

CHINA FUND INC
Form N-Q
March 19, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-05749

THE CHINA FUND, INC.

(Exact name of registrant as specified in charter)

c/o STATE STREET BANK AND TRUST COMPANY

2 AVENUE DE LAFAYETTE

P.O. BOX 5049

BOSTON, MA 02206-5049

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(Address of principal executive offices)(Zip code)

(Name and Address of Agent for Service)

Copy to:

Tracie A. Coop

Leonard B. Mackey, Jr., Esq.

Secretary

Clifford Chance U.S. LLP

The China Fund, Inc.

31 West 52nd Street

4 Copley Place, 5th Floor

New York, New York 10019

Boston, MA 02116

Registrant s telephone number, including area code: (888) 246-2255

Date of fiscal year end: **October 31**

Date of reporting period: **January 31, 2012**

Item 1. Schedule of Investments.

THE CHINA FUND, INC.

SCHEDULE OF INVESTMENTS

January 31, 2012 (Unaudited)

| Name of Issuer and Title of Issue | Shares | Value (Note A) |
|--|-------------|----------------|
| COMMON STOCK AND OTHER EQUITY INTERESTS | | |
| CHINA - A SHARES | | |
| Information Technology (4.5%) | | |
| HAND Enterprise Solutions Co., Ltd. # (1) | 11,238,137 | \$ 24,512,446 |
| TOTAL CHINA A SHARES (Cost \$3,164,274) | 4.5% | 24,512,446 |
| HONG KONG | | |
| Consumer Discretionary (6.6%) | | |
| Ajisen China Holdings, Ltd. (2) | 6,945,000 | 7,996,448 |
| FU JI Food & Catering Services * ^ # (1) | 5,462,000 | |
| Huiyin Household Appliances Holdings Co., Ltd. # | 160,413,750 | 14,064,487 |
| Ports Design, Ltd. # (2) | 4,549,500 | 7,449,735 |
| Shangri-La Asia, Ltd. (2) | 3,316,683 | 6,902,094 |
| | | 36,412,764 |
| Consumer Staples (1.8%) | | |
| Chaoda Modern Agriculture (Holdings), Ltd. # (1) (2) | 26,651,357 | 2,834,958 |
| Natural Beauty Bio-Technology, Ltd. # | 47,710,000 | 7,381,831 |
| | | 10,216,789 |
| Financials (1.4%) | | |
| Far East Horizon, Ltd. * | 7,898,000 | 7,535,677 |
| Health Care (1.7%) | | |
| China Shineway Pharmaceutical Group, Ltd. (2) | 3,041,000 | 4,383,607 |
| Golden Meditech Co., Ltd. * # (2) | 35,040,000 | 4,879,342 |
| | | 9,262,949 |
| Industrials (1.9%) | | |
| Shenzhen International Holdings, Ltd. # (2) | 150,090,000 | 10,256,543 |
| Information Technology (1.9%) | | |
| China Innovationpay Group, Ltd. * # | 146,000,000 | 3,219,010 |
| Tencent Holdings, Ltd. (2) | 291,000 | 7,117,603 |
| | | 10,336,613 |
| Utilities (3.9%) | | |
| China Water Affairs Group, Ltd. # (2) | 19,976,000 | 6,129,977 |
| Enn Energy Holdings, Ltd. (2) | 5,084,000 | 15,437,247 |
| | | 21,567,224 |

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TOTAL HONG KONG (Cost \$122,092,867)

19.2%

105,588,559

THE CHINA FUND, INC.

SCHEDULE OF INVESTMENTS (continued)

January 31, 2012 (Unaudited)

