

JF CHINA REGION FUND INC  
Form N-CSR  
March 10, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number: 811-06686

JF China Region Fund, Inc.

(Exact name of registrant as specified in charter)

One Beacon Street, 18<sup>th</sup> Floor

Boston, MA 02108

(Address of principal executive offices) (Zip code)

Cleary, Gottlieb Steen & Hamilton

1 Liberty Plaza

New York, NY 10036

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(Name and Address of Agent for Service)

Registrant's telephone number, including area code: (800) 441-9800

Date of fiscal year end: December 31

Date of reporting period: January 1, 2008 through December 31, 2008

ITEM 1. REPORTS TO STOCKHOLDERS.

The following is a copy of the report transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1).

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## CONTENTS

|                            |   |
|----------------------------|---|
| Objectives                 | 1 |
| Management                 | 1 |
| Forward-Looking Statements | 2 |
| Market Information         | 2 |
| Highlights                 | 3 |

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|   |    |
|---|----|
| Chairman's Statement                                    | 4  |
| Investment Advisers' Report                             | 5  |
| Top Ten Holdings  | 8  |
| Investment Portfolio                                    | 9  |
| Statement of Assets and Liabilities                     | 11 |
| Statement of Operations                                 | 12 |
| Statement of Changes in Net Assets                      | 13 |
| Financial Highlights                                    | 14 |
| Notes to Financial Statements                           | 15 |
| Report of Independent Registered Public Accounting Firm | 20 |
| Results of the Annual Stockholders' Meeting             | 21 |
| Other Information                                       | 21 |
| Approval of Investment Advisory Contract                | 22 |
| Fund Management   | 23 |
| Dividend Reinvestment and Cash Purchase Plan            | 26 |
| Directors and Administration                            | 27 |

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### **OBJECTIVES** (unaudited)

JF China Region Fund, Inc. (the "Fund") seeks to achieve long-term capital appreciation through investments primarily in equity securities of companies with substantial assets in, or revenues derived from the People's Republic of China ("China"), Hong Kong, Taiwan and Macau collectively, the "China Region".

The Fund provides investors with an opportunity to participate in the growing economies of the China Region where the economies of China, Hong Kong, Taiwan and Macau have become increasingly linked over recent years. Hong Kong enterprises have made substantial investments in China, particularly where labor and land prices are lower than in Hong Kong. Similarly, many Chinese companies have Hong Kong based subsidiaries with securities listed on the Hong Kong Stock Exchange. More recently, A-Shares which are listed in China have become available for acquisition by institutional investors including the Fund. Many Taiwan enterprises also have operations in China.

The Fund invests to take advantage of the many opportunities that result from this linkage among the markets of the China Region.

### **MANAGEMENT** (unaudited)

JF International Management Inc. ("JFIMI") is the investment management company appointed to advise and manage the Fund's portfolio. JFIMI is part of JPMorgan Chase & Co. ("JPMC"), one of the world's premier financial services institutions. In asset management, JPMC operates globally under the name of J.P. Morgan Asset Management ("JPMAM"), although in Asia it uses the sub-brand JF Asset Management. Funds under management for the global asset management business of JPMAM were US\$1.1 trillion as of December 31, 2008.

The day-to-day management of the Fund's portfolio is handled by JPMAM's Greater China investment team based in Hong Kong and led by Howard Wang.

DECEMBER 31, 2008 JF CHINA REGION FUND, INC. 1

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### **FORWARD-LOOKING STATEMENTS** (unaudited)

This report contains certain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include statements regarding the goals, beliefs, plans or current expectations of the Fund and JFIMI and their respective representatives, taking into account the information currently available to them. Forward-looking statements include all statements that do not relate solely to current or historical fact. For example, forward-looking statements include the use of words such as "anticipate,

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estimate, intend, expect, believe, plan, may, should, would, or other words that convey uncertainty of future events or outcomes. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Fund to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could materially and negatively effect the results, performance or achievements of the Fund include changes in economic, political, legal and regulatory conditions in the China Region and elsewhere, changes in interest and exchange rates and related policies and other risks. When evaluating the information included in this report, you are cautioned not to place undue reliance on these forward-looking statements, which reflect the judgment of the Fund, JFIMI or its respective representatives only as of the date hereof. The Fund, JFIMI and their respective representatives undertake no obligation to publicly revise or update these forward-looking statements to reflect events and circumstances that arise after the date hereof.

### MARKET INFORMATION

The Fund is listed on the New York Stock Exchange (symbol JFC). The share price is published in

The Wall Street Journal (daily online at [www.WSJ.com/Free](http://www.WSJ.com/Free))

The estimated net asset value is published in

The Wall Street Journal under Closed-End Funds (every Saturday)

[www.jfchinaregion.com](http://www.jfchinaregion.com)

2 JF CHINA REGION FUND, INC. DECEMBER 31, 2008

### HIGHLIGHTS (unaudited)

|  | DECEMBER 31, 2008<br>US\$ (Audited) | DECEMBER 31, 2007<br>US\$ (Audited) |
|--|-------------------------------------|-------------------------------------|
| Net Assets   | \$ 61.3 million                     | \$ 138.6 million                    |
| Net Asset Value Per Share                                | \$ 9.50                             | \$ 30.24                            |
| <b>Market Data</b>                                       |                                     |                                     |
| Share Price on the New York Stock Exchange               | \$ 8.77                             | \$ 25.47                            |
| Discount to Net Asset Value                              | 7.6%                                | 15.8%                               |
| <b>Total Return for the Year Ended December 31, 2008</b> |                                     |                                     |
| Net Asset Value  |                                     | 51.3%                               |
| Share Price  |                                     | 45.6%                               |
| JFC Benchmark Index*                                     |                                     | 49.4%                               |
| MSCI Hong Kong Index (Total)                             |                                     | 51.2%                               |
| MSCI China Index (Total)                                 |                                     | 50.8%                               |
| MSCI Taiwan Index (Total)                                |                                     | 45.9%                               |

Net Asset Value and Share Price vs. Benchmark Index

\* JFC Benchmark Index: MSCI Golden Dragon Index (Total). The MSCI Golden Dragon Index (Total) is comprised of 24.1% of the MSCI Hong Kong Index (Total), 42.7% of the MSCI China Index (Total) and 33.2% of the MSCI Taiwan Index (Total).

Prior to March 2001, 25% Taiwan Weighted Index, 20% BNP Paribas China Index, 50% MSCI Hong Kong, 5% HSBC;  
Prior to March 1999, 60% Hong Kong All Ordinaries, 30% Credit Lyonnais Securities Asia All China B Index, 10% Taiwan Weighted Index;  
Prior to January 1997, Peregrine Greater China Index.

\*\* Commencement of operations.  
Source: J.P. Morgan Asset Management

DECEMBER 31, 2008 JF CHINA REGION FUND, INC. 3

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#### **CHAIRMAN'S STATEMENT**

DECEMBER 31, 2008 (unaudited)

Dear Fellow Stockholders,

The year to December 31, 2008, was a difficult one for fund managers and investors alike, as global economic conditions continued to deteriorate. The Greater China economies were by no means immune, as regional markets witnessed substantial negative returns in a year of extreme volatility. After eliminating the dilutive impact of the dividend, the Fund's net asset value ('NAV') declined 51.3% during the year, marginally underperforming the benchmark, the MSCI Golden Dragon Index (total), which fell by 49.4%. The Fund's share price fell 45.6%, reflecting a narrowing of the discount to NAV from 15.8% to 7.6%.

The majority of the Fund's underperformance was attributable to the first quarter of the year, where a period of sharp corrections had an adverse impact to our overweight position in China growth companies. The portfolio performed ahead of the benchmark for the remainder of the year, with positive contributions from both allocation<sup>1</sup> and selection<sup>2</sup> effects. Whilst it is disappointing to report short term underperformance, stockholders should be encouraged to note that, over the longer term (3 years, 5 years and longer periods since inception), the Fund has and continues to outperform its benchmark.

On October 1, 2008, the Board announced the appointment of John Rettberg as an independent Director of the Fund. John is the retired Treasurer of the Northrop Grumman Corporation where he worked for over 33 years. He will serve as class II Director under the Fund's staggered board system, and his term will expire at the 2010 Annual Meeting of Stockholders. John has already made significant contributions to the Board's deliberations and I am confident that he will continue to add value.

In addition to the appointment of John Rettberg, and in order to comply with certain New York Stock Exchange requirements relating to classified boards, the Board of Directors has agreed that Simon Crinage, of J.P. Morgan Asset Management will stand for election as an interested Director at the Fund's Annual Meeting of Stockholders on May 14, 2009. Stockholders should note that Simon will waive his annual fees for services to the Board.

On December 15, 2008, the Fund paid a dividend of \$4.695 per share, which constituted payment of the Fund's 2007 spillback distribution pursuant to Section 855 of the IRS code. The Board determined that this distribution would be paid in the Fund's common stock, however, stockholders had the option to request that their distribution be paid in cash in lieu of common stock, limited to 30% of the aggregate dollar amount of the total distribution. The resulting stockholder elections exceeded this limit and those requesting cash distributions received 47.8% of their distribution in cash with the balance in the Fund's common stock. In accordance with the terms of the distribution, the Fund issued 1,862,477 new shares at \$8.09 per share, being the stock's closing price on December 5, 2008. Following the distribution, the total number of shares of the Fund outstanding is 6,447,637.

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The full impact of the global economic slowdown is yet to be determined and it is too early to identify any signs of a recovery. Greater China markets are likely to experience continuing high levels of volatility and further corporate casualties cannot be ruled out. That said, China should continue to stand out as a leading growth economy, with high single digit GDP growth expected by the end of 2009. The Investment Adviser continues to seek companies with strong balance sheets, high quality management and good cash flows. Such companies should be better positioned to weather the current storm and offer long term growth potential. The Board fully supports this approach and remains confident in the longer term prospects for the Greater China markets.

Respectfully submitted

The Rt. Hon. The Earl of Cromer  
Chairman

February 27, 2009

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<sup>1</sup> *Allocating assets differently from those in the benchmark, via the portfolio's weighting in different countries, sectors or asset types.*

<sup>2</sup> *Investment in stocks to a greater or lesser extent than their weighting in the benchmark.*

*For more information refer to the website [www.jfchinaregion.com](http://www.jfchinaregion.com)*

4 JF CHINA REGION FUND, INC. DECEMBER 31, 2008

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### INVESTMENT ADVISERS REPORT (unaudited)

In the 12 months ended December 31, 2008, the Fund produced a total net asset value ('NAV') return of 51.3% against a benchmark return of 49.4%. This NAV return eliminates the impact of the dividend and dilutive effect of the new shares issued as part of the distribution. The largest contributors to return for the year were allocation to cash and stock selection within Chinese equities. Hong Kong and Taiwan stock selection detracted from performance as well as the allocation to Taiwanese equities.

