



Half Year Report **2010**

JPMorgan Chinese
Investment Trust plc

Half Year Report & Accounts for the six months ended 31st March 2010

J.P.Morgan
Asset Management

Features

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Objective

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

Investment Policies

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

Benchmark

MSCI Golden Dragon Index in sterling terms.

Risk

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

Capital Structure

The Company has an authorised share capital of 175,000,000 Ordinary shares of 25p each (of which 76,041,461 were in issue as at 31st March 2010), and 14,136,600 Subscription shares of 1p each (of which 14,056,947 were in issue as at 31st March 2010).

Continuation Vote

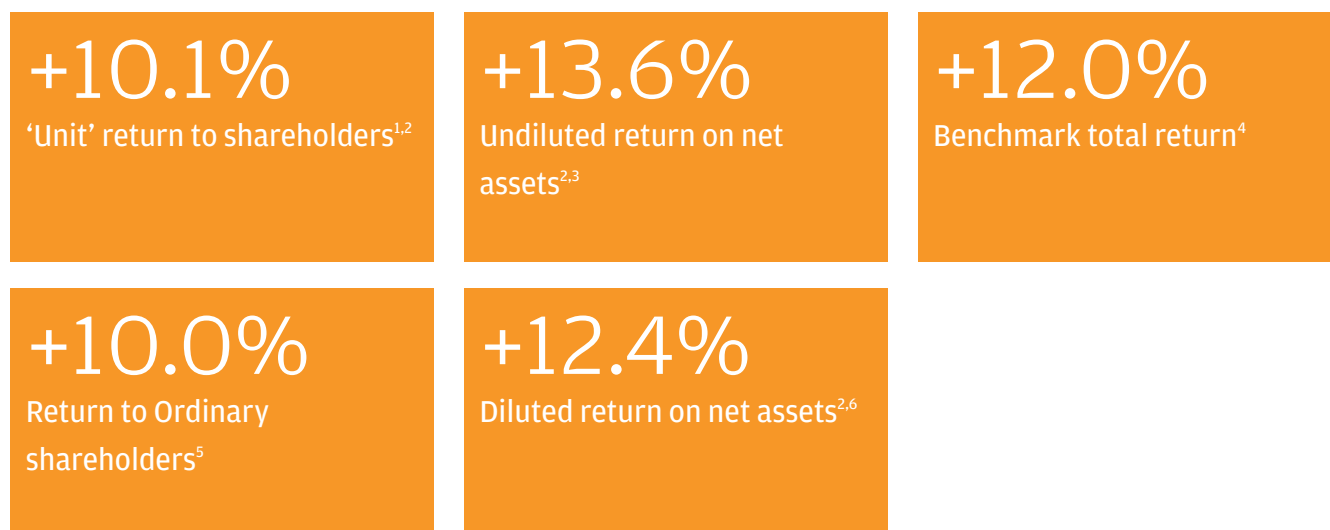
In accordance with the Company's Articles of Association, the Directors are required to propose a resolution that the Company continue as an investment trust at the Annual General Meeting in 2013 and every fifth year thereafter.

Management Company

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

Half Year Performance

Total Returns (includes dividends reinvested)



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

² Source: J.P. Morgan.

³ Return on net assets calculated using the undiluted net asset value.

⁴ Source: MSCI. The Company's benchmark is the MSCI Golden Dragon Index in sterling terms.

⁵ Source: Morningstar.

⁶ Return on net assets calculated using the diluted net asset value, which assumes that all outstanding Subscription shares were converted into Ordinary shares at the period end.

Financial Data

	31st March 2010	30th September 2009	% change
Total net assets (£'000)	116,846	100,374	+16.4
Number of Ordinary shares in issue	76,041,461	72,637,461	+4.7
Number of Subscription shares in issue*	14,056,947	14,056,947	0.0
Undiluted net asset value per Ordinary share	153.7p	138.2p	+11.2
Diluted net asset value per Ordinary share [†]	152.0p	138.2p	+10.0
Ordinary share price	148.0p	136.0p	+8.8
Subscription share price	24.5p	21.8p	+12.4
Ordinary share price discount to diluted net asset value per Ordinary share	2.6%	1.6%	

A glossary of terms and definitions is provided on pages 17 and 18.

