

MATTHEWS INTERNATIONAL FUNDS
Form N-CSR
May 01, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES**

Investment Company Act file number 811-08510 Matthews Asian Funds

(Exact name of registrant as specified in charter) 456 Montgomery St., STE 1200
San Francisco, California 94104

(Address of principal executive offices) (Zip code) James E. Walter
Matthews Asian Funds
456 Montgomery St., STE 1200
San Francisco, California 94104

(Name and address of agent for service) Registrant's telephone number, including area code: 1-800-789-ASIA (2742) Date of fiscal year end:
August 31, 2003 Date of reporting period: February 28, 2003

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Reports to Stockholders.

Matthews Asian Funds

Matthews Asian Funds

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A Message to Our Shareholders

Dear Fellow Shareholders,

The six months that ended February 28, 2003, were unusually challenging for investors around the world. Geo-political events in the Middle East and Korea dominated most of the international headlines, while growing concerns over the strength of the U.S. and European economic recoveries further added to investor anxieties. Against this background, many Asian economies continued to perform well, with Mainland China's extraordinary recent performance emerging as the primary growth story in the region. One of the most remarkable aspects of the success that China has enjoyed under the economic stewardship of Zhou Rhongji (who recently stepped down and was replaced with his handpicked successor Wen Jiabao) has been the relative balance that has been achieved between growth in exports and the expansion of the domestic economy. This pattern of growth is different from that enjoyed by other Asian countries at a similar stage of development. Private consumption as well as government spending has buoyed domestic economic growth in China. With consumer spending starting from a very low base, we believe that this is a trend that will last for many years. China's economy will not be immune to economic cycles, and great challenges remain as the private sector gradually offsets the potential problems of the old state dominated sector, but China's recent economic achievements stand out in an economically challenged world.

While China's emergence at the forefront of Asia's economic growth has continued to surprise, Japan's relative underperformance has not. We continue to believe that following fourteen years of generally declining equity prices, there are some uncommon values to be found in Japan. We also believe that many individual companies are showing leadership in their restructuring efforts that will reward their shareholders well in the long term. Unfortunately, the macro management of Japan continues to be characterized by an aversion to strong measures and while this aversion continues, the values that are so apparent at the micro level may remain dormant.

During the past six months, the performance of the Matthews Asian Funds ranged from -20.08% in the case of the Matthews Korea Fund to +1.96% for the Matthews China Fund. All of our Funds continue to focus on identifying and investing in companies that we believe are well positioned to benefit from long term growth trends in Asia. Our

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bottom-up approach to stock selection remains focused on companies with a proven long-term history of growth and whose management teams have consistently demonstrated their abilities. We are frequent visitors to those management teams to allow us to develop and retain high levels of confidence in their abilities to deliver consistent results. We believe that such frequent "on the ground" contacts have been important contributors to our long-term relative performance. During the past six months, China's financial markets have been the bright spot in an otherwise mixed period. Fears of slowing demand in their major export markets added to the problems facing Japanese manufacturers in the final months of calendar year 2002. Similar concerns affected exporters in South Korea, Taiwan, Singapore, and Malaysia. While exports to and trade with China grew for all of these countries, China's role is not yet sufficient to offset weakness in Europe and the United States. Around the region, domestic growth remained stronger than many had anticipated. We continue to believe that the long-term trend towards proportionately higher consumer spending and commensurately lower savings rates is likely to be sustained for some years. Consequently, our stock selection continues to emphasize companies that are positioned in the path of this trend, and this is the case in almost every country in which we invest.

The rising tensions between North Korea and the rest of the world have particularly affected the financial markets in South Korea in recent weeks. While most South Koreans remain confident that the issues can and will be resolved diplomatically, the lack of a clear path to diplomacy is adding to uncertainty there. South Korea's economy continues to be one of the region's strongest although "aftershocks" to the 1997/98 Asian Crisis continue to occur. The new administration of President Roh Moo-hyun appears keen to retain the mantle of

financial reform that was loosely grasped by the previous administration, which we welcome. G. Paul Matthews, Chairman and Chief Investment Officer (left)

Mark W. Headley, President and Portfolio Manager Overall, we remain enthusiastic in our long-term outlook for Asia's economic and financial markets.

Message to Shareholders 3

Matthews Pacific Tiger Fund

The Matthews Pacific Tiger Fund is an all-capitalization, core equity fund focusing on the broad range of equity markets in Asia ex-Japan. Historically, the Fund has not invested in Australia or New Zealand, which we do not consider part of Asia, nor has it invested in India, although it may eventually.

The Matthews Pacific Tiger Fund fell 6.44% in the six months ended February 28, 2003, declining less than its index, the MSCI All Country Far East Free ex-Japan index. During this period, Asian markets were affected by a combination of global geo-political concerns and doubts about the sustainability of an economic recovery in the United States and Europe. While this environment has not been an easy one, we believe that, in the aggregate, the companies represented in the Fund's portfolio have continued to grow their underlying businesses. Much of the impetus for growth in Asia is now coming from China, where both manufacturing exports and domestic demand are growing strongly.

The Fund's strong relative performance was helped by individual contributions from companies in a diverse range of industries, from cellular phones in Thailand to pharmaceutical companies in China to Internet companies in South Korea. A number of positions in financial companies and consumer demand-related businesses in South Korea were relatively weak over this period. By country, the weakest performance in the period came from our positions in South Korea, which had been one of the better performers in the prior fiscal year ended August 31, 2002. In general, our below index weighting position in Taiwan contributed to the Fund's relative performance.

Growth companies in Asia have been faced with an extremely challenging economic environment in recent years, but we believe they are beginning to benefit from improving conditions in a number of areas. We believe that China's contribution in this respect cannot be underestimated, and we are starting to see an increasing emphasis on a "China strategy" in almost all parts of Asia. In addition to China, the growing role of the consumer throughout Asia is bringing a greater balance to Asia's economic growth than was evident in the 1980's and 1990's. We believe that increased regional trade and growing financial ties in the region will benefit regional growth businesses in the coming years.

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Fund Performance

AVERAGE ANNUAL RETURNS AS OF FEBRUARY 28, 2003

	1 YEAR	5 YEARS	SINCE INCEPTION 9/12/94
Matthews Pacific Tiger Fund	(12.20%)	4.30%	(0.61%)
MSCI All Country Far East Free ex-Japan Index(1)	(15.89%)	(5.72%)	(7.86%)
Lipper Pacific ex-Japan Funds Average(2)	(16.59%)	(2.42%)	(5.70%)*

* From 9/30/94

GROWTH OF A \$10,000 INVESTMENT

Past performance is not indicative of future results. Before taxes on distributions or redemptions of Fund shares.

1 The MSCI All Country Far East Free ex-Japan Index is an unmanaged capitalization-weighted index of stock markets of Hong Kong, Taiwan, Singapore, Korea, Indonesia, Malaysia, Philippines, Thailand and China that excludes securities not available to foreign investors. Taiwan is only represented at 50% of its total market cap. 2 As of 2/28/03, the Lipper Pacific Ex-Japan Funds Average consisted of 62 funds for the one-year period, 52 funds for the three-year period, 47 funds for the five-year period, and 22 funds since 8/31/94. Lipper Analytical Services, Inc. fund performance does not reflect sales charges and is based on total return, including reinvestment of dividends and capital gains for the stated periods. 3 For Lipper Pacific ex-Japan Funds Average, graph start date is 8/31/94.

Matthews Pacific Tiger Fund 5**Matthews Asian Growth and Income Fund**

The Matthews Asian Growth and Income Fund seeks long-term capital appreciation and some current income through investments in higher-yielding equities, convertible bonds, and preferred shares of Asia-based companies.

For the six months ended February 28, 2003, the Matthews Asian Growth and Income Fund declined slightly less than 1.0%, less than its index, the MSCI All Country Far East Free ex-Japan Index. In general, the Fund's positions in gas and electric utilities in China, its Special Administrative Region of Hong Kong, and South Korea, produced positive returns over the period, while positions in bank equities and other non-bank financial institutions in Asia were marginally negative.

The region's financial markets are awaiting clear evidence of the likely direction of the U.S. economy for the remainder of 2003 and are, of course, anxious to see an easing of the current geo-political tensions in the Middle East and on the Korean peninsula. Asian central banks are eyeing the recent volatility in oil prices with some

concern but for the most part remain accommodating. Interest rates around the region remain close to historical lows, and confidence has been buoyed by the continued strong relative performance of the Mainland China economy.

While Hong Kong has been challenged by growing competition from China, there are some areas of the Hong Kong economy that are benefiting from China's continued strong economic performance. One such area is in financial services, where Hong Kong is not only continuing to see good demand for private banking, but is particularly benefiting from the important role that it is playing as a listing center for Chinese corporations anxious to tap the global equity markets. It is expected that 2003 will see additional listings of Mainland China companies, and these listings will likely include a number of large insurance companies.

We remain overweight in our exposure to Mainland China through companies listed in Hong Kong because we believe that the regulatory oversight in Hong Kong remains of a higher standard than that of financial centers in Mainland China.

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Fund Performance

AVERAGE ANNUAL RETURNS AS OF FEBRUARY 28, 2003

	1 YEAR	5 YEARS	SINCE INCEPTION 9/12/94
Matthews Asian Growth and Income Fund	3.67%	12.98%	7.31%
MSCI All Country Far East Free ex-Japan Index(1)	(15.89%)	(5.72%)	(7.86%)
Lipper Pacific ex-Japan Funds Average(2)	(16.59%)	(2.42%)	(5.70%)*

* From 9/30/94

GROWTH OF A \$10,000 INVESTMENT

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1 The MSCI All Country Far East Free ex-Japan Index is an unmanaged capitalization-weighted index of stock markets of Hong Kong, Taiwan, Singapore, Korea, Indonesia, Malaysia, Philippines, Thailand and China that excludes securities not available to foreign investors. Taiwan is only represented at 50% of its total market cap. 2 As of 2/28/03, the Lipper Pacific Ex-Japan Funds Average consisted of 62 funds for the one-year period, 52 funds for the three-year period, 47 funds for the five-year period, and 22 funds since 8/31/94. Lipper Analytical Services, Inc. fund performance does not reflect sales charges and is based on total return, including reinvestment of dividends and capital gains for the stated periods. 3 For Lipper Pacific ex-Japan Funds Average, graph start date is 8/31/94.

Matthews Korea Fund

The Matthews Korea Fund is an all-capitalization equity fund with diversified exposure across a wide range of Korean equities.

The six months ended February 28, 2003, were a challenging time for the South Korean equity market. South Korea was plagued by the North Korean threat, the U.S. war with Iraq, a consumer credit crunch, and weak consumer spending. All of these events coupled with a new administration gave enough uncertainties for Korean equities to underperform other equity markets in Asia. The Fund was down 20.08% while its benchmark KOSPI Index was down 19.62%. The Fund has done relatively well considering its traditionally heavy exposure to the consumer and financials sectors.

Consumer spending was the key contributor to South Korea's economy's strong performance last year. However, as global uncertainties and geographical risks grew in the latter part of 2002, consumer spending slowed dramatically and turned against the market. We expect consumer spending to pick up rather dramatically when most of the uncertainties become clear and as consumer spending habits continue to change. The consumer credit crunch has been the by-product of fast credit card growth, especially among young Koreans. The government has been too focused on the growth of credit card usage, overlooking the associated risks. However, it has recognized the problem and shifted its policy since working closely with the banks.

The new South Korean president, Mr. Noh Moo-hyun, took office in February 2003, promising to put an end to corruption and continue to restructure the economy. The ability of the new government is already being tested as they are faced with rising tensions in North Korea and a slowing economy. The new government's take on these issues will be a major factor during the next general election.

