

# JPMorgan China Growth & Income plc

Half Year Report & Financial Statements for the six months ended 31st March 2021



## KEY FEATURES

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### Your Company

#### Objective

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

#### Investment Policies

- To invest in companies in 'Greater China' (China, Hong Kong and Taiwan) or which derive a substantial part of their revenues or profits from these territories. This includes companies which are listed or issue ADRs on other exchanges including the U.S.
- To use gearing up to a maximum level of 20% of shareholders' funds to increase potential returns to shareholders.
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts).

The Company aims to set a target annual dividend, in the absence of unforeseen circumstances, equivalent to 4% of the Company's NAV on the last business day of the preceding financial year. This will be paid by way of four equal interim dividends. In order to pay this, any shortfall on the dividend income received from the underlying investments of the portfolio will be paid out of the capital growth of the portfolio

#### Benchmark

MSCI China Index, with net dividends reinvested, in sterling terms.

#### Risk

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

#### Capital Structure

At 31st March 2021, the Company's issued share capital comprised 81,804,965 Ordinary shares of 25p each. No shares are held in Treasury.

#### Continuation Vote

In accordance with the Company's Articles of Association, the Directors are required to propose a resolution that the Company continue as an investment trust at the Annual General Meeting in 2023 and every fifth year thereafter.

#### Management Company and Company Secretary

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

#### FCA regulation of 'non-mainstream pooled investments' and MiFID II 'complex instruments'

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

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust. The Company's shares are not classified as 'complex instruments' under the FCA's revised 'appropriateness' criteria adopted in the implementation of MiFID II.

#### Association of Investment Companies ('AIC')

The Company is a member of the AIC.

#### Website

The Company's website, which can be found at [www.jpmchinagrowthandincome.co.uk](http://www.jpmchinagrowthandincome.co.uk), includes useful information on the Company, such as daily prices, factsheets and current and historic half year and annual reports.

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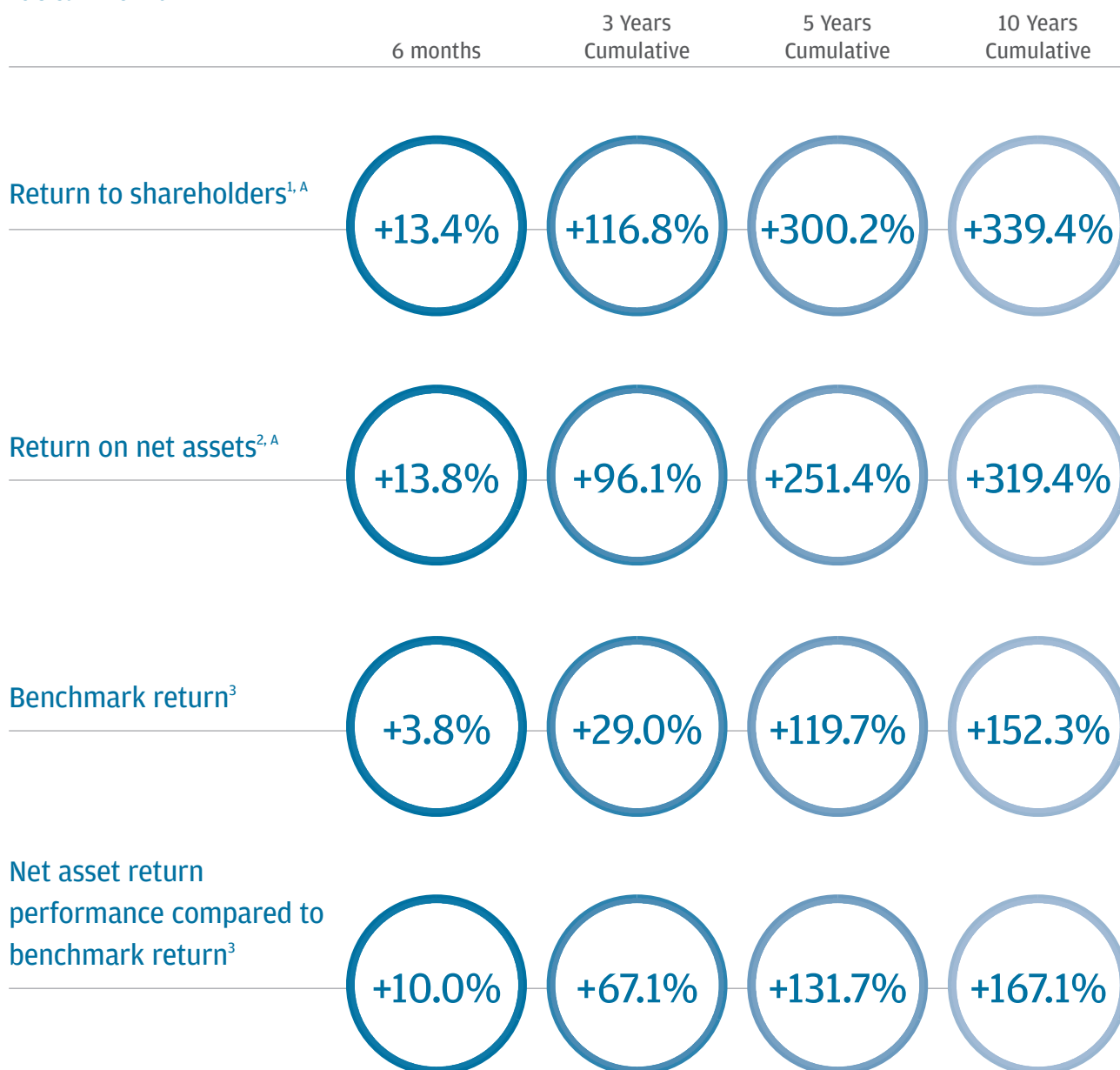
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## Half Year Performance

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## TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

TO 31st MARCH 2021

<sup>1</sup> Source: Morningstar.<sup>2</sup> Source: Morningstar/JPMorgan using cum-income net asset value per share.<sup>3</sup> Source: MSCI. The Company's benchmark is the MSCI China Index, with net dividends reinvested, in sterling terms. Prior to 26th January 2016, the benchmark was the MSCI Dragon Index.<sup>A</sup> Alternative Performance Measure (APM).

A glossary of terms and APMs is provided on pages 28 to 30.

## SUMMARY OF RESULTS

	31st March 2021	30th September 2020	% change
Net assets (£'000)	517,409	410,963	+25.9
Number of shares in issue (excluding shares held in Treasury)	81,804,965	72,703,188	+12.5
Net asset value per share	632.5p	565.3p	+11.9 <sup>1</sup>
Share price	616.0p	552.0p	+11.6 <sup>2</sup>
Share price premium to net asset value <sup>A</sup>	2.6%	2.4%	
Ongoing charges <sup>A</sup>	0.95%	1.00%	
Gearing <sup>A</sup>	8.9%	10.6%	

<sup>1</sup> % change, excluding dividends paid. Including dividend, the total return is 13.8%.

<sup>2</sup> % change, excluding dividends paid. Including dividend, the total return is 13.4%.

<sup>A</sup> Alternative Performance Measure (APM).

