 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. At least one member of the 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 accounts and the Company's compliance with the UK Corporate Governance Code. It examines the effectiveness of the Company's internal control systems. It monitors the Company's key risks and controls relating to those risks. It receives controls reports on the Manager and the custodian and monitors the controls and service levels at the Company's other key third party suppliers. It also receives information from the Manager's Compliance department and also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditor. The Audit Committee has reviewed the independence and objectivity of the auditor and is satisfied that the auditor is independent. The Audit Committee also has the primary responsibility for making recommendations to the Board on the reappointment and the removal of the external auditor.

Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 30th September 2017, the Audit Committee considered the following significant issues, including those communicated by the Auditor during their reporting:

Significant issues	How the issues were addressed
Valuation, existence and ownership of investments	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 16 to the accounts on page 49. 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 49. 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 by the Board 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.

Going Concern

The Directors believe that having considered the Company's investment objective (see page 18), risk management policies (see pages 60 to 65), capital management policies and procedures (pages 65 and 66), the nature of the portfolio and expenditure projections, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements. In its deliberations, the Board has taken account of its expectations of the results of the forthcoming continuation vote, and has not identified any other material matter over a period of at least twelve months from the date of these financial statements.

Risk Management and Internal Control

The Directors' statement on the Company's system of internal control is set out on page 31.

Auditor Appointment and Tenure

Representatives of the Company's auditor attended the Audit Committee meeting at which the draft Annual Report and Financial Statements were considered and also engaged the Directors as and when required.

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 current audit 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 remain independent. No such work was undertaken by the Auditors during the year under review. Details of the Auditors' fees are disclosed in note 6 on page 52.

AUDIT COMMITTEE REPORT *CONTINUED*

Fair, Balanced and Understandable

Having taken all available information into consideration and having discussed the content of the Annual Report and Financial Statements with the AIFM, the Investment Managers, the Company Secretary and other third party service providers, the Committee has concluded that the Annual Report and Financial Statements for the year ended 30th September 2017, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and 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 38.

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

12th December 2017

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30th September 2017, 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 39 to 44.

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 is subject to a triennial binding vote. However, the Board has resolved that for good governance purposes, the policy vote will be put to shareholders every year. Accordingly, a resolution to approve this policy will be put to shareholders at the 2018 AGM. 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 £34,000 per annum for the Chairman, £29,000 per annum for the Chairman of the Audit Committee and £23,000 per annum for each other Director. The Board has agreed that fees will be increased following the AGM in 2018 to the following levels to reflect more closely industry standards: £35,000 for the Chairman, £30,000 for the Audit Committee Chairman and £24,000 for each other Director.

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 it's 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 AGM and the Company's registered office. Details of the Board's policy on tenure are set out on page 29.

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 AGM. There have been no changes to the policy compared with the year ended 30th September 2017 and no changes are proposed for the year ending 30th September 2018.

At the Annual General Meeting held on 31st January 2017, of votes cast in respect of the Remuneration Policy, 99.1% of votes cast were in favour of (or granted discretion to the Chairman who voted in favour of) the remuneration policy and 0.9% voted against.
In respect of the Remuneration Report, 99.0% of votes were cast in favour and 1.0% against.

DIRECTORS' REMUNERATION REPORT *CONTINUED*

Details of voting on both the Renumeration Policy and Remuneration Policy Implementation Reports from the 2018 AGM will be given in the annual report for the year ending 30th September 2018.

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 2017 was £118,604. 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	
	2017	2016
William Knight	£34,000	£32,703
John Misselbrook	£29,000	£27,865
Sir Andrew Burns[2]	–	£6,848
David Graham[3]	£9,604	–
Kathryn Matthews	£23,000	£22,507
Oscar Wong	£23,000	£22,507
Total	**£118,604**	**£112,430**

[1] Audited information. Other subject headings for the single figure table as prescribed by regulations are not included because there is nothing to disclose in relation thereto.

[2] Retired 25th January 2016.

[3] Appointed 1st May 2017.

A table showing the total remuneration for the Chairman over the five years ended 30th September 2017 can be seen on the following table:

Remuneration for the Chairman over the five years ended 30th September 2017

Year ended 30th September	Fees	Performance related benefits received as a percentage of maximum payable[1]
2017	£34,000	n/a
2016	£34,000	n/a
2015	£30,000	n/a
2014	£27,000	n/a
2013	£27,000	n/a

[1] In respect of one year period and periods of more than one 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	30th September 2017	30th September 2016 or as at date of of appointment
William Knight	4,400	4,400
Sir Andrew Burns[2]	n/a	n/a
David Graham[3]	8,000	n/a
Kathryn Matthews	3,000	3,000
John Misselbrook	6,000	6,000
Oscar Wong	–	–
Total	**21,400**	**18,123**

[1] Audited information.

[2] Retired 25th January 2016.

[3] Appointed 1st May 2017.

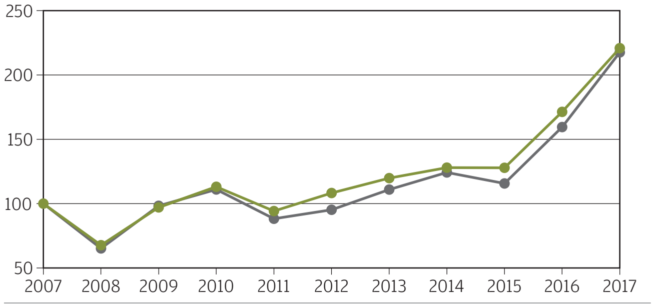
As at the latest practicable date before the publication of this document, there have been no changes to the Directors' shareholdings.

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

No amounts (2016: nil) were paid to third parties for making available the services of Directors.

In accordance with the Companies Act 2006, a graph showing the Company's share price total return compared with its benchmark, the MSCI China Index[1] with dividends reinvested, in sterling terms, over the last ten 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 the United States.