#### China

##### Market Performance

Chinese equities generally performed poorly over the year, especially in the first and third quarter of 2008. The first quarter witnessed an early sell-off, when plans to allow domestic Chinese retail investors to invest directly into Hong Kong stocks, the so-called 'through train' arrangements, were delayed by the mainland government. Sentiment in subsequent quarters became driven by profit-taking and lingering concerns over the impact of the US sub-prime crisis on the region, as well as China's rising inflation and domestic credit tightening.

Equities consolidated in the second quarter with a mild rebound in April and a subsequent sell-off triggered by the devastating earthquake in Sichuan. However, inflation began to abate and the economy showed some signs of cooling off.

Chinese equity markets deteriorated dramatically in the third quarter (the MSCI China Index fell almost 43%) along with other global bourses. Concerns shifted from rising inflation to doubts over the sustainability of Chinese GDP growth running above 10% in the future. Economic data in August showed materially slower growth in China, reflecting the results of the government's tightening measures adopted over the past year, as well as the Olympics-imposed restrictions.

The MSCI China Index fell 11.7% during the fourth quarter and the domestic A-Share market collapsed, with the CSI 300 down 19%. Economic data in November continued to point towards a slowing growth scenario. Beijing announced a massive fiscal stimulus package (RMB 4 trillion) to support growth, with a focus on infrastructure, social welfare and rural reform as well as credit easing. The government has clearly affirmed that it is now focusing on proactive fiscal policy and easing monetary policy to revive economic growth and domestic confidence.

##### Market Outlook

Economic conditions remain challenging globally given the combination of tight credit, financial system de-leveraging, and slowing growth. China equity markets will be operating against these global headwinds, and as a result, absolute share price performance will likely be more linked to world financial markets than domestic economies or corporate earnings. We continue to expect slowing Chinese inflation as food prices moderate, which should underpin the relative case for Chinese equities in 2009. In addition, our expectation remains that future policy action could come from the mainland government in an attempt to offset inevitability of slowing export growth. China continues to have more fiscal and monetary policy flexibility at its disposal than almost any other country in the world.

## **Hong Kong**

### **Market Performance**

The traditional Chinese New Year rally in February 2008 proved to be short-lived and risk aversion prevailed. Investors were briefly comforted by a positive and expansionary budget on the back of a HK\$116 billion fiscal surplus for the year 2007-2008. Inflationary worries in China dampened investor sentiment but the local property market remained robust.

DECEMBER 31, 2008 JF CHINA REGION FUND, INC. 5

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### **INVESTMENT ADVISERS REPORT (unaudited) (continued)**

Volatility was high into the second quarter, and like China, Hong Kong also experienced a moderate rebound in April. Hong Kong's economic growth appeared to remain resilient despite the slowing US economy and the cooling-off of China's growth. Property launches were still receiving strong take-ups, but stocks began to see heavy sell-off as investors took a more cautious view of global growth and the expanding credit crisis.

Over the third quarter, property market activity in Hong Kong turned negative in the face of weak investor sentiment. With difficulty of replenishing land banks at favorable prices, the major developers slowed down their property releases to wait for better times. The moderation in Hong Kong's economic performance was also a cause of concern, resulting in the Hang Seng Index dropping 18.5% in the 3 months ended September 30, 2008.

Hong Kong experienced a fairly volatile fourth quarter, with the Hang Seng Index falling by 20%. Hong Kong shares underperformed the China names due to their greater sensitivity to external conditions. However, property stocks did outperform as a result of attractive valuations, temporary physical pricing stability and rising transaction volumes.

### **Market Outlook**

Hong Kong may see another downturn given its economic reliance on financial services and global trade, and property prices are likely to weaken further. However, household and corporate balance sheets are strong with high levels of savings and corporate cash. We have yet to see any positive catalysts for real estate prices. Economic growth is slowing rapidly and trade figures are likely to be sluggish as the recent negative developments in the job market become more worrisome. Domestic demand in Hong Kong is also likely to weaken further.

## **Taiwan**

### **Market Performance**

Markets rallied from February 2008 after the Kuomintang party won the legislative elections and their candidate Ma Ying-Jeou secured the presidential election by a landslide vote against the Democratic Progressive Party. The new Government had big plans to reform cross-strait relations, which investors believed would have a positive effect on the domestic Taiwanese economy.

From mid May, the stock market fell sharply as oil prices broke new highs and investors worried about the economy entering 'stagflation'. The new government cut energy subsidies which caused inflation to spike and investors realised that improving cross-strait ties with China would take years, rather than months, to impact the broader economy.

In the third quarter, the Taiwan market continued to weaken, despite the government's decision to cut the discount rate and tighten the rules for shorting stocks. The Taiwan technology sector performed better than expected, mainly because the earnings downgrades were already reflected in equity prices and companies continued to payout high proportions of their cash as dividends.



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The Taiwan market plunged 21% in the fourth quarter, as measured by the Taiwan Stock Exchange. Taiwan announced poor third quarter GDP growth data and most other economic indicators especially export numbers broke record lows. The government announced plans to support domestic demand by giving out shopping vouchers to individuals, worth around 2% of GDP, to support private consumption.

6 JF CHINA REGION FUND, INC. DECEMBER 31, 2008

### Market Outlook

The credit tightening cycle worldwide will hurt companies with high gearing and those that require additional capital. In the handset and desktop PCs sectors, growth will certainly decelerate. However, certain new product introductions, such as netbook, a low-price notebook optimized for few specific tasks, especially internet access, should see strong demand because of its attractive price points. Analysts have aggressively cut forecasts for 2009 already but we still expect to see poor export growth numbers as there is no sign of a pick up in technology, although inventory levels are low. Expectations for the market in the first half of 2009 are extremely low, as result of the deep market fall over the last 18 months and we may see a liquidity-driven rally. We continue to focus on companies with better earnings quality and strong balance sheets.

February 27, 2009

DECEMBER 31, 2008 JF CHINA REGION FUND, INC. 7

### TOP TEN HOLDINGS

AT DECEMBER 31, 2008 (unaudited)

|   | <b>% OF NET ASSETS</b> |
|---|------------------------|
| <b>China Mobile, Ltd.</b>   | 9.3                    |
| China Mobile, Limited through its subsidiaries, provides cellular telecommunications services in the People's Republic of China and Hong Kong SAR.  |                        |
| <b>China Life Insurance Co., Ltd. 'H</b>  | 5.4                    |
| China Life Insurance Company, Limited offers a wide range of life, accident and health insurance products and services.   |                        |
| <b>Industrial &amp; Commercial Bank of China 'H</b>   | 5.0                    |
| Industrial and Commercial Bank of China, Limited provides a broad range of personal and corporate commercial banking services all over China. The Bank's businesses include deposit, loan, credit card, fund underwriting and trust, and foreign currency settlement and trading.   |                        |
| <b>Taiwan Semiconductor Manufacturing Co., Ltd. ( TSMC )</b>  | 4.6                    |
| TSMC manufactures and markets integrated circuits. The company provides the following services; wafer manufacturing, wafer probing, assembly and testing, mask production and design services. The Company's integrated circuits are used in computer, communication, consumer electronics, automotive and industrial equipment industries.                     |                        |
| <b>CNOOC, Ltd.</b>  | 4.4                    |
| CNOOC, Limited, through its subsidiaries, explores, develops, produces, and sells crude oil and natural gas.  |                        |
| <b>China Construction Bank Corp. 'H</b>   | 4.1                    |
| China Construction Bank Corporation provides a complete range of banking services and other financial services to individual and corporate customers. The Bank's services include retail banking, international settlement, project finance and credit card services.   |                        |
| <b>China Petroleum &amp; Chemical Corp. 'H</b>  | 3.6                    |
| China Petroleum and Chemical Corporation ( Sinopec ) explores for and produces crude oil and natural gas in China. The Company also owns refineries that make petroleum and petrochemical products such as gasoline, diesel, jet fuel, kerosene, ethylene, synthetic fibers, synthetic rubber, synthetic resins, and chemical fertilizers. In addition, Sinopec |                        |

trades petrochemical products.

**Chunghwa Telecom Co., Ltd.**

3.5

Chunghwa Telecom Co., Limited provides local, domestic, and international long distance services. The Company also offers wireless telecommunication, paging, and Internet services.

**Cheung Kong Holdings, Ltd.**

3.3

Cheung Kong Holdings, Limited, through its subsidiaries, develops and invests in real estate. The Company also provides real estate agency and management services, operates hotels and invests in securities.

8 JF CHINA REGION FUND, INC. DECEMBER 31, 2008

**INVESTMENT PORTFOLIO**

AT DECEMBER 31, 2008

| DESCRIPTION  | HOLDINGS<br>(IN SHARES) | MARKET<br>VALUE<br>(IN US\$) |
|--|-------------------------|------------------------------|
| <b>COMMON STOCKS (unless otherwise noted)</b>          |                         |                              |
| <b>CHINA (31.7%)</b>                                   |                         |                              |
| <b>Commercial Banks (11.0%)</b>                        |                         |                              |
| China Construction Bank Corp. 'H                       | 4,568,000               | 2,504,968                    |
| China Merchants Bank Co., Ltd. 'H (a)                  | 601,500                 | 1,114,492                    |
| Industrial & Commercial Bank of China 'H               | 5,872,000               | 3,091,244                    |
|  |                         | 6,710,704                    |
| <b>Construction &amp; Engineering (1.9%)</b>           |                         |                              |
| China Railway Construction Corp. 'H (a)                | 791,500                 | 1,178,539                    |
| <b>Construction Materials (0.7%)</b>                   |                         |                              |
| Asia Cement China Holdings Corp. (a)                   | 829,000                 | 417,163                      |
| <b>Diversified Consumer Services (0.4%)</b>            |                         |                              |
| New Oriental Education & Technology Group, ADR (a)     | 4,370                   | 239,957                      |
| <b>Diversified Telecommunication Services (0.9%)</b>   |                         |                              |
| China Telecom Corp., Ltd. 'H                           | 1,446,000               | 539,204                      |
| <b>Insurance (5.4%)</b>                                |                         |                              |
| China Life Insurance Co., Ltd. 'H                      | 1,095,000               | 3,327,301                    |
| <b>Internet Software &amp; Services (1.7%)</b>         |                         |                              |
| Tencent Holdings, Ltd.                                 | 162,400                 | 1,047,715                    |
| <b>Metals &amp; Mining (0.6%)</b>                      |                         |                              |
| Aluminum Corp of China, Ltd. 'H                        | 730,000                 | 384,300                      |
| <b>Multiline Retail (1.0%)</b>                         |                         |                              |
| Parkson Retail Group, Ltd.                             | 526,500                 | 597,817                      |
| <b>Oil, Gas &amp; Consumable Fuels (5.5%)</b>          |                         |                              |
| China Petroleum & Chemical Corp. 'H                    | 3,670,000               | 2,220,885                    |
| China Shenhua Energy Co., Ltd. 'H                      | 558,000                 | 1,180,769                    |
|  |                         | 3,401,654                    |
| <b>Real Estate Management &amp; Development (2.6%)</b> |                         |                              |
| China Vanke Co., Ltd. 'B                               | 2,072,300               | 1,598,972                    |

