VOLITIONRX LTD
Form 424B5
March 09, 2018

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-206781

PROSPECTUS SUPPLEMENT
(To Prospectus dated September 18, 2015)

VOLITIONRX LIMITED

3,500,000 Shares of Common Stock

We are offering 3,500,000 shares of our common stock. Our common stock is listed on the NYSE American under the symbol "VNRX." On March 7, 2018, the last reported sale price of our common stock was $2.86 per share.

Investing in our common stock involves a high degree of risk. You should carefully review the risks and uncertainties described under the heading "Risk Factors" beginning on page S-5 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$ 2.400	$ 8,400,000
Underwriting discount[(1)]	$ 0.144	$ 504,000
Proceeds, before expenses, to us	$ 2.256	$ 7,896,000

(1) See "Underwriting" for additional disclosure regarding underwriting discounts, commissions and estimated offering expenses.

We have granted the underwriters an option for a period of 30 days from the date of this prospectus supplement to purchase up to an additional 525,000 shares of common stock to cover overallotments at the public offering price, less underwriting discounts and commissions. If the underwriters exercise their option in full, the total underwriting discounts and commissions payable by us will be $579,600, and the total proceeds to us, before expenses, will be $9,080,400.

The underwriters expect to deliver the shares against payment on or about March 13, 2018, subject to customary closing conditions.

Sole Book – Running Manager

Oppenheimer & Co.

Co-Manager

National Securities Corporation

The date of this prospectus supplement is March 9, 2018.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is part of a registration statement that was filed with the Securities and Exchange Commission, or the SEC, using a "shelf" registration process and consists of two parts. The first part is the prospectus supplement, including the documents incorporated by reference herein, which describes the specific terms of this offering. The second part, the accompanying prospectus, including the documents incorporated by reference therein, provides more general information. In general, when we refer only to the prospectus, we are referring to both parts of this document combined. Before you invest, you should carefully read this prospectus supplement, the accompanying prospectus, all information incorporated by reference herein and therein, as well as the additional information described under the heading "Where You Can Find More Information." These documents contain information you should carefully consider when deciding whether to invest in our common stock.

This prospectus supplement may add, update or change information contained in the accompanying prospectus. To the extent there is a conflict between the information contained in this prospectus supplement and the accompanying prospectus, you should rely on information contained in this prospectus supplement, provided that if any statement in, or incorporated by reference into, one of these documents is inconsistent with a statement in another document having a later date, the statement in the document having the later date modifies or supersedes the earlier statement. Any statement so modified will be deemed to constitute a part of this prospectus only as so modified, and any statement so superseded will be deemed not to constitute a part of this prospectus.

You should rely only on the information contained in this prospectus supplement, the accompanying prospectus, any document incorporated by reference herein or therein, or any free writing prospectuses we may provide to you in connection with this offering. Neither we nor any of the underwriters have authorized anyone to provide you with any different information. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may provide to you. The information contained in this prospectus supplement, the accompanying prospectus, and in the documents incorporated by reference herein or therein is accurate only as of the date such information is presented. Our business, financial condition, results of operations and prospects may have changed since that date.

This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the shares of common stock to which it relates, nor do this prospectus supplement and the accompanying prospectus constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Unless otherwise indicated, information contained in or incorporated by reference into this prospectus concerning our industry and the markets in which we operate, including market position and market opportunity, is based on information from our management's estimates, as well as from industry publications and research, surveys and studies conducted by third parties. Management estimates are derived from publicly available information, our knowledge of our industry and assumptions based on such information and knowledge, which we believe to be reasonable. However, assumptions and estimates of our future performance, and the future performance of our industry are subject to numerous known and unknown risks and uncertainties, including those described under the heading "Risk Factors"

beginning on page S-5 of this prospectus supplement. These and other important factors could result in our estimates and assumptions being materially different from future results. You should read the information contained in, or incorporated by reference into, this prospectus completely and with the understanding that future results may be materially different and worse from what we expect. See the information included under the heading "Cautionary Note Regarding Forward-Looking Information."

Unless otherwise stated in this prospectus supplement and the accompanying prospectus, references to "Company," "VolitionRx," "we," "us," or "our" refer to VolitionRx Limited and its wholly-owned subsidiaries. Nucleosomics™, NuQ® and Hypergenomics® and their respective logos are trademarks and/or service marks of VolitionRx and its subsidiaries. All other trademarks, service marks and trade names referred to in this prospectus supplement and the accompanying prospectus are the property of their respective owners.

PROSPECTUS SUPPLEMENT SUMMARY

This prospectus supplement summary discusses the key aspects of the offering and highlights certain information appearing elsewhere in this prospectus supplement, in the accompanying prospectus and in the documents we incorporate by reference herein and therein. However, as this is a summary, it does not contain all of the information that you should consider before deciding to invest in our common stock. You are encouraged to carefully read this entire prospectus, the accompanying prospectus, any free writing prospectus that we have been authorized to use and the documents incorporated by reference herein and in the accompanying prospectus. You should pay special attention to the information provided under the heading "Risk Factors" in this prospectus supplement and in the accompanying prospectus and under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, incorporated by reference herein.

Company Overview

We are a multi-national life sciences company developing simple, easy to use, cost effective blood tests to help diagnose a range of cancers.

Our tests are based on the science of Nucleosomics®, which is the practice of identifying and measuring nucleosomes in the bloodstream or other bodily fluid – an indication that disease is present.

The principle behind what we are doing relies on bringing together two main lines of research: the chromosomes of cancer cells differ from those of healthy cells – both in terms of DNA sequence (due to genetic cancer mutations) and in protein structure - due to epigenetic changes. There are chromosome fragments from dead cancer cells circulating in the blood as nucleosomes. Each such circulating nucleosome contains a small (approx. 140bp) fragment of tumor DNA.

Our Nucleosomics technology exploits the different compositions of circulating nucleosome structures present in the serum of cancer patients to detect and identify cancer diseases.

We have developed a novel suite of blood assays for epigenetically altered circulating nucleosomes as biomarkers in cancer. Nu.Q™ products are simple, low-cost, ELISA platform tests and can incorporate other off patent, low cost ELISA tests in our panels (e.g. CEA, PSA, CA125) for higher accuracy.

Our diagnostic target in the blood is the same tumor chromosome fragment, but our approach is to test for chromosome protein and nucleic acid changes in intact chromosome fragments by ELISA, rather than chemically extracting, amplifying, and sequencing the ctDNA and discarding the rest of the nucleosome. ELISA is possible because the targets of our tests occur globally across all nucleosomes within a tumor cell, whereas individual ctDNA changes must be identified within the three billion base-pair genomes. This means that the targets of our tests are exponentially more prevalent in circulating blood, and detectable using simple laboratory methods.

How is Nu.Q different from ctDNA?

When a cancer cell dies, the nuclear components are metabolized into 20 million individual DNA-Nu complexes and released into circulation. A cancer mutation will occur in one of the DNA-Nu complexes.

ctDNA sequencing methods (in development) must target that one in 20 million DNA-Nu complexes.

Nu.Q targets all 20 million circulating DNA-Nu complexes because nucleosome modifications occur globally.

Nu.Q is a simple, low-cost ELISA and can incorporate other ELISA tests in our panels.

Using our Nucleosomics technology, we have developed 39 epigenetic Nu.Q assays, which are designed to detect the level and structure of nucleosomes in blood. Epigenetics is the science of how genes are switched “on” or “off” in the body’s cells. A major factor controlling the switching “on” and “off” is the structuring of DNA. The DNA in human cells is packaged as protein complexes in a “beads on a string” structure. Each individual protein/DNA “bead” is called a nucleosome. These nucleosomes then form additional structures with increasingly dense packing, culminating in chromosomes containing hundreds of thousands of nucleosomes as depicted in Figure 1 below.

Figure 1 – A nucleosome

Cancer is characterized by uncontrolled and often rapid cell growth which exceeds the corresponding rate of cell death. When cells die, the DNA fragments into individual nucleosomes which are released into the blood as illustrated in Figure 2 below. The cell debris in the bloodstream is eventually recycled back into the body. When a cancer is present, the number of dying cells can overwhelm the recycling process, leaving the excess fragments, including the nucleosomes, in the blood. Importantly, the structure of nucleosomes is not uniform but subject to immense variety, and nucleosomes in cancer cells have differences in structure from those in healthy cells.

Figure 2 – Release of nucleosomes into blood

Blood nucleosome levels can be raised in conditions other than cancer, including in auto-immune disease, inflammatory disease, endometriosis, sepsis, and in the immediate aftermath of major trauma (for example following a heart attack, surgery or car accident). Our primary focus is on cancer diagnosis, but we also intend to pursue diagnostic opportunities in other disease areas.

We have incurred losses since inception, have negative cash flows from operations, and currently have no revenues, and we do not anticipate earning significant revenues until such time as we are able to fully market our intended products. For this reason, our auditors stated in their report on our most recent audited financial statements that our losses and negative cash flow from operations raise substantial doubt that we will be able to continue as a going concern without further financing. See *Item 8. Financial Statements and Supplementary Data* of our Annual Report

on Form 10-K filed with the SEC on March 1, 2018 for a discussion of our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to successfully accomplish our plan of operations described herein, obtain financing and eventually attain profitable operations.

Corporate Information

We are a Delaware corporation. Our executive offices are located at 1 Scotts Road, #24-05 Shaw Centre, Singapore 228208, and our telephone number is +1 (646) 650-1351. We maintain a website at www.volitionrx.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to such reports are available to you free of charge through the Investors section of www.volitionrx.com as soon as practicable after such materials have been electronically filed with, or furnished to, the Securities and Exchange Commission. The information contained on our website is not incorporated by reference into this prospectus. We have included our website address only as an inactive textual reference and do not intend it to be an active link to our website.

The Offering

Issuer:	VolitionRx Limited
Offering Price:	$2.40 per share
Common Stock offered by us:	3,500,000 shares (or 4,025,000 shares if the underwriters exercise in full their option to purchase additional shares)
Common Stock to be outstanding immediately after this offering:	30,019,394 shares (or 30,544,394 shares if the underwriters exercise in full their option to purchase additional shares)
Option to purchase additional shares:	The underwriters have an option to purchase a maximum of 525,000 additional shares of common stock from us to cover over-allotments. The underwriters can exercise this option at any time within 30 days from the date of this prospectus supplement.
Use of proceeds:	We intend to use the net proceeds from this offering for continued product development, clinical studies, product commercialization, working capital and other general corporate purposes. See the information included under the heading “Use of Proceeds.”
Risk factors:	Investing in our common stock involves a high degree of risk. See the information included under the heading “Risk Factors” beginning on page S-5 of this prospectus supplement for a discussion of factors that you should carefully consider before deciding to invest in our common stock.
Trading symbol:	Our common stock is currently quoted on the NYSE American under the symbol “VNRX.”

