

CHINA FUND INC  
Form N-Q  
September 14, 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**

(Address of principal executive offices)(Zip code)

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**(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 52<sup>nd</sup> Street**

**4 Copley Place, 5<sup>th</sup> 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: **July 31, 2012**

**Item 1. Schedule of Investments.**

## THE CHINA FUND, INC.

## SCHEDULE OF INVESTMENTS

July 31, 2012 (Unaudited)

Name of Issuer and Title of Issue	Shares	Value (Note A)
<b>COMMON STOCK AND OTHER EQUITY INTERESTS</b>		
<b>CHINA</b>		
<b>Beverages (1.1%)</b>		
Yantai Changyu Pioneer Wine Co., Ltd.	688,855	\$ 4,646,112
<b>TOTAL CHINA</b> (Cost \$5,808,831)	1.1%	4,646,112
<b>CHINA A SHARES</b>		
<b>IT Services (5.4%)</b>		
HAND Enterprise Solutions Co., Ltd. #	7,963,936	21,591,132
<b>TOTAL CHINA A SHARES</b> (Cost \$2,242,372)	5.4%	21,591,132
<b>TOTAL CHINA (INCLUDING A SHARES)</b> (Cost \$8,051,203)	6.5%	26,237,244
<b>HONG KONG</b>		
<b>Commercial Services &amp; Supplies (3.4%)</b>		
China Everbright International, Ltd. (2)	26,100,000	13,564,561
<b>Communications Equipment (0.7%)</b>		
Comba Telecom Systems Holdings, Ltd. (2)	10,958,500	2,953,640
<b>Electronic Equipment &amp; Instruments (3.7%)</b>		
Digital China Holdings, Ltd.	9,603,000	15,034,390
<b>Food Products (0.0%)</b>		
Chaoda Modern Agriculture (Holdings), Ltd. ^#(1)(2)	26,651,357	
<b>Gas Utilities (2.5%)</b>		
Enn Energy Holdings, Ltd.	2,680,000	10,212,980
<b>Health Care Equipment &amp; Supplies (1.0%)</b>		
Golden Meditech Co., Ltd. *#	35,040,000	3,931,367
<b>Hotels, Restaurants &amp; Leisure (0.0%)</b>		
FU JI Food & Catering Services *^#(1)	5,462,000	
<b>Internet Software &amp; Services (1.7%)</b>		
Tencent Holdings, Ltd.	234,200	7,001,007
<b>Oil, Gas &amp; Consumable Fuels (4.4%)</b>		
CNOOC, Ltd.	5,547,000	11,230,989
Kunlun Energy Co., Ltd. (2)	3,906,000	6,306,622
		17,537,611



## THE CHINA FUND, INC.

## SCHEDULE OF INVESTMENTS (continued)

July 31, 2012 (Unaudited)

Name of Issuer and Title of Issue	Shares	Value (Note A)
<b>COMMON STOCK AND OTHER EQUITY INTERESTS (continued)</b>		
<b>HONG KONG (continued)</b>		
<b>Personal Products (1.8%)</b>		
Natural Beauty Bio-Technology, Ltd. #	47,710,000	\$ 7,260,251
<b>Real Estate Management &amp; Development (3.0%)</b>		
China Resources Land, Ltd. (2)	3,436,000	6,947,994
Sun Hung Kai Properties, Ltd.	427,000	5,327,691
		12,275,685
<b>Semiconductors &amp; Semiconductor Equipment (1.3%)</b>		
ASM Pacific Technology, Ltd. (2)	410,700	5,312,340
<b>Specialty Retail (0.7%)</b>		
Zhongsheng Group Holdings, Ltd. (2)	2,662,000	2,849,354
<b>Transportation Infrastructure (1.4%)</b>		
Shenzhen International Holdings, Ltd.	85,795,000	5,421,485
<b>Wireless Telecommunication Services (4.3%)</b>		
China Mobile, Ltd. (2)	1,461,000	17,154,986
<b>TOTAL HONG KONG</b> (Cost \$126,868,485)	<b>29.9%</b>	<b>120,509,657</b>
<b>HONG KONG H SHARES</b>		
<b>Automobiles (1.4%)</b>		
Qingling Motors Co., Ltd. #	24,836,000	5,540,998
<b>Commercial Banks (2.9%)</b>		
Industrial & Commercial Bank of China (2)	20,630,000	11,839,120
<b>Commercial Services &amp; Supplies (0.6%)</b>		
Fook Woo Group Holdings, Ltd. *(1)(2)	25,314,000	2,236,205
<b>Health Care Providers &amp; Services (2.2%)</b>		
Sinopharm Group Co., Ltd. (2)	3,051,600	8,972,690
<b>Machinery (2.2%)</b>		
CSR Corp., Ltd. (2)	12,212,000	8,992,555
<b>Oil, Gas &amp; Consumable Fuels (1.2%)</b>		
China Coal Energy Co., Ltd. (2)	5,296,000	4,883,309

