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CHINA FUND INC
Form 8-K
December 21, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

November 1, 2001
Date of Report (Date of Earliest Event Reported)

The China Fund, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Maryland (State or Other Jurisdiction of Incorporation)	811-6651 (Commission File Number)	000000000 (IRS Employer Identification Number)
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225 Franklin Street, Boston, Massachusetts (Address of Principal Executive Offices)	02110 (Zip Code)
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(212) 808-0500
(Registrant's Telephone Number, Including Area Code)

Item 9. Regulation FD Disclosure.

Pursuant to Regulation FD Rules 100-103, The China Fund, Inc. (the "Fund") furnishes the November 2001 Monthly Update on the Fund by the Fund's Investment Manager.

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SIGNATURES

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

Dated: December 19, 2001

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By: /s/ Ann Casey

Name: Ann Casey
Title: Secretary

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Insight

The China Fund, Inc. (CHN)
November 2001

In brief...

Net Asset Value per share*	US\$14.04		China Fund N
Market Price*	US\$11.87		
Premium/Discount*	-15.5%	1 month return*	6.4%
Fund size*	US\$141.4m	1 year return*	20.7%

*Source: State Street Corporation/Marti

Manager's Comments

Signs of the effect of the global economic slowdown on China are becoming clearer. Exports in October grew by only 0.1% y.o.y. Industrial production actually fell by 3.1% y.o.y. Company visits indicate some cooling in what has been a hot property market in the coastal cities. Savvy car buyers are holding off, awaiting price cuts which they anticipate will follow WTO entry. Economic growth remains more robust than in most parts of the world, and China continues to be successful in attracting foreign direct investment. But the Chinese economy needs strong growth to overcome its many structural problems - particularly if it is to re-employ those laid off in the process of state-owned enterprise reform, and absorb the overcapacity seen in many industries. For this reason we expect further fiscal measures to stimulate the economy and another interest rate cut. Deflation, not inflation, is the enemy.

The Chinese stockmarkets rallied over the past month, except for Hong Kong (HCI -4.0%) The rally was less pronounced in China (Shanghai A +3.4%) than in Taiwan (+11.3%), whose many exporters are highly sensitivity to the whims of the US consumer. The figures from the US have been better than feared in the wake of September 11th. Interest rates are now exceptionally low across greater China, and there is plenty of money ready to chase good turn-around stories. In Hong Kong, a number of small, private sector companies, to which this Fund has a relatively high weighting, have taken the opportunity to issue new shares, and one or two state-owned enterprises are attempting IPOs. That probably marks the close of this particular rally.

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Chris Ruffle

Investment strategy:

Your Fund is 89% invested and has holdings in 49 companies. Overall, the company's portfolio has a bias towards private sector companies and Taiwan-listed enterprises deriving the bulk of their profit from China.

During November, we took some profits on a few of the best performing smaller companies such as Xinao Gas, Euro-Asia and TPV. We also halved our remaining position in the oil sector, Sinopec, on the expectation of weaker crude oil prices. In Taiwan we sold Teco, whose merger with Sampo has failed to go through.

We have invested in two companies where we expect earnings to recover strongly in 2002: V-Tech (cordless phones, electronic toys) and EVA Airlines. In Taiwan, we have invested in Lian Hwa Foods (its second snack food factory has opened in Beijing) and the plastic autoparts maker Tong Yang, which now has six plants around China. We have added to positions in Asia Dekor, which we expect to benefit from strong home renovation demand in China, and Fountain Set, the world's leading maker of knitted yarn, which we believe to be trading at under 3X prospective earnings and an estimated cash yield of 9%.