Unless otherwise indicated, the number of shares of our common stock to be outstanding after this offering is based on 26,519,394 shares of our common stock outstanding as of December 31, 2017, and excludes:

1,731,680 shares of our common stock issuable upon the exercise of common stock purchase warrants outstanding as of December 31, 2017, with a weighted average exercise price of approximately $2.36 per share;

2,939,134 shares of our common stock issuable upon the exercise of stock options outstanding as of December 31, 2017, with an exercise price of approximately $4.09 per share; and

829,000 additional shares of common stock reserved for future issuance under our 2015 Stock Incentive Plan, as of December 31, 2017.

Unless otherwise indicated, this prospectus reflects and assumes the following:

no exercise of the outstanding options and warrants described above; and

no exercise by the underwriters of their option to purchase additional shares of our common stock.

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before making an investment decision, you should carefully consider the risks described below, together with all of the other information included in this prospectus supplement, the accompanying prospectus, and the information incorporated by reference herein and therein.

If any of the risks described below, or those incorporated by reference into this prospectus, actually occur, our business, financial condition or results of operations could suffer. In that case, the trading price of our common stock may decline and you may lose all or part of your investment. The risks and uncertainties we have described are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business, financial condition and results of operations. Certain statements below are forward-looking statements. See the information included under the heading "Cautionary Note Regarding Forward-Looking Information."

Risks Associated with our Company

We have not generated any significant revenue since our inception and we may never achieve profitability.

We are a clinical stage company and have incurred losses since our formation. As of December 31, 2017, we have an accumulated total deficit of approximately $55.7 million. As we continue the discovery and development of our future diagnostic products, our expenses are expected to increase significantly. Even as we begin to market and sell our intended products, we expect our losses to continue as a result of ongoing research and development expenses, as well as increased manufacturing, sales and marketing expenses. These losses, among other things, have had and will continue to have an adverse effect on our working capital, total assets and stockholders' equity. Because of the numerous risks and uncertainties associated with our product development and commercialization efforts, we are unable to predict when we will become profitable, and we may never become profitable. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. If we are unable to achieve and then maintain profitability, our business, financial condition and results of operations will be negatively affected and the market value of our common stock will decline.

We may need to raise additional capital in the future. If we are unable to secure adequate funds on terms acceptable to us, we may be unable to execute our plan of operations.

We will require additional capital to fully fund our current strategic plan, which includes successfully commercializing our Nu.Q colorectal cancer pipeline and developing future products. If we incur delays in commencing commercialization of our Nu.Q colorectal cancer pipeline or other future products or in achieving significant product revenue, or if we encounter other unforeseen adverse business developments, we may exhaust our

capital resources prior to the commencement of commercialization.

We cannot be certain that additional capital will be available when needed or that our actual cash requirements will not be greater than anticipated. Financing opportunities may not be available to us, or if available, may not be available on favorable terms. The availability of financing opportunities will depend on various factors, such as market conditions and our financial condition and outlook. In addition, if we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders could be significantly diluted, and these newly-issued securities may have rights, preferences or privileges senior to those of existing stockholders. If we obtain debt financing, a substantial portion of our operating cash flow may be dedicated to the payment of principal and interest on such indebtedness, and the terms of the debt securities issued could impose significant restrictions on our operations. If we are unable to obtain financing on terms favorable to us, we may be unable to execute our plan of operations and we may be required to cease or reduce development or commercialization of any future products, sell some or all of our technology or assets or merge with another entity.

It is difficult to forecast our future performance, which may cause our financial results to fluctuate unpredictably.

Our limited operating history and the rapid evolution of the market for diagnostic products make it difficult for us to predict our future performance. A number of factors, many of which are outside of our control, may contribute to fluctuations in our financial results, such as:

- our ability to develop or procure antibodies for clinical use in our future products;
- our ability to translate preliminary clinical results to larger prospective symptomatic and screening populations;
- the demand for our intended products;
- our ability to obtain any necessary financing;
- our ability to market and sell our future products;
- market acceptance of our future products and technology;
- performance of any future strategic business partners;

our ability to obtain regulatory clearances or approvals;

our success in collecting payments from third-party payors and customers;

changes in technology that may render our future products uncompetitive or obsolete;

competition with other cancer diagnostics companies; and

adverse changes in the healthcare industry.

Our future success depends on our ability to retain our officers and directors, scientists, and other key employees and to attract, retain and motivate qualified personnel.

Our success depends on our ability to attract, retain and motivate highly qualified management and scientific personnel. In particular, we are highly dependent on Cameron Reynolds, our President and Chief Executive Officer, our other officers and directors, scientists and key employees. The loss of any of these persons or their expertise would be difficult to replace and could have a material adverse effect on our ability to achieve our business goals. In addition, the loss of the services of any one of these persons may impede the achievement of our research, development and commercialization objectives by diverting management's attention to the identification of suitable replacements, if any. There can be no assurance that we will be successful in hiring or retaining qualified personnel and our failure to do so could have a material adverse effect on our business, financial condition and results of operations.

Recruiting and retaining qualified scientific personnel and, in the future, sales and marketing personnel will also be critical to our success. We may not be able to attract and retain these personnel on acceptable terms given the competition among pharmaceutical, biotechnology and diagnostic companies for similar personnel. We also experience competition for the hiring of scientific personnel from universities and research institutions. We do not maintain "key person" insurance on any of our employees. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research, development and commercialization strategies. Our consultants and advisors, however, may have other commitments or employment that may limit their availability to us.

We expect to expand our product development, research and sales and marketing capabilities, and as a result, we may encounter difficulties in managing our growth, which could disrupt our operations.

We are focused on developing our pipeline for future products. Our efforts will result in significant growth in the number of our consultants, advisors, and employees and the scope of our operations. In order to manage our anticipated future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities, and continue to recruit and train additional qualified personnel. Due to our limited resources, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management

and business development resources. Any inability to manage growth could delay the execution of our business plan or disrupt our operations.

We have limited experience with direct sales and marketing and any failure to build and manage a direct sales and marketing team effectively, or to successfully engage third party providers for such services, could have a material adverse effect on our business.

Our products will require several dynamic and evolving sales models tailored to different worldwide markets, users and products. In 2015, we decided to focus our sales strategy on the clinical in vitro diagnostic device, or IVD, market with the CE Marking of our first product in Europe. Following CE Marking of our first product in Europe we intend to enter the European markets and, following the completion of any necessary regulatory clearances, certain Asian markets. Even when we have received a CE Mark, we must still seek regulatory clearance in other jurisdictions. A failure to obtain these regulatory clearances in other jurisdictions could negatively affect our business. Pending completion of our review of the regulatory environment in the United States, including the effect of recent pronouncements regarding LDTs by the FDA, we may decide to enter the United States market through a CLIA certified laboratory in the United States. We intend to progressively grow to large volumes of tests sold to centralized laboratories and eventually reach the mass diagnostics testing market. The exact nature of the ideal sales strategy will evolve as we continue to develop our intended products and seek entry into the IVD markets. We have limited experience with direct sales and marketing and we currently intend to engage a network of distributors to help commercialize our products worldwide. Any failure to build and manage a direct sales and marketing team effectively, or to successfully engage third party providers for such services, could have a material adverse effect on our business.

There are significant risks involved in building and managing our sales and marketing organization, as well as identifying and negotiating deals with the right sales and distribution partners, including risks related to our ability to:

- identify appropriate partners;
- negotiate beneficial partnership and distribution agreements;
- hire qualified individuals as needed;
- generate sufficient leads within our targeted market for our sales force;

provide adequate training for effective sales and marketing;

protect intellectual property rights;

retain and motivate our direct sales and marketing professionals; and

effectively oversee geographically dispersed sales and marketing teams.

Our failure to adequately address these risks could have a material adverse effect on our ability to increase sales and use of our future products, which would cause our revenues to be lower than expected and harm our results of operations.

Our Second Amended and Restated Certificate of Incorporation exculpates our officers and directors from certain liability to our Company and our stockholders.

Our Second Amended and Restated Certificate of Incorporation contains a provision limiting the liability of our officers and directors for their acts or failures to act, except for acts involving intentional misconduct, fraud or a knowing violation of law. This limitation on liability may reduce the likelihood of derivative litigation against our officers and directors and may discourage or deter our stockholders from suing our officers and directors based upon breaches of their duties to our Company.

We have identified material weaknesses in our internal control over financial reporting that have not yet been remediated, and the failure to address these material weaknesses, or the identification of any others, could impact the reliability of our financial reporting and harm investors' views of us, which could adversely impact our stock price.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Exchange Act Rule 13a-15(f), internal control over financial reporting is a process designed by, or under the supervision of, the principal executive and principal financial officer and effected by the board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and dispositions of assets;

provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and/or directors; and

provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

We have determined that we have material weaknesses in our internal control over financial reporting as of December 31, 2017. See *Item 9A. Controls and Procedures* of our Annual Report on Form 10-K filed with the SEC on March 1, 2018 for a complete discussion of these material weaknesses in our internal control over financial reporting and remediation efforts. Although we are undertaking steps to address these material weaknesses, the existence of a material weakness is an indication that there is more than a remote likelihood that a material misstatement of our financial statements will not be prevented or detected in the current or any future period. There can be no assurance that we will be able to fully implement our plans and controls, as further described in *Item 9A* of our Annual Report on Form 10-K filed with the SEC on March 1, 2018, to address these material weaknesses, or that the plans and controls, if implemented, will be successful in fully remediating these material weaknesses. In addition, we may in the future identify further material weaknesses in our internal control over financial reporting that we have not discovered to date. If we fail to successfully remediate the identified material weaknesses, or we identify further material weaknesses in our internal controls, the market's confidence in our financial statements could decline and the market price of our common stock could be adversely impacted. Additionally, for so long as we remain as a smaller reporting company, under current rules our accounting firm will not be required to provide an opinion regarding our internal controls over financial reporting.

We have a "going concern" opinion from our auditors, indicating the possibility that we may not be able to continue to operate.

Our independent registered public accountants have expressed substantial doubt about our ability to continue as a going concern. This opinion could materially limit our ability to raise additional funds by issuing new debt or equity securities or otherwise. If we fail to raise sufficient capital when needed, we will not be able to complete our proposed business plan. As a result we may have to liquidate our business and investors may lose their investments. Our ability to continue as a going concern is dependent upon our ability to successfully accomplish our plan of operations described herein, obtain financing and eventually attain profitable operations. Investors should consider our independent registered public accountant's comments when deciding whether to invest in the Company.

Our management has broad discretion over the use of our available cash and might not spend available cash in ways that increase the value of your investment.

