



JF CHINA REGION FUND, INC.

*Annual Report
December 31, 2009*



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.

J.P.Morgan
Asset Management

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OBJECTIVES

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 (indirectly). 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

JF International Management Inc. ('JFIMI') is the investment management company appointed to advise and manage the Fund's portfolio (the 'Investment Advisor'). 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 also uses the sub-brand JF Asset Management. Funds under management for the global asset management business of JPMAM were US\$1.2 trillion as of December 31, 2009.

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.

FORWARD-LOOKING STATEMENTS

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,” “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 affect 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)

The estimated net asset value is published in

- The Wall Street Journal under “Closed-End Funds” (every Saturday)
- www.jfchinaregion.com

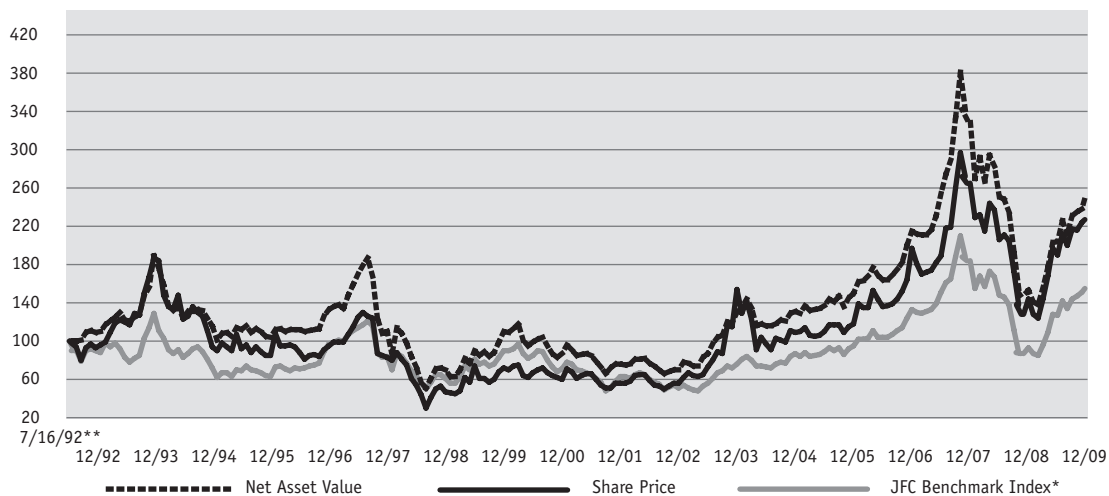
HIGHLIGHTS (unaudited)

	DECEMBER 31, 2009 US\$ (Audited)	DECEMBER 31, 2008 US\$ (Audited)
Net Assets	\$98.5 million	\$61.3 million
Net Asset Value Per Share	\$15.27	\$9.50
Market Data		
Share Price on the New York Stock Exchange	\$13.78	\$8.77
Discount to Net Asset Value	9.8%	7.6%

Total Return for the Year Ended December 31, 2009

Net Asset Value	61.4%
Share Price	57.8%
JFC Benchmark Index*	67.1%
MSCI Hong Kong Index (Total)	60.1%
MSCI China Index (Total)	62.6%
MSCI Taiwan Index (Total)	80.2%

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.

CHAIRMAN'S STATEMENT

DECEMBER 31, 2009

Dear Fellow Stockholder,

Performance

The year to December 31, 2009 witnessed a strong recovery in the Greater China equity markets against a backdrop of improving economic conditions globally. It is pleasing to report that the Fund achieved a positive net asset value ('NAV') return of 61.4% during the year, compared to the return of the Fund's benchmark, the MSCI Golden Dragon Index, which gained 67.1% over the same period. During the year, the Fund's share price return was lower than the NAV return at 57.8%, reflecting a widening of the discount from 7.6% to 9.8%.

The Fund's underperformance was primarily attributable to the portfolio's cash allocation in the first half of 2009, where the Investment Advisors' cautious approach (amidst concerns over volatility) was punished by a better than expected recovery. Stock selection in Hong Kong and an underweight position in Taiwan equities, which also performed better than expected, further detracted from performance.

Dividend

On December 15, 2009 the Fund paid a cash dividend of \$0.06188 per share, representing payment of the Fund's 2008 spillback distribution pursuant to Section 855 of the Internal Revenue Code.

Outlook

The Greater China Region has played an integral role in the recovery from the global economic fallout. China, in particular has been a key driving force behind the recovery, with the Government's large scale stimulus policies proving successful to date. The Board remains confident that the Greater China Region continues to offer excellent growth opportunities and expects to see continued strength in the Greater China equity markets through 2010. That said, our manager believes that volatility is set to continue as countries, such as China, will seek to exit from their stimulus programs as a proactive measure to stave off any potential asset bubbles or inflation.

