

CHINA FUND INC  
Form N-Q  
September 13, 2010

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**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

(Address of principal executive offices)(Zip code)

(Name and Address of Agent for  
Service)

Copy to:

Elizabeth A. Watson  
Secretary  
The China Fund, Inc.  
4 Copley Place, 5<sup>th</sup> Floor  
Boston, MA 02116

Leonard B. Mackey, Jr., Esq.  
Clifford Chance U.S. LLP  
31 West 52<sup>nd</sup> Street  
New York, New York 10019

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

Date of fiscal year end: October 31

Date of reporting period: July 31, 2010

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**Item 1. Schedule of Investments.**

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**THE CHINA FUND, INC.**  
**SCHEDULE OF INVESTMENTS**  
**July 31, 2010 (Unaudited)**

| Name of Issuer and Title of Issue                      | Shares      | Value (Note<br>A) |
|--|-------------|-------------------|
| <b>COMMON STOCK AND OTHER EQUITY INTERESTS</b>         |             |                   |
| <b>HONG KONG</b>                                       |             |                   |
| <b>Consumer Discretionary (10.2%)</b>                  |             |                   |
| FU JI Food & Catering Services ^ * # (2)               | 5,462,000   | \$                |
| Huiyin Household Appliances Holdings Co., Ltd. * # (2) | 160,413,750 | 39,445,665        |
| Intime Department Store Group Co., Ltd. # (1)          | 12,568,629  | 12,961,186        |
| Ports Design, Ltd. #                                   | 4,549,500   | 11,690,916        |
| Shangri-La Asia, Ltd.                                  | 3,061,555   | 6,219,757         |
| Yorkey Optical International Cayman, Ltd. #            | 7,758,926   | 1,558,298         |
|  |             | 71,875,822        |
| <b>Consumer Staples (2.9%)</b>                         |             |                   |
| Chaoda Modern Agriculture (Holdings), Ltd. (1)         | 10,507,357  | 11,281,942        |
| Natural Beauty Bio-Technology, Ltd. #                  | 47,710,000  | 8,844,968         |
|  |             | 20,126,910        |
| <b>Energy (1.0%)</b>                                   |             |                   |
| Fushan International Energy Group, Ltd. (1)            | 12,018,000  | 6,947,089         |
| <b>Health Care (4.6%)</b>                              |             |                   |
| China Pharmaceutical Group, Ltd. (1)                   | 10,862,000  | 6,111,046         |
| China Shineway Pharmaceutical Group, Ltd. (1)          | 7,372,000   | 19,883,539        |
| Golden Meditech Co., Ltd. * # (1)                      | 35,040,000  | 6,721,632         |
|  |             | 32,716,217        |
| <b>Utilities (1.7%)</b>                                |             |                   |
| Xinao Gas Holdings, Ltd. (1)                           | 5,084,000   | 12,030,270        |
| <b>TOTAL HONG KONG</b> (Cost \$90,797,042)             | 20.4%       | 143,696,308       |
| <b>HONG KONG H SHARES</b>                              |             |                   |
| <b>Consumer Staples (4.6%)</b>                         |             |                   |
| Wumart Stores, Inc. #                                  | 14,888,000  | 32,737,730        |
| <b>Health Care (7.1%)</b>                              |             |                   |
| Shandong Weigao Group Medical Polymer Co., Ltd. # (1)  | 4,588,000   | 20,673,585        |
| Sinopharm Medicine Holding Co., Ltd. (1)               | 7,786,000   | 29,069,444        |

49,743,029

**Industrials (1.4%)**

Anhui Expressway Co., Ltd. # (1)

5,212,300

3,288,136

Fook Woo Group Holdings, Ltd. \*

19,836,000

6,690,826

9,978,962

See notes to schedule of investments.