Despite these difficulties, the general status of the South Korean economy remains healthy. South Korea has more than US \$100 billion in foreign reserves and consistently registers trade surpluses. More Korean companies are going global and the export sector remains strong. We believe that, generally, corporate governance is improving despite the recent SK Group scandal.

We continue to believe that the consumer and financials sectors will lead the economy while technology companies will lead productivity growth.

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Fund Performance

AVERAGE ANNUAL RETURNS AS OF FEBRUARY 28, 2003

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	1 YEAR	5 YEARS	SINCE INCEPTION 1/3/95
Matthews Korea Fund	(15.29%)	17.47%	(4.59%)
KOSPI Index (1)	(20.70%)	8.12%	(11.07%)
Lipper Pacific ex-Japan Funds Average (2)	(16.59%)	(7.96%)	(5.11%)*

* From 12/31/94

GROWTH OF A \$10,000 INVESTMENT

Past performance is not indicative of future results. Before taxes on distributions or redemptions of Fund shares.

1 KOSPI: The South Korea Stock Price Index is a capitalization-weighted index of all common stocks listed on the Korean Stock Exchange. 2 As of 2/28/03, the Lipper Pacific Ex-Japan Funds Average consisted of 62 funds for the one-year period, 52 funds for the three-year period, 47 funds for the five-year period, and 25 funds since 12/31/94. Lipper Analytical Services, Inc. fund performance does not reflect sales charges and is based on total return, including reinvestment of dividends and capital gains for the stated periods. 3 For Lipper Pacific ex-Japan Funds Average, graph start date is 12/31/94.

Matthews Korea Fund 9

Matthews China Fund

The Matthews China Fund is an all-capitalization equity fund that invests in a diversified portfolio of Chinese securities.

For the six months ended February 28, 2003, the Matthews China Fund was up 1.96%, outperforming its benchmarks, the MSCI China Free and CLSA China World Indices, which were down 5.23% and up 0.50% respectively.

Despite the weakness of the global stock markets during the period, Chinese stocks performed relatively well. Our overweight positions in the pharmaceutical, consumer, energy, and utilities sectors helped the Fund outperform its benchmark indices. Our holdings in the infrastructure and utilities sectors, which we view as growth sectors in China, performed extremely well, taking advantage of strong economic growth in China. Consumer stocks were also major contributors to our performance, as domestic consumer demand continues to accelerate. After a sharp decline in corporate profits in 2001 due to continued deflation and rising competition, we are pleased to see that corporate profits are accelerating again. The average earnings growth of the companies in the portfolio is expected to be more than 11% this year. The fact that these companies can manage double-digit earnings growth during a prolonged period of deflation suggest that there have been huge productivity gains.

China's economy continues to shine amid the weakness of the global economy. Strong domestic demand, a surge in exports, and foreign direct investment are the major reasons behind its growth. Chinese

manufacturers have been gaining market share on a global scale, and these gains have allowed Chinese export growth to do well. The Fund is well positioned to take advantage of global outsourcing trends and we are adding to our positions in export-related companies in the portfolio.

The past six months also saw a successful transition of China's leadership. The new leadership, lead by new President Hu Jintao, consists of professional technocrats who will continue to adopt reform and open door policies in China. Financial sector reform is on the agenda of the new leadership. We expect to see more and more financial companies list on the Hong Kong stock exchange, widely expanding the investment universe for the Matthews China Fund.

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Fund Performance

AVERAGE ANNUAL RETURNS AS OF FEBRUARY 28, 2003

	1 YEAR	5 YEARS	SINCE INCEPTION 2/19/98
Matthews China Fund	(4.74%)	(1.04%)	0.14%
MSCI China Free Index(1)	(3.86%)	(14.30%)	(21.45%)
Credit Lyonnais China World Index(2)	(3.75%)	(8.65%)	(6.34%)
Lipper China Region Funds Average(3)	(10.21%)	(3.18%)	(3.18%)*

* From 2/28/98

GROWTH OF A \$10,000 INVESTMENT

Past performance is not indicative of future results. Before taxes on distributions or redemptions of Fund shares.

1 The MSCI China Free Index is an unmanaged capitalization-weighted index of Chinese equities that includes Red Chips and H shares listed on the Hong Kong exchange, and B shares listed on the Shanghai and Shenzhen exchanges. Red Chips are Chinese companies that are incorporated in Hong Kong but have at least 35% of their shares held by Chinese state-owned organizations. 2 The Credit Lyonnais China World Index is an unmanaged capitalization-weighted index of Chinese equities that are listed on the Hong Kong, Shanghai and Shenzhen stock exchanges. 3 As of 2/28/03, the Lipper China Region Funds Average consisted of 23 funds for the one-year period, 21 funds for the three-year period, 17 funds for the five-year period, and 17 funds since 2/28/98. Lipper Analytical Services, Inc. fund performance does not reflect sales charges and is based on total return, including reinvestment of dividends and capital gains for the stated periods. 4 For Lipper China Region Funds Average, graph start date is 2/28/98.

Matthews Japan Fund

The Matthews Japan Fund is an all-capitalization core equity fund with diversified exposure across a wide range of corporate Japan.

The Matthews Japan Fund underperformed its benchmarks for the six-month period ended February 28, 2003. This result was primarily due to weak performance in financials. In particular, Mizuho Holdings was sold off due to continued uncertainty in Japan's banking sector. The sharp decline in Mizuho's share price alone accounted for over 20% of the Fund's negative performance.

In our view, an element of panic pricing is now creeping into the financials sector. Mizuho serves as a good example. The company is the world's largest bank by assets and currently trades at a 79% discount to book value and 1 times forward operating earnings. In our opinion, the bank is too big to fail and even with some form of government nationalization, equity holders will not be 100% diluted. We therefore believe that patience will be rewarded over the long term.

Outside of financials, our exposure to telecommunication services and information technology has proven to be a bright spot. We are gaining confidence that the worst is over for the NTT group as it scales back its global ambitions and realizes a more conservative capital expenditure plan. We have positioned NTT DoCoMo, a leading mobile telecommunications provider, as one of the top holdings in the Fund.

Our performance in small caps has been mixed. On the one hand, technology picks such as Access, a mobile Internet software provider, and NIWS, a computer systems integrator, have delivered outstanding gains over the period. On the other hand, we have been punished for niche discretionary holdings such as Kyoto Kimono and Arc Land Sakamoto. In response, we have increased our position in Kyoto Kimono and cut our exposure to Arc Land Sakamoto.

Finally, large caps have disappointed over the period. With notable exceptions such as Canon and Aflac, the deterioration in the macro outlook has weighed heavily on core holdings such as Honda, Nintendo, and Sony.

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Fund Performance

AVERAGE ANNUAL RETURNS AS OF FEBRUARY 28, 2003

	SINCE
	INCEPTION
1 YEAR	12/31/98

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Matthews Japan Fund	(8.44%)	(2.18%)
MSCI Developed Market Japan Index (2)	(9.63%)	(7.77%)
TOPIX Index (1)	(7.61%)	(6.48%)
Lipper Japanese Funds Average (3)	(13.15%)	(6.27%)

GROWTH OF A \$10,000 INVESTMENT

Past performance is not indicative of future results. Before taxes on distributions or redemptions of Fund shares.

1 TOPIX: The Tokyo Price Index is a capitalization-weighted index of all companies listed on the First Section of the Tokyo Stock Exchange. 2 The MSCI Developed Market Japan Index is an unmanaged capitalization-weighted index of all Japanese equities. 3 As of 2/28/03, the Lipper Japanese Funds Average consisted of 52 funds for the one-year period, 44 funds for the three-year period, and 37 funds since 12/31/98. Lipper Analytical Services, Inc. fund performance does not reflect sales charges and is based on total return, including reinvestment of dividends and capital gains for the stated periods.

Matthews Japan Fund 13

Matthews Asian Technology Fund

The Matthews Asian Technology Fund invests in companies located in Asia that derive a substantial portion of their revenue from technology-related industries and services.

For the six-month period ended February 28, 2003, the Matthews Asian Technology Fund was down 11.82% while its benchmark, the MSCI/Matthews Asian Technology Index was down 14.98%. Increasing global uncertainties and the lack of a "must-have" product depressed the Asian technology sector over the six-month period.

The Asian technology sector has seen the emergence of a new era where digital products are replacing analog products. The number of new digital consumer products such as DVD players, LCD monitors, and digital cameras are growing fast, replacing analog products such as the VHS player, CRT monitor and film camera. At the same time, new digital products such as handsets and PDAs are creating new markets, expanding the Asian technology universe. However, none of these new products have had a big enough impact on sales to be labeled as a "must-have" product.

The last "must-have" was the personal computer (PC). Now, replacement PC sales are greater than new PC buyer sales.

Nevertheless, we believe that a new "must-have" product will appear in the market eventually lifting up overall demand, as a new era of digital convergence arrives. Combining new digital products with different standards onto one device will be a major hurdle for every company in the sector. However, we believe that the process has already begun as more partnerships and integrated moves between companies are made towards the inter-changeability and compatibility between different digital products.

Discovering and identifying companies that will lead the digital era and the digital convergence trend will be major factors in choosing companies for the Fund. We continue to look for leaders in the new digital convergence era and for those that will benefit the most in the Asian technology sector.

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Fund Performance

AVERAGE ANNUAL RETURNS AS OF FEBRUARY 28, 2003

	1 YEAR	SINCE INCEPTION 12/27/99
Matthews Asian Technology Fund	(28.13%)	(32.21%)
MSCI/Matthews Asian Technology Index(1)	(20.74%)	(34.05%)
Lipper Science and Technology Funds Average(2)	(32.57%)	(35.78%)*

* From 12/31/99

GROWTH OF A \$10,000 INVESTMENT

Past performance is not indicative of future results. Before taxes on distributions or redemptions of Fund shares.

1 The MSCI/Matthews Asian Technology Index is an unmanaged capitalization-weighted index of Asian equities tracking a broad range of technology stocks including: semiconductor equipment and products, communications equipment, computers and peripherals, electronic equipment and instruments, office electronics, software, IT consulting and services, Internet software and services, diversified telecommunications services, and wireless telecommunications services. 2 As of 2/28/03, the Lipper Science and Technology Funds Average consisted of 358 funds for the one-year period, 170 funds for the three-year period, and 161 funds since 12/31/99. Lipper Analytical Services, Inc. fund performance does not reflect sales charges and is based on total return, including reinvestment of dividends and capital gains for the stated periods. 3 For Lipper Science and Technology Funds Average, graph start date is 12/31/99.

