

JPMORGAN CHINA REGION FUND, INC.

Form N-CSRS

September 01, 2016

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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

JPMorgan China Region Fund, Inc.

(Exact name of registrant as specified in charter)

One Beacon Street, 18th Floor

Boston, MA 02108

(Address of principal executive offices) (Zip code)

Dechert LLP

1095 Avenue of the Americas

New York, NY 10036

(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, 2016 through June 30, 2016

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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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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.

Semi-Annual Report

June 30, 2016 (Unaudited)

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OBJECTIVES

JPMorgan 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.

STRATEGY

The Fund provides investors with an opportunity to participate in the economic growth 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 (H-shares). The Fund may directly invest up to an aggregate of \$20m, as measured at the time of the original investment, to acquire Renminbi denominated China A-shares. In addition, the Fund can make indirect China A-share investments up to 10% of the Fund's total assets through exposure to China A-share investment companies. Further details on China A-shares are provided in note 7(iii) of the Notes to Financial Statements on page 25.

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). Funds under management for the global asset management business of JPMAM were US\$1.7 trillion as of June 30, 2016.

The Fund's lead portfolio manager is Emerson Yip, a Senior Portfolio Manager within JPMAM's Greater China investment team in Hong Kong.

JUNE 30, 2016

JPMORGAN CHINA REGION FUND, INC.

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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.jpchinaregionfund.com

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	JUNE 30, 2016 US\$ (Unaudited)	DECEMBER 31, 2015 US\$ (Audited)
Net Assets	\$108.7 million	\$113.2 million
Net Asset Value Per Share	\$16.85	\$17.55
Market Data		
Share Price on the New York Stock Exchange	\$15.20	\$15.32
Discount to Net Asset Value	9.8%	12.7%
Total Return for the Six Months Ended June 30, 2016		
Net Asset Value		(4.0)%
Share Price		(0.8)%
JFC Benchmark Index*		(3.7)%
MSCI Hong Kong		0.4%
MSCI China		(4.5)%
MSCI Taiwan		8.8%
China Securities Index (CSI) 300		(16.7)%

Net Asset Value and Share Price vs. Benchmark Index

* JFC Benchmark Index: 80% MSCI Golden Dragon Index (Net) 20% CSI 300 Index (Net). Prior to October 1, 2013, 80% MSCI Golden Dragon Index (GDR) +20% CSI 300 Index (Total). Prior to April 13, 2012, the MSCI Golden Dragon Index (Total). At December 31, 2011 the MSCI Golden Dragon Index (Total) comprised 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.

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CHAIRMAN'S STATEMENT

JUNE 30, 2016 (Unaudited)

Dear Fellow Stockholder

Performance

The Greater China market returns in the six months ending June 30, 2016 were mixed. The onshore China market was the worst performer whilst Taiwan was the best. Volatility in China A-shares spilled into H-shares, as investor sentiment eroded over the sharp market sell-offs at the beginning of the year driven by the sudden Renminbi devaluation and the unsuccessful rollout of the stock market circuit break mechanism. Incremental tightening to rein in potential inflationary pressure in China after strong first-quarter credit growth, as well as to facilitate excess capacity reduction reform, sent the markets down further. Changes in interest rate rise expectations and a surprise Brexit vote also negatively affected overall investment sentiment. However, impact of the Brexit result was temporary as markets generally rebounded at the end of the period as bargain hunters stepped in and lifted the market back up. Meanwhile, the Taiwan market was supported by strong upstream tech performance earlier in the year and then, with some volatility, ultimately rallied on the back of the inauguration of Tsai Ing-wen as the new president.

Against this backdrop, the Fund delivered a net asset value (NAV) return of 4.0% in the six months to June 30, 2016, trailing the benchmark's return of 3.7%. This underperformance relative to the benchmark was driven by an overweight to mainland China and underweight to Taiwan, offsetting the positive impact coming from stock selection. Further details are provided in the Investment Advisor's Report on pages 6 to 10. Over the same period, the Fund's stock price fell by 0.8% as the discount narrowed from 12.7% to 9.8%.

