

TAIWAN FUND INC  
Form 8-K  
July 11, 2002

**Table of Contents**

**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**January 1, 2002**

Date of Report (Date of Earliest Event Reported)

**The Taiwan Fund, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**811-04893**  
(Commission  
File Number)

**042942862**  
(IRS Employer  
Identification Number)

**225 Franklin Street, Boston, Massachusetts**  
(Address of Principal Executive Offices)

**02110**  
(Zip Code)

**(212) 662-2789**  
(Registrant's Telephone Number, Including Area Code)

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**TABLE OF CONTENTS**

Item 9. Regulation FD Disclosure

SIGNATURES

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**Table of Contents**

**Item 9. Regulation FD Disclosure.**

Pursuant to Regulation FD Rules 100-103, The Taiwan Fund, Inc. (the Fund ) furnishes the January 2002 Monthly Review on the Fund by the Fund's investment adviser.

**Table of Contents**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: July 11, 2002

By: /s/ Haichi Vicki Hau \_\_\_\_\_

Name: Haichi Vicki Hau

Title: Secretary

3

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**Table of Contents****THE TAIWAN FUND, INC. REVIEW  
JANUARY 2002**

HSBC Asset Management (Taiwan) Limited  
24/F No. 99, Tunhwa S. Rd., Sec. 2  
Taipei, Taiwan, R.O.C

Tel: (8862) 2325-7888  
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**Portfolio Review**

We are upgrading our 2002 GDP forecast to 2.73% (from 2.0%), compared with the consensus call for growth of 1.6%. There are signs that the economy is finding a floor. The index of leading indicators recorded a marked improvement in 4Q01, it rose by 1% m/m in December following a gain of 1.2% m/m in November. External demand looks to be stabilizing. On a seasonally-adjusted m/m basis, exports posted gains in 4Q01, with the electronics sector leading the way.

The Taiwan stock market continues to rise reflecting the views that the worst is over and demand is recovering. Given the rising technology valuation premium and signs of recovery in cyclical sectors, money flowed to non-tech cyclicals, i.e. steel (up 22.2%), plastic (up 28.29%) and textiles (up 24.83%). Despite the strong performance of these non-tech sectors, we think the pick-up is seasonal and rotational buying, which tend to be short term. We still overweight the technology sector due to our belief that the sector is the most competitive industry in Taiwan. Our technology favorite fundamental trends this year are cyclical and outsourcing. For cyclical exposures, we favor TFT-LCD display and DRAM. Outsourcing play is more stock-specific. With IT spending still expected to be flat to down this year, it will truly be a case of the haves and have-nots. Bottom up stock-picking is the focus of the investment decision. Accton (networking), Realtek (IC design), Quanta (notebook), Austek (motherboard) and Beng (communication) are among our top holdings.

**Total Fund Asset Allocation**As of 01/31/02

	<b>% of Total Fund</b>	<b>% of TAIEX</b>
Electronics	23.94	18.62
Semiconductor		
20.67 23.40		
PC & Peripherals		
16.25 16.22		
Banking		
10.19 14.09		
Telecommunication		
8.13 6.47		
Plastics		
4.00 4.12		
Textile		
2.47 2.97		
Auto		
0.95 0.67		
Steel		
0.88 1.78		
Rubber		
0.85 0.43		
*C. S. & Software		
0.84 0.74		
Retail		
0.65 0.83		
Chemical		
0.47 1.13		
Transportation		
0 1.52		
Electricals		

0 1.05  
 Others  
 2.27 5.96  
**Total**  
**92.56 100.00**  
 Cash  
 7.44

**Total Net Asset: US\$220.25M**

(\*)=Computer Service & Software

**Top 10 Holdings of Total Fund Portfolio**

As of 01/31/02

**% of Total Portfolio**

Taiwan Semiconductor	8.35
United Micro Electronics	
6.65	
AU Optronics	
4.73	
Quanta Computer	
3.84	
Fubon Financial Holding	
3.68	
Asustek Computer	
3.11	
Realtek Semiconductor	
2.85	
Nan Ya Plastics	
2.62	
Accton Technology	
2.60	
Formosa Chemicals & Fiber	
2.47	
<b>Total</b>	
<b>49.90</b>	

**NAV: US\$14.06**

**Price: US\$12.36**

**Prem.: -12.09%**

**No. of Shares: 16.4M**

**Total Returns in US\$ (%)\*\***

	<b>The Taiwan Fund, Inc.</b>	<b>Taiwan Stock Exchange Index</b>
<b>One Month</b>	<b>4.47</b>	<b>5.84</b>
<b>Fiscal Year to Date</b>	<b>30.79</b>	<b>28.63</b>
<b>One Year</b>	<b>-9.70</b>	<b>-8.38</b>
<b>Three Years</b>	<b>-0.71</b>	<b>-3.32</b>
<b>Five years</b>	<b>-6.14</b>	<b>-8.76</b>
<b>Ten Years</b>		<b>-2.47</b>
<b>Since Inception</b>	<b>8.40</b>	<b>12.28</b>

\*\* Total returns are historical and assume changes in net asset value per share during each period and assumes that dividends and capital gains, if any, were reinvested. Past performance is not indicative of future results of the Fund. Returns for periods less than one year are

not annualized.



**Table of Contents****Premium/Discount of TWN****Market Data**

	As of 12/31/01	As of 01/31/02
TAIEX	5551.24	5857.93
% change in NTD terms		
25.00	5.52	
% change in USD terms		
23.09	5.53	
NTD Daily avg. trading volume (In Billions)		
146.69	150.06	
USD Daily avg. trading volume (In Billions)		
4.19	4.297	
NTD Market Capitalization (In Billions)		
10978.75	10938.81	
USD Market Capitalization (In Billions)		
313.69	313.27	
FX Rate: (US\$/NT\$)		
34.999	34.968	

**Taiwan s Macro Economics Review**

Liquidity conditions remain ample with M1B continuing on an improving trend since April of last year resulting from the effects of the aggressive easing of monetary policy. Industry production and export orders have bottomed out during 4Q01, with the electronic sector leading the way.

\* *Disclaimer: This report is based on information believed by us to be reliable. No representation is made that it is accurate or complete. The figures mentioned above are unaudited. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned.*

\* *Effective from  
1st November  
1999, the daily  
NAV of the Fund  
is available at  
Lipper and CDA  
Weisenberger,  
or you may call  
toll free  
(800) 636-9242.*

\**Please notify us immediately if you are having problems receiving this telecopy.*

**Fund Manager: Albert King**  
**Deputy Fund Manager: Li-Jeng Chen**