Corporate Governance

I would like to assure stockholders that your Board of Directors takes its corporate governance responsibilities in a highly responsible manner and adheres to not only the latest regulatory measures, but industry best practices. Audit, Nomination and Management Engagement Committees meet regularly or as required. Your Board is fully independent with the exception of a representative from the managers. A discount monitoring process regularly reviews the Fund's discount on an absolute basis and relative to its peers.

Investment Manager

The Management Engagement Committee has responsibility for overseeing the performance of the Fund's manager and considering the annual renewal of its contract to provide services to the Fund. This Committee has registered concern that Fund performance could be improved and with this in mind, while renewing the manager's contract in November 2009 for another annual term, the Board also determined to carry out a survey of specialized managers of funds in the Greater China Region to identify the leaders in this sector. A number of managers, including J.P. Morgan Asset Management, have been invited to submit proposals as to how the Fund could be re-positioned for more effective investment results and the Committee and the full Board will be reviewing this matter, and I will be reporting to stockholders in due course.

Respectfully submitted

The Rt. Hon. The Earl of Cromer
Chairman

February 25, 2010

For more information please refer to the Fund's website at www.jfchinaregion.com

INVESTMENT ADVISORS' REPORT

In the 12 months ended December 31, 2009, the Fund produced a total return on net assets of +61.4% against a benchmark return of +67.1%. Allocation to cash was the largest detractor to performance, whilst stock selection in Hong Kong and an underweight position in Taiwan equities, which performed well throughout the year on the back of a stronger than expected recovery, also had a negative impact. The largest contributor to performance was stock selection in Chinese equities.

China

Market Performance

Chinese equities performed strongly in the first quarter of 2009, supported by optimism triggered by falling interest rates and expectations of the large-scale stimulus packages announced showing first signs of traction. The rally continued into the second quarter of 2009, driven by a rise in global equities against a backdrop of increased risk appetite amid the low interest rate environments globally. Liquidity and a weak US dollar led to reflationary expectations and despite capital raising activities, property stocks were well supported on the back of strong transaction volumes, stabilized property prices and increasing land acquisitions.

Whilst the rally continued into the third quarter of 2009 alongside the global markets, there was a temporary pull back caused by a panic sell-off in domestic A-Share markets. This reflected concerns over "policy tightening" due to much lower loan growth in July and August, relatively stagnant property sales during the summer, and the government's suspension of capacity expansion for selective industries.

In the fourth quarter of 2009, apprehension surrounding the suspension/normalization of selective stimulus measures for the property sector remained minimal. IPO/placement activities were buoyant despite mixed results on first-day performance, reflecting plenty of liquidity and a return to risk appetite in the market for

2010. China's economic data continued to improve through November, nonetheless, with limited signs of export recovery.

Market Outlook

We expect continued strength in global equity markets but paired with higher volatility as the likes of China begin exits from the extraordinary stimulus programs in a proactive move to head off asset bubbles and inflation. Chinese officials have set the tone to maintain the continuity and stability of China's macro-economic policy for 2010, with an increasing focus on domestic consumption growth. Nonetheless, should export recovery become more visible, there would be an increasing probability of overheating for China. While we expect the government stimulus or preferential policies should normalize gradually, it would be too early for an overall "exit" or "tightening" ahead of a sustainable export recovery. Longer term, we believe the re-balance of China's economic growth towards consumption remains unchanged while Fixed Asset Investment growth could peak in the first half of 2010 given the government's increasing prudence on new investment projects.

Hong Kong

Market Performance

In the first quarter of 2009, worsening economic data both in the US and mainland China weighed on the Hong Kong equities market, with the Hang Seng Index almost reaching its October 2008 low on March, 9th before staging a sharp 20% rally to end the quarter. Corporate results were on average slightly behind expectations. In particular, property companies' earnings were adversely affected by booking delays but write-downs due to property revaluations were largely within expectations.

Contrary to the previous 6 months, the second quarter of 2009 witnessed one of the strongest rallies in the Hong Kong market on record with the Hang Seng Index

up 37.7%, building on top of the march-end rally. The primary driver for this rally was a recovery in risk appetite on the back of capital inflows into Hong Kong due to loose global monetary conditions coupled with reinforced confidence in the strength of the economic recovery in China.

In the third quarter of 2009, the Hang Seng Index was up 14.8%, despite worries over credit tightening in China. Physical property residential sales and volumes continued to show strength, including some record-setting transactions, and even the hardest-hit office rental segment also began to show signs of a turnaround.

