

TAIWAN FUND INC  
Form 8-K  
April 30, 2004

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**February 1, 2004**

Date of report (Date of earliest event reported)

**The Taiwan Fund, Inc.**

(Exact Name of Registrant as Specified in 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)

**(800) 426-5523**  
(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 February 2004 Monthly Review of the Fund s performance by the Fund s investment adviser.

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**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: April 30, 2004

By: /s/Carol Wang

Name: Carol Wang

Title: Secretary and Treasurer

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HSBC Asset Management (Taiwan) Limited  
 24/F No. 99, Tunhwa S. Rd., Sec. 2  
 Taipei 106, Taiwan

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 Fax: (8862) 2706-5371

**Portfolio Review**

The TAIEX registered a gain of 6.20% in US dollar terms in February. The recent increase in domestic consumption continued in February and produced strong performance for sectors such as food, tourism, and banking, which each increased over 10% in NT dollar terms during the month. Other sectors that prospered in February included iron & steel, paper & forest products, wire & cable, automobiles, tires & accessories, cement and textiles & apparel. The only three sectors that lagged the market were chemicals, electronics, and plastics. The market's average daily turnover rose 30% in February following January's 96% surge, indicating strong market liquidity and rising investor enthusiasm.

In US dollar terms, the Fund returned 4.40% in February. Most of our underperformance can be attributed to the Fund's focus on higher quality stocks, as the market's February gain was driven primarily by lower quality stocks that were playing catch-up. In addition, the Fund's slightly overweight position in the semiconductor sector negatively affected the Fund's performance. Conversely, our overweight position in the steel sector positively affected the performance of the Fund.

For March, we expect the market to continue its upward move, as strong liquidity and the improving economic outlook maintain the market's current momentum. The upcoming presidential election should not put too much pressure on the market as investors aggressively position themselves for any dip. Our view of Taiwan's market remains positive and we expect to see the market continue moving upward in the foreseeable future.

**Total Fund Sector Allocation**

| <b>As of 02/29/04</b>            | <b>% of<br/>Total<br/>Fund</b> | <b>% of<br/>TAIEX</b> |
|----------------------------------|--------------------------------|-----------------------|
| Semiconductor                    | 21.50                          | 20.05                 |
| Finance                          | 17.90                          | 19.37                 |
| PC & Peripherals                 | 12.60                          | 13.65                 |
| Electronics                      | 10.50                          | 10.55                 |
| Plastics                         | 6.40                           | 9.13                  |
| Telecommunications               | 6.30                           | 6.19                  |
| Iron & Steel                     | 4.50                           | 3.40                  |
| Shipping                         | 3.70                           | 2.85                  |
| Automobiles, Tires & Accessories | 3.70                           | 1.32                  |
| Textiles & Apparel               | 1.60                           | 1.84                  |
| Electrical Equipment             | 1.40                           | 1.29                  |
| Chemicals                        | 0.60                           | 1.37                  |
| Cement                           | 0.70                           | 0.94                  |

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|   |              |               |
|---|--------------|---------------|
| Retail                                    | 0.70         | 0.85          |
| Wire & Cable                              | 0.60         | 0.80          |
| Others & Miscellaneous                    | 5.40         | 6.40          |
| <b>Total</b>                              | <b>98.10</b> | <b>100.00</b> |
| Cash                                      | 1.90         |               |
| <b>Tech</b>                               | <b>50.90</b> | <b>50.96</b>  |
| <b>Non-Tech</b>                           | <b>29.30</b> | <b>29.67</b>  |
| <b>Financial</b>                          | <b>17.90</b> | <b>19.37</b>  |
| <b>Total Net Asset: US\$248.44Million</b> |              |               |

**Top 10 Holdings of Total Fund Portfolio**

| <b>As of 02/29/04</b>                    | <b>% of Total<br/>Portfolio</b> |
|--|---------------------------------|
| Taiwan Semiconductor Manufacturing Co.   | 7.01                            |
| Cathay Financial Holding Co. Ltd.        | 4.67                            |
| United Microelectronics Corp. Ltd.       | 3.85                            |
| Au Optronics Corp.                       | 3.73                            |
| China Steel Corp.                        | 3.62                            |
| Hon Hai Precision Industry Co. Ltd.      | 3.37                            |
| Chinatrust Financial Holding Co. Ltd.    | 2.97                            |
| Advanced Semiconductor Engineering, Inc. | 2.73                            |
| Chunghwa Telecom Co. Ltd.                | 2.66                            |
| MediaTek, Inc.                           | 2.53                            |
| <b>NAV: US\$15.18</b>                    | <b>Price: US\$13.61</b>         |
| <b>-10.34%</b>                           | <b>Discount:</b>                |
| <b>No. of Shares: 16.4Million</b>        |                                 |

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

|                              | <b>The Taiwan<br/>Fund, Inc.</b> | <b>Taiwan Stock<br/>Exchange Index</b> |
|------------------------------|----------------------------------|--|
| <b>One Month</b>             | <b>4.40</b>                      | <b>6.20</b>                            |
| <b>Fiscal Year to Date**</b> | <b>18.39</b>                     | <b>22.77</b>                           |
| <b>One Year</b>              | <b>53.79</b>                     | <b>59.15</b>                           |
| <b>Three Years</b>           | <b>1.16</b>                      | <b>4.99</b>                            |
| <b>Five years</b>            | <b>0.82</b>                      | <b>1.21</b>                            |
| <b>Ten Years</b>             | <b>1.73</b>                      | <b>0.07</b>                            |
| <b>Since Inception</b>       | <b>10.70</b>                     | <b>11.94</b>                           |

\* Returns for the Fund are historical total returns that reflect changes in net asset value per share during each period and assume that dividends and capital gains, if any, were reinvested. Returns for the Taiwan Stock Exchange Index are not total returns and reflect only changes in share price but do not assume that cash dividends, if any, were reinvested, and thus are not strictly comparable to the Fund returns. Past performance is not indicative of future results of the Fund. Returns are annualized, except for periods of less than one year which are not annualized.

\*\* The Fund's fiscal year commences on September 1.



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

|   | <u>As of 01/31/04</u> | <u>As of 02/29/04</u> |
|---|-----------------------|-----------------------|
| TAIEX                                       | 6375.38               | 6750.54               |
| % change in NTD terms                       | 8.23                  | 5.88                  |
| % change in USD terms                       | 10.18                 | 6.20                  |
| NTD Daily avg. trading volume (In Billions) | 123.08                | 160.48                |
| USD Daily avg. trading volume (In Billions) | 3.69                  | 4.83                  |
| NTD Market Capitalization (In Billions)     | 13429.22              | 14701.97              |
| USD Market Capitalization (In Billions)     | 402.68                | 442.16                |
| FX Rate: (US\$/NT\$)                        | 33.35                 | 33.25                 |

*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 in the report are unaudited. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell any securities mentioned.*

*The daily NAV of the Fund is available from Lipper and CDA Weisenberger, or you may obtain it by calling toll free (800) 636-9242.*

***Lead Fund Manager: Victor Shih***  
***Deputy Fund Manager: Jovi Chen***