Merger Negotiations with Korea Equity Fund

On July 19, 2016 following discussions between your Fund's Board and the Board of Korea Equity Fund, Inc. (KEF), the Fund announced that it had entered into negotiations with KEF concerning a possible merger of the two funds. While discussions between the two Boards are ongoing, it is anticipated that the terms of such a merger would include the following:

The two funds will merge on terms based upon the two funds' relative net asset values per share at the date of the merger.

JFC will be the surviving fund (the Successor Fund) and will continue to retain the services of JF International Management, Inc. (JFIMI) as its Investment Advisor.

The Successor Fund's investment objective and principal investment strategies will be modified from JFC's current investment objective to the extent necessary to permit the Successor Fund to actively invest in equity securities of the countries in the North East Asia Region including; China, South Korea, Taiwan and Hong Kong.

The Successor Fund would change its name and benchmark to reflect this broadened investment universe. The name currently proposed is The North East Asia Growth Fund and the proposed benchmark is the MSCI All Country Far East ex. Japan Total Return Index.

The investment advisory fee of the Successor Fund will be 0.90% per annum of the Successor Fund's managed gross assets.

The Successor Fund Board will comprise four members of the current Fund Board and two KEF directors.

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

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Following the merger, the Successor Fund will seek to purchase up to 50% of the Successor Fund's issued shares at net asset value per share less associated costs.

Since this announcement was made discussions have continued and both Boards continue to work towards a successful merger. The Fund intends to make a further announcement updating stockholders on developments in due course.

Leverage

On February 25, 2015, your Board renewed the Fund's US\$17.5m credit facility with Scotiabank (Ireland) Ltd (Scotiabank) for a further two year period. Under this arrangement, Scotiabank provides a secured, committed credit facility which can be utilized at any time. On July 10, 2015 this facility was increased to US\$22m. This financing arrangement gives the Investment Advisor the flexibility to manage tactically borrowed monies at its discretion under the supervision of the Board. Since the beginning of the reporting period and up to June 30, 2016 the Fund's equity exposure ranged from 106.3% to 110.3%, and at the time of writing is 104.5%. Management fees are not payable on any unutilized part of this facility.

Board of Directors

Mr. Hamilton and Mr. Rettberg retired following the conclusion of the Annual Meeting of Stockholders held on July 20, 2016. On behalf of the Board, I would like to thank Messrs. Rettberg and Hamilton for their valuable contributions to the Fund over the years. At the Annual Meeting the Fund's stockholders voted to approve the election of Mr. John R. Hass and Mr. Alistair E.M. Laband as Class II Directors for a term expiring in 2019. The Board is delighted to welcome such experienced professionals and we look forward to working with them.

Outlook

As hopes of a rapid, stimulus fueled macro-economic recovery have diminished, the opportunity in Greater China should remain in economic policy-driven or consumer-driven sectors. A rapid recovery however, while positive for cyclical equities in the short-term, would be premised on a continued build-up of debt to unsustainable levels, which your Manager believes to be unlikely. Your Manager expects economic growth to continue to moderate. While heightened asset market volatility is probable given the global backdrop, your Board remains circumspect on the prospects for China's industrial economy despite recent government attempts to restrain commodity production and optimistic on the prospects for China's consumer economy. Your Manager is also of the view that equities should be supported by a still buoyant liquidity situation and improved sentiment around the possibility of greater foreign participation via either index inclusion of China A-shares or the start of Shenzhen-Hong Kong Connect. Your Manager expects continued economic moderation in Hong Kong given its heavy consumption dependence, especially with continued retail and tourism spending declines. The retail outlook remains vulnerable to the Chinese economy and capital flows, dollar strength and deterioration in the labour market. Global macro remains the key risk to the Taiwan market in the third quarter of 2016 following the Brexit vote. A potential weak reception for the new iPhone is another, although market expectations are already tempered on the new phone. However, the Taiwan stockmarket could prove to be relatively defensive supported by companies' strong free cash flow and the average 4.2% prospective dividend yield.

Respectfully submitted

The Rt. Hon. The Earl of Cromer Chairman

August 26, 2016

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

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INVESTMENT ADVISOR'S REPORT

For the 6 months ending June 2016, the Fund delivered a total return on net assets of 4.0% (in USD terms), underperforming the benchmark return of 3.7%.