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

Hong Kong

Market Outlook

Hong Kong equities remain beholden to the continued economic growth in China coupled with the supportive liquidity situation overseas, most importantly the US. On both of those fronts, we believe that policy direction and economic momentum will not reverse prematurely. We are expecting greater volatility but our positive stance remains. Both the Chinese government and those around the world are wary of prematurely exiting from their stimulus stance.

Taiwan

Market Performance

The trend for Taiwanese equities reversed in the first quarter of 2009, as it became the best performing Asian market despite the still uncertain economic backdrop. The rally was mainly driven by retail participants given the large repatriation of capital into Taiwan amidst global uncertainty. The rally was also backed by an improved revenue outlook and company restocking after overly aggressive order cuts in late 2008.

The Taiwan market continued on this trend in the second quarter of 2009 closing up 23.4% quarter on quarter, fueled primarily by continuing technology demand and further momentum on improving cross-strait relations.

In the third quarter of 2009, the technology sector outperformed aided by strong second quarter earnings reports and positive third quarter guidance, backed by generally improving economic data. The main setback for the quarter was in August, in part due to weakness in the Chinese markets, but also due to the public relations disaster caused by the Government's slow response to damage from Typhoon Morakot.

After a slow start to the fourth quarter of 2009, the Taiwanese Taiex Index moved up in November and December to close at a year-high of 8,188, +9% quarter on quarter. This was as a result of major merger and acquisition announcements within technology, strong IT demand and improved cross-strait relations with China. Technology outperformed in the fourth quarter of 2009, especially the opto-electronic (TFT/LED) and components sectors. End demand for technology held up well in the second half of 2009 with robust sales for the holiday seasons in the US and China. GDP growth in the fourth quarter was better than market expectations, mainly due to consumption recovery and better export performance.

Market Outlook

The robust demand for technology products in the second half of 2009 is likely to be extended into the first quarter of 2010 driven by Chinese New Year demand. Technology inventories continue to remain generally healthy. Further cross-strait relations, potential investments by QDII ('Qualified Domestic Institutional Investors') funds into the Taiwan market, the release of the second list of permissible investments from Chinese capital and the start of negotiations on the ECFA

('Economic Cooperation Framework Agreement') could drum up interest. Local liquidity remains abundant driven by low interest rates and strong money supply growth. However, some profit taking is likely, especially in technology stocks that had outperformed strongly in 2009. Sector rotation is likely to be a common theme for the first quarter of 2010. Whilst an interest rate hike is not likely to happen in the first half of 2010, concerns of a hike in the second half of 2010 could hold back the market.

February 25, 2010

TOP TEN HOLDINGS
AT DECEMBER 31, 2009

	% OF NET ASSETS
<p>China Life Insurance Co., Ltd. 'H' offers a wide range of life, accident and health insurance products and services.</p>	4.7
<p>China Construction Bank Corp. 'H' 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.</p>	4.6
<p>Industrial & Commercial Bank of China 'H' 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.</p>	4.5
<p>Taiwan Semiconductor Manufacturing Co., Ltd. ('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.</p>	4.4
<p>China Mobile, Ltd. through its subsidiaries, provides cellular telecommunications services in the People's Republic of China and Hong Kong.</p>	4.4
<p>HON HAI Precision Industry Co., Ltd. manufactures and markets personal computer ('PC') connectors and cable assemblies used in desktop PCs and PC servers.</p>	4.1
<p>CNOOC, Ltd. through its subsidiaries, explores, develops, produces, and sells crude oil and natural gas.</p>	3.6
<p>Bank of China, Ltd. 'H' provides a complete range of banking and other financial services to individual and corporation customers worldwide. The Bank's services include retail banking, Great Wall credit card and debit card services, consumer credit, foreign currency transaction, corporate banking, settlement and clearing, investment banking, and fund management businesses.</p>	3.5
<p>China Shenhua Energy Co., Ltd. 'H' is an integrated coal-based energy company focusing on the coal and power businesses in China. The Company also owns and operates an integrated coal transportation network consisting of dedicated rail lines and port facilities.</p>	3.0
<p>Tencent Holdings, Ltd. provides internet, mobile, and telecommunication value-added services in China. The Company has an instant messaging community in China. Tencent also provides online advertising services.</p>	3.0