Matthews Asian Technology Fund 15

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Schedule of Investments FEBRUARY 28, 2003 (unaudited)

Matthews Pacific Tiger Fund

[DRAGON LOGO]	SHARES	VALUE
EQUITIES: 99.43%*		
China/Hong Kong: 39.50%		
Asia Satellite Telecommunications Holdings Ltd.	1,476,600	\$1,883,824
AsiaInfo Holdings, Inc.**	327,200	1,217,184
Bank of East Asia Ltd.	803,400	1,498,819
China Insurance International Holdings Co., Ltd.	902,000	491,530
China Mobile HK Ltd.**	1,074,717	2,315,036
China Mobile HK Ltd. ADR**	165,850	1,814,399
China Pharmaceutical Enterprise and Investment Corp., Ltd.	8,681,000	2,192,756
Dah Sing Financial Group	838,400	4,063,474
Giordano International, Ltd.	11,781,000	3,549,804
Huaneng Power International, Inc. ADR	108,000	3,916,080
Legend Group Ltd.	13,372,000	4,586,428
Shangri-La Asia Ltd.	6,022,000	4,323,975
Swire Pacific Ltd. - Class A	1,062,000	4,493,584
Television Broadcasts Ltd.	554,700	1,689,181
Tsingtao Brewery Co., Ltd.	1,656,000	992,650
Vitasoy International Holdings, Ltd.	8,948,750	1,939,115
Total China/Hong Kong		40,967,839
Indonesia: 5.75%		
PT Astra International	10,558,230	2,793,026
PT Bank Central Asia	5,695,000	1,586,664
PT Ramayana Lestari Sentosa	6,387,000	1,581,742
Total Indonesia		5,961,432
Philippines: 0.66%		
SM Prime Holdings, Inc.	7,030,000	683,337
Singapore: 12.29%		
DBS Group Holdings Ltd.	539,750	2,979,318
Fraser & Neave Ltd.	809,500	3,723,572
Great Eastern Holdings Ltd.	442,500	2,162,645
Venture Corp., Ltd.	503,800	3,881,646
Total Singapore		12,747,181

	SHARES	VALUE
South Korea: 24.93%		
Amorepacific Corp.	22,330	\$1,702,367
Hana Bank	361,237	4,842,116
Hite Brewery Co., Ltd.	52,127	2,283,954
Hyundai Marine & Fire Insurance Co., Ltd.	65,740	1,219,906
Internet Auction Co., Ltd.**	147,960	3,383,997
Kookmin Credit Card Co., Ltd.**	88,790	1,324,058
KT Corp. ADR	66,000	1,221,000
Nong Shim Co., Ltd.	36,510	2,186,960
Pulmuone Co., Ltd.	71,270	2,203,211
Samsung Electronics Co., Ltd.	15,503	3,630,116
SK Telecom Co., Ltd.	4,945	683,555
SK Telecom Co., Ltd. ADR	76,500	1,177,335
Total South Korea		25,858,575
Taiwan: 5.63%		
Hon Hai Precision Industry Co., Ltd.	721,750	2,326,213
SinoPac Holdings Co.**	5,276,966	2,019,671
Taiwan Semiconductor Manufacturing Co., Ltd.**	1,130,620	1,366,503
Via Technologies, Inc.	129,446	128,515
Total Taiwan		5,840,902
Thailand: 10.67%		
Advanced Info Service Public Co., Ltd.	5,935,900	5,410,775
Bangkok Bank Public Co., Ltd.**	2,838,500	4,212,800
Serm Suk Public Co., Ltd.**	311,100	1,439,705
Total Thailand		11,063,280
TOTAL INVESTMENTS: 99.43%		103,122,546
(Cost \$109,633,262***)		
CASH AND OTHER ASSETS, LESS LIABILITIES: 0.57%		586,056
NET ASSETS: 100.00%		\$103,708,602

* As a percentage of net assets as of February 28, 2003

** Non-income producing security.

*** Cost for Federal income tax purposes is \$109,633,262

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and net unrealized depreciation consists of:

Gross unrealized appreciation	\$11,126,507
Gross unrealized depreciation	(17,637,223)

Net unrealized depreciation	\$(6,510,716)
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ADR American Depositary Receipt

MARKET SECTOR DIVERSIFICATION
As a Percentage of Total Value
of Investment in Securities

Consumer Discretionary	19.11%
Distributors	2.71%
Hotels, Restaurants & Leisure	4.19%
Internet & Catalog Retail	3.28%
Media	1.64%
Multiline Retail	2.20%
Specialty Retail	5.09%
Consumer Staples	14.32%
Beverages	8.18%
Food Products	6.14%
Financials	29.96%
Banks	23.46%
Diversified Financials	2.74%
Insurance	3.76%
Health Care	2.13%
Health Care Providers & Services	2.13%
Information Technology	16.61%
Computers & Peripherals	6.70%
Electronic Equipment & Instruments	3.76%
IT Consulting & Services	1.18%
Semiconductor Equipment & Products	4.97%
Telecommunication Services	14.07%
Diversified Telecommunication Services	3.01%
Wireless Telecommunication Services	11.06%
Utilities	3.80%
Electric Utilities	3.80%

TOTAL INVESTMENTS	100.00%
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See accompanying notes to financial statements

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Schedule of Investments

FEBRUARY 28, 2003 (unaudited)

Matthews Asian Growth and Income Fund

[DRAGON LOGO]	SHARES	VALUE
EQUITIES: 60.23%*		
China/Hong Kong: 32.21%		
Bank of East Asia Ltd.	2,084,000	\$3,887,900
BOC Hong Kong Holdings Ltd.**	2,539,500	2,604,909
Cafe De Coral Holdings Ltd.	4,647,100	2,904,765
Cheung Kong Infrastructure Holdings Ltd.	1,946,500	3,544,028
China Hong Kong Photo Products Holdings Ltd.	8,810,003	587,400
CLP Holdings Ltd.	1,168,700	4,795,207
Dickson Concepts International, Ltd.	1,735,500	376,067
Hang Seng Bank Ltd.	351,600	3,843,241
Hong Kong & China Gas Co., Ltd.	3,798,000	4,674,989
Hongkong Electric Holdings Ltd.	1,230,000	4,691,875
Hongkong Land Holdings Ltd.	2,868,000	3,527,640
Huaneng Power International, Inc. ADR	94,950	3,442,887
Kerry Properties, Ltd.	3,071,000	2,598,832
MTR Corp., Ltd.	2,420,000	2,684,020
PetroChina Co., Ltd. H Shares	14,286,000	2,985,744
PetroChina Co., Ltd. ADR	130,700	2,743,393
Shandong International Power Development Co., Ltd.	10,408,000	2,335,392
Shangri-La Asia Ltd.	6,115,000	4,390,752
Television Broadcasts Ltd.	1,220,000	3,715,163
The Wharf Holdings Ltd.	3,238,000	6,642,801
Vitasoy International Holdings Ltd.	17,725,000	3,840,850
Total China/Hong Kong		70,817,855
Indonesia: 0.82%		
PT Indonesian Satellite Corp. ADR	93,000	809,100
PT Tempo Scan Pacific	2,004,000	992,582
Total Indonesia		1,801,682
Japan: 0.85%		
Japan Retail Fund Investment Corp. REIT	209	924,568
Nippon Building Fund, Inc. REIT	194	950,104
Total Japan		1,874,672
Singapore: 5.81%		
Fraser & Neave Ltd.	1,720,800	7,915,409
Singapore Exchange, Ltd.	4,742,000	3,380,930
Singapore Press Holdings, Ltd.	142,000	1,485,979
Total Singapore		12,782,318

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	SHARES	VALUE
South Korea: 13.95%		
Daehan City Gas Co., Ltd.	235,780	\$2,409,849
Hyundai Motor Co., Ltd., Pfd.	443,890	4,685,640
Korea Electric Power Corp., . ADR	125,250	1,033,313
Korea Gas Corp.	148,870	3,117,957
Korean Reinsurance Co.	142,290	2,366,235
LG Household & Health Care Ltd. Pfd.	177,830	2,428,374
Samsung Electronics Co., Ltd., Pfd.	35,480	3,983,010
Samsung Fire & Marine Insurance Co., Ltd., Pfd.	131,590	3,307,251
Shinhan Financial Group Co., Ltd.	339,900	3,573,698
Sindo Ricoh Co., Ltd.	77,130	3,773,629
Total South Korea		30,678,956
Thailand: 4.84%		
Bangkok Bank Public Co., Ltd.**	1,625,000	2,411,767
Charoen Pokphand Foods Public Co., Ltd.	7,790,000	764,707
Charoen Pokphand Foods Public Co., Ltd., Foreign	18,005,000	1,767,464
Charoen Pokphand Foods Public Co., Ltd., Warrants**	638,000	35,192
PTT PCL	490,000	501,051
PTT Farmers Bank Public Co., Ltd.	3,150,000	3,165,828
Thai Farmers Bank Public Co., Ltd.**	560,000	376,300
Thai Farmers Bank Public Co., Ltd., Foreign**	304,000	232,698
Thai Reinsurance Public Co., Ltd.	1,563,000	1,379,065
Total Thailand		10,634,072
United Kingdom: 1.75%		
HSBC Holdings PLC ADR	71,800	3,852,788
TOTAL EQUITIES		132,442,343
(Cost \$134,764,252)		

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	FACE AMOUNT	VALUE
INTERNATIONAL DOLLAR BONDS: 35.22%*		
China/Hong Kong: 11.12%		
Hang Lung Prop., Ltd., Cnv. 5.500%, 12/29/49	6,500,000	\$5,443,750
China Mobile Hong Kong Ltd., Cnv. 2.250%, 11/03/05	11,150,000	11,038,500
New World Capital Finance Ltd., Cnv. 3.000%, 06/09/04	1,100,000	1,331,000
New World Infrastructure Cnv. 1.000%, 04/15/03	400,000	566,000
PCCW Capital II Ltd., Cnv 1.000%, 01/29/07	2,050,000	2,093,563
Tingyi (C.I.) Holding Corp. 3.500%, 06/04/05	3,500,000	3,963,750
Total China/Hong Kong		24,436,563
Singapore: 2.42%		
Finlayson Global Corp., Cnv. 0.000%, 02/19/04	4,000,000	5,010,000
Finlayson Global Corp., Cnv.*** 0.000%, 02/19/04	250,000	313,125
Total Singapore		5,323,125
South Korea: 11.58%		
HMC Cayman Finance Co., Cnv. 3.000%, 08/17/03	5,200,000	5,284,500
Korea Deposit Insurance Corp., Cnv. 2.250%, 10/11/05	8,320,000	10,150,400
Korea Telecom Corp., Cnv. 0.250%, 01/04/07	9,325,000	9,628,062
Korea Telecom Corp., Cnv.*** 0.250%, 01/04/07	375,000	387,188
Total South Korea		25,450,150
Taiwan: 7.95%		
Cathay Financial Holding Co., Cnv. 0.000%, 05/20/07	6,600,000	6,760,908
Fubon Financial Holding Co., Ltd., Cnv. 0.000%, 07/10/04	6,000,000	6,337,500
Sinopac Holdings Cnv. 0.000%, 07/12/07	4,000,000	4,390,000
Total Taiwan		17,488,408

Schedule of Investments 19

Schedule of Investments		FEBRUARY 28, 2003 (unaudited)	
< Matthews Asian Growth and Income Fund			
	FACE AMOUNT	VALUE	
Thailand: 2.15%			
Bangkok Bank Public Co., Ltd., Cnv. 4.589%, 03/03/04	7,700,000	\$4,735,500	
Total Thailand		4,735,500	
TOTAL INTERNATIONAL DOLLAR BONDS		77,433,746	
(Cost \$78,261,466)			
TOTAL INVESTMENTS: 95.45%*		209,876,089	
(Cost \$213,025,718****)			
CASH AND OTHER ASSETS, LESS LIABILITIES: 4.55%		9,997,310	
NET ASSETS: 100.00%		\$219,873,399	

* As a percentage of net assets as of February 28, 2003

** Non-income producing security.

*** Securities exempt from registration under rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified, institutional investors. At February 28, 2003, the value of these securities amounted to \$700,313 or 0.32% of net assets.