## THE CHINA FUND, INC.

## SCHEDULE OF INVESTMENTS (continued)

July 31, 2012 (Unaudited)

Name of Issuer and Title of Issue	Shares	Value (Note A)
<b>COMMON STOCK AND OTHER EQUITY INTERESTS (continued)</b>		
<b>HONG KONG H SHARES (continued)</b>		
<b>Pharmaceuticals (4.0%)</b>		
China Medical System Holdings, Ltd. #	32,211,300	\$ 15,951,432
<b>TOTAL HONG KONG H SHARES</b> (Cost \$55,149,077)	14.5%	58,416,309
<b>TOTAL HONG KONG (INCLUDING H SHARES)</b> (Cost \$182,017,562)	44.4%	178,925,966
<b>SINGAPORE</b>		
<b>Semiconductors &amp; Semiconductor Equipment (0.7%)</b>		
CDW Holding, Ltd. #	38,861,000	2,749,452
<b>TOTAL SINGAPORE</b> (Cost \$1,142,532)	0.7%	2,749,452
<b>TAIWAN</b>		
<b>Computers &amp; Peripherals (1.1%)</b>		
Advantech Co., Ltd.	1,284,000	4,559,340
<b>Electronic Equipment &amp; Instruments (3.6%)</b>		
Delta Electronics Inc.	1,615,000	5,465,450
WT Microelectronics Co., Ltd. #	7,122,000	9,177,804
		14,643,254
<b>Food Products (2.1%)</b>		
Uni-President Enterprises Corp.	4,945,335	8,310,240
	<b>Face Amount</b>	
<b>Insurance (1.3%)</b>		
Taiwan Life Insurance Co., Ltd., 4.0%, 12/28/14 #@ (1)	\$ 200,000,000	5,295,991
	<b>Shares</b>	
<b>Machinery (3.1%)</b>		
Hiwin Technologies Corp. (2)	1,355,000	12,536,884
<b>Multiline Retail (3.9%)</b>		
Taiwan FamilyMart Co., Ltd. #	3,208,652	15,726,326
<b>Real Estate Management &amp; Development (1.9%)</b>		
Ruentex Development Co., Ltd.	4,416,301	7,509,589