Positive stock selection, in both onshore and offshore listed China holdings, as well as Taiwan, contributed to returns. Meanwhile, asset allocation offset the positive impact, driven by our overweight in the worst performing market during this time period, China A-shares, and our underweight in the best performing market during this time period, the Taiwan market. The 9% average gearing level also detracted from performance.

Stock selection in technology, in Taiwan and China, contributed most to returns. Apple supply chain companies, including AAC Technologies and Largan Precision, added value during this period. AAC Technologies rose on Q4 net profit increases and strong product cycle. Largan Precision rebounded as the market began factoring in a high probability of dual camera adoption by all of the new iPhones, which is a big volume uplift for its largest lens supplier. Select semiconductor companies also helped performance. Silicon Motion Technology outperformed on better-than-expected Solid State Drive (SSD) adoption rates. Chip industry bellwether Taiwan Semiconductor Manufacturing also showed strength over the period. In addition, our internet pair trade, overweighting Tencent and underweighting Baidu, helped returns. Tencent remains our core holding in the space and we maintain a negative view towards Baidu, given strategic concerns and regulatory overhang in healthcare advertising. Select secular growth companies also contributed to performance, including China Maple Leaf Educational Systems (an international school operator) and Phoenix Healthcare Group (hospital operator). The overweight in CNOOC added value as the exploration & production company rallied on a nearly 80% increase in oil price since the bottom in January.

A few select financials negatively impacted returns but remain high conviction holdings despite some near term weakness. Shares of China Vanke de-rated after the shareholder dispute following the deal with Shenzhen Metro but remains well-positioned for the property market rebound. China Taiping Insurance and Ping An Insurance should also be supported by secular tailwind in demand for life insurance. A handful of structural growth names were also among the top detractors. The volatility and correction we saw in the onshore market during the first quarter led to indiscriminate sell-down in A-share stocks and our overweights in Spring Airlines (low cost carrier), Zhejiang Huace Film & TV (entertainment content producer) and Beijing Originwater Technology (leader in waste water treatment) detracted from performance. The negative investor sentiment during this period also spilled over to H-shares, which, although listed offshore, reflect domestic demand and growth. These included CAR Inc (auto rental and resale company) and China Harmony (auto dealer/aftermarket services provider), the latter of which also fell given the poor performance of BMW China.

China

Market Performance

Chinese equities ended down further in the second quarter, with offshore-listed equities down 5% due to higher risk premium from another sudden renminbi devaluation and unsuccessful rollout of the circuit break mechanism. Markets rebounded, after touching low at end of February, on strong credit numbers, PBOC's cutting reserve requirement, and green shoots on demand recovery. On the macro front, the tug of war between renminbi stabilisation and much needed monetary stimulus remained the key focus. The unexpected renminbi devaluation at beginning of the year raised market's renewed concern about government's ability to use further monetary easing for macro recovery. The concern

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was eased when Jan-Feb credit numbers were strong, with M2 growth reaching 14%/13% year-on-year respectively (vs. April 2015 low of 10.1% year-on-year). Jan-Feb fixed asset investment (FAI) rebounded to 10.2% vs. December's 8.2%. Property FAI turned positive to 3% year-on-year vs. December's 2.1%, with leading indicator new property construction starts rebounding to 13.7% year-on-year from 6.7% in December. Signs of macro pick up subsequently stabilised the renminbi. Earnings revision remained negative as expected, led by economical sensitives such as energy, materials, and insurance. Even staples were hurt by weak demand. Positive revisions mainly came from structural growth sectors such as healthcare and TMT.

Chinese equities ended down further in the second quarter, with offshore-listed equities down 1.7%. We saw incremental tightening to rein in potential inflationary pressure after strong first-quarter credit growth, as well as to facilitate excess capacity reduction reform. Selected few growth sectors with strong earnings visibility outperformed. On the macroeconomic front, the focus shifted from renminbi stabilisation towards pushing forward structural reforms while maintaining mild positive growth. The strong credit growth in the first quarter drove solid profitability recovery in certain sectors such as steel. Steel mill profitability reached historical highs, causing capacity restarts. The consumer price index (CPI) also rebounded from October 2015's low of 1.3% to 2.3% in February 2016, on an accelerated pace despite still relatively low absolute levels. A speech from an authoritative person in early May indicated a clear policy direction, to push structural reform even if macroeconomic growth remains at an L shape. M2 growth slowed to 11.8% year-on-year in May from January's high of 14% year-on-year. Industrial production growth moderated to 6% year-on-year in May from a year-to-date high of 6.8% in March. Fixed asset investment growth slowed to 7.5% year-on-year in May from a high of 10.7% year-on-year in March. Earnings revisions

remained negative, led by late-cycle retailing; transportation, where the commodity price rebound has squeezed margins; and pharmaceuticals, which have suffered policy-related price cuts. Positive revisions came from economically-sensitive sectors such as autos, energy and materials.

