

TAIWAN GREATER CHINA FUND
Form N-CSR
March 11, 2011

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-05617

Taiwan Greater China Fund
(Exact name of registrant as specified in charter)

c/o Nanking Road Capital Management, LLC

111 Gillett Street
Hartford, CT 06105
(Address of principal executive offices) (Zip code)

Brown Brothers Harriman & Co.
40 Water Street
Boston, MA 02106-3604
(Name and address of agent for service)

Registrant's telephone number, including area code: (800) 343-9567

Date of fiscal year end: December 31

Date of reporting period: December 31, 2010

ITEM 1. REPORTS TO STOCKHOLDERS

Annual Report
December 31, 2010–

Dear Shareholders

Taiwan's stock market ended 2010 at 8973 as measured by the Taiwan Stock Exchange index, which represented a market high since June 2008. As measured by the MSCI Taiwan index on a US\$ total return basis, the Taiwan market delivered a healthy 23.1% annual return for 2010. From its low point on June 6, that index rallied an impressive 41.5% to year-end. The volatility of the market as measured by the MSCI Taiwan index using the 30 day annualized rate calculated by Bloomberg declined to 9.3%, compared to 15.2% and 36.0% at the previous two year-ends, respectively. The Fund's stock price on the New York Stock Exchange rose 19.5%, and the net asset value increased 12.1%. After the employee turmoil at Foxconn's factories in China in the early part of the year, domestic plays such as construction and financials outperformed the Taiwan companies with large operations in China, which are dominated by technology firms.

The Fund's discount to net asset value averaged 8.0% in 2010, compared to 9.2% and 9.8% for the previous two years, respectively. The lowest closing discount for 2010 was 5.0% recorded on September 3, and the highest closing discount was 12.3%, reached on February 4. The Fund's mean and median daily trading volumes for 2010 declined to 16,513 shares and 10,687 shares, respectively, compared to 26,435 shares and 16,663 shares, respectively, in 2009.

The Fund's net asset value performance remained highly correlated to the overall performance of the Taiwan stock market with a R-squared of 0.96 and a beta of 0.97 relative to the return of the MSCI Taiwan index based on four years of weekly data through 2010. These figures indicate that the Fund's performance is slightly less volatile than the performance of the index. During the same time period, the Fund produced an alpha of 1.1 basis points per week relative to the MSCI. Alpha is a measure of excess return which cannot be explained by the risk level of a portfolio and which is attributable to either skill or luck.

The Fund uses Bloomberg to provide attribution analysis for the Fund's portfolio. The Bloomberg analysis compares the NT\$ total returns of the Fund's portfolio to the NT\$ total returns of the Fund's benchmarks. For the one year period ending December 31, 2010, the NT\$ return of the Fund's portfolio was 9.3% while the return of MSCI Taiwan was 13.0%. Therefore the active return for the Fund was -3.7%. Sector allocation contributed -1.4% to the active return while security selection contributed -4.8%. There were also contributions of 2.7% due to interaction effects and -0.3% due to currency – a result of two Hong Kong positions. Over allocation to Petrochemicals & Plastics and the selections within Components had the greatest positive effect to portfolio performance. Security selections within the Financials and over allocation to Computer Hardware & Systems were the main negative contributors over the past one year period. For the three months ending December 31, 2010, the portfolio returned 7.9% compared to MSCI Taiwan's return of 9.6%, for an active return of -1.7%. Sector allocation contributed -1.0% while stock selection contributed -1.4%. Interaction effects totaled 0.9% and currency contribution came in at -0.2%. Interaction effects within the Financials sector and over allocation to Petrochemicals & Plastics were the main positive contributors while security selections within Financials and an under allocation to that sector were the main negative contributors to active returns over the last three months ended December 31, 2010.

Valuations in the Fund's high quality portfolio remain attractive. At year-end, the technology-heavy portfolio had a weighted average price-earnings ratio of 15.1, a weighted average price-book ratio of 2.7, a weighted average dividend yield of 3.2%, and a weighted average return on equity of 19.9%. All figures are based on Bloomberg data.

