

June 20, 2008

The Greater China Fund, Inc. - Frequently Asked Questions Regarding July 31, 2008 Distributions

Q: What are the terms of the distributions?

A: On June 20, 2008, the Fund declared a distribution from short-term capital gains of \$1.77 per share and a distribution from long-term capital gains of \$4.89 per share, for a total distribution of \$6.66 per share. The distribution will be payable on July 31, 2008 to stockholders of record on June 30, 2008, with an ex-dividend date of June 26, 2008.

Q: How do I request cash for these distributions?

A: The distributions will be made in newly issued Fund shares unless you request to receive cash. Only stockholders of record (those who own GCH shares on June 30, 2008) will receive a written notice of the planned distributions in the mail and have the option to request the distributions to be paid in cash.

Q: Is there a limit on the amount of the distributions that will be paid in cash?

A: Yes. The Fund will limit the aggregate amount of cash to be paid to stockholders requesting cash to \$33,577,621, which represents 30% of the total amount of the distributions.

Q: What happens if the total amount of cash to be paid to stockholders requesting cash exceeds the limit?

A: An amount equal to the limit will be distributed to stockholders requesting to receive cash pro-rata, based on the total amount of the distributions to be paid to each requesting stockholder relative to the total amount of cash to be paid to all stockholders requesting cash. The portion of the distributions not paid to requesting stockholders in cash will be paid in shares of the Fund's common stock. As a result, the cash portion of the distributions to those requesting to be paid in cash may be substantially lower than the \$6.66 per share distribution amount with the balance of the distributions paid in newly issued Fund shares.

Q: Can I request to receive part of the distributions in cash and part in stock?

A: No. If you elect to receive cash, you will receive the entire amount of the distributions in cash, subject to pro-ration as described above if the cash limit is exceeded.

Q: How and when must stockholders of record notify us if they want cash?

A: For Direct Stockholders (who hold their shares directly with and receive their statements directly from the Fund's transfer agent, PFPC Inc.): A written notice of the planned distributions will be sent in the mail and you will have the option to request that the dividend be paid in cash. To receive cash, you must sign the card attached to that letter and mail it in the enclosed postage paid return envelope so that it will be received by PFPC Inc. no later than 4:00 p.m. Eastern Daylight Time on July 22, 2008.

For Stockholders with Brokerage Accounts or Financial Advisers: If your shares are held in a brokerage account or in “street name”, your Broker Dealer/Financial Adviser will receive a written notice of the planned distributions in the mail. To receive cash, you must contact your financial adviser by 4:00 p.m. Eastern Daylight Time on July 21, 2008 (or any earlier deadline established by your Broker Dealer/Financial Adviser) and your Broker Dealer/Financial Adviser must inform the Fund via the Depository Trust & Clearing Corporation by 8:00 p.m. on the same day.

Q: What happens if I do not request cash by the above deadlines? Can I still have cash?

A: No. If your request card is not received by PFPC Inc. (direct holders) by 4:00 p.m. EDT on July 22, 2008 or if you did not contact your Broker Dealer/Financial Adviser (other holders) by 4:00 p.m. EDT on July 21, 2008 (or any earlier deadline established by your Broker Dealer/Financial Adviser), you will automatically receive the distributions in newly issued shares of common stock of the Fund plus cash in lieu of a fraction of a share, except that if you are a direct holder and participate in the Fund’s dividend reinvestment plan you will receive newly issued full and fractional shares.

Q: How do I request newly issued Fund shares for my distributions?

A: It is not necessary to choose this option. You will automatically receive new shares if we do not hear from you by the deadlines for cash requests as described above. No action is required to receive your \$6.66 per share distributions in shares.

Q: At what price will I receive my distributions in new shares?

A: Your distributions will be based on the lower of market price or net asset value (but not at a discount of more than 5% from the market price), as of the valuation date of July 24, 2008.

Q: Will the GCH stock still trade down on the ex-dividend date?

A: Yes, GCH’s market price will be discounted by the distributions’ amount, \$6.66 per share, when the stock opens on the ex-dividend date of June 26, 2008.

Q: What are the tax consequences of this distribution?

A: The full amount of the distributions, whether received in additional Fund shares or cash, will be classified as short-term capital gains (\$1.77 per share) and long-term capital gains (\$4.89 per share). These distributions may be reportable on your 2008 federal income tax return. In January 2009, the Fund will send notices to stockholders regarding the federal income tax status of all distributions made in 2008. The Fund’s distributions may also be subject to state and local taxes, and you should consult your tax adviser regarding your tax situation.

Q: If I purchase GCH on the record date of June 30th, am I considered a stockholder of record and thus entitled to the distributions?

A: You may not be considered a stockholder of record if you bought shares on June 30th because of the settlement period. Typically for stocks, the settlement period is three days

after the trade date (T+3). This means that the buyer must transfer cash to the seller, and the seller must transfer ownership of the stock to the buyer within three days after the trade was made. It is necessary to check with your Broker Dealer or Financial Adviser to confirm the settlement period for your stock trades.

Q: If I want to receive these distributions, do I need to be a stockholder of record on June 30th?

A: Yes. Only stockholders of record on June 30, 2008 will be entitled to receive the distributions. If you become a stockholder of record after June 30, 2008, you will not be entitled to the distributions.

Q: Will the Fund be buying shares in the open market or issuing new shares for these distributions?

A: The Fund will be issuing new shares.