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CHINA FUND INC
Form N-CSRS
July 07, 2006

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: 811-05749

THE CHINA FUND, INC.
(Exact name of registrant as specified in charter)

C/O State Street Bank & Trust
P.O. Box 5049
BOSTON, MA 02206-5049
(Address of principal executive offices) (Zip code)

Mary Moran Zeven
Secretary
The China Fund, Inc.
2 Avenue de Lafayette
Boston, MA 02111
(Name and Address of Agent for Service)

Copy to:
Leonard B. Mackey, Jr., Esq.
Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019-6131

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

Date of fiscal year end: October 31

Date of reporting period: April 30, 2006

ITEM 1. REPORT TO STOCKHOLDERS.

THE CHINA FUND, INC.

SEMI-ANNUAL REPORT

APRIL 30, 2006
(UNAUDITED)

THE CHINA FUND, INC.
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THE CHINA FUND, INC.
 KEY HIGHLIGHTS (UNAUDITED)

FUND DATA

NYSE STOCK SYMBOL	CHN
LISTING DATE	JULY 10, 1992
SHARES OUTSTANDING	14,496,220
TOTAL NET ASSETS (04/30/06)	US\$443.3 MILLION
NET ASSET VALUE PER SHARE (04/30/06)	\$30.58
MARKET PRICE PER SHARE (04/30/06)	\$33.40

TOTAL RETURN

PERFORMANCE AS OF 04/30/06:	NET ASSET VALUE (1)	MARKET PRICE (2)
6 MONTHS	45.73%	50.74%
3-YEAR CUMULATIVE	138.73%	172.52%
3-YEAR ANNUALIZED	33.65%	39.68%
5-YEAR CUMULATIVE	179.69%	285.62%
5-YEAR ANNUALIZED	22.84%	30.99%
10-YEAR CUMULATIVE	244.71%	250.81%

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10-YEAR ANNUALIZED

13.17%

13.37%

DIVIDEND HISTORY

RECORD DATE	INCOME	CAPITAL GAINS
12/21/05	\$0.2172	\$2.2947
12/22/04	\$0.1963	\$3.3738
12/31/03	\$0.0700	\$1.7100
12/26/02	\$0.06397	\$0.1504
12/31/01	\$0.1321	--
12/31/99	\$0.1110	--
12/31/98	\$0.0780	--
12/31/97	--	\$0.5003
12/31/96	\$0.0834	--
12/29/95	\$0.0910	--
12/30/94	\$0.0093	\$0.6006
12/31/93	\$0.0853	\$0.8250
12/31/92	\$0.0434	\$0.0116

(1) Total investment returns reflect changes in net asset value per share or market price, as the case may be, during each period and assume that dividends and capital gains distributions, if any, were reinvested in accordance with the dividend reinvestment plan. The net asset value per share percentages is not an indication of the performance of a shareholder's investment in the Fund, which is based on market price. Total investment returns are historical and do not guarantee future results.

(2) Total investment returns are historical and do not guarantee future results.

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THE CHINA FUND, INC.
 ASSET ALLOCATION AS OF APRIL 30, 2006 (UNAUDITED)

TEN LARGEST LISTED EQUITY INVESTMENTS*

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1. Chaoda Modern Agriculture (Holdings) Ltd.	5.36%
<hr style="border-top: 1px dashed #000;"/>	
2. China Life Insurance Co., Ltd.	4.12%
<hr style="border-top: 1px dashed #000;"/>	
3. Zijin Mining Group Co., Ltd.	3.88%
<hr style="border-top: 1px dashed #000;"/>	
4. Shanghai Zhenhua Port Machinery Co. Ltd. Access Product	3.05%
<hr style="border-top: 1px dashed #000;"/>	
5. Tripod Technology Corp.	2.83%
<hr style="border-top: 1px dashed #000;"/>	
6. Cathay Financial Holding Co., Ltd.	2.75%
<hr style="border-top: 1px dashed #000;"/>	
7. Shanghai International Airport Access Product	2.67%
<hr style="border-top: 1px dashed #000;"/>	
8. Golden Meditech Co., Ltd	2.45%
<hr style="border-top: 1px dashed #000;"/>	
9. TPV Technology, Ltd.	2.44%
<hr style="border-top: 1px dashed #000;"/>	
10. Xinao Gas Holdings, Ltd.	2.41%
<hr style="border-top: 1px dashed #000;"/>	

LARGEST DIRECT INVESTMENTS*

1. CDW Holding Ltd.	1.97%
<hr style="border-top: 1px dashed #000;"/>	
2. Global e-Business Services (BVI) Ltd.	0.69%
<hr style="border-top: 1px dashed #000;"/>	
3. Captive Finance, Ltd.	0.69%
<hr style="border-top: 1px dashed #000;"/>	
4. teco Optronics Corp.	0.03%
<hr style="border-top: 1px dashed #000;"/>	

* Percentages based on net assets at April 30, 2006.

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INDUSTRY ALLOCATION (UNAUDITED)

(PIE CHART)

Information Technology.....	15.8%
Industrials.....	15.1%
Consumer Discretionary.....	13.1%
Financials.....	12.5%
Materials.....	9.8%
Energy.....	9.6%
Consumer Staples.....	7.5%
Utilities.....	6.2%
Health Care.....	4.5%
Telecommunications.....	3.6%

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Others.....	2.3%
Total Net Assets.....	100.0%

Fund holdings are subject to change and percentages shown above are based on total net assets as of April 30, 2006. A complete list holdings as of April 30, 2006 is contained in the Schedule of Investments included in this report. The most current available data regarding portfolio holdings can be found on our website, www.chinafundinc.com. You may also obtain holdings by calling 1-800-246-2255.

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THE CHINA FUND, INC.
CHAIRMAN'S STATEMENT

I am extremely pleased to report that your Fund's total return, based on net asset value per share, was 45.73% over the six month period ended April 30, 2006 and that its net asset value per share increased from \$23.25 to \$30.58 over the same period. Your Fund's total net assets increased from US\$334,495,574 million to US\$443,258,442 million, despite the payment in January of a substantial dividend (US\$2.51/share) for the third consecutive year. The Fund's average annual total return for the 1-year, 3-year and 5-year periods ended April 30, 2006 amounted to 32.72%, 33.65%, and 22.84%, respectively, allowing it to outpace the MSCI Golden Dragon Index returns of 30.98%, 31.95%, and 10.00% for each of those periods.

Last summer's rights issue, which allowed a substantial new allocation of the Fund's investments into China's domestic A-share market, proved well-timed. Progress made by the government in reforming the market's structure subsequently lifted the A-share market out of its five-year slump. Elsewhere, the broadening of the market and the appreciation of the renminbi benefited your Fund, due to its concentration on entrepreneurial companies, which at this stage of China's economic development tend to be small companies with a domestic focus. Your Fund's increased size has led to improved liquidity in its stock, and the stock price has held a premium to net asset value per share for most of the period.

The outlook for Chinese economic growth remains good. The government appears to be committed to tackling some of the main outstanding problems, such as the wealth gap between rural and urban areas and the inefficiencies of the state-owned banking system. At present, the greatest risks seem to be those posed by inflation and the increased supply of equity. However, the Fund's managers continue to report attractive investment opportunities, particularly in the A-share and Taiwanese markets.

