

MATTHEWS INTERNATIONAL FUNDS

Form N-30D

April 26, 2002

MATTHEWS ASIAN FUNDS

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DRAGON

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SEMI-ANNUAL REPORT
FEBRUARY 28, 2002

Pacific Tiger Fund

Asian Growth and Income Fund

Korea Fund

China Fund

Japan Fund

Asian Technology Fund

[GRAPHIC OMITTED]
LETTERS

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A Message to Shareholders

Dear Fellow Shareholder,

The six-month period that ended February 28, 2002 witnessed many changes and challenges. The Asian financial markets have generally recovered from the tragedies of September 11, 2001, and the broad Asian investment environment remains positive outside of Japan. We are very proud that both the Matthews Asian Growth and Income Fund and the Matthews China Fund have attained Morningstar 5 Star overall ratings among 1,388 international equity funds for the period ended February 28, 2002.

While the U.S. economic slowdown was of great concern to Asia, the region has weathered the U.S. recession relatively well. The South Korean economy, in particular, showed surprising resilience despite its strong export orientation. We are hopeful that the recent strength of the South Korean market represents a re-rating of the Korean economy as a whole by global investors who are slowly recognizing the profound changes that have occurred there in recent years. The entire region can learn valuable lessons from South Korea's successful bank restructuring and consistent efforts to improve corporate governance.

Japan, more than any other country, needs to take note of South Korea's example. Its failure to address its banking system problems has profoundly impacted the economy's ability to perform. We continue to await positive change in the Japanese economy and fear that greater pain may lie ahead.

China has taken the historic step of entering the World Trade Organization following 15 years of negotiations. In the coming years, China can follow a clear path to a more open economy with much greater participation in the global economy. While there remain many serious challenges ahead, the commitment China has undertaken is very impressive and should support the broad move to a free market economy. China's role in the region is maturing rapidly as its economic importance grows, and we believe that its emergence will gradually result in a more stable and balanced Asian economic landscape.

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The Southeast nations, which were hardest hit by the financial crisis of 1997/98, are showing encouraging signs of recovery. Low interest rates are helping to heal corporate balance sheets and stimulate domestic consumption. Stable currencies and quiet politics are gradually restoring investor confidence.

continues...

[GRAPHIC OMITTED] MATTHEWS AND HEADLEY
G. PAUL MATTHEWS,
Chairman and Chief
Investment Officer (left), and
MARK W. HEADLEY, PRESIDENT
and Portfolio Manager

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MATTHEWS ASIAN FUNDS

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WE ARE VERY PROUD
THAT BOTH THE
MATTHEWS ASIAN GROWTH
AND INCOME FUND AND
THE MATTHEWS CHINA
FUND HAVE ATTAINED
MORNINGSTAR 5 STAR

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OVERALL RATINGS.

As of 2/28/02, the Matthews Asian Growth and Income Fund and the Matthews China Fund had three-year Morningstar Ratings of 5 Stars out of 1,388 funds in the International Equity Funds category, and the Matthews Asian Growth and Income Fund had a five-year Morningstar Rating of 5 Stars out of 919 funds in the International Equity Funds category.

Morningstar, Inc. rates over 6,700 mutual funds by assigning each fund's historical total returns and risk relative to other mutual funds in its class--e.g. Domestic Equity, International Equity, Taxable Bond or Municipal Bond. Morningstar proprietary ratings reflect historical risk-adjusted performance as of 2/28/02. The ratings are subject to change every month. Morningstar ratings are calculated from a fund's three-, five-, and 10-year average annual returns (if applicable) in excess of 90-day Treasury bill returns with appropriate fee adjustments and a risk factor that reflects fund performance below 90-day T-bill returns. The top 10% of funds in each broad-asset class receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars, and the bottom 10% receive one star. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics. Morningstar does not rate funds or share classes that have less than three years of performance. A fund's rating may change at any time based on new data. Ratings are historical and do not represent future performance.

Hong Kong, Singapore and Taiwan have all suffered painful recessions as their economies shift to ever higher value-added services in the face of low-cost competition in manufacturing from China and elsewhere. The well-established listed companies found in each of these markets offer many of the best regional and global competitors to be found in Asia.

As dedicated Asian specialists, we remain as committed as ever to fundamental, bottom-up portfolio management within the Asian region. Many of our best-performing companies were only discovered after exhaustive research trips across the region. By looking beyond the largest companies, we have often been able to invest in companies that are only today being noticed by the global investment community. We believe that Asia is an ideal environment for active management driven by experienced and independent professional portfolio managers. We are privileged to be observers of and participants in the profound changes rippling through the region today and are dedicated to providing portfolios that will capture a share of Asia's vast economic potential.

In closing, we would like to thank you for your participation as fellow shareholders. WE URGE YOU TO VISIT OUR WEB SITE, WWW.MATTHEWSFUNDS.COM, WHERE A VARIETY OF REGULAR INFORMATION ON ASIA AND OUR FUNDS IS AVAILABLE AND CAN NOW BE DELIVERED TO YOU VIA E-MAIL. The benefits of diversification over the past few years, especially into the Asian markets, has soundly disproved the skeptics who spoke with such confidence at the top of the U.S. market that diversification was unnecessary. As long-term growth-at-a-reasonable-price managers, we look forward to providing quality exposure to the Asian financial markets for U.S. investors for many years to come.

Thank you for your continued support.

/S/SIGNATURE
MATTHEWS
G. Paul Matthews
Chairman and Chief Investment Officer

/S/SIGNATURE
HEADLEY
Mark W. Headley
President and Portfolio Manager

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MATTHEWS PACIFIC TIGER FUND

PORTFOLIO MANAGERS' COMMENTARY

Co-Portfolio Managers: G. Paul Matthews and Mark W. Headley

Our flagship Matthews Pacific Tiger Fund performed slightly better than its benchmark for the six-month period ended February 28, 2002. The Fund gained 15.55% compared to the MSCI All Country Far East Free ex-Japan Index's return of 14.55%.

The Matthews Pacific Tiger Fund continued its 7 1/2 year philosophy of maintaining a well-diversified growth-at-a-reasonable price portfolio. The number of companies in the portfolio has typically numbered 40 to 50, with individual positions ranging from 1% to 5% of the portfolio. We have long held the belief that the quality of a company in developing Asia is not a matter of market size, and the Fund reflects this belief with holdings ranging from very large to quite small market capitalizations.

We believe a portfolio that includes a range of small, medium and large companies offers better diversification into a wider range of businesses. We are constantly searching for new companies and visiting older companies that may have improving operations. Many of Asia's older holding companies are making serious efforts to improve their business structures and provide a clear path to greater shareholder value.

As we look ahead towards the rest of the year, Asian companies are continuing to develop more domestic activity in the local economies that should provide a crucial cushion given the uncertainty of the global economic environment. The Fund has increased its exposure in the Southeast Asian markets of Singapore, Thailand and Indonesia. We believe that earnings opportunities in these countries are improving for well-managed and well-financed companies, of which we have added several in the early months of 2002.

The Fund continues to have significant weightings in Hong Kong, South Korea and China, where we find excellent long-term prospects. We continue to view the region's improving corporate governance and general economic and market liberalization as a strong backdrop for Asian investors for many years to come.

FUND PERFORMANCE

AVERAGE ANNUAL RETURNS
AS OF FEBRUARY 28, 2002

MATTHEWS
PACIFIC TIGER FUND

One Year	0.00%
Three Years	18.39%
Five Years	(2.76%)
Since Inception (9/12/94)	1.05%

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MSCI ALL COUNTRY FAR EAST FREE EX-JAPAN INDEX(1)

One Year (5.29%)
 Three Years 3.43%
 Five Years (11.42%)
 Since 9/12/94 (6.74%)

GROWTH OF A \$10,000 INVESTMENT

[GRAPHIC OMITTED]

[EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC]

	Matthews Pacific Tiger Fund	MSCI AC Far East ex-Japan Index(1)	Lipper Pacific Funds Ex-Japan Average(3)
9/12/94	10000	10000	10000
11/30/94	9720	9329.22	9104.79
2/28/95	9241.42	8878.63	8392
5/31/95	9722.53	9447.07	9174.17
8/31/95	9792.7	8873.17	8918.42
11/30/95	9431.86	8783.99	8546.68
2/29/96	10965.4	9563.05	9694.15
5/31/96	11185.9	10185	9845.31
8/31/96	10835.1	9657.71	9293.71
11/30/96	11907.6	10172.9	9644.63
2/28/97	12438.8	10325.4	9856.72
5/31/97	12920	10117.1	9885.97
8/31/97	11349.4	9015.88	8987.76
11/30/97	8075.15	6233.33	6677.74
2/28/98	7693.49	6768.71	6748.45
5/31/98	6046.32	5087.9	5606.47
8/31/98	4150.87	3797.75	4425.53
11/30/98	6455.77	5614.14	5825.08
2/28/99	6516.97	5502	5784.9
5/31/99	9127.83	7205	7264.02
8/31/99	10637.7	8421	8508.58
11/30/99	11915	8778	9440.3
2/29/00	13129.1	9280	10729.8
5/31/00	11958.2	8368	8837.03
8/31/00	12901.3	8221	8980.13
11/30/00	9892.71	6301	7017.45
2/28/01	10814.1	6794	7336.89
5/31/01	10636.6	6050	6636.18
8/31/01	9358.83	5595	6007.64
11/30/01	9843.89	5221	6093.8
2/28/02	10813.7	5944	6752.11

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.
 BEFORE TAXES ON DISTRIBUTIONS OR REDEMPTION OF FUND SHARES.

Investment return and principal value will fluctuate with market conditions so that shares, when redeemed, may be worth more or less than their original cost.

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%

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of its total market cap.

2 The Lipper Pacific ex-Japan Funds Average consisted of 23 funds as of 9/30/94.

1

MATTHEWS ASIAN FUNDS

MATTHEWS PACIFIC TIGER FUND

SCHEDULE OF INVESTMENTS FEBRUARY 28, 2002 (UNAUDITED)

	SHARES	VALUE
EQUITIES - 100.22%***		
CHINA/HONG KONG - 47.52%		
Asia Satellite Telecommunications Holdings, Ltd.	1,620,600	\$2,763,589
AsiaInfo Holdings, Inc.**	161,400	1,794,768
Beijing Enterprises Holdings, Ltd.	1,422,000	1,613,574
China Hong Kong Photo Products Holdings, Ltd.	16,886,000	1,169,140
China Mobile HK, Ltd.**	298,217	860,322
China Mobile HK, Ltd. ADR**	165,850	2,391,557
China.com Corp. A Shares**	289,800	809,991
Dah Sing Financial Group	407,200	1,696,825
Giordano International, Ltd.	9,913,000	5,052,290
Huaneng Power International, Inc. ADR	167,100	4,687,155
Hutchison Whampoa, Ltd.	297,000	2,418,111
i-CABLE Communications**	4,116,000	2,480,386
Legend Holdings, Ltd.	8,350,000	3,533,023
Li & Fung Ltd.	2,659,000	3,579,758
Quality Healthcare Asia, Ltd.**	12,808,500	328,454
Shangri-La Asia, Ltd.	5,058,000	4,345,099
Swire Pacific Ltd. A Shares	549,000	2,984,587
Television Broadcasts, Ltd.	633,700	2,843,792
Vitasoy International Holdings, Ltd.	16,776,750	2,602,791
TOTAL CHINA/HONG KONG		47,955,212
SINGAPORE - 9.85%		
CSE Systems & Engineering, Ltd.**	3,941,000	1,064,920
Datacraft Asia, Ltd.	981,000	2,236,680
DBS Group Holdings, Ltd.	458,750	3,380,767
Venture Manufacturing, Ltd.	405,800	3,256,377
TOTAL SINGAPORE		9,938,744
SOUTH KOREA - 32.10%		
Hana Bank	491,697	7,335,163
Hite Brewery Co., Ltd.	71,617	4,273,543
Internet Auction Co., Ltd.**	180,740	2,955,677
KT Freetel**	72,463	2,293,375

