

TAIWAN FUND INC  
Form 8-K  
March 31, 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**

**January 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 January 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: March 30, 2004

By: /s/ Carol Wang

Name: Carol Wang  
Title: Secretary and Treasurer

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**January 2004**

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

Tel: (8862) 2325-7888  
Fax: (8862) 2706-5371

**Portfolio Review**

The much-anticipated January effect propelled Taiwan's stock market, as the TAIEX gained 8.2% in NT dollar terms in January. Strong liquidity was apparent during the month as average daily market turnover increased 96% from December's level. Foreign investors returned, and recorded net buying of, NT\$95.8 billion in January, an increase from NT\$19.4 billion in December. Investors focused particular attention on domestic consumption stocks on the back of a strengthening NT dollar, which appreciated 1.8% over the US dollar during January. Related sectors including construction, retailing, transportation, and tourism each rose more than 15% during the month. The focus was also on mid- and small-size companies and their leveraged growth prospects in 2004. The only sector that posted negative returns in January was the plastics sector, which experienced a downward correction after a strong rally in December 2003.

In US dollar terms, the Fund returned 9.90% in January, which was slightly below the TAIEX's return of 10.18%. While our sector-balanced strategy helped us benefit from the strong market, our holdings in the plastics and transportation sectors underperformed their respective sectors, which negatively affected the Fund's performance. Conversely, our holdings in the technology sector, such as IC packaging and handset related companies, positively affected the performance of the Fund.

While we expect a volatile market as the March presidential election approaches in March, our positive view of the market has not changed. We continue to favor the cyclical growth area and we will look to accumulate related stocks on any weakness during the coming month.

**Total Fund Sector Allocation**

<b>As of 01/31/04</b>	<b>% of Total Fund</b>	<b>% of TAIEX</b>
Semiconductor	22.40	22.33
Banking	16.10	18.61
PC & Peripherals	13.70	14.41
Electronics	10.90	10.41
Plastics	7.90	7.01
Telecommunication	6.50	6.47
Steel	4.20	3.11
Transportation	3.20	2.89
Auto	2.30	1.29
Textile	1.70	1.86
Electricals	1.50	1.30
Chemical	1.00	1.42

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Cement	0.70	0.94
Wire & Cable	0.70	0.77
Retail	0.60	0.87
Others	4.59	6.31
<b>Total</b>	<b>97.99</b>	<b>100.00</b>
Cash	2.01	
<b>Tech</b>	<b>53.52</b>	<b>54.16</b>
<b>Non-Tech</b>	<b>28.35</b>	<b>27.23</b>
<b>Financial</b>	<b>16.12</b>	<b>18.61</b>
<b>Total Net Asset: US\$237.93Million</b>		

**Top 10 Holdings of Total Fund Portfolio**

<u>As of 01/31/04</u>	<u>% of Total Portfolio</u>
Taiwan Semiconductor Manufacturing Co.	8.14
Cathay Financial Holding Co. Ltd.	4.06
Hon Hai Precision Industry Co. Ltd.	3.79
United Microelectronics Corp. Ltd.	3.63
Au Optronics Corp.	3.57
MediaTek, Inc.	3.41
China Steel Corp.	3.36
Advanced Semiconductor Engineering, Inc.	3.10
Chunghwa Telecom Co. Ltd.	3.09
Chinatrust Financial Holding Co. Ltd.	2.97
<b>Total</b>	<b>39.12</b>
<b>NAV: US\$14.54 Price: US\$12.97</b>	<b>Discount: -10.80%</b>
<b>No. of Shares: 16.4Million</b>	

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

	<u>The Taiwan Fund, Inc.</u>	<u>Taiwan Stock Exchange Index</u>
<b>One Month</b>	<b>9.90</b>	<b>10.18</b>
<b>Fiscal Year to Date**</b>	<b>13.40</b>	<b>15.60</b>
<b>One Year</b>	<b>29.52</b>	<b>32.12</b>
<b>Three Years</b>	<b>-2.26</b>	<b>1.42</b>
<b>Five years</b>	<b>0.25</b>	<b>0.57</b>
<b>Ten Years</b>	<b>0.04</b>	<b>1.89</b>
<b>Since Inception</b>	<b>10.48</b>	<b>11.61</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 ( TAIEX ) 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.





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	<b>As of 12/31/03</b>	<b>As of 01/31/04</b>
TAIEX	5890.69	6375.38
% change in NTD terms	2.06	8.23
% change in USD terms	2.66	10.18
NTD Daily avg. trading volume (In Billions)	62.84	123.08
USD Daily avg. trading volume (In Billions)	1.85	3.69
NTD Market Capitalization (In Billions)	12376.84	13429.22
USD Market Capitalization (In Billions)	364.56	402.68
FX Rate: (US\$/NT\$)	33.95	33.35

*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***

***\*Victor Shih became the Lead Fund Manager effective January 12, 2004.***