



# Half Year Report 08

JPMorgan Chinese  
Investment Trust plc

Half Year Report & Accounts for the six months ended 31st March 2008

# Features

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## Objective

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

## Investment Policy

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

## Benchmark

MSCI Golden Dragon Index in sterling terms.

## Risk

Investors should note that there can be significant economic and political risks inherent in investing in an emerging economy such as China. As such, the Chinese market 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.

## Structure

- UK domiciled
- Full listing on the London Stock Exchange.
- Authorised share capital of 189,136,600, including 175,000,000 ordinary shares of 25p each (of which 75,462,001 were in issue as at 31st March 2008, including 4,779,000 shares held in treasury) and 14,136,600 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 2013 and every fifth year thereafter.

## Management Company

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

# Half Year Performance

Total Returns (capital plus income)

**-22.7%**

Return to shareholders<sup>1</sup>

**-19.4%**

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

**-14.1%**

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

## Financial Data

	31st March 2008	30th September 2007	% change
Shareholders' funds (£'000)	84,913	106,969	-20.6
Number of shares in issue <sup>5</sup>	75,462,001	75,462,001	—
Net asset value per share	120.1p	149.9p	-19.9
Share price	107.5p	139.8p	-23.1
Discount of share price to net asset value	10.5%	6.7%	

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

<sup>1</sup>Source: Standard & Poor's – [www.funds.morningstar.com](http://www.funds.morningstar.com).

<sup>2</sup>Source: Fundamental Data Ltd – [www.funddata.com](http://www.funddata.com).

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

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

<sup>5</sup>Including 4,779,000 shares held in treasury (2007: 4,116,000).

## Chairman's Statement



### Performance

Against a backdrop of China's rising inflation and domestic tightening, combined with the global credit crunch and slowing US economy, the six months to the end of March 2008 were marked by exceptional volatility in equity markets. It is disappointing to report that conditions for Greater China markets have been especially difficult and the portfolio suffered.

For the six months ended 31st March 2008, the Company's total return on net assets, which comprises the percentage change in net asset value with the net dividend reinvested, was -19.4%, underperforming the Company's benchmark, the MSCI Golden Dragon Index (in sterling terms), which returned -14.1%.

Over the same period, the Company's total return to shareholders was worse at -22.7%. This return comprises the 23.1% fall in the Company's share price from 139.8p to 107.5p, and reinvestment of a net dividend of 0.5p per share that was paid to shareholders on 21st December 2007.

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

### Bonus Issue of Subscription Shares

At the Company's General Meeting held on 14th April 2008, shareholders approved the bonus issue of subscription shares as described in the Company's prospectus dated 18th March 2008, with the aim to enlarge the Company. A total of 14,136,407 subscription shares were listed and trading commenced on 16th April 2008. Subscription shares were issued to qualified shareholders on the basis of one subscription share for every five ordinary shares held. Each subscription share confers the right (but not the obligation) to subscribe for one ordinary share on 15th May 2009 and at the end of each 12 month period thereafter until 15th May 2013. The conversion prices of the subscription shares, calculated as at the close of business on 11th April 2008 and based on the Company's net asset value of 129.19 pence, are as follows: 131 pence if subscription share rights are exercised in May 2009; 143 pence if subscription share rights are exercised in May 2010; and 168 pence if subscription share Rights are exercised in May 2011, 2012 or 2013. The bonus cost for the calculation of taxation on capital gains is shown on page 14.

### Share Issues and Share Buybacks

The Company produced a prospectus on 6th July 2006 relating to a proposed issue of up to 50 million ordinary shares. This prospectus lapsed and the Company issued a new prospectus on 18th March 2008 which proposed to make available up to 50 million new ordinary shares. At the General Meeting held on 14th April 2008, shareholders gave the Board authority to issue up to approximately 50 million new ordinary shares in the Company.

In addition, the authority to repurchase up to 14.99% of the Company's issued ordinary share capital was renewed. As previously stated, repurchases will only be made in the market at prices below the prevailing net asset value per share. At the time of writing, no shares have been repurchased and cancelled under this authority. However, during the six months to 31st March 2008, 663,000 shares were bought back and held in Treasury to be re-issued at a premium when market conditions suit, or subsequently cancelled if no demand is forthcoming.

