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CHINA FUND INC
Form N-Q
March 26, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-05749

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

c/o STATE STREET BANK AND TRUST COMPANY
2 AVENUE DE LAFAYETTE, 6TH FLOOR
P.O. BOX 5049
BOSTON, MA 02206-5049
(Address of principal executive offices) (Zip code)

(Name and Address of Agent for
Service)

Copy to:

Mary Moran Zeven
Secretary
The China Fund, Inc.
2 Avenue de Lafayette
Boston, MA 02111

Leonard B. Mackey, Jr., Esq.
Clifford Chance U.S. LLP
31 West 52nd Street
New York, New York 10019

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

Date of fiscal year end: October 31

Date of reporting period: January 31, 2008

ITEM 1. SCHEDULE OF INVESTMENTS.

THE CHINA FUND, INC.
SCHEDULE OF INVESTMENTS
JANUARY 31, 2008 (UNAUDITED)

NAME OF ISSUER AND TITLE OF ISSUE

SHARES

COMMON STOCK AND OTHER EQUITY INTERESTS

CHINA

FINANCIALS -- (1.4%)

Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd.

5,130,689

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TOTAL CHINA -- (Cost \$6,938,100)

HONG KONG

CONSUMER DISCRETIONARY -- (7.0%)

China Travel International Investment Hong Kong, Ltd. (1)	10,982,000
Huabao International Holdings, Ltd.	12,790,000
Intime Department Store Group Co., Ltd. *	8,778,000
Ports Design, Ltd.	2,678,500
Shangri-La Asia, Ltd. (1)	4,141,555
Yorkey Optical International Cayman, Ltd. #	16,374,000

CONSUMER STAPLES -- (3.9%)

Chaoda Modern Agriculture (Holdings), Ltd. (1)	26,737,998
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ENERGY -- (0.4%)

China Rare Earth Holdings, Ltd.	15,254,000
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FINANCIALS -- (2.0%)

SPG Land (Holdings), Ltd. (1) * #	9,868,000
Tianjin Development Holdings, Ltd.	8,440,000

HEALTH CARE -- (4.6%)

China Shineway Pharmaceutical Group, Ltd. #	11,184,000
Golden Meditech Co., Ltd. (1) #	35,040,000
Natural Beauty Bio-Technology, Ltd. #	32,780,000

INDUSTRIALS -- (1.2%)

TPV Technology, Ltd.	12,728,000
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INFORMATION TECHNOLOGY -- (0.5%)

Arcontech Corp. (2) * #	18,386,000
Chinasoft International, Ltd. #	19,230,000

MATERIALS -- (0.4%)

Fountain Set (Holdings), Ltd.	11,210,000
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THE CHINA FUND, INC.
 SCHEDULE OF INVESTMENTS (CONTINUED)
 JANUARY 31, 2008 (UNAUDITED)

NAME OF ISSUER AND TITLE OF ISSUE	SHARES
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COMMON STOCK AND OTHER EQUITY INTERESTS (CONTINUED)	
HONG KONG (CONTINUED)	
MATERIALS (CONTINUED)	
Ocean Grand Chemicals Holdings, Ltd. (2) * #	17,379,000

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UTILITIES -- (2.6%)		
Xinao Gas Holdings, Ltd. (1) #		9,286,000
TOTAL HONG KONG -- (Cost \$83,403,740)		22
HONG KONG - "H" SHARES		
CONSUMER STAPLES -- (1.5%)		
Wumart Stores, Inc. #		15,126,000
ENERGY -- (6.6%)		
China Oilfield Services, Ltd. (1)		7,132,000
China Petroleum & Chemical Corp. (1)		14,120,000
China Shenhua Energy Co., Ltd. (1)		3,435,000
HEALTH CARE -- (1.2%)		
Shandong Weigao Group Medical Polymer Co., Ltd. #		4,960,000
INDUSTRIALS -- (2.4%)		
China Railway Group, Ltd. (1) *		7,302,000
Zhejiang Expressway Co., Ltd. (1)		8,664,000
MATERIALS -- (1.8%)		
Zijin Mining Group Co., Ltd. (1)		10,408,000
TELECOMMUNICATIONS -- (1.3%)		
ZTE Corp. (1)		1,597,400
TOTAL HONG KONG - "H" SHARES -- (Cost \$68,074,164)		14
TOTAL HONG KONG (INCLUDING "H" SHARES) -- (Cost \$151,477,904)		37
SINGAPORE		
CONSUMER DISCRETIONARY -- (1.1%)		
China Hongxing Sports, Ltd. (1)		16,493,000
CONSUMER STAPLES -- (2.0%)		
China Fishery Group, Ltd.		6,068,000
THE CHINA FUND, INC.		
SCHEDULE OF INVESTMENTS (CONTINUED)		
JANUARY 31, 2008 (UNAUDITED)		
NAME OF ISSUER AND TITLE OF ISSUE		SHARES
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COMMON STOCK AND OTHER EQUITY INTERESTS (CONTINUED)		
SINGAPORE (CONTINUED)		
CONSUMER STAPLES (CONTINUED)		
Hsu Fu Chi International, Ltd. #		8,409,000

