

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

Name: Haichi Vicki Hau

Title: Secretary

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

HSBC Asset Management (Taiwan) Limited
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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		
Total		
96.64 100.00		
Cash		
3.36		
Total Net Asset: US\$220.25M		

(*)=Computer Service & Software

Top 10 Holdings of Active Portfolio

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As of 12/31/01	% of Active Portfolio
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
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Total	54.22

Top 10 Holdings of Total Fund Portfolio

As of 12/31/01	% of Total Portfolio
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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Total	44.52