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| DESCRIPTION  | HOLDINGS<br>(IN SHARES) | MARKET<br>VALUE<br>(IN US\$) |
|--|-------------------------|------------------------------|
| <b>TOTAL CHINA</b>   |                         | <b>19,443,326</b>            |
| <b>HONG KONG (39.9%)</b>                                       |                         |                              |
| <b>Commercial Banks (2.8%)</b>                                 |                         |                              |
| BOC Hong Kong Holdings, Ltd.                                   | 516,000                 | 584,563                      |
| Hang Seng Bank, Ltd.   | 88,500                  | 1,161,318                    |
|  |                         | 1,745,881                    |
| <b>Distributors (0.3%)</b>                                     |                         |                              |
| Li & Fung, Ltd.  | 126,000                 | 215,902                      |
| <b>Diversified Financial Services (1.4%)</b>                   |                         |                              |
| Hong Kong Exchanges and Clearing, Ltd.                         | 89,600                  | 850,889                      |
| <b>Electric Utilities (4.6%)</b>                               |                         |                              |
| Cheung Kong Infrastructure Holdings, Ltd.                      | 415,000                 | 1,560,895                    |
| CLP Holdings, Ltd.   | 188,000                 | 1,275,941                    |
|  |                         | 2,836,836                    |
| <b>Independent Power Producers &amp; Energy Traders (1.0%)</b> |                         |                              |
| China Resources Power Holdings Co.                             | 310,000                 | 595,985                      |
| <b>Industrial Conglomerates (3.6%)</b>                         |                         |                              |
| Beijing Enterprises Holdings, Ltd.                             | 215,000                 | 876,622                      |
| Hutchison Whampoa, Ltd.  | 226,000                 | 1,132,887                    |
| Jardine Matheson Holdings, Ltd.                                | 10,000                  | 185,000                      |
|  |                         | 2,194,509                    |
| <b>Leisure Equipment &amp; Products (1.1%)</b>                 |                         |                              |
| Li Ning Co., Ltd.  | 415,000                 | 647,919                      |
| <b>Oil, Gas &amp; Consumable Fuels (4.4%)</b>                  |                         |                              |
| CNOOC, Ltd.  | 2,878,000               | 2,688,540                    |
| <b>Real Estate Management &amp; Development (9.6%)</b>         |                         |                              |
| Cheung Kong Holdings, Ltd.                                     | 214,000                 | 2,023,974                    |
| Hang Lung Properties, Ltd.                                     | 355,000                 | 771,361                      |
| New World Development, Ltd.                                    | 824,000                 | 835,674                      |
| Sun Hung Kai Properties, Ltd.                                  | 172,000                 | 1,433,666                    |
| Wharf Holdings, Ltd.   | 295,000                 | 808,850                      |
|  |                         | 5,873,525                    |
| <b>Wireless Telecommunication Services (11.1%)</b>             |                         |                              |
| China Mobile, Ltd.   | 569,500                 | 5,716,897                    |
| China Unicom Hong Kong, Ltd.                                   | 897,458                 | 1,076,922                    |
|  |                         | 6,793,819                    |
| <b>TOTAL HONG KONG</b>   |                         | <b>24,443,805</b>            |
| <b>TAIWAN (25.4%)</b>  |                         |                              |
| <b>Chemicals (0.7%)</b>  |                         |                              |
| Formosa Plastics Corp.   | 300,000                 | 398,562                      |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

DECEMBER 31, 2008 JF CHINA REGION FUND, INC. 9

**INVESTMENT PORTFOLIO**  
AT DECEMBER 31, 2008 (continued)

| DESCRIPTION | HOLDINGS<br>(IN SHARES) | MARKET<br>VALUE |
|-------------|-------------------------|-----------------|
|-------------|-------------------------|-----------------|

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(IN US\$)

**COMMON STOCKS continued**

**Commercial Banks (3.1%)**

|  |           |           |
|--|-----------|-----------|
| Chinatrust Financial Holding Co., Ltd. | 2,393,618 | 1,013,812 |
| First Financial Holding Co., Ltd.      | 1,671,364 | 878,513   |
|  |           | 1,892,325 |

**Computers & Peripherals (3.4%)**

|            |         |           |
|------------|---------|-----------|
| Acer, Inc. | 710,080 | 921,732   |
| HTC Corp.  | 117,900 | 1,174,761 |
|            |         | 2,096,493 |

**Diversified Financial Services (2.5%)**

|                                   |           |           |
|-----------------------------------|-----------|-----------|
| Fubon Financial Holding Co., Ltd. | 2,120,000 | 1,543,909 |
|-----------------------------------|-----------|-----------|

**Diversified Telecommunication Services (3.5%)**

|                            |           |           |
|----------------------------|-----------|-----------|
| Chunghwa Telecom Co., Ltd. | 1,330,880 | 2,169,605 |
|----------------------------|-----------|-----------|

**Electronic Equipment, Instruments & Components (3.5%)**

|                                      |         |           |
|--------------------------------------|---------|-----------|
| AU Optronics Corp.                   | 658,547 | 495,646   |
| HON HAI Precision Industry Co., Ltd. | 818,101 | 1,600,405 |
|                                      |         | 2,096,051 |

**Industrial Conglomerates (1.1%)**

|                               |           |         |
|-------------------------------|-----------|---------|
| Far Eastern Textile Co., Ltd. | 1,050,000 | 671,887 |
|-------------------------------|-----------|---------|

**Machinery (0.3%)**

|                         |        |         |
|-------------------------|--------|---------|
| Shin Zu Shing Co., Ltd. | 72,154 | 180,286 |
|-------------------------|--------|---------|

**Semiconductors & Semiconductor Equipment (7.3%)**

|  |           |           |
|--|-----------|-----------|
| MediaTek, Inc.                               | 117,420   | 788,930   |
| Powertech Technology, Inc.                   | 219,300   | 364,854   |
| Siliconware Precision Industries Co.         | 562,000   | 479,493   |
| Taiwan Semiconductor Manufacturing Co., Ltd. | 2,102,699 | 2,844,775 |
|  |           | 4,478,052 |

**TOTAL TAIWAN**

**15,527,170**

**TOTAL INVESTMENTS**

**(97.0% of Net Assets)**

**(Cost \$83,377,743)**

**59,414,301**

**Assets in excess of liabilities**

**(3.0% of Net Assets)**

**1,842,250**

**NET ASSETS (100.0%)**

**61,256,551**

As of December 31, 2008, aggregate cost for Federal income tax purposes was \$88,015,926. The aggregate unrealized loss for all securities is as follows

|                                  |              |
|----------------------------------|--------------|
| Excess of market value over cost | 629,647      |
| Excess of cost over market value | (29,231,272) |
| Net unrealized loss              | (28,601,625) |

**NOTES TO INVESTMENT PORTFOLIO:**

ADR American Depositary Receipt

(a) Non-income producing security.

B Chinese security traded on Shenzhen Stock Exchange or Shanghai Stock Exchange.

H Chinese security traded on Hong Kong Stock Exchange.

## SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

10 JF CHINA REGION FUND, INC. DECEMBER 31, 2008

**STATEMENT OF ASSETS AND LIABILITIES**

AT DECEMBER 31, 2008

|   | (in US\$)         |
|---|-------------------|
| <b>ASSETS:</b>  |                   |
| Investments in non-affiliates, at value (cost \$83,377,743)   | 59,414,301        |
| Cash (including foreign currencies with a cost of \$660,640 and value of \$660,482)   | 1,986,353         |
| Receivable for securities sold  | 3,963             |
| Dividends receivable  | 70,422            |
| Prepaid expenses  | 81,423            |
| <b>Total Assets</b>   | <b>61,556,462</b> |
| <b>LIABILITIES:</b>   |                   |
| Payables  |                   |
| Payable for securities purchased  | 173,513           |
| Accrued liabilities   |                   |
| Investment advisory fees  | 61,968            |
| Other   | 64,430            |
| <b>Total Liabilities</b>  | <b>299,911</b>    |
| <b>Net Assets</b>   | <b>61,256,551</b> |
| <i>Net assets consist of:</i>   |                   |
| Common stock, \$0.01 par value<br>(100,000,000 shares authorized; 6,447,637 shares issued and outstanding)  | 64,476            |
| Paid-in capital   | 98,994,145        |
| Undistributed net investment income   | 393,745           |
| Accumulated realized loss on investments and foreign currency transactions  | (14,232,233)      |
| Accumulated net unrealized depreciation on investments, foreign currency holdings, and other assets and liabilities denominated in foreign currencies | (23,963,582)      |
| <b>Net Assets</b>   | <b>61,256,551</b> |
| <b>Net Asset Value Per Share (\$61,217,019 ÷ 6,447,637)</b>   | <b>9.50</b>       |

## SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

DECEMBER 31, 2008 JF CHINA REGION FUND, INC. 11

**STATEMENT OF OPERATIONS**

FOR THE YEAR ENDED DECEMBER 31, 2008

(in US\$)

(in US\$)

**INVESTMENT INCOME:**

|   |                  |
|---|------------------|
| Dividends from non-affiliates (net of foreign withholding tax of \$320,251) | 2,766,292        |
| Interest income from non-affiliates   | 15,374           |
| Interest income from affiliates   | 16,622           |
| <b>Total Investment Income</b>  | <b>2,798,288</b> |