*Details of the subscription rights conferred by these shares are given on page 15.

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

Chairman's Statement



Performance

The recovery of the Greater China markets continued in the six months to 31st March 2010, although concerns over potential monetary tightening measures in China and sovereign debt markets in Europe constrained the upward trend towards the end of the period. It is pleasing to report that, during this period, the Company's undiluted total return on net assets (or portfolio return) increased by 13.6%. This compares favourably to the return of the Company's benchmark, the MSCI Golden Dragon Index (in sterling terms), which increased by 12.0%. The diluted NAV return, which assumes that all of the Subscription shares in issue were exercised at 143 pence per share, increased by 12.4%. Over the same period, the Company's Ordinary share price rose by 10.0%.

Subscription Shares

On 16th April 2008, the Company issued Subscription shares as a bonus issue to the Ordinary shareholders on the basis of one Subscription share for every five Ordinary shares held. Each Subscription share confers the right (but not the obligation) to subscribe for one Ordinary share, at pre-determined prices, on 15th May each year from 2009 to 2013, where upon the rights under the subscription shares will lapse. On 15th May 2010 applications were received to convert 1,258,499 Subscription shares into Ordinary shares, amounting to £1.8m of additional capital raised in the Company. The resulting new Ordinary shares were allotted on the day of writing.

In accordance with the current Subscription Share Rights, the next opportunity to exercise Subscription shares will be on 15 May 2011 at 168 pence per share. Further details of the Subscription Share Rights can be found on page 15 of this Report and on the Company's website at www.jpmchinese.co.uk.

Change of Terms to Subscription Share Rights & New Articles of Association

Following detailed discussions between the Board and its advisors, the Board proposes to seek Subscription shareholder approval at a Class meeting to be held on Monday 28th June 2010, to change the terms of the Subscription Share Rights in order to increase the frequency of Subscription share exercise opportunities. On the basis that Subscription shareholders approve the variation of Subscription Share Rights, a special resolution will be put to Ordinary Shareholders at a General Meeting, to be held shortly after the Class meeting, to adopt new articles of association to reflect the revised Subscription Share Rights

The Board is further proposing that the Company adopt new articles of association at the General Meeting to reflect the changes in company law brought about by the Companies Act 2006, which came into effect on 1 October 2009, and changes made to the Companies Act 2006 in August 2009 (designed principally to implement the EU Shareholder Rights Directive in the UK), as well as some minor technical or clarifying changes.

Full details of the proposed changes, together with notice of the Class Meeting and General Meeting, are provided within the Circular dated 28th May 2010, which is being circulated with this Report.

Gearing

The Company has an £8 million credit facility with Lloyds TSB Bank which gives the Investment Managers the ability to gear tactically. The Board has given the Investment Managers the flexibility to gear the portfolio up to 115% invested. During the period the level of gearing has ranged between 103% and 105%, ending the half year at 104%.

Share Issues and Repurchases

During the period, the Company issued 2,904,000 Ordinary shares out of Treasury for a total consideration of £4,199,974 at a weighted average premium to NAV of 2.96%. In addition, the Company issued 500,000 new Ordinary shares for a total consideration of £737,500. The Company did not repurchase any shares during the period and has not issued or repurchased any shares since the period end and up to the time of writing, other than new Ordinary shares issued as a result of the exercise of Subscription Share Rights. At the time of writing, the Company's issued share capital consists of 77,299,960 Ordinary shares and 12,798,448 Subscription shares.

Outlook

The success of the Chinese government's announced stimulus measures in 2009 has quickly become the cause for concern in 2010, as fears over policy tightening have led to doubts over the recovery of Greater China markets. In addition, concerns over sovereign debt markets in Europe, particularly following the recent eurozone-IMF bailout of the Greek government, have led to a further cooling in the markets globally. Whilst these concerns are likely to dampen investor sentiment over the short to mid term, your Board remains confident in the longer term growth opportunities in the Greater China markets, particularly as strong fundamentals, inexpensive valuations and earnings upgrades all point towards a continuing economic recovery.