| <u>Name of Issuer and Title of Issue</u> | <u>Shares</u> | <u>Value (Note A)</u> |
|--|---------------|-----------------------|
| COMMON STOCK AND OTHER EQUITY INTERESTS (continued) | | |
| HONG KONG H SHARES | | |
| Consumer Discretionary (1.7%) | | |
| Wumart Stores, Inc. (2) | 4,547,750 | \$ 9,358,427 |
| Consumer Staples (0.9%) | | |
| Asian Citrus Holdings, Ltd. (2) | 8,814,000 | 4,795,776 |
| Financials (2.4%) | | |
| CITIC Securities Co., Ltd. * (2) | 6,688,500 | 13,211,767 |
| Health Care (15.9%) | | |
| China Medical System Holdings, Ltd. # (2) | 86,093,200 | 56,279,497 |
| Shandong Weigao Group Medical Polymer Co., Ltd. (2) | 18,352,000 | 16,800,227 |
| Sinopharm Group Co., Ltd. (2) | 6,056,800 | 14,369,262 |
| | | 87,448,986 |
| Industrials (0.8%) | | |
| Fook Woo Group Holdings, Ltd. * # (1) (2) | 25,314,000 | 4,471,516 |
| Materials (0.5%) | | |
| Shandong Chenming Paper Holdings, Ltd. | 6,072,196 | 2,943,791 |
| TOTAL HONG KONG H SHARES (Cost \$64,277,411) | 22.2% | 122,230,263 |
| TOTAL HONG KONG (INCLUDING H SHARES) (Cost \$186,370,278) | 41.4% | 227,818,822 |
| SINGAPORE | | |
| Consumer Staples (2.1%) | | |
| China Fishery Group, Ltd. # (2) | 13,594,872 | 11,672,665 |
| Information Technology (0.7%) | | |
| CDW Holding, Ltd. # | 47,602,000 | 3,708,706 |
| TOTAL SINGAPORE (Cost \$14,757,707) | 2.8% | 15,381,371 |
| TAIWAN | | |
| Consumer Discretionary (7.6%) | | |
| FamilyMart Co., Ltd. # | 4,501,652 | 19,626,974 |
| Far Eastern Department Stores, Ltd. (2) | 11,922,460 | 16,077,944 |
| Test-Rite International Co., Ltd. # | 8,457,000 | 6,131,057 |
| | | 41,835,975 |

THE CHINA FUND, INC.**SCHEDULE OF INVESTMENTS (continued)**

January 31, 2012 (Unaudited)

| <u>Name of Issuer and Title of Issue</u> | \$15,693,355 | \$15,693,355 |
|--|---------------------|-----------------------|
| | Shares | Value (Note A) |
| COMMON STOCK AND OTHER EQUITY INTERESTS (continued) | | |
| TAIWAN (continued) | | |
| Consumer Staples (2.9%) | | |
| Uni-President Enterprises Corp. (2) | 10,625,335 | \$ 15,693,355 |
| Financials (6.9%) | | |
| KGI Securities Co., Ltd. | 17,321,078 | 7,317,735 |
| Ruentex Development Co., Ltd. (2) | 15,636,301 | 19,315,819 |
| Yuanta Financial Holdings Co., Ltd. * | 19,305,680 | 10,896,658 |
| | | 37,530,212 |
| Financials (0.8%) | | |
| Taiwan Life Insurance Co., Ltd. 4.0% 12/28/14 # @ | \$ 200,000,000 | 4,512,108 |
| Information Technology (1.9%) | | |
| WT Microelectronics Co., Ltd. | 7,122,000 | 10,494,945 |
| Materials (1.5%) | | |
| China Metal Products Co., Ltd. # | 12,420,374 | 8,458,658 |
| TOTAL TAIWAN (Cost \$76,215,132) | 21.6% | 118,525,253 |
| UNITED STATES | | |
| Consumer Staples (1.0%) | | |
| China New Borun Corp., ADR * # (2) | 1,202,859 | 5,424,894 |
| Energy (0.6%) | | |
| Far East Energy Corp. * # | 10,303,847 | 3,348,750 |
| Health Care (3.8%) | | |
| Mindray Medical International, Ltd., ADR (2) | 291,700 | 8,680,992 |
| WuXi PharmaTech Cayman, Inc., ADR * (2) | 883,490 | 11,997,794 |
| | | 20,678,786 |
| Information Technology (2.7%) | | |
| Hollysys Automation Technologies, Ltd. * (2) | 925,700 | 8,988,547 |

THE CHINA FUND, INC.**SCHEDULE OF INVESTMENTS (continued)**

January 31, 2012 (Unaudited)