A glossary of terms and APMs is provided on pages 28 to 30.

## Chairman's Statement

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**John Misselbrook**  
Chairman

### Performance

This time last year I commented on the most exceptional investment period any of us had witnessed, which continued through the second half of the year and led to a year of outstanding performance. The last six months under review have again been a period of surprises: the share price started the period at 552 pence, peaking at 860 pence on 16th February 2021 and ended the period at 616 pence. Investing in Chinese equities and volatility go hand-in-hand and this period was no exception. Despite these levels of market volatility and the economic uncertainty that persisted, due to the continuing Coronavirus epidemic, I am pleased to report that for the six months period ended 31st March 2021, the Company's total return on net assets rose 13.8% (with net dividends reinvested) outperforming the benchmark, the MSCI China Index, which delivered +3.8% (in sterling terms). The total return to shareholders for this period was +13.4%.

The basis for this performance is explained in the Investment Managers' report which provides a detailed commentary on the portfolio positioning and the outlook for investing in China.

We have also seen regulatory developments in China which have impacted certain investments in our portfolio, and these are explained in detail in the Investment Managers' report together with their investment views. However, this continues to remind us of the regulatory risks to which we are exposed.

A positive development, coinciding with the beginning of the half year, was the move of the share price from a discount into a premium. Since early October 2020 and for the period to 31st March 2021, the shares have traded at an average 2.2% premium to Net Asset Value and the Company has been able to meet the increased level of demand with the issuance of shares from Treasury and newly created shares. Further details on this are described below.

### Loan Facility and Gearing

The Investment Managers have been given the flexibility by the Board to manage the gearing tactically within a range set by the Board of 10% net cash to 20% geared. During the period the Company's gearing ranged from 2.6% to 12.9%, ending the half year at 8.9% geared.

The Company has a £50 million loan facility with Scotiabank that expires in July 2021. The Board is considering extending or renewing the facility at the current time. As at 31st March 2021 £47.2 million of this facility was drawn down.

### Our Dividend Policy

At the Annual General Meeting in February 2020, shareholders approved an amendment to the Company's Articles of Association to allow the Company to distribute capital as income to enable the implementation of the revised dividend policy.

Shareholders are reminded that the target annual dividend of 4% of the Company's NAV on the last business day of the preceding financial year will be announced at the start of each financial year, to provide clarity to shareholders over the income stream they can expect during the following 12 months, and will be paid by way of four equal interim dividends on the first business day in March, June, September, and December.

On 1st October 2020, the Company announced that the cum income Net Asset Value at the close of business on 30th September 2020 (the Company's year-end) was 565.3 pence per share, up 62.4% over the year. In line with the Company's new distribution policy the Directors declared the first quarterly interim dividend of 5.7 pence per share. Since then, two further dividend declarations have been made on 4th January 2021 and 1st April 2021, both of 5.7 pence per share. With the planned final quarterly dividend of 5.7 pence per share on 1st July, the 2021 annual dividend will be 22.8 pence per share, an increase of over 300% compared to the previous year.

### Share Issuance during the Period

At the time of writing, the Company's issued share capital consists of 82,077,465 Ordinary shares. The Company re-issued, at a weighted average 3.9% premium to NAV all 5,211,777 shares held in Treasury and issued an additional 4,162,500 new shares. The impact of this share issuance was to increase the assets of the Company by £70.3 million. During the six months reporting period the Company did not repurchase any shares.

### Board of Directors

I am pleased to announce that Joanne Wong has been appointed to the board with effect from 1st June 2021. Joanne is a resident of Hong Kong and has some 30 years of experience as an Asian investment analyst. From 2002 until 2020 she worked with Franklin Templeton Investments Global Equity Group as a portfolio manager focusing on Asian equity portfolios with a particular responsibility for North Asia markets. Joanne will strengthen the Board's depth of understanding and oversight of the developments in the Chinese economy and equity markets.

### Outlook and Strategy

This half-year has demonstrated again the volatility that is an inherent risk when investing in China. The Board continues to believe in the long-term growth opportunities from investment in China and our investment managers, supported by a well-resourced research team, continue to be able to find interesting companies to invest in that are consistent with the structural growth bias of the investment strategy. We remain confident that our investment strategy, combined with the depth of resources in our investment team, will enable us to deliver superior long-term total returns.

**John Misselbrook**  
*Chairman*

21st May 2021





**Howard Wang**  
Investment Manager



**Rebecca Jiang**  
Investment Manager



**Shumin Huang**  
Head of Research

During the six months ended 31st March 2021, the Company delivered a total return on net assets of 13.8% (in sterling terms), compared to the benchmark return of 3.8%. Portfolio gains of 19.4% during Q420 were partially offset by losses of 4.5% during Q121.

### Setting the scene

Global equity markets welcomed news of effective vaccines, which provided fresh impetus to the sharp rebound in share prices which began in Q220. Many equity markets ended 2020 at or near all-time highs and there was a notable rotation into cyclical, financial and value stocks that investors expect to outperform as economic activity strengthens. However, in Q121, a commodities boom, fuelled by rising global demand, and supply shortages, has stoked concerns about inflation around the world and led to the rapid rise in bond yields. This has had a significant adverse impact on equity valuations. Share price declines were greatest amongst technology and other growth and momentum stocks which have performed most strongly since the onset of the pandemic, as the rotation into cyclical and financial stocks continued.

In China, economic activity became more broadly based during the review period, including in certain service sectors that had been severely disrupted by the COVID-19 pandemic. Demand for Chinese exports was particularly strong and domestic consumption remained resilient, including during the Chinese New Year period, despite the measures implemented to restrict domestic travel following a COVID-19 outbreak in January. Retail sales during the holiday period grew 28.7% compared with the same period in 2020 and were 4.9% higher than in 2019. China was the only major economy to register positive growth in 2020, and the IMF expects the rebound in Chinese economic activity to outpace the upturn in Western economies significantly both this year and next. In March, China's annual National People's Congress (NPC) session ended without delivering any big surprises – there were no material changes to either the government's policy stance, its growth targets (+6% GDP) or its focus on supporting domestic consumption. Beijing has also re-emphasised its long-term commitments to technological innovation and self-sufficiency, industrial upgrading, and green energy.

In China, 2020 earnings results were largely in line with or better than expectations, thanks to the improvement in domestic demand, and Chinese equities closed the six months ended March 2021 in positive territory, despite the Q1 sell-off. As in other markets, this sell-off was driven in part by the spike in bond yields, as well as by concerns about tightening domestic liquidity conditions. Also consistent with developments elsewhere, Chinese equities experienced a distinct style rotation away from highly-valued growth and momentum names, into more cyclical, economically sensitive and value stocks. At the end of the period, offshore China equities saw increased volatility arising from the unwinding of large collateral positions in certain US-listed Chinese equities.

### Performance commentary

Stock selection was by far the most significant contributor to returns over the review period, although sector selection had a modestly favourable impact. Positive contributions from stock selection in consumer discretionary, industrials and communication services did most to enhance performance, but these gains were partially offset by the adverse impact of the style rotation away from several sectors which had previously outperformed, notably information technology and healthcare. Stock selection within information technology and healthcare also detracted.