Ten Year Share Price and Benchmark[1] Total Return Performance to 30th September 2017



Source: Morningstar/J.P. Morgan/MSCI.

Share price total return.

Benchmark total return[1].

[1] Prior to 26th January 2016, the benchmark was the MSCI Golden Dragon Index.

A table showing actual expenditure by the Company on remuneration and distributions to shareholders for the year and the prior year can be seen on the following table:

Expenditure by the Company on remuneration and distributions to shareholders

	Year ended 30th September 2017	2016
Remuneration paid to all Directors	£118,604	£112,430
Distribution to shareholders		
– by way of dividend	£1,167,000	£1,185,000
– by way of share repurchases	£2,420,000	£1,673,000
Total distribution to shareholders	**£3,587,000**	**£2,858,000**

For and on behalf of the Board
William Knight
Chairman

12th December 2017

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the 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 adequate 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 enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors 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 Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Each of the Directors, whose names and functions are listed in Directors' Report confirm that, to the best of their knowledge:

- the Company's financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Directors' 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 Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

For and on behalf of the Board
William Knight,
Chairman

12th December 2017

Independent Auditors' Report

TO THE MEMBERS OF JPMORGAN CHINESE INVESTMENT TRUST PLC

Report on the audit of the financial statements

Opinion

In our opinion, JPMorgan Chinese Investment Trust plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 30th September 2017 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 (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Financial Statements (the 'Annual Report'), which comprise: the Statement of Financial Position as at 30th September 2017, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and that we have provided no non-audit services to the company in the period from 1st October 2016 to 30th September 2017.

Our audit approach

Overview

- Overall materiality: £2.3 million (2016: £1.8 million), based on 1% of net assets.

- The Company is an Investment Trust Company and engages JPMorgan Funds Limited (the 'Manager') to manage its assets.
- We conducted our audit of the financial statements from information provided by JPMorgan Corporate & Investment Bank (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.

- Income.
- Valuation and existence of investments.

The scope of our audit

As part of designing our audit, we determined materiality and assessed 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.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Income *Refer to page 33 (Audit Committee Report), page 49 (Accounting Policies) and page 52 (Notes to the Financial Statements).* We focused on the accuracy and completeness of dividend income recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP'). This is because incomplete or inaccurate income could have material impact on the company's net assets value. We also focused on the accuracy and occurrence of realised and unrealised gains or losses on the investment portfolio.	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. In addition, we tested dividend income by agreeing the dividend rates from investments to independent third party sources. No material misstatements were identified which required reporting to those charged with governance. To test for completeness, we checked that the appropriate dividends had been received in the year by reference to independent data of dividends declared for a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income 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. We also checked that the gains or losses on investments held at fair value comprise realised and unrealised gains or losses. For realised gains or losses, we tested a sample of disposal proceeds to bank statements. For unrealised gains or losses, we tested the valuation of the portfolio at the year-end, and also tested the reconciliation of opening and closing investments. No material misstatements were identified which required reporting to those charged with governance.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments *Refer to page 33 (Audit Committee Report), page 49 (Accounting Policies) and page 55 (Notes to the Financial Statements).* The investment portfolio at the year-end principally comprised of listed equity investments. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Statement of Financial Position in the financial statements.	We tested the valuation of the listed investment portfolio by agreeing the prices used in the valuation to independent third party sources. No material 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. as at 30th September 2017. No material misstatements were identified by our testing 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 structure of the company, the accounting processes and controls, and the industry in which it 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 understood and assessed the internal controls 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 analysing the relevant controls reports issued by the independent service auditor of the Administrator in accordance with generally accepted assurance standards for such work. Following this assessment, we then identified those relevant controls at the Administrator on which we could place reliance to provide audit evidence. We also assessed the gap period of six months between the period covered by the controls reports and the year end date of the company. We then applied professional judgement to determine the extent of substantive testing required over each balance in the financial statements.

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 in aggregate 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	£2.3 million (2016: £1.8 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 that 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 £113,000 (2016: £90,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30th September 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. *(CA06)*

The directors' assessment of the prospects of the company and of the principal risks that would threaten the solvency or liquidity of the company

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 21 of the Annual Report 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 disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.

- The directors' explanation on page 23 of the Annual Report 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 to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the company and 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 UK Corporate Governance Code (the 'Code'); and considering whether the statements are consistent with the knowledge and understanding of the company and its environment obtained in the course of the audit. *(Listing Rules)*

Other Code Provisions
We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 34, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the company's position and performance, business model and strategy is materially inconsistent with our knowledge of the company obtained in the course of performing our audit.
- The section of the Annual Report on page 33 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities set out on page 38, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; 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.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on inception of the company on 19th October 1993 to audit the financial statements for the period ended 30th September 1994 and subsequent financial periods. The period of total uninterrupted engagement is 24 years, covering the years ended 30th September 1994 to 30th September 2017.

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

12th December 2017

The maintenance and integrity of the JPMorgan Chinese Investment Trust plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH SEPTEMBER 2017

	Notes	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000
Gains on investments held at fair value through profit or loss	3	–	48,152	48,152	–	47,348	47,348
Net foreign currency gains/(losses)		–	763	763	–	(1,776)	(1,776)
Income from investments	4	3,480	–	3,480	3,548	–	3,548
Interest receivable and similar income	4	207	–	207	83	–	83
Gross return		3,687	48,915	52,602	3,631	45,572	49,203
Management fee	5	(2,092)	–	(2,092)	(1,660)	–	(1,660)
Other administrative expenses	6	(595)	–	(595)	(476)	–	(476)
Net return on ordinary activities before finance costs and taxation		1,000	48,915	49,915	1,495	45,572	47,067
Finance costs	7	(352)	–	(352)	(252)	–	(252)
Net return on ordinary activities before taxation		648	48,915	49,563	1,243	45,572	46,815
Taxation	8	202	–	202	92	(21)	71
Net return on ordinary activities after taxation		850	48,915	49,765	1,335	45,551	46,886
Return per share	9	1.16p	66.78p	67.94p	1.79p	60.87p	62.66p

A final dividend of 1.6p (2016: 1.6p) has been proposed in respect of the year ended 30th September 2017, totalling £1,167,000 (2016: £1,185,000). Further details are given in note 10 on page 54.