The strong People's Republic of China (PRC) economy and the resolution of some of the regulatory issues relating to the offshore listing of PRC companies which constrained private equity investing in 2005 are leading to a more active deal market. The Direct Investment Manager is actively progressing a number of investments for the Fund.

The main focus of the deal origination activity is PRC service companies with high entry barriers. These companies have high growth rates and stable margins. The Direct Investment Manager believes that such companies could generate higher returns than companies in the export sector which are experiencing intensive price competition and may be adversely affected by any revaluation of the renminbi or trade restrictions.

Valuations for high quality PRC companies continue to rise which along with high

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levels of liquidity potentially presents the Fund with an attractive exit market. The Direct Investment Manager will continue to explore opportunities to create value for the Fund from its existing investments. Though increasing valuation is leading to a higher level of competition for transactions, it is not yet excessive. For monthly updates detailing your Fund's investments, please consult www.chinafundinc.com.

Thank you for your continued interest in The China Fund, Inc.

Yours truly,

/s/ Alan Tremain

Alan Tremain
Chairman

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THE CHINA FUND, INC.
INVESTMENT MANAGERS' STATEMENTS (UNAUDITED)

REVIEW OF LISTED INVESTMENTS

The portfolio of listed stocks performed well over the period. The portfolio of listed stocks net asset value increased by 50.9% because the smaller, entrepreneurial companies in which the Fund invests performed well.

By way of comparison, the benchmark MSCI Golden Dragon index returned 29.2% over the same period. However, this figure masks the wide variance in returns among markets across the greater China region. The HSCE index, which charts the fortunes of Chinese H-shares listed and traded in Hong Kong was the star performer, returning 43.3%, with most of the gains coming in January. Local retail investor sentiment recovered strongly, helped by greater confidence in the sustainability of economic and corporate profit growth. Meanwhile, other investment options -- such as bank deposits and government bonds -- have remained unattractive, particularly as the government of the People's Republic seems to be trying to restrain property speculation.

Taiwan securities marginally outperformed the MSCI Golden Dragon index over the six-month period as a whole, returning 31.8%. This slight outperformance was despite a difficult start to 2006 for Taiwanese stocks, which reflected worries over mounting credit card debt and cross-strait tensions.

The real laggard, however, has been MSCI Hong Kong, which returned just 17.4% over the reporting period. The Hong Kong Monetary Authority continued to track monetary tightening by the Federal Reserve and results announced were often lackluster.

Turning to the Fund's portfolio of listed stocks, one of the Fund's largest holdings, fruit and vegetable grower CHAODA MODERN AGRICULTURE, was one of the star performers, rising by 84.6% in dollar terms over the period. The company announced plans to co-operate with a Japanese trading company in the export of produce to Japan. Other key holdings included ZIJIN MINING (China, up 255.0% on the back of surging gold prices); and TRIPOD TECHNOLOGY (Taiwan, up 81.3% on the strength of demand for LCD televisions).

In terms of activity, the Listed Investment Manager increased the Fund's exposure to the A-share market, adding to holdings in leading garment maker YOUNGOR GROUP, in CHINA YANGTZE POWER and in SHANGHAI ZHENHUA PORT MACHINERY. More recently, the Listed Investment Manager added a holding in the utility HUANENG POWER INTERNATIONAL, whose A-share is trading at a large

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discount to its H-share. A January rumor about the merger of the B and A-share markets (which will not be possible until the renminbi is convertible) presented the Listed Investment Manager with the opportunity to sell CIMC, the Fund's only remaining B-share.

The Fund had gains on small allocations of Initial Public Offerings ("IPOs") for SUNTECH and AGILE. In the technology area, the Listed Investment Manager sold the STN LCD maker WINTEK, as the Listed Investment Manager had doubts about its future growth prospects, and bought RADIANT OPTO-ELECTRONICS, which could benefit from a possible boom in sales of LCD televisions. The Listed Investment Manager also invested in transformer manufacturer BAODING TIANWEI BAOBIAN ELECTRIC, whose subsidiary is the first and largest producer of photovoltaic cells in China. In Taiwan the Listed Investment Manager added a holding in solder specialist SHENMAO.

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THE CHINA FUND, INC.
INVESTMENT MANAGERS' STATEMENTS (CONTINUED) (UNAUDITED)

REVIEW OF LISTED INVESTMENTS

The Listed Investment Manager invested in Taiwan-based food giant UNI-PRESIDENT, which had been a chronic underperformer despite its strong brand name, and could benefit from easing cost pressures and is showing a willingness to rationalize its many product lines. The Listed Investment Manager added a holding in laggard SHANGHAI INTERNATIONAL AIRPORT, which reported 24% growth in traffic in the first quarter. On a similar theme, the Listed Investment Manager added a holding in CHINA TRAVEL, ahead of the opening of its huge new spa resort in ZHUHAI, and took the opportunity presented by avian flu-related weakness late last year to add to the Fund's holding in SHANGRI-LA, the hotel operator.

Despite the gains enjoyed by a number of the Fund's holdings this year, valuations generally remain low. The only areas where the Listed Investment Manager has seen any degree of overvaluation has been in some Hong Kong-listed China retail names, the state-owned banks and Hong Kong IPOs. The Listed Investment Manager's main worries at the moment are: trade relations between the US and China ahead of the mid-term elections, an expansion of equity supply and a possible unpleasant surprise from Chinese inflation data.

Going forward, we expect particularly robust performance from the domestic, renminbi-denominated A-share market -- valuations here are converging at a point lower than those companies listed in Hong Kong, and the interest rate and exchange rate environment is favorable. The Listed Investment Manager expects the portfolio to remain biased towards management-owned companies, many of which tend to be small caps with a domestic focus.

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THE CHINA FUND, INC.
INVESTMENT MANAGERS' STATEMENTS (CONTINUED) (UNAUDITED)

REVIEW OF DIRECT INVESTMENTS

As of April 30, 2006 the Fund's Direct Investment portfolio comprised the following investments:

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CAPTIVE FINANCE LIMITED ("CAPTIVE")

Captive is engaged in providing operating and financial leases for technology products (PCs, servers, telecom equipment etc.). It has operations in Greater China, Singapore, Malaysia and Europe. Apart from seeking leasing opportunities within each of its national markets, there is active cross-selling of services between the Asian and European operations.

CDW HOLDING LIMITED ("CDW")

CDW manufactures a range of component parts for mobile telephones, office equipment and household appliances. Its fastest growing business is the assembly of backlight unit components (BLU) for the mobile phone industry. For more than a decade, CDW has been supplying parts and accessories for office and consumer equipment to major Japanese manufacturers. CDW continues to expand its production capacity to cope with increasing demand. The company is listed on the Singapore Stock Exchange.

In 2005 the company reported revenue of US\$106.2 mn (+7.8% year on year ("yoy")) and net profit of US\$8.9 mn (-41.4% yoy). The profit decline mainly reflected continuous price pressure particularly in its BLU business and start-up costs for the new plant in Dongguan. CDW has recently announced that it is exploring a merger with the Japanese operations of its CEO which could facilitate the development of higher margin products and capture more manufacturing outsourcing business from Japanese multinationals.

