

THE GREATER CHINA FUND, INC.
AUDIT COMMITTEE CHARTER

Organization

There shall be a committee of the Board of Directors of The Greater China Fund, Inc. (the “Fund”) to be known as the Audit Committee. The Audit Committee shall be composed of three independent directors. A person shall be considered to be independent if he or she: (a) is not an “interested person” as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (the “Investment Company Act”) and (b) meets the “independence” requirements of Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended.

Each member of the Audit Committee shall be “financially literate,” as such term is interpreted by the Fund’s Board of Directors in its business judgment. The Audit Committee shall determine annually whether at least one member of the Audit Committee is an “audit committee financial expert,” as that term is defined in Form N-CSR.

Members of the Audit Committee shall not simultaneously serve on the audit committees of more than two other public companies unless the Fund’s Board of Directors determines that such simultaneous service would not impair the ability of the member to serve effectively on the Audit Committee.

Statement of Purpose

The purposes of the Audit Committee are as follows:

- (a) to oversee the Fund’s accounting and financial reporting processes, the Fund’s internal controls (including its internal audit function) and, as appropriate, to inquire into the internal controls of certain of the Fund’s service providers;
- (b) to oversee the quality and integrity of the Fund’s financial statements and the independent audit thereof;
- (c) to oversee, or, as appropriate, to assist Board oversight of, the Fund’s compliance with legal and regulatory requirements;
- (d) to exercise responsibility for the recommendation to the Board of the Fund’s independent auditors and to oversee the auditors’ qualifications, independence and performance; and
- (e) to act as a liaison between the Fund’s independent auditors and the Board.

The independent auditors for the Fund shall report directly to the Audit Committee.

Responsibilities

In carrying out the purposes specified above, the Audit Committee will have the following duties and powers:

- (a) to review and to recommend to those Board members who are not “interested persons” (as defined in Section 2(a)(19) of the Investment Company Act) the selection, retention and termination of the Fund’s independent auditors and to oversee the work of the Fund’s independent auditors or any other public accounting firm engaged for the purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Fund (including resolution of disagreements between management and the independent auditor regarding financial reporting) and, in connection therewith, to review and evaluate matters potentially affecting the qualifications and independence of the auditors;
- (b) to provide prior approval of the engagement of the independent auditors to provide: (i) all audit or permissible non-audit services to the Fund, and (ii) all non-audit services to the Fund’s investment adviser, or any affiliated person of the investment adviser, that relate directly to the Fund’s operations and financial reporting, or to establish detailed pre-approval policies and procedures for such services in accordance with applicable laws; the Audit Committee shall also consider the controls applied by the auditors and any measures taken by management to assure that all items requiring pre-approval by the Committee are identified and referred to the Committee in a timely fashion;
- (c) to review and approve the fees proposed to be charged to the Fund by the independent auditors for each audit and non-audit service;
- (d) to consider whether the provision of non-audit services by the Fund’s independent auditors to the Fund’s investment adviser or any affiliated person of the investment adviser that provides ongoing services to the Fund, which services were not pre-approved by the Audit Committee, are compatible with maintaining the auditor’s independence;
- (e) to meet with the Fund’s independent auditors, including private meetings as necessary or appropriate: (i) to review the arrangements for and scope of the Fund’s annual audit and any special audits; (ii) to review the scope of non-audit services being provided; (iii) to discuss any matters of concern relating to the Fund’s financial statements, including any adjustments to such statements recommended by the auditors, regulatory and tax compliance matters considered in the preparation of the financial statements, or other results of said audit; (iv) to consider the independent auditors’ comments with respect to the Fund’s accounting and financial reporting policies and procedures, internal accounting controls and disclosure controls and procedures, and management’s responses thereto; (v) to review the responsibilities and staffing of the Fund’s internal audit function; (vi) to review any difficulties the independent auditors encountered in the course of the audit, including any restrictions on their activities or access to requested information and any significant disagreements with management, and management’s response thereto; (vii) to review the form of the opinion the independent auditors propose to render to the Board and the Fund’s shareholders; and (viii) to review any other reports, representations or communications from the

independent auditors regarding matters within the Audit Committee's scope of responsibilities under this Charter;