**EXPENSES:**

|                               |                  |
|-------------------------------|------------------|
| Investment advisory fees      | 964,218          |
| Directors fees and expenses   | 217,529          |
| Custodian and accounting fees | 195,627          |
| Administration fees           | 87,499           |
| Insurance fees                | 52,091           |
| Interest expense to affiliate | 134              |
| Shareholder service fees      | 25,181           |
| Shareholder report fees       | 42,663           |
| Audit fees                    | 102,297          |
| Legal fees                    | 120,597          |
| NYSE listing fee              | 25,021           |
| Other expenses                | 16,880           |
| <b>Total Expenses</b>         | <b>1,849,737</b> |
| <b>Net Investment Income</b>  | <b>948,551</b>   |

**REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FOREIGN CURRENCY HOLDINGS AND OTHER ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES:**

|  |                     |
|--|---------------------|
| Net realized gain (loss)   |                     |
| Investments in non-affiliates  | (11,958,990)        |
| Foreign currency transactions  | 72,675              |
| Net realized loss  | (11,886,315)        |
| Net change in unrealized appreciation/depreciation   |                     |
| Investments in non-affiliates  | (57,362,133)        |
| Investments in affiliates  | (2,615,459)         |
| Foreign currency translations  | (727)               |
| Change in net unrealized appreciation/depreciation   | (59,978,319)        |
| <b>Net realized and unrealized loss on investments, foreign currency holdings and other assets and liabilities denominated in foreign currencies</b> | <b>(71,864,634)</b> |
| <b>Net decrease in net assets resulting from operations</b>  | <b>(70,916,083)</b> |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

12 JF CHINA REGION FUND, INC. DECEMBER 31, 2008

**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE PERIODS INDICATED**

|                   |                   |
|-------------------|-------------------|
| Year Ended        | Year Ended        |
| December 31, 2008 | December 31, 2007 |
| (in US\$)         | (in US\$)         |

**INCREASE IN NET ASSETS:**

|   |              |            |
|---|--------------|------------|
| Operations  |              |            |
| Net investment income   | 948,551      | 502,668    |
| Net realized (loss) gain on investment transactions   | (11,886,315) | 47,940,664 |
| Net change in unrealized appreciation/depreciation on investments, foreign currency holdings and other assets and liabilities denominated in foreign currencies | (59,978,319) | 9,536,774  |
| Net (decrease) increase in net assets resulting from operations   | (70,916,083) | 57,980,106 |

**DISTRIBUTIONS TO STOCKHOLDERS:**

|  |                     |                   |
|--|---------------------|-------------------|
| Net investment income                          | (28,887)            | (5,730,716)       |
| Net realized gains                             | (21,498,439)        | (18,240,775)      |
| Total distributions to shareholders            | (21,527,326)        | (23,971,491)      |
| <b>Total (decrease) increase in net assets</b> | <b>(92,443,409)</b> | <b>34,008,615</b> |

**CHANGE IN NET ASSETS FROM CAPITAL TRANSACTIONS:**

|  |            |
|--|------------|
| Dividends and distributions reinvested         | 15,067,439 |
| Change in net assets from capital transactions | 15,067,439 |

**NET ASSETS:**

|   |             |             |
|---|-------------|-------------|
| Beginning of period   | 138,632,521 | 104,623,906 |
| End of period (including undistributed (distributions in excess of) net investment income of \$393,745 and \$(2,732,224), respectively) | 61,256,551  | 138,632,521 |

**SHARE TRANSACTIONS**

|                          |           |           |
|--------------------------|-----------|-----------|
| Opening number of shares | 4,585,160 | 4,585,160 |
| Reinvested               | 1,862,477 |           |
| Closing number of shares | 6,447,637 | 4,585,160 |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

DECEMBER 31, 2008 JF CHINA REGION FUND, INC. 13

**FINANCIAL HIGHLIGHTS  
FOR THE PERIODS INDICATED**

|  | Year Ended<br>December 31,<br>2008<br>(in US\$) | Year Ended<br>December 31,<br>2007<br>(in US\$) | Year Ended<br>December 31,<br>2006<br>(in US\$) | Year Ended<br>December 31,<br>2005<br>(in US\$) | Year Ended<br>December 31,<br>2004<br>(in US\$) |
|--|---|---|---|---|---|
| <b>For a share outstanding throughout each year:</b> |   |   |   |   |   |
| Net asset value, beginning of period                 | 30.24   | 22.82   | 16.04   | 14.06   | 13.93   |
| Net investment income                                | 0.32  | 0.11  | 0.07  | 0.13  | 0.04  |
| Net realized and unrealized gain (loss)              | (16.36)   | 12.54   | 6.80  | 1.91  | 0.09  |
| Total from investment operations                     | (16.04)   | 12.65   | 6.87  | 2.04  | 0.13  |
| Distributions from net investment income             | (0.01)  | (1.25)  | (0.09)  | (0.06)  |   |

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|  | Year Ended<br>December 31,<br>2008<br>(in US\$) | Year Ended<br>December 31,<br>2007<br>(in US\$) | Year Ended<br>December 31,<br>2006<br>(in US\$) | Year Ended<br>December 31,<br>2005<br>(in US\$) | Year Ended<br>December 31,<br>2004<br>(in US\$) |
|--|---|---|---|---|---|
| Distributions from net realized gains                        | (4.69)  | (3.98)  |   |   |   |
| Total distributions  | (4.70)  | (5.23)  | (0.09)  | (0.06)  |   |
| <b>Net asset value, end of period</b>                        | <b>9.50</b>                                     | <b>30.24</b>                                    | <b>22.82</b>                                    | <b>16.04</b>                                    | <b>14.06</b>                                    |
| Market value, end of period                                  | 8.77  | 25.47   | 22.80   | 13.71   | 12.80   |
| <b>Total Investment Return</b>                               |   |   |   |   |   |
| Per share market value *                                     | (45.6%)   | 35.0%   | 67.1%   | 7.6%  | (29.2%)   |
| <b>RATIOS/SUPPLEMENTAL DATA</b>                              |   |   |   |   |   |
| Net assets, end of period                                    | 61,256,551                                      | 138,632,521                                     | 104,623,906                                     | 73,558,649                                      | 64,487,971                                      |
| Ratios of total expenses to average net assets               | 1.92%   | 1.54%   | 1.95%   | 2.08%   | 2.22%   |
| Ratios of net investment income to average net assets        | 0.98%   | 0.39%   | 0.36%   | 0.90%   | 0.31%   |
| Portfolio turnover rate                                      | 114.8%  | 118.8%  | 192.4%  | 121.8%  | 168.6%  |
| Number of shares outstanding at end of period (in thousands) | 6,448   | 4,585   | 4,585   | 4,585   | 4,585   |

\* The total investment return excludes the effect of commissions. Dividends and distributions, if any, are assumed for the purpose of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan or, if specified, in accordance with the terms of the distribution.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

14 JF CHINA REGION FUND, INC. DECEMBER 31, 2008

**NOTES TO FINANCIAL STATEMENTS**

AT DECEMBER 31, 2008

**1. Organization and Capital**

JF China Region Fund, Inc. (the 'Fund') was incorporated in the State of Maryland on May 22, 1992, and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940 ('1940 Act'). The Fund commenced operations on July 16, 1992.

**2. Significant Accounting Policies**

The following significant accounting policies, which are in conformity with accounting principles generally accepted in the United States of America ('GAAP'), are consistently followed by the Fund in the preparation of its financial statements.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reported period. Actual results could differ from these estimates.

**i) Security Valuation** All securities for which market quotations are readily available are valued at the last sales price prior to the time of determination or, if no sales price is available at that time, at the mean between the last current bid and ask prices. Securities that are traded



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over-the-counter are valued, if bid and ask quotations are available, at the mean between the current bid and ask prices. Certain investments of the Fund may, depending upon market conditions, trade in relatively thin markets and/or in markets that experience significant volatility. As a result of these conditions, the prices used by the Fund to value securities may differ from the value that would be realized if these securities were sold and the differences could be significant. All other securities and assets are valued at fair value as determined in good faith by the Board of Directors. It is possible that the estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and such differences could have been material. In valuing the Fund's assets, quotations of foreign securities in a foreign currency are translated to United States ("U.S.") dollar equivalents at the exchange rate in effect on the valuation date. Investments in open end mutual funds are valued at current day's closing net asset value per share.

Valuations reflected in this report are as of the report date. As a result, changes in valuation due to significant market events and/or issuer related events after the report date and prior to issuance of the report are not reflected herein.

During the period, the Fund adopted the Statement of Financial Accounting Standards No. 157 Fair Value Measurements (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 requires disclosure surrounding the various inputs that are used in determining the fair value of the Fund's investments. These inputs are summarized into the three broad levels listed below.

Level 1 quoted prices in active markets for identical securities

Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments.)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

DECEMBER 31, 2008 JF CHINA REGION FUND, INC. 15

### NOTES TO FINANCIAL STATEMENTS

AT DECEMBER 31, 2008 (continued)

The following is a summary of the inputs used as of December 31, 2008 in valuing the Fund's assets and liabilities carried at fair value:

| Valuation Inputs                            | Investments<br>in<br>Securities | Other<br>Financial<br>Instruments* |
|---|---------------------------------|------------------------------------|
| Level 1 Quoted prices                       | \$59,414,301                    | \$                                 |
| Level 2 Other significant observable inputs |                                 |                                    |
| Level 3 Significant unobservable inputs     |                                 |                                    |
| <b>Total</b>                                | <b>\$59,414,301</b>             | <b>\$</b>                          |

\* Other financial instruments include futures, forwards and swap contracts.

**ii) Foreign Currency Translation** The books and records of the Fund are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars at the mid-market price of such currencies against U.S. dollars as follows:

investments, other assets, and liabilities at the prevailing rates of exchange on the valuation date;

investment transactions and investment income at the prevailing rates of exchange on the dates of such transactions.

Although the net assets of the Fund are presented at the foreign exchange rates and market values at the close of the period, the Fund does not isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market prices of the securities held at period-end. Similarly, the Fund does not isolate the effect of changes in foreign exchange rates from the fluctuations arising from changes in the market prices of securities sold during the period. Accordingly, realized and unrealized foreign currency gains (losses) are included in the reported net realized and unrealized gains (losses) on investments.

Unrealized currency gains (losses) resulting from valuing foreign currency denominated assets and liabilities at period-end exchange rates are reflected as a component of accumulated net unrealized gain (loss) on investments, foreign currency holdings, and other assets and liabilities denominated in foreign currencies.