Consumer discretionary was the largest favourable influence on returns during the period. The company's holding in **JS Global**, the world's third largest household appliances manufacturer, assisted performance. This company's 2020 results beat expectations and its growth prospects are favourable, thanks to its robust new product pipeline and geographical expansion plans. A position in the restaurant chain **Jiumaojiu International** also enhanced returns. Its revenue growth and margins recovered faster than expected and it has outperformed its restaurant peers. In addition to strong turnover in its core Taier brand, the launch of Jiumaojiu's new hot pot brand Song has been a success. These developments have increased our confidence in the merits of Jiumaojiu's brand incubation strategy and its prospects for continued growth over the longer-term. We have held positions in both JS Global and Jiumaojiu since their initial public offerings (IPOs).

The portfolio's overweight position in e-commerce platform **Pinduoduo** added meaningfully to returns in Q420, as the company increased its penetration into fresh products. However, these gains were partially offset in Q121 when the company's founder stepped down. The portfolio's structural underweight position in **Alibaba** compared with the MSCI China Index contributed positively to relative performance. Alibaba's performance suffered on concerns about increased regulatory scrutiny of its affiliate Ant Financial and risks that it would violate anti-trust regulations. Our investment in electric vehicle manufacturer **XPeng** also contributed positively.

In communication services, positive contributions mainly came from **Bilibili** and **Kuaishou Technology**. We believe these are structural beneficiaries of the 'videolisation' trend in China with strong monetisation potentials.

Information technology holdings that detracted from performance over the period included software names such as **Shanghai Baosight**, **Glodon**, and **Beijing Kingsoft Office**. These companies' businesses have performed well, but a lack of new fundamental news to drive further gains prompted investors to take profits and invest in more attractive opportunities in other parts of the market. Our investment in semiconductor maker **Montage Technology** also detracted from performance, as the company's short-term earnings were affected by the memory inventory cycles. Within healthcare, medical device names, including **Venus Medtech** and **Kangji Medical**, were the largest performance detractors due to general concerns of price cuts upon centralised procurement.

The use of gearing enhanced performance, as did currency effects.

### Positioning

Our bottom-up stock selection continues to reflect the structural growth opportunities we see in the healthcare, technology and consumer sectors. Within the healthcare sector, notable positions include **Wuxi Biologics** and **Shenzhen Mindray**, which we believe are set to benefit from increased demand for medical products and services in the wake of the pandemic. We also hold **Venus Medtech**, a leading cardiovascular-focused medtech company with positive growth prospects. In technology, our preferred software names are **Kingdee International** and **Beijing Kingsoft Office**; along with hardware name **Montage Technology** and electric vehicle-related stocks **Contemporary Amperex** and **Yunnan New Energy Material**. In consumer, we have eCommerce names **Alibaba**, **Meituan Dianping** and **Pinduoduo** as the top holdings, along with social and online entertainment names **Tencent**, **NetEase** and **Bilibili**.

The Q1 sell-off created some great opportunities for us to add new names to the portfolio, and increase our exposure to some favoured names at more attractive valuations. Portfolio changes during the review period included an increase in the portfolio's exposure to semiconductor manufacturers, including **StarPower** and **Maxscend**. These companies are beneficiaries of the global shortage of semiconductors, which is encouraging Chinese companies to try to increase their self-sufficiency in these products by replacing imported components with domestically-produced alternatives. We also continued to add to our solar energy holdings, given this sector's cost competitiveness and China's long-term commitment to carbon neutrality. Specifically, we initiated a new position in **Xinyi Solar**, the global leader in solar glass, **Tongwei**, China's leading polysilicon producer, and increased our position in **Longi Green Energy Technology**.

In the consumer sector, we used the decline in Alibaba's share price to add to our holding, as we believe the market is excessively pessimistic about the company's long-term growth prospects. We also added to our holdings in gaming company **Bilibili** in response to its efforts to expand its target audience. To fund these acquisitions, we took profits in several consumer names that had performed strongly, but which we believe offer little further short-term upside, including winemaker and distiller **Kweichow Moutai**, home appliance manufacturer **Midea** and condiment maker **Foshan Haitian**.

Finally, within financials, we added to **Ping An Insurance**. This stock is attractively valued and we expect the company to benefit from the stable domestic rate environment. We trimmed the portfolio's real estate exposure, following the tightening in government regulation of property developers' leverage.

### Regulatory Developments in China

China's State Administration of Market Regulators (SAMR) recently concluded its investigation of Alibaba and imposed a record fine of Rmb18.2bn (USD 2.75 billion) or 4% of 2019 domestic revenues for violations of the Anti-Monopoly Law. Despite speculation that the company could be broken up, the investigation affirmed Alibaba's business model as a platform ecosystem. Consequently, we continue to believe the risk for other large Chinese internet companies remains remote for now. Alibaba is devoting more resources to support merchants and therefore we may see incrementally lower profits and higher costs, but this paves the way for more sustainable growth. Overall, we believe Alibaba continues to offer the most comprehensive digital infrastructure to enable the digitalisation of enterprises in China over the next decade.

We await further details of the restructuring of Ant Financial. M&A activity is under greater scrutiny due to the Anti-Monopoly Law and we believe it is likely that Tencent and Meituan will also be reviewed by the SAMR. Regulators are also focused on data privacy and how big tech companies collect, use and share data. The industry is clearly aware of this and is investing accordingly. It is clear that regulations for China internet companies, especially the larger firms, will continue to tighten in 2021. That said, the China government recognises the contribution the big internet companies have made and we believe it will strike a balance between better regulation and growth.

### Outlook

The global economy is on the road to recovery, evidenced in part by manufacturing survey data reflecting upbeat sentiment in many countries. President Biden's massive stimulus plan has added significantly to US economic momentum. We expect China to continue to lead the recovery, supported by strengthening overseas demand and the rollout of US fiscal stimulus. We are, however, mindful of the associated increase in inflation risks. Although the Fed appears sanguine on the outlook for longer-term inflation, we sense that on average, committee members have shifted to a slightly more hawkish stance. In China, policy makers are likely to continue to support economic activity in the short-term. But they will view inflation and asset price bubbles as risk factors, and we expect a gradual normalisation in China's domestic stimulus policies over time. The government's long-term focus on better quality growth was recently reaffirmed by the National People's Congress.

In summary, we remain optimistic about the outlook for Chinese equities. The country's robust economic outlook, combined with the many opportunities created by structural change, especially in technology and healthcare, will continue to drive positive and sustained returns in Chinese equities over the long-term, and attract increasing interest from foreign investors.

**Howard Wang**  
**Rebecca Jiang**  
**Shumin Huang**  
*Investment Team*

21st May 2021

## PERFORMANCE ATTRIBUTION

SIX MONTHS TO 31ST MARCH 2021

	%	%
Contributions to total returns		
Benchmark Return		3.8
Sector and Stock Selection	7.0	
Currency Effect	1.7	
Gearing/Cash	1.4	
Investment Manager Contribution		10.1
Dividends/Residual	-0.1	
Portfolio Return		13.8
Management Fees/Other Expenses	-0.5	
Share Issuance	0.5	
Return on net assets <sup>A</sup>		13.8
Impact of change in discount		-0.4
Return to shareholders <sup>A</sup>		13.4

Source: FactSet, JPMAM and Morningstar.