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**THE CHINA FUND, INC.**  
**SCHEDULE OF INVESTMENTS (continued)**  
**July 31, 2010 (Unaudited)**

| Name of Issuer and Title of Issue              | Shares      | Value (Note A)    |
|--|-------------|-------------------|
| <b>COMMON STOCK AND OTHER EQUITY INTERESTS</b> |             |                   |
| <b>(continued)</b>                             |             |                   |
| <b>HONG KONG H SHARES (continued)</b>          |             |                   |
| <b>Materials (0.6%)</b>                        |             |                   |
| Zijin Mining Group Co., Ltd. (1)               | 6,402,000   | \$ 4,129,312      |
| <b>Telecommunications (1.5%)</b>               |             |                   |
| ZTE Corp. (1)                                  | 3,212,889   | 10,258,213        |
| <b>TOTAL HONG KONG H SHARES</b>                |             |                   |
| (Cost \$55,881,335)                            | 15.2%       | 106,847,246       |
| <b>TOTAL HONG KONG (INCLUDING H SHARES)</b>    |             |                   |
| (Cost \$146,678,377)                           | 35.6%       | 250,543,554       |
| <b>SINGAPORE</b>                               |             |                   |
| <b>Consumer Staples (5.0%)</b>                 |             |                   |
| China Fishery Group, Ltd. # (1)                | 13,255,000  | 18,327,805        |
| Hsu Fu Chi International, Ltd. #               | 9,484,000   | 16,740,779        |
|  |             | 35,068,584        |
| <b>Financials (0.5%)</b>                       |             |                   |
| Financial One Corp. * #                        | 12,030,000  | 3,716,103         |
| <b>Information Technology (0.4%)</b>           |             |                   |
| CDW Holding, Ltd. #                            | 53,208,000  | 3,032,854         |
| <b>TOTAL SINGAPORE (Cost \$22,801,778)</b>     | <b>5.9%</b> | <b>41,817,541</b> |
| <b>TAIWAN</b>                                  |             |                   |
| <b>Consumer Discretionary (5.7%)</b>           |             |                   |
| FamilyMart Co., Ltd. #                         | 4,501,652   | 9,805,899         |
| Far Eastern Department Stores, Ltd.            | 19,066,931  | 18,654,276        |
| Synnex Technology International Corp.          | 2,809,240   | 6,399,879         |
| Tatung Co., Ltd. *                             | 29,742,000  | 5,420,546         |
|  |             | 40,280,600        |
| <b>Consumer Staples (2.9%)</b>                 |             |                   |
| Lien Hwa Industrial Corp. #                    | 16,476,881  | 9,667,026         |

|                                       |            |            |
|---------------------------------------|------------|------------|
| Uni-President Enterprises Corp.       | 9,112,638  | 10,820,787 |
|                                       |            | 20,487,813 |
| <b>Financials (7.2%)</b>              |            |            |
| Cathay Financial Holding Co., Ltd.    | 6,454,000  | 10,151,251 |
| Fubon Financial Holdings Co., Ltd. *  | 4,948,000  | 6,068,513  |
| KGI Securities Co., Ltd.              | 16,984,780 | 7,023,213  |
| See notes to schedule of investments. |            |            |



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**THE CHINA FUND, INC.**  
**SCHEDULE OF INVESTMENTS (continued)**  
**July 31, 2010 (Unaudited)**