**iii) Restricted and Illiquid Securities** The Fund may invest in securities that are subject to legal or contractual restrictions on resale or are illiquid. Restricted securities generally may be resold in transactions exempt from registration. An illiquid security is a security which cannot be disposed of promptly (within seven days) and in the usual course of business at approximately its fair value and includes repurchase agreements maturing in excess of seven days, time deposits with a withdrawal penalty, non-negotiable instruments and instruments for which no market exists. Disposal of these securities may involve time-consuming negotiations and expense, and prompt sale at the current valuation may be difficult.

**iv) Distribution of Income and Gains** The Fund intends to distribute to stockholders, at least annually, substantially all of its net investment income and expects to distribute annually any net long-term capital gains in excess of net short-term capital losses. An additional distribution may be made to the extent necessary to avoid the payment of a 4% Federal excise tax.

Income and capital gain distributions are determined in accordance with Federal income tax regulations and may differ from those determined in accordance with GAAP.

**v) Other** Security transactions are accounted for on trade date. Realized gains and losses on the sale of investment securities are determined on the identified cost basis. Interest income is recognized on the accrual basis. Dividend income and distributions to shareholders are recorded on the ex-dividend date or when the Fund first learns of the dividend.

**vi) Transactions with Affiliates** The Fund is permitted to invest in other funds advised by JF International Management Inc. or its affiliates pursuant to Rule 12d 1-2 under the Investment Company Act of 1940 and the rules thereunder.

16 JF CHINA REGION FUND, INC. DECEMBER 31, 2008

An affiliated issuer may be considered one which is under common control with a Fund. For the purposes of the report, the Fund assumes the following to be an affiliated issuer:

| Affiliate                        | Value at<br>December 31, 2007 | Sales<br>Proceeds | Realized<br>Gain/(Loss) | Shares at<br>December<br>31, 2008 | Value at<br>December<br>31, 2008 |
|----------------------------------|-------------------------------|-------------------|-------------------------|-----------------------------------|----------------------------------|
| JF China Pioneer<br>A-Share Fund | \$4,631,588                   | \$4,002,511       | \$1,986,383             |                                   | \$                               |

**vii) Foreign Taxes** The Fund may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

### 3. Investment Transactions

The investment objective, policies, program, and risk factors of the Fund are described fully in the Fund's Prospectus.

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During the year ended December 31, 2008, the Fund made purchases of \$113,083,706 and sales of \$118,955,748 of investment securities other than short-term investments. There were no purchases or sales of U.S. Government securities.

### 4. Related party, Other Service Provider Transactions and Directors

i) JF International Management Inc. (the Investment 'Adviser'), an indirect wholly-owned subsidiary of JPMorgan Chase & Co., provides investment advisory services to the Fund under the terms of an investment advisory agreement. The Adviser is paid a fee, computed weekly and payable monthly, at the annual rate of 1.00% of the Fund's weekly net assets. Investments in funds on which the Adviser or its affiliates charges a management fee are excluded from the calculation.

ii) During the year ended December 31, 2008, the Fund did not pay any brokerage commissions to JPMorgan Chase Group companies or affiliated brokers/dealers.

iii) **Other Service Providers** Pursuant to an Administration Agreement, JPMorgan Investor Services, Co. (the Administrator), an indirect, wholly-owned subsidiary of JPMorgan Chase & Co., provides certain administration services to the Fund. The Fund pays an annual administration fee of \$87,500 in respect of tax, compliance, financial reporting and regulatory services.

JPMorgan Chase Bank N.A. ('JPMCB'), an affiliate of the Fund, provides portfolio custody and accounting services for the Fund. The amounts paid directly to JPMCB by the Fund for custody and accounting services are included in Custodian and accounting fees in the Statement of Operations. In consideration of the accounting services, JPMCB receives a fee computed daily and paid monthly at the annual rate of 0.02% of the first \$12.5 billion of the average daily net assets of all funds in the JPMorgan International Fund Complex and 0.0175% of the average daily net assets in excess of \$12.5 billion of all such funds subject to a minimum annual fee of \$25,000. The custodian fees are split between safekeeping and transaction changes and vary by market.

iv) **Directors** With effect from April 1, 2008, the Fund pays each of its Directors who is not a director, officer or employee of the Adviser, Administrator or any affiliate thereof, an annual fee of \$22,000, the Audit Committee Chairman \$26,000 and the Chairman \$32,000 plus a \$3,000 attendance fee for each Board meeting, Management Engagement Committee meeting and Audit Committee meeting attended. In addition, the Fund reimburses all Directors for travel and out-of-pocket expenses incurred in connection with Board of Directors meetings. Under normal circumstances, in order to minimize expenses, the Board expects to hold two meetings a year by telephone.

DECEMBER 31, 2008 JF CHINA REGION FUND, INC. 17

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### NOTES TO FINANCIAL STATEMENTS

AT DECEMBER 31, 2008 (continued)

Prior to April 1, 2008, the Fund paid each of its Directors who is not a director, officer or employee of the Adviser, Administrator or any affiliate thereof an annual fee of \$21,000 and the Chairman \$30,000 plus \$2,000 attendance fee for each Board meeting, \$1,500 for each Management Engagement Committee meeting and \$1,750 for each Audit Committee meeting attended.

### 5. Capital Share Transactions

On September 3, 2008, the Board of Directors renewed an authority for the Fund to purchase shares of its common stock from Fund stockholders, as described below. When shares trade at a discount to net asset value, any purchase of shares by the Fund has the effect of increasing the net asset value per share of the Fund's remaining shares outstanding. All shares purchased by the Fund are thereafter considered authorized and unissued.

i) **Share Repurchase Program** The Fund was authorized to repurchase up to 458,516 shares (10% of its then issued and outstanding shares) in the open market through September 10, 2009. Repurchases can be made only when the Fund's shares are trading at less than net asset value and at such times and amounts as it is believed to be in the best interest of the Fund's stockholders.

During the year ended December 31, 2008 and the year ended December 31, 2007, the Fund did not repurchase any shares under the share repurchase program.

### 6. Risks and Uncertainties

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**i) China Region** Investing in securities of China Region companies may include certain risks and considerations not typically associated with investing in U.S. securities. In general, China Region companies are those that are organized under the laws of, or has a principal office in, the People's Republic of China (including Hong Kong and Macau) (China), or Taiwan; the principal securities market for which is China or Taiwan; that derives at least 50% of its total revenues or profits from goods or services that are produced or sold, investments made, or services performed in China or Taiwan; or at least 50% of the assets of which are located in China or Taiwan. Such risks include fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, these securities may not be as liquid as U.S. securities. At December 31, 2008, the Fund had 32.8%, 41.1%, and 26.1% of its total investments invested in China, Hong Kong, and Taiwan, respectively.

**ii) Foreign Transactions** Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. dollar denominated transactions as a result of, among other factors, the level of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability.

**iii) Other** In the normal course of business, the Fund may enter into contracts that provide general indemnifications. The maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated; however, based on experience, the risk of any loss from such claims is considered remote.

### 7. Tax Status

**U.S. Federal Income Taxes** No provision for federal income taxes is required since the Fund intends to continue to qualify as a regulated investment company under subchapter M of the Internal Revenue Code and distribute substantially all of its taxable income.

Financial Accounting Standards Board (the FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109 (the Interpretation) establishes for all entities, including pass-through

18 JF CHINA REGION FUND, INC. DECEMBER 31, 2008

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entities such as the Fund, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. The Fund has recorded no tax liabilities pursuant to the Interpretation. However, the conclusions regarding the Interpretation may be subject to review and adjustment at a later date based on factors including, but not limited to, further interpretation from FASB, new tax laws, regulations and interpretations thereof. The Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. The Fund's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

The tax character of distributions paid for the year ended December 31, 2008 was \$6,655,440 from ordinary income and \$14,871,886 from realized capital gains. Distributions deemed to be from PFICs are reflected in dividends from net investment income.

The tax character of distributions paid for the year ended December 31, 2007 was \$12,988,245 from ordinary income and \$10,983,246 from realized capital gains.

At December 31, 2008, the components of net assets (excluding paid-in capital) on a tax basis were as follows:

|   |                |
|---|----------------|
| Tax Basis Ordinary Income   | \$ 398,971     |
| Tax Basis Capital Loss Carryover                                  | (2,664,784)    |
| Tax Unrealized Depreciation on Investments and Foreign Currencies | (28,601,766)   |
| Other Cumulative Temporary Differences                            | (6,934,491)    |
| Net Assets (Excluding Paid-In Capital)                            | \$(37,802,070) |

The cumulative timing differences primarily consist of wash sale loss deferrals and post-October loss deferrals.

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Net capital losses incurred after October 31 and within the taxable year are deemed to arise on the first business day of the Fund's next taxable year. For the year ended December 31, 2008, the Fund deferred to January 1, 2009 post-October capital losses of \$6,929,267 and post-October currency losses of \$5,224.

During the year ended December 31, 2008, the Fund reclassified \$2,206,305 to undistributed net investment income from accumulated realized gains on investments as a result of permanent book and tax differences relating to distribution reclasses and PFIC gains and losses. Net assets were not affected by the reclassifications.

As of December 31, 2008, the Fund had capital loss carryforwards of \$2,664,784, expiring in 2016, which are available to offset future realized gains.

### 8. Recent Accounting Pronouncement

In March 2008, Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities (SFAS 161) was issued and is effective for fiscal years and interim periods beginning after November 15, 2008. SFAS 161 requires enhanced disclosures about a fund's derivative and hedging activities. Management is currently evaluating the impact the adoption of SFAS 161 will have on the Fund's financial statement disclosures.

DECEMBER 31, 2008 JF CHINA REGION FUND, INC. 19

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### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of  
JF China Region Fund, Inc.:

In our opinion, the accompanying statement of assets and liabilities, including the investment portfolio, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of JF China Region Fund, Inc. (hereafter referred to as the Fund) at December 31, 2008, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements) are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2008 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
February 27, 2009

20 JF CHINA REGION FUND, INC. DECEMBER 31, 2008

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### RESULTS OF THE ANNUAL STOCKHOLDERS MEETING

The Fund held its annual stockholders meeting on May 8, 2008. At this meeting, stockholders re-elected the following nominee to the Fund's Board of Directors.