Prospects for Taiwan's economy remain strong. After a robust 10.5% growth rate in gross domestic product in 2010 (the highest level recorded since 1987), the Taiwan Institute for Economic Research expects the economy to grow at a healthy 5.7% rate in 2011. Exports are predicted to grow by 10% in 2011 after their impressive 35% growth in 2010. Foreign exchange reserves have increased to \$382 billion.

Taiwan continues to rate highly in international studies of economic attractiveness. Ernst and Young recently ranked Taiwan as the twelfth most globalized economy in the world, and Business Environment Risk Intelligence has just ranked

Taiwan as having the world's fourth best investment environment.

We believe that Taiwan companies with extensive business operations in China will continue to prosper and to provide excellent investment results.

Yours truly,

Steven R. Champion
President, CEO and Portfolio Manager

February 28, 2011

TAIWAN GREATER CHINA FUND
 PORTFOLIO HIGHLIGHTS
 Schedule of Investments by Industry as of December 31, 2010

Industry Diversification

Industry	U.S. \$ Value	Percent of Net Assets	
Computer Systems & Hardware	\$ 15,555,124	18.17	%
Semiconductors	14,755,788	17.23	
Plastics	12,332,115	14.40	
Electronic Components	9,850,233	11.50	
Computer Peripherals/ODM	5,867,283	6.85	
Flat-Panel Displays	4,477,594	5.23	
Financial Services	3,993,426	4.66	
Food	3,904,485	4.56	
Steel	3,164,897	3.70	
Cement	2,382,845	2.78	
Electronics/Other	2,164,773	2.53	
Other Non-Tech	1,919,229	2.24	
Textiles	1,355,742	1.58	
Rubber	1,058,397	1.24	
Glass, Paper & Pulp	787,235	0.92	
Electrical & Machinery	664,934	0.78	
Retailing	604,439	0.71	
Transportation	307,506	0.36	
Hotels	129,625	0.15	
Short-Term Securities	369,056	0.43	
Liabilities (Net of Other Assets)	(14,775)	(0.02))
Net Assets	\$ 85,629,951	100.00	%

TAIWAN GREATER CHINA FUND
Schedule of Investments / December 31, 2010

COMMON STOCK — 99.59%

Shares		% of Net Assets	U.S. Dollar Value
Cement — 2.78%			
865,043	Asia Cement Corp.	1.09	\$ 938,177
1,309,715	Taiwan Cement Corp.	1.69	1,444,668
			2,382,845
Computer Peripherals/ODM — 6.85%			
165,909	Chicony Electronics Co., Ltd.	0.42	362,661
151,535	HTC Corp.	5.36	4,586,411
680,896	Lite-on Technology Corp.	1.07	918,211
			5,867,283
Computer Systems & Hardware — 18.17%			
412,828	Acer Inc.	1.46	1,250,868
146,834	Asustek Computer Inc.	1.60	1,367,804
761,078	Compal Electronics Inc.	1.16	989,227
2,141,363	Hon Hai Precision Industry Co., Ltd.	9.88	8,461,466
976,046	Quanta Computer Inc.	2.35	2,008,811
739,369	Wistron Corp.	1.72	1,476,948
			15,555,124
Electrical & Machinery — 0.78%			
332,000	Teco Electric & Machinery Co., Ltd.	0.26	217,716
718,837	*Walsin Lihwa Corp.	0.52	447,218
			664,934
Electronic Components — 11.50%			
251,343	Catcher Technology Co., Ltd.	1.07	912,868
398,000	Coretronic Corp.	0.75	638,438
651,991	Delta Electronics Inc.	3.65	3,124,452
205,658	*E Ink Holdings Inc.	0.48	408,743
130,715	Everlight Electronics Co.	0.43	371,010
245,678	Foxconn Technology Co., Ltd.	1.13	966,651
745,093	*Pegatron Corp.	1.23	1,052,391
132,020	Shin Zu Shing Co., Ltd.	0.40	347,187
85,210	Simplo Technology Co., Ltd.	0.71	607,497
230,170	TXC Corp.	0.50	431,143
475,926	WPG Holdings Co., Ltd.	1.05	901,084
9,478	Young Fast Optoelectronics Co., Ltd.	0.10	88,769
			9,850,233
Electronics/Other — 2.53%			
198,950	Lumax International Corp., Ltd.	0.47	400,094
666,766	Synnex Technology International Corp.	2.06	1,764,679
			2,164,773