All figures are on a total return basis.

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

<sup>A</sup> Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 28 to 30.

## AT 31ST MARCH 2021

Company	Sector	31st March 2021 Valuation		30th September 2020 Valuation	
		£'000	% <sup>1</sup>	£'000	% <sup>1</sup>
Tencent <sup>7</sup>	Communication Services	48,231	8.6	41,092	9.0
Alibaba <sup>2,28</sup>	Consumer Discretionary	47,941	8.4	46,394	10.2
Wuxi Biologics Cayman <sup>7</sup>	Healthcare	21,311	3.8	17,055	3.8
Meituan Dianping <sup>7</sup>	Consumer Discretionary	20,486	3.6	18,559	4.1
Ping An Insurance <sup>7</sup>	Financials	20,125	3.6	12,585	2.8
Pinduoduo <sup>2</sup>	Consumer Discretionary	19,407	3.4	9,840	2.2
Country Garden Services <sup>3</sup>	Industrials	12,430	2.2	8,423	1.9
Contemporary Amperex Technology <sup>3</sup>	Industrials	11,718	2.1	7,770	1.7
Kingdee International Software <sup>7</sup>	Information Technology	10,888	1.9	12,420	2.7
Bilibili <sup>2,3,8</sup>	Communication Services	10,649	1.9	2,965	0.7
<b>Ten Largest Investments</b>		<b>223,186</b>	<b>39.5</b>		
Venus MedTech Hangzhou <sup>7</sup>	Healthcare	10,217	1.9	8,029	1.8
China Merchants Bank <sup>7</sup>	Financials	9,929	1.8	5,742	1.3
Ping An Bank <sup>6</sup>	Financials	9,851	1.7	8,573	1.9
Sunny Optical Technology <sup>7</sup>	Information Technology	9,269	1.7	6,271	1.4
NetEase <sup>2,28</sup>	Communication Services	8,799	1.7	11,693	2.6
Yunnan Energy New Material <sup>6</sup>	Materials	8,567	1.5	9,287	2.0
BOE Technology <sup>6</sup>	Information Technology	8,298	1.5	5,535	1.2
Montage Technology <sup>5,6</sup>	Information Technology	8,269	1.5	6,591	1.5
Huazhu <sup>2,28</sup>	Consumer Discretionary	8,247	1.5	3,284	0.7
ENN Energy <sup>7</sup>	Utilities	8,233	1.5	5,547	1.2
Hong Kong Exchanges & Clearing <sup>9</sup>	Financials	7,381	1.3	6,702	1.5
Wuliangye Yibin <sup>6</sup>	Consumer Staples	7,268	1.3	6,604	1.5
Shenzhen Mindray Bio-Medical Electronics <sup>6</sup>	Healthcare	6,933	1.3	7,710	1.7
Hangzhou Tigermed Consulting <sup>6,7</sup>	Healthcare	6,930	1.2	5,402	1.2
Longi Green Energy Technology <sup>6</sup>	Information Technology	6,726	1.2	6,113	1.3
JS Global Lifestyle <sup>9</sup>	Consumer Discretionary	6,657	1.2	5,952	1.3
Beijing Kingsoft (UBS) <sup>4,5,6</sup>	Information Technology	6,605	1.2	–	–
Jiangsu Hengrui Medicine <sup>6</sup>	Healthcare	6,353	1.1	8,486	1.9
BeiGene <sup>2,7</sup>	Healthcare	6,319	1.1	3,745	0.8
Jiumaojiu International <sup>9</sup>	Consumer Discretionary	6,144	1.1	4,492	1.0
Shenzhou International <sup>7</sup>	Consumer Discretionary	5,987	1.1	5,192	1.1
New Oriental Education & Technology <sup>2,4,7,9</sup>	Consumer Discretionary	5,560	1.0	–	–
Glodon <sup>6</sup>	Information Technology	5,241	0.9	6,770	1.5
Shanghai Baosight Software <sup>5,6</sup>	Information Technology	4,916	0.9	5,229	1.2
Haier Smart Home <sup>4,7</sup>	Consumer Discretionary	4,827	0.9	–	–
Han's Laser Technology Industry <sup>4,5,6</sup>	Industrials	4,725	0.8	–	–
KE <sup>2,8</sup>	Real Estate	4,718	0.9	3,690	0.8

## LIST OF INVESTMENTS

Company	Sector	31st March 2021 Valuation		30th September 2020 Valuation	
		£'000	% <sup>1</sup>	£'000	% <sup>1</sup>
StarPower Semiconductor <sup>4,5,6</sup>	Information Technology	4,695	0.8	–	–
Kuaishou Technology <sup>4,7</sup>	Communication Services	4,691	0.8	–	–
Maxscend Microelectronics <sup>4,6</sup>	Information Technology	4,544	0.8	–	–
Xinyi Solar <sup>4,7</sup>	Information Technology	4,470	0.8	–	–
Fujian Anjoy Foods <sup>5,6</sup>	Consumer Staples	4,458	0.8	3,340	0.7
ANTA Sports Products <sup>7</sup>	Consumer Discretionary	4,370	0.8	4,173	0.9
Venustech <sup>6</sup>	Information Technology	4,315	0.7	3,849	0.9
Kangji Medical <sup>7</sup>	Healthcare	4,065	0.7	2,056	0.5
China Resources Mixc Lifestyle Services <sup>4,7</sup>	Real Estate	4,030	0.7	–	–
Foshan Haitian Flavouring & Food <sup>6</sup>	Consumer Staples	3,942	0.7	7,046	1.6
Silergy <sup>10</sup>	Information Technology	3,914	0.7	3,051	0.7
Topsports International <sup>7</sup>	Consumer Discretionary	3,912	0.7	2,774	0.6
Jiangsu Hengli Hydraulic <sup>6</sup>	Industrials	3,789	0.7	3,921	0.9
TAL Education <sup>2,8</sup>	Consumer Discretionary	3,725	0.7	7,694	1.7
Tongwei <sup>4,6</sup>	Consumer Staples	3,670	0.6	–	–
Tuya <sup>2,8</sup>	Information Technology	3,648	0.6	–	–
New Horizon Health <sup>4,7</sup>	Healthcare	3,645	0.6	–	–
Xpeng <sup>2,8</sup>	Consumer Discretionary	3,566	0.6	4,096	0.9
Guangzhou Kingmed Diagnostics <sup>6</sup>	Healthcare	3,312	0.6	5,335	1.2
Hualan Biological Engineering <sup>5</sup>	Healthcare	3,283	0.6	2,219	0.5
Leader Harmonious Drive Systems <sup>4,5,6</sup>	Industrials	3,252	0.6	–	–
Sangfor Technologies <sup>4,6</sup>	Information Technology	3,245	0.6	–	–
Will Semiconductor Co. Ltd. Shanghai <sup>4,6</sup>	Information Technology	3,225	0.6	–	–
Yatsen <sup>2,4,8</sup>	Consumer Staples	3,173	0.6	–	–
Zhejiang Dingli Machinery <sup>6</sup>	Industrials	3,129	0.5	2,392	0.5
Wisdom Education International <sup>7</sup>	Consumer Discretionary	3,045	0.5	2,131	0.5
Aier Eye Hospital <sup>6</sup>	Healthcare	2,967	0.5	4,939	1.1
Autobio Diagnostics <sup>5,6</sup>	Healthcare	2,938	0.5	4,434	10.0
Pop Mart International <sup>4,7</sup>	Consumer Discretionary	2,851	0.5	–	–
Haidilao International <sup>7</sup>	Consumer Discretionary	2,849	0.5	3,656	0.8
Zhongji Innolight <sup>5,6</sup>	Information Technology	2,833	0.5	2,094	0.5
Burning Rock Biotech <sup>2,8</sup>	Healthcare	2,755	0.5	2,566	0.6
Skshu Paint <sup>4,6</sup>	Materials	2,650	0.5	–	–
Changzhou Xingyu Automotive Lighting Systems <sup>4,6</sup>	Consumer Discretionary	2,645	0.5	–	–
Amoy Diagnostics <sup>5,6</sup>	Healthcare	2,629	0.5	2,075	0.5
Shenzhen Inovance Technology <sup>4,6</sup>	Industrials	2,608	0.5	–	–
Kingsoft Cloud <sup>2,8</sup>	Information Technology	2,551	0.4	2,039	0.5
iQIYI <sup>2,8</sup>	Communication Services	2,541	0.4	7,234	1.6
Jiangsu Hengshun Vinegar Industry <sup>4,5,6</sup>	Consumer Staples	2,452	0.4	–	–