As of December 31, 2017, we had $10.1 million in combined cash and marketable securities compared to $21.7 million as of December 31, 2016. Our management currently expects to deploy these resources primarily to expand our commercialization activities, to fund our product development efforts and for general corporate and working capital purposes. However, our management has broad discretion to pursue other objectives. You will be relying on the judgment of our management regarding the application and prioritization of our resources. Our management might not apply our cash in ways that increase or permit any return of your investment.

Risks Associated with our Business

Failure to successfully develop, manufacture, market, and sell our future products will have a material adverse effect on our business, financial condition, and results of operations.

We are in the process of developing a suite of diagnostic tests as well as additional products. The successful development and commercialization of our intended products is critical to our future success. Our ability to successfully develop, manufacture, market, and sell our future products is subject to a number of risks, many of which are outside our control. There can be no assurance that we will be able to develop and manufacture products in commercial quantities at acceptable costs, successfully market any products, or generate revenues from the sale of any products. Failure to achieve any of the foregoing would have a material adverse effect on our business, financial condition, and results of operations.

Our business is dependent on our ability to successfully develop and commercialize diagnostic products. If we fail to develop and commercialize diagnostic products, we may be unable to execute our plan of operations.

Our current business strategy focuses on discovering, developing and commercializing diagnostic products. The success of our business will depend on our ability to fully develop and commercialize the diagnostic products in our current development pipeline as well as continue the discovery and development of other diagnostics products. Currently, we are heavily dependent on our Nu.Q colorectal cancer pipeline. The commercial success of our Nu.Q colorectal cancer pipeline will impact our ability to generate revenues.

Prior to commercializing the Nu.Q Colorectal Cancer Screening Triage Test and other diagnostic products, we will be required to undertake time-consuming and costly development activities with uncertain outcomes, including conducting clinical studies and obtaining regulatory clearance or approval in the United States and in Europe. Delays in obtaining approvals and clearances could have material adverse effects on us and our ability to fully carry out our plan of operations. We have limited experience in taking products through these processes and there are considerable

risks involved in these activities. The science and methods that we are employing are innovative and complex, and it is possible that our development programs will ultimately not yield products suitable for commercialization or government approval. Products that appear promising in early development may fail to be validated in subsequent studies, and even if we achieve positive results, we may still fail to obtain the necessary regulatory clearances or approvals. Few research and development projects result in commercial products, and perceived viability in early clinical studies often is not replicated in later studies. At any point, we may abandon development of a product, or we may be required to expend considerable resources obtaining additional clinical and nonclinical data, which would adversely impact the timing for generating potential revenue from those products. Further, our ability to develop and launch diagnostic tests is dependent on our receipt of substantial additional funding. If our discovery and development programs yield fewer commercial products than we expect, we may be unable to execute our business plan, and our business, financial condition and results of operations may be adversely affected.

The results of pre-clinical studies and completed clinical trials are not necessarily predictive of future results, and our current product candidates may not have favorable results in later studies or trials which, in turn, could have a material adverse effect on our business.

As described above, we must conduct extensive testing of our product candidates and new indications of our marketed products before we can obtain regulatory approval to market and sell them. Success in pre-clinical studies or completed clinical trials does not ensure that later studies or trials, including continuing pre-clinical studies and large-scale clinical trials, will be successful nor does it necessarily predict future results. Favorable results in early studies or trials may not be repeated in later studies or trials, and product candidates in later stage trials may fail to show acceptable safety and efficacy despite having progressed through earlier trials. We may be required to demonstrate through large, long-term outcome trials that our product candidates are safe and effective for use in a broad population prior to obtaining regulatory approval. The failure of clinical trials to demonstrate the safety and effectiveness of our clinical candidates for the desired indication(s) would preclude the successful development of those candidates for such indication(s), in which event our business, prospects, results of operations and financial condition may be adversely affected.

Our failure to obtain necessary regulatory clearances or approvals on a timely basis would significantly impair our ability to distribute and market our future products on the clinical IVD market.

We are subject to regulation by the FDA in the United States, the Conformité Européenne in Europe and other regulatory bodies in other countries where we intend to sell our future products. Before we are able to place our intended products in the clinical IVD markets in the United States and Europe, we will be required to obtain clearance or approval of our future products from the FDA and receive a CE Mark, respectively

The European Union has recently adopted regulations that may impose additional requirements to obtain a CE Mark, which could result in delays and further expense, in terms of staff costs to us as compared to the current CE Mark process. The new regulations will require each product submission to be thoroughly audited by Notified Bodies, instead of the current self-certification process. The EU MDR will be fully applicable in 2020 and the EU IVDR will be fully applicable in 2022.

Additionally, even if we receive the required government clearance or approval of our intended products, we are still subject to continuing regulation and oversight. Under the FDA, diagnostics are considered medical devices and are subject to ongoing controls and regulations, including inspections, compliance with established manufacturing practices, device-tracking, record-keeping, advertising, labeling, packaging, and compliance with other standards. The process of complying with such regulations with respect to current and new products can be costly and time-consuming. Failure to comply with these regulations could have a material adverse effect on our business, financial condition, and results of operations. Furthermore, any FDA regulations governing our future products are subject to change at any time, which may cause delays and have material adverse effects on our operations. In Europe, IVD companies are currently able to self-certify that they meet the appropriate regulatory requirements (which is subject to change with the EU MDR and the EU IVDR noted above) but are subject to inspection for enforcement. European national agencies, such as customs authorities and/or the Departments of Health, Industry and Labor, conduct market surveillance to ensure the applicable requirements have been met for products marketed within the European Union.

Reductions or changes in reimbursement policies could limit our ability to sell our products.

Market acceptance and sales of our products will depend, in part, on reimbursement policies and may be affected by healthcare reform measures. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which products they will pay for and establish reimbursement levels for those products. To manage healthcare costs, many governments and third-party payors in the United States increasingly scrutinize the pricing of new products and require greater levels of evidence of favorable clinical outcomes and cost-effectiveness before extending coverage. We cannot be sure that reimbursement will be available for our products and, if reimbursement is available, the level of such reimbursement. Reimbursement may impact the demand for, or the price of, our products. If reimbursement is not available or is available only at limited levels, we may not be able to successfully commercialize our future products.

If the marketplace does not accept the products in our development pipeline or any other diagnostic products we might develop, we may be unable to generate sufficient revenue to sustain and grow our business.

Our intended products may never gain significant acceptance in the research or clinical marketplace and therefore may never generate substantial revenue or profits. Physicians, hospitals, clinical laboratories, researchers or others in the healthcare industry may not use our future products unless they determine that they are an effective and cost-efficient means of detecting and diagnosing cancer. If our research and studies do not satisfy providers, payors and others as to the reliability and effectiveness, we may experience reluctance or refusal on the part of the physician to use our future products. In addition, we will need to expend a significant amount of resources on marketing and educational efforts to create awareness of our future products and to encourage their acceptance and adoption. If the market for our future products does not develop sufficiently or the products are not accepted, our revenue potential will be harmed.

The cancer diagnostics market is highly competitive and subject to rapid technological change; accordingly, we will face fierce competition and our intended products may become obsolete.

The cancer diagnostics market is extremely competitive and characterized by evolving industry standards and new product enhancements. Cancer diagnostic tests are technologically innovative and require significant planning, design, development, and testing at the technological, product, and manufacturing process levels. These activities require significant capital commitments and investment. There can be no assurance that our intended products or proprietary technologies will remain competitive following the introduction of new products and technologies by competing companies within the industry. Furthermore, there can be no assurance that our competitors will not develop products that render our future products obsolete or that are more effective, accurate or can be produced at lower costs. There can be no assurance that we will be successful in the face of increasing competition from new technologies or products introduced by existing companies in the industry or by new companies entering the market.

We expect to face intense competition from companies with greater resources and experience than us, which may increase the difficulty for us to achieve significant market penetration.

The market for cancer diagnostics is intensely competitive, subject to rapid change, and significantly affected by new product introductions and other market activities of industry participants. Our competitors include large multinational corporations and their operating units, including Abbott Laboratories Inc., Cepheid Inc., Philips, GE Healthcare, Siemens, Gen-Probe Incorporated, MDxHealth SA, EpiGenomics AG, Roche Diagnostics, Exact Sciences Corporation and several others. Most of these companies have substantially greater financial, marketing and other resources than we do. Most of these companies are either publicly traded or a division of a publicly traded company, and enjoy several competitive advantages, including:

- significantly greater name recognition;
- established relationships with healthcare professionals, companies and consumers;
- additional lines of products, and the ability to offer rebates or bundle products to offer higher discounts or incentives to gain a competitive advantage;
- established supply and distribution networks; and
- greater resources for product development, sales and marketing, and intellectual property protection.

Many of these other companies have developed and will continue to develop new products that will compete directly with our future products. In addition, many of our competitors spend significantly greater funds for the research, development, promotion, and sale of new and existing products. These resources may allow them to respond more quickly to new or emerging technologies and changes in consumer requirements. We also face competition in our search for third parties to assist us with sales and marketing and our product candidates, which may negatively impact our ability to enter into favorable sales and marketing arrangements. For all the foregoing reasons, we may not be able to compete successfully against our competitors.

Declining global economic or business conditions may have a negative impact on our business.

Continuing concerns over United States healthcare reform legislation and energy costs, geopolitical issues, the availability and cost of credit and government stimulus programs in the United States and other countries have contributed to increased volatility and diminished expectations for the global economy. These factors, combined with low business and consumer confidence and high unemployment precipitated a global economic slowdown and recession. If the economic climate does not improve or continues to deteriorate, our business, including our access to the Research Use Only, or RUO, or clinical IVD markets for diagnostic tests, could be adversely affected, resulting in a negative impact on our business, financial condition and results of operations.

On June 23, 2016, the United Kingdom held a referendum in which voters approved an exit from the European Union, commonly referred to as "Brexit". As a result of the referendum, the British government has begun to negotiate the terms of the United Kingdom's future relationship with the European Union. Although it is unknown what those terms will be, it is possible that there will be greater restrictions on imports and exports between the European Union countries and the United Kingdom and increased regulatory complexities. These changes may adversely affect our ability to market our future products in the United Kingdom which could have an adverse effect on our business, financial condition, and results of operations.

We will rely on third parties to manufacture and supply our intended products. Any problems experienced by these third parties could result in a delay or interruption in the supply of our intended products to our customers, which could have a material negative effect on our business.

