

The Depository Trust Company

IMPORTANT

B#: 2650-07

DATE: December 27, 2007

TO: All Participants

CATEGORY: Dividends

FROM: Supervisor, Stock Dividend Department

ATTENTION: Dividend Managers, Cashiers, and Reorganization Managers

SUBJECT: Optional Dividend: The China Fund, Inc
Common CUSIP: 169373107 R/D: 12/21/07 P/D: 01/25/08
Rate: \$12.12 in Stock & CIL; or Cash with \$9.00 long term
\$2.84 short term capital gain and \$0.28 income
DTC EDS Cut-off: 1/16/08 no later than 8:00 p.m. N.Y. time

*****WARNING TIME CRITICAL*****

It is imperative that participants read this notice in its entirety, as there is a cash limitation on this optional dividend that may require special processing. Participants who have positions in the captioned security can elect to receive the distribution in newly issued Fund shares unless you elect to request the distributions in cash in the manner described below.

The China Fund, Inc will be paid in the Fund's common stock. Stockholders may, however, request that their distributions be paid in cash in lieu of common stock. Such requests must be for the entire distribution payable to the stockholder. The aggregate amount of cash distributions to all stockholders will be limited to 30% of the aggregate dollar amount of the total distributions. If cash distribution requests exceed this limit, the Fund will pro rate the cash distribution among all stockholders who have made such requests, based on the amounts requested. Requesting stockholders who do not receive 100% of their distributions in cash, will receive the balance in common stock. Stockholder requests to receive cash in lieu of stock must be received by January 16, 2008. The per share value of shares of the Fund's common stock to be issued in the distribution will be determined on January 18, 2008.

Unless you request to receive your distributions in cash (and, if those stockholders requesting cash are pro-rated, with respect to the balance of the distributions to be paid in shares), the number of shares to be issued **B# 2650-07**

to you will be based on the market price per share of the Fund's common stock on January 18, 2008, or on the net asset value per share on that date, whichever is lower (but not at a discount of more than 5% from the market price).

The market price of the Fund's common stock for this purpose will be the last sales price on the New York Stock Exchange on January 18, 2008. The market price of the Fund's common stock will be adjusted to reflect the distributions and will be quoted ex-distribution on December 19, 2007.

OPTIONS:

Option #1-(All Stock): You may elect to receive newly issued Fund shares of China Fund, Inc. for \$12.12 per share. Fractional shares will be paid in cash.

Option #2-(All Cash): You may elect to receive the total of \$12.12 in cash per common stock held. This option may be pro-rated to pay cash & stock.

PARTICIPANTS SHOULD SUBMIT ELECTION INSTRUCTIONS OVER THE PARTICIPANT TERMINAL SYSTEM (PTS) THROUGH THE ELECTIVE DIVIDEND SYSTEM (EDS) FUNCTION.

Participants not responding to the above option by 1/16/08 no later than 8:00 p.m. New York time will receive the mandatory distribution in accordance with Option #1 (Stock with the fractions to be paid in cash).

To confirm your Record Date positions, DTC participants should access the Dividend and Allocation History (DPAL) Menu Option, via the PTS Dividend Announcement Inquiry Function (DIVA).

If there are any questions regarding this Important Notice or the processing of related instructions via EDS, participants should contact DTC's Customer Service Help Center at (888) 360 3822.