| Name of Issuer and Title of Issue                              | Shares             | Value (Note<br>A) |
|--|--------------------|-------------------|
| <b>COMMON STOCK AND OTHER EQUITY INTERESTS<br/>(continued)</b> |                    |                   |
| <b>TAIWAN (continued)</b>                                      |                    |                   |
| Ruentex Development Co., Ltd.                                  | 12,694,000         | \$ 21,708,964     |
| Yuanta Financial Holdings Co., Ltd.                            | 10,520,593         | 5,876,968         |
|  |                    | 50,828,909        |
|  | <b>Face Amount</b> |                   |
| <b>Financials (1.0%)</b>                                       |                    |                   |
| Taiwan Life Insurance Co., Ltd. 4.0% 12/28/14 # @              | \$ 200,000,000     | 7,034,188         |
|  | <b>Shares</b>      |                   |
| <b>Information Technology (1.9%)</b>                           |                    |                   |
| WPG Holdings Co., Ltd.   | 6,320,000          | 13,037,028        |
| <b>Materials (1.8%)</b>  |                    |                   |
| China Metal Products Co., Ltd. #                               | 9,200,278          | 12,575,785        |
| <b>TOTAL TAIWAN</b> (Cost \$93,939,467)                        | 20.5%              | 144,244,323       |
| <b>UNITED KINGDOM</b>  |                    |                   |
| <b>Health Care (6.5%)</b>                                      |                    |                   |
| China Medical System Holdings, Ltd. #                          | 72,353,760         | 45,474,335        |
| <b>TOTAL UNITED KINGDOM</b> (Cost \$9,925,900)                 | 6.5%               | 45,474,335        |
| <b>UNITED STATES</b>   |                    |                   |
| <b>Consumer Discretionary (0.3%)</b>                           |                    |                   |
| The9, Ltd., ADR * # (1)  | 358,900            | 1,916,526         |
| <b>Energy (0.7%)</b>   |                    |                   |
| Far East Energy Corp. * #                                      | 14,565,477         | 4,915,848         |
| <b>Health Care (3.1%)</b>                                      |                    |                   |
| Mindray Medical International, Ltd., ADR (1)                   | 291,700            | 9,025,198         |
| WuXi PharmaTech Cayman, Inc., ADR * (1)                        | 883,490            | 13,252,350        |

|  |         |                   |
|--|---------|-------------------|
|  |         | 22,277,548        |
| <b>Information Technology (2.1%)</b>                 |         |                   |
| Hollysys Automation Technologies, Ltd. * # (1)       | 808,200 | 7,888,032         |
| Sina Corp. * (1)                                     | 162,700 | 6,960,306         |
|  |         | 14,848,338        |
| <b>TOTAL UNITED STATES</b>                           |         |                   |
| (Cost \$48,909,600)                                  |         | 6.2% 43,958,260   |
| <b>TOTAL COMMON STOCK AND OTHER EQUITY INTERESTS</b> |         |                   |
| (Cost \$322,255,122)                                 |         | 74.7% 526,038,013 |

See notes to schedule of investments.

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**THE CHINA FUND, INC.**  
**SCHEDULE OF INVESTMENTS (continued)**  
**July 31, 2010 (Unaudited)**

