JF SAR Greater China Fund

Unaudited Semi-Annual Report
31 December 2011

J.P.Morgan
Asset Management

Contents **Page**

Statement of Financial Position	1
Statement of Comprehensive Income	2
Statement of Changes in Net Assets Attributable to Holders of Redeemable Units	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 8
Investment Portfolio	9 - 10
Statement of Movements in Portfolio Holdings	11

This report does not constitute an offer of any units in the fund forming the subject matter of this document (the "Fund"). Subscriptions are only valid if made on the basis of the current explanatory memorandum (or equivalent), supplemented by the most recent financial report.

Statement of Financial Position
As at 31 December 2011 *(Unaudited)*

	31.12.2011 HK$	30.6.2011 (Restated) HK$	1.1.2011 (Restated) HK$
Assets			
Cash at banks	9,120,571	6,357,172	12,048,326
Amounts due from brokers	2,139,190	4,060,669	884,338
Amounts receivable on allotment	443,192	2,896,244	141,131
Investments [Note 3]	630,262,847	715,292,822	737,869,611
Dividend and other accounts receivable	117,600	4,225,437	6,351
Total assets	642,083,400	732,832,344	750,949,757
Liabilities			
Amounts due to brokers	2,392,145	1,619,955	4,720,588
Amounts payable on redemption	26,467	-	41,496
Other accounts payable	374,323	572,295	409,283
Liabilities (excluding net assets attributable to holders of redeemable units)	2,792,935	2,192,250	5,171,367
Net assets attributable to holders of redeemable units (before fair value adjustment) [Note 3]	639,290,465	730,640,094	745,778,390
Fair value adjustment of units of the Fund [Note 3]	1,643,252	1,599,132	1,637,815
Net assets attributable to holders of redeemable units (after fair value adjustment) [Note 3]	640,933,717	732,239,226	747,416,205

The notes on pages 5 to 8 form part of these financial statements.

Statement of Comprehensive Income
For the period ended 31 December 2011 *(Unaudited)*

	1.7.2011 to 31.12.2011 HK$	1.7.2010 to 31.12.2010 (Restated) HK$
Income		
Net (losses)/gains on investments [Note 4]	(182,769,341)	134,021,535
Dividend income	8,967,441	7,969,212
Net foreign currency exchange gains	4,545	77,395
Interest on deposits	26	225
Other income	-	35,331
	(173,797,329)	142,103,698
Expenses		
Transaction costs	1,820,866	1,858,135
Management fee	1,485,525	1,580,912
Trustee's fee	266,689	259,267
Safe custody and bank charges	105,059	113,744
Valuation fee	68,071	69,652
Registrar's fee	46,093	34,282
Auditor's fee	39,296	39,583
Printing and publication expenses	3,266	2,418
Legal and professional expenses	1,453	110,285
Other operating expenses	897	1,119
	3,837,215	4,069,397
(Loss)/profit before taxation	(177,634,544)	138,034,301
Taxation	(1,679,814)	(1,365,527)
	(179,314,358)	136,668,774
Change in cumulative difference arising from the fair value adjustment of units of the Fund	44,120	923,626
(Decrease)/increase in net assets attributable to holders of redeemable units and total comprehensive (loss)/income	(179,270,238)	137,592,400

The notes on pages 5 to 8 form part of these financial statements.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
For the period ended 31 December 2011 *(Unaudited)*

	1.7.2011 to 31.12.2011 HK$	1.7.2010 to 31.12.2010 (Restated) HK$
Net assets attributable to holders of redeemable units at the beginning of the period	732,239,226	519,464,203
Allotment of redeemable units	137,976,332	123,077,410
Redemption of redeemable units	(50,011,603)	(32,717,808)
Net allotment	87,964,729	90,359,602
	820,203,955	609,823,805
(Decrease)/increase in net assets attributable to holders of redeemable units and total comprehensive (loss)/income	(179,270,238)	137,592,400
Net assets attributable to holders of redeemable units at the end of the period	640,933,717	747,416,205

The notes on pages 5 to 8 form part of these financial statements.

Statement of Cash Flows
For the period ended 31 December 2011 *(Unaudited)*

	1.7.2011 to 31.12.2011 HK$	1.7.2010 to 31.12.2010 (Restated) HK$
Operating activities		
Purchase of investments	(353,079,832)	(293,483,086)
Proceeds from disposal of investments	258,027,201	197,447,461
Dividend received	13,070,842	9,708,791
Interest received	26	225
Registrar's fee paid	(72,728)	(61,381)
Trustee's fee paid	(272,278)	(246,013)
Management fee paid	(1,503,075)	(1,468,621)
Tax paid	(1,679,814)	(1,365,527)
Transaction costs paid	(1,853,934)	(1,923,846)
Others	(296,319)	(291,178)
Net cash outflow from operating activities	(87,659,911)	(91,683,175)
Financing activities		
Receipts on allotment of redeemable units	140,429,384	124,903,984
Payments on redemption of redeemable units	(49,985,136)	(32,678,085)
Net cash inflow from financing activities	90,444,248	92,225,899
Increase in cash and cash equivalents	2,784,337	542,724
Cash and cash equivalents at the beginning of the period	6,357,172	11,497,275
Exchange (losses)/gains on cash and cash equivalents	(20,938)	8,327
Cash and cash equivalents at the end of the period	9,120,571	12,048,326
Analysis of balances of cash and cash equivalents:		
Cash at banks	9,120,571	12,048,326

