

Morgan Stanley China A Share Fund, Inc.  
Form N-Q  
May 27, 2010

**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 811-21926

MORGAN STANLEY CHINA A SHARE FUND, INC.  
(Exact name of registrant as specified in charter)

522 FIFTH AVENUE NEW YORK, NY  
(Address of principal executive offices)

10036  
(Zip code)

RANDY TAKIAN

522 FIFTH AVENUE NEW YORK, NY, 10036  
(Name and address of agent for service)

Registrant's telephone number, including area code: 1-800-231-2608

Date of fiscal year end: 12/31

Date of reporting period: 3/31/10

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**Item 1. Schedule of Investments.**

The Fund's schedule of investment as of the close of the reporting period prepared pursuant to Rule 12-12 Regulation S-X is as follows:

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## Morgan Stanley China A Share Fund, Inc.

## Portfolio of Investments

## First Quarter Report

March 31, 2010 (unaudited)

|                                                                                        | Shares     | Value<br>(000) |
|----------------------------------------------------------------------------------------|------------|----------------|
| <b>COMMON STOCKS (90.5%)</b>                                                           |            |                |
| <b>Auto Components (2.0%)</b>                                                          |            |                |
| Huayu Automotive Systems Co., Ltd., Class A (a)                                        | 7,044,472  | \$ 9,722       |
| <b>Beverages (10.7%)</b>                                                               |            |                |
| Beijing Yanjing Brewery Co., Ltd., Class A                                             | 6,489,957  | 19,349         |
| Tsingtao Brewery Co., Ltd., Class A                                                    | 2,685,561  | 13,408         |
| Wuliangye Yibin Co., Ltd., Class A                                                     | 4,722,869  | 19,491         |
|                                                                                        |            | 52,248         |
| <b>Capital Markets (2.9%)</b>                                                          |            |                |
| Citic Securities Co., Ltd./China, Class A                                              | 3,369,525  | 14,029         |
| <b>Chemicals (3.4%)</b>                                                                |            |                |
| Qinghai Salt Lake Potash Co., Ltd., Class A                                            | 2,219,336  | 16,546         |
| <b>Commercial Banks (12.9%)</b>                                                        |            |                |
| Bank of Beijing Co., Ltd., Class A                                                     | 4,193,618  | 10,272         |
| Bank of China Ltd., Class A (a)                                                        | 11,591,185 | 7,285          |
| Bank of Communications Co., Ltd., Class A                                              | 7,517,315  | 9,119          |
| China Construction Bank Corp., Class A                                                 | 8,804,519  | 7,313          |
| China Merchants Bank Co., Ltd., Class A                                                | 3,796,229  | 9,054          |
| China Minsheng Banking Corp., Ltd., Class A                                            | 13,381,000 | 15,075         |
| Industrial Bank Co., Ltd., Class A                                                     | 818,109    | 4,425          |
|                                                                                        |            | 62,543         |
| <b>Construction Materials (1.0%)</b>                                                   |            |                |
| Gansu Qilianshan Cement Group Co., Ltd., Class A                                       | 2,132,100  | 5,088          |
| <b>Containers &amp; Packaging (1.3%)</b>                                               |            |                |
| Zhejiang Jingxing Paper Joint Co., Ltd., Class A (a)                                   | 5,157,026  | 6,324          |
| <b>Electrical Equipment (1.2%)</b>                                                     |            |                |
| XJ Electric Co., Ltd., Class A (a)                                                     | 1,204,442  | 5,735          |
| <b>Electronic Equipment, Instruments &amp; (1.1%)</b>                                  |            |                |
| Guangdong Shengyi Science Technology Co., Ltd., Class A (a)                            | 2,962,541  | 5,278          |
| <b>Health Care Providers &amp; Services (3.7%)</b>                                     |            |                |
| Shanghai Pharmaceutical Co., Class A                                                   | 8,155,688  | 18,018         |
| <b>Household Durables (4.4%)</b>                                                       |            |                |
| Gree Electric Appliances, Inc., Class A                                                | 5,148,344  | 21,269         |
| <b>Insurance (7.0%)</b>                                                                |            |                |
| China Pacific Insurance Group Co., Ltd., Class A                                       | 6,425,200  | 25,415         |
| Ping An Insurance Group Co. of China Ltd., Class A                                     | 1,158,959  | 8,557          |
|                                                                                        |            | 33,972         |
| <b>Machinery (8.8%)</b>                                                                |            |                |
| Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd., Class A | 3,826,964  | 13,259         |
| Sany Heavy Industry Co., Ltd., Class A                                                 | 2,976,296  | 14,786         |
| Zhengzhou Yutong Bus Co., Ltd., Class A                                                | 5,431,574  | 14,793         |