At the General Meeting held on 14th April 2008, shareholders also gave the Board authority to buy back up to 14.99% of the issued subscription share capital. Repurchase of subscription shares will be made at the discretion of the Board and only when market conditions are appropriate.

### **Gearing**

The Company currently utilises an £8 million revolving credit facility with Lloyds TSB which matures at the end of January 2010. This facility allows the Investment Managers freedom to manage actively the gearing within the limits set by the Board. The Board recently agreed that the Company's gearing limit should be increased from 110% to 115% in order to allow the Investment Managers greater flexibility.

### **Continuation Vote**

At the General Meeting held on 14th April 2008, shareholders also resolved that the Company continue as an investment trust for the period until the end of the AGM to be held in 2013. The continuation vote was brought forward in line with the five year life of the subscription shares, to ensure that the subscription share rights were not affected by the Company's five yearly continuation vote schedule.

### **VAT on Management Fees**

In November 2007, following the joint action by the Association of Investment Companies and JPMorgan Claverhouse Investment Trust plc, HM Revenue & Customs confirmed that VAT should not be charged on investment trust management fees. This outcome is positive for the investment trust industry as a whole as it removes the disadvantage at which investment trusts were placed compared with unit trusts and open-ended investment companies. In the Company's case, however, this judgement has little or no impact as it has been in the fortunate position of being able to recover most of the VAT suffered in past years.

### **Outlook**

Despite the downturn in markets and the period of underperformance, your Board remains confident that the Greater China markets will recover and that the portfolio selected by the Investment Managers will perform well. The economies remain strong and, in the medium and longer term, corporate profits and hence stock market valuations will continue to improve.

**Nigel Melville**  
Chairman

23rd May 2008

# Investment Managers' Report



Howard Wang

## Market Review

With the exception of Taiwan, Greater China markets suffered during the six months to 31st March 2008 from the effect of continued global financial market dislocation and as a result, the MSCI Golden Dragon fell 14.1% (in sterling terms).

Chinese equities experienced aggressive profit-taking and risk reduction activities among investors, driven by ongoing credit market concerns about the US economy as well as China's rising inflation and policy tightening. An unprecedented snowstorm in China damaged crops and clogged infrastructure, prompting the government to issue de facto price controls on some consumer staples. MSCI China started on a downward trend at the end of October and closed down 24.7% (in sterling terms) over the six months.



Emerson Yip

The Hong Kong stock market sold-off sharply from November as the proposed mechanism to allow mainland Chinese investors to invest directly in Hong Kong equities (known as the "Through Train") was delayed. The aggressive deleveraging process in global markets and risk aversion led to further sharp falls in the stock market in the first quarter of 2008. Inflationary worries in mainland China dampened sentiment further as the Chinese government kept their monetary tightening stance.

In contrast, the Taiwanese stock market was a relative outperformer during the period, with the MSCI Taiwan falling a mere 0.7% (in sterling terms) on the back of strong performances from the non-technology related sectors. The opposition KMT party won the legislature elections in February when it gained control of 75% of the seats and their candidate Ma Ying-Jeou also won the presidential election in March by a landslide against the incumbent DPP candidate. Meanwhile, the New Taiwan Dollar appreciated by 6.8% against the US Dollar and 9.0% against sterling as a result of strong foreign liquidity inflows.



Kevin Chan

## Portfolio Activity

For the past six months, in view of the positive economic and stock fundamentals including strong earnings momentum, we continued to run an overweight exposure to China stocks. Given Hong Kong's ongoing negative real interest rate environment we maintained a broadly neutral exposure to that market. The result of these decisions led us to maintain an underweight exposure to Taiwan, which in part contributed to the underperformance.

In China, we remained overweight in financials, mainly through selected bank and property stocks. We added exposure to selective domestic consumption and infrastructure plays whose earnings growth is expected to be more reliant on the domestic growth of China, instead of linked to the US or global economy.

In Hong Kong, we remained positive on property developers because of the negative real interest rate environment, a weak US dollar, as well as the robust economic fundamentals.

In Taiwan, we increased our exposure to asset plays in anticipation of the changing political landscape which should attract both Taiwanese and foreign liquidity back to the market. At the same time, we remained underweight in Taiwanese technology stocks due to the concern over a global or US slowdown.