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Nong Shim Co., Ltd.	37,850	2,287,182
S1 Corp.	148,000	2,129,617
Samsung Electronics	19,008	4,924,650
Samsung Securities Co., Ltd.	92,214	3,580,179
SK Telecom Co., Ltd.	7,415	1,456,228
SK Telecom Co., Ltd., ADR	52,700	1,156,765

TOTAL SOUTH KOREA		32,392,379

TAIWAN - 5.97%		
Bank Sinopac**	2,754,800	\$1,086,853
Taiwan Semiconductor Manufacturing Co., Ltd.**	1,025,200	2,394,714
VIA Technologies, Inc.**	611,392	2,542,751

TOTAL TAIWAN		6,024,318

THAILAND - 4.78%		
Advanced Info Service		
Public Co., Ltd.	4,634,000	4,824,873

TOTAL INVESTMENTS - 100.22%***		
(Cost \$94,617,524*)		101,135,526
LIABILITIES, LESS CASH AND		
OTHER ASSETS - (0.22)%		(223,113)

NET ASSETS - 100.00%		\$100,912,413
		=====

* Cost for Federal income tax purposes is \$94,617,524 and net unrealized appreciation consists of:

Gross unrealized appreciation	\$ 17,207,348
Gross unrealized depreciation	(10,689,346)

Net unrealized appreciation\$	6,518,002
	=====

** Non-income producing security.

*** As a percentage of net assets as of February 28, 2002.

ADR American Depositary Receipt

See accompanying notes to financial statements.

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AS A PERCENTAGE OF TOTAL VALUE OF INVESTMENT IN SECURITIES

CONSUMER DISCRETIONARY.....	17.53%
Hotels, Restaurants & Leisure.....	4.31
Internet & Catalog Retail.....	2.94
Media.....	5.27
Specialty Retail.....	5.01
CONSUMER STAPLES.....	8.91
Beverages.....	4.25
Food Products.....	4.66
FINANCIALS.....	19.95
Banks.....	13.42
Diversified Financials.....	6.53
HEALTH CARE.....	0.33
Health Care Providers & Services.....	0.33
INDUSTRIALS.....	10.83
Commercial Services & Supplies	2.12
Distributors.....	3.55
Industrial Conglomerates.....	4.00
Trade Company & Distributor.....	1.16
INFORMATION TECHNOLOGY.....	22.25
Commercial Equipment.....	2.12
Computers & Peripherals.....	3.51
Electronic Equipment & Instruments.....	3.23
Internet Software & Services.....	0.83
IT Consulting & Services.....	1.06
Software.....	1.75
Semiconductor Equipment & Products.....	9.75
TELECOMMUNICATION SERVICES.....	15.54
Diversified Telecommunication Services..	2.73
Wireless Telecommunication Services.....	12.81
UTILITIES.....	4.66
Electric Utilities.....	4.66

TOTAL INVESTMENTS	100.00%
	=====

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 MATTHEWS ASIAN GROWTH AND INCOME FUND

 PORTFOLIO MANAGER'S COMMENTARY

Portfolio Manager: G. Paul Matthews

The Matthews Asian Growth and Income Fund gained 15.87% for the six-month period ended February 28, 2002, performing slightly better than the benchmark MSCI All Country Far East Free ex-Japan Index's performance of 14.55%. This performance can be attributed to strong returns from specific securities, particularly in South Korea, and from lower interest rates generally throughout the region.

The Fund benefited from its Korean holdings in preferred equities, which are essentially non-voting stocks that pay a higher dividend than their voting counterparts, and from its exposure to domestic industries.

Concerted easing by central banks in Asia to offset the impact of post September 11, 2001 declines in export demand caused sharp falls in interest rates around the region, which benefited higher yielding securities generally.

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The continued strong performance of the domestic economies of China and South Korea, which both possess relatively large pools of consumers who continued to increase their spending in the second half of 2001, helped insulate these two economies from the uncertainties in the global economy. In general, companies that focused on domestic consumption saw their stock prices appreciate in the second half of 2001. Since companies in these sectors have historically paid out higher dividends than have manufacturing exporters, they have tended to have a higher weighting in this Fund than in pure growth oriented portfolios.

The Fund has maintained its exposure to convertible bonds at approximately 40% of the portfolio in recent months, with approximately 9% invested in preferred equities and the balance in equities with above average dividend yields.

In the early months of 2002, the Fund has increased its weighting in Thailand and has taken some profits in its Korean positions. Overall, the geographic positioning of the Fund has continued to favor South Korea, Hong Kong and Mainland China.

FUND PERFORMANCE

AVERAGE ANNUAL RETURNS AS OF FEBRUARY 28, 2002

MATTHEWS ASIAN GROWTH AND INCOME FUND

One Year	15.90%
Three Years	24.35%
Five Years	7.71%
Since Inception (9/12/94)	7.81%

MSCI ALL COUNTRY FAR EAST FREE

EX-JAPAN INDEX(1)

One Year	(5.29%)
Three Years	3.43%
Five Years	(11.42%)
Since 9/12/94	(6.74%)

GROWTH OF A \$10,000 INVESTMENT

[GRAPHIC OMITTED]

[EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC]

	Matthews Asian Growth and Income Fund	MSCI AC Far East ex Japan	Lipper Pacific Free Index Ex-Japan
9/12/94	10000	10000	10000
11/30/94	9930	9074.96	9104.79
2/28/95	9721.7	8700.08	8392
5/31/95	10284.1	9714.12	9174.17
8/31/95	10088.9	9256.69	8918.42
11/30/95	10191	9176.84	8546.68
2/29/96	11124.1	10480.3	9694.15

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5/31/96	11228.2	10754.6	9845.31
8/31/96	11122.4	10131.8	9293.71
11/30/96	11978	10774.9	9644.63
2/28/97	12094.9	10902.3	9856.72
5/31/97	12268.1	10553.4	9885.97
8/31/97	12753.6	8883.53	8987.76
11/30/97	9758.49	6241.93	6677.74
2/28/98	9872.76	6713.26	6748.45
5/31/98	9410.88	4965.1	5606.47
8/31/98	8255.87	3637.16	4425.53
11/30/98	9227.89	5596.41	5825.08
2/28/99	9117.03	5392.58	5784.9
5/31/99	10833.8	7051.83	7264.02
8/31/99	12602.6	8077	8508.58
11/30/99	13261.7	8573	9440.3
2/29/00	13871.5	8506	10729.8
5/31/00	13982.6	7541	8837.03
8/31/00	14957.3	7522	8980.13
11/30/00	13945.9	5828	7017.45
2/28/01	15125.6	6276	7336.89
5/31/01	15741	5599	6636.18
8/31/01	15130	5189	6007.64
11/30/01	15913.5	5221	6093.8
2/28/02	17531.1	5944	6752.11

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2 The Lipper Pacific ex-Japan Funds Average consisted of 23 funds as of 9/30/94.

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MATTHEWS ASIAN GROWTH AND INCOME FUND

SCHEDULE OF INVESTMENTS
FEBRUARY 28, 2002 (UNAUDITED)

	SHARES	VALUE
	-----	-----
EQUITIES - 58.57%****		
CHINA/HONG KONG - 34.91%		
Bank of East Asia, Ltd.	403,400	\$ 768,083
Cafe De Coral		
Holdings, Ltd.	1,816,000	1,175,854
Cheung Kong Infrastructure		
Holdings, Ltd.	297,500	469,179
China Hong Kong Photo		

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Products Holdings, Ltd.	4,420,003	306,029
CLP Holdings, Ltd.	318,100	1,280,676
Dickson Concepts		
International, Ltd.	1,295,500	307,295
Hang Seng Bank, Ltd.	73,500	805,748
Hong Kong Electric		
Holdings, Ltd.	334,000	1,250,476
Hong Kong Land		
Holdings, Ltd.	528,000	997,920
Huaneng Power		
International, Inc. ADR	30,000	841,500
Petrochina Co., Ltd., ADR**	53,300	1,006,837
Petrochina Co., Ltd. H Shares	1,154,000	214,546
Shangri-La Asia, Ltd.	1,357,000	1,165,737
Television Broadcasts, Ltd.	312,000	1,400,131
The Wharf Holdings, Ltd.	510,000	1,121,451
Vitasoy International		
Holdings, Ltd.	5,130,000	795,882

TOTAL CHINA/HONG KONG		13,907,344

INDONESIA - 0.98%		
PT Indosat (Persero) ADR	40,200	392,754

SOUTH KOREA - 15.83%		
Hyundai Motor Co., Ltd. - Pfd.	89,750	1,084,674
Kookmin Bank ADR**	1,415	62,846
Korea Electric Power		
(KEPCO) Corp. ADR	103,250	952,998
Korea Gas Corp.	86,980	1,077,477
LG Household & Health		
Care Ltd. - Pfd.	72,660	965,946
Samsung Fire & Marine		
Insurance Co., Ltd. - Pfd.	60,920	1,403,475
Sindo Ricoh Co.	18,320	758,317

TOTAL SOUTH KOREA		6,305,733

THAILAND - 4.85%		
Bangkok Bank		
Public Co., Ltd.**	457,000	705,892
Charoen Pokphand Foods		
Public Co., Ltd.	4,180,000	698,261
Thai Farmers Bank		
Public Co., Ltd.**	560,000	329,977
Thai Farmers Bank		
Public Co., Ltd., Foreign**	304,000	200,000

TOTAL THAILAND		1,934,130

UNITED KINGDOM - 2.00%		
HSBC Holdings PLC ADR	14,200	\$ 796,052

TOTAL EQUITIES		
(Cost \$21,486,127)		23,336,013

	FACE AMOUNT	
INTERNATIONAL DOLLAR BONDS - 37.92%****		
CHINA/HONG KONG - 20.33%		
Amoy Properties, Ltd.		
5.50%, 12/29/49	2,100,000	1,685,250
China Mobile HK Ltd., Cnv		

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2.250%, 11/03/05	1,800,000	1,676,250
Huaneng Power International Public Co., Ltd.		
1.750%, 05/21/04	700,000	903,000
Korea Deposit Insurance Cnv		
2.250%, 10/11/05	1,520,000	1,721,400
New World Cap Finl., Cnv		
(New World Development)		
3.000%, 06/09/04	600,000	681,000
New World Infrastructure Cnv		
1.000%, 04/15/03	400,000	522,000
PCCW Capital Ltd., Cnv		
3.500%, 12/05/05	900,000	911,250

TOTAL CHINA/HONG KONG		8,100,150

SINGAPORE - 6.38%		
Finlayson Global Corp.		
(DBS Holdings)***		
0.000%, 02/19/04	100,000	131,750
Finlayson Global Corp.		
(DBS Holdings)		
0.000%, 02/19/04	850,000	1,119,875
Fullerton Global Corp.		
(Singapore Telecom)		
0.000%, 04/02/03	1,100,000	1,289,750

TOTAL SINGAPORE		2,541,375

SOUTH KOREA - 7.94%		
Intel Corp.		
0.000%, 02/01/04	690,000	986,700
Korea Telecom Co.		
0.250%, 01/04/07	1,625,000	1,769,219
Korea Telecom Co.***		
0.250%, 01/04/07	375,000	408,281

TOTAL SOUTH KOREA		3,164,200

TAIWAN - 0.84%		
Mosel Vitelic, Inc.		
1.000%, 02/02/05	200,000	222,000
Walsin Lihwa Corp.		
3.250%, 06/16/04	120,000	112,200

TOTAL TAIWAN		334,200

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MATTHEWS ASIAN FUNDS

MATTHEWS ASIAN GROWTH AND INCOME FUND

SCHEDULE OF INVESTMENTS
FEBRUARY 28, 2002 (UNAUDITED)

	FACE AMOUNT	VALUE
	-----	-----
THAILAND - 2.43%		

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Bangkok Bank Public Co.		
4.589%, 03/03/04	1,625,000	\$ 962,812
Robinson Department Store Public Co., Ltd.		
4.250%, 04/07/04	50,000	5,000

TOTAL THAILAND		967,812

TOTAL INTERNATIONAL DOLLAR BONDS		
(Cost \$14,790,132)		15,107,737

TOTAL INVESTMENTS - 96.49%****		
(Cost \$36,276,259*)		38,443,750
CASH AND OTHER ASSETS,		
LESS LIABILITIES - 3.51%		1,396,608

NET ASSETS - 100.00%		\$39,840,358
		=====

* Cost for Federal income tax purposes is \$36,276,259 and net unrealized appreciation consists of:

Gross unrealized appreciation		\$ 3,177,427
Gross unrealized depreciation		(1,009,936)

Net unrealized appreciation		\$2,167,491
		=====

** 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 buyers. At February 28, 2002, the value of these securities amounted to \$540,031 or 1.36% of net assets.