TECO OPTRONICS CORP. ("TECO")

teco designs and manufactures organic light emitting diodes (OLED) displays. It has a technology licensing agreement with Kodak. OLED is a new flat screen display technology that is competing with liquid crystal displays (LCDs). teco is a subsidiary of the TECO Group, a large Taiwanese business group.

On July 8, 2005, the carrying value of teco was reduced to US\$150,000 from cost of about US\$590,000.

GLOBAL E-BUSINESS SERVICES (BVI) LTD. ("GO")

GO engages in operating e-commerce and e-government platforms and related business opportunities. In March 2003, GO was awarded one of the two available licenses in Hong Kong to provide and operate the front-end Government Electronic Trading Services and related electronic processing services for the trading community. GO is a subsidiary of Computer And Technologies Holdings Limited, a listed company in Hong Kong.

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THE CHINA FUND, INC.

ABOUT THE PORTFOLIO MANAGERS (UNAUDITED)

LISTED INVESTMENT MANAGER

Mr. Chris Ruffle serves as the portfolio manager of the Fund's portfolio of listed securities. Mr. Ruffle joined Martin Currie in 1994. He is a Chinese and Taiwanese equity specialist with over 15 years of investment experience in Asia. Fluent in Mandarin and Japanese, Mr. Ruffle has worked in the Far East since 1983. He worked originally in Beijing and Shanghai and then in Australia for a metal trading company. He then moved to Warburg Securities in 1987 as an analyst in Tokyo, before establishing Warburg's office in Taiwan. Mr. Ruffle also manages The Martin Currie China Hedge Fund and the China "A" Share Fund.

DIRECT INVESTMENT MANAGER

Mr. KOH Kuek Chiang is the Executive Director of Asian Direct Capital Management ("ADCM") and is the portfolio manager of the Fund's portfolio of direct

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securities. He joined ADCM in 1998. Mr. Koh has over ten years of private equity investment experience in the United States, Europe and Asia working for the Government of Singapore Investment Corporation, Union Bank of Switzerland and private interests. His investment experience covers a wide range of industries, including telecommunications equipment, biotechnology, media, financial services and basic materials. Mr. Koh graduated with an engineering degree from the University of Western Australia and has a post-graduate Diploma in Business Administration from the National University of Singapore. He is a Chartered Financial Analyst and is fluent in English and Mandarin.

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THE CHINA FUND, INC.
SCHEDULE OF INVESTMENTS
APRIL 30, 2006 (UNAUDITED)

NAME OF ISSUER AND TITLE OF ISSUE	SHARES	VALUE (NOTE A)
COMMON STOCK AND OTHER EQUITY INTERESTS		
HONG KONG		
CONSUMER DISCRETIONARY -- (5.7%)		
China Ting Group Holdings Ltd.*.....	13,148,000	\$ 3,688,423
China Travel International Investment Hong Kong, Ltd.	15,142,000	4,247,803
Parkson Retail Group Ltd.	1,080,500	3,539,813
Ports Design Ltd.	3,956,500	6,251,282
Shangri-La Asia Ltd.	4,318,000	7,657,855

		25,385,176

CONSUMER STAPLES -- (6.3%)		
Chaoda Modern Agriculture (Holdings) Ltd.	34,089,900	23,743,312
Li Ning Co. Ltd.	3,726,000	4,181,036

		27,924,348

ENERGY -- (0.8%)		
China Rare Earth Holdings, Ltd.	15,254,000	3,443,052

FINANCIALS -- (6.4%)		
Agile Property Holdings Ltd.*.....	10,292,000	7,898,390
China Insurance International Holdings Co., Ltd.*.....	4,026,000	2,180,946
China Life Insurance Co., Ltd.*.....	13,497,000	18,278,828

		28,358,164

HEALTH CARE -- (4.5%)		
China Shineway Pharmaceutical Group Ltd.	7,615,000	6,285,961
Golden Meditech Co., Ltd.	35,040,000	10,846,688
Natural Beauty Bio-Technology, Ltd.	32,780,000	2,875,012

		20,007,661

INDEX FUND -- (0.9%)		
Ishare Asia Trust.....	580,000	4,207,967

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INDUSTRIALS -- (4.2%)		
Beiren Printing Machinery Holdings Ltd.+.....	7,000,000	1,480,689
China Fire Safety Enterprise Group Holdings Ltd.	50,380,000	6,173,104
TPV Technology, Ltd.	9,968,000	10,799,636
		18,453,429

See notes to financial statements and notes to schedule of investments.

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THE CHINA FUND, INC.
 SCHEDULE OF INVESTMENTS (CONTINUED)
 APRIL 30, 2006 (UNAUDITED)

NAME OF ISSUER AND TITLE OF ISSUE	SHARES	VALUE (NOTE A)
COMMON STOCK AND OTHER EQUITY INTERESTS (CONTINUED)		
HONG KONG (CONTINUED)		
INFORMATION TECHNOLOGY -- (4.2%)		
Arcontech Corp.* (2).....	18,386,000	\$ 237,142
Digital China Holdings Ltd.	10,692,000	3,585,536
Lenovo Group Ltd.	15,858,000	5,931,551
Solomon Systech Ltd.	19,892,000	8,851,551
		18,605,780
MATERIALS -- (7.1%)		
Asia Aluminum Holdings Ltd.*.....	23,250,000	4,228,281
Asia Zirconium Ltd.	13,196,000	1,702,018
Fountain Set (Holdings), Ltd.	6,714,000	2,684,509
Ocean Grand Chemicals Holdings Ltd.	17,379,000	3,496,803
Sinochem Hong Kong Holdings Ltd.*.....	5,000,000	2,112,045
Zijin Mining Group Co., Ltd.	30,662,000	17,203,292
		31,426,948
TELECOMMUNICATIONS -- (2.9%)		
China Netcom Group Corp. (Hong Kong) Ltd.	4,078,000	7,442,614
Comba Telecom Systems Holdings Ltd.	16,118,000	5,301,187
		12,743,801
UTILITIES -- (2.4%)		
Xinao Gas Holdings, Ltd.	11,560,000	10,660,699
		10,660,699
TOTAL HONG KONG -- (Cost \$113,302,349)	45.4%	201,217,025
HONG KONG -- "H" SHARES		
CONSUMER DISCRETIONARY -- (0.8%)		
Lianhua Supermarket Holdings Co., Ltd.	2,859,000	3,337,218
		3,337,218
ENERGY -- (3.1%)		
China Oilfield Services Ltd.	9,546,000	5,325,119
China Shenhua Energy Co., Ltd.	4,536,500	8,220,894
		8,220,894

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		13,546,013

INDUSTRIALS -- (2.3%)		
BYD Co., Ltd.*.....	3,225,000	6,509,774
Sinotrans Ltd.	11,134,000	3,841,464

		10,351,238

See notes to financial statements and notes to schedule of investments.