Nigel Melville
Chairman

28th May 2010

Investment Managers' Report



Howard Wang



Emerson Yip



William Tong



Shumin Huang

During the six months ended 31st March 2010, the Company achieved an undiluted total return on net assets of 13.6%, outperforming the benchmark return of 12.0%. The outperformance can be attributed to stock selection in all three Greater China markets. Stock selection was strongest in Taiwan, followed by Hong Kong and China. The portfolio's overweight position in China also contributed to positive returns but cash holdings detracted from performance.

China

Market performance

The MSCI China Index rose nearly 10% (in local currency terms) alongside the global markets in the fourth quarter of 2009, shrugging off concerns caused by the proposed rescheduling of a December bond payment by the quasi-sovereign Dubai World and those about capital raisings by Chinese banks. Apprehension surrounding the suspension/normalisation of selective stimulus measures for the property sector remained minimal. Initial public offering activities were buoyant despite mixed results on first day performance, reflecting plenty of liquidity and a return of risk appetite. China's economic data continued to improve through November 2009, nonetheless, with moderate signs of export recovery.

During the first quarter of 2010, Chinese equities reversed their course and fell by 1.6% (in local currency terms) quarter on quarter in a period of volatile trading, as jitters about the solvency of the Greek government dominated global financial news headlines, while investors became concerned about China's potential tightening measures. At the National People's Congress ('NPC'), the government reaffirmed its "pro-growth" stance with a focus on the "structure re-balancing" to curb redundant investments and stimulate domestic consumption. The overhang of the banking sector eased after guidance of capital-raising plans was issued together with measures to control loans to local government related projects.

Market Outlook

In China, government policies have turned from a key positive catalyst in 2009, to a key negative influence on markets in 2010. Longer term, we believe the policy to re-balance China's economic growth towards consumption remains unchanged while fixed asset investment growth could peak in the first half of 2010 given the government's increasing prudence on new investment projects. Liquidity conditions remain supportive and a recovery is still in motion. The prudential cycle management by the authorities resulting in the relative underperformance of Chinese equities would seem to be overdone.

Hong Kong

Market performance

After a strong start to the fourth quarter of 2009, the market retreated owing to concerns over tightening monetary policy in China and a strengthening U.S. dollar. There was also a brief pullback owing to the news surrounding Dubai World that proved to be temporary. Furthermore, the Hong Kong Monetary Authority proposed measures aimed at slowing down sharply rising property prices. However, the overall positive liquidity situation continued to prevail over any administrative measures or specific company developments. While the GDP figures for the third quarter of 2009 came in lower than expected, due to weakness in merchandise trade, there were continuing signs of a domestic rebound in the real economy.

In the first quarter of 2010, Hong Kong equities continued on a downward slide, weighed down by continuing concerns over incremental tightening in China and a strengthening U.S. dollar, as well as the sovereign crisis in Greece. Property counters in particular were hit by liquidity related concerns. However, the market bottomed in early February before rising to recoup most of the losses on the back of rising global risk appetite, helped by positive news-flow regarding measures to support Greece. Land auctions were coming in above expectations and continued strength in the physical property market provided further support during the quarter.

Market Outlook

While the liquidity situation overall remains supportive of Hong Kong equities, we are mindful that incremental tightening and a deteriorating sovereign crisis in Europe would adversely affect this picture. Given the overhang of stimulus withdrawal in mainland China, there will be a greater focus on earnings momentum. Hong Kong equities should benefit from the strength in the underlying economy, especially as moderate inflationary pressures would further stimulate the asset markets and domestic consumption.

Taiwan

Market performance

After a slow start, the Taiwanese Taiex Index moved up in the last two months of the fourth quarter of 2009 to close at a year-high of 8188 index points. This was as a result of major merger and acquisition announcements within the technology sector, strong IT demand and improved cross-strait relations with China. Technology stocks outperformed in the fourth quarter of 2009, especially the opto-electronic (TFT/LED) and components sectors. End demand for technology stocks held up well in the second half of 2009 with robust sales for the holiday seasons in the US and China.