## LIST OF INVESTMENTS

Company	Sector	31st March 2021 Valuation		30th September 2020 Valuation	
		£'000	% <sup>1</sup>	£'000	% <sup>1</sup>
Fuyao Glass Industry <sup>4,7</sup>	Consumer Discretionary	2,057	0.4	–	–
Cheerwin <sup>7</sup>	Consumer Staples	2,010	0.4	–	–
Shanghai M&G Stationery <sup>6</sup>	Industrials	1,976	0.3	2,753	0.6
17 Education & Technology <sup>2,4,8</sup>	Consumer Discretionary	1,427	0.2	–	–
Everest Medicines <sup>4,7</sup>	Healthcare	1,375	0.2	679	0.2
Yidu Tech <sup>4,7</sup>	Healthcare	1,337	0.2	–	–
Antengene <sup>4,7</sup>	Healthcare	1,261	0.2	–	–
Suzhou Basecare Medical <sup>4,7</sup>	Healthcare	1,228	0.2	–	–
<b>Total Investments</b>		<b>563,208</b>	<b>100.0</b>		

<sup>1</sup> Based on total investments of £563.2m (30th September 2020: £454.6m).

<sup>2</sup> American Depositary Receipts (ADRs).

<sup>3</sup> Not held in the ten largest investments at 30th September 2020.

<sup>4</sup> Not held in the portfolio at 30th September 2020.

<sup>5</sup> Includes investments in Participatory Notes.

<sup>6</sup> China A shares.

<sup>7</sup> China HK Listed.

<sup>8</sup> China US Listed.

<sup>9</sup> Hong Kong Listed.

<sup>10</sup> Taiwan Listed.

At 30th September 2020, the value of the ten largest investments amounted to £185.0m representing 40.7% of total investments.

A glossary of terms and alternative performance measures is provided on pages 28 to 30.

## PORTFOLIO ANALYSES

### GEOGRAPHICAL ANALYSIS

	31st March 2021		30th September 2020	
	Portfolio % <sup>1</sup>	Benchmark %	Portfolio % <sup>1</sup>	Benchmark %
China HK listed	45.2	57.5	40.0	54.0
China A Shares	31.0	11.8	33.3	11.7
China US listed	19.5	30.5	21.7	34.2
China B Shares	—	0.1	—	0.1
<b>China Total</b>	<b>95.7</b>	<b>99.9</b>	<b>95.0</b>	<b>100.0</b>
Hong Kong	3.6	0.1	4.3	—
Taiwan	0.7	—	0.7	—
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Based on total investments of £563.2m (2020: £454.6m).

### SECTOR ANALYSIS

	31st March 2021		30th September 2020	
	Portfolio % <sup>1</sup>	Benchmark %	Portfolio % <sup>1</sup>	Benchmark %
Consumer Discretionary	27.6	33.9	27.4	37.3
Information Technology	17.3	6.0	16.6	5.1
Healthcare	15.8	6.7	18.5	5.3
Communication Services	13.3	20.5	13.9	20.6
Financials	8.4	14.5	7.5	13.3
Industrials	7.7	4.7	5.6	4.6
Consumer Staples	4.8	4.3	5.6	4.1
Materials	2.0	2.2	2.1	2.0
Real Estate	1.6	4.0	1.6	4.2
Utilities	1.5	2.0	1.2	1.7
Energy	—	1.2	—	1.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Based on total investments of £563.2m (2020: £454.6m).

## Financial Statements

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# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE SIX MONTHS ENDED 31ST MARCH 2021

	(Unaudited) Six months ended 31st March 2021			(Unaudited) Six months ended 31st March 2020			(Audited) Year ended 30th September 2020		
	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	–	46,278	46,278	–	22,325	22,325	–	164,024	164,024
Net foreign currency gains/(losses)	–	2,352	2,352	–	(221)	(221)	–	1,492	1,492
Income from investments	330	–	330	355	–	355	3,401	–	3,401
Interest receivable and similar income <sup>1</sup>	326	–	326	90	–	90	220	–	220
<b>Gross return</b>	<b>656</b>	<b>48,630</b>	<b>49,286</b>	<b>445</b>	<b>22,104</b>	<b>22,549</b>	<b>3,621</b>	<b>165,516</b>	<b>169,137</b>
Management fee	(544)	(1,632)	(2,176)	(299)	(897)	(1,196)	(683)	(2,050)	(2,733)
Other administrative expenses	(243)	–	(243)	(224)	–	(224)	(438)	–	(438)
<b>Net (loss)/return before finance costs and taxation</b>	<b>(131)</b>	<b>46,998</b>	<b>46,867</b>	<b>(78)</b>	<b>21,207</b>	<b>21,129</b>	<b>2,500</b>	<b>163,466</b>	<b>165,966</b>
Finance costs	(102)	(307)	(409)	(99)	(293)	(392)	(188)	(564)	(752)
<b>Net (loss)/return before taxation</b>	<b>(233)</b>	<b>46,691</b>	<b>46,458</b>	<b>(177)</b>	<b>20,914</b>	<b>20,737</b>	<b>2,312</b>	<b>162,902</b>	<b>165,214</b>
Taxation	(14)	–	(14)	–	–	–	(166)	–	(166)
<b>Net (loss)/return after taxation</b>	<b>(247)</b>	<b>46,691</b>	<b>46,444</b>	<b>(177)</b>	<b>20,914</b>	<b>20,737</b>	<b>2,146</b>	<b>162,902</b>	<b>165,048</b>
<b>(Loss)/return per share (note 3)</b>	<b>(0.32)p</b>	<b>61.23p</b>	<b>60.91p</b>	<b>(0.24)p</b>	<b>28.77p</b>	<b>28.53p</b>	<b>2.95p</b>	<b>224.06p</b>	<b>227.01p</b>

<sup>1</sup> Includes income from securities lending.