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 prepared under guidance issued by the Association of Investment Companies. Net return on ordinary activities after taxation represents the profit for the year and also total comprehensive income.

The notes on pages 49 to 66 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH SEPTEMBER 2017

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve[1] £'000	Total £'000
At 30th September 2015	19,481	13,321	3	581	37,392	62,763	2,391	135,932
Repurchase of shares into Treasury	–	–	–	–	–	(1,673)	–	(1,673)
Net return from ordinary activities	–	–	–	–	–	45,551	1,335	46,886
Dividends paid in the year (note 10)	–	–	–	–	–	–	(1,350)	(1,350)
At 30th September 2016	19,481	13,321	3	581	37,392	106,641	2,376	179,795
Repurchase of shares into Treasury	–	–	–	–	–	(2,420)	–	(2,420)
Net return from ordinary activities	–	–	–	–	–	48,915	850	49,765
Dividends paid in the year (note 10)	–	–	–	–	–	–	(1,178)	(1,178)
At 30th September 2017	19,481	13,321	3	581	37,392	153,136	2,048	225,962

[1] This reserve forms the distributable reserve of the Company and may be used to fund distribution of profits to investors via dividend payments.

The notes on pages 49 to 66 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 30TH SEPTEMBER 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	246,881	195,157
Current assets	12		
Debtors		1,781	1,599
Cash and cash equivalents		1,890	515
		3,671	**2,114**
Current liabilities	13		
Creditors: amounts falling due within one year		(24,590)	(17,476)
Net current liabilities		**(20,919)**	**(15,362)**
Total assets less current liabilities		**225,962**	**179,795**
Net assets		**225,962**	**179,795**
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	153,136	106,641
Revenue reserve	15	2,048	2,376
Total shareholders' funds		**225,962**	**179,795**
Net asset value per share	16	**309.8p**	**242.7p**

The financial statements on pages 45 to 66 were approved and authorised for issue by the Directors on 12th December 2017 and signed on their behalf by:

William Knight
Chairman

The notes on pages 49 to 66 form an integral part of these financial statements.

The Company is registered in England and Wales No. 02853893.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 £'000	2016 £'000
Net cash outflow from operations before dividends and interest	17	(2,394)	(1,122)
Dividends received		3,018	3,121
Interest received		6	11
Overseas tax recovered		431	344
Interest paid		(310)	(249)
Net cash inflow from operating activities		**751**	**2,105**
Purchases of investments		(156,348)	(136,224)
Sales of investments		152,898	143,560
Settlement of foreign currency contracts		(30)	(43)
Net cash (outflow)/inflow from investing activities		**(3,480)**	**7,293**
Dividends paid		(1,178)	(1,350)
Repurchase of shares into Treasury		(2,525)	(1,568)
Drawdown of bank loan		9,667	3,427
Repayment of bank loan		(1,860)	(14,033)
Net cash inflow/(outflow) from financing activities		**4,104**	**(13,524)**
Increase/(decrease) in cash and cash equivalents		**1,375**	**(4,126)**
Cash and cash equivalents at start of year		515	4,636
Exchange movements		–	5
Cash and cash equivalents at end of year		1,890	515
Increase/(decrease) in cash and cash equivalents		**1,375**	**(4,126)**
Cash and cash equivalents consist of:			
Cash at bank		1,890	515
		1,890	**515**

The notes on pages 49 to 66 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2017

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include fixed asset investments at fair value, and in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in November 2014, and updated in January 2017.

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

The financial statements have been prepared on a going concern basis. The disclosures on going concern on page 33 of the Directors' Report form part of these financial statements.

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

(b) Valuation of investments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors.

Accordingly, upon initial recognition the investments are designated by the Company as held at fair value through profit or loss. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase 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 management accounts.

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

(c) Accounting for reserves

Gains and losses on sales of investments including the related foreign exchange gains and losses, and any other capital charges, are included in the Statement of Comprehensive Income and 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 including the related foreign exchange gains and losses, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Investment holding gains and losses'.

(d) Income

Dividends receivable from equity shares 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 included gross of any withholding tax.

Special dividends are looked at individually to ascertain the reason behind the payment. This will determine whether they are treated as revenue or capital.

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.

Securities lending income is taken to revenue on a receipts basis.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

1. Accounting policies *continued*

(e) Expenses

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

- Expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 11 on page 55.

(f) Finance costs

Finance costs are accounted for on an accruals basis using the effective interest method.

Finance costs are allocated wholly to revenue.

(g) Financial instruments

Cash and cash equivalents may comprise cash including demand deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Liquidity funds are considered cash equivalents as they are held for cash management purposes as an alternative to cash, are short term, and readily convertible to a known amount of cash.

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

Bank loans are classified as financial liabilities measured at amortised cost. They are initially measured as proceeds net of direct issue costs and subsequently measured at amortised cost. Interest payable on the bank loan is accounted for on an accruals basis in the Statement of Comprehensive Income.

(h) Taxation

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

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences but deferred tax 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 at 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) Value Added Tax ('VAT')

Expenses are disclosed inclusive of the related irrecoverable VAT. Recoverable VAT is calculated using the partial exemption method based on the proportion of zero rated supplies to total supplies.

