



Half Year Report 2013

JPMorgan Chinese
Investment Trust plc

Half Year Report & Accounts for the six months ended 31st March 2013

J.P.Morgan
Asset Management

Features

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Objective

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

Investment Policies

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

Benchmark

MSCI Golden Dragon Index, 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 31st March 2013, the Company's issued share capital comprised 77,881,115 Ordinary shares of 25p each, including 1,346,781 shares held in Treasury, and 12,717,293 Subscription shares of 1p each.

Continuation Vote

In accordance with the Company's Articles of Association, the Directors are required to propose a resolution that the Company continue as an investment trust at the Annual General Meeting in 2018 and every fifth year thereafter.

Management Company

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

Half Year Performance

Total returns (includes dividends reinvested)

+19.0%

'Unit' return to
shareholders¹

+17.9%

Return on net assets³

+19.3%

Return to Ordinary
shareholders²

+13.0%

Benchmark total return⁴

¹A unit comprises 5 Ordinary shares and 1 Subscription share.

²Source: Morningstar.

³Source: J.P. Morgan.

⁴Source: MSCI. The Company's benchmark is the MSCI Golden Dragon Index, with net dividends reinvested, in sterling terms.

Financial Data

	31st March 2013	30th September 2012	% change
Total net assets (£'000)	130,694	112,220	+16.5
Number of Ordinary shares in issue	76,534,334	76,643,520	-0.1
Number of Subscription shares in issue	12,717,293	12,729,550	-0.1
Diluted net asset value per Ordinary share [†]	170.4p	146.4p	+16.4*
Undiluted net asset value per Ordinary share	170.8p	146.4p	+16.7*
Ordinary share price	151.0p	128.0p	+18.0*
Subscription share price	1.5p	3.0p	-50.0
Ordinary share price discount to diluted net asset value per Ordinary share [‡]	11.4%	12.6%	

A glossary of terms and definitions is provided on page 18.

* % change, excluding dividends paid.

[†] Net asset value assuming that all outstanding Subscription shares were converted into Ordinary shares at the period end.

[‡] The discount at 30th September 2012, based on the diluted net asset value after the deduction of the 1.6p final dividend, is 11.6%.

Chairman's Statement



Performance

Following shareholders' approval at the 2013 Annual General Meeting ('AGM') of the continuation of the Company as an investment trust for a further five years, I am pleased to report that during the six months to 31st March 2013, the Company's return on net assets with net dividends reinvested increased by 17.9%. This was ahead of the return of the Company's benchmark, the MSCI Golden Dragon Index, which increased by 13.0% (in sterling terms). The total return to shareholders was 19.3%. The Investment Managers' Report provides further comments on the Company's performance and portfolio and market developments.

Loan Facility and Gearing

On 24th January 2013 the Company renewed its £20 million multi-currency credit facility with Scotiabank for a further 364 days, and £18.1 million was drawn down on this facility as at 31st March 2013. The Board has given the Investment Managers the flexibility to manage the gearing tactically within a range set by the Board of 10% net cash to 15% geared. During the period the Company's gearing ranged from 10% to 14% geared, ending the half year at 14% geared.

Share Issues and Repurchases in the Period

During the six months ended, the Company issued 12,257 new Ordinary shares following the exercise of Subscription shares for a total consideration of £20,592.

The Company repurchased 121,443 shares during the period at prices below the prevailing net asset value per share and holds them in Treasury in accordance with the Board's policy. The Company will re-issue shares held in Treasury only at a premium to NAV.

At the time of writing, the Company's issued share capital consists of 76,375,132, Ordinary shares, excluding shares held in Treasury.

Subscription Shares

As at 31st March 2013 there were 12,717,293 outstanding subscription shares. From 31st March up to and including the final date for the exercise of Subscription Share Rights by Subscription Shareholders, which was 15th May 2013, holders of a further 33,850 subscription shares elected to exercise their Subscription Share Rights. However, since the subscription shares expired 'out of the money', the majority of holders did not convert and, consequently, there were 12,683,443 outstanding subscription shares following the Final Exercise Date. A Final Subscription Trustee ('Trustee') has been appointed to act on behalf of those Subscription Shareholders who have not exercised their Subscription Share Rights. In accordance with the Subscription Share terms, the Trustee will have to decide within 14 days of the Final Exercise Date, such period expiring at the latest at close of business on 29th May 2013, whether or not to exercise the outstanding Subscription Share Rights.