A-shares

In the first quarter of 2015, the domestic A-share market (CSI 300 Index) was down 14% over the period. Equities fell due to unexpected RMB devaluation in January, compounded by the implementation of the circuit breaker. Market participants sold both blue chips and growth names on worries over limited monetary stimulus and further economic slowdown. Despite a strong January loan number, stabilization in the currency and solid consumer spending data during the Chinese New Year, a post-holiday rise in short-term interest rates led to a sharp sell-down in Shanghai/Shenzhen, especially growth names who have led the rebound since late January. However, in March, onshore equities surged, as easing macro worries spurred a cyclical-led rally. While corporate earnings were generally disappointing, real time growth indicators were encouraging. Property prices in a growing number of major cities soared, while the prices of domestically-driven commodities such as steel and cement rose, indicating both production discipline as well as better demand conditions. In addition, the RMB strengthened and the drawdown in China's foreign exchange reserves was less-than-expected.

In the second quarter of 2016, the onshore A-share market (CSI 300 Index) continued to decline, albeit to a lesser extent, falling 2%. It was a volatile quarter as the domestic market fell given the leadership's less accommodative stance. They seemed to cite the need for economic reform and predict the consequent L-shaped economic recovery, dashing hopes that strong stimulus would continue. Micro and macro level indicators showed weakness while

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INVESTMENT ADVISOR'S REPORT(continued)

liquidity growth slowed. Regulators in certain top tier property markets (including Shanghai and Shenzhen) and commodities exchanges (including Dalian) also moved to stop bubbles from forming after strong double digit price increases year-to-date. Towards the end of the quarter, the UK voted to exit the European Union, causing gyrations across markets and asset classes globally. Markets initially fell sharply but then rebounded on expectations of continued monetary easing. The onshore market was no exception, and growth stocks led the rebound.

Market Outlook

While heightened asset market volatility is probable given the global backdrop, we remain circumspect on the prospects for China's industrial economy, despite recent government attempts to restrain commodity production, and optimistic on the prospects for China's consumer economy. We also are of the view that China's index inclusion and the opening of the Hong Kong-Shenzhen Stock Connect are probable in the coming quarters, which should provide technical support in an environment characterized by capital outflows.

Hong Kong

Market Performance

After suffering a sharp drop at the beginning of the new year, Hong Kong equities clawed back most of the losses, led by Macau gaming, as well as utilities and telecom shares. Concerns over renminbi devaluation and capital outflows led to the fall in January, but those concerns subsided along with economic stabilisation in China and dovish comments from the US Federal Reserve. Residential property prices continued its decline with a 6.2% drop during the quarter, reaching a 1.5 year low. While there was a modest pick-up in secondary sales volumes, primary launches have only seen mixed responses, despite attractive pricing and financing options. The shares of property companies recovered

some of their losses, owing to lowered rate expectations as well as more capital management and corporate restructuring. Banks also selectively lowered their home mortgage rate offerings, which only had a limited impact. Fewer tourists from mainland China and an increase in outbound travel by Hong Kong local residents, both due to the strong HK dollar, have further driven the structural slowdown in retail sales. Overall retail sales in January and February combined fell 13.5% year-on-year, accelerating from the 8.5% decline in December. Additionally, Macau gaming shares continued to rally on the back of stabilising gaming revenues, as February was roughly flat year-over-year, the first flat month since the decline began in June 2014. Moreover, operators have generally reported better-than-expected results, leading to further positive revisions.