Source: Martin Currie Inc

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Fund Details*

Asset allocation (%)*

Fund Details*		Asset allocation (%)*	
Market cap	\$185.4m	[PIE CHART]	
Shares outstanding	10,073,173 shares	Hong Kong	4
Exchange listed	NYSE	Taiwan	3
Listing date	July 10, 1992	Cash	1
Investment manager	Martin Currie Inc	B Shares	6
Direct investment manager	Asian Direct Capital Management	Unlisted	4
		Singapore	3
		New York	2

Ten Largest Listed Investments (35.3%)*

Direct Investments*

Ten Largest Listed Investments (35.3%)*			Direct Investments*	
Taipei Bank	Financials	5.0%	A-S China Plumbing Product	
TCL International	Information Technology	4.3%	Moulin International Hold	
Yanzhou Coal Mining	Energy	4.3%	New World Sun City	
Huaneng Power Intl	Energy	3.7%		
Zhejiang Expressway	Utilities	3.4%		
Phoenixtec Power	Consumer Staples	3.3%		
Chungwa Telecom	Telecommunications	3.1%		
Chinadotcom	Information Technology	2.8%		
Brilliance China	Consumer Discretionary	2.8%		
Uni-president Enterprises	Consumer Discretionary	2.6%		

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Sector allocation (%)*	Performance (in US\$ term)*		
	% of net assets	MSCI Golden Dragon %	As at 30 November 2001
Consumer Discretionary	13.3	5.7	One month
Information Technology	12.9	23.5	Calendar year to date
Industrials	11.4	21.6	3 years **
Consumer Staples	9.5	0.4	
Financials	9.0	28.0	Dividend History*
Energy	8.0	1.0	US\$
Telecoms	6.4	10.3	0.1110
Materials	5.7	3.4	0.0780
Utilities	5.1	6.1	0.5003
Other	4.9	0.0	0.0834
Health Care	3.0	0.0	0.0910
Cash	10.8	-	0.6099
			0.9103
Total	100.0	100.0	0.0550

Fund Performance

Fund performance	One Month	Three Months	Year To date	One Year
The China Fund, Inc.	6.4	11.0	12.6	20.7
MSCI Golden Dragon	12.8	0.3	-18.8	-17.1
Hang Seng Chinese Enterprise Index	-4.0	-1.7	10.2	11.9

Source: * State Street Corporation / MC Inc. # The Fund was launched on July 10, 1992 ** Ann

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The China Fund Inc.

Performance in perspective

Date	The China Fund Inc. vs MSCI Golden Dragon	NAV
17-Jul-92		13.83

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31-Jul-92		13.17
31-Aug-92		13.20
30-Sep-92		13.17
31-Oct-92		13.51
30-Nov-92		14.23
31-Dec-92		13.00
31-Jan-93		14.25
28-Feb-93		14.80
31-Mar-93		14.97
30-Apr-93		15.55
31-May-93		15.60
30-Jun-93		14.97
31-Jul-93		14.32
31-Aug-93		15.15
30-Sep-93		15.29
31-Oct-93		17.35
30-Nov-93		18.05
27-Dec-93		19.28
31-Dec-93		20.18
31-Jan-94		18.21
28-Feb-94		17.09
31-Mar-94		15.64
30-Apr-94		14.52
31-May-94		14.96
30-Jun-94		14.16
31-Jul-94		14.85
31-Aug-94		15.44
30-Sep-94		15.50
31-Oct-94		15.25
30-Nov-94		13.76
23-Dec-94		12.62
31-Dec-94		12.60
31-Jan-95		11.17
28-Feb-95		11.75
31-Mar-95		11.78
30-Apr-95		11.45
31-May-95		12.36
30-Jun-95		12.21
31-Jul-95		12.65
31-Aug-95		12.31
30-Sep-95		12.49
31-Oct-95		12.87
30-Nov-95		12.41
29-Dec-95		12.23
31-Dec-95		12.23
31-Jan-96		13.44
29-Feb-96		13.49
31-Mar-96		12.82
30-Apr-96		12.70
31-May-96		12.94
30-Jun-96		12.87
31-Jul-96		12.83
31-Aug-96		13.33
30-Sep-96		13.60
31-Oct-96	-4.60	13.24
30-Nov-96	3.37	14.73
31-Dec-96	11.07	16.33
31-Jan-97	1.80	16.55
28-Feb-97	3.16	17.35
31-Mar-97	2.27	16.87
30-Apr-97	6.61	18.57
31-May-97	2.35	20.38