After outperforming China and Hong Kong by a wide margin in the second half of 2009, the Taiwanese market was under profit taking pressure in the first quarter of 2010 amid the delay of the ECFA (Economic Cooperation Framework Agreement), contagion from sovereign debt defaults and China's potential rate hike. Technology stocks in general underperformed, while commodity sectors (e.g. plastic and glass) continued to outperform on better supply discipline as well as strong demand from China.

Market Outlook

In Taiwan, the market could be constrained by concerns about potential overbooking and inventory levels in the second half of 2010. The first quarter results season will be key as the market shifts to company specific momentum. Company guidance will be a very important driver for the market together with a view that global recovery remains intact.

We remain optimistic about Greater China markets, despite the increased volatility, and will be selectively accumulating positions at the right opportunity.

Howard Wang

Emerson Yip

William Tong

Shumin Huang

Investment Managers

28th May 2010

Ten Largest Investments

at 31st March 2010

Company	Country of Listing/ Classification*	Valuation £'000	Portfolio % ¹	Benchmark %	Active Position %
JF China Pioneer 'A' Share Fund	China A-Shares (indirect)	5,336	4.5	-	+4.5
Taiwan Semiconductor Manufacturing	Taiwan	5,201	4.4	4.0	+0.4
China Construction Bank	Hong Kong H-Shares	5,002	4.3	3.1	+1.2
Industrial & Commercial Bank of China	Hong Kong H-Shares	4,773	4.1	2.9	+1.2
CNOOC	Hong Kong Red Chip Shares	4,662	4.0	2.5	+1.5
Hon Hai Precision Industry	Taiwan	4,342	3.7	2.8	+0.9
China Mobile	Hong Kong Red Chip Shares	3,958	3.4	4.9	-1.5
China Life Insurance	Hong Kong H-Shares	3,912	3.3	3.0	+0.3
Bank of China	Hong Kong H-Shares	3,416	2.9	2.6	+0.3
Tencent	Hong Kong	3,169	2.7	1.5	+1.2
Total²		43,771	37.3	27.3	

*A glossary of terms and definitions is provided on pages 17 and 18.

¹Based on total assets less current liabilities of £117.3m.

²At 30th September 2009, the value of the ten largest investments amounted to £41.3m, representing 40.5% of total assets less current liabilities.

Portfolio Analyses

Geographical Analysis

	31st March 2010			30th September 2009		
	Portfolio %	Benchmark %	Active Position %	Portfolio %	Benchmark %	Active Position %
Hong Kong H-Shares	30.4	27.5	2.9	28.4	27.2	1.2
Hong Kong Red Chip Shares	11.3	13.1	-1.8	12.8	14.0	-1.2
Hong Kong Others	9.6	7.9	1.7	6.5	6.3	0.2
China A-Shares (indirect)	4.5	–	4.5	3.6	–	3.6
China B-Shares	1.0	0.7	0.3	1.3	0.6	0.7
China Total	56.8	49.2	7.6	52.6	48.1	4.5
Taiwan	28.0	30.0	-2.0	29.0	31.5	-2.5
Hong Kong	20.2	20.8	-0.6	20.6	20.4	0.2
Net current liabilities	(5.0)	–	-5.0	(2.2)	–	-2.2
Total	100.0	100.0		100.0	100.0	

Based on total assets less current liabilities of £117.3m (2009: £101.9m).

Sector Analysis

	31st March 2010			30th September 2009		
	Portfolio %	Benchmark %	Active Position %	Portfolio %	Benchmark %	Active Position %
Financials (including Property)	44.0	35.2	8.8	44.8	36.5	8.3
Information Technology	22.3	21.7	0.6	22.8	21.5	1.3
Energy	10.1	8.8	1.3	8.6	8.5	0.1
Industrials	7.4	7.3	0.1	6.9	7.4	-0.5
Materials	7.2	6.6	0.6	7.5	6.6	0.9
Consumer Discretionary	6.3	6.1	0.2	2.7	4.9	-2.2
Telecommunication Services	4.0	7.4	-3.4	5.6	8.3	-2.7
Consumer Staples	3.2	2.7	0.5	2.6	2.3	0.3
Utilities	0.5	3.9	-3.4	0.7	3.9	-3.2
Healthcare	–	0.3	-0.3	–	0.1	-0.1
Net current liabilities	(5.0)	–	-5.0	(2.2)	–	-2.2
Total	100.0	100.0		100.0	100.0	

Based on total assets less current liabilities of £117.3m (2009: £101.9m).