**** As a percentage of net assets as of February 28, 2002.

ADR American Depositary Receipt
Pfd. Preferred
Cnv. Convertible

See accompanying notes to financial statements.

MARKET SECTOR DIVERSIFICATION

AS A PERCENTAGE OF TOTAL VALUE OF INVESTMENT IN SECURITIES	
CONSUMER DISCRETIONARY.....	16.22%
Automobiles.....	2.88
Hotels, Restaurants & Leisure.....	6.04
Household Products.....	2.58
Media.....	3.67
Multiline Retail.....	0.14
Specialty Retail.....	0.91
CONSUMER STAPLES.....	3.90
Food Products.....	3.90
ENERGY.....	2.67
Oil & Gas.....	2.67
FINANCIALS.....	33.01
Banks.....	12.94
Diversified Financials.....	8.15
Insurance.....	3.70
Real Estate.....	8.22
INDUSTRIALS.....	5.80
Commercial Services & Supplies.....	2.05
Electrical Equipment.....	0.41

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Transportation Infrastructure.....	2.43
Trade Companies & Distributors.....	0.91
INFORMATION TECHNOLOGY.....	3.18
Semiconductor Equipment & Products.....	3.18
MATERIALS.....	1.31
Construction Materials.....	1.31
TELECOMMUNICATION SERVICES.....	14.78
Diversified Telecommunication Services..	10.42
Wireless Telecommunication Services....	4.36
UTILITIES.....	19.13
Electric Utilities.....	16.27
Gas Utilities.....	2.86

TOTAL INVESTMENTS	100.00%
	=====

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MATTHEWS KOREA FUND

PORTFOLIO MANAGERS' COMMENTARY

Co-Portfolio Managers: G. Paul Matthews and Mark W. Headley

For the six-month period ended February 28, 2002, the Matthews Korea Fund was up 58.96%, while the Korea Stock Price Index (KOSPI) was up 48.55%.

South Korea's resilient domestic economy held up the Korean equity market amid the global economic slowdown. Financial, information technology, and consumer-related stocks led the rally. Financial stocks were fueled by the expectation of further industry consolidation, while strong domestic consumption led the consumer stocks. The information technology sector benefited from the recovery in DRAM prices and a slight pick-up in end-user demand.

Samsung Electronics, Hana Bank, and Lotte Chilsung Beverage were among the top contributors to Fund performance. Many companies we visited in early 2002 are seeing recovery in demand and had a positive outlook for the year. Corporate governance is generally improving across all sectors. However, some concerns remain as household debt has increased to historical highs, and exports continue to decline.

Nonetheless, we believe that the recent rally is sustainable. We believe that South Korea's recent performance has been partly attributable to the structural re-rating of the market. Improved corporate governance and successful restructuring have lifted some of the traditional Korean discounts. We expect that the Korean discount will continue to erode as individual companies continue to focus more on profitability and shareholder value.

FUND PERFORMANCE

AVERAGE ANNUAL RETURNS
AS OF FEBRUARY 28, 2002

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MATTHEWS KOREA FUND

One Year	63.49%
Three Years	28.83%
Five Years	6.43%
Since Inception (1/3/95)	(2.99%)

KOSPI (1)

(SOUTH KOREAN STOCK PRICE INDEX)

One Year	37.54%
Three Years	14.35%
Five Years	(3.76%)
Since 1/3/95	(9.42%)

GROWTH OF A \$10,000 INVESTMENT

[GRAPHIC OMITTED]

[EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC]

	Matthews Korea Fund Class I Shares	Korea Stock Price Index	Korea Lipper Index
12/31/94	10000	10000	10000
2/28/95	9000	8768.39	9492.26
5/31/95	8960	9009.59	10337.2
8/31/95	9130	9152.66	10077.2
11/30/95	9230	9416.78	9716.27
2/29/96	8403.7	8500.6	10961.8
5/31/96	8635.74	8918.8	11162
8/31/96	7293.97	7423.01	10524.1
11/30/96	6819.81	6820.47	10929.4
2/28/97	5891.67	6093.21	11151.6
5/31/97	6416.27	6603.12	11202.8
8/31/97	6244.77	5974.91	10182.9
11/30/97	3046.72	2736.63	7481.67
2/28/98	3046.72	2653.17	7553.92
5/31/98	2280	1828.7	6297.94
8/31/98	2047.96	1781.01	4987.13
11/30/98	3107.25	2810.91	6567.75
2/28/99	3763	3296.06	6542.16
5/31/99	6012.73	4809.27	8274.24
8/31/99	7556.27	6157.41	9726.68
11/30/99	8222.11	6663.65	10806.6
2/29/00	7103.27	5675.93	12164.7
5/31/00	5723.01	5022.04	10140.3
8/31/00	5824.01	4794.6	10330.3
11/30/00	4309.09	3247.45	8093.81
2/28/01	4921.56	3571.19	8509.16
5/31/01	5269.49	3707	7822.59
8/31/01	5061.74	3302	7091.08
11/30/01	6516.12	3936	7203.45
2/28/02	8046.31	4925	8008.15

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.
BEFORE TAXES ON DISTRIBUTIONS OR REDEMPTION OF FUND SHARES.

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1 KOSPI: The South Korea Stock Price Index is a capitalization-weighted index of all common stocks listed on the Korean Stock Exchange.
 2 The Lipper Pacific ex-Japan Funds Average consisted of 27 funds as of 1/31/95.

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MATTHEWS ASIAN FUNDS

MATTHEWS KOREA FUND SCHEDULE OF INVESTMENTS FEBRUARY 28, 2002 (UNAUDITED)

	SHARES	VALUE
	-----	-----
EQUITIES - SOUTH KOREA - 96.97%****		
BUSINESS SERVICES - 1.24%		
MEDIA - 1.24%		
Cheil Communications, Inc.	21,970	\$2,904,109

TOTAL BUSINESS SERVICES		2,904,109

CONSUMER DISCRETIONARY - 13.16%		
AUTOMOBILE PARTS - 0.25%		
Global & Yuasa Battery Co., Ltd.224,800 ..		577,325

AUTOMOBILES - 6.57%		
Hyundai Motor Co., Ltd.	373,481	10,268,682
Hyundai Motor Co., Ltd. - Pfd.	419,900	5,074,703

		15,343,385

HOTELS, RESTAURANTS & LEISURE - 0.46%		
Kangwon Land, Inc.**	7,900	1,080,066

INTERNET & CATALOG RETAIL - 4.10%		
Internet Auction Co., Ltd.**	202,027	3,303,788
LG Home Shopping, Inc.	61,083	6,251,791

		9,555,579

RETAIL - 1.78%		
Hansol CSN Co., Ltd.	3,215	8,937
Hyundai Department		
Store Co., Ltd.	129,200	4,147,594

		4,156,531

TOTAL CONSUMER DISCRETIONARY		30,712,886

CONSUMER STAPLES - 14.11%		
BEVERAGES - 6.07%		
Hite Brewery Co., Ltd.	138,211	8,247,351
Lotte Chilsung Beverage Co.	14,450	5,926,694

		14,174,045

CONSUMER PRODUCTS - 2.55%		
Pacific Corp.	58,880	5,959,604

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FOOD PRODUCTS - 4.84%		
Lotte Confectionery Co., Ltd.	12,300	3,855,654
Nong Shim Co., Ltd.	122,978	7,431,256

		11,286,910

HOUSEHOLD PRODUCTS / WARE - 0.65%		
LG Household & Health Care, Ltd. - Pfd.	114,520	1,522,435

TOTAL CONSUMER STAPLES		32,942,994

FINANCIALS - 23.84%		
BANKS - 11.42%		
Hana Bank	915,564	\$13,658,425
Kookmin Bank	170,043	7,436,736
Kookmin Bank ADR**	68,939	3,062,960
Shinhan Financial Group Co., Ltd.	184,402	2,493,236

		26,651,357

DIVERSIFIED FINANCIALS - 7.23%		
Good Morning		
Securities Co., Ltd.	1,615,180	7,198,098
Samsung Securities Co., Ltd.	206,795	8,028,751
Seoul Securities Co., Ltd.	336,380	1,651,537

		16,878,386

INSURANCE - 5.19%		
Samsung Fire & Marine		
Insurance Co., Ltd.	200,743	9,855,952
Samsung Fire & Marine Insurance Co., Ltd. - Pfd.	98,000	2,257,723

		12,113,675

TOTAL FINANCIALS		55,643,418

HEALTH CARE - 1.36%		
HEALTH CARE EQUIPMENT & SUPPLIES - 0.40%		
Shinhung Co., Ltd.	342,700	939,649

PHARMACEUTICALS - 0.96%		
Yuhan Corp.	48,960	2,229,993

TOTAL HEALTH CARE		3,169,642

INDUSTRIALS - 7.03%		
CHEMICALS - 1.82%		
Hyosung Corp.	299,752	4,245,298

COMMERCIAL SERVICES - 2.08%		
S1 Corp.	338,405	4,869,412

CONSTRUCTION - 1.19%		
Tae Young Corp.	96,950	2,775,440

MACHINERY - 0.03%		
Hanjin Heavy		

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UTILITIES - 6.05%		
Daehan City Gas Co., Ltd.	57,492	614,481
Korea Electric Power (KEPCO) Corp.	432,850	7,176,567
Korea Electric Power (KEPCO) Corp. ADR	157,250	1,451,418
Korea Gas Corp.	394,410	4,885,810

TOTAL UTILITIES		14,128,276

TOTAL EQUITIES - SOUTH KOREA		
(Cost \$145,232,151)		226,378,524

	FACE AMOUNT	VALUE
	-----	-----
INTERNATIONAL DOLLAR BONDS -		
SOUTH KOREA - 0.98%***		
FINANCIALS - 0.10%		
INSURANCE - 0.10%		
Korea Deposit Insurance Cnv		
2.250%, 10/11/05	200,000	\$ 226,500

TELECOMMUNICATION SERVICES - 0.88%		
Telecommunication Services - 0.88%		
Korea Telecom Co.		
0.250%, 01/04/07	1,525,000	1,660,344
Korea Telecom Co.***		
0.250%, 01/04/07	375,000	408,281

		2,068,625

TOTAL INTERNATIONAL DOLLAR BONDS -		
SOUTH KOREA		
(Cost \$2,158,443)		2,295,125

TOTAL INVESTMENTS - 97.95%****		
(Cost \$147,390,594)		228,673,649
CASH AND OTHER ASSETS,		
LESS LIABILITIES - 2.05%		4,788,278

NET ASSETS - 100.00%		\$233,461,928
		=====

* Cost for Federal income tax purposes is \$147,390,594 and net unrealized appreciation consists of:

Gross unrealized appreciation	\$83,212,278
Gross unrealized depreciation	(1,929,223)

Net unrealized appreciation	\$81,283,055
	=====

** 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 buyers. At February 28, 2002, the value of these securities amounted to \$408,281 or 0.17% of net assets.