**** Cost for Federal income tax purposes is \$213,025,718

and net unrealized depreciation consists of:

Gross unrealized appreciation	\$6,683,236
Gross unrealized depreciation	(9,832,865)

Net unrealized depreciation	\$ (3,149,629)
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ADR American Depositary Receipt
Pfd. Preferred
Cnv. Convertible
REIT Real Estate Investment Trust

MARKET SECTOR DIVERSIFICATION
As a Percentage of Total Value of
Investment in Securities

Consumer Discretionary	8.82%
Automobiles	2.23%

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Hotels, Restaurants & Leisure	3.48%
Household Products	1.16%
Media	1.77%
Textiles & Apparel	0.18%
Consumer Staples	7.49%
Beverages	3.77%
Food Products	3.72%
Energy	5.96%
Oil & Gas	5.96%
Financials	40.72%
Banks	11.75%
Diversified Financials	18.57%
Insurance	3.36%
Real Estate	7.04%
Health Care	0.47%
Medical & Pharmaceutical	0.47%
Industrials	8.40%
Agriculture	1.22%
Commercial Services & Supplies	2.40%
Distributors	1.43%
Electrical Equipment	1.80%
Transportation Infrastructure	1.55%
Information Technology	1.90%
Semiconductor Equipment & Products	1.90%
Telecommunication Services	11.41%
Diversified Telecommunication Services	6.15%
Wireless Telecommunication Services	5.26%
Utilities	14.83%
Electric Utilities	12.60%
Gas Utilities	2.23%
TOTAL INVESTMENTS	100.00%
=====	

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Matthews Korea Fund >

SHARES

VALUE

EQUITIES: SOUTH KOREA: 97.60%*

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BUSINESS SERVICES: 2.89%

Media: 2.89%

Cheil Communications, Inc.	24,740	\$2,072,634
CJ Entertainment, Inc.	285,757	2,609,434

Total Business Services **4,682,068**

CONSUMER DISCRETIONARY: 8.79%

Automobiles: 3.86%

Hyundai Motor Co., Ltd.	137,361	2,888,419
Hyundai Motor Co., Ltd., Pfd.	318,850	3,365,735

		6,254,154

Automobile Parts: 0.20%

Global & Yuasa Battery Co., Ltd.	224,800	323,928
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Internet & Catalog Retail: 3.43%

Internet Auction Co., Ltd.**	183,507	4,196,993
LG Home Shopping, Inc.	20,443	1,349,565

		5,546,558

Retail: 1.30%

Hyundai Department Store Co., Ltd.	124,360	2,099,321
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Total Consumer Discretionary **14,223,961**

CONSUMER STAPLES - 17.46%

Beverages: 4.28%

Hite Brewery Co., Ltd.	93,041	4,076,609
Lotte Chilsung Beverage Co.	6,450	2,853,098

		6,929,707

Consumer Products: 4.04%

Amorepacific Corp.	54,700	4,170,150
Handsome Co., Ltd.	114,290	669,281
Hanssem Co., Ltd.	90,900	841,490
Plenus Entertainment, Inc.	92,740	854,639

6,535,560

Food Products: 7.80%

CJ Corp.	42,200	1,435,362
Lotte Confectionery Co., Ltd.	8,010	2,660,717
Nong Shim Co., Ltd.	83,778	5,018,328
Pulmuone Co., Ltd.	66,210	2,046,788
Tong Yang Confectionery Corp.	35,000	1,466,091

12,627,286

Household Products/Ware: 1.34%

LG Household & Health Care, Ltd., Pfd.	159,270	2,174,927
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Total Consumer Staples **28,267,480**

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	SHARES	VALUE
FINANCIALS: 21.16%		
Banks: 12.62%		
Hana Bank	681,874	\$9,140,019
Kookmin Bank	195,163	5,967,788
Kookmin Bank ADR**	68,939	2,104,018
Shinhan Financial Group Co., Ltd.	306,592	3,223,499

		20,435,324

Diversified Financials: 3.11%		
Kookmin Credit Card Co., Ltd.**	85,750	1,278,725
Samsung Securities Co., Ltd.	163,495	3,752,996

		5,031,721

Insurance: 5.43%		
Hyundai Marine & Fire Insurance Co.	73,510	1,364,090
Samsung Fire & Marine Insurance Co., Ltd.	103,853	4,959,260
Samsung Fire & Marine Insurance Co., Ltd., Pfd.	98,000	2,463,034

		8,786,384

Total Financials		34,253,429

HEALTH CARE: 2.59%		
Health Care Equipment & Supplies: 0.44%		
Shinhung Co., Ltd.	342,700	709,143

Pharmaceuticals: 2.15%		
Yuhan Corp.	83,118	3,481,674

Total Health Care		4,190,817

INDUSTRIALS: 6.82%		
Commercial Services: 2.49%		
S1 Corp.	245,895	4,027,351

Construction: 2.48%		
Tae Young Corp.	154,310	4,007,548

Metals & Mining: 1.85%		
Poongsan Corp.	368,840	2,997,318

Total Industrials		11,032,217

 Schedule of Investments FEBRUARY 28, 2003 (unaudited)

< Matthews Korea Fund

SHARES VALUE

INFORMATION TECHNOLOGY: 20.02%

Electrical & Electronic Equipment: 1.93%

Daeduck Electronics Co., Ltd. 428,433 \$3,129,842

Internet Software & Services: 2.98%

NCsoft Corp.** 46,472 3,819,297

NHN Corp. 21,400 1,002,187

4,821,484

Office Electronics: 3.20%

Sindo Ricoh Co. 105,986 5,185,425

Semiconductor Equipment & Products: 11.91%

Samsung Electronics 68,051 15,934,532

Samsung Electronics Co., Ltd., Pfd. 29,640 3,327,408

19,261,940

Total Information Technology

32,398,691

TELECOMMUNICATION SERVICES: 14.10%

Telecommunication Services: 6.30%

KT Corp. 109,020 3,986,699

KT Corp., ADR 335,500 6,206,750

10,193,449

Wireless Telecommunication Services: 7.80%

KT Freetel Co., Ltd.** 222,301 4,562,790

SK Telecom Co., Ltd. 45,155 6,241,842

SK Telecom Co., Ltd., ADR 118,600 1,825,254

12,629,886

Total Telecommunication Services

22,823,335

UTILITIES: 3.77%

Daehan City Gas Co., Ltd. 57,492 587,611

Korea Electric Power (KEPCO) Corp. 138,610 2,084,405

Korea Gas Corp. 163,750 3,429,607

Total Utilities

6,101,623

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TOTAL EQUITIES: SOUTH KOREA **157,973,621**

(Cost \$152,222,277)

FACE AMOUNT VALUE

INTERNATIONAL DOLLAR BONDS:

SOUTH KOREA: 0.98%*

FINANCIALS: 0.15%

Insurance: 0.15%

Korea Deposit Insurance Cnv.

2.250%, 10/11/05 200,000 \$244,000

TELECOMMUNICATION SERVICES: 0.83%

Telecommunication Services: 0.83%

Korea Telecom Co.

0.250%, 01/04/07 925,000 955,062

Korea Telecom Co.

0.250%, 01/04/07 *** 375,000 387,188

 1,342,250

TOTAL INTERNATIONAL DOLLAR BONDS:

SOUTH KOREA **1,586,250**

(Cost \$1,628,905)

TOTAL INVESTMENTS: 98.58% **159,559,871**

(Cost \$153,851,182****)

CASH AND OTHER ASSETS,

LESS LIABILITIES: 1.42% **2,296,397**

NET ASSETS: 100.00% **\$161,856,268**

* As a percentage of net assets as of February 28, 2003

** Non - income producing security.

*** Securities exempt from registration under rule 144A of the Securities Act of 1933. These may be resold in transactions exempt from registration, normally to qualified, institutional investors. As of February 28, 2003, the value of these securities amounted to \$387,188 or 0.24% of net assets.

**** Cost for Federal income tax purposes is \$153,851,182

and net unrealized depreciation consists of:

Gross unrealized appreciation \$25,633,248

Gross unrealized depreciation (19,924,559)

 Net unrealized appreciation \$5,708,689
 =====

ADR American Depositary Receipt

Cnv. Convertible

Pfd. Preferred

See accompanying notes to financial statements

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Matthews China Fund >

	SHARES	VALUE

EQUITIES: CHINA/HONG KONG: 97.64%*		
CONSUMER DISCRETIONARY: 25.00%		
Automobiles & Components: 4.08%		
Denway Motors, Ltd.	5,586,600	\$2,148,935

Consumer Durable & Apparel: 6.13%		
Lerado Group Co., Ltd.	4,442,000	746,112
TCL International Holdings, Ltd.	3,110,000	817,464
Texwinca Holdings, Ltd.	2,180,000	1,663,136

		3,226,712

Distributors: 0.97%		
Li & Fung, Ltd.	520,000	510,058

Hotels, Restaurants & Leisure: 8.03%		
Cafe De Coral Holdings, Ltd.	1,006,100	628,883
Shangri-La Asia, Ltd.	2,499,000	1,794,356
Tsingtao Brewery Co. H Shares	3,016,000	1,807,871

		4,231,110

Media: 3.61%		
Clear Media, Ltd. **	1,873,000	912,590
Television Broadcasts, Ltd.	325,000	989,695

		1,902,285

Retail: 1.29%		
Giordano International, Ltd.	2,256,000	679,769

Travel & Recreation: 0.89%		
China Travel International Investment Hong Kong, Ltd.	2,702,000	467,707

Total Consumer Discretionary		13,166,576

ENERGY: 12.12%		
Oil & Gas: 12.12%		
China Oilfield Services, Ltd.**	4,728,000	1,176,071
CNOOC, Ltd.	951,500	1,335,910
Hong Kong and China Gas Co., Ltd.	981,400	1,208,013
PetroChina Co., Ltd. H Shares	5,334,000	1,114,795

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Sinopec Zhenhai Refining & Chemical Co., Ltd.	4,938,000	1,551,214

Total Energy		6,386,003

FINANCIALS: 9.35%		
Banks: 2.05%		
BOC Hong Kong (Holdings) Ltd. **	1,051,500	\$1,078,583

Diversified Financials: 2.56%		
Swire Pacific, Ltd. A Shares	319,000	1,349,768

Insurance: 3.46%		
China Insurance International Holdings Co., Ltd.	3,348,000	1,824,437

Real Estate: 1.28%		
China Vanke Co., Ltd. B Shares	841,733	672,383

Total Financials		4,925,171

HEALTH CARE: 3.93%		
Pharmaceuticals: 3.93%		
China Pharmaceutical Enterprise and Investment Corp., Ltd.	8,204,000	2,072,270

Total Health Care		2,072,270

INDUSTRIALS: 25.23%		
Airlines: 4.93%		
Beijing Capital International Airport Co. H Shares	8,214,000	1,948,412
China Southern Airlines Co., Ltd. H Shares	2,378,000	647,926

		2,596,338

Industrial Conglomerates: 13.72%		
Beijing Enterprises Holdings, Ltd. H Shares	808,000	792,551
BYD Co., Ltd. **	428,500	868,085
Cheung Kong Infrastructure	1,166,500	2,123,868
China Merchants Holdings International Co., Ltd.	2,234,000	1,732,978
Shanghai Industrial Holdings, Ltd.	1,101,000	1,708,154

		7,225,636

Machinery: 0.90%		
Shanghai Zhenhua Port Machinery Co., Ltd. B Shares	515,500	473,229

Transportation: 5.68%		
Zhejiang Expressway Co., Ltd. H Shares	4,046,000	1,776,809
Sinotrans, Ltd.**	4,222,000	1,218,022
		2,994,831

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Total Industrials 13,290,034

Schedule of Investments 23

Schedule of Investments FEBRUARY 28, 2003 (unaudited)