Board of Directors

Mr John Misselbrook was appointed by shareholders at the AGM, having previously been appointed by the Board of the Company in July 2012, and has now assumed the responsibility as Chairman of the Audit Committee. All remaining Directors were also re-appointed by shareholders at the 2013 AGM having stood for annual re-appointment in accordance with good corporate governance practice.

Outlook

In so much as the growth rates in China inevitably have slowed, the rebalancing of the economy from investment to consumption, as referred to in my annual statement, remains at the forefront of government policy under the new leadership as it puts in place the building blocks for sustainable economic growth. A sharp crackdown on corruption practices, cooling the property sector and tackling the pollution problems are also planks of the policy. This should be positive for the investment environment in the long-term.

Hong Kong, as China's principal off-shore financial services centre, benefits from the momentum and will continue to do so as the role of the renminbi in world trade strengthens and Hong Kong's position as a financial services entrepôt for the currency is enhanced. Your Investment Managers have referred to the stock picking opportunities in Taiwan. As Taiwan economically intertwines increasingly with mainland China, we continue to believe in the advantages to our investment performance of Taiwanese exposure.

William Knight
Chairman

23rd May 2013

Investment Managers' Report



Howard Wang

Over the six month period ended 31st March 2013, the Company achieved a total return on net assets of +17.9% (in sterling terms), outperforming the Company's benchmark return of +13.0% by 4.9%.

Stock selection across all three Greater China markets contributed to the majority of the outperformance and the average gearing level of 12.0% also added to returns. In Taiwan, stock selection was strong within the technology sector (e.g. smart-phone supply chain related stocks), whereas in Hong Kong/China most of the returns came from favourable stock selection in financials (e.g. Chinese property counters) and consumer names (e.g. Macau gaming).

China Review

Chinese equities rose in the fourth quarter of 2012, with the offshore-listed Chinese market (MSCI China) leading domestic A-shares (CSI 300) again. MSCI China rose 12.8% quarter-on-quarter, after troughing in early September. Three months of better than expected economic data finally started pushing up the CSI 300 in early December, up almost 11% quarter-on-quarter. Cyclical such as financials, property, commodity, industrials and discretionary led the market recovery, while defensives such as staples, healthcare and telecommunications lagged. On the economic front, the risk premium came down on better than expected data as well as greater hopes for reforms that would spur on sustainable economic growth after the successful conclusion of the National People's Congress of China held in mid November.

However, Chinese equities corrected in the first quarter of 2013 after the strong rally, on concerns of incremental policy tightening in China and rising sovereign debt risks in Europe. The offshore-listed Chinese market (MSCI China) dropped 4.4%, while domestic A-shares (CSI 300) dropped 1.1%. The People's Bank of China started mopping up liquidity through open market operations in February, after very strong January Total Social Financing ('TSF') of Rmb2.5Trn (vs. Rmb0.98Trn in January 2012) was extended. The anti-corruption campaign by the new leadership negatively affected consumption, with retail sales in January to February at 12.3% coming in below expectations. Earnings revisions have finally turned neutral after a negative trend throughout 2012.

China Outlook

We expect a mild recovery for the rest of 2013. We believe the earlier than expected incremental policy adjustments are unlikely to derail the macro recovery. The renewed property tightening, combined with monetary policy fine tuning, should prevent property prices appreciating too fast. The structural shortage of property in tier one and selected tier two cities will likely keep property fixed asset investment ('FAI') growing at double digits. Infrastructure FAI should re-accelerate, as evidenced by medium/long-term loans rising to 70% of total new loans in February (vs. around 30% in mid 2012).



Emerson Yip



William Tong



Shumin Huang

Worsening pollution issues may restrain construction activities selectively. The new leadership's anti-corruption campaign is needed for longer term growth sustainability, despite the near term negative impact on consumption. The market is trading at 9.3x forward one year price/earnings with 12% consensus earnings growth, which is undemanding, and the recent market correction and continued attractive valuations should support a better market for the rest of the year.