#### I) Election of Directors

| Nominee | _____ | Votes For | Votes Withheld | Non-Voting<br>Shares | Total Voting<br>Shares |
|---------|-------|-----------|----------------|----------------------|------------------------|
|---------|-------|-----------|----------------|----------------------|------------------------|

|                  |           |         |         |           |
|------------------|-----------|---------|---------|-----------|
| Julian M.I. Reid | 3,457,372 | 145,271 | 937,780 | 4,585,160 |
|------------------|-----------|---------|---------|-----------|

## OTHER INFORMATION

### Information About Portfolio Holdings

The Fund files its complete schedule of portfolio holdings with the U.S. Securities and Exchange Commission (the "Commission") for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the Commission's website at <http://www.sec.gov> and may be reviewed and copied at the Commission's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

### Tax Letter (Unaudited)

We are providing this information as required by the Internal Revenue Code. The amounts shown may differ from those elsewhere in this report because of differences between tax and financial reporting requirements. 0.02% of ordinary income distributions were eligible for the 70% dividend received deduction for corporate rate shareholders for the fiscal year ended December 31, 2008. For the fiscal year ended December 31, 2008, certain dividends paid by the Fund may be subject to a maximum tax rate of 15%. \$301,627 of ordinary income distributions was treated as qualified dividends. The Fund hereby designates \$14,871,886 as long-term capital gain distributions for the purpose of the dividend paid deduction on its respective tax return for the fiscal year ended December 31, 2008. For the fiscal year ended December 31, 2008, the Fund intends to elect to pass through to shareholders the income tax credit for taxes paid to foreign countries. Gross income and foreign tax expenses are \$3,099,170 and \$320,251, respectively.

### Proxy Voting Policies and Procedures and Proxy Voting Record

A description of the policies and procedures that are used by the Fund's investment adviser to vote proxies relating to the Fund's portfolio securities is available (1) without charge, upon request, by calling +44 20 7742 3477; and (2) as an exhibit to the Fund's annual report on Form N-CSR which is available on the website of the Securities and Exchange Commission (the "Commission") at <http://www.sec.gov>. Information regarding how the investment adviser votes these proxies is now available by calling the same number and on the Commission's website. The Fund has filed its report on Form N-PX covering the Fund's proxy voting record for the 12 month period ending June 30, 2008.

### Certifications

Simon J. Crinage, as the Fund's President, has certified to the New York Stock Exchange that, as of October 7, 2008, he was not aware of any violation by the Fund of applicable NYSE corporate governance listing standards. The Fund's reports to the Commission on Forms N-CSR and N-CSRS contain certifications by the Fund's principal executive officer and principal financial officer that relate to the Fund's disclosure in such reports and that are required by Rule 30a-2(a) under the 1940 Act.

DECEMBER 31, 2008 JF CHINA REGION FUND, INC. 21

## APPROVAL OF INVESTMENT ADVISORY CONTRACT

On November 24, 2008, the Fund's Board of Directors (the "Board") considered and approved the renewal of the Investment Advisory Contract (the "Agreement") between the Fund and JFIMI for an additional term of twelve months. At this meeting, the Board reviewed extensive materials prepared by JFIMI and discussed these materials with representatives of JPMAM. The Directors considered the recommendation of the Management Engagement Committee (the "Committee") that the Agreement be renewed, noting that the Committee had discussed, in executive session with independent counsel, the nature, extent and quality of the advisory services provided to the Fund by JFIMI, the level of advisory fees, the costs of the services provided and the profits realized by JFIMI, the Fund's expense ratio, its relative and absolute performance, any economies of scale with respect to the management of the Fund, any ancillary benefits received by JFIMI and its affiliates as a result of their relationship with the Fund, and various other matters included in the materials provided by JFIMI. In approving the renewal of the Agreement, the Committee, and the Board, concluded that:

The annual investment advisory fee rate paid by the Fund to JFIMI for investment advisory services was reasonable relative to the Fund's peer group and relative to other non-U.S. funds managed by JFIMI.

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The Committee and the Board were satisfied with the nature, quality and extent of services provided by JFIMI. In reaching this conclusion, the Committee and the Board reviewed, among other things, JFIMI's investment experience in the China region markets, the background and experience of JFIMI's senior management, including the firm's new head of the Greater China team. The Committee and the Board also received information regarding JFIMI's compliance with applicable laws and SEC and other regulatory inquiries or audits of the Fund and JFIMI.

The Fund's performance, particularly in the one-year period, was improving as compared to the Fund's peer group and the Fund's benchmark, the MSCI Golden Dragon Index. (The Board and the Committee reviewed the Fund's performance in comparison to the peer group and the benchmark for the 1 year, 3 year, 5 year and since inception periods.) The Board and Committee concluded that, during the most recent fiscal year, JFIMI had made improvements with respect to the investment processes used in managing the Fund.

The Fund's expense ratio remained at an acceptable level, and that JFIMI had been successful in negotiating reductions of certain of the Fund's operating expenses.

Any potential economies of scale were being shared between the Fund and JFIMI in an appropriate manner.

In light of the costs of providing advisory services to the Fund, the profits and ancillary benefits that JFIMI received, with respect to providing investment advisory services to the Fund, were reasonable. The Board and the Committee noted that beginning in May 2005, the Fund discontinued using JFIMI's affiliates to affect Fund securities trades, unless in exceptional circumstances, effectively eliminating brokerage commissions as an ancillary benefit for JFIMI.

22 JF CHINA REGION FUND, INC.      DECEMBER 31, 2008

### FUND MANAGEMENT

(Unaudited)

Information pertaining to the Directors and officers of the Fund is set forth below.

| Name, (DOB), Address and Position(s) with Fund   | Term of Office and Length of Time Served                                       | Principal Occupation(s) During Past 5 Years  | Number of Portfolios in Fund Complex Overseen by Director* | Other Trusteeships/ Directorships Held by Director |
|--|--|--|--|--|
| <b>Independent Directors</b>   |  |  |  |  |
| The Rt. Hon.<br>The Earl of Cromer<br>(June 3, 1946)<br>Finsbury Dials<br>20 Finsbury Street<br>London, EC2Y 9AQ<br>United Kingdom<br>Chairman and Class I<br>Director | Three year<br>term ends in<br>2009;<br>Chairman<br>and Director<br>since 1994. | Chairman of the<br>Board of the Fund;<br>Chief Executive<br>Officer of Cromer<br>Associates Limited<br>(family business).<br>Director of Schroder<br>Asia Pacific Fund<br>Limited (financial),<br>London Asia Capital<br>plc (financial), Pedder<br>Street Asia Absolute<br>Return Fund Limited<br>(financial); Chairman<br>of Japan High Yield<br>Property Fund<br>Limited (financial),<br>China IPO Group<br>Limited (financial) | 1  | See Principal Occupation.                          |

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| Name, (DOB), Address and Position(s) with Fund  | Term of Office and Length of Time Served              | Principal Occupation(s) During Past 5 Years   | Number of Portfolios in Fund Complex Overseen by Director* | Other Trusteeships/ Directorships Held by Director |
|---|---|---|--|--|
| Alexander Reid Hamilton<br>(October 4, 1941)<br>P.O. Box 12343<br>General Post Office<br>Hong Kong<br>Class II Director                 | Three year term ends in 2010;<br>Director since 1994. | and Western Provident Association (insurance).<br>Director of Citic Pacific Limited (infrastructure), China Cosco Holdings Company Limited (shipping), Esprit Holdings Limited (clothing retail), Shangri-La Asia Limited (hotels), Octopus Cards Limited (financial services) and China Central Properties Limited (property). | 1  | See Principal Occupation.                          |
| Julian M. I. Reid (August 7, 1944)<br>Finsbury Dials,<br>20 Finsbury Street<br>London, EC2Y 9AQ<br>United Kingdom<br>Class III Director | Three year term ends in 2011;<br>Director since 1998. | Chief Executive Officer of 3a Asset Management Limited (financial); Director and Chairman of Morgan s Walk Properties Limited (property); Director and Chairman of Prosperity Voskhod Fund (financial); Director and Chairman of ASA Limited (financial) and Director of 3a Global Growth Fund Limited (financial).             | 1  | Director and Chairman of The Korea Fund, Inc.      |

DECEMBER 31, 2008 JF CHINA REGION FUND, INC. 23

**FUND MANAGEMENT**  
(Unaudited) (continued)

| Name, (DOB), Address and Position(s) with Fund   | Term of Office and Length of Time Served  | Principal Occupation(s) During Past 5 Years                | Number of Portfolios in Fund Complex Overseen by Director* | Other Trusteeships/ Directorships Held by Director |
|--|---|--|--|--|
| <b>Independent Directors (continued)</b><br>John R. Rettberg<br>(September 1, 1937)<br>1 Beacon St.<br>Boston, MA 02108<br>USA | Term ends in 2010;<br>Director since 2008 | Director of Enalasis (energy); Director of VLPS (lighting) | 1  | See Principle Occupation                           |



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| Name, (DOB), Address and Position(s) with Fund | Term of Office and Length of Time Served | Principal Occupation(s) During Past 5 Years | Number of Portfolios in Fund Complex Overseen by Director* | Other Trusteeships/ Directorships Held by Director |
|--|--|---|--|--|
|--|--|---|--|--|

Class II Director

\* The Fund is the only fund in the Fund Complex.

24 JF CHINA REGION FUND, INC. DECEMBER 31, 2008

Information pertaining to the Directors and officers of the Fund is set forth below.

| Name, (DOB), Address and Position(s) with Fund  | Term of Office and Length of Time Served | Principal Occupation(s) During Past 5 Years  |
|---|--|--|
| <b>Officers who are not Directors</b>   |  |  |
| Simon J. Crinage<br>(May 10, 1965)<br>Finsbury Dials,<br>20 Finsbury Street London, EC2Y 9AQ<br>United Kingdom<br>President   | Since 2003**                             | President of the Fund;<br>Managing Director, J.P.<br>Morgan Asset Management.                |
| Michael J. James (May 11, 1967)<br>Finsbury Dials,<br>20 Finsbury Street London, EC2Y 9AQ<br>United Kingdom<br>Treasurer      | Since 2006**                             | Treasurer of the Fund; Vice<br>President, J.P. Morgan Asset<br>Management.                   |
| Christopher D. Legg (March 12, 1982)<br>Finsbury Dials,<br>20 Finsbury Street London, EC2Y 9AQ<br>United Kingdom<br>Secretary | Since 2008**                             | Secretary of the Fund;<br>Associate, J.P. Morgan Asset<br>Management.                        |
| Muriel Y.K. Sung<br>(September 25, 1966)<br>8 Connaught Road<br>Central/Hong Kong   | Since 2004**                             | Chief Compliance Officer of<br>the Fund; Vice President,<br>J.P. Morgan Asset<br>Management. |

\*\* The officers of the Fund serve at the discretion of the Board.