< Matthews China Fund

SHARES VALUE

INFORMATION TECHNOLOGY: 6.60%

Computer Software: 3.48%

Travelsky Technology, Ltd. H Shares 2,465,000 \$1,833,156

Computers & Peripherals: 2.31%

Legend Holdings, Ltd. 3,542,000 1,214,861

IT Consulting & Services: 0.81%

AsiaInfo Holdings, Inc.** 115,263 428,778

Total Information Technology 3,476,795

TELECOMMUNICATION SERVICES: 4.85%

Wireless Telecommunication Services: 4.85%

China Mobile HK, Ltd.** 471,083 1,014,755

China Mobile HK, Ltd. ADR** 21,500 235,210

China Unicom, Ltd.** 1,988,000 1,204,405

China Unicom, Ltd. ADR** 16,200 99,954

Total Telecommunication Services 2,554,324

UTILITIES: 10.56%

Beijing Datang Power Generation, Co., Ltd. H Shares 3,918,000 1,331,266

Huaneng Power International, Inc. ADR 39,400 1,428,644

Huaneng Power International, Inc. H Shares 1,652,000 1,472,140

Shandong International Power Development Co., Ltd. H Shares 5,920,000 1,328,355

Total Utilities 5,560,405

TOTAL INVESTMENTS: 97.64% 51,431,578

(Cost \$53,474,454***)

CASH AND OTHER ASSETS,

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LESS LIABILITIES: 2.36% **1,237,449**

NET ASSETS: 100.00% **\$52,669,027**

* As a percentage of net assets as of February 28, 2003
 ** Non - income producing security.
 ADR American Depositary Receipt
 *** Cost for Federal income tax purposes is \$53,474,454
 and net unrealized depreciation consists of:
 Gross unrealized appreciation \$4,377,631
 Gross unrealized depreciation (6,420,507)

 Net unrealized depreciation \$ (2,042,876)
 =====

Matthews Japan Fund >

	SHARES	VALUE
EQUITIES: JAPAN: 98.85%*		
CONSUMER DISCRETIONARY: 38.22%		
Automobiles: 10.40%		
Gulliver International Co., Ltd.	12,200	\$303,388
Honda Motor Co., Ltd. ADR	20,500	376,585

		679,973

Bicycle Manufacturing: 2.31%		
Shimano, Inc.	11,500	150,772

Household Durables: 7.69%		
Arc Land Sakamoto Co., Ltd.	600	4,212
Nintendo Co., Ltd.	3,665	292,332
Sony Corp. ADR	5,435	206,367

		502,911

Media: 4.35%		
Fuji Television Network, Inc.	81	284,331

Retail: 13.47%		
Belluna Co., Ltd.	7,024	213,289
Don Quijote Co., Ltd.	3,500	279,171
Fast Retailing Co., Ltd.	3,900	103,912
Kyoto Kimono Yuzen Co., Ltd.	111	197,166
Paris Miki, Inc.	8,500	88,433

		881,971

Total Consumer Discretionary		2,499,958

CONSUMER STAPLES: 6.15%
Beverages: 3.48%

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ITO En, Ltd.	7,300	227,228

Food: 2.67%		
Nissin Healthcare Food Service Co., Ltd.	10,600	174,836

Total Consumer Staples		402,064

See accompanying notes to financial statements

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	SHARES	VALUE

FINANCIALS: 25.50%		
Banks: 10.77%		
Mizuho Financial Group, Inc.**	338	\$300,190
The Joyo Bank, Ltd.	53,000	146,145
The Sumitomo Trust and Banking Co., Ltd.	74,000	258,507

		704,842

Diversified Financials: 8.46%		
Japan Securities Finance Co., Ltd.	31,000	103,574
Monex, Inc. **	1,631	155,892
Nomura Holdings, Inc.	25,000	293,931

		553,397

Insurance: 3.25%		
AFLAC, Inc.	6,800	212,500

Real Estate: 3.02%		
Able, Inc.	9,600	197,319

Total Financials		1,668,058

INFORMATION TECHNOLOGY: 12.87%		
Electronic Equipment & Instruments: 6.74%		
Canon, Inc.	2,000	72,235
Canon, Inc. ADR	3,900	140,205
Niws Co., Ltd.	173	228,277

		440,717

Semiconductor Equipment: 2.10%		
Rohm Co., Ltd.	1,200	137,534

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Software: 4.03%		
Access Co., Ltd. **	18	263,396
Total Information Technology		841,647

MANUFACTURING: 8.49%		
Agricultural: 2.69%		
Hokuto Corp.	9,800	176,147
Electronics: 2.55%		
Murata Manufacturing Co., Ltd.	4,400	166,733
Equipment & Products: 3.25%		
Yushin Precision Equipment Co., Ltd.	4,500	70,417
Nakanishi, Inc.	6,000	142,102
		212,519
Total Manufacturing		555,399

	SHARES	VALUE
TELECOMMUNICATION SERVICES: 7.62%		
Diversified Telecommunication Services: 7.62%		
NTT DoCoMo, Inc.	127	\$239,552
Nippon Telegraph & Telephone Corp. ADR**	14,325	259,139
Total Telecommunication Services		498,691

TOTAL INVESTMENTS: 98.85% **6,465,817**
(Cost \$7,624,243***)

CASH AND OTHER ASSETS,
LESS LIABILITIES: 1.15% **74,955**

NET ASSETS: 100.00% **\$6,540,772**

* As a percentage of net assets as of February 28, 2003

** Non - income producing security.

*** Cost for Federal income tax purposes is \$7,624,243 and net unrealized depreciation consists of:

Gross unrealized appreciation	\$178,459
Gross unrealized depreciation	(1,336,885)
Net unrealized depreciation	\$ (1,158,426)

ADR American Depositary Receipt

See accompanying notes to financial statements

Schedule of Investments 25

Schedule of Investments		FEBRUARY 28, 2003 (unaudited)	
Matthews Asian Technology Fund			
[DRAGON LOGO]	SHARES	VALUE	
EQUITIES: 99.30%*			
China/Hong Kong: 14.81%			
Asia Satellite Telecommunications Holdings Ltd.	82,900	\$105,762	
AsiaInfo Holdings, Inc. **	21,000	78,120	
China Mobile HK Ltd. **	44,500	95,857	
China Mobile HK Ltd. ADR **	10,900	119,246	
Legend Group Ltd.	789,000	270,617	
TPV Technology Ltd.	446,000	130,098	
Total China/Hong Kong		799,700	
India: 2.20%			
Wipro Ltd. ADR	3,900	118,482	
Japan: 32.01%			
Access Co., Ltd. **	16	234,130	
Canon, Inc.	3,000	108,353	
Canon, Inc. ADR	3,300	118,635	
Nakanishi Inc.	7,000	165,785	
Nintendo Co., Ltd.	2,935	234,105	
Niws Co., Ltd.	186	245,430	
NTT DoCoMo, Inc.	119	224,462	
Rohm Co., Ltd.	800	91,690	
Sony Corp.	2,800	106,340	
Sony Corp. ADR	2,175	82,585	
Yushin Precision Equipment Co., Ltd.	7,400	115,796	
Total Japan		1,727,311	
Singapore: 4.20%			
Venture Corp., Ltd.	29,400	226,519	
South Korea: 24.22%			
DGI Co., Ltd.	13,610	153,357	
Intelligent Digital Intergrated Security Co., Ltd.	10,071	153,556	
Internet Auction Co., Ltd. **	7,196	164,580	
KT Corp.	4,120	150,662	
KT Corp. ADR	5,000	92,500	
NCsoft Corp. **	1,851	152,124	
NHN Corp.	1,000	46,831	

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Samsung Electronics Co., Ltd.	1,038	243,054
SK Telecom Co., Ltd.	1,089	150,534

Total South Korea		1,307,198

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	SHARES	VALUE

Taiwan: 15.29%		
Hon Hai Precision Industry Co., Ltd.	79,140	\$255,070
LITE-ON IT Corp.	59,800	147,994
Realtek Semiconductor Corp.	28,750	63,705
Sunplus Technology Co., Ltd.	119,500	169,879
Taiwan Semiconductor Manufacturing Co., Ltd. **	155,989	188,533

Total Taiwan		825,181

Thailand: 6.57%		
Advanced Info Service Public Co., Ltd.	316,800	288,774
Shin Satellite Public Co., Ltd. **	266,000	65,902

Total Thailand		354,676

TOTAL INVESTMENTS: 99.30%		5,359,067
(Cost \$6,435,590***)		

LIABILITIES, LESS CASH AND OTHER ASSETS: 0.70%		37,829

NET ASSETS: 100.00%		\$5,396,896
		=====

* As a percentage of net assets as of February 28, 2003

** Non - income producing security.

ADR American Depositary Receipt

*** Cost for Federal income tax purposes is \$6,435,590
and net unrealized depreciation consists of:

Gross unrealized appreciation	\$206,709
Gross unrealized depreciation	(1,283,232)

Net unrealized depreciation	<u>\$ (1,076,523)</u>
-----------------------------	-----------------------

MARKET SECTOR DIVERSIFICATION
As a Percentage of Total Value of
Investment in Securities

Consumer Discretionary	9.87%
Leisure Equipment & Products	9.87%
Industrials	2.16%
Commercial Services & Supplies	2.16%
Information Technology	62.71%
Computers & Peripherals	2.86%
Electronic Equipment & Instruments	23.83%
Internet Software & Services	11.15%
IT Consulting & Services	1.46%
Semiconductor Equipment & Products	23.41%
Manufacturing	3.09%
Equipment & Products	3.09%
Telecommunication Services	22.17%
Diversified Telecommunication Services	22.17%
TOTAL INVESTMENTS	100.00%
=====	

See accompanying notes to financial statements

Schedule of Investments 27

-----		FEBRUARY 28, 2003 (unaudi	
Statement of Assets and Liabilities			
-----		MATTHEWS	MATT
		PACIFIC TIGER	ASIAN GROWTH
		FUND	INCOME
-----		-----	
Assets:			
Investments at value (A)		\$103,122,546	\$209,876
Cash		16,870	10,033
Dividends and interest receivable		344,148	1,226
Receivable for securities sold		1,330,099	
Receivable for capital shares sold		167,047	2,043
Other assets		7,824	12
-----		-----	
Total assets		104,988,534	223,192
-----		-----	
Liabilities:			

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Payable for securities purchased	936,850	2,910
Payable for capital shares redeemed	135,596	64
Cash overdraft	--	
Due to Advisor (Note 2)	81,416	155
Payable for shareholder service fee	12,212	23
Accrued expenses	113,858	164
Other liabilities	--	1

Total liabilities **1,279,932** **3,318**

Net Assets: **\$103,708,602** **\$219,873**

Shares Outstanding:

(shares of beneficial interest issued and outstanding, respectively, unlimited number of shares authorized with a \$0.001 par value)

12,971,730 **21,141**

Net asset value, offering price and redemption price **\$7.99** **\$1**

Net Assets Consist of:

Capital paid-in	\$121,263,370	\$222,520
Accumulated undistributed net investment income (loss)	(260,120)	549
Accumulated net realized gain (loss) on investments	(10,784,710)	(48)
Net unrealized appreciation (depreciation) on investments and foreign currency related transactions	(6,509,938)	(3,147)

Net Assets: **\$103,708,602** **\$219,873**

(A) Investments at cost **\$109,633,262** **\$213,025**

See accompanying notes to financial statements.