Hong Kong Review

Like China, Hong Kong equities continued to move up in the fourth quarter of 2012 owing to continued loose liquidity conditions and improving economic momentum, although it no longer outperformed the region partially due to unprecedented property tightening measures. While further property measures were generally anticipated, including the increased stamp duties for short-term transactions, the so-called buyer's stamp duty for non-local and corporate buyers surprised the market. Macau shares continued their recent rally as growth figures continued to strengthen during the quarter and the market largely shrugged off broader concerns about potential anti-corruption measures in China affecting high-roller volumes.

The year 2013 began with a continuation of the year-end rally in Hong Kong, but most of those gains were eroded as there were renewed concerns over the Eurozone crisis and concerns over both monetary and property tightening, coupled with anti-corruption efforts which weighed on the market in China. The Hong Kong government implemented further measures to dampen the property market, including the doubling of stamp duties and mortgage tightening. Macau shares proved to be volatile, with initial concerns over a weak February, but investors' fears were overcome as March came in at record levels with strong year-on-year growth.

Retail sales in Hong Kong also picked up momentum, with combined January to February increasing 15.8% year-on-year, faster than the 9.1% and 9.4% growth achieved in November and December, respectively.

Hong Kong Outlook

Macro economic risks ranging from the Eurozone crisis to avian flu in China, to the North Korea situation are starting to dominate investor focus. The property market in Hong Kong continues to grind down, with likely price weakness in the near term. However, share valuations have largely reflected this price weakness, especially for property developers. Meanwhile, retail and office property trends remain resilient. Macau gaming revenue momentum remains positive, despite concerns over anti-corruption policies and avian flu. With no new supply additions in the near future, continued top-line growth should translate into strong earnings growth and cash flow generation.

Investment Managers' Report continued

Taiwan Review

In the last three months of 2012 the TWSE Index edged down slightly, finishing the quarter down 0.2% in Taiwanese dollars. The Taiwanese market fell, initially driven by disappointment in the sales outlook for both Apple and Windows 8 related products. The PC and handset sectors saw downward revisions in guidance. The market managed to claw back most of the losses, cheered by optimism that the US fiscal cliff could be averted and suggestions by the Taiwanese government regarding stimulus measures to revive the market.

The Taiex was largely flat in USD terms in the first quarter of 2013, led by non-technology and financial sectors, while technology remained muted and underperformed slightly. With an improving demand/supply situation, commodity technology sectors like DRAM, TFT and LED performed well this quarter. Stocks within the low-end smart-phone supply chain continued to perform well. The rotational buying within non-technology sub-sectors remained solid with financials taking the spotlight. In anticipation of financial deregulation, momentum in the financial sector was led by a strong rally in insurance companies which also benefit from yield recovery and asset appreciation themes. However, concerns over China's cooling measures have weakened stocks in the steel, machinery, cement and property sectors over the quarter.

Taiwan Outlook

The Taiwanese market could be volatile in the near term, given new developments surrounding Korea, China's new leadership and avian flu. However, any pull back is likely to be mild as the market has yet to price in a potentially stronger outlook in the latter part of 2013. The Taiwanese economy should have troughed in the fourth quarter of 2012, while most technology companies should see revenues and earnings trough in the first quarter of 2013. Thus, any irrational correction would be a good buying opportunity. While technology should bottom in first quarter of 2013 on a seasonal basis, we believe the bulk of the technology recovery will occur in the latter part of 2013. Thus, interest in the technology sector is likely to be selective and in areas where visibility of earnings growth is clearer. The non-technology space has been seeing positive earnings revisions.

Summary

While the policy environment in all three markets remains in flux, we believe that the global economy will continue its recovery, while closer to home, China has already reached its inflection point in both fiscal and monetary policy. The 'bad news' of the earnings season is completed and as a result, we remain constructive on equity markets in Greater China.