DECEMBER 31, 2008 JF CHINA REGION FUND, INC. 25

**DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN**

(Unaudited)

**The Fund operates an optional Dividend Reinvestment and Cash Purchase Plan (the 'Plan ') whereby:**

- a) shareholders may elect to receive dividend and capital gain distributions in the form of additional shares of the Fund (the Share Distribution Plan).
- b) shareholders may make optional payments (any amount between \$100 and \$3,000) which will be used to purchase additional shares in the open market (the Share Purchase Plan).

**For a copy of the Plan brochure, as well as a dividend reinvestment authorization card, please contact the Plan Agent:**

Computershare Trust Company, N.A.  
P. O. Box 43010  
Providence, RI 02940-3010  
USA Telephone No.: 800-426-5523 (toll-free)  
www.computershare.com

The following should be noted with respect to the Plan:

If you participate in the Share Distribution Plan, whenever the Board of Directors of the Fund declares an income dividend or net capital gain distribution, you will automatically receive your distribution in newly issued shares (cash will be paid in lieu of fractional shares) if the market price of the shares on the date of the distribution is at or above the net asset value of the shares. The number of shares to be issued to you by the Fund will be determined by dividing the amount of the cash distribution to which you are entitled (net of any applicable withholding taxes) by the greater of the net asset value ('NAV ') per share on such date or 95% of the market price of a share on such date. If the market price of the shares on such a distribution date is below the NAV, the Plan Agent will, as agent for the participants, buy shares on the open market, on the New York Stock Exchange or elsewhere, for the participant's account on, or after, the payment date. There is no service charge for purchases under this Plan.

For U.S. federal income tax purposes, shareholders receiving newly issued shares pursuant to the Share Distribution Plan will be treated as receiving income or capital gains in an amount equal to the fair market value (determined as of the distribution date) of the shares received and will have a cost basis equal to such fair market value. Shareholders receiving a distribution in the form of shares purchased in the open market pursuant to the Plan will be treated as receiving a distribution of the cash distribution that such shareholder would have received had the shareholder not elected to have such distribution reinvested and will have a cost basis in such shares equal to the amount of the distribution.

There will be no brokerage charge to participants for shares issued directly by the Fund under the Plan. Each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases of shares in connection with the Plan. The Fund will pay the fees of the Plan Agent for handling the Plan.

You may terminate your account under the Share Distribution Plan by notifying the Plan Agent in writing. The Plan may be terminated by the Plan Agent or the Fund with notice to you at least 30 days prior to any record date for the payment of any distribution by the Fund. Upon any termination, the Plan Agent will deliver a certificate or certificates for the full shares held for you under the Plan and a cash adjustment for any fractional shares.

You also have the option of instructing the Plan Agent to make semi-annual cash purchases of shares in the open market. There is a service charge of \$1.25 for each purchase under this Share Purchase Plan.

**DIRECTORS AND ADMINISTRATION**

(Unaudited)

Officers and Directors

**The Rt. Hon. The Earl of Cromer  
Director and Chairman of the Board**

Alexander R. Hamilton Director  
Julian M. I. Reid Director  
John R. Rettberg Director  
Simon J. Crinage President  
Michael J. James Treasurer  
Christopher D. Legg Secretary\*

Investment Adviser

**JF International Management Inc.**  
P.O. Box 3151  
Road Town, Tortola  
British Virgin Islands

Administrator

**J.P. Morgan Investor Services, Co.**  
1 Beacon Street, 18th Floor  
Boston, Massachusetts 02108  
U.S.A.

Custodian

**JPMorgan Chase Bank N.A.**  
1 Beacon Street, 18th Floor  
Boston, Massachusetts 02108  
U.S.A.

Independent Registered  
Public Accounting Firm

**PricewaterhouseCoopers LLP**  
300 Madison Avenue  
New York, New York 10017  
U.S.A.

Legal Counsel

**Cleary Gottlieb Steen & Hamilton LLP**  
*New York:*  
1 Liberty Plaza  
New York, New York 10006  
U.S.A.  
*Hong Kong:*  
Bank of China Tower  
1 Garden Road  
Hong Kong

Registrar, Transfer Agent, and Dividend Paying Agent

**Computershare Trust Company, N.A.**  
P. O. Box 43010  
Providence, Rhode Island 02940-3010  
U.S.A.

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\* Christopher D. Legg replaced Philip Jones as Fund Secretary effective March 6, 2008.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Fund may purchase shares of its common stock in the open market.

[www.jfchinaregion.com](http://www.jfchinaregion.com)

DECEMBER 31, 2008 JF CHINA REGION FUND, INC. 27

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This report, including the financial statements herein, is sent to the stockholders of the Fund for their information. It is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in this report.

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## ITEM 2. CODE OF ETHICS.

(a) The JF China Region Fund, Inc. (the "Fund") has adopted a Code of Ethics that applies to the Fund's principal executive officer and principal financial officer.

(c) There have been no amendments to the Fund's Code of Ethics during the reporting period for this Form N-CSR.

(d) There have been no waivers granted by the Fund to individuals covered by the Fund's Code of Ethics during the reporting period for this Form N-CSR.

(f) A copy of the Fund's Code of Ethics is attached as exhibit 12(a)(1) to this Form N-CSR.

## ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

(a) (1) The Board of Directors of the Fund has determined that the Fund has one member serving on the Fund's Audit Committee that possesses the attributes identified in Instruction 2(b) of Item 3 to Form N-CSR to qualify as "audit committee financial expert."

(2) The name of the audit committee financial expert is John R. Rettberg. Mr. Rettberg has been deemed to be "independent" as that term is defined in Item 3(a)(2) of Form N-CSR.

## ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

a) Audit Fees

For the fiscal year ended December 31, 2008, PricewaterhouseCoopers, LLP ( PwC ), the Fund's independent registered public accounting firm, billed the Fund aggregate fees of US\$55,000 for professional services rendered for the audit of the Fund's annual financial statements and review of financial statements included in the Fund's annual report to shareholders.

For the fiscal years ended December 31, 2007, PwC billed the Fund aggregate fees of US\$53,885 for professional services rendered for the audit of the Fund's annual financial statements and review of financial statements included in the Fund's annual report to shareholders.

(b) Audit-Related Fees

For the fiscal year ended December 31, 2008, PwC did not bill the Fund any fees for assurances and related services that are reasonably related to the performance of the audit or review of the Fund's financial statements and are not reported under the section Audit Fees above.

For the fiscal year ended December 31, 2007, PwC did not bill the Fund any fees for assurances and related services that are reasonably related to the performance of the audit or review of the Fund's financial statements and are not reported under the section Audit Fees above.

(c) Tax Fees

For the fiscal year ended December 31, 2008, PwC billed the Fund aggregate fees of US\$5,740 for professional services rendered for tax compliance, tax advice, and tax planning. The nature of the services comprising the Tax Fees was the review of the Fund's income tax returns and tax distribution requirements.

For the fiscal year ended December 31, 2007, PwC billed the Fund aggregate fees of US\$5,600 for professional services rendered for tax compliance, tax advice, and tax planning. The nature of the services comprising the Tax Fees was the review of the Fund's income tax returns and tax distribution requirements.

(d) All Other Fees

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For the fiscal years ended December 31, 2008, PwC billed the Fund aggregate fees of \$9,408 in connection with non-recurring tax advice provided in connection with the 2007 spillback dividend and the 2008 excise tax dividend. For the fiscal year ended December 31, 2007, PwC did not bill the Fund any other fees.

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(e) The Fund's Audit Committee Charter requires the Audit Committee pre-approve all audit and non-audit services to be provided by the independent registered public accounting firm to the Fund, and all non-audit services to be provided by the auditors to the Fund's Investment Adviser and any service providers controlling, controlled by or under common control with the Fund's Investment Adviser that provide on-going services to the Fund, if the engagement relates directly to the operations and financial reporting of the Fund. All of the audit, audit-related and tax services described above for which PwC billed the Fund for the fiscal years ended December 31, 2007 and December 31, 2008 were pre-approved by the Audit Committee.

For the fiscal years ended December 31, 2008 and December 31, 2007, the Fund's Audit Committee did not waive the pre-approval requirement of any non-audit services to be provided to the Fund by PwC.

(f) Not applicable to the Fund.

(g) For the fiscal year ended December 31, 2008, the aggregate non-audit fees for services rendered by PwC to the Fund's investment adviser and any entity controlling, controlled by, or under common control with the investment adviser that provided ongoing services to the Fund were \$24.7 million.

For the fiscal year ended December 31, 2007, the aggregate non-audit fees for services rendered by PwC to the Fund's investment adviser and any entity controlling, controlled by, or under common control with the investment adviser that provided ongoing services to the Fund were \$19.9 million.

(h) The Fund's Audit Committee has considered whether the provision of non-audit services that were rendered to Fund's investment adviser and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the Fund that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

(a) The Fund has a separately-designated audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The members of the Fund's audit committee are: The Rt. Hon. The Earl of Cromer, Alexander R. Hamilton, John R. Rettberg and Julian M.I. Reid.

ITEM 6. SCHEDULE OF INVESTMENTS

(a) Schedule of Investments is included as part of Item 1.

(b) Not applicable to the Fund.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Attached to this Form N-CSR as exhibit 12(a)(4) are copies of the proxy voting policies and procedures of the Fund and JPMorgan Asset Management ( JPMAM ) (formerly JF Asset Management), parent company of the Fund's adviser, JF International Management Inc. (the Adviser ).

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

(a)(1) The day-to-day management of the Fund's portfolio is handled by the Greater China investment team of JPMAM. The Greater China Investment Team is based in Hong Kong. The head of this team is Howard Wang and Emerson Yip and Kevin Chan are portfolio managers.

Mr. Wang joined JPMAM in Hong Kong in July 2005. Prior to his appointment, Mr. Wang spent eight years with Goldman Sachs, where in 2004, he was appointed Managing Director, Equities and General Manager of the Taipei branch office.

Mr. Yip joined JPMAM in Hong Kong in May 2006. Prior to his appointment, Mr. Yip was a director of Newbridge Capital where, since 1998, he held various positions of responsibility.