It was a volatile second quarter for Hong Kong equities as changes in rate rise expectations in the US, an authoritative person's warning of an L-shaped economic recovery in China and a surprise Brexit vote all weighed on investor sentiment. This specifically impacted select Hong Kong equities with significant direct exposure to the UK, namely HSBC and three Li Ka-Shing-controlled companies. In terms of the property market, primary launches continued to do well as rate rise expectations waned, while developers began offering more aggressive as well as creative mortgage payment options in addition to the low-rate mortgage offerings from banks. The secondary market also saw a stabilisation in prices, despite transaction volumes remaining weak. There was some excitement regarding a potential rebound in the retail market as the decline in sales slowed. However, there may be a delayed impact on rental income given the reversion cycle and reduction in turnover rent. Macau gaming slowed down in June on seasonality effects and the Euro 2016 football tournament.

Table of Contents**Market Outlook**

Worries about a slowdown in global economic growth, currency movements and a continued weakness in tourism could continue to overshadow the Hong Kong equity market. With respect to the impact of the Brexit, while there is potential risk to global economic growth, select Hong Kong-listed companies with brands, management and cost advantages can still tap into external markets. The outlook for residential property is positive given a likely delay in US rate rises and continued end-user demand, supported by attractive valuations. On the other hand, we are increasingly more cautious on office property given slowing rental growth, implying muted demand amid volatile market sentiment and the potential issue of shadow vacancy. In terms of Macau, two property openings, either late in the third quarter or fourth quarter, should be positively received by the market given their unique positioning and novel offerings. However, the response will be subject to continued economic stabilisation in China with no new meaningful barriers to capital flows to Macau. If overall market demand declines, new property openings would create price competition and unhealthy credit extensions.

Taiwan**Market Performance**

The Taiex index fell sharply at the beginning of the first quarter, unnerved by the turmoil in the global markets, along with further devaluation of the renminbi and a plunge in the China equity market after the introduction and subsequent suspension of the circuit-breaker system in the first week of the year. However, the market managed to rebound towards the end to finish the first quarter up 4.9%. Foreign investors were active buyers of the market. Economically sensitive sectors had the strongest momentum with sectors like steel, rubber, oil & gas, cement and construction being the top performers. Tech also outperformed, lifted by strong perform-

ance in the upstream like TSMC. Apple unveiled its new 4-inch iPhone SE and 9.7-inch iPad Pro at the Apple Worldwide Developers Conference, but investors' reaction were muted. Textiles remained weak on continued concerns over excess inventory. Financials performed poorly too, as CBC cut its interest for the third time since September 2015. The Taiwanese government released 4Q15 real GDP falling 0.5% year-on-year. The government estimated that seasonally-adjusted real GDP rose modestly by 2.2% quarter-over-quarter in 4Q15, following two consecutive quarters of contraction. For the full-year 2015, real GDP growth slowed notably to 0.75% year-over-year, compared to 3.9% year-over-year in 2014. The Taiwan central bank has cut key policy rate to 1.5% to maintain accommodative monetary conditions and to foster economic growth. With inflation pressure likely to remain muted in 2016 on weak growth, there could be room for further easing in the coming quarters. The Taiwan central bank governor Perng stated the economy is likely to improve in 2H16, partly helped by low bases.

The Taiex closed almost flat for the second quarter, which masked the volatility in the quarter. Several large events took place, including the weak first-quarter reporting season, the inauguration of the new president and government, Brexit, and the reduction in the discount rate by 12.5 basis points to 1.375% for the fourth time since September 2015. The market slipped initially on poor economic data, a challenging outlook for the Apple iPhone and weak first-quarter results. However, it staged a strong recovery after the inauguration of the new president. A generally balanced speech by president Tsai Ing-wen helped to soothe concerns over Cross-Straits relations. While she did not fully recognise the 1992 consensus, she acknowledged the historical fact of the meeting and committed to maintaining Cross-Straits relations based on the Constitution of the Republic of China. Following Brexit, the Taiex slumped initially, but bargain hunters stepped in to drive the market back up. Taiwan's GDP fell by 0.8%

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INVESTMENT ADVISOR'S REPORT(continued)

year-on-year in the first quarter of 2016, after declining 0.5% in the fourth quarter of 2015, marking the third consecutive quarterly decline on a year-on-year basis, due to a drop in investments and exports. Exports contracted for the sixteenth consecutive month in May 2016 and continued to weigh on Taiwan's export-driven economy, dragging down domestic investments and the labour market.