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THE CHINA FUND, INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
APRIL 30, 2006 (UNAUDITED)

NAME OF ISSUER AND TITLE OF ISSUE	SHARES	VALUE (NOTE A)

COMMON STOCK AND OTHER EQUITY INTERESTS (CONTINUED)		
HONG KONG -- "H" SHARES (CONTINUED)		
UTILITIES -- (2.0%)		
Anhui Expressway Co., Ltd.*.....	12,406,000	\$ 9,040,700

TOTAL HONG KONG -- "H" SHARES --		
(Cost \$23,028,394)		8.2% 36,275,169

TOTAL HONG KONG (INCLUDING "H" SHARES) --		
(Cost \$136,330,743)		53.6% 237,492,194

SINGAPORE		
UTILITIES -- (1.8%)		
Bio-Treat Technology Ltd.	9,799,000	8,181,328

TOTAL SINGAPORE -- (Cost \$4,045,565)		1.8% 8,181,328

TAIWAN		
CONSUMER DISCRETIONARY -- (4.2%)		
Merry Electronics Co., Ltd.	3,012,016	10,619,983
Premier Image Technology Corp.	3,371,000	5,219,150
Taiwan FamilyMart Co., Ltd.	1,645,592	2,604,519

		18,443,652

CONSUMER STAPLES -- (1.2%)		
Uni-President Enterprises Corp.	6,729,000	5,072,005

FINANCIALS -- (4.3%)		
Cathay Financial Holding Co., Ltd.	5,438,000	12,185,947
Yuanta Core Pacific Securities Co.	8,983,000	6,869,502

		19,055,449

INDUSTRIALS -- (0.7%)		
Cheng Shin Rubber Industry Co., Ltd.	4,129,481	3,293,800

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See notes to financial statements and notes to schedule of investments.

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THE CHINA FUND, INC.
 SCHEDULE OF INVESTMENTS (CONTINUED)
 APRIL 30, 2006 (UNAUDITED)

NAME OF ISSUER AND TITLE OF ISSUE	SHARES	VALUE (NOTE A)
COMMON STOCK AND OTHER EQUITY INTERESTS (CONTINUED)		
TAIWAN (CONTINUED)		
INFORMATION TECHNOLOGY -- (8.9%)		
Advanced Semiconductor Engineering Inc.	5,698,000	\$ 6,768,239
Data Systems Consulting Co., Ltd.	4,362,043	3,588,668
Radiant Opto-Electronics Corp.	1,500,000	3,431,849
Taiwan Green Point Enterprises Co., Ltd.	1,286,783	3,718,350
Novatek Microelectronics Corp., Ltd.	920,000	5,478,422
ShenMao Technology Inc.	948,000	3,832,764
Tripod Technology Corp.	3,334,095	12,539,298

		39,357,590

MATERIALS -- (1.6%)		
China Metal Products Co., Ltd.	3,584,000	4,347,033
Yieh United Steel Corp.	9,483,000	2,912,634

		7,259,667

TOTAL TAIWAN -- (Cost \$62,660,755)	20.9%	92,482,163

UNITED STATES -- "N" SHARES		
CONSUMER DISCRETIONARY -- (1.5%)		
Chindex International, Inc.*.....	69,987	873,438
The9 Ltd. ADR*.....	184,861	5,543,981

		6,417,419

TELECOMMUNICATIONS -- (0.7%)		
China Techfaith Wireless Communication Technology Ltd. ADR*.....	233,338	3,175,730

TOTAL UNITED STATES -- "N" SHARES -- (Cost \$8,638,774)	2.2%	9,593,149

TOTAL COMMON STOCK AND OTHER EQUITY INTERESTS -- (Cost \$211,675,837)	78.5%	347,748,834

WARRANTS		
CONSUMER DISCRETIONARY -- (0.9%)		
Youngor Group Co. Ltd. Access Product (expiration 10/26/10) 144A, (2) (4).....	7,562,730	3,766,240

See notes to financial statements and notes to schedule of investments.

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THE CHINA FUND, INC.
 SCHEDULE OF INVESTMENTS (CONTINUED)
 APRIL 30, 2006 (UNAUDITED)

NAME OF ISSUER AND TITLE OF ISSUE	SHARES	VALUE (NOTE A)
WARRANTS (CONTINUED)		
ENERGY -- (5.7%)		
China Petroleum Access Product (expiration 01/20/10) 144A, (2) (3)	5,539,000	\$ 4,193,023
China Petroleum Access Product (expiration 01/20/11) 144A, (2) (4)	7,016,997	5,311,867
China Yangtze Power Co. Ltd. Access Product (expiration 1/20/10) 144A, (2) (4)	7,577,738	6,130,390
Huaneng Power International Inc. Access Product (expiration 1/20/10) 144A, (2) (3)	7,476,500	4,366,276
Huaneng Power International Inc. Access Product (expiration 4/20/11) 144A, (2) (4)	9,343,031	5,456,330
		25,457,886
FINANCIALS -- (1.1%)		
China Merchants Bank Co. Ltd. Access Product (expiration 10/26/10) 144A, (2) (4)	5,290,408	4,745,496
INDUSTRIALS -- (7.9%)		
Baoding Tianwei Baobian Electric Co., Ltd. (expiration 01/20/10), (2) (3)	1,761,193	5,129,369
Shanghai International Airport Co. Access Product (expiration 1/20/10) 144A, (2) (3)	5,662,300	8,544,977
Shanghai International Airport Co. Ltd. Access Product (expiration 10/26/10) 144A, (2) (4)	2,141,969	3,266,503
Shanghai Zhenhua Port Machinery Co. Ltd. Access Product (expiration 10/26/10) 144A, (2) (4)	6,609,826	13,503,874
Xinjiang Tebian Electric Apparatus Stock Co. Ltd. Access Product (expiration 10/26/10) 144A, (2) (4)	3,577,791	4,683,328
		35,128,051
MATERIALS -- (1.1%)		
Qinghai Salt Lake Potash Co. Ltd. Access Product (expiration 10/26/10) 144A, (2) (4)	2,396,122	5,065,402
TOTAL WARRANTS -- (Cost \$58,363,259)		16.7% 74,163,075

See notes to financial statements and notes to schedule of investments.

THE CHINA FUND, INC.
 SCHEDULE OF INVESTMENTS (CONTINUED)
 APRIL 30, 2006 (UNAUDITED)

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NAME OF ISSUER AND TITLE OF ISSUE -----	SHARES -----	VALUE (NOTE A) -----
DIRECT INVESTMENTS		
FINANCIALS -- (0.7%)		
Captive Finance, Ltd., (acquired 5/24/02),*(1)(2).....	2,000,000	\$ 3,045,000
INFORMATION TECHNOLOGY -- (2.7%)		
CDW Holding Ltd., (acquired 1/26/05)+(5).....	60,000,000	8,728,653
Global e-Business Services (BVI) Ltd., (acquired 6/18/04),*(1).....	40,000	3,053,395
teco Optronics Corp., (acquired 4/26/04),*(1)(2).....	1,861,710	150,000

		11,932,048

TOTAL DIRECT INVESTMENTS -- (Cost \$8,411,189)	3.4%	14,977,048

TOTAL INVESTMENTS -- (Cost \$278,450,285) (Note E)	98.6%	436,888,957

OTHER ASSETS AND LIABILITIES	1.4%	6,369,485

NET ASSETS	100.0%	\$443,258,442

Notes to Schedule of Investments

* Denotes non-income producing security

+ Affiliated issuer (see Note G).