| Name of Issuer and Title of Issue   | Shares      | Value (Note<br>A) |
|---|-------------|-------------------|
| <b>EQUITY LINKED SECURITIES</b>   |             |                   |
| <b>Consumer Discretionary (1.2%)</b>  |             |                   |
| Shanghai Yuyuan Tourist Mart Co., Ltd. Access Product (expiration 03/26/14) 144A, (4)                 | 429,303,600 | \$ 8,782,504      |
| <b>Consumer Staples (1.8%)</b>  |             |                   |
| Shenzhen Agricultural Products Co., Ltd. Access Product (expiration 01/17/12) 144A, (3)               | 2,857,920   | 7,095,235         |
| Wuliangye Yibin Co., Ltd. Access Product (expiration 01/20/15) 144A, (3)                              | 1,403,507   | 5,754,379         |
|   |             | 12,849,614        |
| <b>Financials (7.1%)</b>  |             |                   |
| Citic Securities Co., Ltd. Access Product (expiration 09/23/13) 144A, (4)                             | 2,475,000   | 4,683,321         |
| Ping An Insurance (Group) Company of China, Ltd. Access Product (expiration 01/17/12) 144A, (3)       | 1,665,600   | 11,508,005        |
| Ping An Insurance (Group) Company of China, Ltd. Access Product (expiration 04/01/13) 144A, # (2) (4) | 2,661,500   | 18,388,902        |
| Zhejiang China Commodities City Group Co., Ltd. Access Product (expiration 01/17/12) 144A, (3)        | 2,771,970   | 9,389,921         |
| Zhejiang Guyuelongshan, Ltd. Access Product (expiration 10/07/13) 144A, (4)                           | 3,658,900   | 6,010,856         |
|   |             | 49,981,005        |
| <b>Industrials (3.9%)</b>   |             |                   |
| Shanghai International Airport Co., Ltd. Access Product (expiration 01/20/15) 144A, (3)               | 2,526,700   | 4,952,332         |
| Shanghai International Airport Co., Ltd. Access Product (expiration 10/26/10) 144A, (4)               | 1,800,000   | 3,528,266         |
| Shanghai Qiangsheng Holding Co., Ltd. Access Product (expiration 11/13/14) 144A, # (2) (4)            | 4,800,000   | 5,009,002         |
| Suning Appliance Co., Ltd. Access Product (expiration 01/20/15) 144A, (3)                             | 4,311,019   | 7,953,830         |
| Xinjiang Tebian Electric Apparatus Stock Co., Ltd. Access Product (expiration 10/26/10) 144A, # (4)   | 2,335,140   | 5,745,652         |
|   |             | 27,189,082        |
| <b>TOTAL EQUITY LINKED SECURITIES</b> (Cost \$86,952,104)   |             | 14.0% 98,802,205  |
| <b>DIRECT INVESTMENTS</b>   |             |                   |
| <b>Industrials (1.3%)</b>   |             |                   |
| Qingdao Bright Moon Seaweed Group Co., Ltd., (acquired 02/28/08) * # (2) (5) (6)                      | 31,827,172  | 9,038,917         |
|   |             | 9,038,917         |

See notes to schedule of investments.



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**THE CHINA FUND, INC.**  
**SCHEDULE OF INVESTMENTS (continued)**  
**July 31, 2010 (Unaudited)**

| Name of Issuer and Title of Issue   | Shares             | Value (Note A)     |
|---|--------------------|--------------------|
| <b>DIRECT INVESTMENTS (continued)</b>   |                    |                    |
| <b>Information Technology (1.9%)</b>  |                    |                    |
| China Silicon Corp. Common Stock, (acquired 01/08 - 06/10) * # (2) (5)              | 1,304,093          | \$                 |
| China Silicon Corp. Warrants (expiration 11/30/10), (acquired 11/30/07) * # (2) (5) | 685,450            |                    |
| China Silicon Corp., Series A Preferred (acquired 11/30/07) # (2) (5)               | 27,418             |                    |
| HAND Enterprise Solutions, Ltd., Common Stock (acquired 02/01/07) * # (2) (5)       | 500,000            |                    |
| HAND Enterprise Solutions, Ltd., Preferred (acquired 02/11/10) # (2) (5)            | 8,027,241          | 13,100,000         |
|   |                    | 13,100,000         |
|   | <b>Face Amount</b> |                    |
| <b>Industrials (3.2%)</b>   |                    |                    |
| Ugent Holdings, Ltd., 12.0% 06/04/12 (acquired 04/06/09) # @ (2) (5)                | \$ 177,000,000     | 22,787,548         |
| <b>TOTAL DIRECT INVESTMENTS</b> (Cost \$40,960,198)                                 |                    | 6.4% 44,926,465    |
|   | <b>Shares</b>      |                    |
| <b>COLLATERAL FOR SECURITIES ON LOAN (9.2%)</b>                                     |                    |                    |
| State Street Navigator Prime Portfolio  | 65,012,868         | 65,012,868         |
| <b>TOTAL COLLATERAL FOR SECURITIES ON LOAN</b><br>(Cost \$65,012,868)               |                    | 9.2% 65,012,868    |
| <b>SHORT TERM INVESTMENTS</b>   |                    |                    |
| <b>UNITED STATES</b>  |                    |                    |
| Repurchase Agreement with State Street Bank and Trust, 0.01%, 08/02/10 (7)          | 23,693,000         | 23,693,000         |
| <b>TOTAL UNITED STATES</b><br>(Cost \$23,693,000)                                   |                    | 3.4% 23,693,000    |
| <b>TOTAL INVESTMENTS**</b> (Cost \$538,873,292)                                     |                    | 107.7% 758,472,551 |