INVESTMENT PORTFOLIO
AT DECEMBER 31, 2009

DESCRIPTION	HOLDINGS (IN SHARES)	MARKET VALUE (IN US\$)
COMMON STOCK — (unless otherwise noted)		
CHINA (39.0%)		
Commercial Banks (12.7%)		
Bank of China, Ltd. 'H'	6,396,000	3,464,699
China Construction Bank Corp. 'H'	5,269,000	4,532,751
Industrial & Commercial Bank of China 'H'	5,375,000	<u>4,464,493</u>
		<u>12,461,943</u>
Construction Materials (0.9%)		
BBMG Corp. 'H' (a)	192,500	210,788
China National Building Material Co., Ltd. 'H'	346,000	<u>716,687</u>
		<u>927,475</u>
Energy Equipment & Services (0.9%)		
China Oilfield Services, Ltd. 'H'	770,000	<u>923,595</u>
Food Products (3.1%)		
Ausnutria Dairy Corp., Ltd. (a)	639,000	529,931
China Yurun Food Group, Ltd.	421,000	1,248,872
Tingyi Cayman Islands Holding Corp.	508,000	<u>1,257,977</u>
		<u>3,036,780</u>
Insurance (6.2%)		
China Life Insurance Co., Ltd. 'H'	944,000	4,669,229
Ping An Insurance Group Co. of China, Ltd. 'H'	170,000	<u>1,490,959</u>
		<u>6,160,188</u>
Internet Software & Services (3.0%)		
Tencent Holdings, Ltd.	134,700	<u>2,927,354</u>
Machinery (0.6%)		
Sany Heavy Equipment International Holdings Co., Ltd. (a)	436,000	<u>551,650</u>
Marine (0.9%)		
China Shipping Development Co., Ltd. 'H'	592,000	<u>890,283</u>
Metals & Mining (2.5%)		
Aluminum Corp of China, Ltd. 'H' (a)	326,000	359,494
Jiangxi Copper Co., Ltd. 'H'	540,000	1,278,717
Maanshan Iron & Steel Co., Ltd. 'H' (a)	1,178,000	<u>862,981</u>
		<u>2,501,192</u>
Multiline Retail (0.9%)		
Parkson Retail Group, Ltd.	527,500	<u>930,714</u>

DESCRIPTION	HOLDINGS (IN SHARES)	MARKET VALUE (IN US\$)
Oil, Gas & Consumable Fuels (4.8%)		
China Petroleum & Chemical Corp. 'H'	1,914,000	1,705,799
China Shenhua Energy Co., Ltd. 'H'	608,000	<u>2,979,854</u>
		<u>4,685,653</u>
Real Estate Management & Development (1.7%)		
China Vanke Co., Ltd. 'B'	956,600	1,200,469
Longfor Properties Co., Ltd. (a)	416,500	<u>470,036</u>
		<u>1,670,505</u>
Textiles, Apparel & Luxury Goods (0.8%)		
Li Ning Co., Ltd.	200,000	<u>760,956</u>
TOTAL CHINA		
		38,428,288
HONG KONG (30.6%)		
Automobiles (0.3%)		
Brilliance China Automotive Holdings, Ltd. (a)	1,084,000	<u>306,183</u>
Commercial Banks (1.9%)		
BOC Hong Kong Holdings, Ltd.	321,500	729,796
Hang Seng Bank, Ltd.	46,600	689,378
Industrial & Commercial Bank of China Asia, Ltd.	226,532	<u>493,769</u>
		<u>1,912,943</u>
Construction Materials (0.4%)		
China Resources Cement Holdings, Ltd. (a)	696,000	<u>345,603</u>
Distributors (1.0%)		
Li & Fung, Ltd.	244,000	<u>1,014,910</u>
Diversified Financial Services (1.6%)		
Hong Kong Exchanges and Clearing, Ltd.	87,300	<u>1,569,585</u>
Gas Utilities (0.5%)		
China Resources Gas Group, Ltd.	358,000	<u>526,376</u>
Independent Power Producers & Energy Traders (0.3%)		
China Resources Power Holdings Co., Ltd.	132,000	<u>262,863</u>
Industrial Conglomerates (4.1%)		
Hutchison Whampoa, Ltd.	216,000	1,487,657
Jardine Matheson Holdings, Ltd.	31,600	953,688
Poly Hong Kong Investment, Ltd.	913,000	1,144,577
Shanghai Industrial Holdings, Ltd.	95,000	<u>485,819</u>
		<u>4,071,741</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

INVESTMENT PORTFOLIO

AT DECEMBER 31, 2009 (continued)