**** As a percentage of net assets as of February 28, 2002.

ADR American Depositary Receipt
Cnv. Convertible
GDS Global Depositary Security

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Pfd. Preferred

See accompanying notes to financial statements.

MATTHEWS ASIAN FUNDS

MATTHEWS CHINA FUND

PORTFOLIO MANAGERS' COMMENTARY

Co-Portfolio Managers: G. Paul Matthews, Mark W. Headley and Richard H. Gao

For the six-months ended February 28, 2002, the Matthews China Fund gained 5.79%, outperforming its benchmarks, the MSCI China Free Index, which was down 0.36% and the Credit Lyonnais China World Index which gained 3.99% over the same time period.

The Fund remained overweight the consumer discretionary, utilities, and industrial sectors. We continue to believe that domestic demand will be the major driving force behind China's economy in the long term.

While China's domestic market provides huge growth potential, competition has become more and more severe especially after China joined the World Trade Organization (WTO) in late 2001. We believe that quality of management and a good long-term track record are among the most important factors in finding good companies in China.

During the period, we added to our positions in Hong Kong companies that derive a substantial amount of their business from Mainland China. Examples of these companies are Texwinca, Giordano and Shangri-La Asia. We believe these companies, run by professional management teams in Hong Kong and with good long-term track records, will be the winners in the highly competitive domestic consumer market.

We have remained underweight the telecom and technology sectors. Although stock prices in the two sectors have been declining quite substantially lately, we believe they are still very expensive. We are also concerned about the regulatory issues in China's telecom sector.

China's economic growth started to slow in the second half of 2001 affected by the global economic slowdown. China's central bank recently cut interest rates for the first time since mid-1998. We believe that the central bank will continue to ease monetary policy and boost domestic demand. Meanwhile, we believe that economic reforms will be accelerated to meet the challenge of WTO entry.

FUND PERFORMANCE

AVERAGE ANNUAL RETURNS
AS OF FEBRUARY 28, 2002

MATTHEWS CHINA FUND

One Year	6.95%
Three Years	27.10%
Since Inception (2/19/98)	1.39%

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CREDIT LYONNAIS
CHINA WORLD INDEX(1)

One Year	(13.37%)
Three Years	13.01%
Since 2/19/98	(6.90%)

MSCI CHINA FREE INDEX(2)

One Year	(33.90%)
Three Years	(11.11%)
Since 2/19/98	(25.30%)

GROWTH OF A \$10,000 INVESTMENT

[GRAPHIC OMITTED]

[EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC]

	Matthews China Fund	China World	Lipper China Index	MSCI Free China Index
02/19/98	10000	10000	10000	10000
05/98	8570	8097	7810	7592
08/98	4360	4024	5364.01	3827
11/98	6650	6576	8018.56	6218
02/99	5150	5174	7038.55	4448
05/99	6734	7026	8771.49	6336
08/99	8624	9056	10225.1	8077
11/99	8746	8550	11711	6992
02/00	8586	9045	13345.5	5049
05/00	8472	8397	11684.6	5752
08/00	10223	10002	12940.8	6137
11/00	8164	7493	10507.6	4455
02/01	9886	8628	11388.8	4673
05/01	12371.6	9380	11356.5	4431
08/01	9994.92	7189	9297.75	3100
11/01	10114.5	7400	9358.45	3371
02/02	10573.4	7475	9559.71	3089

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.
BEFORE TAXES ON DISTRIBUTIONS OR REDEMPTION OF FUND SHARES.

1 The Credit Lyonnais China World Index is an unmanaged capitalization-weighted index of Chinese equities which are listed on the Hong Kong, Shanghai and Shenzhen stock exchanges.

2 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.

3 The Lipper China Region Funds Average consisted of 17 funds as of 2/28/98.

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MATTHEWS CHINA FUND SCHEDULE OF INVESTMENTS FEBRUARY 28, 2002 (UNAUDITED)

	SHARES	VALUE
	-----	-----
EQUITIES - CHINA/HONG KONG - 98.81%***		
CONSUMER DISCRETIONARY - 27.81%		
AUTOMOBILES & COMPONENTS - 3.37%		
Denway Motors, Ltd.**	2,100,600	\$ 538,666
Qingling Motors Co., Ltd.		
H Shares	2,369,000	428,282

		966,948

CONSUMER DURABLE & APPAREL - 4.74%		
TCL International		
Holdings, Ltd.**	424,000	78,284
Texwinca Holdings, Ltd.	2,232,000	1,280,659

		1,358,943

DISTRIBUTORS - 2.86%		
Li & Fung, Ltd.	610,000	821,231

HOTELS, RESTAURANTS & LEISURE - 4.34%		
Shangri-La Asia, Ltd.	1,451,000	1,246,488

MEDIA - 4.71%		
Clear Media, Ltd.**	350,000	212,039
MediaNation, Inc.**	1,200,000	307,721
Television Broadcasts, Ltd.	185,000	830,206

		1,349,966

RETAIL - 3.75%		
Giordano International, Ltd.	2,112,000	1,076,408

TRAVEL & RECREATION - 4.04%		
China Travel International		
Investment Hong Kong, Ltd.	5,354,000	1,160,142

TOTAL CONSUMER DISCRETIONARY		7,980,126

CONSUMER STAPLES - 0.01%		
FOOD PRODUCTS - 0.01%		
Want Want Holdings Warrants	3,500	3,815

TOTAL CONSUMER STAPLES		3,815

ENERGY - 7.95%		
OIL & GAS - 7.95%		
CNOOC, Ltd.	658,000	704,463
PetroChina Co., Ltd. H Shares	4,334,000	805,755
Sinopec Zhenhai Refining & Chemical Co., Ltd.	3,736,000	771,221

TOTAL ENERGY		2,281,439

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FINANCIALS - 6.65%		
DIVERSIFIED FINANCIALS - 4.80%		
China Everbright, Ltd.	510,000	\$ 330,223
Swire Pacific, Ltd. A Shares	192,500	1,046,508

		1,376,731

REAL ESTATE - 1.85%		
China Vanke Co., Ltd. B Shares	504,912	531,502

TOTAL FINANCIALS		1,908,233

HEALTH CARE - 1.71%		
PHARMACEUTICALS - 1.71%		
China Pharmaceutical Enterprise & Investment Corp., Ltd.	5,048,000	491,903

TOTAL HEALTH CARE		491,903

INDUSTRIALS - 22.13%		
AIRLINES - 4.37%		
China Southern Airlines Co., Ltd. Class H	2,926,000	1,003,562
China Southern Airlines Co., Ltd. ADR**	14,800	249,380

		1,252,942

INDUSTRIAL CONGLOMERATES - 11.22%		
Beijing Enterprises		
Holdings, Ltd.	780,000	885,083
Cheung Kong Infrastructure Holdings, Ltd.	404,500	637,925
China Merchants Holdings International Co., Ltd.	1,218,000	905,777
Shanghai Industrial Holdings, Ltd.	401,000	791,792

		3,220,577

MACHINERY - 1.15%		
Shanghai Zhenhua Port		
Machinery Co., Ltd. B Shares	316,500	328,527

TRANSPORTATION - 5.39%		
New World Infrastructure, Ltd.**	1,080,400	339,388
Zhejiang Expressway Co., Ltd.		
H Shares	4,482,000	1,206,805

		1,546,193

TOTAL INDUSTRIALS		6,348,239

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MATTHEWS ASIAN FUNDS

MATTHEWS CHINA FUND SCHEDULE OF INVESTMENTS

FEBRUARY 28, 2002 (UNAUDITED)

Edgar Filing: MATTHEWS INTERNATIONAL FUNDS - Form N-30D

	SHARES	VALUE

INFORMATION TECHNOLOGY - 10.40%		
COMPUTER SOFTWARE - 2.10%		
Travelsky Technology, Ltd.**	656,000	\$ 601,389

COMPUTERS & PERIPHERALS - 4.60%		
Legend Holdings, Ltd.	3,122,000	1,320,970

IT CONSULTING & SERVICES - 3.70%		
AsiaInfo Holdings, Inc.**	95,350	1,060,292

TOTAL INFORMATION TECHNOLOGY		2,982,651

TELECOMMUNICATION SERVICES - 9.49%		
WIRELESS TELECOMMUNICATION SERVICES - 9.49%		
China Mobile HK, Ltd.**	337,083	972,446
China Mobile HK, Ltd. ADR**	21,500	310,030
China Unicom, Ltd.**	1,338,000	1,286,659
China Unicom, Ltd. ADR**	16,200	154,710

TOTAL TELECOMMUNICATION SERVICES		2,723,845

UTILITIES - 12.66%		
Beijing Datang Power Generation, Co., Ltd. H Shares	2,124,000	810,191
CLP Holdings, Ltd.	130,100	523,785
Huaneng Power International, Inc. ADR	39,400	1,105,170
Huaneng Power International, Inc. H Shares	506,000	356,829
Shandong International Power Development Co., Ltd.		
H Shares	3,216,000	835,001

TOTAL UTILITIES		3,630,976

TOTAL INVESTMENTS - 98.81%***		
(Cost \$28,228,191*)		\$28,351,227
CASH AND OTHER ASSETS,		
LESS LIABILITIES - 1.19%		340,897

NET ASSETS - 100.00%		\$28,692,124
=====		

* Cost for Federal income tax purposes is \$28,228,191 and net unrealized appreciation consists of:

Gross unrealized appreciation	\$3,158,864
Gross unrealized depreciation	(3,035,828)

Net unrealized appreciation	\$ 123,036
=====	

** Non-income producing security

*** As a percentage of net assets as of February 28, 2002.

ADR American Depositary Receipt

See accompanying notes to financial statements.

MATTHEWS JAPAN FUND

PORTFOLIO MANAGER'S COMMENTARY

Portfolio Manager: Mark W. Headley

The Matthews Japan Fund suffered a painful period for the six-month period ended February 28, 2002, falling 20.89%. During the same time period, the MSCI Japan Index fell 18.07% and the Tokyo Stock Index (TOPIX) fell 18.19%. As long-term fundamental investors, underperformance is always painful, and this time period is no exception.

The Matthews Japan Fund is positioned for a recovery in the domestic Japanese economy that has proven to be profoundly elusive. The Fund suffered losses in every major sector that it participated in, but losses in financials and consumer/retail companies were the most pronounced. These losses were largely a reflection of Japan's return to a recessionary environment yet again.

The failure of government officials, including Prime Minister Koizumi, to provide a clear plan of action for Japan's many structural challenges continues to undermine confidence both within Japan and abroad. Unemployment continues to rise, a sign that some restructuring is taking place, but no sense of new opportunities has emerged as the government continues with a "finger in the dyke" mentality to the country's fiscal problems.