Howard Wang
Emerson Yip
William Tong
Shumin Huang
Investment Managers

23rd May 2013

List of Investments

at 31st March 2013

Company	Country of Listing/ Classification	Valuation £'000	%
Taiwan Semiconductor Manufacturing	Taiwan	9,093	6.9
China Construction Bank	China HK listed	7,057	5.4
JF China New Generation Fund	China A Shares	7,013	5.3
AIA	Hong Kong	6,431	4.9
Tencent	China HK listed	5,659	4.3
Industrial and Commercial Bank of China	China HK listed	5,213	4.0
China Petroleum & Chemical	China HK listed	4,659	3.5
Cheung Kong	Hong Kong	4,600	3.5
China Mobile	China HK listed	4,081	3.1
JF China Pioneer A-Share Fund	China A-Shares	3,621	2.8
China Vanke	China B-Shares	3,592	2.7
China Resources Gas	China HK listed	3,025	2.3
Wharf	Hong Kong	2,956	2.2
Sands China	Hong Kong	2,847	2.2
Want Want China	China HK listed	2,697	2.1
Hutchison Whampoa	Hong Kong	2,678	2.0
Agricultural Bank of China	China HK listed	2,619	2.0
Prada	Hong Kong	2,514	1.9
China Minsheng Banking	China HK listed	2,478	1.9
Ping An Insurance	China HK listed	2,452	1.9
AAC Technologies	Hong Kong	2,356	1.8
Galaxy Entertainment	Hong Kong	2,182	1.7
Uni-President Enterprises	Taiwan	2,077	1.6
CNOOC	China HK listed	2,073	1.6
TPK ¹	Taiwan	2,061	1.6
MediaTek ¹	Taiwan	1,986	1.5
New World Development	Hong Kong	1,905	1.4
Ruentex Development	Taiwan	1,899	1.4
BOC Hong Kong	Hong Kong	1,739	1.3
China Oilfield Services	China HK listed	1,681	1.3
China Resources Land	China HK listed	1,675	1.3
China Overseas Land & Investments	China HK listed	1,638	1.2
E Sun Financial	Taiwan	1,618	1.2
Belle International	China HK listed	1,612	1.2
Innolux Display	Taiwan	1,592	1.2
Great Wall Motor	China HK listed	1,567	1.2
China Life Insurance	Taiwan	1,553	1.2
Intime Department Store	China HK listed	1,519	1.1
Delta Electronics	Taiwan	1,496	1.1
Asustek Computer	Taiwan	1,439	1.1
Pegatron	Taiwan	1,409	1.1
Jardine Matheson	Hong Kong	1,389	1.1
China Eastern Airlines	China HK listed	1,363	1.0
Hon Hai Precision Industry	Taiwan	1,332	1.0

List of Investments continued

Company	Country of Listing/ Classification	Valuation £'000	%
Cheng Shin Rubber Industries	Taiwan	1,254	0.9
China Steel Chemical	Taiwan	1,237	0.9
Orient Overseas International	Hong Kong	1,187	0.9
Petrochina	China HK listed	1,152	0.9
Lite-On Technology	Taiwan	1,132	0.9
Lifestyle International	Hong Kong	1,101	0.8
Novatek Microelectronics	Taiwan	1,078	0.8
Geely Automobile	China HK listed	1,058	0.8
Advanced Semiconductor Engineering	Taiwan	1,044	0.8
GoerTek ¹	China A-Shares	1,012	0.8
China National Building Material	China HK listed	962	0.7
Shanghai Airport ¹	China A-Shares	928	0.7
United Microelectronics	Taiwan	925	0.7
Midland	Hong Kong	913	0.7
Gree Electric Appliances (Warrants 2014) ¹	China A-Shares	913	0.7
Prince Housing Development	Taiwan	903	0.7
New China Life Insurance	China HK listed	834	0.6
Citic Securities	China HK listed	826	0.6
Epistar	Taiwan	795	0.6
Anhui Conch Cement	China HK listed	765	0.6
Casetek	Taiwan	671	0.5
Sinopec Shanghai Petrochemical	China HK listed	659	0.5
Nan Ya Plastic	Taiwan	639	0.5
Baidu	China US listed	626	0.5
China Shipping Development	China HK listed	583	0.4
GCL-Poly Energy	China HK listed	529	0.4
Net current liabilities		(18,426)	(14.0)
Total assets less current liabilities		131,746	100.0

A glossary of terms and definitions is provided on page 18.

¹Includes investments in warrants.