We will rely on third parties to manufacture and supply our intended products. The manufacture of our intended diagnostic products will require specialized equipment and utilize complicated production processes that would be difficult, time-consuming and costly to duplicate. If the operations of third party manufacturers are interrupted or if they are unable to meet our delivery requirements due to capacity limitations or other constraints, we may be limited in our ability to fulfill our future sales orders. Any prolonged disruption in the operations of third party manufacturers could have a significant negative impact on our ability to sell our future products, could harm our reputation and could cause us to seek other third party manufacturing contracts, thereby increasing our anticipated development and commercialization costs. In addition, if we are required to change manufacturers for any reason, we will be required to verify that the new manufacturer maintains facilities and procedures that comply with quality standards required by the FDA and with all applicable regulations and guidelines. The delays associated with the verification of a new manufacturer could negatively affect our ability to develop products or receive approval of any products in a timely manner.

The manufacturing operations of our future third party manufacturers will likely be dependent upon third party suppliers, making us vulnerable to supply shortages and price fluctuations, which could harm our business.

The operations of our future third party manufacturers will likely be dependent upon third party suppliers. A supply interruption or an increase in demand beyond a supplier's capabilities could harm the ability of our future manufacturers to manufacture our intended products until new sources of supply are identified and qualified.

Reliance on these suppliers could subject us to a number of risks that could harm our business, including:

- interruption of supply resulting from modifications to or discontinuation of a supplier's operations;
- delays in product shipments resulting from uncorrected defects, reliability issues, or a supplier's variation in a component;
- a lack of long-term supply arrangements for key components with our suppliers;
- inability to obtain adequate supply in a timely manner, or to obtain adequate supply on commercially reasonable terms;
- difficulty and cost associated with locating and qualifying alternative suppliers for components in a timely manner;
- production delays related to the evaluation and testing of products from alternative suppliers, and corresponding regulatory qualifications;
- delay in delivery due to suppliers prioritizing other customer orders over ours;
- damage to our brand reputation caused by defective components produced by the suppliers; and
- fluctuation in delivery by the suppliers due to changes in demand from us or their other customers.

Any interruption in the supply of components of our future products or materials, or our inability to obtain substitute components or materials from alternate sources at acceptable prices in a timely manner, could impair our ability to meet the demand of our future customers, which would have an adverse effect on our business.

We will depend on third party distributors in the future to market and sell our future products which will subject us to a number of risks.

We will depend on third party distributors to sell, market, and service our future products in our intended markets. We are subject to a number of risks associated with reliance upon third party distributors including:

lack of day-to-day control over the activities of third party distributors;

third party distributors may not commit the necessary resources to market and sell our future products to our level of expectations;

third party distributors may terminate their arrangements with us on limited or no notice or may change the terms of these arrangements in a manner unfavorable to us; and

disagreements with our future distributors could result in costly and time-consuming litigation or arbitration which we could be required to conduct in jurisdictions with which we are not familiar.

If we fail to establish and maintain satisfactory relationships with our future third party distributors, our revenues and market share may not grow as anticipated, and we could be subject to unexpected costs which could harm our results of operations and financial condition.

If the patents that we rely on to protect our intellectual property prove to be inadequate, our ability to successfully commercialize our future products will be harmed and we may never be able to operate our business profitably.

Our success depends, in large part, on our ability to protect proprietary methods, discoveries and technologies that we develop under the patents and intellectual property laws of the United States, the European Union and other countries, so that we can seek to prevent others from unlawfully using our inventions and proprietary information. We have 17 patent families related to our diagnostic tests, with five patents granted in the United States and four patents granted in the European Union. Additionally, we have 12 patent applications in the name of our subsidiaries pending in the United States and the 13 patent applications in the European Union.

If we are not able to protect our proprietary technology and information, our competitors may use our inventions to develop competing products. We cannot assure you that any of the pending patent applications will result in patents being issued. In addition, due to technological changes that may affect our future products or judicial interpretation of the scope of our patents, our intended products might not, now or in the future, be adequately covered by our patents.

If third parties assert that we have infringed their patents and proprietary rights or challenge the validity of our patents and proprietary rights, we may become involved in intellectual property disputes and litigation that would be costly, time consuming, and delay or prevent the development or commercialization of our future products.

Our ability to commercialize our intended products depends on our ability to develop, manufacture, market and sell our future products without infringing the proprietary rights of third parties. Third parties may allege that our future products or our methods or discoveries infringe their intellectual property rights. Numerous United States and foreign patents and pending patent applications, which are owned by third parties, exist in fields that relate to our intended products and our underlying methodologies, discoveries and technologies. A third party may sue us for infringing its patent rights.

Our ability to successfully commercialize our intended products depends on our ability to protect our proprietary technology and information. Likewise, we may need to resort to litigation to enforce a patent issued or licensed to us or to determine the scope and validity of third party proprietary rights. In addition, a third party may claim that we have improperly obtained or used its confidential or proprietary information. The cost to us of any litigation or other proceeding relating to intellectual property rights, even if resolved in our favor, could be substantial, and the litigation could divert our management's attention from other aspects of our business. Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. Uncertainties resulting from the initiation and continuation of any litigation could limit our ability to continue our operations. Additionally, we cannot be certain of the level of protection, if any, that will be provided by our patents if they are challenged in court, where our competitors may raise defenses such as invalidity, unenforceability or possession of a valid license.

If we are found to infringe upon intellectual property rights of third parties, we might be forced to pay damages, potentially including treble damages. In addition to any damages we might have to pay, a court could require us to stop the infringing activity or obtain a license. Any license required under any patent may not be made available on commercially acceptable terms, if at all. In addition, such licenses are likely to be non-exclusive and, therefore, our competitors may have access to the same technology licensed to us. If we fail to obtain a required license and are unable to design around a patent, we may be unable to effectively market some or all of our future products, which could limit our ability to generate revenue or achieve profitability and possibly prevent us from generating revenue sufficient to sustain our operations.

If we are unable to protect our trade secrets, we may be unable to protect our interests in proprietary technology, processes and know-how that is not patentable or for which we have elected not to seek patent protection.

In addition to patented technology, we rely upon trade secret protection to protect our interests in proprietary know-how and for processes for which patents are difficult or impossible to obtain or enforce. We may not be able to protect our trade secrets adequately. Although we use reasonable efforts to protect our trade secrets, our employees, consultants, contractors and outside scientific advisors may unintentionally or willfully disclose our information to competitors. Enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes

less willing to protect trade secrets. We rely, in part, on non-disclosure and confidentiality agreements with our employees, consultants and other parties to protect our trade secrets and other proprietary technology. These agreements may be breached and we may not have adequate remedies for any breach. Moreover, others may independently develop equivalent proprietary information, and third parties may otherwise gain access to our trade secrets and proprietary knowledge. Any disclosure of confidential information into the public domain or to third parties could allow our competitors to learn our trade secrets and use the information in competition against us, which could adversely affect our competitive advantage.

Defects in our products may subject us to substantial damages which could materially harm our business or financial condition.

The products we develop could lead to product liability claims based on allegations that one or more of our products contained a design or manufacturing defect which resulted in the failure to detect the disease for which it was designed. A product liability claim could result in substantial damages and be costly and time consuming to defend, either of which could materially harm our business or financial condition. We cannot assure you that our product liability insurance would protect our assets from the financial impact of defending a product liability claim. Any product liability claim brought against us, with or without merit, could increase our product liability insurance rates or preventid #000000">

TOTAL COMMON STOCKS
(Cost $128,337,342)

156,734,881

TOTAL INVESTMENTS 90.8%
(Cost $128,337,342)

156,734,881

OTHER ASSETS AND LIABILITIES, NET 9.2%

15,837,978

NET ASSETS	100.0%
172,572,859	

The accompanying notes are an integral part of the financial statements.

Schedule of Investments/February 28, 2014

(Showing Percentage of Net Assets) *(unaudited) (continued)*

Legend:

TDR Taiwan Depositary Receipt

US $ United States Dollar

* Non-income producing

Financial Statements

STATEMENT OF ASSETS AND LIABILITIES

February 28, 2014 *(unaudited)*

Assets:		
Investments in securities, at value (cost $128,337,342) (Notes 2 and 3)		$ 156,734,881
Cash		3,891,642
Cash in New Taiwan dollars (cost $12,993,738)		12,815,514
Receivable for securities sold		3,156,296
Prepaid expenses		506
Total assets		176,598,839
Liabilities:		
Payable for securities purchased	$ 3,782,797	
Accrued management fee (Note 4)	115,338	
Accrued directors and officers fees and expenses	7,633	
Other payables and accrued expenses	120,212	
Total liabilities		4,025,980
Net Assets		$ 172,572,859
Net Assets Consist of:		
Paid in capital		$ 156,890,325
Accumulated undistributed net investment loss		(9,485,917)
Accumulated net realized loss on investments in securities and foreign currency transactions		(3,050,533)
Net unrealized appreciation on investment in securities and foreign currency transactions		28,218,984
Net Assets		$ 172,572,859
Net Asset Value, per share ($172,572,859/8,221,259 shares outstanding)		$20.99

STATEMENT OF OPERATIONS

For the Six Months Ended February 28, 2014 *(unaudited)*

Investment Income:		
Dividends		$ 182,896
Less: Taiwan withholding tax (Note 2)		(20,787)
Total investment income		162,109
Expenses:		
Management fees (Note 4)	$ 751,434	
Directors and officers fees and expenses	246,830	
Legal fees	96,446	
Administration and accounting fees	94,138	
Custodian fees	78,989	
Delaware franchise tax	44,964	
Taiwan stock dividend tax (Note 2)	40,301	
Insurance fees	37,389	
Audit fees	35,681	
Shareholder communications	32,146	
Compliance services fees	30,050	
Transfer agent fees	11,651	
Miscellaneous	85,622	
Total expenses		1,585,641
Net Investment Loss		(1,423,532)
Realized and Unrealized Gain (Loss) on:		
Net realized gain (loss) on:		
Investments	5,695,079	
Foreign currency transactions	514,558	
		6,209,637
Net change in unrealized appreciation (depreciation) on:		
Investments	9,277,695	
Foreign currency transactions	(180,568)	
		9,097,127
Net realized and unrealized gain		15,306,764
Net Increase in Net Assets Resulting From Operations		$ 13,883,232

The accompanying notes are an integral part of the financial statements.

FINANCIAL STATEMENTS *(continued)*

STATEMENTS OF CHANGES IN NET ASSETS

	Six Months Ended February 28, 2014 (unaudited)	*Year Ended August 31, 2013*
Increase/(Decrease) in Net Assets		
Operations:		
Net investment income (loss)	$ (1,423,532)	$ 1,118,186
Net realized gain on investments and foreign currency transactions	6,209,637	3,909,519
Net change in unrealized appreciation (depreciation) on investments and foreign currency transactions	9,097,127	11,425,018
Net increase in net assets resulting from operations	13,883,232	16,452,723
Capital stock transactions (Note 5):		
Cost of shares repurchased (Note 6)		(12,357,169)
Increase in net assets	13,883,232	4,095,554
Net Assets		
Beginning of period	158,689,627	154,594,073
End of period	172,572,859	158,689,627
Accumulated undistributed net investment loss included in end of period net assets	$ (9,485,917)	$ (8,062,385)

The accompanying notes are an integral part of the financial statements.