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MATTHEWS KOREA FUND	MATTHEWS CHINA FUND	MATTHEWS JAPAN FUND	MATTHEWS ASIAN TECHNOLOGY FUND
\$159,559,871	\$51,431,578	\$6,465,817	\$5,359,067
--	2,397,740	--	86,423

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2,665,768	298	4,955	9,045
1,735,274	--	481,841	--
60,959	62,784	--	5,669
14,996	2,491	475	472
164,036,868	53,894,891	6,953,088	5,460,676
1,246,839	1,003,945	--	46,397
101,333	138,749	--	--
437,873	--	403,282	--
129,651	36,296	6,019	3,612
19,448	5,444	821	633
245,456	41,430	2,194	13,138
--	--	--	--
2,180,600	1,225,864	412,316	63,780
\$161,856,268	\$52,669,027	\$6,540,772	\$5,396,896
50,378,876	5,856,424	825,549	1,955,609
\$3.21	\$8.99	\$7.92	\$2.76
\$144,585,475	\$58,076,469	\$16,537,917	\$25,327,715
516,350	(126,638)	(85,633)	(52,296)
11,039,219	(3,237,928)	(8,753,109)	(18,802,237)
5,715,224	(2,042,876)	(1,158,403)	(1,076,286)
\$161,856,268	\$52,669,027	\$6,540,772	\$5,396,896
\$153,851,182	\$53,474,454	\$7,624,243	\$6,435,590

Statement of Assets and Liabilities 29

Statement of Operations

For the six months ended FEBRUARY 28, 2003 (unaudited)

MATTHEWS
PACIFIC TIGER

MATTHEWS
ASIAN GROWTH

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	FUND	INCOME
Investment Income:		
Dividends	\$864,409	\$1,799
Interest	--	1,501
Foreign withholding tax	(108,770)	(177)
<hr/>		
Total investment income	755,639	3,123
<hr/>		
Expenses:		
Investment advisory fees (Note 2)	533,130	845
Transfer agent fees	111,366	168
Administration and accounting fees	82,300	129
Professional fees	10,975	17
Custodian fees	52,905	76
Directors fees (Note 2)	2,998	4
Shareholder service fee	113,737	175
Insurance expense	3,668	3
Amortization of organization costs (Note 1-F)	--	
Printing expense	12,133	14
Registration expenses	14,199	22
Other expenses	1,323	2
<hr/>		
Total expenses	938,734	1,459
<hr/>		
Expenses waived, reimbursed or recaptured (Note 2)	--	
<hr/>		
Net expenses	938,734	1,459
<hr/>		
Net Investment Income (Loss)	(183,095)	1,663
<hr/>		
Realized and Unrealized Gain (Loss) on Investments and Foreign Currency Related Transactions:		
Net realized gain (loss) on investments	(4,645,518)	31
Net realized loss on foreign currency related transactions	(9,964)	(72)
Net change in unrealized appreciation (depreciation) on investments and foreign currency related transactions	(2,421,454)	(3,281)
<hr/>		
Net realized and unrealized gain (loss) on investments and foreign currency related transactions	(7,076,936)	(3,322)
<hr/>		
Net Increase (Decrease) in Net Assets from Operations	(\$7,260,031)	(\$1,658)
<hr/>		

See accompanying notes to financial statements.

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MATTHEWS KOREA FUND	MATTHEWS CHINA FUND	MATTHEWS JAPAN FUND	MATTHEWS TECHNOLOG
\$3,178,382	\$300,415	\$21,016	\$
--	972	--	
(530,546)	--	(2,784)	
2,647,836	301,387	18,232	
1,001,624	178,126	37,816	
199,481	35,376	7,547	
155,303	27,349	5,877	
20,672	3,651	780	
114,142	17,080	3,678	
5,646	997	213	
208,620	36,980	7,883	
7,551	1,079	285	
--	1,452	--	
16,686	5,616	1,433	
26,580	11,137	7,562	
2,459	449	96	
1,758,764	319,292	73,170	
--	6,379	2,463	
1,758,764	325,671	75,633	
889,072	(24,284)	(57,401)	(
15,833,447	(1,291,612)	(317,059)	(9
(201,173)	(10)	(284)	
(63,028,907)	1,674,400	(1,131,417)	2
(47,396,633)	382,778	(1,448,760)	(6
(\$46,507,561)	\$358,494	(\$1,506,161)	(\$7

Statement of Operations 31

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Statement of Changes in Net Assets

		MATTHEWS PACIFIC T
		Six Months Ended February 28, 2003 (unaudited)
Operations:		
Net investment income (loss)		(\$183,095)
Net realized gain (loss) on investments and foreign currency related transactions		(4,655,482)
Net change in unrealized appreciation (depreciation) on investments and foreign currency related transactions		(2,421,454)
Net increase (decrease) in net assets from operations		(7,260,031)
Dividends and Distributions to Shareholders from:		
Net investment income		--
Realized gains on investments		--
Net decrease in net assets resulting from distributions		--
Capital Share Transactions (net) (Note 1-K):		(3,829,448)
Total increase (decrease) in net assets		(11,089,479)
Net Assets:		
Beginning of period		114,798,081
End of period (including undistributed net investment income (loss) of \$(260,120), \$(77,025), \$549,113, \$17,691, \$516,350, and \$(372,722) respectively)		\$103,708,602

See accompanying notes to financial statements.

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MATTHEWS ASIAN GROWTH AND INCOME FUND		MATTHEWS KOREA FUND	
Six Months Ended February 28, 2003 (unaudited)	Year Ended August 31, 2002	Six Months Ended February 28, 2003 (unaudited)	Year Ended August 31, 2002

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\$1,663,489	\$1,329,018	\$889,072	(\$1,421,
(40,978)	3,303,008	15,632,274	34,090,
(3,281,195)	(280,755)	(63,028,907)	57,069,
(1,658,684)	4,351,271	(46,507,561)	89,739,
(1,132,067)	(1,362,799)	--	(467,
(2,386,434)	--	(19,371,082)	(3,455,
(3,518,501)	(1,362,799)	(19,371,082)	(3,922,
72,369,383	125,246,184	(25,268,552)	50,055,
67,192,198	128,234,656	(91,147,195)	135,871,
152,681,201	24,446,545	253,003,463	117,132,
\$219,873,399	\$152,681,201	\$161,856,268	\$253,003,

Statement of Changes in Net Assets 33

Statement of Changes in Net Assets

MATTHEWS CHINA

Six Months Ended
February 28, 2003
(unaudited)

Operations:

Net investment income (loss)	(\$24,284)
Net realized gain (loss) on investments and foreign currency related transactions	(1,291,622)
Net change in unrealized appreciation (depreciation) on investments and foreign currency related transactions	1,674,400
Net increase (decrease) in net assets from operations	358,494

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Dividends and Distributions to Shareholders from:

Net investment income	(542,079)
Realized gains on investments	--

Net decrease in net assets resulting from distributions	(542,079)
---	-----------

Capital Share Transactions (net) (Note 1-K):

19,177,339

Total increase (decrease) in net assets	18,993,754
---	------------

Net Assets:

Beginning of period	33,675,273
---------------------	------------

End of period (including undistributed net investment income (loss) of \$(126,638), \$439,725, \$(85,633), \$(28,232), \$(52,296) and \$(8,487), respectively)	\$52,669,027
--	--------------

See accompanying notes to financial statements.

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MATTHEWS JAPAN FUND		MATTHEWS ASIAN TECHNOLOGY FUND	
Six Months Ended February 28, 2003 (unaudited)	Year Ended August 31, 2002	Six Months Ended February 28, 2003 (unaudited)	Year Ended August 31, 2002
(\$57,401)	(\$128,812)	(\$43,809)	(\$172,000)
(317,343)	(4,233,549)	(975,710)	(2,212,000)
(1,131,417)	3,160,981	299,115	1,639,000
(1,506,161)	(1,201,380)	(720,404)	(745,000)
--	(182,412)	--	(142,000)

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--	--	--	
--	(182,412)	--	(142)
(1,351,662)	3,024,383	(761,867)	(1,840)
(2,857,863)	1,640,591	(1,482,271)	(2,727)
9,398,595	7,758,004	6,879,167	9,607
\$6,540,772	\$9,398,595	\$5,396,896	\$6,879

Statement of Changes in Net Assets 35

Financial Highlights

Matthews Pacific Tiger Fund

The table below sets forth financial data for a share of beneficial interest outstanding throughout the periods presented.

	Six Months Ended Feb. 28, 2003 (unaudited)	2002	Year Ended 2001
Net Asset Value, beginning of period	\$8.54	\$7.91	\$12.35
Income (loss) from Investment Operations:			
Net investment income (loss)	(0.02)	(0.01)	0.02
Net realized gain (loss) and unrealized appreciation (depreciation) on investments and foreign currency	(0.54)	0.66	(3.37)
Total from investment operations	(0.56)	0.65	(3.35)
Less Distributions from:			
Net investment income	--	(0.01)	(0.31)
Net realized gains on investments	--	(0.03)	(0.84)
Total distributions	0.00	(0.04)	(1.15)

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Paid-in Capital from Redemption Fees (Note 1K)	0.01	0.02	0.06
Net Asset Value, end of period	\$7.99	\$8.54	\$7.91
Total Return	(6.44%) (2)	8.44%	(27.46%)
Ratios/Supplemental Data			
Net assets, end of period (in 000's)	\$103,709	\$114,798	\$76,503
Ratio of expenses to average net assets before reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.76% (1)	1.79%	1.90%
Ratio of expenses to average net assets after reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 2)	1.76% (1)	1.87%	1.90%
Ratio of net investment income (loss) to average net assets before reimbursement, waiver or recapture of expenses by Advisor and Administrator	(0.34%) (1)	(0.17%)	0.67%
Ratio of net investment income (loss) to average net assets after reimbursement, waiver or recapture of expenses by Advisor and Administrator	(0.34%) (1)	(0.17%)	0.67%
Portfolio turnover	14.37% (2)	57.00%	63.59%
1 Annualized.			
2 Not annualized.			
See accompanying notes to financial statements.			

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Matthews Asian Growth and Income Fund

The table below sets forth financial data for a share of beneficial interest outstanding throughout the period presented.

	Six Months Ended Feb. 28, 2003 (unaudited)	2002	Year Ended 2001
Net Asset Value, beginning of period	\$10.71	\$9.08	\$10.50
Income (loss) from Investment Operations:			
Net investment income	0.09	0.18	0.54
Net realized gain (loss) and unrealized appreciation (depreciation) on investments and foreign currency	(0.19)	1.70	(0.49)

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Total from investment operations	(0.10)	1.88	0.05
Less Distributions from:			
Net investment income	(0.07)	(0.27)	(0.60)
Net realized gains on investments	(0.15)	--	(0.88)
Total distributions	(0.22)	(0.27)	(1.48)
Paid-in Capital from Redemption Fees (Note 1K)	0.01	0.02	0.01
Net Asset Value, end of period	\$10.40	\$10.71	\$9.08
Total Return	(0.82%) (2)	21.11%	1.15%
Ratios/Supplemental Data			
Net assets, end of period (in 000's)	\$219,873	\$152,681	\$24,447
Ratio of expenses to average net assets before reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.73% (1)	1.77%	1.90%
Ratio of expenses to average net assets after reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 2)	1.73% (1)	1.79%	1.90%
Ratio of net investment income (loss) to average net assets before reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.97% (1)	2.13%	7.71%
Ratio of net investment income (loss) to average net assets after reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.97% (1)	2.11%	7.71%
Portfolio turnover	3.84% (2)	32.37%	33.94%
1 Annualized.			
2 Not annualized.			
See accompanying notes to financial statements.			

Financial Highlights 37

Financial Highlights

Matthews Korea Fund

The table below sets forth financial data for a share of beneficial interest outstanding throughout the period presented.