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

Name of Issuer and Title of Issue	Shares	Value (Note A)
<b>COMMON STOCK AND OTHER EQUITY INTERESTS (continued)</b>		
<b>TAIWAN (continued)</b>		
<b>Semiconductors &amp; Semiconductor Equipment (6.5%)</b>		
Epistar Corp. (2)	3,390,000	\$ 6,352,188
Taiwan Semiconductor Manufacturing Co., Ltd.	7,306,000	19,731,133
		26,083,321
<b>TOTAL TAIWAN</b> (Cost \$75,170,199)	23.5%	94,664,945
<b>UNITED STATES</b>		
<b>Media (1.2%)</b>		
Focus Media Holding, Ltd. (2)	250,437	4,953,644
<b>TOTAL UNITED STATES</b> (Cost \$5,976,531)	1.2%	4,953,644
<b>TOTAL COMMON STOCK AND OTHER EQUITY INTERESTS</b> (Cost \$272,358,027)	76.3%	307,531,251
<b>EQUITY LINKED SECURITIES</b>		
<b>Beverages (4.3%)</b>		
Kweichow Moutai Co., Ltd. Access Product (expiration 01/20/15) 144A,* <sup>(4)</sup>	46,898	1,825,270
Kweichow Moutai Co., Ltd. Access Product (expiration 10/26/15) 144A,* <sup>(3)</sup>	204,751	8,004,249
Wuliangye Yibin Co., Ltd. Access Product (expiration 01/20/15) 144A,* <sup>(4)</sup>	1,403,507	7,757,183
		17,586,702
<b>Household Durables (1.3%)</b>		
Gree Electric Appliances, Inc. Access Product (expiration 01/17/14) 144A,* <sup>(4)</sup>	1,549,900	5,320,807
<b>Insurance (1.8%)</b>		
Ping An Insurance (Group) Company of China, Ltd. Access Product (expiration 04/01/13) 144A,* <sup>(3)</sup>	1,012,355	7,104,505
<b>Machinery (1.7%)</b>		
Zhengzhou Yutong Bus Co., Ltd. Access Product (expiration 04/08/14) 144A,* <sup>(3)</sup>	780,389	2,822,667



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

July 31, 2012 (Unaudited)

Name of Issuer and Title of Issue	Shares	Value (Note A)
<b>EQUITY LINKED SECURITIES (continued)</b>		
<b>Machinery (continued)</b>		
Zhengzhou Yutong Bus Co., Ltd. Access Product (expiration 01/20/15) 144A,*(4)	1,114,199	\$ 4,012,231
		6,834,898
<b>TOTAL EQUITY LINKED SECURITIES</b> (Cost \$31,489,498)	9.1%	36,846,912
<b>DIRECT INVESTMENTS(5)</b>		
<b>Food Products (3.8%)</b>		
Zong Su Foods (acquired 09/21/10) *# (1)(6)	2,677	15,307,086
<b>Health Care Providers &amp; Services (3.9%)</b>		
China Bright (acquired 08/27/10) *# (1)(6)	14,665,617	15,641,055
<b>Semiconductors &amp; Semiconductor Equipment (0.0%)</b>		
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	
<b>TOTAL DIRECT INVESTMENTS</b> (Cost \$36,599,297)	7.7%	30,948,141
<b>COLLATERAL FOR SECURITIES ON LOAN</b>		
State Street Navigator Securities Lending Prime Portfolio	59,435,019	59,435,019
<b>TOTAL COLLATERAL FOR SECURITIES ON LOAN</b> (Cost \$59,435,019)	14.7%	59,435,019
<b>SHORT TERM INVESTMENTS</b>		
<b>UNITED STATES</b>		
Repurchase Agreement with State Street Bank and Trust, 0.01%, 08/01/12 (7)	9,584,000	9,584,000
<b>TOTAL UNITED STATES</b> (Cost \$9,584,000)	2.4%	9,584,000

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

		<b>Value (Note A)</b>
<b>TOTAL INVESTMENTS**</b> (Cost \$409,465,841)	110.2%	444,345,323
<b>OTHER ASSETS AND LIABILITIES</b>	(10.2)%	(41,079,055)
<b>NET ASSETS</b>	100.0%	\$ 403,266,268

Notes to Schedule of Investments

\* Denotes non-income producing security.

^ Security is deemed worthless.

# Illiquid security.

Affiliated issuer (see Note B).

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

(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 July 31, 2012, the market value of the securities loaned was \$77,074,845.

(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 initially valued in good faith by the Board of Directors at fair market value. The securities continue to be valued in good faith by the Board of Directors at fair market value as of July 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 07/31/12, due 08/01/12 with repurchase proceeds of \$9,584,003 is collateralized by US Treasury Notes, 0.375%, due 04/15/15 with a market value of \$9,779,593.

144A Securities restricted for resale to Qualified Institutional Buyers in the United States or to non-US persons. At July 31, 2012, these restricted securities amounted to \$36,846,912, which represented 9.14% of total net assets.