|                                     |        |                |
|-------------------------------------|--------|----------------|
| <b>OTHER ASSETS AND LIABILITIES</b> | (7.7)% | (54,174,685)   |
| <b>NET ASSETS</b>                   | 100.0% | \$ 704,297,866 |

See notes to schedule of investments.

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**THE CHINA FUND, INC.  
SCHEDULE OF INVESTMENTS  
July 31, 2010 (Unaudited)**

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, of two 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.  
Open end

investment companies are valued at net asset value per share. Securities for which market quotations are readily available are valued at current market value. Securities for which market quotations are not readily available are valued at fair value using methods determined 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 not traded on an exchange are valued at fair value as determined by 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.

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.

^ Security is deemed worthless.

\* Denotes non-income producing

security.

# Illiquid security.

Affiliated issuer  
(see Note B).

@ The bond  
contains a  
feature or option  
to be converted  
into common  
stock.

(1) A portion or all  
of the security  
was held on  
loan. As of  
July 31, 2010,  
the market value  
of the securities  
loaned was  
\$61,559,360.

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

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

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

(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 July 31, 2010.

- (6) The Fund holds 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 07/30/10, due 08/02/10 with repurchase proceeds of \$23,693,020 is collateralized by U.S. Treasury Bill 0.01% due 04/30/15 with a

market value of  
\$24,216,462.

144A Securities  
restricted for  
resale to  
Qualified  
Institutional  
Buyers. At  
July 31, 2010,  
these restricted  
securities  
amounted to  
\$98,802,205,  
which  
represented  
14.00% of total  
net assets.

ADR American  
Depositary  
Receipt.

\*\* At July 31,  
2010, the cost of  
investment  
securities for tax  
purposes was  
\$538,873,292.  
Net unrealized  
appreciation of  
investment  
securities for tax  
purposes was  
\$219,599,259,  
consisting of  
unrealized gains  
of \$253,678,946  
on securities  
that had risen in  
value since their  
purchase and  
\$34,079,687 in  
unrealized  
losses on  
securities that  
had fallen in  
value since their  
purchase.

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**THE CHINA FUND, INC.**  
**SCHEDULE OF INVESTMENTS (continued)**  
**July 31, 2010 (Unaudited)**

**Summary of Fair Value Disclosure**

In accordance with FASB ASC 820-10, *Fair Value Measurements and Disclosures*, the Fund discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (level 3 measurements). FASB ASC 820-10-35-39 to 55 provides three levels of the fair value hierarchy as follows:

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 July 31, 2010 in valuing the Fund's investments carried at value:

**ASSETS VALUATION INPUT**

| <b>Description</b>                             | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>  |
|--|----------------|----------------|----------------|---------------|
| <b>COMMON STOCK AND OTHER EQUITY INTERESTS</b> |                |                |                |               |
| Hong Kong                                      |                |                |                |               |
| Consumer Discretionary                         | \$ 32,430,157  | \$             | \$ 39,445,665  | \$ 71,875,822 |
| Consumer Staples                               | 20,126,910     |                |                | 20,126,910    |
| Energy   | 6,947,089      |                |                | 6,947,089     |
| Health Care                                    | 32,716,217     |                |                | 32,716,217    |
| Utilities                                      | 12,030,270     |                |                | 12,030,270    |
| Total Hong Kong                                | 104,250,643    |                | 39,445,665     | 143,696,308   |
| Hong Kong H Shares                             |                |                |                |               |
| Consumer Staples                               | 32,737,730     |                |                | 32,737,730    |
| Health Care                                    | 49,743,029     |                |                | 49,743,029    |
| Industrials                                    | 9,978,962      |                |                | 9,978,962     |
| Materials                                      | 4,129,312      |                |                | 4,129,312     |
| Telecommunications                             | 10,258,213     |                |                | 10,258,213    |
| Total Hong Kong H Shares                       | 106,847,246    |                |                | 106,847,246   |
| Singapore                                      |                |                |                |               |
| Consumer Staples                               | 35,068,584     |                |                | 35,068,584    |
| Financials                                     | 3,716,103      |                |                | 3,716,103     |
| Information Technology                         | 3,032,854      |                |                | 3,032,854     |
| Total Singapore                                | 41,817,541     |                |                | 41,817,541    |