| Name of Issuer and Title of Issue | Shares | Value (Note A) |
|---|-------------|----------------|
| COMMON STOCK AND OTHER EQUITY INTERESTS (continued) | | |
| UNITED STATES (continued) | | |
| Information Technology (continued) | | |
| VanceInfo Technologies, Inc., ADR * (2) | 474,800 | \$ 5,968,236 |
| | | 14,956,783 |
| TOTAL UNITED STATES (Cost \$48,357,326) | 8.1% | 44,409,213 |
| TOTAL COMMON STOCK AND OTHER EQUITY INTERESTS (Cost \$328,864,717) | 78.4% | 430,647,105 |
| EQUITY LINKED SECURITIES | | |
| Consumer Discretionary (1.1%) | | |
| Shanghai Yuyuan Tourist Mart Co., Ltd. Access Product (expiration 03/26/14) 144A, * (3) | 429,303,600 | 6,199,500 |
| Consumer Staples (2.1%) | | |
| Wuliangye Yibin Co., Ltd. Access Product (expiration 12/11/13) 144A, * (3) | 931,000 | 4,721,041 |
| Wuliangye Yibin Co., Ltd. Access Product (expiration 01/20/15) 144A, * (4) | 1,403,507 | 7,114,377 |
| | | 11,835,418 |
| Financials (4.3%) | | |
| Ping An Insurance (Group) Company of China, Ltd. Access Product (expiration 01/17/14) 144A, * (4) | 1,209,059 | 7,348,073 |
| Ping An Insurance (Group) Company of China, Ltd. Access Product (expiration 04/01/13) 144A, * (3) | 2,661,500 | 16,175,304 |
| | | 23,523,377 |
| Industrials (1.9%) | | |
| Qinghai Salt Lake Potash Co., Ltd. Access Product (expiration 01/20/15) 144A, * (4) | 814,450 | 4,202,322 |
| Suning Appliance Co., Ltd. Access Product (expiration 01/20/15) 144A, * (4) | 4,607,872 | 6,349,647 |
| | | 10,551,969 |
| Information Technology (3.5%) | | |
| Ufida Software Co., Ltd. Access Product (expiration 01/20/15) 144A, * (4) | 2,318,472 | 6,045,631 |
| Ufida Software Co., Ltd. Access Product (expiration 01/20/16) 144A, * (3) | 1,297,600 | 3,383,613 |
| ZTE Corp. Access Product (expiration 12/11/13) 144A, * (3) | 1,117,200 | 2,620,997 |
| ZTE Corp. Access Product (expiration 01/20/15) 144A, * (4) | 2,982,299 | 6,996,596 |
| | | 19,046,837 |

THE CHINA FUND, INC.

SCHEDULE OF INVESTMENTS (continued)

January 31, 2012 (Unaudited)

| Name of Issuer and Title of Issue | Shares | Value (Note A) |
|--|---------------|----------------|
| EQUITY LINKED SECURITIES (continued) | | |
| Telecommunications (1.4%) | | |
| China United Network Communications Ltd. Access Product (expiration 09/19/13) 144A, * (3) | 5,132,800 | \$ 3,970,524 |
| China United Network Communications, Ltd. Access Product (expiration 01/20/15) 144A, * (4) | 4,676,237 | 3,617,345 |
| | | 7,587,869 |
| TOTAL EQUITY LINKED SECURITIES (Cost \$84,717,403) | 14.3% | 78,744,970 |
| DIRECT INVESTMENTS (5) | | |
| Consumer Staples (2.9%) | | |
| Zong Su Foods (acquired 09/21/10) * # (1) | 2,677 | 16,000,429 |
| Health Care (3.0%) | | |
| China Bright (acquired 08/27/10) * # (1) (6) | 14,665,617 | 16,526,663 |
| Information Technology (0.0%) | | |
| China Silicon Corp. Common Stock, (acquired 01/08-09/10) * # (1) | 2,301,863 | |
| China Silicon Corp., Series A Preferred (acquired 11/30/07) * # (1) | 27,418 | |
| TOTAL DIRECT INVESTMENTS (Cost \$36,599,297) | 5.9% | 32,527,092 |
| COLLATERAL FOR SECURITIES ON LOAN | | |
| State Street Navigator Prime Portfolio | 74,584,799 | 74,584,799 |
| TOTAL COLLATERAL FOR SECURITIES ON LOAN (Cost \$74,584,799) | 13.6% | 74,584,799 |
| | Face | |
| | Amount | |
| SHORT TERM INVESTMENTS | | |
| UNITED STATES | | |
| Repurchase Agreement with State Street Bank and Trust, 0.01%, 02/01/12 (7) | 4,338,000 | 4,338,000 |
| TOTAL UNITED STATES (Cost \$4,338,000) | 0.8% | 4,338,000 |

THE CHINA FUND, INC.**SCHEDULE OF INVESTMENTS (continued)****January 31, 2012 (Unaudited)**

| | | Value (Note A) |
|---|---------|-----------------------|
| TOTAL INVESTMENTS** (Cost \$529,104,216) | 113.0% | 620,841,966 |
| OTHER ASSETS AND LIABILITIES | (13.0)% | (71,312,585) |
| NET ASSETS | 100.0% | \$ 549,529,381 |

