

TAIWAN FUND INC  
Form 8-K  
January 11, 2002

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**

**December 1, 2001**

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) (Commission  
File Number) (IRS Employer  
Identification Number)

**811-04893**

**042942862**

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

**02110**

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

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**Item 9. Regulation FD Disclosure.**

Pursuant to Regulation FD Rules 100-103, The Taiwan Fund, Inc. (the Fund ) furnishes the December 2001 Monthly Review on the Fund by the Fund s investment adviser.

**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: January 11, 2002

By: /s/ Haichi Vicki Hau

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Name: Haichi Vicki Hau

Title: Secretary

**THE TAIWAN FUND, INC. REVIEW  
DECEMBER 2001**

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

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**Portfolio Review**

Taiwan's stock market rebounded due to the continuous inflow of foreign portfolio investments and the low interest rate environment which helps to generate liquidity. During December, foreign portfolio investors were net buyers of NT\$6.7 billion (US\$0.2 billion), the stock market rebounded 23.09% in U.S. dollar terms and the NT dollar (NT\$) depreciated against the U.S. dollar (US\$) by 1.55%. During 2001, foreigners were net buyers of approximately NT\$306 billion (US\$8.7 billion), while the NT dollar depreciated against the U.S. dollar by 6.08%. In December, TAIEX and OTC electronics sectors were the leading sectors, increasing 28.45% and 50.01% in NT dollars respectively. Steel, tourism and shipping were the worst performing sectors, increasing only 5.81%, 6.59% and 9.91% in NT dollars respectively. The average daily turnover reached NT\$146.7 billion in December, compared to NT\$87.48 billion in November.

In the technology sector, the Fund continues to focus on the electronics sector, particularly the Integrated Circuit (IC) fabless design house related companies, as those companies continue to deliver both revenues and earnings growth. Also, the Fund increased its holdings in data networking related stocks due to continuous demand for broadband devices. DRAM stocks were also added to the Fund's holdings due to the rebound in DRAM spot price. Such a rebound can be attributed to the possibility of the merger between Micron Technology (U.S.) and Hynix Semi (Korea), which may, in turn, result in a decreased supply of DRAM chips to the market. In addition to the technology sector, the Fund continues to increase its holdings in certain companies related to medical-mechanical devices.

*Albert King*

**Core & Active Portfolio Asset Allocation**

As of 12/31/01	% of Core Portfolio	% of Active Portfolio	% of TAIEX
Semiconductor	25.38	15.62	24.67
Electronics			
18.18 27.38 18.11			
Banking			
15.52 0 15.66			
PC & Peripherals			
14.66 26.06 14.96			
Telecommunication			
7.55 14.69 6.68			
Plastics			
3.48 0 3.41			
Textile			
2.45 0 2.49			
Steel			
1.43 0 1.54			
Transportation			
1.19 0 1.35			
Retail			
1.08 0 0.94			
Foods			
0.83 0 0.86			
Chemical			
0.79 3.88 1.06			
*C. S. & Software			
0.76 1.32 0.73			

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Auto  
 0.74 0 0.67  
 Insurance  
 0.71 0 0.89  
 Others  
 5.25 2.29 5.98  
**Total**  
**100.00 91.24 100.00**  
 Cash  
 8.76 **Total Active Portfolio Net Asset: US\$87.38M**  
**Total Core Portfolio Net Asset: US\$132.87M**

**Total Fund Asset Allocation**

As of 12/31/01	% of Total Fund	% of TAIEX
Electronics	21.70	18.11
Semiconductor		
21.62 24.67		
PC & Peripherals		
19.04 14.96		
Telecommunication		
10.27 6.68		
Banking		
9.55 15.66		
Plastics		
2.14 3.41		
Chemical		
1.97 1.06		
Textile		
1.52 2.49		
*C. S. & Software		
0.98 0.73		
Steel		
0.88 1.54		
Transportation		
0.74 1.35		
Retail		
0.66 0.94		
Foods		
0.51 0.86		
Insurance		
0.46 0.89		
Auto		
0.45 0.67		
Others		
4.15 5.98		
<b>Total</b>		
<b>96.64 100.00</b>		
Cash		
3.36		
<b>Total Net Asset: US\$220.25M</b>		

(\* )=Computer Service & Software

**Top 10 Holdings of Active Portfolio**

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As of 12/31/01	<b>% of Active Portfolio</b>
Mediatek Incorporation	8.02
Accton Technology Corp	
7.37	
Realtek Semiconductor	
5.83	
United Micro Electronics	
5.39	
ProMos Technologies Inc.	
5.30	
Optoma Corp	
5.05	
Taiwan Semiconductor Mfg	
4.92	
Micro-Star International	
4.45	
Premier Camera Taiwan Ltd	
4.00	
Quanta	
3.89	
<hr/>	
<b>Total</b>	
<b>54.22</b>	

**Top 10 Holdings of Total Fund Portfolio**

As of 12/31/01	<b>% of Total Portfolio</b>
United Micro Electronics	8.83
Taiwan Semiconductor Mfg	
8.60	
Quanta	
4.08	
Mediatek Incorporation	
4.04	
Realtek Semiconductor	
3.81	
Asustek Computer Inc.	
3.74	
Hon Hai Precision Industry	
3.52	
Accton Technology Corp	
2.98	
Chunghwa Telecom Co	
2.48	
Ambit Microsystems	
2.44	
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<b>Total</b>	
<b>44.52</b>	

**Premium/Discount of TWN**

**Taiwan Fund Premium/Discount**

01/01/1993-12/31/2001

**NAV: US\$13.46**  
**No. of Shares: 16.4M**

**Price: US\$11.75**

**Prem.: -12.70%**

**Performance Comparison**

(Return in US\$)	<b>Total Returns</b>							Unit:%
	As of 12/31/01							
	Last 1 Mth	Last 3 Mth	Last 6 Mth	2001	2000	1999	1998	
<b>TWN</b>	<b>21.26</b>	<b>51.75</b>	<b>12.35</b>	<b>6.57</b>	<b>-45.08</b>	<b>47.29</b>	<b>-15.31</b>	
ROC	19.73	38.46	3.05	-6.57	-39.94	35.86	-18.42	
Taipei	20.25	38.41	1.09	-15.69	-50.94	13.87	-11.90	
Formosa	22.14	45.70	2.07	9.35	-51.04	19.57	-13.85	
Formosa Growth	18.82	41.18	2.82	4.46	-51.94	38.49	-5.47	
New Taipei	23.93	50.54	3.53	2.33	-45.59	33.91	2.40	
<b>Index</b>	<b>23.09</b>	<b>50.67</b>	<b>11.84</b>	<b>10.42</b>	<b>-46.53</b>	<b>34.16</b>	<b>-20.31</b>	
Taiwan Fund (Since Launch 12/31/1986): 619.75%								

**Performance Chart**

**Taiwan's Macro Economics Review**

**Foreign Portfolio Investments v.s. TAIEX Index**

1/1990-12/2001

The recent rally on the Taiwan stock market is attributed to the inflows of foreign portfolio investments. In 2001, Qualified Foreign Institutional Investors (QFII's) were net buyers of approximately NT\$306 billion or US\$8.7 billion.

*\*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**