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**THE CHINA FUND, INC.**  
**SCHEDULE OF INVESTMENTS (continued)**  
**July 31, 2010 (Unaudited)**

| <b>Description</b>                               | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|--|----------------|----------------|----------------|--------------|
| Taiwan   |                |                |                |              |
| Consumer Discretionary                           | 40,280,600     |                |                | 40,280,600   |
| Consumer Staples                                 | 20,487,813     |                |                | 20,487,813   |
| Financials                                       | 50,828,909     |                | 7,034,188      | 57,863,097   |
| Information Technology                           | 13,037,028     |                |                | 13,037,028   |
| Materials  | 12,575,785     |                |                | 12,575,785   |
| Total Taiwan                                     | 137,210,135    |                | 7,034,188      | 144,244,323  |
| United Kingdom                                   |                |                |                |              |
| Health Care                                      | 45,474,335     |                |                | 45,474,335   |
| Total United Kingdom                             | 45,474,335     |                |                | 45,474,335   |
| United States                                    |                |                |                |              |
| Consumer Discretionary                           | 1,916,526      |                |                | 1,916,526    |
| Energy   | 4,915,848      |                |                | 4,915,848    |
| Health Care                                      | 22,277,548     |                |                | 22,277,548   |
| Information Technology                           | 14,848,338     |                |                | 14,848,338   |
| Total United States                              | 43,958,260     |                |                | 43,958,260   |
| TOTAL COMMON STOCK AND OTHER<br>EQUITY INTERESTS | 479,558,160    |                | 46,479,853     | 526,038,013  |
| EQUITY LINKED SECURITIES                         |                |                |                |              |
| Consumer Discretionary                           | 8,782,504      |                |                | 8,782,504    |
| Consumer Staples                                 | 12,849,614     |                |                | 12,849,614   |
| Financials                                       | 49,981,005     |                |                | 49,981,005   |
| Industrials                                      | 27,189,082     |                |                | 27,189,082   |
| TOTAL EQUITY LINKED SECURITIES                   | 98,802,205     |                |                | 98,802,205   |
| DIRECT INVESTMENTS                               |                |                |                |              |
| Industrials                                      |                |                | 31,826,465     | 31,826,465   |
| Information Technology                           |                |                | 13,100,000     | 13,100,000   |
| TOTAL DIRECT INVESTMENTS                         |                |                | 44,926,465     | 44,926,465   |
| COLLATERAL FOR SECURITIES ON<br>LOAN             |                | 65,012,868     |                | 65,012,868   |
| SHORT TERM INVESTMENTS                           |                |                |                |              |
| United States                                    |                | 23,693,000     |                | 23,693,000   |



|                   |                |               |               |                |
|-------------------|----------------|---------------|---------------|----------------|
| TOTAL INVESTMENTS | \$ 578,360,365 | \$ 88,705,868 | \$ 91,406,318 | \$ 758,472,551 |
|-------------------|----------------|---------------|---------------|----------------|

As of July 31, 2010, there was no significant security transfer activity from Level 1 to Level 2 or from Level 2 to Level 1.