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 net (loss)/return after taxation represents the (loss)/return for the period and also the total comprehensive income.

## STATEMENT OF CHANGES IN EQUITY

### FOR THE SIX MONTHS ENDED 31ST MARCH 2021

	Called up share capital £'000	Share premium £'000	Exercised warrant reserve £'000	Capital redemption reserve £'000	Other reserve <sup>1,2</sup> £'000	Capital reserves <sup>2</sup> £'000	Revenue reserve <sup>2</sup> £'000	Total £'000
<b>Six months ended 31st March 2021 (Unaudited)</b>								
<b>At 30th September 2020</b>	<b>19,481</b>	<b>13,321</b>	<b>3</b>	<b>581</b>	<b>37,392</b>	<b>340,185</b>	<b>—</b>	<b>410,963</b>
Issue of Ordinary shares	972	29,920	—	—	—	—	—	30,892
Issue of shares from Treasury	—	28,613	—	—	—	9,007	—	37,620
Net return/(loss)	—	—	—	—	—	46,691	(247)	46,444
Dividends paid in the period (note 4)	—	—	—	—	—	(8,510)	—	(8,510)
<b>At 31st March 2021</b>	<b>20,453</b>	<b>71,854</b>	<b>3</b>	<b>581</b>	<b>37,392</b>	<b>387,373</b>	<b>(247)</b>	<b>517,409</b>
<b>Six months ended 31st March 2020 (Unaudited)</b>								
<b>At 30th September 2019</b>	<b>19,481</b>	<b>13,321</b>	<b>3</b>	<b>581</b>	<b>37,392</b>	<b>179,059</b>	<b>3,276</b>	<b>253,113</b>
Net return/(loss)	—	—	—	—	—	20,914	(177)	20,737
Dividend paid in the period (note 4)	—	—	—	—	—	—	(1,818)	(1,818)
<b>At 31st March 2020</b>	<b>19,481</b>	<b>13,321</b>	<b>3</b>	<b>581</b>	<b>37,392</b>	<b>199,973</b>	<b>1,281</b>	<b>272,032</b>
<b>Year ended 30th September 2020 (Audited)</b>								
<b>At 30th September 2019</b>	<b>19,481</b>	<b>13,321</b>	<b>3</b>	<b>581</b>	<b>37,392</b>	<b>179,059</b>	<b>3,276</b>	<b>253,113</b>
Net return	—	—	—	—	—	162,902	2,146	165,048
Dividends paid in the year (note 4)	—	—	—	—	—	(1,776)	(5,422)	(7,198)
<b>At 30th September 2020</b>	<b>19,481</b>	<b>13,321</b>	<b>3</b>	<b>581</b>	<b>37,392</b>	<b>340,185</b>	<b>—</b>	<b>410,963</b>

<sup>1</sup> Created during the year ended 30th September 1999, following a cancellation of the share premium account.

<sup>2</sup> These reserves form the distributable reserves of the Company and may be used to fund distribution to investors.

## STATEMENT OF FINANCIAL POSITION

### AT 31ST MARCH 2021

	(Unaudited) 31st March 2021 £'000	(Unaudited) 31st March 2020 £'000	(Audited) 30th September 2020 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	563,208	311,495	454,645
<b>Current assets</b>			
Debtors	1,106	54	819
Cash and cash equivalents	1,822	–	343
	2,928	54	1,162
<b>Current liabilities</b>			
Creditors: amounts falling due within one year <sup>1</sup>	(48,727)	(39,517)	(44,844)
<b>Net current liabilities</b>	<b>(45,799)</b>	<b>(39,463)</b>	<b>(43,682)</b>
<b>Total assets less current liabilities</b>	<b>517,409</b>	<b>272,032</b>	<b>410,963</b>
<b>Net assets</b>	<b>517,409</b>	<b>272,032</b>	<b>410,963</b>
<b>Capital and reserves</b>			
Called up share capital	20,453	19,481	19,481
Share premium	71,854	13,321	13,321
Exercised warrant reserve	3	3	3
Capital redemption reserve	581	581	581
Other reserve	37,392	37,392	37,392
Capital reserves	387,373	199,973	340,185
Revenue reserve	(247)	1,281	–
<b>Total shareholders' funds</b>	<b>517,409</b>	<b>272,032</b>	<b>410,963</b>
<b>Net asset value per share (note 5)</b>	<b>632.5p</b>	<b>374.2p</b>	<b>565.3p</b>

<sup>1</sup> As at 31st March 2021, £47.2 million (31st March 2020: £38.7 million; 30th September 2020: £43.6 million) was drawn down from the loan facility.

Company registration number: 02853893

## STATEMENT OF CASH FLOWS

### FOR THE SIX MONTHS ENDED 31ST MARCH 2021

	(Unaudited) Six months ended 31st March 2021 £'000	(Unaudited) Six months ended 31st March 2020 £'000	(Audited) Year ended 30th September 2020 £'000
Net cash outflow from operations before dividends and interest (note 6)	(2,710)	(1,309)	(2,885)
Dividends received	532	569	3,248
Interest received	7	11	18
Overseas tax recovered	—	—	1
Interest paid	(402)	(382)	(700)
<b>Net cash outflow from operating activities</b>	<b>(2,573)</b>	<b>(1,111)</b>	<b>(318)</b>
Purchases of investments	(203,840)	(65,936)	(174,168)
Sales of investments	141,306	53,917	161,070
Settlement of foreign currency contracts	24	30	33
<b>Net cash outflow from investing activities</b>	<b>(62,510)</b>	<b>(11,989)</b>	<b>(13,065)</b>
Dividends paid	(8,510)	(1,818)	(7,198)
Issue of Ordinary shares	30,892	—	—
Reissue of shares from Treasury	37,620	—	—
Drawdown of bank loans	6,800	11,186	17,895
Repayment of bank loans	—	—	(67)
<b>Net cash inflow from financing activities</b>	<b>66,802</b>	<b>9,368</b>	<b>10,630</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>1,719</b>	<b>(3,732)</b>	<b>(2,753)</b>
Cash and cash equivalents at start of period	343	3,134	3,134
Exchange movements	(240)	32	(38)
Cash and cash equivalents at end of period	1,822	(566)	343
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>1,719</b>	<b>(3,732)</b>	<b>(2,753)</b>
<b>Cash and cash equivalents consist of:</b>			
Cash and short term deposits	372	(566)	343
Cash held in JPMorgan US Dollar Liquidity Fund	1,450	—	—
<b>Total</b>	<b>1,822</b>	<b>(566)</b>	<b>343</b>

### RECONCILIATION OF NET DEBT

	As at 30th September 2020 £'000	Cash flows £'000	Other non-cash charges £'000	As at 31st March 2021 £'000
<b>Cash and cash equivalents</b>				
Cash	343	260	(231)	372
Cash equivalents	—	1,459	(9)	1,450
	343	1,719	(240)	1,822
<b>Borrowings</b>				
Debt due within one year	(43,583)	(6,800)	3,155	(47,228)
	(43,583)	(6,800)	3,155	(47,228)
<b>Total</b>	<b>(43,240)</b>	<b>(5,081)</b>	<b>2,915</b>	<b>(45,406)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 31ST MARCH 2021

### 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 2020 are extracted from the latest published financial statements of the Company and do not constitute statutory accounts for that year. Those financial statements 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 financial statements are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP') including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in October 2019.