Portfolio Analyses

Geographical Analysis

	31st March 2013			30th September 2012		
	Portfolio %	Benchmark %	Active Position %	Portfolio %	Benchmark %	Active Position %
China HK listed	45.9	46.8	-0.9	44.4	46.0	-1.6
China A-Shares (Indirect)	10.3	—	+10.3	10.5	—	+10.5
China B-Shares	2.7	0.4	+2.3	2.2	0.5	+1.7
China US listed	0.5	—	+0.5	1.4	—	+1.4
China Total	59.4	47.2	+12.2	58.5	46.5	+12.0
Taiwan	28.2	28.2	—	27.1	29.7	-2.6
Hong Kong	26.4	24.6	+1.8	25.9	23.8	+2.1
Net current liabilities	(14.0)	—	-14.0	(11.5)	—	-11.5
Total	100.0	100.0		100.0	100.0	

Based on total assets less current liabilities of £131.7m (2012: £112.2m).

Sector Analysis

	31st March 2013			30th September 2012		
	Portfolio %	Benchmark %	Active Position %	Portfolio %	Benchmark %	Active Position %
Financials (including property)	48.1	39.0	+9.1	47.8	36.3	+11.5
Information Technology	26.8	18.5	+8.3	25.9	19.7	+6.2
Consumer Discretionary	13.5	6.7	+6.8	9.0	6.5	+2.5
Energy	7.3	8.2	-0.9	7.6	8.5	-0.9
Industrials	6.1	6.4	-0.3	5.3	6.5	-1.2
Consumer Staples	3.6	3.4	+0.2	4.1	3.5	+0.6
Materials	3.2	5.3	-2.1	3.3	6.0	-2.7
Telecommunication Services	3.1	7.1	-4.0	5.9	8.0	-2.1
Utilities	2.3	4.9	-2.6	2.6	4.5	-1.9
Health Care	—	0.5	-0.5	—	0.5	-0.5
Net current liabilities	(14.0)	—	-14.0	(11.5)	—	-11.5
Total	100.0	100.0		100.0	100.0	

Based on total assets less current liabilities of £131.7m (2012: £112.2m).

Income Statement

for the six months ended 31st March 2013

	(Unaudited) Six months ended 31st March 2013			(Unaudited) Six months ended 31st March 2012			(Audited) Year ended 30th September 2012		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	–	22,765	22,765	–	14,095	14,095	–	12,133	12,133
Net foreign currency (losses)/gains	–	(1,010)	(1,010)	–	104	104	–	244	244
Income from investments	143	–	143	171	–	171	3,431	–	3,431
Gross return	143	21,755	21,898	171	14,199	14,370	3,431	12,377	15,808
Management fee	(629)	–	(629)	(539)	–	(539)	(1,095)	–	(1,095)
Performance fee writeback	–	(1,052)	(1,052)	–	–	–	–	–	–
Other administrative expenses	(267)	–	(267)	(232)	–	(232)	(451)	–	(451)
Net (loss)/return on ordinary activities before finance costs and taxation	(753)	20,703	19,950	(600)	14,199	13,599	1,885	12,377	14,262
Finance costs	(109)	–	(109)	(123)	–	(123)	(214)	–	(214)
Net (loss)/return on ordinary activities before taxation	(862)	20,703	19,841	(723)	14,199	13,476	1,671	12,377	14,048
Taxation	–	–	–	(1)	–	(1)	(358)	–	(358)
Net (loss)/return on ordinary activities after taxation	(862)	20,703	19,841	(724)	14,199	13,475	1,313	12,377	13,690
(Loss)/return per Ordinary share (note 4)	(1.13)p	27.04p	25.91p	(0.93)p	18.24p	17.31p	1.69p	15.90p	17.59p

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

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

Reconciliation of Movements in Shareholders' Funds

Six months ended 31st March 2013 (Unaudited)	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30th September 2012	19,595	13,129	3	581	37,392	39,709	1,811	112,220
Issue of Ordinary shares on exercise of Subscription shares	3	18	—	—	—	—	—	21
Repurchase of Ordinary shares into Treasury	—	—	—	—	—	(163)	—	(163)
Net return/(loss) on ordinary activities	—	—	—	—	—	20,703	(862)	19,841
Dividends appropriated in the period	—	—	—	—	—	—	(1,225)	(1,225)
At 31st March 2013	19,598	13,147	3	581	37,392	60,249	(276)	130,694