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|                                                                                                           |            |         |
|-----------------------------------------------------------------------------------------------------------|------------|---------|
|                                                                                                           |            | 42,838  |
| <b>Marine (1.2%)</b>                                                                                      |            |         |
| China COSCO Holdings Co., Ltd., Class H                                                                   | 4,563,500  | 6,042   |
| <b>Metals &amp; Mining (4.9%)</b>                                                                         |            |         |
| Fushan International Energy Group Ltd.                                                                    | 10,644,000 | 8,088   |
| Lingyuan Iron & Steel Co., Ltd., Class A                                                                  | 9,274,397  | 15,666  |
|                                                                                                           |            | 23,754  |
| <b>Multiline Retail (4.8%)</b>                                                                            |            |         |
| Beijing Wangfujing Department Store Group Co., Ltd., Class A                                              | 214,245    | 1,020   |
| Changchun Eurasia Group Co., Ltd., Class A                                                                | 1,404,995  | 5,187   |
| Intime Department Store Group Co., Ltd., Class H                                                          | 7,514,000  | 7,278   |
| Wuhan Zhongbai Group Co., Ltd., Class A (a)                                                               | 6,312,767  | 10,062  |
|                                                                                                           |            | 23,547  |
| <b>Oil, Gas &amp; Consumable Fuels (9.8%)</b>                                                             |            |         |
| Pingdingshan Tianan Coal Mining Co., Ltd., Class A                                                        | 3,310,742  | 12,785  |
| Shanxi Xishan Coal & Electricity Power Co., Ltd., Class A                                                 | 5,267,167  | 27,239  |
| Yanzhou Coal Mining Co., Ltd., Class A                                                                    | 2,421,128  | 7,378   |
|                                                                                                           |            | 47,402  |
| <b>Pharmaceuticals (2.3%)</b>                                                                             |            |         |
| Shandon Dong-E E- Jiao Co., Ltd., Class A                                                                 | 2,698,285  | 11,148  |
| <b>Real Estate Management &amp; Development (3.5%)</b>                                                    |            |         |
| China Merchants Property Development Co., Ltd., Class A                                                   | 4,767,346  | 16,888  |
| <b>Road &amp; Rail (1.8%)</b>                                                                             |            |         |
| China Railway Tielong Container Logistics Co., Ltd., Class A (a)                                          | 5,602,137  | 8,650   |
| <b>Textiles, Apparel &amp; Luxury Goods (1.8%)</b>                                                        |            |         |
| China Dongxiang Group Co.                                                                                 | 12,255,000 | 8,839   |
| <b>TOTAL COMMON STOCKS</b>                                                                                |            |         |
| (Cost \$379,541)                                                                                          |            | 439,880 |
| <b>PARTICIPATION NOTES (5.0%)</b>                                                                         |            |         |
| <b>Commercial Banks (5.0%)</b>                                                                            |            |         |
| UBS AG, China Construction Bank Corp., Class A, Equity Linked Notes, Zero Coupon, 9/20/10 (a)             | 1,774,700  | 1,474   |
| UBS AG, China Merchants Bank Co., Ltd., Class A, Equity Linked Notes, Zero coupon, (expired maturity) (a) | 3,635,039  | 8,671   |
| UBS AG, Industrial Bank Co., Ltd., Class A, Equity Linked Notes, Zero Coupon, 5/20/11 (a)                 | 1,204,700  | 6,516   |

**Morgan Stanley China A Share Fund, Inc.**

**Portfolio of Investments**

**First Quarter Report**

**March 31, 2010 (unaudited)**

|                                                                                                             | Shares    | Value<br>(000) |
|-------------------------------------------------------------------------------------------------------------|-----------|----------------|
| <b>Commercial Banks (cont d)</b>                                                                            |           |                |
| UBS AG, Shanghai Pudong Development Bank Co. Ltd., Class A, Equity Linked Notes Zero Coupon, 2/25/13 (a)    | 2,357,100 | \$ 7,867       |
| <b>TOTAL PARTICIPATION NOTES</b><br>(Cost \$24,368)                                                         |           | 24,528         |
| <b>SHORT-TERM INVESTMENT (0.2%)</b>                                                                         |           |                |
| <b>Investment Company (0.2%)</b>                                                                            |           |                |
| Morgan Stanley Institutional Liquidity Funds Money Market Portfolio Institutional Class (b)<br>(Cost \$842) | 842,312   | 842            |
| <b>TOTAL INVESTMENTS (95.7%) (Cost \$404,751) +</b>                                                         |           | 465,250        |
| <b>OTHER ASSETS IN EXCESS OF LIABILITIES (4.3%)</b>                                                         |           | 21,051         |
| <b>NET ASSETS (100%)</b>                                                                                    |           | \$ 486,301     |

(a) Non-income producing security.