FINANCIAL STATEMENTS *(continued)*

FINANCIAL HIGHLIGHTS

Selected data for a share of common stock outstanding for the periods indicated

	Six Months Ended February 28, 2014 (unaudited)	*Year Ended August 31,*				
		2013	*2012*	*2011*	*2010^*	*2009*
Selected Per Share Data						
Net asset value, beginning of period	$ 19.30	$ 17.21	$ 20.20	$ 16.33	$ 13.84	$ 15.71
Income from Investment Operations:						
Net investment income (loss)(a)	(0.17)	0.13	0.02	0.14	0.16	0.18
Net realized and unrealized gain (loss) on investments and foreign currency transactions	1.86	1.96	(2.57)	3.81	2.40	(1.88)
Total from investment operations	1.69	2.09	(2.55)	3.95	2.56	(1.70)
Less Distributions to Shareholders from:						
Net investment income				(0.08)	(0.07)	(0.04)
Net realized gains			(0.56)			
Distribution in excess of net investment income						(0.13)
Total distributions to shareholders			(0.56)	(0.08)	(0.07)	(0.17)
Capital Share Transactions:						
Accretion (dilution) to net asset value, resulting from share repurchase program, tender offer or issuance of shares in stock dividend			0.12			
Net asset value, end of period	$ 20.99	$ 19.30	$ 17.21	$ 20.20	$ 16.33	$ 13.84
Market value, end of period	$ 18.91	$ 17.33	$ 15.58	$ 18.09	$ 14.67	$ 12.14
Total Return						
Per share net asset value(b)	8.76%	12.14%	(11.54)%	24.21%	18.56%	(10.29)%
Per share market value(b)	9.12%	11.23%	(10.58)%	23.82%	21.42%	(13.68)%
Ratio and Supplemental Data:						
Net Assets, end of period (000s)	$ 172,573	$ 158,690	$ 154,594	$ 375,172	$ 303,412	$ 257,062
Ratio of expenses before fee waiver(c)	1.87%(d)	1.96%	1.65%	1.43%	1.49%	1.79%
Ratio of expenses after fee waiver	1.87%(d)	1.96%	1.61%	1.43%	1.49%	1.63%

Ratio of net investment income (loss)	(1.68)%(d)	0.72%	0.12%	0.71%	1.03%	1.61%
Portfolio turnover rate	6%	14%	75%	54%	101%	109%

(a) Based on average shares outstanding during the period.

(b) Total investment return at net asset value (NAV) is based on changes in the NAV of Fund shares and assumes reinvestment of dividends and distributions, if any. Total investment return at market value is based on changes in the market price at which the Fund s shares traded on the stock exchange during the period and assumes reinvestment of dividends and distributions, if any, at actual prices pursuant to the Fund s dividend reinvestment program. Because the Fund s shares trade in the stock market based on investor demand, the Fund may trade at a price higher or lower than its NAV. Therefore, returns are calculated based on share price and NAV. During the years ended August 31, 2012 and 2009, the adviser reimbursed certain fund expenses. If the adviser had not reimbursed the Fund, the returns would have been lower.

(c) Expense ratio includes 20% tax paid on stock dividends received by the Fund. For the years ended August 31, 2013, 2012, 2011, 2010, and 2009, the Fund s ratio of expenses before fee waiver and excluding taxes paid on stock dividends was 1.80%, 1,58%, 1.28%, 1.40%, and 1.66%, respectively. For the six months ended February 28, 2014, the Fund s ratio of expenses before fee waiver and excluding taxes paid on stock dividends was 1.82% (annualized).

(d) Annualized.

As of February 22, 2014, Allianz Global Investors U.S. LLC (AllianzGI U.S.) succeeded Martin Currie Inc. as the Fund s investment adviser.

^ As of May 8, 2010, Martin Currie Inc. succeeded HSBC Global Asset Management (Taiwan) Limited (HSBC) as the Fund s investment adviser.

Notes to Financial Statements *(unaudited)*

February 28, 2014

1. Organization

The Taiwan Fund, Inc. (the Fund), a Delaware corporation, is registered under the Investment Company Act of 1940, as amended (the Act), as a diversified closed-end management investment fund.

The Fund concentrates its investments in the securities listed on the Taiwan Stock Exchange. Because of this concentration, the Fund may be subject to additional certain risks not typically associated with investing in securities of U.S. companies or the U.S. government, including (1) volatility of the Taiwan securities market, (2) restrictions on repatriation of capital invested in Taiwan, (3) fluctuations in the rate of exchange between the NT Dollar and the U.S. Dollar, and (4) political and economic risks. In addition, ROC accounting, auditing, financial and other reporting standards are not equivalent to U.S. standards and, therefore, certain material disclosures may not be made, and less information may be available to investors investing in Taiwan than in the United States. There is also generally less regulation by governmental agencies and self-regulatory organizations with respect to the securities industry in Taiwan than there is in the United States.

2. Significant Accounting Policies

The financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates. Management has evaluated the impact of all events or transactions occurring after year end through the date these financial statements were issued, and has determined that there were no subsequent events requiring recognition or disclosure. The following summarizes the significant accounting policies of the Fund:

Security Valuation. All securities, including those traded over-the-counter, for which market quotations are readily

available are valued at the last sales price prior to the time of determination of the Fund s net asset value per share or, if there were no sales on such date, at the closing price quoted for such securities (but if bid and asked quotations are available, at the mean between the last current bid and asked prices, rather than such quoted closing price). These securities are generally categorized as Level 1 securities in the fair value hierarchy. In certain instances where the price determined above may not represent fair market value, the value is determined in such manner as the Board of Directors (the Board) may prescribe. Foreign securities may be valued at fair value according to procedures approved by the Board if the closing price is not reflective of current market values due to trading or events occurring in the valuation time of the Fund. In addition, substantial changes in values in the U.S. markets subsequent to the close of a foreign market may also affect the values of securities traded in the foreign market. These securities may be categorized as Level 2 or Level 3 securities in the fair value hierarchy, depending on the valuation inputs. Short-term investments, having a maturity of 60 days or less are valued at amortized cost, which approximates market value, with accrued interest or discount earned included in interest receivable.

The Fund has adopted fair valuation accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion in changes in valuation techniques and related inputs during the period. These inputs are summarized in the three broad levels listed below:

Level 1 quoted unadjusted prices for identical instruments in active markets to which the Fund has access at the date of measurement.

Level 2 quoted prices for similar instruments in active markets; quoted prices for identical or similar

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Notes to Financial Statements *(unaudited) (continued)*

February 28, 2014

2. Significant Accounting Policies *continued*

instruments in markets that are not active; and model derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.

Level 3 model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect the Fund s own assumptions that market participants would use to price the asset or liability based on the best available information.

Investments in Securities	Level 1	Level 2	Level 3	Total
Common Stocks^	$ 156,734,881	$	$	$ 156,734,881
Total	$ 156,734,881	$	$	$ 156,734,881

^ See schedule of investments for industry breakout.
The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The Fund s policy is to disclose transfers between Levels based on valuations at the end of the reporting period. As of February 28, 2014, there were no transfers between Levels 1, 2, or 3 based on the valuation input levels.

Repurchase Agreements. In connection with transactions in repurchase agreements, it is the Fund s policy that its custodian take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the repurchase transaction, including accrued interest, at all times. If the seller defaults, and the fair value of the collateral declines, realization of the collateral by the Fund may be delayed or limited.

Foreign Currency Translation. The financial accounting records of the Fund are maintained in U.S. dollars.

Investment securities, other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the current exchange rate. Purchases and sales of securities, income receipts and expense payments are translated into U.S. dollars at the exchange rate on the dates of the transactions.

Reported net realized gains and losses on foreign currency transactions represent net gains and losses from disposition of foreign currencies, currency gains and losses realized between the trade dates and settlement dates of security transactions, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The effects of changes in foreign currency exchange rates on investments in securities are not segregated in the Statement of Operations from the effects of changes in market prices of those securities, but are included in realized and unrealized gain or loss on investments.

Forward Foreign Currency Transactions. A forward foreign currency contract (Forward) is an agreement between two parties to buy or sell currency at a set price on a future date. The Fund may enter into Forwards in order to hedge foreign currency risk or for other risk management purposes. Realized gains or losses on Forwards include net gains or losses on contracts that have matured or which the Fund has terminated by entering into an offsetting closing transaction. Unrealized appreciation or depreciation on Forwards, if any, is included in the Statement of Assets and Liabilities and is carried on a net basis. The portfolio could be exposed to risk of loss if the counterparty is unable to meet the terms of the contract or if the value of the currency changes unfavorably. As of February 28, 2014 the Fund had no open Forwards.

Indemnification Obligations. Under the Fund s organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, in the normal course of business the Fund enters into contracts

Notes to Financial Statements *(unaudited) (continued)*

February 28, 2014

2. Significant Accounting Policies *continued*

that provide general indemnifications to other parties. The Fund s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred.

Taxes. As a qualified Regulated Investment Company (RIC) under Subchapter M of the Internal Revenue Code, the Fund is not subject to income taxes to the extent that it distributes all of its investment Company taxable income and net realized capital gains for its fiscal year. In addition to federal income tax for which the Fund is liable on undistributed amounts, the Fund is subject to federal excise tax on undistributed investment company taxable income and net realized capital gains. The Fund is organized in Delaware and as such is required to pay Delaware an annual franchise tax. Also, the Fund is currently subject to a Taiwan security transaction tax of 0.3% on sales of equities and 0.1% on sales of mutual fund shares based on the transaction amount.

The Fund s functional currency for tax reporting purposes is the New Taiwan dollar.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is more likely than not to be sustained assuming examination by tax authorities. Management has analyzed the Fund s tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for prior three fiscal years. The Fund identifies its major tax jurisdictions as U.S. Federal, Delaware and Taiwan where the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

Investment Income. Dividend income is recorded on the ex-dividend date; except, where the ex-dividend date may have passed, certain dividends from foreign securities are

recorded as soon as the Fund is informed of the ex-dividend date.

Taiwanese companies typically declare dividends in the Fund s third fiscal quarter of each year. As a result, the Fund receives substantially less dividend income in the first half of its year. Interest income, which includes accretion of original discount, is accrued as earned.

Dividend and interest income generated in Taiwan is subject to a 20% withholding tax. Stock dividends received (except those which have resulted from capitalization of capital surplus) are taxable at 20% of the par value of the stock dividends received.