(j) Foreign currency

The Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company 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 that sterling is the functional currency. Sterling is also the currency in which the financial statements 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 from a change in exchange rates subsequent to the date of the transaction is included in the Statement of Comprehensive Income as an exchange gain or loss in revenue or capital, depending on whether the gain or loss is of a revenue or capital nature.

(k) Dividends payable

Dividends are included in the financial statements in the year in which they are approved by shareholders.

(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 Statement of Changes in Equity. 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 Statement of Changes in Equity. 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. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements on occasion requires the Directors to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

The Directors do not believe that any significant accounting judgements or estimates have been applied to this set of financial statements, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3. Gains on investments held at fair value through profit or loss

	2017 £'000	2016 £'000
Gains on investments held at fair value through profit or loss based on historic cost	23,095	9,103
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold during the year	(20,809)	(3,238)
Gains on sales of investments based on the carrying value at the previous balance sheet date	2,286	5,865
Net movement in investment holding gains and losses	45,924	41,521
Other capital charges	(58)	(38)
Total capital gains on investments held at fair value through profit or loss	**48,152**	**47,348**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

4. Income

	2017 £'000	2016 £'000
Income from investments:		
Overseas dividends	3,480	3,415
Overseas interest	–	4
Dividends from participatory notes	–	85
Scrip dividends	–	44
	3,480	3,548
Interest receivable and similar income:		
Securities lending fees	201	76
Interest from liquidity fund	4	6
Deposit interest	2	1
	207	83
Total income	3,687	3,631

5. Management fee

	2017 £'000	2016 £'000
Management fee	2,092	1,660

Details of the management fee is given in the Directors' Report on page 26.

6. Other administrative expenses

	2017 £'000	2016 £'000
Administration expenses	368	267
Directors' fees[1]	119	112
Safe custody fees	48	43
Depository fees[2]	33	28
Auditors' remuneration for audit services[3]	27	26
	595	476

[1] Full disclosure is given in the Directors' Remuneration Report on page 36.

[2] Includes £1,000 (2016: £1,000) irrecoverable VAT.

[3] Includes £1,000 (2016: £1,000) irrecoverable VAT.

7. Finance costs

	2017 £'000	2016 £'000
Interest on bank loans and overdrafts	352	252

8. Taxation

(a) Analysis of tax charge in the year

	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000
Overseas withholding tax	(202)	–	(202)	(92)	–	(92)
Capital gains tax	–	–	–	–	21	21
Total tax (credit)/charge for the year	**(202)**	**–**	**(202)**	**(92)**	**21**	**(71)**

(b) Factors affecting total tax charge for the year

The tax (credit)/charge for the year is lower (2016: lower) than the Company's applicable rate of corporation tax of 19.5% (2016: 20.0%) The factors affecting the current tax charge for the year are as follows:

	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000
Net return on ordinary activities before taxation	648	48,915	49,563	1,243	45,572	46,815
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax of 19.5% (2016: 20.0%)	126	9,539	9,665	249	9,114	9,363
Effects of:						
Non taxable capital gains	–	(9,539)	(9,539)	–	(9,114)	(9,114)
Non taxable scrip dividends	–	–	–	(9)	–	(9)
Non taxable overseas dividends	(678)	–	(678)	(683)	–	(683)
Unrelieved expenses	552	–	552	443	21	464
Overseas withholding tax	(202)	–	(202)	(92)	–	(92)
Total tax (credit)/charge for the year	**(202)**	**–**	**(202)**	**(92)**	**21**	**(71)**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £3,675,784 (2016: £3,194,238) based on a prospective corporation tax rate of 17% (2016: 17%). 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. In March 2016 a further cut to 17% in 2020 was announced. These reductions in the standard rate of corporation tax were substantively enacted on 15th September 2016 and became effective from 1st April 2017. 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 financial statements.

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 for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

9. Return per share

	2017 £'000	2016 £'000
Revenue return	850	1,335
Capital return	48,915	45,551
Total return	**49,765**	**46,886**
Weighted average number of shares in issue during the year	73,253,728	74,824,831
Revenue return per share	1.16p	1.79p
Capital return per share	66.78p	60.87p
Total return per share	**67.94p**	**62.66p**

10. Dividends

(a) Dividends paid and proposed

	2017 £'000	2016 £'000
Dividend paid		
2016 final dividend paid of 1.6p (2015: 1.8p) per share	1,178	1,350
Dividend proposed		
2017 final dividend proposed of 1.6p (2016: 1.6p) per share	1,167	1,185

The dividend proposed in respect of the year ended 30th September 2017 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 financial statements for the year ending 30th September 2018.

The dividend proposed in respect of the year ended 30th September 2016 amounted to £1,185,000. However the amount paid amounted to £1,178,000 due to shares repurchased after the balance sheet date but prior to the share register record date.

(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, shown below. The revenue available for distribution by way of dividend for the year is £850,000 (2016: £1,335,000).

	2017 £'000	2016 £'000
Final dividend proposed of 1.6p (2016: 1.6p) per share	1,167	1,185

All dividends paid and proposed in the period are and will be funded from the revenue reserve.

The revenue reserve after payment of the final dividend will amount to £881,000 (2016: £1,191,000).

11. Investments

	2017 £'000	2016 £'000
Investments listed on a recognised stock exchange	246,881	195,157
Opening book cost	143,773	141,712
Opening investment holding gains	51,384	13,101
Opening valuation	195,157	154,813
Movements in the year:		
Purchases at cost	156,405	137,250
Sales proceeds	(152,891)	(144,292)
Gains on sales of investments based on the carrying value at the previous balance sheet date	2,286	5,865
Net movement in investment holding gains and losses	45,924	41,521
	246,881	195,157
Closing book cost	170,382	143,773
Closing investment holding gains	76,499	51,384
Total investments held at fair value through profit or loss	**246,881**	**195,157**

Transaction costs on purchases during the year amounted to £354,000 (2016: £296,000) and on sales during the year amounted to £269,000 (2016: £297,000). These costs comprise mainly brokerage commission.