Six months ended 31st March 2012 (Unaudited)	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30th September 2011	19,594	13,123	3	581	37,392	28,867	1,510	101,070
Issue of Ordinary shares on exercise of Subscription shares	—	4	—	—	—	—	—	4
Net return/(loss) on ordinary activities	—	—	—	—	—	14,199	(724)	13,475
Dividends appropriated in the period	—	—	—	—	—	—	(1,012)	(1,012)
At 31st March 2012	19,594	13,127	3	581	37,392	43,066	(226)	113,537

Year ended 30th September 2012 (Audited)	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30th September 2011	19,594	13,123	3	581	37,392	28,867	1,510	101,070
Issue of Ordinary shares on exercise of Subscription shares	1	6	—	—	—	—	—	7
Repurchase of Ordinary shares into Treasury	—	—	—	—	—	(1,535)	—	(1,535)
Net return on ordinary activities	—	—	—	—	—	12,377	1,313	13,690
Dividends appropriated in the year	—	—	—	—	—	—	(1,012)	(1,012)
At 30th September 2012	19,595	13,129	3	581	37,392	39,709	1,811	112,220

Balance Sheet

at 31st March 2013

	(Unaudited) 31st March 2013 £'000	(Unaudited) 31st March 2012 £'000	(Audited) 30th September 2012 £'000
Fixed assets			
Investments held at fair value through profit or loss:			
China	78,141	69,251	65,652
Taiwan	37,233	32,347	30,435
Hong Kong	34,798	22,756	29,107
Total investments	150,172	124,354	125,194
Current assets			
Debtors	372	633	138
Cash and short term deposits	83	522	691
	455	1,155	829
Creditors: amounts falling due within one year	(18,600)	(11,972)	(13,803)
Bank overdraft	(281)	–	–
Net current liabilities	(18,426)	(10,817)	(12,974)
Total assets less current liabilities	131,746	113,537	112,220
Provision for liabilities and charges			
Performance fees	(1,052)	–	–
Net assets	130,694	113,537	112,220
Capital and reserves			
Called up share capital	19,598	19,594	19,595
Share premium	13,147	13,127	13,129
Exercised warrant reserve	3	3	3
Capital redemption reserve	581	581	581
Other reserve	37,392	37,392	37,392
Capital reserves	60,249	43,066	39,709
Revenue reserve	(276)	(226)	1,811
Total equity shareholders' funds	130,694	113,537	112,220
Net asset value per Ordinary share – undiluted (note 5)	170.8p	145.8p	146.4p
Net asset value per Ordinary share – diluted (note 5)	170.4p	145.8p	146.4p

Cash Flow Statement

for the six months ended 31st March 2013

	(Unaudited) Six months ended 31st March 2013 £'000	(Unaudited) Six months ended 31st March 2012 £'000	(Audited) Year ended 30th September 2012 £'000
Net cash (outflow)/inflow from operating activities (note 6)	(818)	(730)	1,256
Net cash outflow from returns on investments and servicing of finance	(103)	(123)	(215)
Net cash outflow from capital expenditure and financial investment	(2,419)	(3,439)	(5,163)
Dividend paid	(1,225)	(1,012)	(1,012)
Net cash inflow from financing	3,653	3,162	3,166
Decrease in cash for the period	(912)	(2,142)	(1,968)
Reconciliation of net cash flow to movement in net debt			
Net cash movement	(912)	(2,142)	(1,968)
Loans drawn down in the period	(5,249)	(3,158)	(3,239)
Exchange rate movements	(1,010)	105	244
Movement in net debt in the period	(7,171)	(5,195)	(4,963)
Net debt at the beginning of the period	(11,137)	(6,174)	(6,174)
Net debt at the end of the period	(18,308)	(11,369)	(11,137)
Represented by:			
Cash and short term deposits	83	522	691
Bank overdraft	(281)	—	—
Debt falling due within one year	(18,110)	(11,891)	(11,828)
Net debt at the end of the period	(18,308)	(11,369)	(11,137)

Notes to the Accounts

for the six months ended 31st March 2013

1. Financial statements

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

The figures and financial information for the year ended 30th September 2012 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

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

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

The accounting policies applied to these half year accounts are consistent with those applied in the accounts for the year ended 30th September 2012.