- (f) at least annually, to obtain and review a report by the independent auditors describing the independent auditors' internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, relating to one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues; and all relationships between the independent auditors and the Fund so as to assess the auditors' independence;
- (g) to review with the Fund's principal executive and/or principal financial officers in connection with their certification of Form N-CSR any significant deficiencies in the design or operation of internal controls which could adversely affect the Fund's ability to record, process, summarize and report financial data or material weaknesses therein and any reported evidence of fraud involving management of other employees who have a significant role in the Fund's internal controls;
- (h) to meet with the Fund's management and, in the case of audited financial statements, the auditors: (i) to discuss the annual audited financial statements and semi-annual financial statements and any quarterly financial statements; (ii) to discuss generally press releases regarding financial performance and any financial information and financial guidance provided to analysts and rating agencies, if any (but the Audit Committee need not discuss in advance each press release regarding financial information or each instance in which the Fund may provide financial guidance); (iii) to review all critical accounting policies and practices applied by the Fund in preparing its financial statements; (iv) to review all alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with management; and (v) to review other material written communications between the auditor and the Fund, including any management letter, report or recommendation on internal controls, schedule of unadjusted differences, engagement letter and independence letter;
- (i) to discuss guidelines and policies with respect to risk assessment and risk management by the Fund;
- (j) to discuss with management the timing and process for implementing the rotation of the lead audit partner and the reviewing partner, and to consider whether there should be a regular rotation of the audit firm itself;
- (k) to establish procedures for the receipt, retention and treatment of complaints received by the Fund relating to accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Fund of concerns regarding questionable accounting or auditing matters, and

to address reports from attorneys or auditors of possible violations of federal or state law or fiduciary duty;

- (l) to investigate or initiate an investigation of reports of improprieties or suspected improprieties in connection with the Fund's accounting or financial reporting;
- (m) to set clear hiring policies for employees or former employees of the independent auditors;
- (n) to cause the preparation of any report or other disclosures required by the New York Stock Exchange or the Securities and Exchange Commission;
- (o) to prepare and review with the Board an annual performance evaluation of the Audit Committee, which evaluation shall compare the performance of the Committee with the requirements of this Charter; the performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate; the report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make such report;
- (p) to report its activities to the full Board on a regular basis and to make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate; and
- (q) to perform such other functions and to have such powers as may be necessary or appropriate in the efficient and lawful discharge of the powers provided in this Charter.

The Audit Committee shall meet as often as necessary to carry out its obligations. The Audit Committee may require any officer or employee of the Fund or the Fund's outside counsel or independent auditors to attend a committee meeting or to meet with any members of, or consultants to, the Committee and to provide pertinent information as necessary.

The Audit Committee shall have the resources and authority appropriate to discharge its responsibilities, including appropriate funding, as determined by the Committee, for payment of compensation to the independent auditors for the purpose of conducting the audit and preparing and issuing their audit report or performing other audit, review or attest services, the authority to retain and compensate special counsel and other experts or consultants as the Committee deems necessary, the authority to obtain specialized training for Committee members, at the expense of the Fund, as appropriate, and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee may delegate any portion of its authority, including the authority to grant pre-approvals of audit and permitted non-audit services, to a subcommittee of two or more members. Any decisions of the subcommittee to grant pre-approvals shall be presented to the full Audit Committee at its next regularly scheduled meeting.

The Board shall adopt and approve this Charter. The Audit Committee shall review this Charter at least annually. Any changes to this Charter must be recommended by the Audit Committee and approved by the Board.

Scope of Audit Committee Responsibility

In fulfilling their responsibilities under this Charter, it is recognized that members of the Audit Committee are not full-time employees of the Fund and are not, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of accounting or auditing, notwithstanding the fact that one or more members may be designated an “audit committee financial expert.” As such, it is not the duty or responsibility of the Committee or its members to conduct “field work” or other types of auditing or accounting reviews or procedures. Each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations inside and outside the Fund from which the Committee receives information and (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations, absent knowledge to the contrary (which actual knowledge shall be promptly reported to the Board).

The function of the Audit Committee is oversight. The Fund’s management is responsible for (i) the preparation, presentation and integrity of the Fund’s financial statements, (ii) the maintenance of appropriate accounting and financial reporting principles and policies and (iii) the maintenance of internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The auditors are responsible for planning and carrying out proper audits and reviews and expressing an opinion as to their conformity with accounting principles generally accepted in the United States of America. Nothing in this Charter shall be construed to reduce the responsibilities or liabilities of the Fund’s service providers.

Adopted: March 9, 2004