Shumin Huang

## Company Performance

The Company underperformed its benchmark, the MSCI Golden Dragon Index, by 5.3% during the review period. Factors that added value included our stock selection in China where we had focused on stocks with better earnings visibility.

Unfortunately, these gains were not able to offset the losses in Hong Kong and Taiwan. With regards to Taiwan, the underperformance was due to our underweight position while the market demonstrated a turn-around and became an outperformer post the political change. In terms of A-shares exposure, the position

was built based on our long term positive outlook over the domestic China market, yet these stocks were sold down heavily on tightening worries led by rising inflation.

#### **Market Outlook and Investment Strategy**

Global financial markets remain volatile and at times, arguably indiscriminate. The US Federal Reserve-aided rescue of beleaguered investment bank Bear Stearns appears to have mitigated the possibility of catastrophic systemic risk, but the global environment remains a nervous one. That said, valuations are supportive in China, and a recent easing of food prices may presage a softening of inflationary pressures. At the same time, Taiwan has been buoyed by optimism on the political front for the first time in years and the first signs of domestic reflation (a rising currency and property prices) are clearly visible. The real economy in Greater China is largely intact and the reporting season has brought few unexpected negatives.

The Company has moved to a slightly more defensive position on Hong Kong given easing property prices, but has retained exposure to China's domestic sectors and added blue chips in Taiwan, given the improving political environment potentially reversing years of capital outflows from the Island.

**Howard Wang**  
**Emerson Yip**  
**Kevin Chan**  
**Shumin Huang**

Investment Managers

23rd May 2008

## Ten Largest Investments

at 31st March 2008

Company	Country*	Valuation £'000	Portfolio % <sup>1</sup>	Benchmark %	Active Bet %
China Mobile	China	7,147	8.2	8.0	+0.2
JF China Pioneer 'A' Share Fund	China	6,080	6.9	–	+6.9
Taiwan Semiconductor	Taiwan	3,786	4.3	3.9	+0.4
Cheung Kong	Hong Kong	3,750	4.3	1.9	+2.4
China Merchants Bank	China	3,367	3.8	0.4	+3.4
China Construction Bank	China	3,346	3.8	1.8	+2.0
Cathay Financial	Taiwan	3,232	3.7	1.3	+2.4
CNOOC	China	2,789	3.3	2.1	+1.2
China Trust Financial	Taiwan	2,639	3.0	0.6	+2.4
Chungwa Telecom	Taiwan	2,222	2.5	1.1	+1.4
<b>Total<sup>2</sup></b>		<b>38,358</b>	<b>43.8</b>	<b>21.1</b>	<b>–</b>

\*Categorised by MSCI geographical region.

<sup>1</sup>Based on total assets less current liabilities of £87.6m.

<sup>2</sup>As at 30th September 2007, the value of the ten largest investments amounted to £53,630,000, representing 48.5% of total assets less current liabilities.

## Portfolio Analyses

### Geographical Analysis

	at 31st March 2008			at 30th September 2007		
	Portfolio %	Benchmark %	Active Bet %	Portfolio %	Benchmark %	Active Bet %
China	45.5	40.9	+4.6	53.5	44.4	+9.1
Taiwan	27.2	34.5	-7.3	24.0	31.3	-7.3
Hong Kong	25.9	24.6	+1.3	25.6	24.3	+1.3
Net current assets/(liabilities)	1.4	—	+1.4	(3.1)	—	-3.1
Total	100.0	100.0		100.0	100.0	

Based on total assets less current liabilities of £87.6m (2007: £110.6m).

### Sector Analysis

	at 31st March 2008			at 30th September 2007		
	Portfolio %	Benchmark %	Active Bet %	Portfolio %	Benchmark %	Active Bet %
Financials (including Property)	37.8	31.9	+5.9	41.1	32.0	+9.1
Information Technology	19.3	20.3	-1.0	19.1	20.9	-1.8
Telecommunication Services	12.5	11.4	+1.1	8.6	10.3	-1.7
Consumer Discretionary	8.0	5.2	+2.8	8.6	5.3	+3.3
Energy	7.9	8.0	-0.1	7.7	9.1	-1.4
Materials	7.1	7.9	-0.8	7.1	7.6	-0.5
Industrials	4.5	10.0	-5.5	8.6	9.7	-1.1
Consumer Staples	0.8	1.6	-0.8	0.8	1.6	-0.8
Utilities	0.7	3.7	-3.0	1.5	3.5	-2.0
Net current assets/(liabilities)	1.4	—	+1.4	(3.1)	—	-3.1
Total	100.0	100.0		100.0	100.0	

Based on total assets less current liabilities of £87.6m (2007: £110.6m).