- (1) 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 at acquisition cost. These direct investments are valued at fair value as determined by the Board of Directors as discussed in Note A and B to the Financial Statements.
- (2) Security valued at fair value using methods determined in good faith by or at the direction of the Board of Directors.
- (3) Warrants issues by Citigroup Global Markets Holdings.
- (4) Warrants issued by Credit Lyonnais (CLSA)
- (5) This investment is listed on the Singapore Stock Exchange; however, it is still managed by ADCM.

See notes to financial statements and notes to schedule of investments.

THE CHINA FUND, INC.
STATEMENT OF ASSETS AND LIABILITIES
APRIL 30, 2006 (UNAUDITED)

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ASSETS

Investments in listed investments, at value (cost \$267,548,242) (Note A).....	\$420,431,219
Investments in direct investments, at value (cost \$3,602,160) (Notes A and B).....	3,203,396
Investments in affiliated investments, at value (cost \$7,299,883) (Note A, B, and G).....	13,254,342
Cash.....	13,176,468
Foreign currency, at value (cost \$4,058,050).....	4,059,836
Receivable for investments sold.....	2,701,956
Receivable for fund shares sold.....	632
Dividends receivable.....	1,124,575
Prepaid expenses and other assets.....	85,822
TOTAL ASSETS.....	\$458,038,246

LIABILITIES

Payable for investments purchased.....	14,317,662
Investment management fee payable (Note C).....	175,418
Administration, custodian and transfer agent fees payable.....	234,621
Directors fee payable (Note C).....	27,730
Accrued expenses and other liabilities.....	24,373
TOTAL LIABILITIES.....	14,779,804

TOTAL NET ASSETS..... \$443,258,442

COMPOSITION OF NET ASSETS:

Paid in capital (Note D).....	253,959,142
Undistributed net investment loss.....	(9,874)
Accumulated net realized gain on investments and foreign currency transactions.....	30,868,404
Net unrealized appreciation on investments and foreign currency transactions.....	158,440,770
TOTAL NET ASSETS.....	\$443,258,442

NET ASSETS VALUE PER SHARE

(\$443,258,442/14,496,220 shares of common stock
outstanding)..... \$30.58

See notes to financial statements.

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THE CHINA FUND, INC.

STATEMENT OF OPERATIONS

FOR SIX MONTHS ENDED APRIL 30, 2006 (UNAUDITED)

INVESTMENT INCOME:

Dividend income -- listed investments (net of tax withheld of \$445,278).....	\$ 2,298,051
Interest income -- listed investments.....	6,961
TOTAL INVESTMENT INCOME.....	2,305,012

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EXPENSES		
Investment Management fees (Note C).....	1,316,409	
Custodian fees.....	391,484	
Administration fees.....	219,197	
Directors' fees and expenses (Note C).....	107,585	
Stock dividend tax expense.....	352	
Legal fees.....	65,558	
Printing and postage.....	59,184	
Shareholder service fees.....	19,093	
Insurance.....	30,448	
Audit and tax service fees.....	24,183	
Stock exchange listing fee.....	12,297	
Transfer agent fees.....	12,313	
Miscellaneous expenses.....	998	
TOTAL EXPENSES.....	2,259,101	
NET INVESTMENT INCOME.....	45,911	
REALIZED AND UNREALIZED GAIN ON INVESTMENTS AND FOREIGN CURRENCY		
Net realized gain on listed investment and foreign currency transactions.....	31,991,888	
Net change in unrealized appreciation on listed investments and foreign currency transactions.....	108,872,632	
Net change in unrealized appreciation on direct investments.....	1,484,301	
	110,356,933	
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS AND FOREIGN CURRENCY TRANSACTIONS.....	142,348,821	
NET INCREASE IN NET ASSETS FROM OPERATIONS.....	\$142,394,732	

See notes to financial statements.

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THE CHINA FUND, INC.
STATEMENTS OF CHANGES IN NET ASSETS

	SIX MONTHS ENDED APRIL 30, 2006 (UNAUDITED)	YEAR ENDED OCTOBER 31, 2006
INCREASE IN NET ASSETS FROM OPERATIONS		
Net investment income.....	\$ 45,911	\$ 2,945,109
Net realized gain on investments and foreign currency transactions.....	31,991,888	32,018,415
Net increase (decrease) in unrealized appreciation on investments and foreign currency translations.....	110,356,933	(41,317,713)
Net increase (decrease) in net assets from operations.....	142,394,732	(6,354,189)

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DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income.....	(3,124,848)	(1,979,079)
Capital gains.....	(33,017,522)	(34,014,358)

Total dividends and distributions to shareholders.....	(36,142,370)	(35,993,437)

CAPITAL SHARE TRANSACTIONS:		
Fund Shares sold.....	--	110,307,729
Reinvestment of Dividends and Distributions (56,374 and 8,740 shares, respectively).....	2,510,506	1,649,496

Net increase in net assets from capital share transactions.....	2,510,506	111,957,225
NET INCREASE IN NET ASSETS.....	108,762,868	69,609,599

NET ASSETS:		
Beginning of year.....	334,495,574	264,885,975

End of period.....	\$443,258,442	\$334,495,574
=====		
Undistributed net investment income (loss), end of period...	\$ (9,874)	\$ 3,069,063
=====		

See notes to financial statements.

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THE CHINA FUND, INC.
FINANCIAL HIGHLIGHTS
SELECTED DATA FOR A SHARE OF COMMON STOCK OUTSTANDING FOR THE PERIOD(S)
INDICATED

	SIX MONTHS ENDED		YEAR ENDED OCTOBER 31,		
	APRIL 30,				
	2006	2005	2004	2003	2002

	(UNAUDITED)				

PER SHARE OPERATION PERFORMANCE					
Net asset value, beginning of year.....	\$ 23.25	\$ 26.27	\$ 26.93	\$ 14.92	\$ 13.19
Net investment income.....	0.00	0.21	0.21	0.06	0.11
Net realized and unrealized gain on investments and foreign currency transactions.....	9.84	0.34	0.91	12.16	1.75

Total income from investment operations.....	9.84	0.55	1.12	12.22	1.86

Less dividends and distributions:					
Dividend from net investment income.....	(0.22)	(0.20)	(0.07)	(0.06)	(0.13)
Distributions from net realized					

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capital gains.....	(2.29)	(3.37)	(1.71)	(0.15)	0.00
Total dividends and distributions.....	(2.51)	(3.57)	(1.78)	(0.21)	(0.13)
Net asset value, end of year....	\$ 30.58	\$ 23.25	\$ 26.27	\$ 26.93	\$ 14.92
Per share market price, end of year.....	\$ 33.40	\$ 24.55	\$ 29.15	\$ 34.74	\$ 12.61
TOTAL INVESTMENT RETURN (BASED ON MARKET PRICE).....	50.74%(2)	(5.50)%	(12.16)%	179.41%	18.63%
RATIOS AND SUPPLEMENTAL DATA					
Net assets, end of year (000's).....	\$443,258	\$334,496	\$264,886	\$271,278	\$150,319
Ratio of expenses to average net assets.....	1.22%(1)	1.44%	1.41%	1.76%	1.97%
Ratio of expenses to average net assets, excluding stock dividend tax expense.....	1.22%(1)	1.38%	1.34%	1.68%	1.85%
Ratio of net investment income to average net assets.....	0.02%(1)	1.04%	0.78%	0.32%	0.72%
Portfolio turnover rate.....	28%	26%	40%	55%	68%

(1) Annualized.