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Fund during the period ending July 31, 2010:

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**THE CHINA FUND, INC.**  
**SCHEDULE OF INVESTMENTS (continued)**  
**July 31, 2010 (Unaudited)**

|  |                                      |                            |                                    |                            |   |  |                                      | Change in<br>Unrealized<br>Appreciation<br>(Depreciation)<br>from<br>Investments<br>Held at July<br>31,<br>2010 |
|--|--------------------------------------|----------------------------|------------------------------------|----------------------------|---|--|--------------------------------------|---|
| Investments in                                 | Balance as of<br>October 31,<br>2009 | Net<br>Purchase<br>(Sales) | Accrued<br>Discounts<br>(Premiums) | Realized<br>Gain<br>(Loss) | Change in<br>Unrealized<br>Appreciation<br>(Depreciation) | Net Transfers<br>in and/or out<br>to Level 3 | Balance as<br>of<br>July 31,<br>2010 |   |
| <b>Securities</b>                              |                                      |                            |                                    |                            |   |  |                                      |   |
| <b>COMMON STOCK AND OTHER EQUITY INTERESTS</b> |                                      |                            |                                    |                            |   |  |                                      |   |
| Consumer<br>Discretionary                      | \$                                   | \$ 38,458,859              | \$                                 | \$                         | \$ 986,806  | \$   | \$39,445,665                         | \$ 986,806  |
| Financials                                     |                                      | 6,178,274                  |                                    |                            | 855,914   |  | 7,034,188                            | 855,914   |
| Health Care                                    | 27,918,189                           | (15,299)                   |                                    |                            | 1,166,555   | (29,069,445)                                 |                                      | 1,166,555   |
|  | 27,918,189                           | 44,621,834                 |                                    |                            | 3,009,275   | (29,069,445)                                 | 46,479,853                           | 3,009,275   |
| <b>DIRECT INVESTMENTS</b>                      |                                      |                            |                                    |                            |   |  |                                      |   |
| Consumer<br>Discretionary                      | 47,108,700                           | (38,515,190)               |                                    |                            | (8,593,510)   |  |                                      |   |
| Industrials                                    | 34,180,814                           | (4,489,023)                |                                    | (19,421)                   | 2,154,095   |  | 31,826,465                           | 2,134,674   |
| Information<br>Technology                      | 13,437,401                           | 315,400                    |                                    | (567,320)                  | (85,481)  |  | 13,100,000                           | 4,899,999   |
|  | 94,726,915                           | (42,688,813)               |                                    | (586,741)                  | (6,524,896)   |  | 44,926,465                           | 7,034,673   |
|  | \$122,645,104                        | \$ 1,933,021               | \$                                 | \$(586,741)                | \$(3,515,621)   | \$(29,069,445)                               | \$91,406,318                         | \$10,043,948  |

**Direct Investments:** The Fund may invest up to 25% of the net proceeds from its offering of its outstanding common stock in direct investments. Direct investments are generally restricted and do not have a readily available resale market. The value of these securities at July 31, 2010 was \$44,926,465 or 6.4% of the Fund's net asset value. The table below details the acquisition date, 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.

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**THE CHINA FUND, INC.**  
**SCHEDULE OF INVESTMENTS (continued)**  
**July 31, 2010 (Unaudited)**

| <b>Security</b>                              | <b>Acquisition Date</b> | <b>Cost</b>   | <b>Value</b>  |
|--|-------------------------|---------------|---------------|
| China Silicon Corp. Common Stock             | 01/08 - 06/10           | \$ 1,276,641  | \$            |
| China Silicon Corp., Series A Preferred*     | 11/30/2007              | 6,552,874     | \$            |
| HAND Enterprise Solutions, Ltd. Preferred    | 02/11/2010              | \$ 3,164,274  | \$ 13,100,000 |
| HAND Enterprise Solutions, Ltd. Common Stock | 02/01/2007              |               |               |
| Qingdao Bright Moon Seaweed Group Co., Ltd.  | 02/28/2008              | 7,121,480     | 9,038,917     |
| Ugent Holdings, Ltd.                         | 04/06/2009              | 22,844,928    | 22,787,548    |
|  |                         | \$ 40,960,197 | \$ 44,926,465 |

\* The purchase of China Silicon Corp., Series A Preferred resulted in the Fund receiving 685,450 shares of China Silicon Corp. common stock warrants. Each warrant entitles the Fund to purchase twenty five shares of common stock at an exercise price of USD\$2.98 per share, subject to adjustment.

