

Morgan Stanley China A Share Fund, Inc.
Form N-Q
November 30, 2015

**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, New York
(Address of principal executive offices)

10036
(Zip code)

John H. Gernon

522 Fifth Avenue, New York, New York 10036
(Name and address of agent for service)

Registrant's telephone number, including area code: 212-296-0289

Date of fiscal year end: December 31,

Date of reporting period: September 30, 2015

Item 1. Schedule of Investments.

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

Edgar Filing: Morgan Stanley China A Share Fund, Inc. - Form N-Q

Morgan Stanley China A Share Fund, Inc.

Portfolio of Investments

Third Quarter Report

September 30, 2015 (unaudited)

	Shares	Value (000)
Common Stocks (98.9%)		
Automobiles (1.7%)		
SAIC Motor Corp., Ltd., Class A	4,104,700	\$ 10,920
Banks (14.1%)		
Industrial & Commercial Bank of China Ltd., Class A	90,530,500	61,679
Shanghai Pudong Development Bank Co., Ltd., Class A	10,299,637	27,008
		88,687
Beverages (11.0%)		
Kweichow Moutai Co., Ltd., Class A	572,631	17,232
Tsingtao Brewery Co., Ltd., Class A	10,206,020	51,800
		69,032
Capital Markets (1.2%)		
CITIC Securities Co., Ltd., Class A	3,470,667	7,455
Construction Materials (1.7%)		
Anhui Conch Cement Co., Ltd., Class A	3,890,500	10,409
Electrical Equipment (2.8%)		
NARI Technology Co., Ltd., Class A	7,688,900	17,397
Electronic Equipment, Instruments & Components (5.4%)		
GoerTek, Inc., Class A	4,743,877	17,847
Universal Scientific Industrial Shanghai Co., Ltd., Class A	8,676,700	15,857
		33,704
Food & Staples Retailing (2.6%)		
Zhongbai Holdings Group Co., Ltd., Class A	15,489,523	16,446
Food Products (2.8%)		
Inner Mongolia Yili Industrial Group Co., Ltd., Class A	7,300,600	17,715
Health Care Providers & Services (3.4%)		
Shanghai Pharmaceuticals Holding Co., Ltd., Class A	7,790,200	21,458
Hotels, Restaurants & Leisure (0.9%)		
Tsui Wah Holdings Ltd.	25,444,000	5,942
Household Durables (4.4%)		
Qingdao Haier Co., Ltd., Class A	19,308,758	27,775
Independent Power Producers & Energy Traders (0.0%)		
China National Nuclear Power Co., Ltd. (a)	20,000	29
Insurance (5.4%)		
China Pacific Insurance Group Co., Ltd., Class A	9,624,300	33,702

Edgar Filing: Morgan Stanley China A Share Fund, Inc. - Form N-Q

Media (0.3%)		
Bona Film Group Ltd. ADR (a)	145,702	1,735
Multi-line Retail (2.9%)		
Beijing Wangfujing Department Store Group Co., Ltd., Class A	5,262,993	18,010
Pharmaceuticals (12.2%)		
China Resources Sanjiu Medical & Pharmaceutical Co., Ltd., Class A	14,842,590	54,627

Edgar Filing: Morgan Stanley China A Share Fund, Inc. - Form N-Q

Dong-E E-Jiao Co., Ltd., Class A	3,393,790	22,330
		76,957
Real Estate Management & Development (7.1%)		
China Overseas Grand Oceans Group Ltd. (b)	38,695,000	11,456
China Vanke Co., Ltd., Class A	10,899,190	21,892
Poly Real Estate Group Co., Ltd.	8,983,229	11,355
		44,703
Road & Rail (8.3%)		
Daqin Railway Co., Ltd., Class A	37,370,600	52,186
Transportation Infrastructure (10.7%)		
Jiangsu Expressway Co., Ltd., Class A	47,359,600	59,584
Shanghai International Airport Co., Ltd., Class A	1,768,397	7,802
		67,386
Total Common Stocks (Cost \$719,634)		621,648
Short-Term Investment (0.0%)		
Investment Company (0.0%)		
Morgan Stanley Institutional Liquidity Funds - Money Market Portfolio - Institutional Class (c) (Cost \$85)	85,318	85
Total Investments (98.9%) (Cost \$719,719) (d)(e)		621,733
Other Assets in Excess of Liabilities (1.1%)		6,623
Net Assets (100.0%)		\$ 628,356

-
- (a) Non-income producing security.
- (b) Security trades on the Hong Kong exchange.
- (c) The Fund invests in the Institutional Class of the Morgan Stanley Institutional Liquidity Funds - Money Market Portfolio - (the Liquidity Funds), an open-end management investment company managed by the Adviser. Advisory fees paid by the Fund are reduced by an amount equal to its pro-rata share of the advisory and administrative service fees paid by the Fund due to its investment in the Liquidity Funds. For the nine months ended September 30, 2015, advisory fees paid were reduced by approximately \$4,000 relating to the Fund's investment in the Liquidity Funds.
- (d) The approximate fair value and percentage of net assets, \$619,913,000 and 98.7%, respectively, represent the securities that have been fair valued under the fair valuation policy for international investments as described in the Notes to the Portfolio of Investments.
- (e) At September 30, 2015, the aggregate cost for Federal income tax purposes approximates the aggregate cost for book purposes. The aggregate gross unrealized appreciation is approximately \$10,789,000 and the aggregate gross unrealized depreciation is approximately \$108,775,000 resulting in net unrealized depreciation of approximately \$97,986,000.
- ADR American Depositary Receipt.
-

Portfolio Composition

Classification	Percentage of Total Investments
Other*	25.0%
Banks	14.3
Pharmaceuticals	12.4
Beverages	11.1
Transportation Infrastructure	10.8
Road & Rail	8.4
Real Estate Management & Development	7.2
Electronic Equipment, Instruments & Components	5.4
Insurance	5.4
Total Investments	100.0%

* Industries and/or investment types representing less than 5% of total investments.