Notes to Schedule of Investments

(A) Portfolio securities listed on recognized United States or foreign securities exchanges are valued at the last quoted sales price in the principal market where they are traded. Listed securities with no such sales price and unlisted securities are valued at the mean between the current bid and asked prices, if any, from brokers. Short-term investments having maturities of sixty days or less are valued at amortized cost (original purchase cost as adjusted for amortization of premium or accretion of discount) which when combined with accrued interest approximates market value. Securities for which market quotations are not readily available are valued at fair value in good faith by or at the direction of the Board of Directors considering relevant factors, data and information including, if relevant, the market value of freely tradable securities of the same class in the principal market on which such securities are normally traded. Direct Investments are valued at fair value as determined by or at the direction of the Board of Directors based on financial and other information supplied by the Direct Investment Manager regarding each Direct Investment. Forward currency contracts are valued at the current cost of offsetting the contract. Equity linked securities are valued at fair value primarily based on the value(s) of the security (or securities) underlying, which normally follows the same methodology as the valuation of securities listed on recognized exchanges.

The Fund's investments in China companies involve certain risks not typically associated with investments in securities of U.S. companies or the U.S. Government, including risks relating to (1) social, economic and political uncertainty; (2) price volatility, lesser liquidity and smaller market capitalization of securities markets in which securities of China companies trade; (3) currency exchange fluctuations, currency blockage and higher rates of inflation; (4) controls on foreign investment and limitations on repatriation of invested capital and on the Fund's ability to exchange local currencies for U.S. dollars; (5) governmental involvement in and control over the economy; (6) risk of nationalization or expropriation of assets; (7) the nature of the smaller, less seasoned and newly organized China companies, particularly in China; and (8) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation.

* Denotes non-income producing security.

^ Security is deemed worthless.

Illiquid security.
Affiliated issuer (see Note B).

@ The bond will be converted into common stock at maturity.

(1) Security valued at fair value using methods determined in good faith by or at the direction of the Board of Directors.

(2) A portion or all of the security was held on loan. As of January 31, 2012, the market value of the securities loaned was \$83,243,812.

(3) Equity linked securities issued by Credit Lyonnais (CLSA).

(4) Equity linked securities issued by Citigroup Global Markets Holdings.

(5) Direct investments are generally restricted as to resale and do not have a readily available resale market. On the date of acquisition of each direct investment, there were no market quotations on similar securities, and such investments were therefore valued in good faith by the Board of Directors at fair market value. The securities continue to be valued in good faith by Board of Directors at fair market value as of January 31, 2012.

(6) The security contains a put option which allows the Fund to sell the investment for a value at least equal to the purchase price under certain circumstances.

(7) Repurchase agreement, dated 01/31/12, due 02/01/12 with repurchase proceeds of \$4,338,001 is collateralized by US Treasury Note 3.125% due 05/15/21 with a market value of \$4,429,674.

THE CHINA FUND, INC.

SCHEDULE OF INVESTMENTS (continued)

January 31, 2012 (Unaudited)

144A Securities restricted for resale to Qualified Institutional Buyers in the United States or to non-US persons. At January 31, 2012, these restricted securities amounted to \$78,744,970, which represented 14.33% of total net assets.

ADR American Depositary Receipt

** At January 31, 2012, aggregate cost for federal tax purposes was \$529,104,216. Gross unrealized appreciation of investments was \$171,907,038 while gross unrealized depreciation of investments was \$80,169,288, resulting in net unrealized appreciation of investments of \$91,737,750.

THE CHINA FUND, INC.**SCHEDULE OF INVESTMENTS (continued)****JANUARY 31, 2012 (Unaudited)****Fair Value Measurement**

The Fund has adopted fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion of changes in valuation techniques and related inputs during the period. These inputs are summarized in the three broad levels listed below:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs that are unobservable.