The notes on pages 5 to 8 form part of these financial statements.

Notes to the Financial Statements

1 The Fund

JF SAR Greater China Fund (the "Fund") was established under a Trust Deed dated 12 July 2007, as amended, and is governed by the laws of Hong Kong. The Fund is authorized by the Securities and Futures Commission of Hong Kong (“SFC”).

Prior to 1 July 2011, the investment policy of the Fund was to provide investors with long-term capital growth in United States dollar terms through a portfolio consisting primarily of securities of companies based or operating principally in the People's Republic of China, Hong Kong, Macau or Taiwan ("Greater China Region") and the majority of these companies will be listed on a stock exchange in Hong Kong or Taiwan.

With effect from 1 July 2011, the base currency of the Fund was changed from United States dollars to Hong Kong dollars and the investment policy of the Fund was also changed to provide investors with long-term capital growth in Hong Kong dollar terms through a portfolio consisting primarily of securities of companies based or operating principally in the People’s Republic of China, Hong Kong, Macau or Taiwan (“Greater China Region”) and the majority of these companies will be listed on a stock exchange in Hong Kong or Taiwan.

The Fund has been approved under section 6 of the Mandatory Provident Fund Schemes (General) Regulation (the "General Regulation") as an Approved Pooled Investment Fund since 9 July 2007. The Fund is also required to comply with the Schedule of Conditions for Approval of Pooled Investment Funds issued by the Mandatory Provident Fund Schemes Authority (the "MPFA") to the Fund dated 9 July 2007.

The Fund is established with different classes of units to cater for different categories of investors. Currently, the Fund offers two classes of units. The two classes of units are:

Class A - Available to collective investment schemes, pension plans, segregated portfolios or other types of investment vehicles to which units of Class B are not made available.

Class B - Available to any schemes registered under the General Regulation for investment purpose only and collective investment schemes which are authorized by the SFC, pension plans, segregated portfolios or other types of investment vehicles where the Manager or its associated party acts as the manager or the investment manager of such scheme, plan, portfolio or vehicle and a management fee or investment management fee is being charged by them.

All unitholders' rights with regard to the convening, voting or otherwise acting at any meeting of unitholders are the same.

2 Summary of principal accounting policies

(a) Accounting policies of interim financial statements

Except for the change in presentation currency as described in Note 2(c), the accounting policies and methods of computation used in the preparation of these unaudited condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2011.

(b) Investments

Classification

The Fund classifies its investments as financial assets or financial liabilities at fair value through profit or loss. These financial assets or financial liabilities are held-for-trading as they are acquired or incurred principally for the purpose of selling or repurchasing in the near term or short-term profit taking.

Recognition, derecognition and measurement

Purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognized at fair value and are subsequently re-measured at fair value. Realized and unrealized gains and losses on investments are recognized in the Statement of Comprehensive Income. Investments are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Fair value estimation

Investments that are listed or traded on an exchange and investments with prices quoted in over-the-counter markets or by market makers, are fair valued based on quoted "bid" prices on long investments and quoted "ask" prices on investments sold short.

Investments in collective investment schemes are stated at fair value based on the net asset value per unit of the respective funds as determined by the administrators of the relevant funds or stated at "bid" prices if the collective investment schemes are listed or traded on an exchange.

(c) Foreign currency translation

Functional and presentation currency

With effect from 1 July 2011, the net assets attributable to holders of redeemable units of the Fund are calculated in Hong Kong dollars and the allotment and redemption of units in the Fund are settled in Hong Kong dollars. As a result, the functional and presentation currency of the Fund has been changed from United States dollars to Hong Kong dollars.

Since the majority of the Fund's investments are denominated in Hong Kong dollars, this change has been undertaken to reduce the costs arising from the currency conversion between United States dollars and Hong Kong dollars.