Income Statement

for the six months ended 31st March 2010

	(Unaudited) Six months ended 31st March 2010			(Unaudited) Six months ended 31st March 2009			(Audited) Year ended 30th September 2009		
	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	–	13,808	13,808	–	4,995	4,995	–	30,065	30,065
Net foreign currency (losses)/gains	–	(414)	(414)	–	364	364	–	166	166
Income from investments	177	–	177	499	–	499	2,445	–	2,445
Other interest receivable and similar income	–	–	–	26	–	26	26	–	26
Gross return	177	13,394	13,571	525	5,359	5,884	2,471	30,231	32,702
Management fee	(527)	–	(527)	(324)	–	(324)	(741)	–	(741)
VAT recoverable	–	–	–	3	16	19	–	–	–
Performance fee	–	(77)	(77)	–	(135)	(135)	–	(324)	(324)
Other administrative expenses	(248)	–	(248)	(209)	–	(209)	(426)	–	(426)
Net (loss)/return on ordinary activities before finance costs and taxation	(598)	13,317	12,719	(5)	5,240	5,235	1,304	29,907	31,211
Finance costs	(64)	–	(64)	(15)	–	(15)	(35)	–	(35)
Net (loss)/return on ordinary activities before taxation	(662)	13,317	12,655	(20)	5,240	5,220	1,269	29,907	31,176
Taxation	–	–	–	(39)	–	(39)	(175)	–	(175)
Net (loss)/return on ordinary activities after taxation	(662)	13,317	12,655	(59)	5,240	5,181	1,094	29,907	31,001
(Loss)/return per Ordinary share – undiluted (note 4)	(0.88)p	17.76p	16.88p	(0.08)p	7.38p	7.30p	1.53p	41.88p	43.41p
(Loss)/return per Ordinary share – diluted (note 4)	(0.88)p	17.78p	16.90p	(0.08)p	7.38p	7.30p	1.53p	41.88p	43.41p

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

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

Reconciliation of Movements in Shareholders' Funds

Six months ended 31st March 2010 (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 2009	19,026	8,989	3	581	34,363	35,870	1,542	100,374
Shares issued	125	612	–	–	–	–	–	737
Re-issue of Ordinary from Treasury	–	1,196	–	–	3,004	–	–	4,200
Net return/(loss) on ordinary activities	–	–	–	–	–	13,317	(662)	12,655
Dividends appropriated in the period	–	–	–	–	–	–	(1,120)	(1,120)
At 31st March 2010	19,151	10,797	3	581	37,367	49,187	(240)	116,846

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

Year ended 30th September 2009 (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 2008	19,007	8,571	3	581	32,507	5,963	803	67,435
Re-issue of Ordinary shares from Treasury	–	333	–	–	1,856	–	–	2,189
Exercise of Subscription shares into Ordinary shares	(1)	1	–	–	–	–	–	–
Issue of Ordinary shares on exercise of Subscription shares	20	84	–	–	–	–	–	104
Net return on ordinary activities	–	–	–	–	–	29,907	1,094	31,001
Dividends appropriated in the year	–	–	–	–	–	–	(355)	(355)
At 30th September 2009	19,026	8,989	3	581	34,363	35,870	1,542	100,374

Balance Sheet

at 31st March 2010

	(Unaudited) 31st March 2010 £'000	(Unaudited) 31st March 2009 £'000	(Audited) 30th September 2009 £'000
Fixed assets			
Investments held at fair value through profit or loss:			
China	69,390	40,001	53,643
Taiwan	32,838	19,505	29,602
Hong Kong	20,996	14,051	20,935
Total investments	123,224	73,557	104,180
Current assets			
Debtors	766	520	643
Cash and short term deposits	940	1,161	947
	1,706	1,681	1,590
Creditors: amounts falling due within one year	(7,616)	(1,067)	(3,861)
Net current (liabilities)/assets	(5,910)	614	(2,271)
Total assets less current liabilities	117,314	74,171	101,909
Provisions for liabilities and charges			
Performance fee	(468)	(1,529)	(1,535)
Total net assets	116,846	72,642	100,374
Capital and reserves			
Called up share capital	19,151	19,007	19,026
Share premium	10,797	8,839	8,989
Exercised warrant reserve	3	3	3
Capital redemption reserve	581	581	581
Other reserve	37,367	32,620	34,363
Capital reserves	49,187	11,203	35,870
Revenue reserve	(240)	389	1,542
Shareholders' funds	116,846	72,642	100,374
Net asset value per Ordinary share - undiluted (note 5)	153.7p	102.1p	138.2p
Net asset value per Ordinary share - diluted (note 5)	152.0p	102.1p	138.2p