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30-Jun-97	-1.21	21.62
31-Jul-97	-0.57	23.00
31-Aug-97	13.03	23.37
30-Sep-97	-5.88	22.02
31-Oct-97	5.05	16.97
30-Nov-97	-10.54	15.03
31-Dec-97	-4.75	14.53
31-Jan-98	-10.98	11.45
28-Feb-98	4.66	14.44
31-Mar-98	0.05	13.99
30-Apr-98	2.52	12.88
31-May-98	2.90	11.63
30-Jun-98	-8.15	10.05
31-Jul-98	-7.95	8.72
31-Aug-98	-3.05	7.54
30-Sep-98	13.76	9.80
31-Oct-98	-12.33	10.84
30-Nov-98	-2.13	10.80
28-Dec-98	0.52	10.28
31-Dec-98	1.07	10.39
31-Jan-99	-7.49	9.05
28-Feb-99	-4.68	8.80
31-Mar-99	-2.99	9.57
30-Apr-99	3.48	11.72
31-May-99	4.21	11.38
30-Jun-99	17.91	15.35
31-Jul-99	-2.38	14.01
31-Aug-99	-3.69	14.12
30-Sep-99	0.04	13.43
31-Oct-99	-9.09	12.74
30-Nov-99	1.71	14.06
28-Dec-99	-5.57	14.41
31-Dec-99	-1.48	14.20
31-Jan-00	-3.64	13.75
29-Feb-00	-4.26	13.37
31-Mar-00	6.65	14.71
30-Apr-00	-4.02	12.71
31-May-00	4.42	12.45
30-Jun-00	5.72	13.53
31-Jul-00	5.43	14.54
31-Aug-00	1.04	14.32
30-Sep-00	3.29	13.07
31-Oct-00	3.31	12.37
30-Nov-00	0.76	11.63
31-Dec-00	5.03	12.47
31-Jan-01	-11.30	12.53
28-Feb-01	11.33	13.23
31-Mar-01	13.53	13.76
30-Apr-01	7.31	14.58
31-May-01	14.53	16.28
30-Jun-01	0.63	15.90
31-Jul-01	-4.32	14.26
31-Aug-01	3.83	13.90
30-Sep-01	8.15	12.64
31-Oct-01	-1.32	13.19
30-Nov-01	-5.62	14.04

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The China Fund, Inc. Premium/Discount

The China Fund, Inc. Premium/discount

07/10/1992 - 11/30/2001

DATE	Premium/Discount
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31-Jul-92	14.07%
28-Aug-92	-4.54%
25-Sep-92	-13.67%
30-Oct-92	-1.55%
27-Nov-92	1.40%
25-Dec-92	-1.53%
29-Jan-93	-7.02%
26-Feb-93	-7.09%
26-Mar-93	-7.44%
30-Apr-93	7.72%
28-May-93	14.58%
25-Jun-93	14.09%
30-Jul-93	11.31%
27-Aug-93	9.78%
24-Sep-93	5.40%
29-Oct-93	6.63%
26-Nov-93	-0.47%
31-Dec-93	39.99%
28-Jan-94	27.52%
25-Feb-94	20.04%
25-Mar-94	20.87%
29-Apr-94	10.19%
27-May-94	24.92%
24-Jun-94	15.21%
29-Jul-94	13.64%
26-Aug-94	18.85%
30-Sep-94	11.29%
28-Oct-94	12.43%
25-Nov-94	7.45%
30-Dec-94	0.20%
27-Jan-95	11.91%
24-Feb-95	11.11%
31-Mar-95	6.11%
28-Apr-95	6.99%
26-May-95	8.39%
30-Jun-95	2.38%
28-Jul-95	1.94%
25-Aug-95	1.73%
29-Sep-95	2.08%
27-Oct-95	-5.64%
24-Nov-95	-2.66%
29-Dec-95	-3.92%
26-Jan-96	14.58%
23-Feb-96	-1.68%
29-Mar-96	4.33%
26-Apr-96	-3.69%
31-May-96	-5.33%
28-Jun-96	-5.79%
26-Jul-96	-11.89%