Mr. Chan joined JPMAM in Hong Kong in May 2007. Prior to his appointment, Mr. Chan worked at Morgan Stanley for five years where he was an executive director in the institutional equities division.

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The chart below shows the number, type and market value as of December 31, 2008 of the accounts other than the

Fund that are managed by each of the Fund's portfolio managers. The potential for conflicts of interest exists when a portfolio manager manages other accounts with similar or different investment objectives and strategies as the Fund ("Other Accounts"). Potential conflicts may include, for example, conflicts between investment strategies and conflicts in the allocation of investment opportunities.

(a) (2)

**Howard Wang**

(a)(2)(ii)

| Registered Investment companies |                    | Other Pooled Investment Vehicles |                    | Other Accounts     |                    |     |
|---------------------------------|--------------------|----------------------------------|--------------------|--------------------|--------------------|-----|
| Number of accounts              | Total Assets (USD) | Number of accounts               | Total Assets (USD) | Number of accounts | Total Assets (USD) |     |
| 1                               |                    | 6m                               | 8                  | 1,147m             | Nil                | Nil |

(a)(2)(iii) - Performance fee

| Registered Investment companies |                    | Other Pooled Investment Vehicles |                    | Other Accounts     |                    |     |
|---------------------------------|--------------------|----------------------------------|--------------------|--------------------|--------------------|-----|
| Number of accounts              | Total Assets (USD) | Number of accounts               | Total Assets (USD) | Number of accounts | Total Assets (USD) |     |
| Nil                             |                    | Nil                              | 1                  | 20m                | Nil                | Nil |

**Emerson Yip**

(a)(2)(ii)

| Registered Investment companies |                    | Other Pooled Investment Vehicles |                    | Other Accounts     |                    |      |
|---------------------------------|--------------------|----------------------------------|--------------------|--------------------|--------------------|------|
| Number of accounts              | Total Assets (USD) | Number of accounts               | Total Assets (USD) | Number of accounts | Total Assets (USD) |      |
| 2                               |                    | 40m                              | 3                  | 764m               | 3                  | 277m |

(a)(2)(iii) - Performance fee

| Registered Investment companies |                    | Other Pooled Investment Vehicles |                    | Other Accounts     |                    |     |
|---------------------------------|--------------------|----------------------------------|--------------------|--------------------|--------------------|-----|
| Number of accounts              | Total Assets (USD) | Number of accounts               | Total Assets (USD) | Number of accounts | Total Assets (USD) |     |
| Nil                             |                    | Nil                              | Nil                | Nil                | Nil                | Nil |

**Kevin Chan**

(a)(2)(ii)

| Registered Investment companies |                    | Other Pooled Investment Vehicles |                    | Other Accounts     |                    |     |
|---------------------------------|--------------------|----------------------------------|--------------------|--------------------|--------------------|-----|
| Number of accounts              | Total Assets (USD) | Number of accounts               | Total Assets (USD) | Number of accounts | Total Assets (USD) |     |
| 1                               |                    | 6m                               | 4                  | 203m               | Nil                | Nil |

(a)(2)(iii) - Performance fee



| Registered Investment companies |                    | Other Pooled Investment Vehicles |                    | Other Accounts     |                    |     |
|---------------------------------|--------------------|----------------------------------|--------------------|--------------------|--------------------|-----|
| Number of accounts              | Total Assets (USD) | Number of accounts               | Total Assets (USD) | Number of accounts | Total Assets (USD) |     |
|                                 | Nil                | Nil                              | 1                  | 20m                | Nil                | Nil |

**(a)(4) Ownership of Securities**

| Portfolio Manager | None | \$1-\$10,000 | \$10,000-\$50,000 |
|-------------------|------|--------------|-------------------|
| Howard Wang       | x    |              |                   |
| Emerson Yip       | x    |              |                   |
| Kevin Chan        | x    |              |                   |

Responsibility for managing the client portfolios of the Adviser and the Adviser's participating affiliates is organized according to the mandates of each account. The Fund's portfolio managers manage other accounts with similar objectives, approach and philosophy to the Fund. The portfolio holdings, relative position sizes and industry and sector exposures tend to be similar across these similar portfolios, which minimizes the potential for conflicts of interest. For Howard Wang, these similar portfolios include one registered investment company and seven of the eight other pooled investment vehicles as described under ITEM 8 (a)(2)(ii) above that invest in the Greater China/China/Asia markets and only take long positions in securities. On the other hand, the other pooled investment vehicle described under ITEM 8 (a)(2)(iii) also invests in the Greater China markets but may take long and short positions in securities as part of its investment strategy. When the portfolio manager engages for this other pooled investment vehicle in short sales of securities which the Fund has purchased, the portfolio manager could be seen as harming the performance of the Fund for the benefit of the accounts engaging in short sales if the short sales cause the market value of those securities to fall.

For Emerson Yip, the similar portfolios include two registered investment companies, three other pooled investment vehicles as described under ITEM 8 (a)(2)(ii) above that invest in Greater China/Hong Kong markets and only take long positions in securities, and three other accounts as described under ITEM 8 (a)(2)(ii) above that invest in Hong Kong/China markets.

For Kevin Chan, these similar portfolios include one registered investment company and three of the four other pooled investment vehicles as described under ITEM 8 (a)(2)(ii) above that invest in the Greater China/Hong Kong markets and only take long positions in securities. On the other hand, the other pooled investment vehicle described under ITEM 8 (a)(2)(iii) also invests in the Greater China markets but may take long and short positions in securities as part of its investment strategy. When the portfolio manager engages for this other pooled investment vehicle in short sales of securities which the Fund has purchased, the portfolio manager could be seen as harming the performance of the Fund for the benefit of the accounts engaging in short sales if the short sales cause the market value of those securities to fall.

The Adviser and the Adviser's participating affiliates receive more compensation with respect to certain Other Accounts than that received with respect to the Fund and receive compensation based in part on the performance

of one of the Other Accounts as described under ITEM 8 (a)(2)(iii). This may create a potential conflict of interest for the Adviser or the Fund's portfolio managers by providing an incentive to favor these Other Accounts when, for example, placing securities transactions. The conflicts of interest may arise with both the aggregation and allocation of securities transactions and allocation of limited investment opportunities. Allocations of aggregated trades, particularly trade orders that were only partially completed due to limited availability, and allocation of investment opportunities generally, could raise a potential conflict of interest, as the Adviser or the portfolio manager may have an incentive to allocate securities that are expected to increase in value to favored accounts. Initial public offerings, in particular, are frequently of very limited availability. The portfolio manager may be perceived as causing accounts he manages to participate in an offering to increase the Adviser's overall allocation of securities in that offering. A potential conflict of interest also may be perceived to arise if transactions in one account closely follow related transactions in a different account, such as when a purchase increases the value of securities previously purchased by another account, or when a sale in one account lowers the sale price received in a sale by a second account.

The Adviser has policies and procedures designed to manage these conflicts described above such as allocation of investment opportunities to achieve fair and equitable allocation of investment opportunities among its clients over time. For example, orders for the same equity security are aggregated on a continual basis throughout each trading day consistent with the Adviser's duty of best execution for its clients. If aggregated trades are fully executed, accounts participating in the trade will be allocated their pro rata share on an average price basis. Partially completed orders generally will be allocated among the participating accounts on a pro-rata average price basis, subject to certain limited exceptions. For example, accounts that would receive a de minimis allocation relative to their size may be excluded from the allocation. Another exception may occur when thin markets or price volatility require that an aggregated order be completed in multiple executions over several days. If partial completion of the order would result in an uneconomic allocation to an account due to fixed transaction or custody costs, the dealer may have the discretion to complete and exclude the small orders.

Purchases of money market instruments and fixed income securities cannot always be allocated pro-rata across the accounts with the same investment strategy and objective. However, the Adviser attempts to mitigate any potential unfairness by basing non-pro rata allocations upon an objective predetermined criteria for the selection of investments and a disciplined process for allocating securities with similar duration, credit quality and liquidity in the good faith judgment of the Adviser so that fair and equitable allocation will occur over time.

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(a)(3) Portfolio Manager Compensation

The Fund's portfolio managers participate in a competitive compensation program that is designed to attract and retain outstanding people and closely link their performance to client investment objectives. The total compensation program includes a base salary fixed from year to year and a variable performance bonus consisting of cash incentives and restricted stock and, in some cases, mandatory deferred compensation. These elements reflect individual performance and the performance of the Adviser's business as a whole.

Each portfolio manager's performance is formally evaluated annually based on a variety of factors including the aggregate size and blended performance of the portfolios that he manages. Individual contribution relative to client

goals carries the highest impact. The compensation is primarily driven by meeting or exceeding clients' risk and return objectives, relative performance to

competitors or competitive indices and compliance with firm policies and regulatory requirements. In evaluating the portfolio manager's performance with respect to the mutual funds (including the Fund) he manages, the funds' pre-tax performance is compared to the appropriate market peer group and to each fund's benchmark index listed in the fund's prospectus over one, three and five year periods (or such shorter time as the portfolio manager has managed the fund). Investment performance is generally more heavily weighted to the long-term.

Stock awards are granted as the annual performance bonus and comprise from 0% to 35% of each portfolio manager's total award. As the level of incentive compensation increases, the percentage of compensation awarded in restricted stock also increases.

#### ITEM 9. PURCHASE OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable to the Fund.

#### ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which the shareholders may recommend nominees to the Fund's board of directors since the Fund filed its last form NCSR

#### ITEM 11. CONTROLS AND PROCEDURES.

(a) The Fund's principal executive and principal financial officers have concluded that the Fund's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this Form N-CSR based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the 1934 Act (17 CFR 240.13a-15(b) or 240.15d-15(b)).

(b) There were no changes in the Fund's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the Fund's second fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Fund's internal control over financial reporting.

ITEM 12. EXHIBITS.

- (a)(1) Code of Ethics is attached hereto in response to Item 2(f).
- (a)(2) Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940.
- (a)(3) Not applicable.
- (a)(4) Proxy voting policies and procedures of the Fund and its investment adviser are attached hereto in response to Item 7.
- (b) The certifications required by Rule 30a-2(b) of the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

JF China Region Fund, Inc.

By:

/s/ \_\_\_\_\_

Simon Crinage

President and Principal Executive Officer

March 9, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By:

/s/\_\_\_\_\_

Simon Crinage

President and Principal Executive Officer

March 9, 2009

By:

/s/\_\_\_\_\_

Michael J. James

Treasurer and Principal Financial Officer

March 9, 2009

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