Non-benchmark stocks have been classified into the appropriate sector.

# Income Statement

for the six months ended 31st March 2008

	<b>(Unaudited)</b> Six months ended 31st March 2008			<b>(Unaudited)</b> Six months ended 31st March 2007			<b>(Audited)</b> Year ended 30th September 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>(Losses)/gains from investments held at fair value through profit or loss</b>	—	(21,469)	(21,469)	—	12,726	12,726	—	53,523	53,523
Net foreign currency gains	—	166	166	—	57	57	—	194	194
Income from investments	235	—	235	222	—	222	1,880	—	1,880
Other interest receivable and similar income	44	—	44	11	—	11	7	—	7
<b>Gross return/(loss)</b>	279	(21,303)	(21,024)	233	12,783	13,016	1,887	53,717	55,604
Management fee	(510)	—	(510)	(331)	—	(331)	(740)	—	(740)
Performance fee writeback/(charge)	—	1,010	1,010	—	(869)	(869)	—	(4,533)	(4,533)
Other administrative expenses	(218)	—	(218)	(200)	—	(200)	(379)	—	(379)
<b>Net (loss)/return on ordinary activities before finance costs and taxation</b>	(449)	(20,293)	(20,742)	(298)	11,914	11,616	768	49,184	49,952
Finance costs	(95)	—	(95)	(105)	—	(105)	(232)	—	(232)
<b>Net (loss)/return on ordinary activities before taxation</b>	(544)	(20,293)	(20,837)	(403)	11,914	11,511	536	49,184	49,720
Taxation	(5)	—	(5)	(6)	—	(6)	(150)	—	(150)
<b>Net (loss)/return on ordinary activities after taxation</b>	(549)	(20,293)	(20,842)	(409)	11,914	11,505	386	49,184	49,570
<b>(Loss)/return per share</b> (note 4)	(0.78)p	(28.62)p	(29.40)p	(0.55)p	15.96p	15.41p	0.52p	66.67p	67.19p

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

for the six months ended 31st March 2008

Six months ended 31st March 2008	(Unaudited)							Total £'000
	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	
<b>At 30th September 2007</b>	18,866	8,712	3	581	33,364	44,647	796	106,969
Repurchase of shares into treasury	—	—	—	—	(857)	—	—	(857)
Total loss from ordinary activities	—	—	—	—	—	(20,293)	(549)	(20,842)
Dividends appropriated in the period	—	—	—	—	—	—	(357)	(357)
<b>At 31st March 2008</b>	18,866	8,712	3	581	32,507	24,354	(110)	84,913

Six months ended 31st March 2007	(Unaudited)							Total £'000
	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	
<b>At 30th September 2006</b>	18,497	7,560	3	581	37,476	(4,537)	928	60,508
Shares issued	369	1,152	—	—	—	—	—	1,521
Total return/(loss) from ordinary activities	—	—	—	—	—	11,914	(409)	11,505
Dividends appropriated in the period	—	—	—	—	—	—	(518)	(518)
<b>At 31st March 2007</b>	18,866	8,712	3	581	37,476	7,377	1	73,016

Year ended 30th September 2007	(Audited)							Total £'000
	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	
<b>At 30th September 2006</b>	18,497	7,560	3	581	37,476	(4,537)	928	60,508
Shares issued	369	1,152	—	—	—	—	—	1,521
Repurchase of shares into treasury	—	—	—	—	(4,112)	—	—	(4,112)
Total return from ordinary activities	—	—	—	—	—	49,184	386	49,570
Dividends appropriated in the year	—	—	—	—	—	—	(518)	(518)
<b>At 30th September 2007</b>	18,866	8,712	3	581	33,364	44,647	796	106,969