During the year, prior year investment holding gains amounting to £20,809,000 have been transferred to gains and losses on sales of investments as disclosed in note 15.

12. Current assets

Debtors

	2017 £'000	2016 £'000
Securities sold awaiting settlement	1,296	1,350
Dividends and interest receivable	454	221
Other debtors	31	28
	1,781	**1,599**

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

Cash and cash equivalents

Cash and cash equivalents comprise bank balances, short term deposits and liquidity funds. The carrying amount of these represents their fair value.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

13. Current liabilities

	2017 £'000	2016 £'000
Creditors amounts falling due within one year		
Bank loan	23,255	16,166
Securities purchased awaiting settlement	1,162	1,105
Repurchase of the Company's own shares awaiting settlement	–	105
Loan interest payable	51	9
Other creditors and accruals	122	91
	24,590	17,476

On 27th January 2012, the Company arranged a £20 million unsecured 364 day multicurrency revolving loan facility with Scotiabank (Ireland) Designated Activity Company. This facility was renewed for a further 364 days in January 2013 and again in January 2014, January 2015, January 2016 and January 2017 with a maturity date of 19th January 2018. On 5th May 2015, the £20 million facility was increased to £30 million. The facility will be renewed in January 2018.

Under the terms of this agreement, the Company may draw down up to £30 million, or its foreign currency equivalent, 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 subject to covenants and restrictions which are customary for a credit facility of this nature, all of which have been met during the year and continue to be met.

At 30th September 2017, the Company had drawn down US$31.2 million (2016: US$21.0 million) on the multicurrency revolving loan facility with Scotiabank at an interest rate of 2.03% (2016: 1.32%).

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

14. Called up share capital

	2017 £'000	2016 £'000
Issued and fully paid share capital:		
Ordinary shares of 25p each[1]		
Opening balance of 74,074,935 (2016: 75,005,470) shares	18,521	18,754
Repurchase of 1,146,773 (2016: 930,535) shares into Treasury	(287)	(233)
Sub total of 72,928,162 (2016: 74,074,935)	18,234	18,521
4,986,803 (2016: 3,840,030) shares held in Treasury	1,247	960
Closing balance of 77,914,965 (2016: 77,914,965) including shares held in Treasury	**19,481**	**19,481**

[1] Fully paid ordinary shares, which have a par value of 25p each, carry one vote per share and carry a right to receive dividends.

Further details of transactions in the Company's shares are given in the Business Review on pages 20 and 21.

15. Capital and reserves

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Other reserve[1] £'000	Capital reserves: Gains and losses on sales of investments £'000	Capital reserves: Investments holding gains and losses £'000	Revenue reserve[2] £'000	Total £'000
Opening balance	19,481	13,321	3	581	37,392	57,963	48,678	2,376	179,795
Net exchange gains on cash and cash equivalents	–	–	–	–	–	45	–	–	45
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	–	2,286	–	–	2,286
Net movement in investment holding gains and losses	–	–	–	–	–	–	45,924	–	45,924
Transfer on disposal of investments	–	–	–	–	–	20,809	(20,809)	–	–
Repurchase of shares into Treasury	–	–	–	–	–	(2,420)	–	–	(2,420)
Unrealised exchange gain on foreign currency loan	–	–	–	–	–	–	797	–	797
Realised exchange loss on repayment of foreign currency loan	–	–	–	–	–	(79)	–	–	(79)
Unrealised exchange loss on foreign currency loan now realised	–	–	–	–	–	(253)	253	–	–
Other capital charges	–	–	–	–	–	(58)	–	–	(58)
Dividend paid in the year	–	–	–	–	–	–	–	(1,178)	(1,178)
Retained revenue for the year	–	–	–	–	–	–	–	850	850
Closing balance	**19,481**	**13,321**	**3**	**581**	**37,392**	**78,293**	**74,843**	**2,048**	**225,962**

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

[2] This reserve forms the distributable reserve of the Company and may be used to fund distribution of profits to investors via dividend payments.

16. Net asset value per share

	2017	2016
Net assets (£'000)	225,962	179,795
Number of shares in issue	72,928,162	74,074,935
Net asset value per share	**309.8p**	**242.7p**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

17. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash outflow from operations before dividends and interest

	2017 £'000	2016 £'000
Net return on ordinary activities before finance costs and taxation	49,915	47,067
Less capital return on ordinary activities before finance costs and taxation	(48,915)	(45,572)
Scrip dividends received as income	–	(44)
Increase in accrued income and other debtors	(236)	(40)
Increase/(decrease) in accrued expenses	20	(19)
Tax on unfranked investment income	(229)	(261)
Performance fee paid	–	(59)
Dividends received	(3,018)	(3,121)
Interest received	(6)	(11)
Realised gain on foreign exchange transactions	12	616
Exchange gain on liquidity fund	63	322
Net cash outflow operations before dividends and interest	**(2,394)**	**(1,122)**

18. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2016: same).

19. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on page 26. The management fee payable to the Manager for the year was £2,092,000 (2016: £1,660,000) of which £nil (2016: £nil) was outstanding at the year end.

Safe custody fees amounting to £48,000 (2016: £43,000) were payable to JPMorgan Chase Bank N.A. during the year of which £13,000 (2016: £7,000) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities Limited for the year was £22,000 (2016: £77,000) of which £nil (2016: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £58,000 (2016: £38,000) were payable to JPMorgan Chase Bank N.A. during the year of which £14,000 (2016: £4,000) was outstanding at the year end.

The Company can also hold cash in the JPMorgan US Dollar Liquidity Fund, which is managed by JPMorgan. At the year end this was valued at £nil (2016: £nil). Interest amounting to £4,000 (2016: £6,000) was receivable during the year of which £nil (2016: £nil) was outstanding at the year end.