Cash Flow Statement

for the six months ended 31st March 2010

	(Unaudited) Six months ended 31st March 2010 £'000	(Unaudited) Six months ended 31st March 2009 £'000	(Audited) Year ended 30th September 2009 £'000
Net cash (outflow)/inflow from operating activities (note 6)	(1,489)	(1,064)	45
Net cash outflow from returns on investments and servicing of finance	(65)	(15)	(35)
Net cash outflow from capital expenditure and financial investment	(4,776)	(1,628)	(6,208)
Dividend paid	(1,120)	(355)	(355)
Net cash inflow from financing	7,487	381	3,822
Increase/(decrease) in cash for the period	37	(2,681)	(2,731)
Reconciliation of net cash flow to movement in net funds			
Net cash movement	37	(2,681)	(2,731)
Loans drawn down in the period	(2,550)	–	(1,529)
Exchange rate movements	(414)	364	166
Movement in net debt/funds in the period	(2,927)	(2,317)	(4,094)
Net (debt)/funds at the beginning of the period	(616)	3,478	3,478
Net (debt)/funds at the end of the period	(3,543)	1,161	(616)
Represented by:			
Cash and short term deposits	940	1,161	947
Debt falling due within one year	(4,483)	–	(1,563)
Net (debt)/funds at the end of the period	(3,543)	1,161	(616)

Notes to the Accounts

for the six months ended 31st March 2010

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 2009 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

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

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

The accounting policies applied to these half year accounts are consistent with those applied in the accounts for the year ended 30th September 2009.

3. Dividends

	(Unaudited) Six months ended 31st March 2010 £'000	(Unaudited) Six months ended 31st March 2009 £'000	(Audited) Year ended 30th September 2009 £'000
Final dividend paid in respect of the year ended 30th September 2009 of 1.5p (2008: 0.5p)	1,120	355	355

No interim dividend has been declared in respect of the six months ended 31st March 2010 (2009: nil).

4. (Loss)/return per share

	(Unaudited) Six months ended 31st March 2010 £'000	(Unaudited) Six months ended 31st March 2009 £'000	(Audited) Year ended 30th September 2009 £'000
(Loss)/return per Ordinary share is based on the following:			
Revenue (loss)/return	(662)	(59)	1,094
Capital return	13,317	5,240	29,907
Total return	12,655	5,181	31,001
Weighted average number of Ordinary shares in issue during the period used for the purpose of the undiluted calculation	75,001,307	71,021,463	71,418,199
Weighted average number of Ordinary shares in issue during the period used for the purpose of the diluted calculation	74,902,315	71,021,463	71,418,199
Undiluted			
Revenue (loss)/return per Ordinary share	(0.88)p	(0.08)p	1.53p
Capital return per Ordinary share	17.76p	7.38p	41.88p
Total return per Ordinary share	16.88p	7.30p	43.41p
Diluted			
Revenue (loss)/return per Ordinary share	(0.88)p	(0.08)p	1.53p
Capital return per Ordinary share	17.78p	7.38p	41.88p
Total return per Ordinary share	16.90p	7.30p	43.41p

The diluted (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 as adjusted 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 2010	(Unaudited) Six months ended 31st March 2009	(Audited) Year ended 30th September 2009
Undiluted			
Ordinary shareholders funds (£'000)	116,846	72,642	100,374
Number of Ordinary shares in issue	76,041,461	71,133,001	72,637,461
Net asset value per Ordinary share (pence)	153.7	102.1	138.2
Diluted			
Ordinary shareholders funds assuming exercise of Subscription shares (£'000)	136,948	72,642	100,374
Number of potential Ordinary shares in issue	90,098,408	71,133,001	72,637,461
Net asset value per Ordinary share (pence)	152.0	102.1	138.2

The diluted net asset value per Ordinary share assumes that all outstanding Subscription shares were converted into Ordinary shares at the period end.