We remain confident that despite a pall of gloom, major restructuring of the Japanese economy is occurring. Company by company, Japan is slowly improving its allocation of investment capital. We are well aware that our belief in this process has not resulted in superior performance relative to our benchmarks, but continue to believe a defensive portfolio risks missing the potential for a profound improvement in market conditions.

The Fund's first full year of existence witnessed just such a swing in market conditions with most investors caught either in defensive positions or entirely out of the market. So we continue to believe that better days lie ahead for Japan, and the portfolio continues to reflect this optimism.

FUND PERFORMANCE

AVERAGE ANNUAL RETURNS
AS OF FEBRUARY 28, 2002

MATTHEWS JAPAN FUND

One Year	(30.41%)
Three Year	(4.13%)
Since Inception (12/31/98)	(0.11%)

MSCI DEVELOPED MARKET
JAPAN INDEX(2)

One Year	(28.06%)
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Edgar Filing: MATTHEWS INTERNATIONAL FUNDS - Form N-30D

Three Year (7.05%)
 Since 12/31/98 (7.19%)

 TOPIX(1)
 (TOKYO PRICE INDEX)

One Year (27.83%)
 Three Year (6.26%)
 Since 12/31/98 (6.12%)

GROWTH OF A \$10,000 INVESTMENT

 [GRAPHIC OMITTED]
 [EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC]

	Matthews Japan Fund	Topix Index (Japan)	Japanese Lipper Index
12/31/98	10000	10000	10000
02/99	11310	9943	10146.4
05/99	15370	11260	11932.2
08/99	21700	14085	16380.9
11/99	22840	17077	20461.9
02/00	23323	16526	21615
05/00	21238	14929	17593.3
08/00	21320	14983	17791.2
11/00	16935	13017	14312.8
02/01	14319	11185	12026.7
05/01	16063.8	11664	12650.6
08/01	12595.1	9822	10237
11/01	12078.9	9213	9796.71
2/02	9964.45	8208	8851.35

 PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.
 BEFORE TAXES ON DISTRIBUTIONS OR REDEMPTION 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 The Lipper Japanese Funds Average consisted of 40 funds as of 12/31/98.

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MATTHEWS ASIAN FUNDS

 MATTHEWS JAPAN FUND SCHEDULE OF INVESTMENTS FEBRUARY 28, 2002 (UNAUDITED)

	SHARES	VALUE
EQUITIES - JAPAN - 99.23%***		
CONSUMER DISCRETIONARY - 46.64%		
AUTOMOBILES - 5.43%		
Honda Motor Co., Ltd. ADR	23,400	\$ 465,894
BEVERAGES - 1.49%		
Starbucks Coffee Japan, Ltd.**	598	128,023

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BICYCLE MANUFACTURING - 4.22%		
Shimano, Inc.	30,700	362,000

HOME FURNISHINGS - 2.26%		
Toto, Ltd.	46,000	193,865

HOUSEHOLD DURABLES - 11.64%		
Arc Land Sakamoto Co., Ltd.	14,800	147,088
Nintendo Co., Ltd.	2,065	304,600
Sony Corp.	4,500	204,446
Sony Corp. ADR	7,410	342,342

998,476		

INTERNET & CATALOG RETAIL - 4.85%		
Belluna Co., Ltd.	12,240	416,155

MEDIA - 4.83%		
Fuji Television Network, Inc.	84	414,272

RETAIL - 11.92%		
Don Quijote Co., Ltd.	5,200	298,420
Fast Retailing Co. Bonus Issue	6,800	122,458
Fast Retailing Co., Ltd.	6,800	119,918
Kyoto Kimono Yuzen Co., Ltd.	66	155,352
USS Co., Ltd.	10,300	326,337

1,022,485		

TOTAL CONSUMER DISCRETIONARY		4,001,170

FINANCIALS - 22.83%		
BANKS - 3.61%		
Mizuho Holdings, Inc.	164	310,047

DIVERSIFIED FINANCIALS - 17.48%		
Japan Securities Finance Co., Ltd.	113,000	391,795
Monex, Inc.**	1,675	299,141
Nomura Holdings, Inc.	38,000	434,448
The Nikko Securities Co., Ltd.	62,000	238,595
Tsubasa Securities Co., Ltd.	72,000	135,580

1,499,559		

INSURANCE - 1.74%		
AFLAC, Inc.	5,800	149,060

TOTAL FINANCIALS		1,958,666

HEALTH CARE - 1.76%		
PHARMACEUTICALS - 1.76%		
Banyu Pharmaceutical Co., Ltd.	6,000	\$ 78,909
Nippon Shinyaku Co., Ltd.	17,000	72,408

TOTAL HEALTH CARE		151,317

INDUSTRIALS - 0.98%		
MACHINERY - 0.98%		
Nitto Kohki Co., Ltd.	6,600	83,841

TOTAL INDUSTRIALS		83,841

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INFORMATION TECHNOLOGY - 18.76%		
COMPUTERS & PERIPHERALS - 3.05%		
NEC Corp.	36,000	261,745

COMPUTERS, NETWORKS & SOFTWARE - 2.20%		
Internet Initiative Japan, Inc. ADR**	34,900	189,158

COMPUTERS-INTERGRATED SYSTEMS - 1.21%		
Itochu Techno-Science Corp.	3,100	104,009

ELECTRONIC EQUIPMENT & INSTRUMENTS - 7.70%		
Canon, Inc.	9,500	332,935
Kyocera Corp.	3,800	227,730
Tokyo Denpa Co., Ltd.	8,600	99,607

		660,272

SEMICONDUCTOR EQUIPMENT - 2.53%		
Rohm Co., Ltd.	1,500	216,888

SOFTWARE - 2.07%		
Konami Corp.	9,600	177,545

TOTAL INFORMATION TECHNOLOGY		1,609,617

REAL ESTATE - 1.60%		
REAL ESTATE DEVELOPMENT - 1.60%		
Joint Corp.	10,200	137,575

TOTAL REAL ESTATE		137,575

SERVICES - 3.06%		
BUSINESS SERVICES - 3.06%		
The Goodwill Group, Inc.	124	262,223

TOTAL SERVICES		262,223

TELECOMMUNICATION SERVICES - 3.60%		
DIVERSIFIED TELECOMMUNICATION SERVICES - 3.60%		
Nippon Telegraph & Telephone Corp.	25	79,768
Nippon Telegraph & Telephone Corp. ADR	14,300	228,943

TOTAL TELECOMMUNICATION SERVICES		308,711

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MATTHEWS JAPAN FUND SCHEDULE OF INVESTMENTS FEBRUARY 28, 2002 (UNAUDITED)

VALUE

TOTAL INVESTMENTS - 99.23%***

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(Cost \$11,293,487)	\$8,513,120
CASH AND OTHER ASSETS,	
LESS LIABILITIES - 0.77%	66,018

NET ASSETS - 100.00%	\$8,579,139
	=====

* Cost for Federal income tax purposes is \$11,293,487 and net unrealized appreciation consists of:

Gross unrealized appreciation	\$ 211,710
Gross unrealized depreciation	(2,992,077)

Net unrealized depreciation	\$(2,780,367)
	=====

** Non-income producing security

*** As a percentage of net assets as of February 28, 2002.

ADR American Depositary Receipt

See accompanying notes to financial statements.

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MATTHEWS ASIAN FUNDS

MATTHEWS ASIAN TECHNOLOGY FUND

PORTFOLIO MANAGERS' COMMENTARY

Co-Portfolio Managers: G. Paul Matthews and Mark W. Headley

The Matthews Asian Technology Fund was up 9.92% for the six-month period ended February 28, 2002 while the benchmark MSCI/Matthews Asian Technology Index was up 0.26%.

Within the Asian technology sector, we are most positive on portable devices such as handsets and notebooks, and semiconductors, the hardest hit industry in 2001.

The biggest contributor to the Fund on a country-by-country basis was South Korea, with Taiwan coming in second. Japanese companies continued to lag behind. South Korea's resilient domestic economy and technological advancements enabled companies to perform well over the last six months, while the expectation of a U.S. economic recovery, slight pick-up in the end-user demand, and the global outsourcing trend contributed to the Taiwanese technology sector rally.

On a company-by-company basis, Samsung Electronics was the biggest contributor to the Fund's positive performance. Samsung Electronics benefited from a recovery in DRAM prices and its telecommunications division's strong performance. Samsung Electronics also improved its brand image and its brand equity value has emerged as the second most valuable among Asian-based companies behind only Sony.

We remain overweight South Korea and Taiwan. We are also overweight Japanese exporters. We believe the Asian technology sector is well positioned to benefit from a U.S. economic recovery, which appears to be on its way. However, if the expected turnaround in the U.S. market is delayed, we believe that it will be a challenge for South Korean and Taiwanese companies to hold their ground.

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FUND PERFORMANCE

AVERAGE ANNUAL RETURNS
AS OF FEBRUARY 28, 2002

MATTHEWS ASIAN
TECHNOLOGY FUND

One Year	(14.53%)
Since Inception (12/27/99)	(34.01%)

MSCI/MATTHEWS
ASIAN TECHNOLOGY INDEX(1)

One Year	(23.76%)
Since 12/31/99	(39.40%)

GROWTH OF A \$10,000 INVESTMENT

[GRAPHIC OMITTED]
[EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC]

	Matthews Asian Technology Fund	MSCI/Matthews Asian Technology Index	Lipper Science & Tech Index
12/27/99	10000	10000	10000
2/28/00	11370	9488	12501.2
5/31/00	7900	7717	9125.94
8/31/00	7610	7449	11614.9
11/30/00	4870	5112	6816.21
2/28/01	4743	4413	5346.37
5/31/01	4533.73	4278	5135.96
8/31/01	3687.58	3355	4068.5
11/30/01	3959.19	3427	4209.75
2/28/02	4053.5	3364	3639.36

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.
BEFORE TAXES ON DISTRIBUTIONS OR REDEMPTION OF FUND SHARES.

1 The MSCI/Matthews Asian Technology Index is an unmanaged capitalization-weighted index of Asian equities comprised of 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 The Lipper Science and Technology Funds Average consisted of 180 funds as of 12/31/99.

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	SHARES	VALUE
	-----	-----
EQUITIES - 102.55%***		
CHINA/HONG KONG - 25.36%		
Asia Satellite Telecommunications Holdings, Ltd.	282,400	\$ 481,573
AsiaInfo Holdings, Inc.**	50,600	562,672
China Mobile HK, Ltd.**	148,500	428,405
China Mobile HK, Ltd. ADR**	5,000	72,100
China Unicom, Ltd.**	388,000	373,112
China Unicom, Ltd. ADR**	20,100	191,955
China.com Corp. A Shares**	113,500	317,233
i-CABLE Communications**	422,000	254,306
Legend Holdings, Ltd.	921,000	389,690

TOTAL CHINA/HONG KONG		3,071,046

INDIA - 1.14%		
Infosys Technologies Ltd., ADR**	2,500	137,525

JAPAN - 19.58%		
Advantest Corp.	4,300	283,400
Canon, Inc.	10,500	367,981
Itochu Techno-Science Corp.	900	30,196
Konami Corp.	10,500	194,190
NEC Corp.	63,000	458,054
NEC Corp. ADR	14,000	101,500
Nintendo Co., Ltd.	2,235	329,676
Sony Corp.	4,200	190,816
Sony Corp. ADR	9,000	415,800

TOTAL JAPAN		2,371,613

SINGAPORE - 7.16%		
CSE Systems & Engineering, Ltd.**	529,000	142,944
Datacraft Asia, Ltd.	169,720	386,961
Venture Manufacturing, Ltd.	42,000	337,033

TOTAL SINGAPORE		866,938

SOUTH KOREA - 27.12%		
Humax Co., Ltd	10,857	418,239
Internet Auction Co., Ltd.**	25,786	421,683
Korea Telecom Corp.	6,010	264,660
Korea Telecom Corp. ADR	8,600	191,780
KT Freetel**	14,111	446,598
NCSOFT Corp.	3,063	434,960
Samsung Electronics	2,913	754,709
SK Telecom Co., Ltd.	1,789	351,341

TOTAL SOUTH KOREA		3,283,970

TAIWAN - 17.48%		
Asustek Computer, Inc.	71,000	\$ 343,826
Hon Hai Precision Industry Co., Ltd.	75,600	344,566
Realtek Semiconductor Corp.	67,500	346,105
Sunplus Technology Co., Ltd	86,000	296,425
Taiwan Semiconductor Manufacturing Co., Ltd.**	186,536	435,720

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VIA Technologies, Inc.**	78,120	324,898
Zyxel Communications Corp.**	13,803	25,164

TOTAL TAIWAN		2,116,704

THAILAND - 4.71%		
Advanced Info Service		
Public Co., Ltd.	548,100	570,676

TOTAL INVESTMENTS - 102.55%***		
(Cost \$13,316,820)		12,418,472
LIABILITIES, LESS CASH AND		
OTHER ASSETS - (2.55)%		(308,824)

NET ASSETS - 100.00%		\$12,109,648
		=====

See accompanying notes to financial statements.