Fees amounting to £201,000 (2016: £76,000) were receivable from securities lending transactions during the year. JPMorgan Investor Services Limited commissions in respect of such transactions amounted to £35,000 (2016: £13,000).

At the year end, total cash of £1,890,000 (2016: £515,000) was held with JPMorgan Chase Bank, N.A.. A net amount of interest of £2,000 (2016: £1,000) was receivable by the Company during the year of which £nil (2016: £nil) was outstanding at the year end.

Full details of Directors' remuneration and shareholdings can be found on page 36 and in note 6 on page 52.

20. Disclosures regarding financial instruments measured at fair value

The fair value hierarchy disclosures required by FRS 102 are given below.

The Company's financial instruments within the scope of FRS 102 that are held at fair value comprise its investment portfolio and derivative financial instruments.

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

(1) The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date

The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.

(2) Inputs other than quoted prices included within Level 1 that are observable (i.e.: developed using market data) for the asset or liability, either directly or indirectly

When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

(3) Inputs are unobservable (i.e.: for which market data is unavailable) for the asset or liability

If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

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 49.

The following table sets out the fair value measurements using the FRS 102 hierarchy at 30th September.

	2017		2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	246,881	–	178,565	–
Level 2[1]	–	–	16,592	–
Total	**246,881**	**–**	**195,157**	**–**

[1] 2016 includes investments in participatory notes.

There were no transfers between Level 1, 2 or 3 during the year (2016: same).

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

As an investment trust, the Company invests in equities 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 financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

These financial 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 policy.

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 classes of financial instruments are as follows:

- 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;
- cash held within a liquidity fund;
- 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 these 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 which is the Company's functional currency and presentation currency. 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 this exposure by considering the effect on the Company's net asset value and income of a movement in 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.

	2017 US Dollar £'000	2017 Hong Kong Dollar £'000	2017 Taiwan Dollar £'000	2017 Chinese Yuan £'000	2017 Total £'000
Current assets	1,816	1,769	1	15	3,601
Creditors	(24,468)	–	–	–	(24,468)
Net current (liabilities)/assets	(22,652)	1,769	1	15	(20,867)
Investments held at fair value through profit or loss	48,769	143,979	7,473	46,660	246,881
Total net foreign currency exposure	**26,117**	**145,748**	**7,474**	**46,675**	**226,014**

	2016 US Dollar £'000	2016 Hong Kong Dollar £'000	2016 Taiwan Dollar £'000	2016 Chinese Yuan £'000	2016 Total £'000
Current assets	363	844	1,079	2	2,288
Creditors	(16,338)	(221)	(918)	–	(17,477)
Net current (liabilities)/assets	(15,975)	623	161	2	(15,189)
Investments held at fair value through profit or loss	56,433	121,970	12,169	4,585	195,157
Total net foreign currency exposure	**40,458**	**122,593**	**12,330**	**4,587**	**179,968**

In the opinion of the Directors, the above year end amounts are broadly representative of the exposure to foreign currency risk during the year.

Foreign currency sensitivity

The following table illustrates 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 the income receivable in foreign currency and assumes a 10% (2016: 10%) appreciation or depreciation in sterling against the currencies to which the Company is exposed to, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

	2017 If sterling strengthens by 10% £'000	2017 If sterling weakens by 10% £'000	2016 If sterling strengthens by 10% £'000	2016 If sterling weakens by 10% £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(348)	348	(355)	355
Capital return	2,087	(2,087)	1,519	(1,519)
Total return after taxation	1,739	(1,739)	1,164	(1,164)
Net assets	**1,739**	**(1,739)**	**1,164**	**(1,164)**

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

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

(a) Market risk *continued*

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the liquidity fund 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.

Interest rate exposure

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

	2017 £'000	2016 £'000
Exposure to floating interest rates		
Cash and short term deposits	1,890	515
Bank loan	(23,255)	(16,166)
Total exposure	**(21,365)**	**(15,651)**

Interest receivable on cash balances, or payable on overdrafts, is at a margin below or above LIBOR respectively (2016: same).

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1% (2016: 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.

	2017		2016	
	1% Increase in rate £'000	1% Decrease in rate £'000	1% Increase in rate £'000	1% Decrease in rate £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(214)	214	(157)	157
Capital return	–	–	–	–
Total return after taxation for the year	(214)	214	(157)	157
Net assets	**(214)**	**214**	**(157)**	**157**

In the opinion of the Directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances, cash held in the liquidity fund and amounts drawn down on the loan.

(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 equity 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 total exposure to changes in market prices at 30th September comprises its holdings in equity investments as follows:

	2017 £'000	2016 £'000
Investments held at fair value through profit or loss	**246,881**	**195,157**

The above data is broadly representative of the exposure to other price risk during the current and comparative year.

Concentration of exposure to other price risk

An analysis of the Company's investments is given on page 17. 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 also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (2016: 10%) in the market value of equity investments. 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, adjusting for changes in the management fee but with all other variables held constant.

	2017		2016	
	10% increase in fair value £'000	10% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Statement of Comprehensive Income – return after taxation				
Revenue return	(247)	247	(195)	195
Capital return	24,688	(24,688)	19,516	(19,516)
Total return after taxation	24,441	(24,441)	19,321	(19,321)
Net assets	**24,441**	**(24,441)**	**19,321**	**(19,321)**

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

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

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting its 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 mainly 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 13 on page 56.

Liquidity risk exposure

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

	2017			2016		
	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:						
Securities purchased awaiting settlement	1,162	–	1,162	1,105	–	1,105
Repurchase of the Company's own shares awaiting settlement	–	–	–	105	–	105
Bank loan – including interest	168	23,283	23,451	62	16,179	16,241
Other creditors and accruals	122	–	122	91	–	91
	1,452	**23,283**	**24,735**	**1,363**	**16,179**	**17,542**

The liabilities in the table above represent future contractual payments and therefore may differ from the amounts shown in the Statement of Financial Position.