The following is a summary of the inputs used as of January 31, 2012 in valuing the Fund's investments carried at value:

ASSETS VALUATION INPUT

| Description | Level 1 | Level 2 | Level 3 | Total |
|--|-------------|---------------|---------|---------------|
| COMMON STOCK AND OTHER EQUITY INTERESTS | | | | |
| China A Shares | | | | |
| Information Technology | \$ | \$ 24,512,446 | \$ | \$ 24,512,446 |
| Total China A Shares | | 24,512,446 | | 24,512,446 |
| Hong Kong | | | | |
| Consumer Discretionary | 36,412,764 | | | 36,412,764 |
| Consumer Staples | 7,381,831 | 2,834,958 | | 10,216,789 |
| Financials | 7,535,677 | | | 7,535,677 |
| Health Care | 9,262,949 | | | 9,262,949 |
| Industrials | 10,256,543 | | | 10,256,543 |
| Information Technology | 10,336,613 | | | 10,336,613 |
| Utilities | 21,567,224 | | | 21,567,224 |
| Total Hong Kong | 102,753,601 | 2,834,958 | | 105,588,559 |
| Hong Kong H Shares | | | | |
| Consumer Discretionary | 9,358,427 | | | 9,358,427 |
| Consumer Staples | 4,795,776 | | | 4,795,776 |
| Financials | 13,211,767 | | | 13,211,767 |
| Health Care | 87,448,986 | | | 87,448,986 |
| Industrials | | 4,471,516 | | 4,471,516 |
| Materials | 2,943,791 | | | 2,943,791 |
| Total Hong Kong H Shares | 117,758,747 | 4,471,516 | | 122,230,263 |

Singapore

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| | | | | |
|--|--------------------|-------------------|------------------|--------------------|
| Consumer Staples | 11,672,665 | | | 11,672,665 |
| Information Technology | 3,708,706 | | | 3,708,706 |
| Total Singapore | 15,381,371 | | | 15,381,371 |
| Taiwan | | | | |
| Consumer Discretionary | 41,835,975 | | | 41,835,975 |
| Consumer Staples | 15,693,355 | | | 15,693,355 |
| Financials | 37,530,212 | | 4,512,108 | 42,042,320 |
| Information Technology | 10,494,945 | | | 10,494,945 |
| Materials | 8,458,658 | | | 8,458,658 |
| Total Taiwan | 114,013,145 | | 4,512,108 | 118,525,253 |
| United States | | | | |
| Consumer Staples | 5,424,894 | | | 5,424,894 |
| Energy | 3,348,750 | | | 3,348,750 |
| Health Care | 20,678,786 | | | 20,678,786 |
| Information Technology | 14,956,783 | | | 14,956,783 |
| Total United States | 44,409,213 | | | 44,409,213 |
| TOTAL COMMON STOCK AND OTHER EQUITY INTERESTS | 394,316,077 | 31,818,920 | 4,512,108 | 430,647,105 |
| EQUITY LINKED SECURITIES | | | | |
| Consumer Discretionary | | 6,199,500 | | 6,199,500 |
| Consumer Staples | | 11,835,418 | | 11,835,418 |
| Financials | | 23,523,377 | | 23,523,377 |
| Industrials | | 10,551,969 | | 10,551,969 |
| Information Technology | | 19,046,837 | | 19,046,837 |
| Telecommunications | | 7,587,869 | | 7,587,869 |
| TOTAL EQUITY LINKED SECURITIES | | 78,744,970 | | 78,744,970 |

THE CHINA FUND, INC.

SCHEDULE OF INVESTMENTS (continued)

JANUARY 31, 2012 (Unaudited)

| | | | | |
|--|--|----------------|-------------------|-------------------|
| DIRECT INVESTMENTS | | | | |
| Consumer Staples | | | 16,000,429 | 16,000,429 |
| Health Care | | | 16,526,663 | 16,526,663 |
| TOTAL DIRECT INVESTMENTS | | | 32,527,092 | 32,527,092 |
| COLLATERAL FOR SECURITIES ON LOAN | | | | |
| | | | 74,584,799 | 74,584,799 |
| SHORT TERM INVESTMENTS | | | | |
| United States | | | 4,338,000 | 4,338,000 |
| TOTAL INVESTMENTS | | \$ 394,316,077 | \$ 189,486,689 | \$ 37,039,200 |
| | | | | \$ 620,841,966 |

The Fund's policy is to recognize transfers between levels at the end of the reporting period.

For the period ended January 31, 2012, Fook Woo Group Holdings, Ltd. was transferred from Level 1 to Level 2 as trading of the security was suspended and was fair valued under direction of the Board of Directors.