(2) Not Annualized.

See notes to financial statements.

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THE CHINA FUND, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2006 (UNAUDITED)

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The China Fund, Inc. (the "Fund") was incorporated under the laws of the State of Maryland on April 28, 1992, and is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended. The Fund's investment objective is long-term capital appreciation through investments in the equity securities of companies engaged in a substantial amount of business in the People's Republic of China. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

USE OF ESTIMATES: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses for the period. Actual results could differ from these estimates. The significant estimates made as of, and for the six months ended, April 30, 2006 relate to the valuation of the Fund's Direct Investments, as further discussed below and in Note B.

SECURITY VALUATION: 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

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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. 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 in good faith at fair value using methods determined by the Board of Directors. Direct Investments not traded on an exchange are valued at fair value as determined by the Board of Directors based on advice from Direct Investment Manager. The Direct Investment's original cost is considered to be fair value unless the Board of Directors, based on such advice, concludes there has been a material change of a long-term nature and sufficient reliable information is available to revalue these investments.

REPURCHASE AGREEMENTS: In connection with transactions in repurchase agreements, it is the Fund's policy that its custodian take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the repurchase transaction, including accrued interest, at all times. If the seller defaults, and the fair value of the collateral declines, realization of the collateral by the Fund may be delayed or limited.

FOREIGN CURRENCY TRANSLATIONS: The records of the Fund are maintained in U.S. dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the current exchange rates. Purchases and sales of investment securities and income and expenses are translated on the respective dates of such transactions. Net realized gains and losses on foreign currency transactions represent net gains and losses from the disposition of foreign currencies, currency gains and losses realized between the trade dates and settlement dates of security transactions, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The effects of changes in foreign currency exchange rates on investments in securities are not segregated in the Statement of Operations from the effects of changes in market prices of those securities, but are included in realized and unrealized gain or loss on investments.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

OPTION CONTRACTS: The Fund may purchase and write (sell) call options and put options provided the transactions are for hedging purposes and the initial margin and premiums do not exceed 5% of total assets. Option contracts are valued daily and unrealized gains or losses are recorded based upon the last sales price on the principal exchange on which the options are traded. The Fund will realize a gain or loss upon the expiration or closing of the option contract. When an option is exercised, the proceeds on sales of the underlying security for a written call option, the purchase cost of the security for a written put option, or the cost of the security for a purchased put or call option is adjusted by the amount of premium received or paid.

The risk in writing a call option is that the Fund gives up the opportunity for profit if the market price of the security increases and the option is exercised. The risk in writing a put option is that the Fund may incur a loss if the market price of the security decreases and the option is exercised. The risk in buying an option is that the Fund pays a premium whether or not the option is exercised. Risks may also arise from an illiquid secondary market or from the inability of counter parties to meet the terms of the contract.

INDEMNIFICATION OBLIGATIONS: Under the Fund's organizational documents, its

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Officers and Directors are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, in the normal course of business the Fund enters into contracts that provide general indemnifications to other parties. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred.

SECURITY TRANSACTIONS AND INVESTMENT INCOME: Security transactions are recorded as of the trade date. Realized gains and losses from securities sold are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date, or, in the case of dividend income on foreign securities, on the ex-dividend date or when the Fund becomes aware of its declaration. Interest income is recorded on the accrual basis. All premiums and discounts are amortized/accreted for both financial reporting and federal income tax purposes.

Dividend and interest income generated in Taiwan is subject to a 20% withholding tax. Stock dividends received (except those which have resulted from Capitalization of capital surplus) are taxable at 20% of the par value of the stock dividends received. The Fund records the taxes paid on stock dividends as an operating expense.

DIVIDENDS AND DISTRIBUTIONS: The Fund intends to distribute to its shareholders, at least annually, substantially all of its net investment income and any net realized capital gains. Income and capital gains distributions are determined in accordance with U.S. income tax regulations, which may differ from generally accepted accounting principles. These differences are primarily due to differing book and tax treatments for foreign currency transactions.

The Fund made distribution of \$3,124,848 from Ordinary Income and \$33,017,522 from Long-Term Capital Gains during the six months ended April 30, 2006. For the year ended October 31, 2005 the Fund made distributions of \$3,061,875 from Ordinary Income and \$32,931,562 from Long-Term Capital Gains. Income and capital gains distributions are determined in accordance with U.S. income tax regulations, which may differ from generally accepted accounting principles. These differences are primarily due to differing book and tax treatments for foreign currency transactions.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FEDERAL INCOME TAXES: The Fund has qualified and intends to qualify in the future as a regulated investment company by complying with the provisions of Subchapter M of the Internal Revenue Code available to certain investment companies, including making distributions of taxable income and capital gains sufficient to relieve it from all, or substantially all, federal income and excise taxes.

NOTE B -- VALUATION OF DIRECT INVESTMENTS

At April 30, 2006, Direct Investments amounting to \$14,977,048 (3.38% of net assets) have been valued at fair value as determined by the Board of Directors in the absence of readily ascertainable market values. The procedures applied by the Board of Directors in arriving at its estimate of value of securities without readily available market values comply with the Fund's policies for valuing Direct Investments at original cost unless the Board of Directors, based on advice from the Direct Investment Manager, concludes that there has been a material change of a long-term nature and sufficient reliable information is available to revalue these investments. Determination of fair values involves subjective judgment and, because of the inherent uncertainty of valuation, the

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Board of Directors' estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

NOTE C -- ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Martin Currie Inc. is the investment manager for the Fund's listed assets (the "Listed Assets"). Martin Currie Inc. receives a fee, computed weekly and payable monthly, at the following annual rates: 0.70% of the first US\$315 million of the Fund's average weekly net assets invested in Listed Assets; and 0.50% of the Fund's average weekly net assets invested in Listed Assets in excess of US\$315 million.

Asian Direct Capital Management ("ADCM") is the investment manager for the Fund's assets allocated to direct investments. ADCM receives a fee, computed weekly and payable monthly at an annual rate equal to the greater of \$300,000 or 2.2% of the average weekly value of the net assets of the Fund invested in Direct Investments.

No director, officer or employee of the Investment Manager or Direct Investment Manager or any affiliates of those entities will receive any compensation from the Fund for serving as an officer or director of the Fund. The Fund pays the Chairman of the Board and each of the directors (who is not a director, officer or employee of the Investment Manager or Direct Investment Manager or any affiliate thereof) an annual fee of \$27,500 and \$10,000, respectively, plus \$2,000 for each Board of Directors' meeting or Audit Committee meeting attended. In addition, the Fund will reimburse each of the directors for travel and out-of-pocket expenses incurred in connection with attending Board of Directors' meetings.