*Cost for Federal income tax purposes is \$13,316,820 and net unrealized appreciation consists of:

Gross unrealized appreciation	\$ 1,207,451
Gross unrealized depreciation	(2,105,799)

Net unrealized depreciation	\$ (898,348)
	=====

** Non-income producing security.

*** As a percentage of net assets as of February 28, 2002.

ADR American Depositary Receipt

MARKET SECTOR DIVERSIFICATION

AS A PERCENTAGE OF TOTAL VALUE OF INVESTMENT IN SECURITIES	
CONSUMER DISCRETIONARY.....	17.76%
Household Durables.....	10.83
Internet & Catalog Retail.....	3.33
Leisure Equipment & Products.....	1.55
Media.....	2.05
INFORMATION TECHNOLOGY.....	55.10
Commercial Equipment.....	3.14
Computers & Peripherals.....	10.61
Electronic Equipment & Instruments.....	5.52
Internet Software & Services.....	6.19
IT Consulting & Services.....	2.42
Office Electronics.....	2.98
Semiconductor Equipment & Products.....	19.74
Software.....	4.50
TELECOMMUNICATION SERVICES.....	27.14
Diversified Telecommunication Services..	7.48
Wireless Telecommunication Services.....	19.66

TOTAL INVESTMENTS	100.00%
	=====

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	MATTHEWS PACIFIC TIGER FUND	MATTHEWS ASIAN GROWTH AND INCOME FUND	MATTHEWS KOREA FUND	MATTHEWS CHINA FUND
	-----	-----	-----	-----
ASSETS:				
Investments, at value (Cost \$94,617,524, \$36,276,259, \$147,390,594, \$28,228,191, \$11,293,487 and \$13,316,820, respectively)	\$101,135,526	\$ 38,443,750	\$228,673,649	\$ 28,35
Cash	--	2,234,226	7,110,444	1,02
Foreign currency, at value (Cost \$0, \$107, \$0, \$0, \$0, and \$250,918, respectively)	--	107	--	
Dividends and interest receivable	134,729	262,659	1,250,842	
Receivable for securities sold	--	--	--	
Receivable for capital shares sold	275,873	226,917	551,518	6
Deferred organization costs (Note 1-F)	--	--	--	
Other assets	7,219	2,616	15,942	
	-----	-----	-----	-----
Total assets	101,553,347	41,170,275	237,602,395	29,44
	-----	-----	-----	-----
LIABILITIES:				
Payable for securities purchased	--	1,277,014	3,617,976	67
Payable for capital shares redeemed ...	224,025	5,249	208,606	2
Cash overdraft	177,069	--	--	
Due to Advisor (Note 2)	98,405	27,337	162,682	2
Accrued expenses	141,313	20,317	151,203	2
Other liabilities	122	--	--	
	-----	-----	-----	-----
Total liabilities	640,934	1,329,917	4,140,467	75
	-----	-----	-----	-----
NET ASSETS:	\$100,912,413	\$ 39,840,358	\$233,461,928	\$ 28,69
	=====	=====	=====	=====
SHARES OUTSTANDING:				
(shares of beneficial interest issued and outstanding, respectively, unlimited number of shares authorized with a \$0.001 par value)	11,087,863	3,864,350	56,032,418	2,99
	=====	=====	=====	=====
Net asset value, offering price and redemption price	\$ 9.10	\$ 10.31	\$ 4.17	\$
	=====	=====	=====	=====
NET ASSETS CONSIST OF:				
Capital paid-in	\$101,455,41	\$ 36,012,012	\$162,800,850	\$ 30,57
Accumulated undistributed net investment income (loss)	(487,127)	77,414	(412,497)	(8
Accumulated net realized gain (loss) on investments	(6,574,445)	1,583,349	(10,206,925)	(1,92
Net unrealized appreciation (depreciation) on investments and foreign currency related transactions	6,518,574	2,167,583	81,280,500	12
	-----	-----	-----	-----
	\$100,912,413	\$39,840,358	\$233,461,928	\$28,69
	=====	=====	=====	=====

See accompanying notes to financial statements.

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STATEMENTS OF OPERATIONS FOR THE SIX MONTHS ENDED FEBRUARY 28, 2002 (UNAUDITED)

	MATTHEWS PACIFIC TIGER FUND	MATTHEWS ASIAN GROWTH AND INCOME FUND	MATTHEWS KOREA FUND	MATTHEWS CHINA FUND
INVESTMENT INCOME:				
Dividends (net of foreign tax withheld of \$56,084, \$24,582, \$303,070, \$0, \$3,197, and \$4,856, respectively)	\$ 387,042	\$ 283,695	\$ 1,354,836	\$ 165,000
Interest	--	371,389	4,863	--
Total investment income	387,042	655,084	1,359,699	165,000
EXPENSES:				
Investment advisory fees (Note 2)	407,121	144,484	793,180	112,000
Recovery of reimbursed expenses (Note 2)	37,644	17,499	--	4,000
Transfer agent fees	118,597	25,857	148,935	29,000
Administration fees	65,338	17,510	94,311	16,000
Accounting fees	40,050	10,560	58,140	12,000
Professional fees	18,151	2,429	19,264	2,000
Custodian fees	42,756	15,264	90,451	28,000
Directors fees (Note 2)	4,165	1,140	6,377	1,000
Insurance expense	5,232	1,106	7,510	--
Amortization of organization costs (Note 1-F)	--	--	--	1,000
Printing expense	12,893	2,480	12,299	1,000
Registration expenses	16,527	10,712	16,860	11,000
Other expenses	6,706	2,494	8,062	2,000
Total expenses	775,180	251,535	1,255,389	226,000
Expenses waived and reimbursed (Note 2) ..	--	--	--	--
Net expenses	775,180	251,535	1,255,389	226,000
NET INVESTMENT INCOME (LOSS)	(388,138)	403,549	104,310	(60,000)
REALIZED AND UNREALIZED GAIN ON INVESTMENTS AND FOREIGN CURRENCY RELATED TRANSACTIONS:				
Net realized gain (loss) on investments	(4,121,636)	2,533,261	8,105,127	(821,000)
Net realized gain (loss) on foreign currency related transactions	(12,705)	(1,788)	(177,506)	--
Net change in unrealized appreciation (depreciation) on investments and foreign currency related transactions	16,490,609	1,752,983	69,605,914	2,231,000
Net realized and unrealized gain (loss)				

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on investments and foreign currency related transactions	12,356,268	4,284,456	77,533,535	1,410
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$ 11,968,130	\$ 4,688,005	\$ 77,637,845	\$ 1,349

See accompanying notes to financial statements.

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MATTHEWS ASIAN FUNDS
STATEMENTS OF CHANGES IN NET ASSETS

	MATTHEWS PACIFIC TIGER FUND	
	SIX MONTHS ENDED FEBRUARY 28, 2002 (UNAUDITED)	YEAR ENDED AUGUST 31, 2001
OPERATIONS:		
Net investment income (loss)	(\$ 388,138)	\$ 574,32
Net realized gain (loss) on investments and foreign currency related transactions	(4,134,341)	(2,037,05
Net change in unrealized appreciation (depreciation) on investments and foreign currency related transactions	16,490,609	(27,835,77
Net increase in net assets from operations	11,968,130	(29,298,50
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income:		
Class I	(104,784)	(2,614,94
Class A	N/A	(34,98
Realized gains on investments:		
Class I	(274,572)	(7,093,16
Class A	N/A	(107,17
Net decrease in net assets resulting from distributions	(379,356)	(9,850,26
CAPITAL SHARE TRANSACTIONS (NET):		
Class I	12,820,530	3,667,08
Class A	N/A	(1,187,73
Increase in net assets derived from capital share transactions	12,820,530	2,479,34
Total increase in net assets	24,409,304	(36,669,42
NET ASSETS:		
Beginning of period	76,503,109	113,172,53
End of period (including undistributed net investment income (loss) of \$(487,127), \$42,401, \$77,414, and \$280,057, respectively)	\$100,912,413	\$ 76,503,10

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N/A Not Applicable

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STATEMENTS OF CHANGES IN NET ASSETS

	MATTHEWS KOREA FUND	
	SIX MONTHS ENDED FEBRUARY 28, 2002 (UNAUDITED)	YEAR ENDED AUGUST 31, 2001
OPERATIONS		
Net investment income (loss)	\$ 104,310	\$ 830,400
Net realized gain (loss) on investments and foreign currency related transactions	7,927,621	(13,729,540)
Net change in unrealized appreciation (depreciation) on investments and foreign currency related transactions	69,605,914	(1,209,900)
Net increase (decrease) in net assets from operations	77,637,845	(14,109,040)
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income:		
Class I	(467,505)	--
Class A	N/A	--
Realized gains on investments:		
Class I	(3,455,469)	(29,963,930)
Class A	N/A	(12,702,420)
Net decrease in net assets resulting from distributions	(3,922,974)	(42,666,350)
CAPITAL SHARE TRANSACTIONS (NET):		
Class I	42,614,765	52,883,970
Class A	N/A	(5,884,510)
Increase in net assets derived from capital share transactions	42,614,765	46,999,460
Total increase (decrease) in net assets	116,329,636	(9,775,930)
NET ASSETS:		
Beginning of period	117,132,292	126,908,220
End of period (including undistributed		

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net investment income (loss) of (\$412,497), \$121,474, (\$83,679), and \$358,736, respectively)	\$233,461,928 =====	\$117,132,29 =====
---	------------------------	-----------------------

N/A Not Applicable

See accompanying notes to financial statements.