Accounting policy for the change in functional and presentation currency

Pursuant to Hong Kong Accounting Standards ("HKAS") 21, the change of functional currency shall be applied prospectively. However, pursuant to HKAS 8, the choice of presentation currency represents a change in accounting policy and any change should be applied retrospectively. All assets and liabilities are translated from their functional currency into the new presentation currency at the beginning of the comparative period using the opening exchange rate and at the end of the comparable period using the closing exchange rate. Statement of Comprehensive Income items are translated at an actual exchange rate or at an average exchange rate approximating the actual exchange rate.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of assets and liabilities denominated in foreign currencies at period/year end exchange rates are recognized in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within "Net foreign currency exchange gains/losses". Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within "Net gains/losses on investments".

(d) Proceeds and payments on allotment and redemption of units

The net asset value per unit is computed for each dealing day. The price at which units are allotted or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day in accordance with the provisions of the Fund's Trust Deed dated 12 July 2007, as amended, which may be different from the accounting policies stated in the financial statements.

Units of the Fund are redeemable at the option of the holders of redeemable units and are classified as a financial liability in the Statement of Financial Position which represents the net assets attributable to holders of redeemable units (or "net asset value" or "net assets" or "NAV") and is carried at the redemption amount that would be payable at the Statement of Financial Position date if the holders of redeemable units exercised the right to redeem units of the Fund.

3 Net assets attributable to holders of redeemable units and number of units in issue

Fair value adjustment of units of the Fund

As stated in Note 2(d), units of the Fund are redeemable at the option of the holders of redeemable units and are classified as a financial liability in the Statement of Financial Position which represents the net assets attributable to the holders of redeemable units and is carried at the redemption amount that would be payable at the Statement of Financial Position date, if the holders of redeemable units exercised the right to redeem units of the Fund. The redemption amount is determined based on the net assets attributable to holders of redeemable units calculated in accordance with the provisions of the Fund's Trust Deed dated 12 July 2007, as amended ("Trust Deed NAV").

	31.12.2011 HK$	30.6.2011 (Restated) HK$
Net assets attributable to holders of redeemable units (before fair value adjustment)	639,290,465	730,640,094
Fair value adjustment of units of the Fund:		
Difference between bid/ask prices and last traded prices basis in valuing investments as at the end of the period [Note 3(a)]	1,643,252	1,599,132
Net assets attributable to holders of redeemable units (after fair value adjustment)	640,933,717	732,239,226

Note:

(a) Listed investments and investments with prices quoted in over-the-counter markets or by market makers are stated at the last traded prices for the purpose of the Trust Deed NAV. As stated in Note 2(b), the accounting policy of the Fund for the purpose of compliance with HKAS 39, "Financial Instruments: Recognition and Measurement" and for reporting purposes is to value its investments at fair value based on the relevant bid/ask market prices on the Statement of Financial Position date.

Number of units in issue

	31.12.2011 Units	30.6.2011 Units
Number of units in issue		
Class A	3,860,361.757	3,709,502.540
Class B	4,479,724.748	4,582,208.063

	HK$	(Restated) HK$
Net assets attributable to holders of redeemable units (after fair value adjustment)		
Class A	295,875,581	320,507,727
Class B	345,058,136	411,731,499
	640,933,717	732,239,226
Net assets attributable to holders of redeemable units (per unit)		
Class A	76.64	86.40
Class B	77.03	89.85

4 Net (losses)/gains on investments

	1.7.2011 to 31.12.2011 HK$	1.7.2010 to 31.12.2010 (Restated) HK$
Change in unrealized gains/losses in value of investments	(132,417,075)	113,990,316
Realized (losses)/gains on sale of investments	(50,352,266)	20,031,219
	(182,769,341)	134,021,535

5 Soft commission arrangements

The Manager has entered into soft commission arrangements with brokers under which certain goods and services used to support investment decision making are received by the Manager. The Manager does not make direct payment for these services but transacts an agreed amount of business with the brokers on behalf of the Fund. Commission is paid from the Fund on these transactions.

The goods and services must be of demonstrable benefit to the Fund and may include research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services, computer hardware and software incidental to the above goods and services; clearing and custodian services and investment-related publications.

6 Distribution

No distribution was made during the period (31 December 2010: nil).