NOTE D -- CAPITAL STOCK

The Board of Directors of the Fund has approved a share repurchase plan. Under the program, the Fund will repurchase shares at management's discretion at times when it considers the repurchase to be consistent with the objectives of the program. For the six months ended April 30, 2006, the Fund did not participate in this program.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE E -- INVESTMENT TRANSACTIONS

For the six months ended April 30, 2006, the Fund's cost of purchases and proceeds from sales of investment securities, other than short-term securities, were \$103,409,424 and \$100,095,928, respectively. At April 30, 2006, the cost of investments for federal income tax purposes was \$278,450,285. Gross unrealized appreciation of investments was \$168,927,142, while gross unrealized depreciation of investments was \$10,488,470, resulting in net unrealized appreciation of investments of \$158,438,672.

NOTE F -- INVESTMENTS IN CHINA

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

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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.

NOTE G -- INVESTMENTS IN NON-CONTROLLED AFFILIATES*:

NAME OF ISSUER	BALANCE OF SHARES HELD OCTOBER 31, 2005	GROSS PURCHASES AND ADDITIONS	GROSS SALES AND REDUCTIONS	BALANCE OF SHARES HELD APRIL 30, 2006	VALUE APRIL 30, 2006
Captive Finance, Ltd.	2,000,000	\$ --	\$ --	2,000,000	\$3,045,000
CDW Holdings Ltd.....	60,000,000	--	--	60,000,000	8,728,653
Beiren Printing Machinery Holdings Ltd.	7,000,000	--	--	7,000,000	1,480,689
Nanjing Dahe Outdoor Media Co., Ltd.	37,500,000	--	(37,500,000)	--	--

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

NOTE H -- CAPITAL STOCK

On August 3, 2005, the Fund had completed the rights offering of a total of 4 million shares of its common stock. Proceeds to the Fund, before expenses of \$1,339,770, amounted to \$111,647,500. At October 31, 2005, 100,000,000 shares of \$.01 par value common stock were authorized.

THE CHINA FUND, INC.
OTHER INFORMATION (UNAUDITED)

PRIVACY POLICY

PRIVACY NOTICE

The China Fund, Inc. collects nonpublic personal information about its shareholders from the following sources:

- [] Information it receives from shareholders on applications or other forms; and
- [] Information about shareholder transactions with the Fund.

THE FUND'S POLICY IS TO NOT DISCLOSE NONPUBLIC PERSONAL INFORMATION ABOUT ITS SHAREHOLDERS TO NONAFFILIATED THIRD PARTIES (other than disclosures permitted by law).

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The Fund restricts access to nonpublic personal information about its shareholders to those agents of the Fund who need to know that information to provide products or services to shareholders. The Fund maintains physical, electronic and procedural safeguards that comply with federal standards to guard its shareholders' nonpublic personal information.

PROXY VOTING POLICIES AND PROCEDURES

A description of the policies and procedures that are used by the Fund's investment advisers to vote proxies relating to the Fund's portfolio securities is available (1) without charge, upon request, by calling 1-888-CHN-CALL (246-2255); and (2) as an exhibit to the Fund's annual report on Form N-CSR which is available on the website of the Securities and Exchange Commission (the "Commission") at <http://www.sec.gov>. Information regarding how the investment advisers vote these proxies is now available by calling the same number and on the Commission's website. The Fund has filed its report on Form N-PX covering the Fund's proxy voting record for the 12 month period ending June 30, 2005.

QUARTERLY PORTFOLIO OF INVESTMENTS

A Portfolio of Investments will be filed as of the end of the first and third quarter of each fiscal year on Form N-Q and will be available on the Commission's website at <http://www.sec.gov>. Form N-Q has been filed as of March 30, 2006 for the third quarter of this fiscal year and is available on the Commission's website at <http://www.sec.gov>. Additionally, the Portfolio of Investments may be reviewed and copied at the Commission's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The quarterly Portfolio of Investments will be made available without charge, upon request, by calling 1-888-246-2255.

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DIVIDENDS AND DISTRIBUTIONS; DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

The Fund will distribute to shareholders, at least annually, substantially all of its net investment income from dividends and interest earnings and expects to distribute any net realized capital gains annually. Pursuant to the Dividend Reinvestment and Cash Purchase Plan (the "Plan"), adopted by the Fund, each shareholder will be deemed to have elected, unless Computershare Trust Company, N.A., the Plan Administrator, is otherwise instructed by the stockholder in writing, to have all distributions automatically reinvested by the Plan Administrator in Fund shares pursuant to the Plan. Shareholders who do not participate in the Plan will receive all distributions in cash paid by check in U.S. dollars mailed directly to the stockholder by Computershare Trust Company, N.A. (formerly, Equiserve Trust Company, N.A.) as paying agent. Shareholders who do not wish to have distributions automatically reinvested should notify the Fund by contacting Computershare c/o The China Fund, Inc. at P.O. Box 43010, Providence, Rhode Island 02940-3011. Phone: 1-800-426-5523.

Computershare Trust Company, N.A. and Computershare Shareholder Services, Inc. (collectively, "Computershare" or the "Plan Administrator") acts as Plan Administrator and Service Agent. If the Directors of the Fund declare an income dividend or a capital gains distribution payable either in the Fund's Common Stock or in cash, as shareholders may have elected, non-participants in the Plan will receive cash and participants in the Plan will receive Common Stock, to be issued by the Fund. If the market price per share on the valuation date equals or exceeds net asset value per share on that date, the Fund will issue new

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shares to participants at net asset value or, if the net asset value is less than 95% of the market price on the valuation date, then at 95% of the market price. The valuation date will be the dividend or distribution payment date or, if that date is not a trading day on the exchange on which the Fund's shares are then listed, the next preceding trading day. If net asset value exceeds the market price of Fund shares at such time, participants in the Plan will be deemed to have elected to receive shares of stock from the Fund, valued at market price on the valuation date. If the Fund should declare a dividend or capital gains distribution payable only in cash, the Plan Administrator will, as administrator for the participants, buy Fund shares in the open market, on the New York Stock Exchange or elsewhere, with the cash in respect of such dividend or distribution, for the participant's account on, or shortly after, the payment date.

Participants in the Plan have the option of making additional payments to the Plan Administrator, annually, in any amount from \$100 to \$3,000 for investment in the Fund's Common Stock. The Plan Administrator will use all funds received from participants (as well as any dividends and capital gains distributions received in cash) to purchase Fund shares in the open market on or about January 15 of each year. Any voluntary cash payments received more than thirty days prior to such date will be returned by the Plan Administrator, and interest will not be paid on any uninvested cash payments. To avoid unnecessary cash accumulations, and also to allow ample time for receipt and processing by the Plan Administrator, it is suggested that participants send in voluntary cash payments to be received by the Plan Administrator approximately ten days before January 15. A participant may withdraw a voluntary cash payment by written notice, if the notice is received by the Plan Agent not less than 48 hours before such payment is to be invested.