Distributions to Shareholders. The Fund distributes to shareholders at least annually, substantially all of its taxable ordinary income and expects to distribute its taxable net realized gains. Certain foreign currency gains (losses) are taxable as ordinary income and, therefore, increase (decrease) taxable ordinary income available for distribution. Pursuant to the Dividend Reinvestment and Cash Purchase Plan (the Plan), stockholders may elect to have all cash distributions automatically reinvested in Fund shares. (See the summary of the Plan described later.) Unless the Board elects to make a distribution in shares of the Fund s common stock, stockholders who do not participate in the Plan will receive all distributions in cash paid by check in U.S. dollars. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. GAAP. No capital gain distributions shall be made until any capital loss carryforwards have been fully utilized or expired.

Security Transactions. Security transactions are accounted as of the trade date. Gains and losses on securities sold are determined on the basis of identified cost.

3. Purchases and Sales of Securities

For the period ended February 28, 2014, purchases and sales of securities, other than short-term securities, aggregated $9,592,127 and $17,816,257, respectively.

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4. Management Fees and Other Service Providers

Management Fee. Effective February 22, 2014, the Fund has a new investment adviser, Allianz Global Investors U.S. LLC. (AllianzGI U.S.) under an Interim Investment Management Agreement (the Interim Agreement). As the Fund s investment adviser, AllianzGI U.S. receives a fee for its services, computed daily and payable monthly in U.S. dollars, at the annual rate of 0.85% per annum of the value of the Fund s average daily net assets up to and including $150 million of net assets; 0.80% per annum of the value of the Fund s average daily net assets on the next $150 million of net assets; and 0.70% per annum of the value of the Fund s average daily net assets in excess thereof. An Investment Management Agreement with AllianzGI U.S. to replace the Interim Agreement is subject to approval at the Annual Meeting of Stockholders scheduled for April 22, 2014.

For the period February 22, 2014 through February 28, 2014, the management fee was equivalent to an annual rate of 0.84% of average net assets.

Prior to February 22, 2014, the Fund s investment adviser was Martin Currie, Inc., (Martin Currie). Martin Currie received a fee for its services, computed daily and payable monthly in U.S. dollars, at the annual rate of 0.90% on the first $150 million in total net assets under management, 0.80% on the next $150 million in total net assets under management and 0.70% on total net assets under management over $300 million.

For the period September 1, 2013 through February 22, 2014, the management fee was equivalent to an annual rate of 0.89% of average net assets.

Martin Currie entered into a sub-advisory agreement with APS Asset Management Pte Ltd. (APS), subject to supervision by Martin Currie and the Board. APS received compensation for its services from Martin Currie, not from the Fund.

Administration Fees. State Street Bank and Trust Company (State Street) provides, or arranges for the

provision of certain administrative and accounting services for the Fund, including maintaining the books and records of the Fund, and preparing certain reports and other documents required by federal and/or state laws and regulations. The Fund pays State Street a fee at the annual rate of 0.11% of the Fund s average daily net assets up to $150 million, 0.08% of the next $150 million, and 0.05% of those assets in excess of $300 million, subject to certain minimum requirements. The Fund also pays State Street $130,000 per year for certain legal administrative services, including corporate secretarial services and preparing regulatory filings. State Street also serves as custodian (the Custodian) to the Fund. For this service, the Fund pays State Street asset-based fees that vary according to the number of positions and transactions plus out of pocket fees.

Director s and Officer s Fees and Expenses. The Fund pays each of its directors who is not a director, officer or employee of the investment adviser an annual fee of $20,000 plus $2,500 for each Board meeting or Committee meeting attended, in person or by telephone. The Chairman of the Board also receives an additional annual fee of $10,000. In addition, the Fund will reimburse each of the directors for travel and out-of-pocket expenses incurred in connection with Board meetings.

Other Service Providers. Pursuant to a Compliance Services Agreement, Foreside Compliance Services, LLC (FCS) provides the Fund with a Chief Compliance Officer. FCS is paid customary fees for its services. Foreside Management Services, LLC (FMS) provides the Fund with a Treasurer. Prior to February 22, 2014, Martin Currie paid FMS customary fees for its services pursuant to the Treasury Services Agreement between the Fund and FMS. After February 22, 2014, the Fund pays these fees. Neither FCS, FMS, nor their employees that serve as officers of the Fund, have a role in determining the investment policies or which securities are purchased or sold by the Fund.

General. Certain directors and officers of the Fund may also be directors or employees of the aforementioned

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companies that provide services to the Fund, and during their terms of office, receive no compensation from the Fund.

5. Fund Shares

At February 28, 2014, there were 100,000,000 shares of $0.01 par value capital stock authorized, of which 8,221,259 were issued and outstanding.

For the period ended February 28, 2014, the Fund did not repurchase any shares of its common stock.

	For the Period Ended February 28, 2014	For the Year Ended August 31, 2013
Shares outstanding at beginning of year	8,221,259	8,982,386
Shares issued from reinvestment of distributions		
Shares repurchased		(761,127)
Shares tendered		
Shares outstanding at end of year	8,221,259	8,221,259

6. Discount Management Program

On February 1, 2012, the Fund announced that the Board has voted to approve a Discount Management Program (the Program). On July 30, 2013, the Program was discontinued. Under the Program, the Fund repurchased its common shares in the open market on any given trading day that the Fund s shares were trading at a discount of 9% or more to the Fund net asset value from the prior day and there was a daily average discount of 9% or more from net asset value over the previous five-day period ending the prior day. On each day that shares were repurchased, the Fund repurchased its shares to the maximum extent permitted by law unless Fund management determines that such a repurchase would be detrimental to the Fund and its shareholders. Under the Program, the Fund was authorized to repurchase in each

twelve month period ending August 31, up to 10% of its common shares outstanding as of August 31 of the prior year.

The Program was intended to enhance shareholder value, as repurchases made at a discount have the effect of increasing the net asset value per share of the Fund s remaining shares. There is no assurance that the market price of the Fund s shares, either absolutely or relative to net asset value, will increase as a result of any share repurchases.

During the period ended July 30, 2013, under the Program the Fund repurchased 761,127 of its shares at an average price of $16.24 per share (including brokerage commissions) at a weighted average discount of 9.74%. These repurchases had a total cost of $12,357,169.

7. Managed Distribution Program

The Fund intends to implement a managed distribution program with quarterly distributions payable at a target annual distribution rate of 5% of market price. Implementation of the program is subject to obtaining regulatory approvals, which may take six months or more. The target distribution rate will be reevaluated upon obtaining regulatory approvals and prior to the implementation of the managed distribution program.

8. Federal Tax Information

The tax character of distributions made by the Fund during the year ended August 31, 2013 is as follows:

	Year Ended August 31, 2013
Capital Gains	$ 10,411,965
Total	$ 10,411,965

As of August 31, 2013, the tax components of accumulated net earnings (losses) were $18,538,255 of Unrealized Appreciation, $(8,062,385) of post October capital and late-year ordinary losses, and $(8,676,568) of capital loss carryover. The capital loss carryover retains its original short term character and has no expiration date.

Notes to Financial Statements *(unaudited) (continued)*

February 28, 2014

8. Federal Tax Information *continued*

As of February 28, 2014, the Fund did not distribute ordinary income or long term capital gain to shareholders of record.

At February 28, 2014, the aggregate cost basis of the Fund s investment securities for income tax purposes was $128,337,342. Net unrealized appreciation of the Fund s investment securities was $28,397,539 of which $35,359,575 related to appreciated investment securities and $(6,962,036) related to depreciated investment securities.

OTHER INFORMATION *(unaudited)*

Federal Tax Information. The Fund has made an election under Internal Revenue Code Section 853 to pass through foreign taxes paid by the Fund to its shareholders. For the year ended August 31, 2013, the total amount of foreign taxes paid that will be passed through to its shareholders and foreign source income, for information reporting purposes, will be $647,071 (representing taxes withheld plus taxes on stock dividends) and $5,255,727, respectively.

Privacy Policy

Privacy Notice

The Taiwan Fund, Inc. collects non-public personal information about its shareholders from the following sources:

¨ Information it receives from shareholders on applications or other forms;

¨ Information about shareholder transactions with the Fund, its affiliates, or others; and

¨ Information it receives from a consumer reporting agency.

The Fund s policy is to not disclose nonpublic personal information about its shareholders to nonaffiliated third parties (other than disclosures permitted by law).

The Fund restricts access to nonpublic personal information about its shareholders to those agents of the Fund who need to know that information to provide products or services to shareholders. The Fund maintains physical, electronic, and procedural safeguards that comply with federal standards to guard it shareholders nonpublic personal information.

Proxy Voting Policies and Procedures

A description of the policies and procedures that are used by the Fund s investment adviser to vote proxies relating to the Fund s portfolio securities is available (1) without charge, upon request, by calling 1-877-864-5056; and (2) as an exhibit to the Fund s annual report on Form N-CSR which is available on the website of the Securities and Exchange Commission (the Commission) at http://www.sec.gov. Information regarding how the investment adviser voted these proxies during the most recent 12-month period ended June 30 is available without charge, upon request, by calling 1-877-864-5056 or by accessing the Commission s website.

Quarterly Portfolio of Investments

The Fund files with the Securities and Exchange Commission its complete schedule of portfolio holdings on Form N-Q for the first and third quarters of each fiscal year. The Fund s Form N-Q are available on the Commission s website at http://www.sec.gov. Additionally, the Portfolio of Investments may be reviewed and copied at the Commission s Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The most recent Form N-Q is available without charge, upon request, by calling 1-877-864-5056.

OTHER INFORMATION *(unaudited) (continued)*

Board Deliberations regarding Approval of Investment Advisory Agreement

General Background

On January 21, 2014, the Board of Directors, all of whom are Independent Directors, voted to approve and recommend to stockholders the approval of the proposed Investment Management Agreement between the Fund and Allianz Global Investors U.S. LLC (AllianzGI U.S.) (the Proposed Agreement). The Proposed Agreement will replace the interim Investment Advisory Agreement dated, February 22, 2014, between the Fund and AllianzGI U.S. (the Current Agreement). The Current Agreement replaced the Investment Advisory and Management Agreement, dated February 23, 2012, between Martin Currie, Inc. (Martin Currie) and the Fund (the Prior Agreement). The Current Agreement was not approved by stockholders.