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INDUSTRIALS -- (1.2%)	
Yangzijiang Shipbuilding Holdings, Ltd. (1) *	9,546,000
INFORMATION TECHNOLOGY -- (0.5%)	
CDW Holding, Ltd. # +	60,000,000
TOTAL SINGAPORE -- (Cost \$36,472,269)	
TAIWAN	
CONSUMER DISCRETIONARY -- (8.8%)	
FamilyMart Co., Ltd. #	3,557,652
Far Eastern Department Stores, Ltd.	17,630,080
HannStar Display Corp. *	17,900,000
Merry Electronics Co., Ltd.	3,584,340
Synnex Technology International Corp.	6,536,050
Wintek Corp.	3,148,000
CONSUMER STAPLES -- (3.7%)	
Lien Hwa Industrial Corp.	15,161,855
Uni-President Enterprises Corp.	14,137,220
ENERGY -- (0.9%)	
Formosa Petrochemical Corp.	2,658,000
FINANCIALS -- (9.9%)	
Cathay Financial Holding Co., Ltd.	5,708,370
China Development Financial Holding Corp.	36,871,940
Fubon Financial Holdings Co., Ltd.	12,603,000
Ruentex Development Co., Ltd.	9,477,000
Yuanta Financial Holdings Co., Ltd. *	26,413,545
INDUSTRIALS -- (2.3%)	
China Synthetic Rubber Corp.	5,294,000
Efun Technology Co., Ltd.	1,303,100

THE CHINA FUND, INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
JANUARY 31, 2008 (UNAUDITED)

NAME OF ISSUER AND TITLE OF ISSUE	SHARES
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COMMON STOCK AND OTHER EQUITY INTERESTS (CONTINUED)	
TAIWAN (CONTINUED)	
INDUSTRIALS (CONTINUED)	
Wah Lee Industrial Corp. #	3,998,856

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INFORMATION TECHNOLOGY -- (3.9%)		
Powertech Technology Inc.		3,581,100
Taiwan Secom Co., Ltd. #		4,738,000
Tripod Technology Corp.		3,163,083
MATERIALS -- (2.3%)		
China Metal Products Co., Ltd.		8,392,675
Yieh United Steel Corp. #		11,379,600
TOTAL TAIWAN -- (Cost \$167,366,378)		31
UNITED KINGDOM		
HEALTH CARE -- (1.3%)		
China Medical System Holdings, Ltd. * # +		3,623,188
TOTAL UNITED KINGDOM -- (Cost \$9,940,990)		1
UNITED STATES		
CONSUMER DISCRETIONARY -- (0.9%)		
The9, Ltd., ADR (1) *		356,200
ENERGY -- (1.1%)		
Far East Energy Corp. * #		11,111,111
HEALTH CARE -- (2.7%)		
Mindray Medical International, Ltd., ADR (1)		367,000
WuXi PharmaTech Cayman Inc., ADR (1) *		230,689
TOTAL UNITED STATES -- (Cost \$33,300,117)		4.
TOTAL COMMON STOCK AND OTHER EQUITY INTERESTS -- (Cost \$405,495,758)		81

THE CHINA FUND, INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
JANUARY 31, 2008 (UNAUDITED)

NAME OF ISSUER AND TITLE OF ISSUE -----	SHARES -----
EQUITY LINKED SECURITIES	
ENERGY -- (1.4%)	
China Yangtze Power Co., Ltd. Access Product (expiration 1/20/10) 144A, (2) (3)	4,169,077
FINANCIALS -- (1.2%)	
Finance Street Holding Co., Ltd. Access Product (expiration 2/13/12) 144A, (2) (3)	2,382,259

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INDUSTRIALS -- (8.1%)		
Daqin Railway Co., Ltd. Access Product (expiration 11/02/11) 144A, (2) (3)	6,907,000	
Shanghai International Airport Co., Ltd. Access Product (expiration 1/20/10) 144A, (2) (4)	1,816,700	
Shanghai International Port (Group) Co., Ltd. Access Product (expiration 8/28/12) 144A, (2) (3)	5,499,923	
Shanghai Tunnel Engineering Co., Ltd. Access Product (expiration 1/17/12) 144A, (2) (4)	4,439,247	
Shanghai Zhenhua Port Machinery Co., Ltd. Access Product (expiration 10/26/10) 144A, (2) (3)	4,462,752	
MATERIALS -- (1.6%)		
Qinghai Salt Lake Potash Co., Ltd. Access Product (expiration 10/26/10) 144A, (2) (3)	887,909	
TOTAL EQUITY LINKED SECURITIES -- (Cost \$37,747,766)		12