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MATTHEWS ASIAN FUNDS
STATEMENTS OF CHANGES IN NET ASSETS

	MATTHEWS JAPAN FUND	
	SIX MONTHS ENDED FEBRUARY 28, 2002 (UNAUDITED)	YEAR ENDED AUGUST 31, 2001
	-----	-----
OPERATIONS:		
Net investment income (loss)	(\$ 55,089)	(\$ 102,88
Net realized loss on investments and foreign currency related transactions	(2,099,146)	(3,446,16
Net change in unrealized appreciation (depreciation) on investments and foreign currency related transactions	407,564	(4,135,52
	-----	-----
Net increase (decrease) in net assets from operations	(1,746,671)	(7,684,57
	-----	-----
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income:		
Class I	(182,412)	(360,02
Class A	N/A	N/
Realized gains on investments:		
Class I	--	(910,40
Class A	N/A	N/
	-----	-----
Net decrease in net assets resulting from distributions	(182,412)	(1,270,42
	-----	-----
CAPITAL SHARE TRANSACTIONS (NET):		
Class I	2,750,218	(7,155,77
Class A	N/A	N/
	-----	-----
Increase (decrease) in net assets derived from capital share transactions	2,750,218	(7,155,77
	-----	-----
Total increase (decrease) in net assets	821,135	(16,110,77
NET ASSETS:		
Beginning of period	7,758,004	23,868,77
	-----	-----
End of period (including undistributed net investment income (loss) of (\$174,792), \$62,709, (\$152,861) and \$78,879 respectively	\$ 8,579,139 =====	\$ 7,758,00 =====

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N/A Not Applicable

See accompanying notes to financial statements.

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FINANCIAL HIGHLIGHTS

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

	MATTHEWS PA TIGER FU		
	SIX MONTHS ENDED FEBRUARY 28, 2002 (UNAUDITED)	YEAR ENDED AUGUST 31, 2001	YEAR ENDED AUGUST 200
Net Asset Value, beginning of period	\$ 7.91	\$ 12.35	\$ 10
INCOME (LOSS) FROM INVESTMENT OPERATIONS			
Net investment income (loss)	(0.04)	0.08	0
Net realized gain (loss) and unrealized appreciation (depreciation) on investments and foreign currency	1.27	(3.37)	2
Total from investment operations	1.23	(3.29)	2
LESS DISTRIBUTIONS FROM:			
Net investment income	(0.01)	(0.31)	(0)
Net realized gains on investments	(0.03)	(0.84)	(0)
Total distributions	(0.04)	(1.15)	(0)
Net Asset Value, end of period	\$ 9.10	\$ 7.91	\$ 12
TOTAL RETURN	15.55% (2)	(27.46%)	21
RATIOS/SUPPLEMENTAL DATA			
Net assets, end of period (in 000's)	\$100,912	\$76,503	\$111,
Ratio of expenses to average net assets before reimbursement and waiver of expenses by Advisor and Administrator	1.90% (1)	1.90%	1
Ratio of expenses to average net assets after reimbursement and waiver of expenses by Advisor and Administrator (Note 2)	1.90% (1)	1.90%	1
Ratio of net investment income (loss) to average net assets before reimbursement and waiver of expenses by			

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Advisor and Administrator	(0.95%) (1)	0.67%	1
Ratio of net investment income to average net assets after reimbursement and waiver of expenses by Advisor and Administrator	(0.95%) (1)	0.67%	1
Portfolio turnover	24.26% (2)	63.59%	52

- 1 Annualized.
- 2 Not annualized.

See accompanying notes to financial statements.

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MATTHEWS ASIAN FUNDS
FINANCIAL HIGHLIGHTS

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

	MATTHEWS ASIAN GROWTH AND INCOME FUND		
	SIX MONTHS ENDED FEBRUARY 28, 2002 (UNAUDITED)	YEAR ENDED AUGUST 31, 2001	YEAR ENDED AUGUST 2000
Net Asset Value, beginning of period	\$ 9.08	\$ 10.50	\$ 9.08
INCOME (LOSS) FROM INVESTMENT OPERATIONS			
Net investment income	0.12	0.55	0.55
Net realized gain (loss) and unrealized appreciation (depreciation) on investments and foreign currency	1.31	(0.49)	1.31
Total from investment operations	1.43	0.06	1.86
LESS DISTRIBUTIONS FROM:			
Net investment income	(0.20)	(0.60)	(0.60)
Net realized gains on investments	--	(0.88)	(0.88)
Total distributions	(0.20)	(1.48)	(1.48)
Net Asset Value, end of period	\$ 10.31	\$ 9.08	\$ 10.31
TOTAL RETURN	15.87% (2)	1.15%	18.18%
RATIOS/SUPPLEMENTAL DATA			
Net assets, end of period (in 000's)	\$39,840	\$24,447	\$11,840
Ratio of expenses to average net assets before reimbursement and waiver of expenses by Advisor and Administrator	1.73% (1)	1.90%	1.90%
Ratio of expenses to average net assets after reimbursement and waiver of expenses by Advisor and Administrator (Note 2)	1.73% (1)	1.90%	1.90%

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Ratio of net investment income (loss) to average net assets before reimbursement and waiver of expenses by Advisor and Administrator	2.79%(1)	7.71%	6
Ratio of net investment income (loss) to average net assets after reimbursement and waiver of expenses by Advisor and Administrator	2.79%(1)	7.71%	6
Portfolio turnover	29.19%(2)	33.94%	62

1 Annualized.
2 Not annualized.

See accompanying notes to financial statements.

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FINANCIAL HIGHLIGHTS

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

	MATTHEWS FUND		
	SIX MONTHS ENDED FEBRUARY 28, 2002 (UNAUDITED)	YEAR ENDED AUGUST 31, 2001	YEA ENDE AUGUST 200
Net Asset Value, beginning of period	\$ 2.68	\$ 5.19	\$ 7
INCOME (LOSS) FROM INVESTMENT OPERATIONS			
Net investment income (loss)	0.00	0.02	0
Net realized gain (loss) and unrealized appreciation (depreciation) on investments and foreign currency	1.57	(0.90)	(1
Total from investment operations	1.57	(0.88)	(1
LESS DISTRIBUTIONS FROM:			
Net investment income	(0.01)	--	(0
Net realized gains on investments	(0.07)	(1.63)	(0
Total distributions	(0.08)	(1.63)	(0
Net Asset Value, end of period.....	\$ 4.17	\$ 2.68	\$ 5
TOTAL RETURN	58.96%(2)	(13.09%)	(22
RATIOS/SUPPLEMENTAL DATA			
Net assets, end of period (in 000's)	\$233,462	\$117,138	\$115,
Ratio of expenses to average net assets before reimbursement and waiver of			

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expenses by Advisor and Administrator	1.58%(1)	1.78%	1
Ratio of expenses to average net assets after reimbursement and waiver of expenses by Advisor and Administrator (Note 2) .	1.58%(1)	1.78%	1
Ratio of net investment income (loss) to average net assets before reimbursement and waiver of expenses by Advisor and Administrator	0.13%(1)	0.75%	0
Ratio of net investment income (loss) to average net assets after reimbursement and waiver of expenses by Advisor and Administrator	0.13%(1)	0.75%	0
Portfolio turnover	17.84%(2)	81.96%	47

1 Annualized.

2 Not annualized.

See accompanying notes to financial statements.

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FINANCIAL HIGHLIGHTS

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

	MATTHEWS C FUND		
	SIX MONTHS ENDED FEBRUARY 28, 2002 (UNAUDITED)	YEAR ENDED AUGUST 31, 2001	YEAR ENDED AUGUST 2000
Net Asset Value, beginning of period	\$ 9.21	\$ 9.93	\$ 8.
INCOME (LOSS) FROM INVESTMENT OPERATIONS			
Net investment income (loss).....	(0.04)	0.32	0.
Net realized gain (loss) and unrealized appreciation (depreciation) on investments and foreign currency	0.57	(0.61)	1.
Total from investment operations	0.53	(0.29)	1.
LESS DISTRIBUTIONS FROM:			
Net investment income.....	(0.15)	(0.15)	(0.
Net realized gains on investments	--	(0.28)	
Total distributions.....	(0.15)	(0.43)	(0.
Net Asset Value, end of period.....	\$ 9.59	\$ 9.21	\$ 9.
TOTAL RETURN.....	5.79% ³	(2.23%)	18.
RATIOS/SUPPLEMENTAL DATA			
Net assets, end of period (in 000's)	\$ 28,692	\$19,843	\$9,2
Ratio of expenses to average net assets before reimbursement and waiver of			

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expenses by Advisor and Administrator	2.00% (2)	2.00%	2.
Ratio of expenses to average net assets after reimbursement and waiver of expenses by Advisor and Administrator (Note 2).....	2.00% (2)	2.00%	2.
Ratio of net investment income (loss) to average net assets before reimbursement and waiver of expenses by Advisor and Administrator...	(0.54%) (2)	2.62%	1.
Ratio of net investment income (loss) to average net assets after reimbursement and waiver of expenses by Advisor and Administrator.....	(0.54%) (2)	2.62%	1.
Portfolio turnover.....	23.52% (3)	61.07%	80.

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

2 Annualized.

3 Not annualized.

See accompanying notes to financial statements.

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FINANCIAL HIGHLIGHTS

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

	MATTHEWS JAPAN FUND		
	SIX MONTHS ENDED FEBRUARY 28, 2002 (UNAUDITED)	YEAR ENDED AUGUST 31, 2001	YEA ENDE AUGUST 200
Net Asset Value, beginning of period.....	\$ 11.22	\$ 20.76	\$ 21
INCOME (LOSS) FROM INVESTMENT OPERATIONS			
Net investment income (loss).....	--	(0.15)	(0)
Net realized gain (loss) and unrealized appreciation (depreciation) on investments and foreign currency.....	(2.30)	(7.99)	(0)
Total from investment operations.....	(2.30)	(8.14)	(0)
LESS DISTRIBUTIONS FROM:			
Net investment income.....	(0.27)	(0.37)	(0)
Net realized gains on investments.....	--	(1.03)	(0)

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Total distributions.....		(0.27)	(1.40)	(0
		-----	-----	-----
Net Asset Value, end of period.....	\$	8.65	\$ 11.22	\$ 20
		=====	=====	=====
TOTAL RETURN.....		(20.89%) (3)	(40.92%)	(1
RATIOS/SUPPLEMENTAL DATA				
Net assets, end of period (in 000's).....	\$	8,579	\$ 7,758	\$ 23,
Ratio of expenses to average net assets before reimbursement and waiver of expenses by Advisor and Administrator.....		2.49% (2)	2.08%	1
Ratio of expenses to average net assets after reimbursement and waiver of expenses by Advisor and Administrator (Note 2).....		2.00% (2)	2.00%	2
Ratio of net investment income (loss) to average net assets before reimbursement and waiver of expenses by Advisor and Administrator.....		(2.00%) (2)	(0.90%)	(0
Ratio of net investment income (loss) to average net assets after reimbursement and waiver of expenses by Advisor and Administrator.....		(1.51%) (2)	(0.82%)	(0
Portfolio turnover		50.88% (3)	71.09%	223

- 1 The Japan Fund commenced operations on December 31, 1998.
- 2 Annualized.
- 3 Not annualized.

See accompanying notes to financial statements.

MATTHEWS ASIAN FUNDS
FINANCIAL HIGHLIGHTS

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

	MATTHEWS TECHNOLO	
	SIX MONTHS ENDED FEBRUARY 28, 2002 (UNAUDITED)	YEA END AUGUST 200
	-----	-----
Net Asset Value, beginning of period.....	\$ 3.53	\$ 7
	-----	-----
INCOME (LOSS) FROM INVESTMENT OPERATIONS		
Net investment income (loss).....	(0.04)	0
Net realized gain (loss) and unrealized appreciation (depreciation) on investments and foreign currency.....	0.39	(3
	-----	-----
Total from investment operations.....	0.35	(3
	-----	-----

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LESS DISTRIBUTIONS FROM:		
Net investment income.....	(0.04)	(0)
Net realized gains on investments.....	--	
	-----	-----
Total distributions.....	(0.04)	(0)
	-----	-----
Net Asset Value, end of period.....	\$ 3.84	\$ 3
	=====	=====
TOTAL RETURN.....	9.92% (3)	(51)
RATIOS/SUPPLEMENTAL DATA		
Net assets, end of period (in 000's).....	\$12,110	\$9,
Ratio of expenses to average net assets before reimbursement and waiver of expenses by Advisor and Administrator.....	2.33% (2)	2
Ratio of expenses to average net assets after reimbursement and waiver of expenses by Advisor and Administrator (Note 2).....	2.00% (2)	2
Ratio of net investment income (loss) to average net assets before reimbursement and waiver of expenses by Advisor and Administrator.....	(1.96%) (2)	1
Ratio of net investment income (loss) to average net assets after reimbursement and waiver of expenses by Advisor and Administrator.....	(1.63%) (2)	1
Portfolio turnover	33.60% (3)	181

1 The Asian Technology Fund commenced operations on December 27, 1999.
2 Annualized.
3 Not annualized.

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NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2002 (UNAUDITED)

1. SIGNIFICANT ACCOUNTING POLICIES

Matthews Asian Funds (formerly, Matthews International 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 Fund, 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

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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 investments 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. 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 counterparties to the contracts are unable to meet the terms of their contracts.