\*\* At July 31, 2012, aggregate cost for federal tax purposes was \$409,465,841. Gross unrealized appreciation of investments was \$85,426,234 and gross unrealized depreciation of investments was \$50,546,752, resulting in net unrealized appreciation of investments of \$34,879,482.

NOTE A Portfolio securities listed on recognized United States or foreign security 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 underlying security (or securities), which normally follows the same methodology as the valuation of securities listed on recognized exchanges.

The Fund's investments in Chinese 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 Chinese 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

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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 Chinese 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.

**THE CHINA FUND, INC.****SCHEDULE OF INVESTMENTS (continued)****July 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 July 31, 2012 in valuing the Fund's investments carried at value:

**ASSETS VALUATION INPUT**

Description	Level 1	Level 2	Level 3	Total
<b>COMMON STOCK AND OTHER EQUITY INTERESTS</b>				
Automobiles	\$ 5,540,998	\$	\$	\$ 5,540,998
Beverages	4,646,112			4,646,112
Commercial Banks	11,839,120			11,839,120
Commercial Services & Supplies	13,564,561		2,236,205	15,800,766
Communications Equipment	2,953,640			2,953,640
Computers & Peripherals	4,559,340			4,559,340
Electronic Equipment & Instruments	29,677,644			29,677,644
Food Products	8,310,240		0^	8,310,240
Gas Utilities	10,212,980			10,212,980
Health Care Equipment & Supplies	3,931,367			3,931,367
Health Care Providers & Services	8,972,690			8,972,690
Hotels, Restaurants & Leisure			0^	
IT Services	21,591,132			21,591,132
Insurance			5,295,991	5,295,991
Internet Software & Services	7,001,007			7,001,007
Machinery	21,529,439			21,529,439
Media	4,953,644			4,953,644
Multiline Retail	15,726,326			15,726,326
Oil, Gas & Consumable Fuels	22,420,920			22,420,920
Personal Products	7,260,251			7,260,251
Pharmaceuticals	15,951,432			15,951,432
Real Estate Management & Development	19,785,274			19,785,274
Semiconductors & Semiconductor Equipment	34,145,113			34,145,113

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Specialty Retail	2,849,354			2,849,354
Transportation Infrastructure	5,421,485			5,421,485
Wireless Telecommunication Services	17,154,986			17,154,986
<b>TOTAL COMMON STOCK AND OTHER EQUITY INTERESTS</b>	<b>299,999,055</b>		<b>7,532,196</b>	<b>307,531,251</b>
<b>EQUITY LINKED SECURITIES</b>				
Beverages		17,586,702		17,586,702
Household Durables		5,320,807		5,320,807
Insurance		7,104,505		7,104,505
Machinery		6,834,898		6,834,898
<b>TOTAL EQUITY LINKED SECURITIES</b>		<b>36,846,912</b>		<b>36,846,912</b>
<b>DIRECT INVESTMENTS</b>				
Food Products			15,307,086	15,307,086
Health Care Providers & Services			15,641,055	15,641,055
Semiconductors & Semiconductor Equipment			0 <sup>^</sup>	
<b>TOTAL DIRECT INVESTMENTS</b>			<b>30,948,141</b>	<b>30,948,141</b>
<b>COLLATERAL FOR SECURITIES ON LOAN</b>	<b>59,435,019</b>			<b>59,435,019</b>
<b>SHORT TERM INVESTMENTS UNITED STATES</b>		<b>9,584,000</b>		<b>9,584,000</b>
<b>TOTAL INVESTMENTS</b>	<b>\$ 359,434,074</b>	<b>\$ 46,430,912</b>	<b>\$ 38,480,337</b>	<b>\$ 444,345,323</b>

<sup>^</sup> Security is deemed worthless.