DESCRIPTION	HOLDINGS (IN SHARES)	MARKET VALUE (IN US\$)
COMMON STOCKS — continued		
Marine (0.7%)		
Orient Overseas International, Ltd.	146,000	683,545
Oil, Gas & Consumable Fuels (3.6%)		
CNOOC, Ltd.	2,236,000	3,518,353
Real Estate Management & Development (11.8%)		
Cheung Kong Holdings, Ltd.	173,000	2,237,973
China Overseas Land & Investment, Ltd.	360,000	761,472
China Resources Land, Ltd.	504,000	1,146,666
Hang Lung Properties, Ltd.	402,000	1,586,556
Kerry Properties, Ltd.	238,500	1,215,048
Sun Hung Kai Properties, Ltd.	174,000	2,609,977
Wharf Holdings, Ltd.	360,000	2,077,798
		<u>11,635,490</u>
Wireless Telecommunication Services (4.4%)		
China Mobile, Ltd.	457,000	4,293,916
TOTAL HONG KONG		
		<u>30,141,508</u>
MACAU (0.8%)		
Hotels, Restaurants & Leisure (0.8%)		
Sands China, Ltd. (a)	624,400	761,836
TAIWAN (29.3%)		
Capital Markets (0.9%)		
KGI Securities Co., Ltd.	1,418,000	842,333
Chemicals (2.9%)		
Formosa Plastics Corp.	899,110	1,891,827
Taiwan Fertilizer Co., Ltd.	267,000	951,634
		<u>2,843,461</u>
Commercial Banks (0.7%)		
Taishin Financial Holdings Co., Ltd. (a)	1,816,000	715,385
Computers & Peripherals (3.1%)		
Acer, Inc.	542,630	1,632,047
Compal Electronics, Inc.	1,037,000	1,437,891
		<u>3,069,938</u>
Diversified Financial Services (1.7%)		
Fubon Financial Holding Co., Ltd. (a)	1,373,000	1,687,007
Electrical Equipment (0.6%)		
Silitech Technology Corp.	173,000	622,010
Electronic Equipment, Instruments & Components (6.8%)		
Chi Mei Optoelectronics Corp. (a)	2,135,000	1,501,876

DESCRIPTION	HOLDINGS (IN SHARES)	MARKET VALUE (IN US\$)
Electronic Equipment, Instruments & Components — continued		
HON HAI Precision Industry Co., Ltd.	842,716	3,991,605
Largan Precision Co., Ltd.	52,700	693,659
Nan Ya Printed Circuit Board Corp.	88,000	337,033
Sintek Photronic Corp. (a)	207,000	182,504
		<u>6,706,677</u>
Industrial Conglomerates (0.9%)		
Far Eastern New Century Corp.	744,140	930,611
Insurance (1.1%)		
Shin Kong Financial Holding Co., Ltd. (a)	2,515,318	1,045,919
Semiconductors & Semiconductor Equipment (10.6%)		
Advanced Semiconductor Engineering, Inc.	1,267,000	1,142,815
Macronix International	481,000	275,201
MediaTek, Inc.	120,638	2,104,612
Powertech Technology, Inc.	135,000	457,949
Richtek Technology Corp.	66,300	677,821
Taiwan Semiconductor Manufacturing Co., Ltd.	2,168,057	4,372,039
United Microelectronics Corp. (a)	2,545,000	1,368,579
		<u>10,399,016</u>
TOTAL TAIWAN		
		<u>28,862,357</u>
TOTAL INVESTMENTS		
(99.7% of Net Assets)		
(Cost \$78,298,803)		
98,193,989		
Other assets in excess of liabilities		
(0.3% of Net Assets)		
263,241		
NET ASSETS (100.0%)		
98,457,230		
As of December 31, 2009, aggregate cost for Federal income tax purposes was \$82,756,470. The aggregate unrealized gain for all securities is as follows		
Excess of market value over cost		17,536,786
Excess of cost over market value		(2,099,267)
Net unrealized gain		<u>15,437,519</u>
NOTES TO INVESTMENT PORTFOLIO:		
(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.

STATEMENT OF ASSETS AND LIABILITIES
 AT DECEMBER 31, 2009

	(in US\$)
ASSETS:	
Investments in non-affiliates, at value (cost \$78,298,803)	98,193,989
Cash (including foreign currencies with a cost of \$373,858 and value of \$374,004)	431,426
Receivable for securities sold	<u>188,967</u>
Total Assets	<u>98,814,382</u>
LIABILITIES:	
Payables	
Payable for securities purchased	123,548
Accrued liabilities	
Investment advisory fees	90,751
Directors' fees and expenses	47,797
Custodian and accounting fees	7,842
Administration fees	19,546
Other	<u>67,668</u>
Total Liabilities	<u>357,152</u>
Net Assets	<u>98,457,230</u>
<i>Net assets consist of:</i>	
Common stock, \$0.01 par value	
(100,000,000 shares authorized; 6,447,637 shares issued and outstanding)	64,476
Paid-in capital	98,994,145
Undistributed net investment income	126,329
Accumulated realized loss on investments and foreign currency transactions	(20,623,052)
Accumulated net unrealized appreciation on investments, foreign currency holdings, and other assets and liabilities denominated in foreign currencies	<u>19,895,332</u>
Net Assets	<u>98,457,230</u>
Net Asset Value Per Share (\$98,457,230 ÷ 6,447,637)	<u>15.27</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009