Morgan Stanley China A Share Fund, Inc.

Notes to the Portfolio of Investments • September 30, 2015 (unaudited)

Security Valuation: (1) An equity portfolio security listed or traded on an exchange is valued at its latest reported sales price (or at the exchange official closing price if such exchange reports an official closing price), if there were no sales on a given day, the security is valued at the mean between the last reported bid and asked prices; (2) all other equity portfolio securities for which over-the-counter (OTC) market quotations are readily available are valued at its latest reported sales price. In cases where a security is traded on more than one exchange, the security is valued on the exchange designated as the primary market; (3) when market quotations are not readily available, including circumstances under which Morgan Stanley Investment Management Inc. (the Adviser) or Morgan Stanley Investment Management Company (MSIM Company) (the Sub-Adviser) determines that the closing price, last sale price or the mean between the last reported bid and asked prices are not reflective of a security's market value, portfolio securities are valued at their fair value as determined in good faith under procedures established by and under the general supervision of the Fund's Board of Directors (the Directors). Occasionally, developments affecting 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 of the New York Stock Exchange (NYSE). If developments occur during such periods that are expected to materially affect the value of such securities, such valuations may be adjusted to reflect the estimated fair value of such securities as of the close of the NYSE, as determined in good faith by the Directors or by the Adviser using a pricing service and/or procedures approved by the Directors; (4) quotations of foreign portfolio securities, other assets and liabilities and forward contracts stated in foreign currency are translated into United States dollar equivalents at the prevailing market rates prior to the close of the NYSE; (5) investments in mutual funds, including the Morgan Stanley Institutional Liquidity Funds, are valued at the net asset value as of the close of each business day; and (6) short-term debt securities with remaining maturities of 60 days or less at the time of purchase may be valued at amortized cost, unless the Adviser determines such valuation does not reflect the securities' market value, in which case these securities will be valued at their fair market value determined by the Adviser.

The Directors have responsibility for determining in good faith the fair value of the investments, and the Directors may appoint others, such as the Fund's Adviser or a valuation committee, to assist the Directors in determining fair value and to make the actual calculations pursuant to the fair valuation methodologies previously approved by the Directors. Under procedures approved by the Directors, the Fund's Adviser has formed a Valuation Committee whose members are approved by the Directors. The Valuation Committee provides administration and oversight of the Fund's valuation policies and procedures, which are reviewed at least annually by the Directors. These procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

The Fund has procedures to determine the fair value of securities and other financial instruments for which market prices are not readily available. Under these procedures, the Valuation Committee convenes on a regular and ad hoc basis to review such securities and considers a number of factors, including valuation methodologies and significant unobservable valuation inputs, when arriving at fair value. The Valuation Committee may employ a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based

Edgar Filing: Morgan Stanley China A Share Fund, Inc. - Form N-Q

valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The Valuation Committee employs various methods for calibrating these valuation approaches including a regular review of valuation methodologies, key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

Fair Value Measurement: Financial Accounting Standards Board (FASB) Accounting Standards Codification™ (ASC) 820, Fair Value Measurement (ASC 820), defines fair value as the value 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 of the Fund's investments. The inputs are summarized in the three broad levels listed below.

- Level 1 unadjusted 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. 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

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities and the determination of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each security.

The following is a summary of the inputs used to value the Fund's investments as of September 30, 2015.

Investment Type	Level 1 Unadjusted quoted prices (000)	Level 2 Other significant observable inputs (000)	Level 3 Significant unobservable inputs (000)	Total (000)
Assets:				
Common Stocks				
Automobiles	\$	\$	10,920	\$ 10,920
Banks			88,687	88,687
Beverages			69,032	69,032

Edgar Filing: Morgan Stanley China A Share Fund, Inc. - Form N-Q

Capital Markets		7,455		7,455
Construction Materials		10,409		10,409
Electrical Equipment		17,397		17,397
Electronic Equipment, Instruments & Components		33,704		33,704
Food & Staples Retailing		16,446		16,446
Food Products		17,715		17,715
Health Care Providers & Services		21,458		21,458
Hotels, Restaurants & Leisure		5,942		5,942
Household Durables		27,775		27,775
Independent Power Producers & Energy Traders		29		29
Insurance		33,702		33,702
Media	1,735			1,735
Multi-line Retail		18,010		18,010
Pharmaceuticals		76,957		76,957
Real Estate Management & Development		44,703		44,703
Road & Rail		52,186		52,186
Transportation Infrastructure		67,386		67,386
Total Common Stocks	1,735	619,913		621,648
Short-Term Investment				
Investment Company		85		85
Total Assets	\$	1,820	\$	619,913
			\$	621,733

Transfers between investment levels may occur as the markets fluctuate and/or the availability of data used in an investment's valuation changes. The Fund recognizes transfers between the levels as of the end of the period. As of September 30, 2015, the Fund did not have any investments transfer between investment levels.

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.

(a) A separate certification for each principal executive officer and principal financial officer of the registrant 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.

Morgan Stanley China A Share Fund, Inc.

/s/ John H. Gernon
John H. Gernon
Principal Executive Officer
November 19, 2015

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.

/s/ John H. Gernon
John H. Gernon
Principal Executive Officer
November 19, 2015

/s/ Francis Smith
Francis Smith
Principal Financial Officer
November 19, 2015