FRS 104, 'Interim Financial Reporting', issued by the Financial Reporting Council ('FRC') in March 2015, has been applied in preparing this condensed set of financial statements for the six months ended 31st March 2021.

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

The accounting policies applied to this condensed set of financial statements are consistent with those applied in the financial statements for the year ended 30th September 2020.

### 3. Return/(loss) per share

	(Unaudited) Six months ended 31st March 2021 £'000	(Unaudited) Six months ended 31st March 2020 £'000	(Audited) Year ended 30th September 2020 £'000
(Loss)/Return per share is based on the following:			
Revenue (loss)/return	(247)	(177)	2,146
Capital return	46,691	20,914	162,902
<b>Total return</b>	<b>46,444</b>	<b>20,737</b>	<b>165,048</b>
Weighted average number of shares in issue during the period/year	76,252,710	72,703,188	72,703,188
Revenue (loss)/return per share	(0.32)p	(0.24)p	2.95p
Capital return per share	61.23p	28.77p	224.06p
<b>Total return per share</b>	<b>60.91p</b>	<b>28.53p</b>	<b>227.01p</b>

**4. Dividends paid**

	(Unaudited) Six months ended 31st March 2021 £'000	(Unaudited) Six months ended 31st March 2020 £'000	(Audited) Year ended 30th September 2020 £'000
2019 final dividend of 2.5p per share	–	1,818	1,818
2021 first quarterly interim dividend of 5.7p (2020: 3.7p)	4,144	–	2,690
2021 second quarterly interim dividend of 5.7p (2020: 3.7p)	4,366	–	2,690
<b>Total dividends paid</b>	<b>8,510</b>	<b>1,818</b>	<b>7,198</b>

A third quarterly dividend of 5.7p has been declared for payment on 1st June 2021 for the financial year ending 30th September 2021.

Dividend payments in excess of the revenue amount will be paid out of the Company's distributable capital reserve.

**5. Net asset value per share**

	(Unaudited) Six months ended 31st March 2021	(Unaudited) Six months ended 31st March 2020	(Audited) Year ended 30th September 2020
Net assets (£'000)	517,409	272,032	410,963
Number of shares in issue	81,804,965	72,703,188	72,703,188
<b>Net asset value per share</b>	<b>632.5</b>	<b>374.2p</b>	<b>565.3p</b>

**6. Reconciliation of net return/(loss) before finance costs and taxation to net cash outflow from operations before dividends and interest**

	(Unaudited) Six months ended 31st March 2021 £'000	(Unaudited) Six months ended 31st March 2020 £'000	(Audited) Year ended 30th September 2020 £'000
Net return before finance costs and taxation	46,867	21,129	165,966
Less capital return before finance costs and taxation	(46,998)	(21,207)	(163,466)
Scrip Dividends received as income	–	(110)	(110)
Decrease in accrued income and other debtors	192	308	128
(Decrease)/increase in accrued expenses	(11)	(10)	25
Management fee charged to capital	(1,632)	(897)	(2,050)
Tax on unfranked investment income	(2)	–	(179)
Dividends received	(532)	(569)	(3,248)
Interest received	(7)	(11)	(18)
Realised losses on foreign currency transactions	(5)	(50)	99
Exchange (loss)/gain on Liquidity fund	(582)	108	(32)
<b>Net cash outflow from operations before dividends and interest</b>	<b>(2,710)</b>	<b>(1,309)</b>	<b>(2,885)</b>

## 7. Fair valuation of investments

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

	(Unaudited) Six months ended 31st March 2021		(Unaudited) Six months ended 31st March 2020		(Audited) Year ended 30th September 2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	530,821	–	307,646	–	436,285	–
Level 2 <sup>1</sup>	32,387	–	3,849	–	18,360	–
<b>Total</b>	<b>563,208</b>	<b>–</b>	<b>311,495</b>	<b>–</b>	<b>454,645</b>	<b>–</b>

<sup>1</sup> Participatory notes. 31st March 2021: (Montage Technology, Beijing Kingsoft, StarPower Semiconductor, Shanghai Baosight, Fujian Anjoy Foods, Leader Harmonious, Autibio Diagnostics, Han's Laser Technology, Amoy Diagnostics, Jiangsu Hengs, Zhongji Innolight). 31st March 2020: Shanghai Baosight and Autibio Diagnostics. 30th September 2020: Montage Technology, Shanghai Baosight, Fujian Anjoy Foods, Advanced Micro Devices, Autibio Diagnostics.

# Interim Management Report

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

### Principal and Emerging Risks and Uncertainties

We have seen specific instances of regulatory risk in China during the last six months which have been described in the Investment Managers' Report. With the exception of this, the principal and emerging risks and uncertainties faced by the Company have not changed during the period and fall into the following broad categories: geopolitical; investment underperformance; strategy and business management; loss of Investment Team or investment Manager; share price discount; governance; legal and regulatory; corporate governance and shareholder relations; operational risk and cybercrime; financial; global pandemic; and climate change. Information on each of these areas is given in the Business Review within the Annual report and Financial Statements for the year ended 30th September 2020.

### 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.

### 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 and, more specifically, that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operational existence for at least 12 months from the date of the approval of this half yearly financial report. For these reasons, they consider there is reasonable 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 FRS 104 'Interim Financial Reporting' and gives a true and fair view of the state of affairs of the Company and of the assets, liabilities, financial position and net return of the Company, as at 31st March 2021, as required by the UK Listing Authority Disclosure and Transparency Rule ('DTR') 4.2.4R; and
- (ii) the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the UK Listing Authority Disclosure and Transparency Rules.

In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

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

and the Directors confirm that they have done so.

For and on behalf of the Board

**John Misselbrook**

*Chairman*

21st May 2021

## Shareholder Information

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### Return to Shareholders (APM)

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

Total return calculation	Six months ended	
	Page	31st March 2021
Opening share price (p)	4	552.0 (a)
Closing share price (p)	4	616.0 (b)
Total dividend adjustment factor <sup>1</sup>		1.016535 (c)
Adjusted closing share price (d = b x c)		626.2 (d)
<b>Total return to shareholders (e = d / a - 1)</b>		<b>13.4%</b> (e)

<sup>1</sup> The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the last traded price quoted at the ex-dividend date.

### Return on Net Assets (APM)

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, without transaction costs, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Total return calculation	Six months ended	
	Page	31st March 2021
Opening cum-income NAV per share (p)	4	565.3 (a)
Closing cum-income NAV per share (p)	4	632.5 (b)
Total dividend adjustment factor <sup>1</sup>		1.016899 (c)
Adjusted closing cum-income NAV per share (d = b x c)		643.2 (d)
<b>Total return on net assets (e = d / a - 1)</b>		<b>13.8%</b> (e)

<sup>1</sup> The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the last traded price quoted at the ex-dividend date.