(c) Credit risk

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

Management of credit risk

Portfolio dealing

The Company invests in markets that operate delivery versus payment ('DVP') settlement. The process of DVP mitigates the risk of losing the principal 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 and cash equivalents

Counterparties are subject to regular credit analysis by the Manager and deposits can only be placed with counterparties that have been approved by JPMAM's Counterparty Risk Group and the Board.

JPMorgan Chase Bank N.A. and the JPMorgan US Dollar Liquidity Fund have S+P credit ratings of A-1 and AAAm respectively.

Exposure to JPMorgan Chase

JPMorgan Chase Bank, N.A. is the custodian of the Company's assets. 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.

The Depositary, BNY Mellon Trust and Depositary (UK) Limited, is responsible for the safekeeping of all custodial assets of the Company and for verifying and maintaining a record of all other assets of the Company. However, no absolute guarantee can be given on the protection of all the assets of the Company.

Credit risk exposure

The amounts shown in the Statement of Financial Position under debtors and cash and cash equivalents represent the maximum exposure to credit risk at the current and comparative year ends.

The value of securities on loan at 30th September 2017 amounted to £8.5 million (2016: £15.3 million) and the maximum value of stock on loan during the year amounted to £27.0 million (2016: £19.8 million). Collateral is obtained by JPMorgan Asset Management (UK) Limited ('JPMAM') and is called in on a daily basis to a value of 102% of the value of the securities on loan if that collateral is denominated in the same currency as the securities on loan and 105% if it is denominated in a different currency.

(d) Fair values of financial assets and financial liabilities

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

22. Capital management policies and procedures

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

	2017 £'000	2016 £'000
Debt:		
Bank loan	23,255	16,166
	23,255	**16,166**
Equity:		
Called up share capital	19,481	19,481
Reserves	206,481	160,314
Total equity	225,962	179,795
Total debt and equity	**249,217**	**195,961**

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

The Company's actual gearing is not to exceed 20% without Board permission.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

22. Capital management policies and procedures *continued*

	2017 £'000	2016 £'000
Investments held at fair value through profit or loss	246,881	195,157
Net assets	**225,962**	**179,795**
Gearing	**9.3%**	**8.5%**

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.

23. Subsequent events

Effective from 1st October 2017, management fee and finance costs are allocated 25% to revenue and 75% to capital.

SECURITIES FINANCING TRANSACTIONS

The Company engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to SFT for the accounting period ended 30 September 2017 are detailed below.

Return and cost

JPMorgan Chase Bank, N.A (JPMCB), the lending agent, receives a fee of 15% of the gross revenue for its services related to the Stock Lending Transactions. The remainder of the revenue, 85%, is received by the Company i.e. for the benefit of Shareholders.

Global Data

Amount of securities on loan

The total value of securities on loan as a proportion of the Company's total lendable assets, as at the balance sheet date, is 4.40%. Total lendable assets represents the aggregate value of assets types forming part of the Company's securities lending programme.

Amount of assets engaged in securities lending

The following table represents the total value of assets engaged in securities lending:

	Value £'000	% of AUM
Securities lending	8,457	3.74%

Concentration Data

Counterparties

The following table provides details of the counterparties (based on gross volume of outstanding transactions with exposure on a gross absolute basis) in respect of securities lending as at the balance sheet date:

Counterparty	Value £'000
Deutsche Bank	4,296
Morgan Stanley	3,647
Goldman	436
Credit Suisse	60
Nomura	10
Citigroup	8
Total	**8,457**

Collateral issuers

The following table lists the issuers by value of non-cash collateral received by the Company by way of title transfer collateral arrangement across securities lending transactions, as at the balance sheet date:

Issuer	Collateral Value £'000
United Kingdom Treasury	3,235
French Republic Government	777
United States of America Treasury	775
Federal Republic of Germany	432
Kingdom of Belgium Government	259
Republic of Austria Government	87
Kingdom of Netherlands Government	25
Republic of Finland Government	10
	5,600

SECURITIES FINANCING TRANSACTIONS *CONTINUED*

Type, quality and currency of collateral

The following table provides an analysis of the type, quality and currency of collateral received by the Company in respect of securities lending transactions as at the balance sheet date.

Type	Quality	Value £'000
Sovereigns Debts	Investment Grade	4,825
Treasury Notes	Investment Grade	657
Treasury Bonds	Investment Grade	118
Total		**5,600**

Maturity tenor of Security lending transactions

The Company's securities lending transactions have open trades.

Settlement and clearing

The Company's securities lending transactions including related collaterals are settled and cleared either bi-laterally, tri-party or through a central counterparty.

Re-use of collateral

Share of collateral received that is reused and reinvestment return

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions cannot be sold, re-invested or pledged.

Cash collateral received in the context of securities lending transactions may be reused in accordance with the provisions contained within the Prospectus. The Company currently reinvests cash collateral received in respect of securities lending transactions in the overnight cash market.

Counterparty	Quality	Maturity Date	Value £'000
Société Générale	Investment Grade	02 October 2017	1,961
Citigroup	Investment Grade	02 October 2017	1,500
Merrill Lynch, Pierce, Fenner & Smith	Investment Grade	02 October 2017	650
HSBC	Investment Grade	02 October 2017	500
Total			**4,619**

Safekeeping of collateral

All collateral received £5,600,000 by the Company in respect of securities lending transactions as at the balance sheet date is held by the Depository.

ALTERNATIVE INVESTMENT FUND MANAGERS' DIRECTIVE ('AIFMD') DISCLOSURES (UNAUDITED)

Leverage

For the purposes of the Alternative Investment Fund Managers' Directive (the '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 the 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.

