

Cash Election For Distributions Payable On July 31, 2008

07 Jul 2008

NEW YORK, July 7, 2008

On July 3, 2008, The Greater China Fund, Inc. mailed to stockholders of record on June 30, 2008 an Important Notice Regarding Cash Election for Capital Gain Distribution Payable on July 31, 2008. A copy of the Notice and a list of frequently asked questions are available at the Fund's website at www.greaterchinafund.com. Information about this distribution is set forth below.

On June 20, 2008, the Board of Directors of the Fund declared a capital gain distribution of \$6.66 per share, consisting of \$1.77 per share of short-term capital gains and \$4.89 per share of long-term capital gains. 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.

The Fund will limit the aggregate amount of cash to be paid out in the distributions to all stockholders to \$33,577,621, which represents 30% of the aggregate dollar amount of the total distributions. If cash distribution requests exceed this limit, the aggregate cash price will be limited to \$33,577,621 and each stockholder requesting cash will receive a pro-rata portion of the cash paid. The pro-rata portion will be based on the total amount of the distributions to be paid to that stockholder relative to the total amount of the distributions to be paid to all stockholders requesting cash. Requesting stockholders who do not receive 100% of their distributions in cash, will receive the balance in common stock.

To receive your distribution in cash (subject to the pro ration as described above), you must make a cash election by:

1. 4:00 p.m. Eastern Daylight Time on July 22, 2008 if you hold shares directly with the Fund at its transfer agent, PFPC, Inc.; or
2. 8:00 p.m. Eastern Daylight Time on July 21, 2008 if you hold your shares in "street name" (i.e., through a financial advisor or a brokerage firm) at the Depository Trust & Clearing Corporation.

How Distribution in Shares will be Calculated

Unless you elect to receive your distribution in cash, the number of shares to be issued to you will be determined based on the market price per share of the Fund's common stock on July 24, 2008, or 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 July 24, 2008.

The shares of the Fund are currently trading at a discount from their net asset value. If the July 24, 2008 market price is less than the net asset value, the issuance of shares at the lower market price will result in a decrease in the per share net asset value of the remaining shares of the Fund. Stockholders electing to receive the distribution in cash will not realize the offsetting benefit of acquiring newly issued shares at a discount to net asset value.

You should also be aware that by electing to receive cash rather than shares, your percentage ownership of the Fund will be reduced.

Tax Information

Whether you receive this distribution in newly issued Fund shares or in cash, this distribution 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 for the 2008 calendar year. The Fund's distributions may also be subject to state and local taxes, and you should consult your tax advisor regarding your tax situation.

Further information about the Fund, including its audited financial statements for the fiscal year ended December 31, 2007, is contained in the Annual Report, which is available on the Fund's website at www.greaterchinafund.com, or can be obtained, without charge, by calling the Fund at (800) 331-1710.

The Fund's investment objective is to seek long-term capital appreciation by investing substantially all of its assets in listed equity securities of companies which derive or are expected to derive a significant portion of their revenues from goods produced or sold, investments made or services performed in China. The Fund's investment manager is Baring Asset Management (Asia) Limited.

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