## THE CHINA FUND, INC.

## SCHEDULE OF INVESTMENTS (continued)

July 31, 2012 (Unaudited)

The Fund's policy is to disclose transfers between levels based on valuations at the end of the reporting period. As of July 31, 2012, there were no transfers between Level 1 and Level 2. Fook Woo Holdings, Ltd. was transferred from Level 1 to Level 3 and Chaoda Modern Agriculture (Holdings), Ltd. was transferred from Level 2 to Level 3 because trading has been suspended on both securities and were fair valued under the 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 nine months ended July 31, 2012:

	Balance as of October 31, 2011	Purchases	Sales	Change in Unrealized Appreciation (Depreciation)	Transfers in to Level 3	Transfers out of Level 3	Balance as of July 31, 2012	Change in Unrealized Appreciation (Depreciation) from Investments Held at July 31, 2012
<b>Investments in Securities</b>								
<b>COMMON STOCK AND OTHER EQUITY</b>								
<b>INTERESTS</b>								
Commercial Services & Supplies	\$	\$	\$	\$ (2,621,214)	\$ 4,857,419	\$	\$ 2,236,205	\$ (2,621,214)
Food Products				(2,831,599)	2,831,599			(2,831,599)
Hotels, Restaurants & Leisure								
Insurance	5,446,821			(150,830)			5,295,991	(150,830)
	5,446,821			(5,603,643)	7,689,018		7,532,196	(5,603,643)
<b>DIRECT INVESTMENTS</b>								
Food Products	16,000,429			(693,343)			15,307,086	(693,343)
Health Care Providers & Services	16,507,082			(866,027)			15,641,055	(866,027)
Semiconductors & Semiconductor Equipment								
	32,507,511			(1,559,370)			30,948,141	(1,559,370)
	\$ 37,954,332	\$	\$	\$ (7,163,013)	\$ 7,689,018	\$	\$ 38,480,337	\$ (7,163,013)

In May 2011, the Financial Accounting Standards Board issued ASU No. 2011-04 Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (IFRSs). ASU 2011-04 includes common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. ASU 2011-04 will require reporting entities to make disclosures about amounts and reasons for all transfers in and out of Level 1 and Level 2 fair value measurements. In addition, ASU 2011-04 will require reporting entities to disclose the following information for fair value measurements categorized within Level 3 of the fair value hierarchy: quantitative information about the unobservable inputs used in the fair value measurement, the valuation processes used by the reporting entity and a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs. The new and revised disclosures are effective for interim and annual reporting periods beginning after December 15, 2011. Management is currently evaluating the implications of ASU 2011-04 and its impact on the financial statements.

**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

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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 July 31, 2012 was \$30,948,141 or 7.7% of the Fund's net assets. 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.

Security	Acquisition Date(s)	Cost	Value
China Bright	08/27/2010	\$ 14,969,436	\$ 15,641,055
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	15,307,086
		\$ 36,599,297	\$ 30,948,141

## THE CHINA FUND, INC.

## SCHEDULE OF INVESTMENTS (continued)

July 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/Par Held July 31, 2012	Value July 31, 2012	Income From Non-Controlled Affiliates	Gain / (Loss) Realized on Sale of Shares as of July 31, 2012
CDW Holding, Ltd.	48,182,000		9,321,000	38,861,000	\$ 2,749,452	\$ 172,600	\$ 324,085
China Bright	14,665,617			14,665,617	15,641,055		
China Everbright International, Ltd.		26,100,000		26,100,000	13,564,561	84,070	
China Medical System Holdings, Ltd. (1)(2)	90,442,200	30,874,100	89,105,000	32,211,300	15,951,432	494,189	38,385,629
China Silicon Corp. Common Stock (2)	2,301,863			2,301,863			
China Silicon Corp., Series A Preferred (2)	27,418			27,418			
Comba Telecom Systems Holdings, Ltd. (2)		10,958,500		10,958,500	2,953,640	93,773	
Digital China Holdings, Ltd.		9,603,000		9,603,000	15,034,390		
HAND Enterprise Solutions Co., Ltd. Common	11,238,137		3,274,201	7,963,936	21,591,132	689	7,504,639
Huiyin Household Appliances Holdings Co., Ltd. (2)	160,413,750		160,413,750				(24,317,410)
Taiwan Life Insurance Co., Ltd. (2)	200,000,000			200,000,000	5,295,991	223,975	
Zong Su Foods	2,677			2,677	15,307,086		

\* 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) Not affiliated as of July 31, 2012.



**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: September 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: September 13, 2012

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

Date: September 13, 2012