3. Dividend

	(Unaudited) Six months ended 31st March 2013 £'000	(Unaudited) Six months ended 31st March 2012 £'000	(Audited) Year ended 30th September 2012 £'000
Final dividend paid in respect of the year ended 30th September 2012 of 1.6p (2011: 1.3p)	1,225	1,012	1,226

No interim dividend has been declared in respect of the six months ended 31st March 2013 (2012: nil).

4. (Loss)/return per Ordinary share

	(Unaudited) Six months ended 31st March 2013 £'000	(Unaudited) Six months ended 31st March 2012 £'000	(Audited) Year ended 30th September 2012 £'000
(Loss)/return per Ordinary share is based on the following:			
Revenue (loss)/return	(862)	(724)	1,313
Capital return	20,703	14,199	12,377
Total return	19,841	13,475	13,690
Weighted average number of Ordinary shares in issue during the period	76,569,011	77,865,142	77,848,220
Revenue (loss)/return per Ordinary share	(1.13)p	(0.93)p	1.69p
Capital return per Ordinary share	27.04p	18.24p	15.90p
Total return per Ordinary share	25.91p	17.31p	17.59p

The Subscription shares in issue have no dilutive effect on the above losses/returns per Ordinary share, as calculated in accordance with the requirements of Financial Reporting Standard 22: 'Earnings per share'.

5. Net asset value per Ordinary share

	(Unaudited) Six months ended 31st March 2013	(Unaudited) Six months ended 31st March 2012	(Audited) Year ended 30th September 2012
Undiluted			
Ordinary shareholders funds (£'000)	130,694	113,537	112,220
Number of Ordinary shares in issue	76,534,334	77,867,026	76,643,520
Net asset value per Ordinary share (pence)	170.8	145.8	146.4
Diluted			
Ordinary shareholders funds assuming exercise of Subscription shares (£'000)	152,060	113,537	112,220
Number of Ordinary shares in issue	89,251,627	77,867,026	76,643,520
Net asset value per Ordinary share (pence)	170.4	145.8	146.4

The diluted net asset value per Ordinary share assumes that all outstanding Subscription shares were converted into Ordinary shares at the period end. There was no dilution to the net asset value per Ordinary share at 31st March 2012 or 30th September 2012 as the net asset value per Ordinary share as at these dates did not exceed the Subscription share exercise price of 168 pence per share.

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

	(Unaudited) Six months ended 31st March 2013 £'000	(Unaudited) Six months ended 31st March 2012 £'000	(Audited) Year ended 30th September 2012 £'000
Total return on ordinary activities before finance costs and taxation	19,950	13,599	14,262
Less capital return before finance costs and taxation	(20,703)	(14,199)	(12,377)
Scrip dividends received as income	–	–	(221)
Decrease in accrued income	84	97	5
(Increase)/decrease in other debtors	(21)	(16)	5
(Decrease)/increase in accrued expenses	(128)	(56)	94
Performance fee paid	–	(141)	(141)
Overseas taxation	–	(14)	(371)
Net cash (outflow)/inflow from operating activities	(818)	(730)	1,256

Subscription Shares

Following the passing of the Final Subscription Date of 15th May 2013 and in accordance with the announcement made to the market on 13th May 2013, the UK Listing Authority suspended the listing of the Subscription Shares on 16th May 2013. A Final Subscription Trustee ('Trustee') has been appointed to act on behalf of the Subscription Shareholders who did not exercise their Subscription Share Rights on or before the Final Subscription Date. The Subscription Share terms state that the Trustee will have to decide within 14 days of the Final Exercise Date, such period expiring at the latest at close of business on 29th May 2013, whether or not to exercise the outstanding Subscription Share Rights.