	(in US\$)
INVESTMENT INCOME:	
Dividends from non-affiliates (net of foreign withholding tax of \$204,958)	1,832,320
Interest income from affiliates	<u>558</u>
Total Investment Income	<u>1,832,878</u>
EXPENSES:	
Investment advisory fees	792,593
Directors' fees and expenses	272,483
Custodian and accounting fees	191,351
Administration fees	87,500
Insurance fees	44,665
Shareholder service fees	46,204
Shareholder report fees	35,445
Audit fees	60,492
Legal fees	109,190
NYSE listing fee	24,882
Other expenses	<u>20,271</u>
Total Expenses	<u>1,685,076</u>
Net Investment Income	<u>147,802</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FOREIGN CURRENCY HOLDINGS AND OTHER ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES:	
Net realized loss	
Investments in non-affiliates	(6,390,819)
Foreign currency transactions	<u>(16,238)</u>
Net realized loss	<u>(6,407,057)</u>
Net change in unrealized appreciation/depreciation	
Investments in non-affiliates	43,858,628
Foreign currency translations	<u>286</u>
Change in net unrealized appreciation/depreciation	<u>43,858,914</u>
Net realized and unrealized gain on investments, foreign currency holdings and other assets and liabilities denominated in foreign currencies	<u>37,451,857</u>
Net increase in net assets resulting from operations	<u>37,599,659</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIODS INDICATED

	Year Ended December 31, 2009 (in US\$)	Year Ended December 31, 2008 (in US\$)
INCREASE IN NET ASSETS:		
Operations		
Net investment income	147,802	948,551
Net realized loss on investment transactions	(6,407,057)	(11,886,315)
Net change in unrealized appreciation (depreciation) on investments, foreign currency holdings and other assets and liabilities denominated in foreign currencies	<u>43,858,914</u>	<u>(59,978,319)</u>
Net increase (decrease) in net assets resulting from operations	<u>37,599,659</u>	<u>(70,916,083)</u>
DISTRIBUTIONS TO STOCKHOLDERS:		
Net investment income	(398,980)	(28,887)
Net realized gains	<u>—</u>	<u>(21,498,439)</u>
Total distributions to shareholders	<u>(398,980)</u>	<u>(21,527,326)</u>
Total increase (decrease) in net assets	<u>37,200,679</u>	<u>(92,443,409)</u>
CHANGE IN NET ASSETS FROM CAPITAL TRANSACTIONS:		
Dividends and distributions reinvested	<u>—</u>	<u>15,067,439</u>
Change in net assets from capital transactions	<u>—</u>	<u>15,067,439</u>
NET ASSETS:		
Beginning of period	<u>61,256,551</u>	<u>138,632,521</u>
End of period (including undistributed net investment income of \$126,329 and \$393,745, respectively)	<u>98,457,230</u>	<u>61,256,551</u>
SHARE TRANSACTIONS		
Opening number of shares	6,447,637	4,585,160
Reinvested	<u>—</u>	<u>1,862,477</u>
Closing number of shares	<u>6,447,637</u>	<u>6,447,637</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

FINANCIAL HIGHLIGHTS
FOR THE PERIODS INDICATED

	For the Year Ended December 31, 2009 (in US\$)	For the Year Ended December 31, 2008 (in US\$)	For the Year Ended December 31, 2007 (in US\$)	For the Year Ended December 31, 2006 (in US\$)	For the Year Ended December 31, 2005 (in US\$)
For a share outstanding throughout each year:					
Net asset value, beginning of period	9.50	30.24	22.82	16.04	14.06
Net investment income	0.02	0.32	0.11	0.07	0.13
Net realized and unrealized gain (loss)	5.81	(16.36)	12.54	6.80	1.91
Total from investment operations	5.83	(16.04)	12.65	6.87	2.04
Dividends from net investment income	(0.06)	(0.01)	(1.25)	(0.09)	(0.06)
Distributions from net realized gains	—	(4.69)	(3.98)	—	—
Total distributions	(0.06)	(4.70)	(5.23)	(0.09)	(0.06)
Net asset value, end of period	15.27	9.50	30.24	22.82	16.04
Market value, end of period	13.78	8.77	25.47	22.80	13.71
Total Investment Return					
Per share market value *	57.8%	(45.6%)	35.0%	67.1%	7.6%
RATIOS/SUPPLEMENTAL DATA					
Net assets, end of period	98,457,230	61,256,551	138,632,521	104,623,906	73,558,649
Ratios of total expenses to average net assets	2.12%	1.92%	1.54%	1.95%	2.08%
Ratios of net investment income to average net assets	0.19%	0.98%	0.39%	0.36%	0.90%
Portfolio turnover rate	101.0%	114.8%	118.8%	192.4%	121.8%
Number of shares outstanding at end of period (in thousands)	6,448	6,448	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.