(b) The Fund invests in the Morgan Stanley Institutional Liquidity Funds Money Market Portfolio Institutional Class (the Liquidity Fund), an open-end management investment company managed by the Adviser. Investment Advisory fees paid by the Fund are reduced by an amount equal to its pro-rata share of the advisory and administration fees paid by the Liquidity Fund. For the period ended March 31, 2010, advisory fees paid were reduced by approximately \$5,000 relating to the Fund's investments in the Liquidity Fund. For the same period, income distributions earned by the Fund are recorded as dividends from affiliates and totaled approximately \$4,000. For the period ended March 31, 2010, the approximate cost of purchases and sales in the Liquidity Fund were \$64,624,000 and \$73,225,000, respectively.

+ At March 31, 2010, the U.S. Federal income tax cost basis of investments was approximately \$404,751,000 and, accordingly, net unrealized appreciation for U.S. Federal income tax purposes was \$60,499,000 of which \$71,000,000 related to appreciated securities and \$10,501,000 related to depreciated securities.

**Foreign Currency Exchange Contracts Information:**

The Fund had the following foreign currency exchange contract(s) open at period end:

| Currency to Deliver (000) | Value (000) | Settlement Date | In Exchange For (000) | Value (000) | Net Unrealized Appreciation (Depreciation) (000) |     |    |     |    |   |
|---------------------------|-------------|-----------------|-----------------------|-------------|--------------------------------------------------|-----|----|-----|----|---|
| HKD                       | 1,976       | \$              | 254                   | 4/1/10      | USD                                              | 254 | \$ | 254 | \$ | @ |

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HKD Hong Kong Dollar  
 USD United States Dollar

@ Value is less than \$500.

**Fair Value Measurement Information:**

The following is a summary of the inputs used to value the Fund's net assets as of March 31, 2010. (See Notes to Portfolio of Investments for further information regarding fair value measurement.)

| Investment Type                            | Level 1<br>Quoted<br>prices<br>(000) | Level 2<br>Other<br>significant<br>observable<br>inputs<br>(000) | Level 3<br>Significant<br>unobservable<br>inputs<br>(000) | Total<br>(000) |
|--------------------------------------------|--------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------|----------------|
| <b>Assets:</b>                             |                                      |                                                                  |                                                           |                |
| <b>Common Stocks</b>                       |                                      |                                                                  |                                                           |                |
| Auto Components                            | \$ 9,722                             | \$                                                               | \$                                                        | \$ 9,722       |
| Beverages                                  | 52,248                               |                                                                  |                                                           | 52,248         |
| Capital Markets                            | 14,029                               |                                                                  |                                                           | 14,029         |
| Chemicals                                  | 16,546                               |                                                                  |                                                           | 16,546         |
| Commercial Banks                           | 62,543                               |                                                                  |                                                           | 62,543         |
| Construction Materials                     | 5,088                                |                                                                  |                                                           | 5,088          |
| Containers & Packaging                     | 6,324                                |                                                                  |                                                           | 6,324          |
| Electrical Equipment                       | 5,735                                |                                                                  |                                                           | 5,735          |
| Electronic Equipment, Instruments &        | 5,278                                |                                                                  |                                                           | 5,278          |
| Health Care Providers & Services           | 18,018                               |                                                                  |                                                           | 18,018         |
| Household Durables                         | 21,269                               |                                                                  |                                                           | 21,269         |
| Insurance                                  | 33,972                               |                                                                  |                                                           | 33,972         |
| Machinery                                  | 42,838                               |                                                                  |                                                           | 42,838         |
| Marine                                     | 6,042                                |                                                                  |                                                           | 6,042          |
| Metals & Mining                            | 23,754                               |                                                                  |                                                           | 23,754         |
| Multiline Retail                           | 23,547                               |                                                                  |                                                           | 23,547         |
| Oil, Gas & Consumable Fuels                | 47,402                               |                                                                  |                                                           | 47,402         |
| Pharmaceuticals                            | 11,148                               |                                                                  |                                                           | 11,148         |
| Real Estate Management & Development       | 16,888                               |                                                                  |                                                           | 16,888         |
| Road & Rail                                | 8,650                                |                                                                  |                                                           | 8,650          |
| Textiles, Apparel & Luxury Goods           | 8,839                                |                                                                  |                                                           | 8,839          |
| <b>Total Common Stocks</b>                 | <b>439,880</b>                       |                                                                  |                                                           | <b>439,880</b> |
| <b>Foreign Currency Exchange Contracts</b> |                                      |                                                                  | @                                                         | @              |
| <b>Participation Notes</b>                 |                                      |                                                                  |                                                           |                |
| Commercial Banks                           | 7,867                                | 16,661                                                           |                                                           | 24,528         |
| <b>Total Participation Notes</b>           | <b>7,867</b>                         | <b>16,661</b>                                                    |                                                           | <b>24,528</b>  |

Morgan Stanley China A Share Fund, Inc.