# Balance Sheet

as at 31st March 2008

	(Unaudited) 31st March 2008 £'000	(Unaudited) 31st March 2007 £'000	(Audited) 30th September 2007 £'000
<b>Fixed assets</b>			
Investments at fair value through profit or loss:			
China	39,799	33,543	59,113
Taiwan	23,849	26,684	26,578
Hong Kong	22,646	16,506	28,325
<b>Total investments at fair value</b>	86,294	76,733	114,016
<b>Current assets</b>			
Debtors	2,321	449	523
Cash at bank and in hand	3,885	1,046	787
	6,206	1,495	1,310
<b>Creditors: amounts falling due within one year</b>	(4,936)	(5,064)	(4,705)
<b>Net current assets/(liabilities)</b>	1,270	(3,569)	(3,395)
<b>Total assets less current liabilities</b>	87,564	73,164	110,621
Provisions for liabilities and charges			
Deferred tax	—	(21)	—
Performance fee	(2,651)	(127)	(3,652)
<b>Total net assets</b>	84,913	73,016	106,969
<b>Capital and reserves</b>			
Called up share capital	18,866	18,866	18,866
Share premium	8,712	8,712	8,712
Exercised warrant reserve	3	3	3
Capital redemption reserve	581	581	581
Other reserve	32,507	37,476	33,364
Capital reserves	24,354	7,377	44,647
Revenue reserve	(110)	1	796
<b>Shareholders' funds</b>	84,913	73,016	106,969
<b>Net asset value per share (note 5)</b>	120.1p	96.8p	149.9p

# Cash Flow Statement

for the six months ended 31st March 2008

	(Unaudited) Six months ended 31st March 2008 £'000	(Unaudited) Six months ended 31st March 2007 £'000	(Audited) Year ended 30th September 2007 £'000
<b>Net cash (outflow)/inflow from operating activities</b> (note 6)	(1,234)	(377)	380
Net cash outflow from returns on investments and servicing of finance	(100)	(95)	(222)
Taxation paid	—	(1)	(66)
Net cash inflow/(outflow) from capital expenditure and financial investment	6,848	(2,148)	685
Dividends paid	(357)	(518)	(518)
Net cash (outflow)/inflow from financing	(2,221)	2,912	(768)
<b>Increase/(decrease) in cash for the period</b>	<b>2,936</b>	<b>(227)</b>	<b>(509)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net cash movement	2,936	(227)	(509)
Exchange movements	162	57	80
Movement in net funds/(debt) in the period	3,098	(170)	(429)
Net funds at the beginning of the period	787	1,216	1,216
<b>Net funds at the end of the period</b>	<b>3,885</b>	<b>1,046</b>	<b>787</b>
Represented by:			
Cash at bank and in hand	3,885	1,046	787

# Notes to the Accounts

for the six months ended 31st March 2008

## 1. Financial statements

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

The figures and financial information for the year ended 30th September 2007 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 237(2) or 237(3) of the Companies Act 1985.

## 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' dated 31st December 2005.

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

The accounting policies applied to these interim accounts are consistent with those applied in the accounts for the year ended 30th September 2007.

## 3. Dividends paid

	(Unaudited) Six months ended 31st March 2008 £'000	(Unaudited) Six months ended 31st March 2007 £'000	(Audited) Year ended 30th September 2007 £'000
Final dividend in respect of the year ended 30th September 2007 of 0.50p (2006: 0.70p) <sup>1</sup>	357	518	518

<sup>1</sup>No interim dividend has been declared in respect of the six months ended 31st March 2008 (2007: nil).

## 4. (Loss)/return per share

	(Unaudited) Six months ended 31st March 2008 £'000	(Unaudited) Six months ended 31st March 2007 £'000	(Audited) Year ended 30th September 2007 £'000
(Loss)/return per share is based on the following:			
Revenue (loss)/return	(549)	(409)	386
Capital (loss)/return	(20,293)	11,914	49,184
Total (loss)/return	(20,842)	11,505	49,570
Weighted average number of shares in issue	70,899,963	74,660,078	73,770,886
Revenue (loss)/return per share	(0.78)p	(0.55)p	0.52p
Capital (loss)/return per share	(28.62)p	15.96p	66.67p
Total (loss)/return per share	(29.40)p	15.41p	67.19p

## 5. Net asset value per share

Net asset value per share is calculated by dividing shareholders' funds by the number of shares in issue at 31st March 2008 of 70,683,001 (31st March 2007: 75,462,001 and 30th September 2007: 71,346,001), excluding shares held in Treasury.