NOTES TO FINANCIAL STATEMENTS

AT DECEMBER 31, 2009

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 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 material. 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.

The various inputs that are used in determining the fair value of the Fund's investments 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.

NOTES TO FINANCIAL STATEMENTS
 AT DECEMBER 31, 2009 (continued)

The following table represents each valuation input by sector as presented on the Investment Portfolio:

	Level 1 Quoted prices	Level 2 Other significant observable inputs	Level 3 Significant unobservable inputs	Total
Total Investments in Securities #	<u>\$98,193,989</u>	<u>\$—</u>	<u>\$—</u>	<u>\$98,193,989</u>

All portfolio holdings designated as Level 1 are disclosed individually in the Investment Portfolio. Please refer to the Investment Portfolio for industry specifics of the portfolio holdings.

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) 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.

During the year ended December 31, 2009, the Fund made purchases of \$79,021,533 and sales of \$77,709,654 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 'Advisor'), 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 Advisor 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 Advisor or its affiliates charges a management fee are excluded from the calculation.

ii) During the year ended December 31, 2009, 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** — The Fund pays each of its Directors who is not a director, officer or employee of the Advisor, 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.

5. Capital Share Transactions

On September 10, 2009, 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 644,764 shares (10% of its then issued and outstanding shares) in the open market through September 9, 2010. 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 years ended December 31, 2009 and 2008, the Fund did not repurchase any shares under the share repurchase program.

NOTES TO FINANCIAL STATEMENTS

AT DECEMBER 31, 2009 (continued)

6. Risks and Uncertainties

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 have 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, 2009, the Fund had 39.1%, 30.7%, 0.8%, and 29.4% of its total investments invested in China, Hong Kong, Macau, 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. 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. However, the Fund’s conclusions may be subject to future review based on changes in, or the interpretation of, the accounting standards or tax laws and regulations. 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, 2009 was \$398,980 from ordinary income.

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.

At December 31, 2009, the components of net assets (excluding paid-in capital) on a tax basis were as follows:

Tax Basis Ordinary Income	\$ 126,331
Tax Basis Capital Loss Carryover	(16,055,877)
Tax Unrealized Appreciation on Investments and Foreign Currencies	15,437,665
Other Cumulative Temporary Differences	<u>(109,510)</u>
Net Assets (Excluding Paid-In Capital)	<u>\$ (601,391)</u>

The cumulative timing differences primarily consist of wash sale loss deferrals.

During the year ended December 31, 2009, the Fund reclassified \$16,238 to accumulated realized gains on investments from undistributed net investment income on investments as a result of permanent book and tax differences primarily relating to foreign currency gains and losses. Net assets were not affected by the reclassifications.

As of December 31, 2009, the Fund had the following net capital loss carryforwards, expiring during the years indicated, which are available to offset future realized gains:

	2016	2017	Total
	\$2,664,784	\$13,391,093	\$16,055,877

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, 2009, the Fund deferred to January 1, 2010 post-October capital losses of \$109,510.

8. Subsequent Event

Management has evaluated all subsequent transactions and events after the balance sheet date through February 25, 2010, the date on which these financial statements were issued and, except as already included in the notes to these financial statements, has determined that no additional items require disclosure.

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, 2009, 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, 2009 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York
February 25, 2010

RESULTS OF THE ANNUAL STOCKHOLDERS' MEETING

The Fund held its annual stockholders' meeting on May 14, 2009. At this meeting, stockholders elected the following nominees to the Fund's Board of Directors.

I) Election of Directors

Nominees	Votes For	Votes Withheld	Shares Not Voted	Total Voting Shares
The Rt. Hon. The Earl of Cromer	3,962,403	1,311,831	1,173,403	6,447,637
Simon J. Crinage	5,043,457	230,777	1,173,403	6,447,637

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. For the fiscal year ended December 31, 2009, certain dividends paid by the Fund may be subject to a maximum tax rate of 15%. 76.50% of ordinary income distributions were treated as qualified dividends. For the fiscal year ended December 31, 2009, the Fund intends to elect to pass through to shareholders the income tax credit for taxes paid to foreign countries. Gross foreign source income and foreign tax expenses are \$1,832,522 and \$204,958, 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 advisor 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, 2009.