If, in the opinion of the Trustee, the net proceeds of sale after deduction of all costs and expenses incurred by the Trustee (including its fees) exceed the costs of exercising the Subscription Share Rights, the Trustee will exercise all the outstanding Subscription Share Rights within 14 days of the Final Subscription Date and sell the Ordinary Shares resulting from such exercise in the market. In these circumstances, the Trustee will distribute the net proceeds of any such sale less

the costs of exercising the Subscription Share Rights and such other fees and expenses to the persons entitled thereto on a pro rata basis within 56 days of the Final Subscription Date, provided that entitlements of under £5.00 are retained for the benefit of the Company.

If the Trustee does not exercise the Subscription Share Rights within the period of 14 days following the Final Subscription Date, all the Subscription Share rights will lapse and, in accordance with the shareholder resolutions passed on 22nd January 2013, all outstanding Subscription Shares will be converted immediately into Deferred Shares and automatically repurchased by the Company for a nominal amount and cancelled. The Company shall not be obliged to issue share certificates to shareholders in respect of the Deferred Shares or account to any holder of Deferred Shares for the repurchase moneys in respect of such Deferred Shares.

It is intended that the listing of the Subscription Shares will be cancelled on 28th June 2013.

Interim Management Report

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

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company have not changed and fall into the following broad categories: investment underperformance; loss of investment team; discount; market; political and economic; accounting, legal and regulatory; corporate governance and shareholder relations; operational and financial. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 30th September 2012.

Related Party Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company during the period.

Going Concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, nature of the portfolio

and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider there is sufficient evidence to continue to adopt the going concern basis in preparing the accounts.

Directors' Responsibilities

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

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

For and on behalf of the Board

William Knight
Chairman

23rd May 2013

Glossary of Terms and Definitions

Return to Ordinary shareholders

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

Return on net assets

Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Benchmark total return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested into the shares of the underlying companies at the time the shares were quoted ex-dividend.

The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not track this index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

Ordinary share price discount to net asset value ('NAV') per Ordinary share

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share. The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium.

(Loss)/return per Ordinary share

The (loss)/return per Ordinary share represents the (loss)/return on ordinary activities after taxation divided by the weighted average number of Ordinary shares in issue during the period.

Active Position

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

Hong Kong H-Shares

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

Hong Kong Red Chips

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

Hong Kong P Chips

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

China A-Shares (Indirect)

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

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

China B-Shares

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

Warning to shareholders – Boiler Room Scams

In recent years, many companies have become aware that their shareholders have been targeted by unauthorised overseas-based brokers selling what turn out to be non-existent or high risk shares, or expressing a wish to buy their shares. If you receive unsolicited investment advice or requests:

- Make sure you get the correct name of the person or organisation
- Check that they are properly authorised by the FCA before getting involved by visiting www.fca.org.uk/consumers
- Report the matter to the FCA by calling **0800 111 6768**
- If the calls persist, hang up.

More detailed information on this can be found on the Money Advice Service website www.moneyadviceservice.org.uk

Information about the Company

Financial Calendar

Financial year end	30th September
Final results announced	November
Half year end	31st March
Half year results announced	May
Interim Management Statements announced	January/July
Dividend on Ordinary shares paid (if any)	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 in December 2001 and adopted its present name on 14th December 2005.

Directors

William Knight (Chairman)
Sir Andrew Burns KCMG
Irving Koo OBE
Kathryn Matthews
John Misselbrook

Company Numbers

Company registration number: 02853893

Ordinary Shares

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

Market Information

The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times, The Times, The Daily Telegraph, The Scotsman and The Independent and on the J.P. Morgan internet site at www.jpmmchinese.co.uk where the prices are updated every fifteen minutes during trading hours.

Website

www.jpmmchinese.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 SIPP. These products are all available on the online wealth manager service, J.P. Morgan WealthManager+ available at www.jpmmorganwealthmanagerplus.co.uk

Manager and Company Secretary

JPMorgan Asset Management (UK) Limited

Company's Registered Office

Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ
Telephone number: 020 7742 4000

For company secretarial and administrative matters, please contact Lucy Dina.

Custodian

JPMorgan Chase Bank, N.A.
25 Bank Street
Canary Wharf
London E14 5JP

Registrars

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

Calls to this number cost 8p per minute plus network extras. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday. The overseas helpline number is +44 (0)121 415 7047.

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

Savings Product Administrators

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



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Your telephone call may be recorded for your security

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