C. RISKS ASSOCIATED WITH FOREIGN SECURITIES: Investments by the Funds in the

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securities of foreign issuers may involve investment risks different from those of U.S. issuers including possible political or economic instability of the country of the issuer, the difficulty of 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 (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, 2002. 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

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NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2002 (UNAUDITED)

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.

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 the Fund's 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 initial shares being redeemed bears to the number of those shares outstanding at the time of redemption.

G. DISTRIBUTIONS 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 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.

H. FUND AND CLASS ALLOCATIONS: The Funds account separately for the assets,

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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 asset value. Through December 15, 2000, income, expenses (other than class specific expenses), and realized and unrealized gains (losses) were calculated at the Fund level and allocated daily to each class of shares based on the relative proportion of net assets of each class.

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.

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.

Adoption of new accounting principle -- In order to comply with new accounting standards mandated by the latest AICPA Audit and Accounting Guide for Audits of Investment Companies (dated 12/15/00), premiums and discounts on debt securities are amortized using the interest method beginning this fiscal year. Also beginning this fiscal year, redemption fees, to the extent received by the Funds, are credited to capital. The effect of initially applying changes required by the Guide will have no effect on the net assets of the Funds.

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. Class A shares were sold with a front-end sales charge of 4.95%.

MATTHEWS PACIFIC TIGER FUND					
CLASS I				CLASS A*	
SIX MONTHS ENDED FEBRUARY 28, 2002		YEAR ENDED AUGUST 31, 2001		SIX MONTHS EN FEBRUARY 28,	
SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AM
Shares sold.....	5,297,078	\$44,611,681	9,483,405	\$84,833,523	--
Shares issued through reinvestment of dividends	40,762	366,040	1,053,742	9,155,114	--
Shares redeemed.....	(3,925,073)	(32,157,191)	(9,891,330)	(90,321,554)	--
Net increase (decrease).	1,412,767	\$12,820,530	645,817	\$3,667,083	--
	=====	=====	=====	=====	=====

*As of December 15, 2000, Class A shares of Pacific Tiger Fund were closed and exchanged for Class I shares. 155,798 shares were exchanged.

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NOTES TO FINANCIAL STATEMENTS

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MATTHEWS
ASIAN GROWTH AND INCOME FUND

	SIX MONTHS ENDED FEBRUARY 28, 2002		YEAR ENDED AUGUST 31, 2001	
	SHARES	AMOUNT	SHARES	AMOUNT
Shares sold	2,320,994	\$22,274,143	2,216,555	\$20,619,255
Shares issued through reinvestment of dividends	60,604	586,651	231,759	2,084,304
Shares redeemed	(1,208,262)	(11,548,794)	(849,169)	(7,825,186)
Net increase (decrease)	1,173,336	\$11,312,000	1,599,145	\$14,878,373

MATTHEWS
KOREA FUND

	CLASS I		CLASS A*			
	SIX MONTHS ENDED FEBRUARY 28, 2002		YEAR ENDED AUGUST 31, 2001		SIX MONTHS FEBRUARY 28,	
	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	A
Shares sold.....	27,697,900	\$94,227,921	46,719,161	\$139,361,838	--	
Shares issued through reinvestment of dividends	864,565	3,086,495	14,125,165	35,370,865	--	
Shares redeemed.....	(16,233,327)	(54,699,651)	(39,309,187)	(121,848,726)	--	
Net increase (decrease).	12,329,138	\$42,614,765	21,535,139	\$ 52,883,977	--	

MATTHEWS
CHINA FUND

MATTHEWS
JAPAN FUND

	SIX MONTHS ENDED FEBRUARY 28, 2002		YEAR ENDED AUGUST 31, 2001		SIX MONTHS E	
	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	A
Shares sold.....	1,994,530	\$18,302,514	3,045,164	\$32,057,967	815,655	\$ 7
Shares issued through reinvestment of dividends	37,306	354,407	49,078	392,130	16,933	
Shares redeemed.....	(1,196,325)	(10,775,561)	(1,868,802)	(18,508,076)	(532,638)	(5

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Net increase (decrease).	835,511	\$ 7,881,360	1,225,440	\$13,942,021	299,950	\$ 2
	=====	=====	=====	=====	=====	=====

MATTHEWS
ASIAN TECHNOLOGY FUND

	SIX MONTHS ENDED FEBRUARY 28, 2002		YEAR ENDED AUGUST 31, 2001
	SHARES	AMOUNT	SHARES
	-----	-----	-----
Shares sold.....	2,415,695	\$8,677,585	6,956,729
Shares issued through reinvestment of dividends	33,973	138,271	125,864
Shares redeemed.....	(2,020,594)	(7,333,080)	(7,584,635)
	-----	-----	-----
Net increase (decrease).	429,074	\$1,482,776	(502,042)
	=====	=====	=====

*As of December 15, 2000, Class A shares of Korea Fund were closed and exchanged for Class I shares. 1,092,968 shares were exchanged.

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 Pacific Tiger Fund, Asian Growth and Income Fund, Korea Fund, China Fund, Japan Fund and Asian Technology Fund in the amounts of \$112,449, \$34,959, \$498,250, \$63,062, \$35,312 and \$32,667, respectively during the period.

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MATTHEWS ASIAN FUNDS

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2002 (UNAUDITED)

2. INVESTMENT ADVISORY FEES AND OTHER TRANSACTIONS WITH AFFILIATES

The Advisor, a registered investment advisor, provides the Funds with investment management services. As compensation for these services, the Advisor charges the Funds a monthly fee of 1/12 of 1% on each Fund's respective average daily net assets. The Funds reimburse the Advisor any service fees paid by it to the extent that shareholder service related expenses are incurred by the Advisor. 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, 2002, are as follows:

INVESTMENT ADVISORY	VOLUNTARY EXPENSE	ADVISORY	R
------------------------	----------------------	----------	---

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	FEE RATE	LIMITATION	FEEES
	-----	-----	-----
Matthews Pacific Tiger Fund	1.00%	1.90%	\$407,121
Matthews Asian Growth and Income Fund	1.00	1.90	144,484
Matthews Korea Fund	1.00	2.50	793,180
Matthews China Fund	1.00	2.00	112,236
Matthews Japan Fund	1.00	2.00	36,573
Matthews Asian Technology Fund.....	1.00	2.00	54,816

Effective March 1, 2002 the voluntary expense limitation for Matthews Korea Fund will be reduced to 2.00%.

The investment advisory agreements provide that any reductions made by the Advisor in its fees are subject to reimbursement by the Funds within the following three years provided that the Funds are able to effect such reimbursement and remain in compliance with applicable expense limitations. During the six months ended February 28, 2002, the Matthews Pacific Tiger Fund, Matthews Asian Growth and Income Fund and Matthews China Fund reimbursed expenses to the Advisor totaling \$37,644, \$17,499 and \$4,680, respectively. As of February 28, 2002, total expenses waived and reimbursed by the Advisor that are subject to reimbursement by the Matthews Pacific Tiger Fund, Matthews China Fund, Matthews Japan Fund and Matthews Asian Technology Fund totaled \$47,513, \$10,041, \$89,250 and \$188,216, respectively.

PFPC Inc. ("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 Asst. Treasurer to the Trust. Total fees accrued by PFPC for the six months ended February 28, 2002 were \$229,907 for administrative and accounting services and \$203,260 for transfer agent services.

3. DISTRIBUTOR FEES AND CLASS SPECIFIC EXPENSES

Effective January 2, 2001, PFPC Distributors, Inc. (the "Distributor") began serving as the Funds' Distributor pursuant to an Underwriting Agreement. Prior to January 2, 2001, Provident Distributors, Inc. served as the Funds' distributor. Pursuant to Rule 12b-1 adopted by the Securities and Exchange Commission under the Act, the Pacific Tiger Fund Class A and the Korea Fund Class A, have adopted a Plan of Distribution (the "Plan"). The Plan permits the participating Funds to pay certain expenses associated with the distribution of their shares. Under the Plan, each Fund offering Class A shares may pay actual expenses not exceeding, on an annual basis, 0.25% of each participating Fund's Class A average daily net assets. The Class I shares of the Funds do not have a distribution plan.

The Funds bear a portion of the fees paid to certain services providers (exclusive of the Funds' transfer agent) which provide transfer agency and shareholder servicing to certain shareholders. Fees accrued to pay to such service providers for the six months ended February 28, 2002 are reflected in the statement of operations as follows:

	TRANSFER AGENT	ADMINISTRATION
	-----	-----
Matthews Pacific Tiger Fund.....	\$43,455	\$21,727
Matthews Asian Growth and Income Fund	9,775	4,887
Matthews Korea Fund.....	55,663	27,831

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Matthews China Fund.....	9,265	4,633
Matthews Japan Fund.....	4,141	2,070
Matthews Asian Technology Fund.....	5,403	2,702

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NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2002 (UNAUDITED)

4. INVESTMENT TRANSACTIONS

Investment transactions for the six months ended February 28, 2002, excluding temporary short-term investments, were as follows:

PROCEEDS

	PURCHASES	FROM SALES
	-----	-----
Matthews Pacific Tiger Fund.....	\$32,989,898	\$19,939,501
Matthews Asian Growth and Income Fund..	18,986,434	8,428,521
Matthews Korea Fund.....	62,522,086	28,804,768
Matthews China Fund.....	12,390,673	5,280,613
Matthews Japan Fund.....	6,221,340	3,792,877
Matthews Asian Technology Fund.....	5,199,532	3,632,539

The Funds invest excess cash in interest bearing deposits at The Bank of New York.

5. CAPITAL LOSS CARRYOVER

At August 31, 2001, the Funds had capital loss carryovers expiring through 2009 as follows:

FUND	EXPIRING ON:	
	-----	-----
	2008	2009
	-----	-----
Matthews Japan Fund.....	\$2,390,436	\$3,877,447
Matthews Asia Technology Fund.....	--	35,094

These amounts are available to offset possible future capital gains of the Fund.

6. POST OCTOBER LOSS

Under the current tax law, capital losses realized after October 31 and prior to the Fund's fiscal year end may be deferred as occurring on the first day of the following year. For the fiscal year ended August 31, 2001, the Funds elected to defer capital losses as follows:

LOSSES DEFERRED

FUND	-----	
	SECURITIES	FOREIGN CURRENCY

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-----	-----	-----
Matthews Pacific Tiger.....	\$1,264,587	\$98,857
Matthews Asia Growth and Income.....	940,157	5,242
Matthews Korea.....	11,180,368	519,336
Matthews China.....	801,391	--
Matthews Japan	3,870,740	119,711
Matthews Asia Technology	6,843,754	63,015

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