Certifications

Simon J. Crinage, as the Fund's President, has certified to the New York Stock Exchange that, as of June 10, 2009, 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.

APPROVAL OF INVESTMENT ADVISORY CONTRACT

On November 30, 2009, 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.
- The Committee and the Board noted concerns with the Fund's underperformance compared to the benchmark but were generally satisfied with the nature, quality and extent of other services provided by JFIMI. The Committee and the Board reviewed, among other things, JFIMI's investment experience in the China region markets and the background and experience of JFIMI's senior management. The Committee registered concern that Fund performance could be improved and with this in mind, while renewing the Agreement for another annual term, the Board also determined to carry out a survey of specialized managers of funds in the Greater China Region to identify the leaders in this sector. A number of managers, including J.P. Morgan Asset Management, have been invited to submit proposals as to how the Fund could be re-positioned for more effective investment results.
- The Fund's performance during the one-year period lagged 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.) Although one-year performance lagged, it was noted that for certain longer-term periods (3 and 5 years), the Fund's performance surpassed the benchmark. The Board stated that it would continue to monitor performance very closely over the near term.
- 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.

FUND MANAGEMENT

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
Independent Directors				
The Rt. Hon. The Earl of Cromer (June 3, 1946) Finsbury Dials 20 Finsbury Street London, EC2Y 9AQ United Kingdom Chairman and Class I Director	Three year term ends in 2012; Chairman and Director since 1994.	Chairman of the Board of the Fund; Chairman of the Board, Western Provident Association (insurance), London Asia Capital plc (financial); Sunrise New Energy Group Limited (utility); Pedder Street Asia Absolute Return Fund Limited (finance); LG Asia Plus Fund Limited (finance); Director, Schroder AsiaPacific Fund Limited (finance) and Chief Executive Officer, Cromer Associates Limited (family business).	1	See Principal Occupation.
Alexander Reid Hamilton (October 4, 1941) P.O. Box 12343 General Post Office Hong Kong Class II Director	Three year term ends in 2010; Director since 1994.	Director of Citic Pacific Limited (infrastructure), China Cosco Holdings Company Limited (shipping), Esprit Holdings Limited (clothing retail), Shangri-La Asia Limited (hotels) and Octopus Cards Limited (financial services).	1	See Principal Occupation.
Julian M. I. Reid (August 7, 1944) Finsbury Dials, 20 Finsbury Street London, EC2Y 9AQ United Kingdom Class III Director	Three year term ends in 2011; Director since 1998.	Chief Executive Officer of 3a Funds Group (financial); Director and Chairman of Morgan's Walk Properties Limited (property); Director and Chairman of The Korea Fund, Inc. (financial); 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	See Principal Occupation.

FUND MANAGEMENT
(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
Independent Directors (continued)				
John R. Rettberg (September 1, 1937) 1 Beacon St. Boston, MA 02108 USA Class II Director	Term ends in 2010; Director since 2008	Trustee, JPMorgan Alternative Products mutual fund Board 1997 to 1999.	1	See Principal Occupation.
Interested Director & President of the Fund				
Simon J Crinage (May 10, 1965) Finsbury Dials, 20 Finsbury Street London, EC2Y 9AQ United Kingdom Class I Director and President	Term as Director ends in 2012; Director since May, 2009 & President since 2003	Managing Director, J.P. Morgan Asset Management.	1	None.

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

Information pertaining to the 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
Officers who are not Directors		
Michael J. James (May 11, 1967) Finsbury Dials, 20 Finsbury Street London, EC2Y 9AQ United Kingdom Treasurer	Since 2006**	Treasurer of the Fund; Vice President, J.P. Morgan Asset Management.
Christopher D. Legg (March 12, 1982) Finsbury Dials, 20 Finsbury Street London, EC2Y 9AQ United Kingdom Secretary	Since 2008**	Secretary of the Fund; Associate, J.P. Morgan Asset Management.
Muriel Y.K. Sung (September 25, 1966) 8 Connaught Road Central/Hong Kong Chief Compliance Officer	Since 2004**	Chief Compliance Officer of the Fund; Vice President, J.P. Morgan Asset Management.

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

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 — Director and President Michael J. James — Treasurer Christopher D. Legg — Secretary Muriel Y.K. Sung — Chief Compliance Officer
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 <i>New York:</i> 1 Liberty Plaza New York, New York 10006 U.S.A. <i>Hong Kong:</i> 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.

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.

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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.