See accompanying notes to financial statements.

TAIWAN GREATER CHINA FUND

Schedule of Investments (Continued) / December 31, 2010

Shares		% of Net Assets	U.S. Dollar Value
Financial Services — 4.66%			
1,434,550	Cathay Financial Holding Co., Ltd.	2.91	\$ 2,494,156
1,114,557	Fubon Financial Holding Co., Ltd.	1.7	1,499,270
			3,993,426
Flat-Panel Displays — 5.23%			
3,043,292	*AU Optronics Corp.	3.62	3,101,014
1,015,732	*Chimei Innolux Corp.	1.61	1,376,580
			4,477,594
Food — 4.56%			
151,943	Great Wall Enterprises Co.	0.19	161,467
416,000	Tingyi (Cayman Islands) Holdings Corp.	1.26	1,075,682
1,384,992	Uni-President Enterprise Corp.	2.35	2,014,424
742,000	Want Want China Holdings, Ltd.	0.76	652,912
			3,904,485
Glass, Paper & Pulp — 0.92%			
643,995	Taiwan Glass Industrial Corp.	0.92	787,235
Hotels — 0.15%			
7,470	Formosa International Hotels Corp.	0.15	129,625
Plastics — 14.40%			
1,022,897	Formosa Chemicals & Fiber Corp.	3.94	3,378,009
1,425,271	Formosa Plastics Corp.	5.46	4,673,255
1,750,968	Nan Ya Plastics Corp.	5.00	4,280,851
			12,332,115
Retailing — 0.71%			
86,046	Far Eastern Department Stores Co., Ltd.	0.17	141,066
102,445	President Chain Store Corp.	0.54	463,373
			604,439
Rubber — 1.24%			
484,192	Cheng Shin Rubber Ind. Co., Ltd.	1.24	1,058,397
Semiconductors — 17.23%			
2,249,434	Advanced Semiconductor Engineering Inc.	2.98	2,553,080
334,044	MediaTek Inc.	5.48	4,690,051
95,851	Powertech Technology Inc.	0.37	312,670
473,193	Siliconware Precision Industries Co., Ltd.	0.65	556,960
2,454,284	Taiwan Semiconductor Manufacturing Co., Ltd.	6.84	5,860,041
1,428,397	United Microelectronics Corp.	0.91	782,986
			14,755,788
Steel — 3.70%			
2,719,513	China Steel Corp.	3.58	3,063,751
91,004	Tung Ho Steel Enterprise Corp.	0.12	101,146

See accompanying notes to financial statements.

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TAIWAN GREATER CHINA FUND
Schedule of Investments (Continued) / December 31, 2010

Shares		% of Net Assets	U.S. Dollar Value
Textiles — 1.58%			
816,080	Far Eastern New Century Corp.	1.58	\$ 1,355,742
Transportation — 0.36%			
144,000	U-Ming Marine Transport Corp.	0.36	307,506
Other Non-Tech — 2.24%			
273,263	Giant Manufacturing Co., Ltd.	1.28	1,093,567
341,900	Merida Industry Co., Ltd.	0.70	604,787
243,709	Pou Chen Corp.	0.26	220,875
			1,919,229
TOTAL COMMON STOCK (COST \$67,428,325)		99.59	85,275,670
SHORT TERM SECURITIES — 0.43%			
Time Deposit — 0.43%			
	Citibank - London, 0.03%, Due 01/03/11	0.43	