DIRECT INVESTMENTS		
INDUSTRIALS -- (1.4%)		
Highlight Tech Corp., (acquired 9/11/07) (2) (5) * #	3,366,893	
Wuxi PAIHO, (acquired 9/17/07) (2) (5) * #	876,190	
INFORMATION TECHNOLOGY -- (1.4%)		
China Silicon Corp., Series A Preferred (acquired 11/30/07) (2) (5) * # +	27,418	
China Silicon Corp. Warrants (expiration 11/30/10) (2) (5) * #	27,418	
Sino Twinwood Pte Ltd., (acquired 5/2/07) (2) (5) * #	500,000	
THE CHINA FUND, INC.		
SCHEDULE OF INVESTMENTS (CONTINUED)		
JANUARY 31, 2008 (UNAUDITED)		
NAME OF ISSUER AND TITLE OF ISSUE	SHARES	

DIRECT INVESTMENTS (CONTINUED)		
INFORMATION TECHNOLOGY (CONTINUED)		
teco Optronics Corp., (acquired 4/26/04) (2) (5) * #	1,861,710	
TOTAL DIRECT INVESTMENTS -- (Cost \$19,937,078)		2

SHORT TERM INVESTMENTS		
UNITED STATES		
Repurchase Agreement with State Street Bank and Trust, 2.40%, 2/1/07 @	13,896,000	
TOTAL UNITED STATES -- (Cost \$13,896,000)		2

COLLATERAL FOR SECURITIES ON LOAN -- (15.4%)		

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GOVERNMENT -- (0.1%)		
Federal National Mortgage Association, 6.11%, due 8/24/27		518,990
SHORT TERM -- (15.3%)		
Securities Lending Quality Trust		105,603,271
TOTAL COLLATERAL FOR SECURITIES ON LOAN -- (Cost \$106,122,261)		15

TOTAL INVESTMENTS -- (Cost \$583,198,863) **		113

OTHER ASSETS AND LIABILITIES		(13

NET ASSETS		100
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THE CHINA FUND, INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
JANUARY 31, 2008 (UNAUDITED)

Notes to Schedule of Investments

(A) 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 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. Open end investment companies are valued at net asset value per share. 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. 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.

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 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.

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- * Denotes non-income producing security.
 - # Illiquid security.
 - + Affiliated issuer, as defined in the Investment Company Act of 1940, as amended, includes issuers in which the Fund held 5% or more of the outstanding voting securities.
- ADR American Depositary Receipt.
- 144A Securities restricted for resale to Qualified Institutional Buyers.
- (1) A portion or all of the security was held on loan. As of January 31, 2008, the market value of the securities loaned was \$99,599,701.
 - (2) Security valued at fair value using methods determined in good faith by or at the direction of the Board of Directors.
 - (3) Equity Linked Securities issued by Credit Lyonnais (CLSA).
 - (4) Equity Linked Securities issued by Citigroup Global Markets Holdings.
 - (5) Direct investments are generally restricted as to resale and do not have a readily available resale market. On the date of acquisition of each direct investment, there were no market quotations on similar securities, and such investments were therefore valued in good faith by the Board of Directors at fair market value. 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 China Fund, Inc.'s (the "Fund") policies for valuing Direct Investments. Determination of fair values involves subjective judgment and, because of the inherent uncertainty of valuation, the 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. The Fund does not have the right to demand that such securities be registered.
- @ Repurchase agreement, dated 1/31/2008, due 2/1/08 with repurchase proceeds of \$13,896,926 is collateralized by US Treasury Bond 3.875% due 9/15/10 with a market value of \$14,175,776.

THE CHINA FUND, INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
JANUARY 31, 2008 (UNAUDITED)

- ** At January 31, 2008, aggregate gross unrealized appreciation for all securities for which there was an excess of value over financial reporting cost was \$242,992,115 and aggregate gross unrealized depreciation for all securities for which there was an excess of financial reporting cost over value was \$39,943,965 and net appreciation for financial reporting purposes was \$203,048,150. At January 31, 2008, aggregate cost for financial reporting purposes was \$583,198,863.

ITEM 2. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as

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amended (the "1940 Act") (17 CFR 270.30a-3(c)) are effective, as of a date within 90 days of the filing date of this Form N-Q that includes the disclosure required by this paragraph based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).

- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

The certification required by Rule 30a-2 of the 1940 Act is attached as an exhibit to this filing.

SIGNATURES

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

THE CHINA FUND, INC.

By: /s/ Gary L. French
Gary L. French
President and Chief Executive Officer

Date: 3/25/08

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 and Chief Executive Officer

Date: 3/25/08

By: /s/ William C. Cox
William C. Cox
Treasurer and Chief Financial Officer

Date: 3/25/08