Market Outlook

The global macroeconomic environment remains the key market risk in the third quarter, following the Brexit vote. A potential weak reception to the new iPhone is another, although market expectations for the new iPhone are already tempered. However, the Taiwanese market could be relatively defensive,

supported by companies' strong free cash flow and an average 4.2% potential dividend yield. Earnings momentum should improve on a sequential basis in the next one to two quarters. While expectations for the new iPhone7 may be muted, a pick-up in technology buying ahead of the build for iPhone7 (with a launch date of late September) is likely. The low interest rate environment should provide ample liquidity to Taiwan's equity market. Against the backdrop of stabilising corporate earnings downgrades, companies with long-term secular growth opportunities should come back into favour.

Emerson Yip

JF International Management, Inc

26 August 2016

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AT JUNE 30, 2016 (Unaudited)

	% OF NET ASSETS
Tencent Holdings Ltd.	7.7
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.	
Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC)	7.4
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.	
China Construction Bank Corp. H	4.8
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.	
AIA Group Ltd.	4.4
Offers insurance and financial services. The company writes life insurance for individuals and businesses, accident and health insurance, retirement planning, and wealth management services.	
Alibaba Group Holding Ltd.	4.2
Provides internet infrastructure, e-commerce, online financial, and internet content services through its subsidiaries. Alibaba Group Holding offers its products and services worldwide.	
Ping An Insurance Group Co. Ltd. A	4.0
Provides a variety of insurance service in China. The Company writes property, casualty, and life insurance. Ping An Insurance also offers financial services.	
China Merchants Bank Co., Ltd. H	3.9
Provides a wide range of commercial banking services including deposit, loan, bill discount, government bonds underwriting and trading, interbank lending, letter of credit, bank guarantee, and other related services.	
CNOOC Ltd.	3.0
Through its subsidiaries, explores, develops, produces and sells crude oil and natural gas. The Group's core operation areas are Bohai, Western South China Sea, Eastern South China Sea and East China Sea in offshore China.	
Hong Kong Exchanges and Clearing Ltd.	2.3
Owns and operates the stock exchange, futures exchange, and their related clearing houses in Hong Kong. The Company provides the trading platforms for a range of cash and derivatives products and the facilities for processing trades.	
AAC Technologies Holdings, Inc.	2.2
Designs, develops and manufactures a broad range of miniaturized components that include speakers, receivers and microphones in the acoustic segment and others such as haptics vibrators, RF and antennas, and optical lenses.	

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AT JUNE 30, 2016 (Unaudited)

DESCRIPTION	HOLDINGS (IN SHARES)	VALUE (IN US\$)
COMMON STOCK		
CHINA (62.7%)		
Aerospace & Defense (0.6%)		
Avic Aviation Engine Corp. plc, A	119,601	623,784
Airlines (0.9%)		
Spring Airlines Co., Ltd., A	135,129	975,086
Automobiles (0.8%)		
Chongqing Changan Automobile Co., Ltd., A	395,502	813,793
Banks (9.5%)		
China Construction Bank Corp.	7,980,000	5,266,444
China Merchants Bank Co., Ltd. (a)	1,891,500	4,227,660
Industrial Bank Co., Ltd., A	366,100	839,811
		10,333,915
Beverages (1.2%)		
Kweichow Moutai Co., Ltd., A	29,580	1,299,746
Capital Markets (1.1%)		
Huatai Securities Co., Ltd., A (a)	425,550	1,211,904
Chemicals (1.1%)		
Kangde Xin Composite Material Group Co., Ltd., A	467,063	1,202,176
Commercial Services & Supplies (0.9%)		
Beijing Originwater Technology Co., Ltd., A	432,718	969,180
Construction & Engineering (0.6%)		
China Machinery Engineering Corp.	941,000	610,102
Diversified Consumer Services (1.2%)		
China Maple Leaf Educational Systems Ltd.	1,390,000	1,247,006
Diversified Telecommunication Services (2.0%)		
China Telecom Corp., Ltd.	4,984,000	2,222,792
Electronic Equipment, Instruments & Components (4.5%)		
AAC Technologies Holdings, Inc.	287,000	2,436,028
GoerTek, Inc., A	234,800	1,013,617