Approval Process and the Factors Considered by the Board of Directors in Approving the Proposed Agreements

On September 5, 2013, Martin Currie received a notice from APS, the Fund s sub-adviser, that APS intended to resign as sub-adviser of the Fund effective February 22, 2014. At a special Board meeting held on September 17, 2013, the Board determined it would be appropriate for the Board to meet with Martin Currie to review the arrangements for the management of the Fund s assets. At that time, and at subsequent Board meetings held on October 8, 2013, November 11, 2013 and December 12, 2013, the Board discussed the ramifications of the APS resignation; the proposal by Martin Currie to continue to serve as the Adviser, subject to the engagement of an individual with the requisite expertise; and possible courses of action in the event that Martin Currie was unable to provide a satisfactory alternative. The Board retained a consultant to assist the Board in identifying and evaluating appropriate alternative investment advisers. After reviewing the consultant s report, a committee of the Board identified three potential investment adviser candidates and requested that those candidates provide certain additional information. Two of those candidates provided additional information, and then were requested to make a presentation to the Board on January 20, 2014. Martin Currie was not included in the later stages of the selection process when it became clear that it would not be able to employ on a timely basis an experienced Taiwan equity portfolio manager to manage the Fund s portfolio.

Following those presentations and further discussions with the consultant, the Board, at a meeting on January 21, 2014, determined that it would be appropriate to enter into an interim arrangement with AllianzGI U.S. and at the Board meeting held on January 21 2014, the Board approved the Current Agreement with AllianzGI U.S. At that Board meeting, the Board also approved the selection of AllianzGI U.S. as the investment adviser for the Fund, approved the Proposed Agreement and agreed to submit the selection of AllianzGI U.S. for approval by the Fund s stockholders at the next annual stockholders meeting in April 2014.

In making this selection, the Board noted AllianzGI U.S. s proposed approach of providing investment management services, as well as a superior performance record in providing those services to other clients with Taiwan mandates. The Board also noted that the advisory fee agreed to by AllianzGI U.S. was somewhat less than the current advisory fee and compared favorably with fees charged by advisers of other U.S. registered closed-end funds that invest in the China region. The Board also considered the terms and conditions of the Proposed Agreement and the nature, scope and quality of services that AllianzGI U.S. is expected to provide to the Fund. The Board also based its decision on the following considerations, among others, although the Board did not identify any consideration that was all important or controlling, and each Director attributed different weights to the various factors.

Other Information *(unaudited) (continued)*

Nature, Extent and Quality of the Services provided by the Adviser. The Board reviewed and considered the nature and extent of the investment management services to be provided by AllianzGI U.S. under the Proposed Agreement. The Board noted that AllianzGI U.S. is one of the leading sponsors and administrators of closed-end funds, with over $18.9 billion of closed-end fund assets under management as of November 30, 2013, and that AllianzGI U.S. managed other Asian equity closed-end funds. AllianzGI U.S. informed the Board that the Fund would be managed through a participating affiliate arrangement by investment professionals employed by Allianz Global Investors Taiwan Limited (Allianz Taiwan) and supervised by AllianzGI U.S. The lead portfolio manager of the Fund will be the Chief Investment Officer of Allianz Taiwan, who has many years experience managing dedicated Taiwan equity portfolios. The Board determined that AllianzGI U.S. appeared to be capable of providing the Fund with investment management services of above average quality.

Performance, Fees and Expenses of the Fund. The Board noted that AllianzGI U.S. was not yet providing services to the Fund; therefore, there were limitations on the Board s ability to evaluate the performance of AllianzGI U.S. in managing the Fund. Based, however, on the performance of AllianzGI U.S. in managing other Taiwan equity funds and accounts, the Board concluded that there was reason to believe that AllianzGI U.S. could achieve above average performance over the long term in managing the Fund. The Board also noted that, except for certain compliance and treasury services fees that Martin Currie had been paying, other expenses of the Fund were not expected to increase as a result of the retention of AllianzGI U.S.

Economies of Scale. The Board considered the economy of scale benefits that the Fund s stockholders would be afforded as the management fee rate under the Proposed Agreement declines as the Fund s assets grow.

Other Benefits of the Relationship. The Board considered whether there were other benefits that AllianzGI U.S. and its affiliates may derive from its relationship with the Fund and concluded that any such benefits were likely to be minimal.

Resources of the Proposed Investment Adviser. The Board considered whether AllianzGI U.S. is financially sound and has the resources necessary to perform its obligations under the Proposed Agreement, noting that AllianzGI U.S. appears to have the financial resources necessary to fulfill its obligations under the Proposed Agreement.

General Conclusions. After considering and weighing all of the above factors, the Board concluded that it would be in the best interest of the Fund and its stockholders to approve the Proposed Agreement. In reaching this conclusion, the Board did not give particular weight to any single factor referenced above.

Summary of Dividend Reinvestment and

Cash Purchase Plan

What is the Dividend Reinvestment and Cash Purchase Plan?

The Dividend Reinvestment and Cash Purchase Plan (the Plan) offers shareholders of the Fund, a prompt and simple way to reinvest their dividends and capital gains distributions in shares of the Fund. The Fund will distribute to shareholders, at least annually, substantially all of its net income and expects to distribute annually its net realized capital gains. Computershare Trust Company, N.A. (the Plan Administrator), acts as Plan Administrator for shareholders in administering the Plan. The Plan also allows you to make optional cash investments in Fund shares through the Plan Administrator.

Who Can Participate in the Plan?

If you own shares in your own name, you can elect to participate directly in the Plan. If you own shares that are held in the name of a brokerage firm, bank, or other nominee, you should contact your nominee to arrange for them to participate on your behalf.

What Does the Plan Offer?

The Plan has two components; reinvestment of dividends and capital gains distributions, and a voluntary cash purchase feature.

Reinvestment of dividends and capital gains distributions

If you choose to participate in the Plan, your dividends and capital gains distributions will be promptly invested for you, automatically increasing your holdings in the Fund. If the Fund declares a dividend or capital gains distribution payable in cash, you will automatically receive shares purchased by the Plan Administrator on the open market. You will be charged a per share fee (currently $0.05) incurred with respect to the Plan Administrator s open market purchases.

If a distribution is declared which is payable in shares or cash at the option of the shareholder and if on the valuation date (generally the payable date) the market price of shares is equal to or exceeds their net asset value, the Fund will issue new shares to you at the greater of the following: (a) net asset value per share or (b) 95% of the market price per share. If the market price per share on the valuation date is less than the net asset value per share, the Fund will issue new shares to you at the market price per share on the valuation date.

All reinvestments are in full and fractional shares, carried to three decimal places. In the case of foreign (non-U.S.) shareholders, reinvestment will be made net of applicable withholding tax.

The Plan will not operate if a distribution is declared in shares only, subject to an election by the shareholders to receive cash.

Voluntary cash purchase option

Plan participants have the option of making investments in Fund shares through the Plan Administrator. You may invest any amount from $100 to $3,000 semi-annually. The Plan Administrator will purchase shares for you on the New York

Summary of Dividend Reinvestment and

Cash Purchase Plan *(continued)*

Stock Exchange or otherwise on the open market on or about February 15 and August 15. If you hold shares in your own name, you should deal directly with the Plan Administrator. Checks in U.S. dollars and drawn in U.S. banks should be made payable to Computershare . The Plan Administrator will not accept cash, traveler s checks, money orders, or third party checks. We suggest you send your check, along with a completed transaction form which is attached to each statement you receive, to the following address to be received at least two business days before the investment date: Computershare, c/o The Taiwan Fund, Inc. at P.O. Box 43078, Providence, RI 02940-3078. The Plan Administrator will return any cash payments received more than thirty days prior to February 15 or August 15, and you will not receive interest on uninvested cash payments. If you own shares that are held in the name of a brokerage firm, bank, or other nominee, you should contact your nominee to arrange for them to participate in the cash purchase option on your behalf.

If your check is returned unpaid for any reason, the Plan Administrator will consider the request for investment of such funds null and void, and shall immediately remove these shares from your account. The Plan Administrator shall be entitled to sell shares to satisfy any uncollected amount plus any applicable fees. If the net proceeds of the sale are insufficient to satisfy the balance of any uncollected amounts, the Plan Administrator shall be entitled to sell such additional shares from your account as may be necessary to satisfy the uncollected balance.

Is There a Cost to Participate?

For purchases from the reinvestment of dividends and capital gains distributions, you will pay a pro rata portion of brokerage commissions payable with respect to purchases of shares by the Plan Administrator on the open market. You will also be charged a per share fee (currently $0.05) incurred with respect to the Plan Administrator s open market purchases in connection with the reinvestment of dividends and capital gains distributions. Brokerage charges for purchasing shares through the Plan are expected to be less than the usual brokerage charges for individual transactions, because the Plan Administrator will purchase stock for all participants in blocks, resulting in lower commissions for each individual participant. The Plan Administrator s transaction fees for handling capital gains distributions or income dividends will be paid by the Fund.

For purchases from voluntary cash payments, participants are charged a service fee (currently $0.75 per investment) and a per fee (currently $0.05) for each voluntary cash investment. Per share fees include any brokerage commissions the Plan Administrator is required to pay.

Brokerage commissions and service fees, if any, will be deducted from amounts to be invested.

What Are the Tax Implications for Participants?

You will receive tax information annually for your personal records and to help you prepare your federal income tax return. The automatic reinvestment of dividends and capital gains distributions does not relieve you of any income tax which may be payable on dividends or distributions. For further information as to the tax consequences of participating in the Plan, you should consult with your tax advisors.

If the Fund issues shares upon reinvestment of a dividend or capital gains distribution, for U.S. federal income tax purposes, the amount reportable in respect of the reinvested amount of the dividend or distribution will be the fair

Summary of Dividend Reinvestment and

Cash Purchase Plan *(continued)*

market value of the shares received as of the payment date, which will be reportable as ordinary dividend income and/or long term capital gains. The shares will have a tax basis equal to such fair market value, and the holding period for the shares will begin on the day after the payment date. State, local and foreign taxes may also be applicable.

Once Enrolled in the Plan, May I Withdraw From It?

You may withdraw from the Plan without penalty at any time by calling the Plan Administrator at 1-800-426-5523, by accessing your Plan account at the Plan Administrator s web site, www.computershare.com/investor or by written notice to the Plan Administrator.

If you withdraw, you will receive, without charge, stock certificates issued in your name for all full shares, and a check for any fractional share (valued at the market value of the shares at the time of withdrawal or termination) less any applicable fees. You may also request that the Plan Administrator sell your shares and send you the proceeds, less a transaction fee of $2.50 and a per share fee of $0.15 for any request for withdrawal or termination. The per share fee includes any brokerage commissions the Plan Administrator is required to pay. Alternatively, you may also request that the Plan Administrator move your whole shares to the Direct Management System, which would allow you to maintain ownership of those whole shares in book entry form on the records of the Fund.

All sale requests having an anticipated market value of $100,000.00 or more are expected to be submitted in written form. In addition, all sale requests within thirty (30) days of an address change are expected to be submitted in written form.