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30-Aug-96	-10.92%
27-Sep-96	-10.19%
25-Oct-96	-13.92%
29-Nov-96	-10.90%
27-Dec-96	-18.15%
31-Jan-97	-17.67%
28-Feb-97	-21.47%
28-Mar-97	-20.12%
25-Apr-97	-23.57%
30-May-97	-20.26%
27-Jun-97	-20.61%
25-Jul-97	-20.69%
29-Aug-97	-24.05%
26-Sep-97	-17.05%
31-Oct-97	-21.73%
28-Nov-97	-15.59%
26-Dec-97	-16.28%
30-Jan-98	-1.75%
27-Feb-98	-15.17%
27-Mar-98	-18.52%
24-Apr-98	-19.54%
29-May-98	-21.54%
26-Jun-98	-13.16%
31-Jul-98	-14.71%
28-Aug-98	-21.35%
25-Sep-98	-30.42%
30-Oct-98	-19.43%
27-Nov-98	-15.57%
25-Dec-98	-23.53%
29-Jan-99	-22.65%
26-Feb-99	-21.16%
26-Mar-99	-19.23%
30-Apr-99	-19.48%
28-May-99	-19.27%
25-Jun-99	-20.63%
30-Jul-99	-21.93%
27-Aug-99	-24.14%
24-Sep-99	-24.04%
29-Oct-99	-22.00%
26-Nov-99	-20.28%
31-Dec-99	-25.17%
28-Jan-00	-26.63%
25-Feb-00	-23.62%
31-Mar-00	-28.19%
28-Apr-00	-29.20%
26-May-00	-24.45%
30-Jun-00	-29.33%
28-Jul-00	-24.71%
25-Aug-00	-26.60%
29-Sep-00	-27.31%
27-Oct-00	-28.35%
24-Nov-00	-26.14%
29-Dec-00	-25.82%
26-Jan-00	-21.88%
23-Feb-01	-18.80%
30-Mar-01	-21.88%
27-Apr-01	-21.94%
25-May-01	-19.39%
29-Jun-01	-16.54%
27-Jul-01	-19.60%
31-Aug-01	-18.56%
28-Sep-01	-15.66%

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26-Oct-01	-17.97%
2-Nov-01	-19.58%
9-Nov-01	-15.74%
16-Nov-01	-15.22%
23-Nov-01	-17.39%
30-Nov-01	-15.46%