Investment Portfolio
As at 31 December 2011 *(Unaudited)*

	Holding	Fair value HK$	% of net assets
Listed/Quoted Investments (98.3%)			
Equities (98.3%)			
China (2.0%)			
China Vanke 'B'	1,689,160	12,719,375	2.0
Hong Kong (70.3%)			
Agricultural Bank of China 'H'	4,664,000	15,531,120	2.4
AIA Group	855,200	20,695,840	3.2
Aluminum Corp of China 'H'	866,000	2,909,760	0.5
Anhui Conch Cement 'H'	236,500	5,439,500	0.8
Beijing Jingkelong Co 'H'	250,000	1,600,000	0.3
BOC Hong Kong (Hldgs)	290,000	5,336,000	0.8
Cheung Kong (Hldgs)	199,000	18,347,800	2.9
China CITIC Bank 'H'	1,357,200	5,930,964	0.9
China Construction Bank 'H'	5,737,510	30,982,554	4.8
China Mobile	457,000	34,663,449	5.4
China National Bldg Material 'H'	1,358,000	11,963,980	1.9
China Oilfield Services 'H'	546,000	6,639,360	1.0
China Overseas Land & Investment	804,000	10,403,760	1.6
China Pacific Insurance (Group) 'H'	387,800	8,570,380	1.3
China Petroleum & Chemical 'H'	2,384,000	19,477,280	3.0
China Resources Gas Group	686,000	7,587,160	1.2
China Shipping Development 'H'	774,000	3,738,420	0.6
China Telecom 'H'	2,016,000	8,870,400	1.4
CNOOC Ltd	1,811,000	24,593,380	3.8
Hang Lung Properties	414,000	9,108,000	1.4
Hidili Industry Intl Development	614,000	1,406,060	0.2
Hutchison Whampoa	85,000	5,529,250	0.9
Ind & Comm Bank of China 'H'	6,173,950	28,461,910	4.4
Intime Department Store (Group)	732,000	5,782,800	0.9
Jardine Matheson Hldgs (CDP)	31,365	11,458,916	1.8
Kerry Properties	153,000	3,909,150	0.6
Midland Hldgs	614,000	2,474,420	0.4
Orient Overseas (Intl)	134,500	6,059,225	0.9
Parkson Retail Group	545,000	5,161,150	0.8
PICC Property & Casualty 'H'	854,000	8,949,920	1.4
PICC Property & Casualty 'H'-AC	93,400	978,832	0.2
Ping An Insurance (Group) 'H'	239,000	12,212,900	1.9
Power Assets Hldgs	219,000	12,548,700	2.0
Prada SpA	233,100	8,181,810	1.3
Sands China	529,200	11,483,640	1.8
Springland Intl Hldgs	885,000	4,407,300	0.7
Sun Art Retail Group	237,500	2,303,750	0.4
Sun Hung Kai Properties	20,000	1,940,000	0.3
Tencent Hldgs	122,600	19,125,600	3.0
Tingyi (Cayman Islands) Hldgs	452,000	10,667,200	1.7
Want Want China Hldgs	1,461,000	11,278,920	1.8
Wharf (Hldgs)	277,600	9,729,880	1.5
Wing Hang Bank	66,258	4,187,506	0.7
Wynn Macau	145,200	2,822,688	0.4
Yanzhou Coal Mining 'H'	424,000	7,021,440	1.1
Taiwan (26.0%)			
Advanced Semiconductor Eng	1,593,635	10,566,686	1.6
Asustek Computer	130,780	7,228,997	1.1
Catcher Technology	120,000	4,324,610	0.7
China Life Insurance	769,434	4,835,338	0.8
China Petrochemical Development	210,065	1,452,118	0.2

Investment Portfolio (Continued)
As at 31 December 2011 *(Unaudited)*

	Holding	Fair value HK$	% of net assets
Taiwan (Continued)			
E Sun Financial Hldg	1,413,332	4,712,778	0.7
Evergreen Marine	885,000	3,461,804	0.5
Formosa Chemicals & Fibre	382,000	7,828,878	1.2
Formosa Plastics	537,000	11,129,485	1.7
Foxconn Technology	210,850	5,224,445	0.8
Fubon Financial Hldg	769,982	6,329,917	1.0
Kinsus Interconnect Technology	153,000	3,151,348	0.5
Largan Precision	38,460	5,583,611	0.9
MediaTek Inc	89,000	6,323,524	1.0
Mega Financial Hldg	1,347,740	6,983,078	1.1
Oriental Union Chemical	522,000	5,087,958	0.8
President Chain Store	194,000	8,210,604	1.3
Prince Housing & Development	937,040	3,893,701	0.6
Taiwan Cement	587,428	5,273,660	0.8
Taiwan Semiconductor Mfg	2,198,197	42,626,317	6.7
TPK Hldgs Co	40,700	4,118,422	0.6
Uni-President Enterprises	773,000	8,724,119	1.4
Total Listed/Quoted Investments		630,262,847	98.3
Other net assets		10,670,870	1.7
Net assets attributable to holders of redeemable units at 31 December 2011		640,933,717	100.0
Total investments, at cost		647,610,596	

Statement of Movements in Portfolio Holdings
For the period ended 31 December 2011 *(Unaudited)*

	% holdings of net assets	
	31.12.2011	30.6.2011
Listed/Quoted Investments		
Equities		
Hong Kong	70.3	66.5
Taiwan	26.0	29.4
China	2.0	1.8
Total Listed/Quoted Investments	98.3	97.7
Other net assets	1.7	2.3
Net assets attributable to holders of redeemable units	100.0	100.0

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