Whom Should I Contact for Additional Information?

If you hold shares in your own name, please address all notices, correspondence, questions, or other communications regarding the Plan to: Computershare, c/o The Taiwan Fund, Inc. at P.O. Box 43078, Providence, RI 02940-3078, by telephone at 1-800-426-5523 or through the Internet at www.computershare.com/investor. If your shares are not held in your name, you should contact your brokerage firm, bank, or other nominee for more information and to arrange for them to participate in the Plan on your behalf.

Either the Fund or the Plan Administrator may amend or terminate the Plan. Except in the case of amendments necessary or appropriate to comply with applicable law, rules or policies or a regulatory authority, participants will be mailed written notice at least 30 days before the effective date of any amendment. In the case of termination, participants will be mailed written notice at least 30 days before the record date of any dividend or capital gains distribution by the Fund.

United States Address

The Taiwan Fund, Inc.

c/o State Street Bank and Trust Company

One Lincoln Street

P.O. Box 5049

Boston, MA

1-877-864-5056

www.thetaiwanfund.com

Investment Manager

Allianz Global Investors U.S. LLC

1633 Broadway

New York, NY 10019

Directors and Officers

Joe O. Rogers, Chairman of the Board and Director

Bing Shen, Director

Michael Holland, Director

M. Christopher Canavan, Jr., Director

Anthony Kai Yiu Lo, Director

William Kirby, Director

Joseph S. Quirk, President

William C. Cox, Treasurer

Richard F. Cook, Jr., Chief Compliance Officer

Francine S. Hayes, Secretary

Administrator and Accounting Agent

State Street Bank and Trust Company

Boston, MA

Custodian

State Street Bank and Trust Company

Boston, MA

Transfer Agent, Dividend Paying Agent and Registrar

Computershare Trust Company, N.A.

Canton, MA

Legal Counsel

Clifford Chance US LLP

New York, NY

Lee and Li

Taipei, Taiwan

Independent Registered Public Accounting Firm

Tait, Weller & Baker LLP

Philadelphia, PA

Shareholder Agent

AST Fund Solutions, LLC

New York, NY

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that from time to time the Fund may purchase shares of its common stock in the open market at prevailing market prices.

Item 2. Code of Ethics.

Not required for this filing.

Item 3. Audit Committee Financial Expert.

Not required for this filing.

Item 4. Principal Accountant Fees and Services.

Not required for this filing.

Item 5. Audit Committee of Listed Registrants.

Not required for this filing.

Item 6. Investments.

(a) Schedule of Investments is included as part of Item 1.

(b) Not applicable.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Investment Companies.

Not required for this filing.

Item 8. Portfolio Managers of Closed-End Management Investment Company.

(a)(1) Not applicable.

(a)(2) Not applicable.

(a)(3) Not applicable.

(a)(4) Not applicable.

(b) The Fund changed its portfolio managers as of February 21, 2014 when Allianz Global Investors U.S. LLC became the interim investment manager for the Fund.

As of February 21, 2014, the Portfolio Managers of the Registrant are:

Weimin Chang (1965)

Chief Investment Officer Taiwan

Mr. Chang is CIO Taiwan with Allianz Global Investors, which he joined in 2012.. Mr. Chang has 17 years of investment-industry experience. Before joining the firm, he was CIO China with Franklin Templeton and CIO of BNP Paribas joint venture in Shanghai, where he managed the firm s flagship China fund. Before that, Mr. Chang was head of research at ING Barings and Merrill Lynch in Taiwan, and an analyst and portfolio manager with Martin Currie Investment Management in Edinburgh. He began his career as a financial journalist at one of the largest local press agencies in Taiwan. Mr. Chang has a B.A. in journalism from National Chengchi University, an M.A. in communication policy from City University, London, and an M.B.A from the London Business School. Mr. Chang holds a License of Senior Securities Specialist certified by the Taiwan Securities Association, R.O.C.

Helena Pi (1972)

Vice President, Portfolio Manager

Ms. Pi joined Allianz Global Investors Taiwan in 2012 as the Head of Discretionary Business as well as a senior portfolio manager. She has more than 15 years of experience in investment management and research. Prior to AllianzGI, she worked for PineBridge Asset Management Taiwan as the Head of Discretionary for a years and Fuhwa Asset Management as fund manager/analyst for 13 years. She was awarded the Best Fund of the Year in 2006, granted by Taipei Foundation of Finance and Bloomberg, for both three and five-year s excellence in performance. Helena holds a master s degree in Finance from the University of Wisconsin at Madison and a bachelor s degree in Business Administration from National Taiwan University, Taiwan. Ms. Pi holds a License of Senior Securities Specialist certified by the Taiwan Securities Association, R.O.C.

Other Accounts Managed and Performance Based Fee accounts

Weimin Chang (1965)

Chief Investment Officer Taiwan

As of March 31, 2014, Mr. Chang managed one mutual fund with a total assets under management of US$172 million, no pooled investment vehicles other than mutual funds and one other account with assets under management of approximately US$179 million, which is subject to performance based fees.

Helena Pi (1972)

Vice President, Portfolio Manager

As of March 31, 2014, Ms. Pi g managed one mutual fund with a total assets under management of US$172 million, no pooled investment vehicles other than mutual funds and two other accounts with assets under management of approximately US$351 million, both of which, are subject to performance based fees.

Conflicts of Interest:

In order to maintain Allianz Global Investors US (the Firm) professional, honest and fair corporate image as well as ensure that all employees carry out their job responsibilities in good faith, the Firm, in collaboration with its affiliated entities, has formulated and periodically reviewed relevant policies on personal transactions of employees, provision of investment service, gifts and entertainment in business activities, anti-bribery and fraud, disclosure of information and insider trading to prevent and manage the conflict of interests among itself, its employees and clients. The Firm has also formulated internal control guidelines for the same portfolio manager who manages several accounts concurrently.

To avoid the potential conflict of interest and to protect clients whose accounts are managed by the same portfolio manager, the guideline sets forth specific requirements such as trading price consistency, no opposite trade and other fair-to-client principles. To ensure that its policies and procedures are effective, the Firm not only establishes deliberate pre-trade check control mechanisms for monitoring the investment process and aforesaid trades in different accounts but also performs post-trade checks and compliance testing of client investment guidelines. Compliance testing methodology may include interviews, observation, testing transactional data, trend analysis and review of reports.

Compensation

The Firm s compensation system is designed to support its corporate values and culture. While we acknowledge the importance of financial incentives and seek to pay top quartile compensation for top quartile performance, we also believe that compensation is only one of a number of critically important elements that allow the emergence of a strong, winning culture that attracts, retains and motivates talented investors and teams.

The primary components of compensation are the base salary and an annual discretionary variable compensation payment. This variable compensation component typically comprises a cash bonus that pays out immediately as well as a deferred component, for members of staff whose variable compensation exceeds a certain threshold. The deferred component for most recipients would be a notional award of the Long Term Incentive Program (LTIP); for members of staff whose variable compensation exceeds an additional threshold, the deferred compensation is itself split 50%/50% between the LTIP and a Deferral into Funds program (DIF). Currently, the marginal rate of deferral of the variable compensation can reach 42% for those in the highest variable compensation bracket. Overall awards, splits and components are regularly reviewed to ensure they meet industry best practice and, where applicable, at a minimum comply with regulatory standards.

Base salary typically reflects scope, responsibilities and experience required in a particular role, be it on the investment side or any other function in our company. Base compensation is regularly reviewed against peers with the help of compensation survey data. Base compensation is typically a greater percentage of total compensation for more junior positions, while for the most senior roles it will be a comparatively small component, often capped and only adjusted every few years.

Discretionary variable compensation is primarily designed to reflect the achievements of an individual against set goals, over a certain time period. For an investment professional these goals will typically be 70% quantitative and 30% qualitative. The former will reflect a weighted average of investment performance over a three-year rolling time period (one-year (25%) and three year (75%) results) and the latter reflects contributions to broader team goals, contributions made to client review meetings, product development or product refinement initiatives. Portfolio managers have their performance metric aligned with the benchmarks of the client portfolios they manage.

The LTIP element of the variable compensation cliff vests three years after each (typically annual) award. Its value is directly tied to the operating result of Allianz Global Investors over the three year period of the award.

The DIF element of the variable compensation cliff vests three years after each (typically annual) award and enables these members of staff to invest in a range of Allianz Global Investors funds (investment professionals are encouraged to invest into their own funds or funds where they may be influential from a research or product group relationship perspective). Again, the value of the DIF awards is determined by the growth of the fund(s) value over the three year period covering each award.

Assuming an annual deferral of 33% over a three year period, a typical member of staff will have roughly one year s variable compensation (3x33%) as a deferred component in the bank . Three years after the first award, and for as long as deferred components were awarded without break, cash payments in each year will consist of the annual cash bonus for that current year s performance as well as a payout from LTIP/DIF commensurate with the prior cumulative three-year performance.

There are a small number of revenue sharing arrangements that generate variable compensation for specialist investment teams, as well as commission payments for a limited number of members of staff in distribution. These payments are subject to the same deferral rules and deferred instruments as described above for the discretionary compensation element.

In addition to competitive compensation, the Firm s approach to retention includes providing a challenging career path for each professional, a supportive culture to ensure each employee s progress and a full benefits package.

Beneficial Ownership

As of March 31, 2014, neither Weimin Chang nor Helena Pi have any beneficial ownership of shares of the Registrant.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

Not Applicable. The Fund discontinued its Discount Management Program on July 30, 2013.

Item 10. Submission of Matters to a Vote of Security Holders.

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant s Board of Directors during the period covered by this Form N-CSR filing.

Item 11. Controls and Procedures.

(a) The registrant s principal executive and principal financial officers have concluded that the registrant s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the 1940 Act) (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this Form N-CSR based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the 1934 Act (17 CFR 240.13a-15(b) or 240.15d-15(b)).

(b) There were no changes in the registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant s second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting.

Item 12. Exhibits

(a)(1) Not required for this filing.

(a)(2) The certifications required by Rule 30a-2 of the 1940 Act (17 CFR 270.30a-2(a)) are attached hereto.

(a)(3) Not required for this filing.

(b) The certifications required by Rule 30a-2(b) of the 1940 Act (17 CFR 270.30a-2(b)) and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE TAIWAN FUND, INC.

By: /s/ Joseph S. Quirk
Joseph S. Quirk
President of The Taiwan Fund, Inc.
Date: May 2, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Joseph S. Quirk
Joseph S. Quirk
President of The Taiwan Fund, Inc.
Date: May 2, 2014

By: /s/ William C. Cox
William C. Cox
Treasurer of The Taiwan Fund, Inc.
Date: May 2, 2014