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

	<b>(Unaudited)</b> <b>Six months ended</b> <b>31st March 2008</b> <b>£'000</b>	<b>(Unaudited)</b> <b>Six months ended</b> <b>31st March 2007</b> <b>£'000</b>	<b>(Audited)</b> <b>Year ended</b> <b>30th September 2007</b> <b>£'000</b>
Net (loss)/return before finance costs and taxation	(20,742)	11,616	49,952
Capital loss/(return) before finance costs and taxation	20,293	(11,914)	(49,184)
Scrip dividends received as income	(31)	(31)	(101)
Decrease/(increase) in accrued income	134	39	(62)
Decrease/(increase) in other debtors	17	(5)	(14)
(Decrease)/increase in accrued expenses	(28)	(17)	18
Overseas taxation	(5)	(6)	(170)
Performance fee paid	(872)	(59)	(59)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(1,234)</b>	<b>(377)</b>	<b>380</b>

## Interim Management Report

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

### Principal Risks and Uncertainities

The principal risks and uncertainties faced by the Company fall into five broad categories: investment and strategy; accounting, legal and regulatory; corporate governance and shareholder relations; operational and financial. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 30th September 2007.

### Related Parties Transactions

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

### Directors' Responsibilities

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

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

For and on behalf of the Board

Nigel Melville  
Chairman

23rd May 2008

## Bonus Issue of Subscription Shares

Following the passing of all the resolutions proposed at the Company's General Meeting held on 14th April 2008, shareholders approved the Bonus Issue of Subscription Shares as described in the Company's Prospectus dated 18th March 2008. In terms of the Subscription Shares, the bonus cost for the calculation of taxation on capital gains is shown below.

Trading in Subscription Shares issued by the Company to Qualifying Shareholders commenced at 8 a.m. on 16 April 2008.

For the purposes of UK taxation, the issue of Subscription Shares is treated as a reorganisation of the Company's share capital. Whereas such reorganisations do not trigger a chargeable disposal for the purposes of the taxation of capital gains, they do require Shareholders to reallocate the base costs of their Ordinary Shares between Ordinary Shares and Subscription Shares received.

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

Ordinary Shares: 116p  
Subscription Shares: 22p

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

# Information about the Company

## Financial Calendar

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

## History

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

## Directors

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

## Company Numbers

Company registration number: 02853893  
 London Stock Exchange Sedol number: 0343501  
 ISIN: GB0003435012  
 Bloomberg code: 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, The Independent and on the JPMorgan website at [www.jpmmchinese.co.uk](http://www.jpmmchinese.co.uk), where the ordinary share price is updated every fifteen minutes during trading hours.

The Company's subscription share price is listed on the London Stock Exchange and quoted daily in the Financial Times, The Daily Telegraph, The Scotsman and The Independent.

## Website

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

## Share Transactions

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

## Manager and Company Secretary

JPMorgan Asset Management (UK) Limited

## Company's Registered Office

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

For company secretarial and administrative matters please contact Lucy Dina.

## Registrars

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

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

## Auditors

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

## Brokers

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

## Savings Product Administrators

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

**aic**

The Association of  
 Investment Companies

# Glossary of Terms

## Return to Shareholders

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

## Return on Net Assets

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

## Benchmark Return

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

## Discount/Premium

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

## Active Bet

The active bet 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 in) a particular stock, sector or country versus the benchmark and a negative number indicates a decision to hold less of (i.e. be underweight in) a particular stock, sector or country versus the benchmark.

**JPMorgan Helpline**

Freephone 0800 20 40 20 or 0207 742 9999

9.00 am to 5.30 pm Monday to Friday

**JPMorgan Pension Helpline**

Freephone 0800 41 31 76 or 0172 241 4888

9.00 am to 5.00 pm Monday to Friday

Please use this number if you have any queries relating to the Pension Account.

Your telephone call may be recorded for your security

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