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Fund during the three months ended January 31, 2012:

| | Balance as of October 31, 2011 | Purchases | Sales | Realized Gain (Loss) | Change in Unrealized Appreciation (Depreciation) | Transfers in to Level 3 | Transfers out of Level 3 | Balance as of January 31, 2012 | Change in Unrealized Appreciation (Depreciation) from Investments Held at January 31, 2012 |
|--|--------------------------------|-----------|-------|----------------------|--|-------------------------|--------------------------|--------------------------------|--|
| Investments in Securities | | | | | | | | | |
| COMMON STOCK AND OTHER EQUITY INTERESTS | | | | | | | | | |
| Financials | \$ 5,446,821 | \$ | \$ | \$ | \$ (934,713) | \$ | \$ | \$ 4,512,108 | \$ (934,713) |
| DIRECT INVESTMENTS | | | | | | | | | |
| Consumer Staples | 16,000,429 | | | | | | | 16,000,429 | |
| Health Care | 16,507,082 | | | | 19,581 | | | 16,526,663 | 19,581 |
| | 32,507,511 | | | | 19,581 | | | 32,527,092 | 19,581 |
| | \$ 37,954,332 | \$ | \$ | \$ | \$ (915,132) | \$ | \$ | \$ 37,039,200 | \$ (915,132) |

Direct Investments: The Fund may invest up to 25% of the net proceeds from its offering of its outstanding common stock in direct investments; however, the Board of Directors of the Fund has suspended additional investments in direct investments. Direct investments are generally restricted and do not have a readily available resale market. Because of the absence of any public trading market for these investments, the Fund may take longer to liquidate these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices on these sales could be less than those originally paid by the Fund. Issuers whose securities are not publicly traded may not be subject to public disclosure and other investor protections requirements applicable to publicly traded securities. The value of these securities at January 31, 2012 was \$32,527,092 or 5.9% of the Fund's net asset value. The table below details the acquisition date,

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cost, and value of the Fund's direct investments as determined by the Board of Directors of the Fund. The Fund does not have the right to demand that such securities be registered.

| Security | Acquisition Date | Cost | Value |
|---|------------------|---------------|---------------|
| China Bright | 08/27/2010 | \$ 14,969,436 | \$ 16,526,663 |
| China Silicon Corp., Series A Preferred | 11/30/2007 | 5,171,016 | |
| China Silicon Corp. Common Stock | 01/08 -09/10 | 1,458,811 | |
| Zong Su Foods | 09/21/2010 | 15,000,034 | 16,000,429 |
| | | \$ 36,599,297 | \$ 32,527,092 |

THE CHINA FUND, INC.**SCHEDULE OF INVESTMENTS (continued)****JANUARY 31, 2012 (Unaudited)****NOTE B Investments in Non-Controlled Affiliates*:**

| Name of Issuer | Balance of Shares/Par Held October 31, 2011 | Gross Purchases and Additions | Gross Sales and Reductions | Balance of Shares Held January 31, 2012 | Value January 31, 2012 |
|--|--|--|---|--|---------------------------------------|
| CDW Holding, Ltd. | 48,182,000 | | 580,000 | 47,602,000 | \$ 3,708,706 |
| China Bright | 14,665,617 | | | 14,665,617 | 16,526,663 |
| China Medical System Holdings, Ltd. | 90,442,200 | | 4,349,000 | 86,093,200 | 56,279,497 |
| China Silicon Corp. Common Stock | 2,301,863 | | | 2,301,863 | |
| China Silicon Corp., Series A Preferred | 27,418 | | | 27,418 | |
| HAND Enterprise Solutions, Ltd. Common Stock | 11,238,137 | | | 11,238,137 | 24,512,446 |
| Huiyin Household Appliances Holdings Co., Ltd. | 160,413,750 | | | 160,413,750 | 14,064,487 |
| Taiwan Life Insurance Co., Ltd. | 200,000,000 | | | 200,000,000 | 4,512,108 |
| Zong Su Foods | 2,677 | | | 2,677 | 16,000,429 |

* Affiliated issuers, as defined in the 1940 Act as amended, include issuers in which the Fund held 5% or more of the outstanding voting securities.

Item 2. Controls and Procedures.

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

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

Item 3. Exhibits.

The certification required by Rule 30a-2(a) of the 1940 Act (17 CFR 270.30a-2(a)) is attached as an exhibit to this filing.

SIGNATURES

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

THE CHINA FUND, INC.

By: /s/ Adam Phua
Adam Phua

President and Chief Executive Officer

Date: March 13, 2012

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

By: /s/ Adam Phua
Adam Phua

President and Chief Executive Officer

Date: March 13, 2012

By: /s/ Laura F. Dell
Laura F. Dell

Treasurer

Date: March 13, 2012