**NOTE B Investments in Non-Controlled Affiliates\*:**

| <b>Name of Issuer</b>                   | <b>Balance of Shares Held October 31, 2009</b> | <b>Gross Purchases and Additions</b> | <b>Gross Sales and Reductions</b> | <b>Balance of Shares Held July 31, 2010</b> | <b>Value July 31, 2010</b> |
|---|--|--------------------------------------|-----------------------------------|---|----------------------------|
| CDW Holding, Ltd.                       | 54,708,000                                     |                                      | 1,500,000                         | 53,208,000                                  | \$ 3,032,854               |
| China Medical System Holdings, Ltd. (1) | 3,623,188                                      | 68,840,572                           | 110,000                           | 72,353,760                                  | 45,474,335                 |
|   | 1,171,572                                      | 135,521                              |                                   | 1,304,093                                   |                            |

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|   |            |             |             |            |
|---|------------|-------------|-------------|------------|
| China Silicon Corp.<br>Common Stock   |            |             |             |            |
| China Silicon Corp.,<br>Series A Preferred  | 27,418     |             | 27,418      |            |
| China Silicon Corp.<br>Warrants   | 685,450    |             | 685,450     |            |
| Far East Energy Corp.<br>HAND Enterprise<br>Solutions, Ltd. Common<br>Stock       | 14,565,477 |             | 14,565,477  | 6,335,983  |
| HAND Enterprise<br>Solutions, Ltd. Preferred<br>Stock                             | 500,000    | 8,027,241   | 8,027,241   | 12,734,977 |
| Highlight Tech. Corp.<br>Huiyin Household<br>Appliances Holdings Co.,<br>Ltd. (2) | 2,525,170  | 2,525,170   |             |            |
| Qingdao Bright Moon<br>Seaweed Group Co., Ltd.                                    | 450        | 160,413,300 | 160,413,750 | 54,338,322 |
| Taiwan Life Insurance Co.,<br>Ltd.  | 31,827,172 |             | 31,827,172  | 9,198,053  |
|   |            | 200,000,000 | 200,000,000 | 7,639,288  |

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**THE CHINA FUND, INC.**  
**SCHEDULE OF INVESTMENTS (continued)**  
**July 31, 2010 (Unaudited)**

| Name of Issuer       | Balance of<br>Shares Held<br>October 31,<br>2009 | Gross<br>Purchases<br>and<br>Additions | Gross<br>Sales<br>and<br>Reductions | Balance of<br>Shares Held<br>July 31,<br>2010 | Value<br>July 31,<br>2010 |
|----------------------|--|--|-------------------------------------|---|---------------------------|
| teco Optronics Corp  | 1,861,710  |  | 1,861,710                           |   | \$                        |
| Ugent Holdings, Ltd. | 177,000,000                                      |  |                                     | 177,000,000                                   | 22,797,233                |

\* 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.

(1) Additional shares acquired resulting from a corporate action.

(2) Resulting security of a corporate action from Queensbury Investments, Ltd. (Huiyin).

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**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.

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**SIGNATURES**

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

THE CHINA FUND, INC.

By: /s/ Jamie Skinner  
Jamie Skinner  
President and Chief Executive Officer

Date: 9/13/10

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/ Jamie Skinner  
Jamie Skinner  
President and Chief Executive Officer

Date: 9/13/10

By: /s/ Laura F. Healy  
Laura F. Healy  
Treasurer

Date: 8/27/10