The performance and premium/discount are based on 30 November 2001

*Source: State Street Corporation

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The portfolio - in full

Sector	Company (code)	Price	Holding	
Hong Kong 41.2%				
	TCL International Holdings Ltd	1070.HK	HK\$1.32	39,318,000
	Yanzhou Coal Mining Co.	1171.HK	HK\$2.55	19,000,000
	Huaneng Power International, Inc.	0902.HK	HK\$4.88	8,218,000
	Zhejiang Expressway Co., Ltd	0576.HK	HK\$1.89	19,814,000
	Brilliance China Automotive Holdings, Ltd	1114.HK	HK\$1.68	19,300,000
	China Petroleum & Chemical, Corp	0386.HK	HK\$1.11	22,700,000
	China Rare Earth Holdings, Ltd	0769.HK	HK\$2.18	11,600,000
	Shangri-La Asia, Ltd	0069.HK	HK\$5.15	5,000,000
	TPV Technology, Ltd	0903.HK	HK\$2.13	11,050,000
	Beijing Capital International Airport Co., Ltd	0697.HK	HK\$1.88	10,384,000
	Asia Satellite Telecommunications Holdings, Ltd	1135.HK	HK\$12.4	1,693,000
	Fountain Set (Holdings) Ltd	0420.HK	HK\$1.2	15,250,000
	Global Bio-chem Technology Group Co., Ltd	0809.HK	HK\$2.80	7,000,000
	China Overseas Land & Investment, Ltd	0688.HK	HK\$1.05	16,500,000
	LifeTec Group, Ltd	1180.HK	HK\$0.26	59,846,000
	Chaoda	0682.HK	HK\$2.53	5,000,000
	Vtech Holdings, Ltd.	0303.HK	HK\$5.95	2,270,000
	Chen Hsong Holding, Ltd	0057.HK	HK\$1.36	6,630,000
	Arcontech, Corp	8097.HK	HK\$0.98	9,000,000
	Xinao Gas Holdings, Ltd	8149.HK	HK\$2.5	2,350,000
	Automated Systems Holdings, Ltd	0771.HK	HK\$2.45	1,752,000
	Jackin International	0630.HK	HK\$0.41	990,000
Taiwan 31.1%				
	Taipei Bank	2830.TW	NT\$20.3	12,115,400
	Phoenixtech Power Co., Ltd	2411.TW	NT\$22.4	6,824,000
	Chunghwa Telecom Co., Ltd	2412.TW	NT\$51.0	3,276,000
	Uni-President Enterprises Co.	1216.TW	NT\$11.1	11,549,760
	Choice Lithograph, Inc	9929.TW	NT\$12.5	8,273,000
	Polaris Securities Co., Ltd	6011.TWO	NT\$13.1	8,042,000
	Pacific Construction Co., Ltd	2506.TW	NT\$3.14	32,841,000
	Ho Tung Chemical, Corp	1714.TW	NT\$16.8	6,132,950
	China Synthetic Rubber, Corp	2104.TW	NT\$9.3	9,919,440
	Synnex Technologies International, Corp	2347.TW	NT\$43.0	2,156,000
	Advantech Co., Ltd	2395.TW	NT\$82.5	959,100
	Taiwan Secom	9917.TW	NT\$29.9	2,741,500

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Behavior Technology, Corp	2341.TW	NT\$12.85	4,000,000
Lian Hwa	1231.TW	NT\$15.7	1,959,000
EVA Airways	2618.TW	NT\$9.3	1,002,000
Lite-On IT, Corp	8008.TWO	NT\$77.0	82,000
Tong Yang	1319.TW	NT\$13.75	412,000
B shares 6.3%			
Shanghai Friendship Group Co., Inc	900923.SS	US\$1.00	2,950,000
Eastern Communications Co., Ltd	900941.SS	US\$1.32	1,729,150
Luthai Textile Co., Ltd	200726.SZ	HK\$9.35	1,999,869
Shanghai Matsuoka, Co	900955.SS	US\$1.69	981,850
New York 2.8%			
Chinadotcom, Corp	China.O	US\$2.37	1,700,000
Direct 4.8%			
A-S China Plumbing Products, Ltd			450
Moulin International Holdings, Ltd			2,000,000
New World Sun City, Ltd			83
Singapore 3.0%			
Want Want Holdings, Ltd	WANT.SI	US\$1.93	1,900,000
Asia Dekor Holdings, Ltd	ADEK.SI	US\$0.10	7,374,000
Cash 10.8%			

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Objective

The investment objective of the Fund is to achieve long term capital appreciation through investment in companies and other entities with significant assets, investments, production activities, trading or other business interests in China or which derive a significant part of their revenue from China. The Board of Directors of the Fund has adopted an operating policy of the Fund, effective June 30, 2001, that the Fund will invest at least 80% of its assets in China companies. For this purpose, "China companies" are (i) companies for which the principal securities trading market is in China; (ii) companies for which the principal securities trading market is outside of China or in companies organized outside of China, that in both cases derive at least 50% of their revenues from goods or services sold or produced, or have a least 50% of their assets in China; and (iii) companies organized in China. Under the new policy, China will mean the People's Republic of China, including Hong Kong, and Taiwan. The Fund will provide its stockholders with at least 60 days' prior notice of any change to the policy described above.

The fundamental policy, which applies to not less than 65% of the Fund's assets as set out in the Fund's prospectus dated July 10, 1992, remains in place. The fundamental policy is the same as the operating policy set out above, except that China only includes the People's Republic of China.

Contacts

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