The Plan Administrator maintains all stockholder accounts in the Plan and furnishes written confirmations of all transactions in the account, including information needed by shareholders for personal and tax records. Shares in

DIVIDENDS AND DISTRIBUTIONS;
DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN (CONTINUED)

the account of each Plan participant will be held by the Plan Administrator in non-certificated form in the name of the participant, and each stockholder's proxy will include those shares purchased pursuant to the Plan.

In the case of shareholders, such as banks, brokers or nominees, which hold shares for others who are the beneficial owners, the Plan Administrator will administer the Plan on the basis of the number of shares certified from time to time by the stockholder as representing the total amount registered in the stockholder's name and held for the account of beneficial owners who are participating in the Plan.

There is no charge to participants for reinvesting dividends or capital gains distributions. The Plan Administrator's fees for the handling of the reinvestment of dividends and distributions will be paid by the Fund. However, each participant's account will be charged a pro rata share of brokerage commissions incurred with respect to the Plan Administrator's open market purchases in connection with the reinvestment of dividends or capital gains distributions. A participant will also pay brokerage commissions incurred in purchases from voluntary cash payments made by the participant. Brokerage charges for purchasing small amounts of stock for individual accounts through the Plan are expected to be less than the usual brokerage charges for such transactions, because the Plan Administrator will be purchasing stock for all

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participants in blocks and prorating the lower commission thus attainable.

The automatic reinvestment of dividends and distributions will not relieve participants of any income tax which may be payable on such dividends and distributions.

Experience under the Plan may indicate that changes are desirable. Accordingly, the Fund reserves the right to amend or terminate the Plan as applied to any voluntary cash payment made and any dividend or distribution paid subsequent to notice of the change sent to all shareholders at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by the Plan Administrator by at least 90 days' written notice to all shareholders. All correspondence concerning the Plan should be directed to Computershare c/o The China Fund, Inc. at P.O. Box 43011, Providence, Rhode Island 02940-3011. Phone: 1-800-426-5523.

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DIRECTORS AND OFFICERS (UNAUDITED)

The following table provides information concerning each of the Directors of the Fund. The Board of Directors is comprised of Directors who are not interested persons of the Fund, as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended. The Directors are divided into three classes, designated as Class I, Class II and Class III. The Directors in each such class are elected for a term of three years to succeed the Directors whose term of office expires. Each Director shall hold office until the expiration of his term and until his successor shall have been elected and qualified. The Fund Complex consists of one series.

NAME (AGE) AND ADDRESS OF DIRECTOR	PRESENT OFFICE WITH THE FUND	PRINCIPAL OCCUPATION OR EMPLOYMENT DURING PAST FIVE YEARS AND DIRECTORSHIPS IN PUBLICLY HELD COMPANIES
Alan Tremain (69)..... 58 Avenue de la Reale Port la Galere Theoule-sur-Mer 06590 France	Chairman of the Board and Director	Chairman of the Board of the Fund; Chairman, Ho of Distinction Ventures, Inc. (1989-2005); Chair Hotels of Distinction (International), Inc. (1974-present).
Michael F. Holland (61)..... 375 Park Avenue New York, New York 10152	Director	Chairman, Holland & Company L.L.C. (1995-present); Director, The Holland Balanced Fund, Inc. and R Utility Income Fund; Trustee, State Street Mast Funds and State Street Institutional Investment Trust.
James J. Lightburn (62)..... 13, Rue Alphonse de Neuville 75017 Paris, France	Director	Attorney, Nomos, (2004-present); Attorney, memb Hughes Hubbard & Reed (1993-2004).
Joe O. Rogers (57)..... 2477 Foxwood Drive Chapel Hill, NC 27514	Director	The Rogers Team LLC, organizing member (July 20 present); Manager, The J-Squared Team LLC (Apri 2003-May 2004); Executive Vice President, Busin Development, PlanetPortal.com, Inc. (Sept. 1999 2001); Director, The Taiwan Fund, Inc. (1986-present).

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Nigel S. Tulloch (60).....	Director	Chief Executive, HSBC Asset Management Bahamas Limited (1986-1992); Director, The HSBC China Fund Limited.
7, Circe Circle Dalkeith WA6009 Australia		
Gary L. French (53).....	President	Senior Vice President, State Street Bank and Trust Company (2002-present); Managing Director, Deut Asset Management, Inc. and Zurich Scudder Invest (acquired by Deutsche Bank in 2002) (2001-2002) President, UAM Fund Services, Inc. (1995-2001).
225 Franklin Street Boston, MA 02110		
William C. Cox (39)*.....	Treasurer	Vice President, State Street Bank and Trust Company
225 Franklin Street Boston, MA 02110		
Mary Moran Zeven (44).....	Secretary	Senior Vice President and Senior Counsel, State Street Bank and Trust Company.
225 Franklin Street Boston, MA 02110		

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THE CHINA FUND, INC.

UNITED STATES ADDRESS

The China Fund, Inc.
c/o State Street Bank and Trust Company
P.O. Box 5049
Boston, MA 02206-5049
1-888-CHN-CALL (246-2255)

DIRECTORS AND OFFICERS

Alan Tremain, O.B.E., Director and Chairman of the Board
Michael F. Holland, Director
James J. Lightburn, Director
Joe O. Rogers, Director
Nigel S. Tulloch, Director
Gary L. French, President
William C. Cox, Treasurer
Mary Moran Zeven, Secretary

INVESTMENT MANAGER

Martin Currie Inc.

DIRECT INVESTMENT MANAGER

Asian Direct Capital Management

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SHAREHOLDER SERVICING AGENT
The Altman Group

ADMINISTRATOR AND CUSTODIAN
State Street Bank and Trust Company

TRANSFER AGENT, DIVIDEND PAYING AGENT AND REGISTRAR
Computershare Trust Company, N.A.

INDEPENDENT AUDITORS
Deloitte & Touche, LLP

LEGAL COUNSEL
Clifford Chance US LLP

ITEM 2. CODE OF ETHICS.

Not required for this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not required for this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not required for this filing.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not required for this filing.

ITEM 6. SCHEDULE OF INVESTMENTS.

Schedule of Investments is included as part of Item 1 of this filing.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END INVESTMENT COMPANIES.

Not required for this filing.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

Required disclosure beginning with fiscal year ending after 12/31/05.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board of Directors during the period covered by this Form N-CSR filing.

ITEM 11. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers have concluded that the registrant's disclosure controls and procedures (as

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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-CSR based on their evaluation of these 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 1934 Act (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

second fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

- (a) (1) Not required for this filing.
(a) (2) The certifications required by Rule 30a-2 of the Investment Company Act of 1940, as amended (the "1940 Act") are attached hereto.
(a) (3) Not required for this filing.
(b) The certifications required by Rule 30a-2(b) of the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

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/ Gary L. French

Gary L. French
President of The China Fund, Inc.

Date: June 28, 2006

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/ Gary L. French

Gary L. French
President of The China Fund, Inc.

Date: June 28, 2006

By: /s/ William C. Cox

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William C. Cox
Treasurer of The China Fund, Inc.

Date: June 23, 2006