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	Six Months Ended Feb. 28, 2003 (unaudited)	2002	2001	Year En
Net Asset Value, beginning of period	\$4.42	\$2.68	\$5.19	
Income (loss) from Investment Operations:				
Net investment income (loss)	0.02	(0.02)	(0.01)	
Net realized gain (loss) and unrealized appreciation (depreciation) on investments and foreign currency	(0.85)	1.81	(0.90)	
Total from investment operations	(0.83)	1.79	(0.91)	
Less Distributions from:				
Net investment income	--	(0.01)	--	
Net realized gains on investments	(0.39)	(0.07)	(1.63)	
Total distributions	(0.39)	(0.08)	(1.63)	
Paid-in Capital from Redemption Fees (Note 1K)	0.01	0.03	0.03	
Net Asset Value, end of period	\$3.21	\$4.42	\$2.68	

Total Return (20.08%) (2) 68.49% (13.09%)

Ratios/Supplemental Data

Net assets, end of period (in 000's)	\$161,856	\$253,003	\$117,138	\$1
Ratio of expenses to average net assets before reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.76% (1)	1.75%	1.78%	
Ratio of expenses to average net assets after reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 2)	1.76% (1)	1.75%	1.78%	
Ratio of net investment income (loss) to average net assets before reimbursement, waiver or recapture of expenses by Advisor and Administrator	0.89% (1)	(0.64%)	0.75%	
Ratio of net investment income (loss) to average net assets after reimbursement, waiver or recapture of expenses by Advisor and Administrator	0.89% (1)	(0.64%)	0.75%	
Portfolio turnover	6.13% (2)	46.52%	81.96%	

1 Annualized.

2 Not annualized.

See accompanying notes to financial statements.

Matthews China Fund

The table below sets forth financial data for a share of beneficial interest outstanding throughout the period presented.

	Six Months Ended Feb. 28, 2003 (unaudited)	----- 2002	Year Ended Au 2001 -----
Net Asset Value, beginning of period	\$8.96	\$9.21	\$9.93
Income (loss) from Investment Operations:			
Net investment income	--	0.05	0.24
Net realized gain (loss) and unrealized appreciation (depreciation) on investments and foreign currency	0.16	(0.20)	(0.61)
Total from investment operations	0.16	(0.15)	(0.37)
Less Distributions from:			
Net investment income	(0.14)	(0.15)	(0.15)
Net realized gains on investments	--	--	(0.28)
Total distributions	(0.14)	(0.15)	(0.43)
Paid-in Capital from Redemption Fees (Note 1K)	0.01	0.05	0.08
Net Asset Value, end of period	\$8.99	\$8.96	\$9.21
Total Return	1.96% (3)	(1.16%)	(2.23%)
Ratios/Supplemental Data			
Net assets, end of period (in 000's)	\$52,669	\$33,675	\$19,843
Ratio of expenses to average net assets before reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.79% (2)	1.97%	2.00%
Ratio of expenses to average net assets after reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 2)	1.83% (2)	2.00%	2.00%
Ratio of net investment income (loss) to average net assets before reimbursement, waiver or recapture of expenses by Advisor and Administrator	(0.10%) (2)	0.99%	2.62%
Ratio of net investment income (loss) to average net assets after reimbursement, waiver or recapture of expenses by Advisor and Administrator	(0.14%) (2)	0.96%	2.62%
Portfolio turnover	10.17% (3)	43.84%	61.07%

1 The China Fund commenced operations on February 19, 1998.

2 Annualized.

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3 Not annualized.

See accompanying notes to financial statements.

Financial Highlights 39

Financial Highlights

Matthews Japan Fund

The table below sets forth financial data for a share of beneficial interest outstanding throughout the periods presented.

	Six Months Ended Feb. 28, 2003 (unaudited)	Year Ended August 31,	
		2002	2001
Net Asset Value, beginning of period	\$9.60	\$11.22	\$20.76
Income (loss) from Investment Operations:			
Net investment income (loss)	(0.08)	(0.07)	(0.26)
Net realized gain (loss) and unrealized appreciation (depreciation) on investments and foreign currency	(1.63)	(1.39)	(7.99)
Total from investment operations	(1.71)	(1.46)	(8.25)
Less Distributions from:			
Net investment income	--	(0.27)	(0.37)
Net realized gains on investments	--	--	(1.03)
Total distributions	--	(0.27)	(1.40)
Paid-in Capital from Redemption Fees (Note 1K)	0.03	0.11	0.11
Net Asset Value, end of period	\$7.92	\$9.60	\$11.22
Total Return	(17.50%) (3)	(12.20%)	(40.92%)
Ratios/Supplemental Data			
Net assets, end of period (in 000's)	\$6,541	\$9,399	\$7,758
Ratio of expenses to average net assets before reimbursement, waiver or recapture of expenses by Advisor and Administrator	1.93% (2)	1.91%	2.08%
Ratio of expenses to average net assets after reimbursement, waiver or recapture of expenses			

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by Advisor and Administrator (Note 2)	2.00% (2)	2.00%	2.00%
Ratio of net investment income (loss) to average net assets before reimbursement, waiver or recapture of expenses by Advisor and Administrator	(1.45%) (2)	(1.25%)	(0.90%)
Ratio of net investment income (loss) to average net assets after reimbursement, waiver or recapture of expenses by Advisor and Administrator	(1.52%) (2)	(1.34%)	(0.82%)
Portfolio turnover	46.21% (3)	113.23%	71.09%

1 The Japan Fund commenced operations on December 31, 1998.

2 Annualized.

3 Not annualized.

See accompanying notes to financial statements.

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Matthews Asian Technology Fund

The table below sets forth financial data for a share of beneficial interest outstanding throughout the period presented.

	Six Months Ended February 28, 2003 (unaudited)	Year Ended August 31, 2002	Year Ended August 31, 2001
Net Asset Value, beginning of period	\$3.13	\$3.53	\$7.61
Income (loss) from Investment Operations:			
Net investment income (loss)	(0.02)	(0.10)	(0.05)
Net realized gain (loss) and unrealized appreciation (depreciation) on investments and foreign currency	(0.37)	(0.31)	(3.97)
Total from investment operations	(0.39)	(0.41)	(4.02)
Less Distributions from:			
Net investment income	--	(0.04)	(0.22)
Net realized gains on investments	--	--	--
Total distributions	--	(0.04)	(0.22)
Paid-in Capital from Redemption Fees (Note 1K)	0.02	0.05	0.16

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Net Asset Value, end of period	\$2.76	\$3.13	\$3.53
Total Return	(11.82%) (3)	(10.40%)	(51.54%)
Ratios/Supplemental Data			
Net assets, end of period (in 000's)	\$5,397	\$6,879	\$9,607
Ratio of expenses to average net assets before reimbursement, waiver or recapture of expenses by Advisor and Administrator	2.27% (2)	2.01%	2.69%
Ratio of expenses to average net assets after reimbursement, waiver or recapture of expenses by Advisor and Administrator (Note 2)	2.00% (2)	2.00%	2.00%
Ratio of net investment income (loss) to average net assets before reimbursement, waiver or recapture of expenses by Advisor and Administrator	(1.71%) (2)	(1.56%)	1.14%
Ratio of net investment income (loss) to average net assets after reimbursement, waiver or recapture of expenses by Advisor and Administrator	(1.44%) (2)	(1.55%)	1.83%
Portfolio turnover	42.00% (3)	103.60%	181.24%

1 The Asian Technology Fund commenced operations on December 27, 1999.

2 Annualized.

3 Not annualized.

See accompanying notes to financial statements.

Financial Highlights 41

Notes to Financial Statements FEBRUARY 28, 2003 (unaudited)

1. Significant Accounting Policies Matthews Asian Funds (the "Company") is an open-end investment management company registered under the Investment Company Act of 1940, as amended (the "Act"). The Company currently issues six separate series of shares (each a "Fund" and collectively, the "Funds"): Matthews Pacific Tiger Fund, Matthews Asian Growth and Income Fund, Matthews Korea Fund, Matthews China Fund, Matthews Japan Fund and Matthews Asian Technology Fund. Matthews Pacific Tiger, Matthews Korea Fund and Matthews China Fund are authorized to offer two classes of shares: Class I shares and Class A shares. Currently, only Class I shares are offered. Matthews Pacific Tiger Fund, Matthews Korea Fund, Matthews China Fund, Matthews Japan Fund and Matthews Asian Technology Fund seek to maximize capital appreciation by investing, under normal circumstances, at least 80% of their total assets in equity securities of Pacific Tiger economies, South Korean companies, Chinese companies and Japanese companies, respectively. Pacific Tiger economies include Hong Kong, Singapore, South Korea, Taiwan, Indonesia, Malaysia, Philippines, Thailand and China. Matthews Asian Growth and Income Fund seeks capital appreciation and current income by investing, under normal circumstances, at least 80% of its total assets in the convertible bonds and dividend-paying equity securities of Asian economies. Asian economies include Hong Kong, Japan, Singapore, South Korea, Taiwan,

Indonesia, Malaysia, Philippines, Thailand, China and India. The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements.

A. Security Valuation: Securities listed on any national securities exchange are valued at their last sale price on the exchange where the securities are principally traded or, if there has been no sale on that date, at the mean between the last reported bid and asked prices. Securities traded over-the-counter are priced at the mean of the last bid and asked prices. All other securities are valued through valuations obtained from a commercial pricing service or at the most recent mean of the bid and asked prices provided by investment dealers in accordance with procedures established by the Board of Trustees.

The books and records of the Funds are maintained in U.S. Dollars. Transactions denominated in foreign currencies are recorded at the current prevailing exchange rates. All assets and liabilities denominated in foreign currencies are translated into U.S. Dollars at the current exchange rate. Translation gains or losses resulting from changes in the exchange rate during the reporting period and realized gains and losses on the settlement of foreign currency transactions are reported in the results of operations for the current period. The Funds do not isolate that portion of gains and losses on investment in equity securities which is due to changes in the foreign exchange rate from that which is due to changes in market prices of equity securities. International dollar bonds are issued offshore, pay interest and principal in U.S. Dollars, and are denominated in U.S. Dollars.

Portfolio securities traded on a foreign exchange are generally valued at the respective current prevailing exchange rates. The securities' values are translated into U.S.

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Dollars using these rates. If subsequent to the time a rate has been established and it has been determined to have materially changed, the fair value of those securities, (considering the changing conditions) will be determined by (or under the direction of) the Funds' Board of Trustees.

B. Forward Foreign Exchange Contracts: The Funds may engage in forward foreign exchange contracts for hedging a specific transaction in which the currency is denominated as deemed appropriate by Matthews International Capital Management, LLC (the "Advisor"). Forward foreign exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is recorded by the Funds as an unrealized gain or loss. When the contract is closed, the Funds record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Funds' portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Funds could be exposed to risks if the counterparts to the contract are unable to meet the terms of their contracts.

C. Risks Associated with Foreign Securities: Investments by the Funds in the securities of foreign issuers may involve investment risks different from those of U.S. issuers including possible political or economical instability of the country of the issuer, the difficulty in predicting international trade patterns, the possibility of currency exchange controls, the possible imposition of foreign withholding tax on the interest income payable on such instruments, the possible establishment of foreign controls, the possible seizure or nationalization of foreign deposits or assets, or the adoption of other foreign government restrictions that might adversely affect the foreign securities held by the Funds. Foreign securities may also be subject to greater fluctuations in price than securities of domestic corporations or the U.S. Government.

D. Federal Income Taxes: It is the policy of the Funds to comply with all requirements of the Internal Revenue Code of 1986, as amended ("the Code") applicable to regulated investment companies and to distribute substantially all of their taxable income to their shareholders. The Funds have met the requirements of the Code

applicable to regulated investment companies for the six months ended February 28, 2003. Therefore, no federal income tax provision is required. Income and capital gains of the Funds are determined in accordance with both tax regulations and accounting principles generally accepted in the United States of America. Such may result in temporary and permanent differences between tax basis earnings and earnings reported for financial statement purposes. These reclassifications, which have no impact on the net asset value of the Funds, are primarily attributable to certain differences in computation of distributable income and capital gains under federal tax rules versus accounting principles generally accepted in the United States of America and the use of the tax accounting practice known as equalization.

E. Determination of Gains or Losses on Sales of Securities: Gains or losses on the sale of securities are determined on the identified cost basis.