Notes to the Accounts continued

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

	(Unaudited) Six months ended 31st March 2010 £'000	(Unaudited) Six months ended 31st March 2009 £'000	(Audited) Year ended 30th September 2009 £'000
Net return on ordinary activities before finance costs and taxation	12,719	5,235	31,211
Add back capital return before finance costs and taxation	(13,317)	(5,240)	(29,907)
Scrip dividends received as income	(12)	(66)	(176)
Decrease in accrued income	3	34	23
(Increase)/decrease in other debtors	(12)	36	47
(Decrease)/increase in accrued expenses	(28)	(44)	3
Overseas taxation	–	(38)	(175)
VAT recoverable included in capital	–	16	16
Performance fee paid	(842)	(997)	(997)
Net cash (outflow)/inflow from operating activities	(1,489)	(1,064)	45

Subscription Shares

On 16th April 2008 the Company issued Subscription shares as a bonus issue to the Ordinary shareholders on the basis of one Subscription share for every five Ordinary shares held. Each Subscription share confers the right (but not the obligation) to subscribe for one Ordinary share on 15th May in each year from 2009 to 2013, whereupon the rights under the Subscription shares will lapse. On 15th May 2010 applications were received to convert 1,258,499 Subscription shares into Ordinary shares.

Future conversion prices have been determined as follows:

- if exercised on 15th May 2011, 2012 or 2013 - 168 pence

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

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

At the close of business on 16th April 2009 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 2009 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.

Interim Management Report

The Company is required to make the following disclosures in its Half Year Report.

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into nine broad categories: investment underperformance; loss of investment team; discount; market; 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 2009.

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.

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

28th May 2010

Glossary of Terms and Definitions

'Unit' return to shareholders

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

A Unit comprises 5 Ordinary shares and 1 Subscription share.

Undiluted return on net assets

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

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

Benchmark total return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested 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 benchmark.

Return to Ordinary shareholders

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

Diluted return on net assets

Return on the diluted NAV, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested in the shares of the Company at the diluted NAV per share at the time the shares were quoted ex dividend.

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

Diluted net asset value return per Ordinary share

The diluted NAV per Ordinary share assuming that all outstanding Subscription shares were converted into Ordinary shares at the period end.

Ordinary share price discount to diluted net asset value per Ordinary share

If the share price of an investment company 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. The opposite of a discount is a premium. It is more common for an investment company's shares to trade at a discount than at a premium.

(Loss)/return per Ordinary share – undiluted

The undiluted (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.

(Loss)/return per Ordinary share – diluted

The diluted (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 as adjusted for the conversion of outstanding Subscription shares into Ordinary shares at the period end.

For this purpose, the assumed proceeds from this conversion are regarded as having been received from the issue of Ordinary shares at the average market price of Ordinary shares during the period. The difference between the number of Ordinary shares issued and the number of Ordinary shares that would have been issued at the average market price of Ordinary shares during the period is treated as an issue of Ordinary shares for no consideration. Where this calculation has no dilutive effect, the undiluted (loss)/return per share is presented instead.

Glossary of Terms and Definitions continued

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 Chip Shares

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

Hong Kong Others

Companies incorporated in Mainland China and listed in Hong Kong and included in the Hang Seng Composite Index.

China A-Shares (indirect)

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

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.

Notes

Notes

Information about the Company

Financial Calendar

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

History

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

Directors

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

Company Numbers

Company registration number: 02853893

Ordinary Shares

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

Subscription Shares

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

Market Information

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

Website

www.jpchinse.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.jpchinsewealthmanagerplus.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: 0207 742 6000

For company secretarial and administrative matters, please contact Christopher Legg.

Registrars

Equiniti
Reference 1078
Aspect House
Spencer Road
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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

Auditors

PricewaterhouseCoopers LLP
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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 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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