Portfolio of Investments

First Quarter Report

March 31, 2010 (unaudited)

Fair Value Measurement Information: (cont d)

| Investment Type               | Level 1<br>Quoted<br>prices<br>(000) | Level 2<br>Other<br>significant<br>observable<br>inputs<br>(000) | Level 3<br>Significant<br>unobservable<br>inputs<br>(000) | Total<br>(000)    |
|-------------------------------|--------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------|-------------------|
| <b>Assets: (cont d)</b>       |                                      |                                                                  |                                                           |                   |
| <b>Short-Term Investments</b> |                                      |                                                                  |                                                           |                   |
| Investment Company            | \$ 842                               | \$                                                               | \$                                                        | \$ 842            |
| <b>Total Assets</b>           | <b>448,589</b>                       | <b>16,661</b>                                                    |                                                           | <b>465,250</b>    |
| <b>Total</b>                  | <b>\$ 448,589</b>                    | <b>\$ 16,661</b>                                                 | <b>\$</b>                                                 | <b>\$ 465,250</b> |

**Notes to Portfolio of Investments (unaudited)**

In accordance with FASB ASC 820 Fair Value Measurements and Disclosure (ASC 820) (formerly known as SFAS 157), fair value is defined as the price that the Fund would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the investment or liability. ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in valuing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in valuing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value the Fund's investments. The inputs are summarized in the three broad levels listed below.

- Level 1 quoted prices in active markets for identical investments
- Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

**Security Valuation:** Securities listed on a foreign exchange are valued at their closing price except as noted below. Unlisted securities and listed securities not traded on the valuation date for which market quotations are readily available are valued at the mean between the current bid and asked prices obtained from reputable brokers. Equity securities listed on a U.S. exchange are valued at the latest quoted sales price on the valuation date. Equity securities listed or traded on NASDAQ, for which market quotations are available, are valued at the NASDAQ Official Closing Price. Debt securities purchased with remaining maturities of 60 days or less are valued at amortized cost, unless the Board of Directors (the Directors) determines such valuation does not reflect the securities' market value, in which case these securities will be valued at their fair value as determined by the Directors.

All other securities and investments for which market values are not readily available, including restricted securities, and those securities for which it is inappropriate to determine prices in accordance with the aforementioned procedures, are valued at fair value as determined in good faith under procedures adopted by the Directors, although the actual calculations may be done by others. Factors considered in making this determination may include, but are not limited to, information obtained by contacting the issuer, analysts, or the appropriate stock exchange (for exchange-traded securities), analysis of the issuer's financial statements or other available documents and, if necessary, available information concerning other securities in similar circumstances.

Most foreign markets close before the New York Stock Exchange (NYSE). Occasionally, developments that could affect the closing prices of securities and other assets may occur between the times at which valuations of such securities are determined (that is, close of the foreign market on which the securities trade) and the close of business on the NYSE. If these developments are expected to materially affect the value of the securities, the valuations may be adjusted to reflect the estimated fair value as of the close of the NYSE, as determined in good faith under procedures established by the Directors.



**Item 2. Controls and Procedures.**

(a) The Fund's principal executive officer and principal financial officer have concluded that the Fund's disclosure controls and procedures are sufficient to ensure that information required to be disclosed by the Fund in this Form N-Q was recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, based upon such officers' evaluation of these controls and procedures as of a date within 90 days of the filing date of the report.

(b) There were no changes in the Fund's internal control over financial reporting that occurred during the registrant's fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Fund's internal control over financial reporting.

**Item 3. Exhibits.**

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**SIGNATURES**

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

(Registrant) Morgan Stanley China A Share Fund, Inc.

By: /s/ Randy Takian  
Name: Randy Takian  
Title: Principal Executive Officer  
Date: May 17, 2010

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

By: /s/ Randy Takian  
Name: Randy Takian  
Title: Principal Executive Officer  
Date: May 17, 2010

By: /s/ Frank Smith  
Name: Frank Smith  
Title: Principal Financial Officer  
Date: May 17, 2010

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