### Net asset value per share (APM)

The value of the Company's net assets (total assets less total liabilities) divided by the number of ordinary shares in issue. Please see note 5 on page 21 for detailed calculations.

### Benchmark total return

Total return on the benchmark, on a closing-market value to closing-market value basis, assuming that all dividends received were reinvested, without transaction costs, in 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 follow or 'track' this index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

### Gearing/(Net Cash) (APM)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds.

If the amount calculated is negative, this is shown as a 'net cash' position.

## GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES ('APMs')

		31st March 2021 £'000	30th September 2020 £'000	
<b>Gearing calculation</b>	<b>Page</b>			
Investments held at fair value through profit or loss	18	563,208	454,645	(a)
Net assets	18	517,409	410,963	(b)
<b>Gearing (c = a / b - 1)</b>		<b>8.9%</b>	<b>10.6%</b>	<b>(c)</b>

### Ongoing Charges (APM)

The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs payable, expressed as a percentage of the average of the daily cum-income net assets during the year and is calculated in accordance with guidance issued by the Association of Investment Companies.

The figure as at 31st March 2021 is an estimated annualised figure based on the actual figures for the six months ended 31st March 2021.

		31st March 2021 £'000	30th September 2020 £'000	
<b>Ongoing charges calculation</b>	<b>Page</b>			
Management Fee <sup>1</sup>	16	4,352	2,733	
Other administrative expenses	16	486	438	
Total management fee and other administrative expenses		4,838	3,171	(a)
Average daily cum-income net assets		507,864	315,530	(b)
<b>Ongoing charges (c = a / b)</b>		<b>0.95%</b>	<b>1.00%</b>	<b>(c)</b>

<sup>1</sup> With effect from 1st April 2020, the management fee was amended from 1% per annum of the Company's total assets less current liabilities, after adding back any loans, to 0.9% per annum of the Company's net assets. Therefore, the management fees for the second half of the year ended 30th September 2020 are calculated under the new fee structure.

### Share Price Discount/(Premium) to Net Asset Value ('NAV') per Share (APM)

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 (page 4).

### Performance attribution

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

#### Performance Attribution Definitions:

##### Stock and sector selection

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

##### Currency effect

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

##### Gearing/(Net Cash)

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

##### Dividends/Residual

Represents timing differences in respect of cash flows and dividends.

**Management fee/Other expenses**

The payment of fees and expenses reduces the level of total assets, and therefore has a negative effect on relative performance.

**Share Buyback**

Measures the enhancement to net asset value per share of buying back the Company's shares for cancellation at a price which is less than the Company's net asset value per share.

**Share Issuance**

Measures the enhancement to net asset value per share of issuing shares in the Company at a price which is greater than the Company's net asset value per share.

**American Depositary Receipts (ADRs)**

Certificates that are traded on US stock exchanges representing a specified number of shares in a non-US company. ADRs are denominated and pay dividends in US dollars and may be traded like regular shares of stock.

**China A-Shares**

Companies incorporated in mainland China and which are traded in the mainland A-Share markets. The prices of A-Shares are quoted in renminbi, and currently, only Mainland Chinese Investors and selected Foreign Institutional Investors are allowed to trade A-Shares.

The Company invests directly in China A-Shares and also gains access to the A-Share market by investing into China A-Share access products (participatory notes).

**China B-Shares**

Companies incorporated in mainland China and traded on the mainland B-Share markets. The prices of B-Shares are quoted in US dollars and are available to both Mainland Chinese Investors and Foreign Institutional Investors.

**Hong Kong H-Shares**

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

**Shanghai-Hong Kong Stock Connect**

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

**Shenzhen-Hong Kong Stock Connect**

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

**Participatory Notes (or P-Notes)**

Financial instruments used to gain access to markets with capital controls. The notes are derivative products issued by brokers or other financial institutions that are allowed to invest directly in the restricted market.

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

### 1. Via a third party provider

Third party providers include:

AJ Bell You Invest	Fidelity Personal Investing
Barclays Smart Investor	Halifax Share Dealing
Charles Stanley Direct	Hargreaves Lansdown
EQi	Interactive Investor

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

The Board encourages all of its shareholders to exercise their rights and notes that many specialist platforms provide shareholders with the ability to receive company documentation, to vote their shares and to attend general meetings, at no cost. Please refer to your investment platform for more details, or visit the Association of Investment Companies' ('AIC') website at [www.theaic.co.uk/aic/shareholder-voting-consumer-platforms](http://www.theaic.co.uk/aic/shareholder-voting-consumer-platforms) for information on which platforms support these services and how to utilise them.

### 2. Through a professional adviser

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

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

To familiarise yourself with the Financial Conduct Authority (FCA) adviser charging and commission rules, visit [fca.org.uk](http://fca.org.uk)

### Be ScamSmart

#### Investment scams are designed to look like genuine investments

##### Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

#### Avoid investment fraud

##### 1 Reject cold calls

If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

##### 2 Check the FCA Warning List

The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

##### 3 Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

**Remember: if it sounds too good to be true, it probably is!**

#### Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at [www.fca.org.uk/consumers/report-scam-unauthorised-firm](http://www.fca.org.uk/consumers/report-scam-unauthorised-firm). You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at [www.actionfraud.police.uk](http://www.actionfraud.police.uk)

**Find out more at**  
[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)



## FINANCIAL CALENDAR

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

## History

JPMorgan China Growth & Income 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 4th February 2020.

## Directors

John Misselbrook (Chairman)  
David Graham  
Alexandra Mackesy  
Oscar Wong

## Company Numbers

Company registration number: 02853893  
London Stock Exchange Sedol number: 0343501  
ISIN: GB0003435012  
Bloomberg ticker: JCGI LN  
LEI: 549300S8M91P5FYONY25

## Market Information

The Company's net asset value ('NAV') per share is published daily via the London Stock Exchange. 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 on the J.P. Morgan internet site at [www.jpmorganchinagrowthandincome.co.uk](http://www.jpmorganchinagrowthandincome.co.uk) where the prices are updated every fifteen minutes during trading hours.

## Website

[www.jpmchinagrowthandincome.co.uk](http://www.jpmchinagrowthandincome.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.

## Manager and Company Secretary

JPMorgan Funds Limited

## Company's Registered Office

60 Victoria Embankment  
London EC4Y 0JP  
Telephone number: 020 7742 4000  
For company secretarial and administrative matters, please contact Lucy Dina at the above address.

## Depository

The Bank of New York Mellon (International) Limited  
1 Canada Square  
London E14 5AL  
The Depository has appointed JPMorgan Chase Bank, N.A. as the Company's custodian.

## Registrar

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

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

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1078.

Registered shareholders can obtain further details on individual holdings on the internet by visiting [www.shareview.co.uk](http://www.shareview.co.uk).

## Independent Auditor

BDO LLP  
Statutory Auditor  
150 Aldersgate Street  
London EC1A 4AB

## Broker

Winterflood Securities Limited  
The Atrium Building  
Cannon Bridge  
25 Dowgate Hill  
London EC4R 2GA  
Telephone number: 020 3100 0000



The Association of  
Investment Companies

A member of the AIC

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