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD, as at 30th September, which gives the following figures:

	Gross Method	Commitment Method
Leverage Exposure		
Maximum limit	200%	200%
Actual	111%	111%

JPMF Remuneration

JPMF is the authorised manager of the Company and is part of the JPMorgan Chase & Co. group of companies. In this disclosure, the terms 'JPMorgan' or 'Firm' refer to that group, and each of the entities in that group globally, unless otherwise specified.

This disclosure has been prepared in accordance with the AIFMD, the European Commission Delegated Regulation supplementing the AIFMD, the 'Guidelines on sound remuneration policies' under the AIFMD issued by the European Securities and Markets Authority under the AIFMD. The disclosure has also been prepared in accordance with the relevant provisions of the Financial Conduct Authority Handbook (FUND 3.3.5 and COLL 4.5.7).

JPMF Remuneration Policy

The current remuneration policy for the Management Company (the 'Remuneration Policy') can be found at https://am.jpmorgan.com/gb/en/asset-management/gim/adv/legal/emea-remuneration-policy. This policy includes details of how remuneration benefits are calculated, including the financial and non-financial criteria used to evaluate performance, the responsibilities and composition of the Firm's Compensation and Management Development and the measures adopted to avoid or manage conflicts of interest. A copy of this policy can be requested free of charge from the Management Company. The Remuneration Policy applies to all employees of the Management Company, including individuals whose professional activities may have a material impact on the risk profile of the Management Company or the funds it manages ('Identified Staff'). The Identified Staff include members of the Board of the Management Company (the 'Board'), senior management, the heads of relevant Control Functions, and holders of other key functions. Individuals are notified of their identification and the implications of this status on at least an annual basis.

JPMF reviews and adopts the Remuneration Policy on an annual basis, and oversees its implementation, including the classification of Identified Staff.

JPMF Quantitative Disclosures

Disclosures in accordance with FUND 3.3.5, Article 22(2)e and 22(2)f of the AIFMD and Article 107 of the Delegated Regulation are disclosed on the Company's website at www.jpmchinese.co.uk

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty-third Annual General Meeting of JPMorgan Chinese Investment Trust plc will be held at 60 Victoria Embankment, London EC4Y 0JP on Friday, 26th January 2018 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 2017.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 30th September 2017.
4. To approve a final dividend of 1.6p per share.
5. To reappoint John Misselbrook as a Director of the Company.
6. To reappoint Kathryn Matthews as a Director of the Company.
7. To reappoint Oscar Wong as a Director of the Company.
8. To appoint David Graham 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 2019 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 10 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 10,931,931, 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 25th July 2019 unless the authority is renewed at the Company's Annual General Meeting in 2019 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.

Continuation Vote – Ordinary Resolution

13. That the Company continues in existence as an investment trust for a further five year period.

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

19th December 2017

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 am 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 6.30 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 6.30 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.

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 12th December 2017 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 72,928,162 Ordinary shares, carrying one vote each. Therefore the total voting rights in the Company are 72,928,162.

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.

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES

Return to Shareholders
Total return to the investor, on a last traded price to last traded 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 (see page 2).

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 (see page 2).

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 closing market value to closing 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 (see page 2).

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 (see page 12). 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.

Gearing/Net Cash
Gearing represents the excess amount above shareholders' funds of total investments expressed as a percentage of the shareholders' funds, in line with current AIC methodology (see page 12). If the amount calculated is negative, this is shown as a 'net cash' position.

Ongoing Charges

The ongoing charges represents the Company's management fee and all other operating expenses excluding finance costs, 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 (see page 12).

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
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 Mainland Chinese Investors and selected Foreign Institutional Investors are allowed to trade A-Shares.

The Company invests directly in China A-Shares and also 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 Mainland Chinese Investors and Foreign Institutional Investors.

Shanghai-Hong Kong Stock Connect
A cross-boundary investment channel that connects the Shanghai Stock Exchange and the Hong Kong Stock Exchange. Under the program, investors in each market are able to trade shares on the other market using their local brokers and clearing houses.

Shenzhen-Hong Kong Stock Connect
A cross-boundary investment channel that connects the Shenzhen Stock Exchange and the Hong Kong Stock Exchange. Under the program, investors in each market are able to trade shares on the other market using their local brokers and clearing houses.

Performance Attribution
Analysis of how the Company achieved its recorded performance relative to its benchmark (see page 9).

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

You can invest in a J.P. Morgan investment trust through the following;

1. Directly from J.P. Morgan

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

Stocks & Shares Individual Savings Accounts (ISA)
The Company's shares are eligible investments within a J.P. Morgan ISA. For the 2017/18 tax year, from 6th April 2017 and ending 5th April 2018, the total ISA allowance is £20,000. The shares are also available in a J.P. Morgan Junior ISA. Details are available from J.P. Morgan Asset Management free on 0800 20 40 20 or via its website at am.jpmorgan.co.uk/investor

2. Via a third party provider

Third party providers include;

AJ Bell	Interactive Investor
Alliance Trust Savings	James Brearley
Barclays Stockbrokers	James Hay
Bestinvest	Selftrade
Charles Stanley Direct	TD Direct
FundsNetwork	The Share Centre
Hargreaves Lansdown	Trustnet Direct

Please note this list is not exhaustive and the availability of individual trusts may vary depending on the provider. These websites are third party sites and J.P. Morgan Asset Management does not endorse or recommend any. Please observe each site's privacy and cookie policies as well as their platform charges structure.

3. Through a professional adviser

Professional advisers are usually able to access the products of all the companies in the market and can help you find an investment that suits your individual circumstances. An adviser will let you know the fee for their service before you go ahead. You can find an adviser at unbiased.co.uk

You may 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 fca.org.uk

Notes

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, J.P. Morgan ISA and J.P. Morgan Junior ISA. These products are all available on the online service at 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