Notes to Financial Statements 43

F. Organization Costs: Organization costs are amortized on a straight-line basis over five years from each Fund's respective commencement of operations with the exception of the Matthews Japan Fund and Matthews Asian Technology Fund, which were amortized on a straight-line basis over one year from their respective commencement of operations. In the event that any of the initial shares are redeemed during the period of amortization of the Funds' organization costs, the redemption proceeds will be reduced by any such unamortized organization costs in the same proportion as the number of shares being redeemed bears to the number of those shares outstanding at the time of redemption.

G. Distribution to Shareholders: It is the policy of Matthews Asian Growth and Income Fund to distribute net investment income on a semi-annual basis and capital gains, if any, annually. Matthews Pacific Tiger Fund, Matthews Korea Fund, Matthews China Fund, Matthews Japan Fund, and Matthews Asian Technology Fund each distribute net investment income and capital gains, if any, annually. Distributions to shareholders are recorded on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America. Net investment losses may not be utilized to offset net investment income in future periods for tax purposes.

For federal income tax purposes, the Funds indicated below have capital loss carryforwards, which expire in the year indicated, as of August 31, 2002, which are available to offset future capital gains, if any:

	Losses Deferred Expiring in:		
	2008	2009	2010
Matthews Pacific Tiger Fund	\$--	\$--	\$3,234,939
Matthews Asian Growth and Income Fund	--	--	--
Matthews Korea Fund	--	--	--
Matthews China Fund	--	--	1,131,447
Matthews Japan Fund	--	35,094	4,506,064
Matthews Asian Technology Fund	2,390,436	5,375,361	5,967,059

H. Fund Expense Allocations: The Funds account separately for the assets, liabilities and operations of each Fund. Direct expenses of each Fund are charged to the Fund while general expenses are allocated pro-rata among the Funds based on net assets.

I. Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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J. Other: Securities transactions are accounted for on the date the securities are purchased or sold. Interest income is recorded on the accrual basis and dividend income on the ex-dividend date.

K. Capital Share Transactions: Each Fund is authorized to issue an unlimited number of shares of beneficial interest with a par value of \$0.001 per share.

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MATTHEWS PACIFIC TIGER FUND

	Six Months Ended February 28, 2003 (unaudited)		Year Ended August 31, 2002	
	Shares	Amount	Shares	Amount
Shares sold	3,805,964	\$31,000,329	11,728,059	\$106,311,000
Shares issued through reinvestment of dividends	--	--	40,762	36,000
Shares redeemed	(4,278,309)	(34,829,777)	(7,999,842)	(69,940,000)
Net increase (decrease)	(472,345)	\$(3,829,448)	3,768,979	\$36,731,000

MATTHEWS ASIAN GROWTH AND INCOME FUND

	Six Months Ended February 28, 2003 (unaudited)		Year Ended August 31, 2002	
	Shares	Amount	Shares	Amount
Shares sold	11,690,457	\$122,518,771	15,326,669	\$164,300,000
Shares issued through reinvestment of dividends	318,367	3,342,849	127,019	1,300,000
Shares redeemed	(5,125,094)	(53,492,237)	(3,886,595)	(40,360,000)
Net increase (decrease)	6,883,730	\$72,369,383	11,567,093	\$125,240,000

MATTHEWS KOREA FUND

	Six Months Ended February 28, 2003 (unaudited)		Year Ended August 31, 2002	
	Shares	Amount	Shares	Amount
Shares sold	11,894,680	\$45,576,660	61,630,311	\$249,360,000
Shares issued through reinvestment of dividends	3,512,114	13,486,520	864,565	3,080,000
Shares redeemed	(22,314,139)	(84,331,732)	(48,911,935)	(202,390,000)
Net increase (decrease)	(6,907,345)	\$(25,268,552)	13,582,941	\$50,050,000

MATTHEWS CHINA FUND

	Six Months Ended February 28, 2003 (unaudited)		Year Ended August 31, 2002	
	Shares	Amount	Shares	Amount
Shares sold	3,035,244	\$27,289,474	4,355,329	\$42,460,000
Shares issued through reinvestment of dividends	57,638	506,058	37,306	350,000
Shares redeemed	(994,934)	(8,618,193)	(2,789,691)	(26,430,000)

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Net increase (decrease)	2,097,948	\$19,177,339	1,602,944	\$16,38
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MATTHEWS JAPAN FUND

	Six Months Ended February 28, 2003 (unaudited)		Year Ended August 31,	
	Shares	Amount	Shares	A
Shares sold	546,453	\$4,703,125	1,870,946	\$18,77
Shares issued through reinvestment of dividends	--	--	16,933	17
Shares redeemed	(699,920)	(6,054,787)	(1,600,390)	(15,92
Net increase (decrease)	(153,467)	\$(1,351,662)	287,489	\$3,02

MATTHEWS ASIAN TECHNOLOGY FUND

	Six Months Ended February 28, 2003 (unaudited)		Year Ended August 31,	
	Shares	Amount	Shares	A
Shares sold	1,568,024	\$4,607,669	4,672,505	\$17,38
Shares issued through reinvestment of dividends	--	--	33,973	13
Shares redeemed	(1,810,491)	(5,369,536)	(5,233,008)	(19,36
Net increase (decrease)	(242,467)	\$(761,867)	(526,530)	\$(1,84

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The Funds impose a redemption fee of 2.00% on shares that are redeemed within ninety days of purchase. The charge is assessed on an amount equal to the net asset value of the shares at the time of redemption. The redemption fee is deducted from the proceeds otherwise payable to the redeeming shareholder. The redemption fees were returned to the assets of the Matthews Pacific Tiger Fund, Matthews Asian Growth and Income Fund, Matthews Korea Fund, Matthews China Fund, Matthews Japan Fund, and Matthews Asian Technology Fund in the amounts of \$61,515, \$155,198, \$473,488, \$26,555, \$22,454, and and \$32,572, respectively for the six months ended February 28, 2003, and \$198,248, \$285,809, \$1,677,238, \$184,114, \$103,243, and \$107,488 respectively, for the fiscal year ended August 31, 2002.

2. Investment Advisory Fees and Other Transactions with Affiliates The Advisor, a registered investment advisor under the Investment Advisers Act of 1940, as amended, provides the Funds with investment management services. As compensation for these services, the Advisor charges the Funds a monthly fee of 1/12th of 1% on each Fund's respective average daily net assets. Certain officers and Trustees of the Funds are also officers and directors of the Advisor. All officers serve without direct compensation from the Funds. Investment advisory fees and other transactions with affiliates, for the six months ended February 28, 2003, were as follows:

	Investment Advisory Fee Rate	Voluntary Expense Limitation	Advisory Fees
Matthews Pacific Tiger Fund	1.00%	1.90%	\$533,130
Matthews Asian Growth and Income Fund	1.00%	1.90%	845,859
Matthews Korea Fund	1.00%	2.00%	1,001,624
Matthews China Fund	1.00%	2.00%	178,126

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Matthews Japan Fund	1.00%	2.00%	37,816
Matthews Asian Technology Fund	1.00%	2.00%	30,336

	Expenses Waived and Reimbursed by the Advisor	Expenses Recouped by the Advisor	Remainder Recouped Expense Available
Matthews Pacific Tiger Fund	\$--	\$--	
Matthews Asian Growth and Income Fund	--	--	
Matthews Korea Fund	--	--	
Matthews China Fund	--	6,379	
Matthews Japan Fund	--	2,463	7
Matthews Asian Technology Fund	8,191	--	179

Effective March 1, 2002 the voluntary expense limitation for Matthews Korea Fund was reduced from 2.50% to 2.00%.

The Advisor agrees to reimburse money to the Funds if their expense ratio exceeds the Voluntary Expense Limitation shown in the above table. The investment advisory agreements provide that any reductions made by the Advisor in its fees are subject to reimbursements by the Funds within the following three years provided that the Funds are able to effect such reimbursements and remain in compliance with applicable expense limitations. This agreement will continue through at least August 31, 2003.

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Effective March 1, 2002, the Funds' shareholder servicing plan was activated, pursuant to which the Funds reimburse the Advisor for shareholder servicing activities at an annual rate of 0.15% of each Fund's respective average daily net assets. Under the agreement, the Funds can be charged a maximum of 0.25%. Fees charged under the shareholder servicing fee arrangement are as follows for the six months ended February 28, 2003, were as follows:

	Shareholder Servicing Fees
Matthews Pacific Tiger Fund	\$79,969
Matthews Asian Growth and Income Fund	126,879
Matthews Korea Fund	150,244
Matthews China Fund	26,719
Matthews Japan Fund	5,672
Matthews Asian Technology Fund	4,550

The Funds bear a portion of the fees paid to certain service providers (exclusive of the Funds' transfer agent) which provide transfer agency and shareholder servicing to certain shareholders. Fees accrued to pay such service providers for the six months ended February 28, 2003, are reflected in the Statement of Operations as follows:

Transfer Agent	Shareholder Servicing	Total
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Matthews Pacific Tiger Fund	\$67,533	\$33,768	\$101,301
Matthews Asian Growth and Income Fund	99,006	48,764	147,770
Matthews Korea Fund	116,749	58,376	175,125
Matthews China Fund	20,833	10,261	31,094
Matthews Japan Fund	4,422	2,211	6,633
Matthews Asian Technology Fund	3,527	1,763	5,290

PFPC Inc. (the "PFPC"), an indirect wholly-owned subsidiary of PNC Bank, serves as the Trust's Administrator and, in that capacity, performs various administrative and accounting services for each Fund. PFPC also serves as the Trust's Transfer Agent, dividend disbursing agent and registrar. An officer of PFPC serves as Assistant Treasurer to the Trust. Total fees received by PFPC for the six months ended February 28, 2003, were \$390,262 for administrative and accounting services and \$131,482 for transfer agent services. The Bank of New York serves as custodian to the Trust. PFPC Distributors, Inc. (the "Distributor") serves as the Fund's Distributor pursuant to an Underwriting Agreement.

3. Investment Transactions Investment transactions for the six months ended February 28, 2003, excluding short-term investments, were as follows:

	Purchases	Proceeds from Sales
Matthews Pacific Tiger Fund	\$15,246,859	\$19,000,068
Matthews Asian Growth and Income Fund	70,522,883	6,411,727
Matthews Korea Fund	12,301,516	58,365,189
Matthews China Fund	21,411,517	3,642,046
Matthews Japan Fund	3,511,673	4,989,505
Matthew Asian Technology Fund	2,598,934	3,476,006

Notes to Financial Statements 47

Board of Trustees

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Investment Advisor

MATTHEWS INTERNATIONAL CAPITAL MANAGEMENT, LLC

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NEW YORK, NY 10286 **Legal Counsel**
PAUL, HASTINGS, JANOFFSKY & WALKER, LLP
55 SECOND STREET
SAN FRANCISCO, CA 94105

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Item 2. Code of Ethics.

Not applicable.

Item 3. Audit Committee Financial Expert.

Not applicable.

Items 4-8. [Reserved]

Items 4-8. [Reserved]

Item 9. Controls and Procedures.

(a)

Not applicable.

(b)

There were no significant changes in the registrant's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Item 10. Exhibits.

(a)

Not applicable.

(b)

Certifications pursuant to Section 302 and 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.

(Registrant) Matthews Asian Funds

By (Signature and Title)* /s/ G. Paul Matthews
G. Paul Matthews, Chairman
(principal executive officer)

Date April 11, 2003

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 (Signature and Title)* /s/ G. Paul Matthews
G. Paul Matthews, Chairman
(principal executive officer)

Date April 11, 2003

By (Signature and Title)* /s/ James E. Walter
James E. Walter, Treasurer
(principal financial officer)

SIGNATURES

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Date April 11, 2003

* Print the name and title of each signing officer under his or her signature.
