



Matthews Asian Funds

FIRST QUARTER REPORT

MARCH 31, 2005

Pacific Tiger Fund
Asian Growth and Income Fund
Korea Fund
China Fund
Japan Fund
Asian Technology Fund
Asia Pacific Fund



Matthews Asian Funds

Investing in the future
of Asia since 1994

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MESSAGE TO SHAREHOLDERS

FROM THE INVESTMENT ADVISOR

Dear Shareholder,

The performance of Asia Pacific markets was mixed in the first calendar quarter of 2005. By country, and measured in U.S. dollars, returns for the primary market indices ranged from a gain of 10.54% for the Philippines to a decline of 4.59% for Hong Kong. The broader regional benchmarks were also mixed: The MSCI All Country Far East ex-Japan Index gained 1.82% while the MSCI All Country Asia Pacific Index fell 0.71%. Of the seven funds that comprise the Matthews Asian Funds, four outperformed their benchmarks during the period, and three underperformed. For the trailing 12-month period, we are pleased to report that all of the seven funds achieved positive returns. We are also proud of the Funds' long-term records.

While the region faces a number of challenges—some of which are outlined in this letter—as long-term investors we are thrilled to see the progress that has been made in so many Asian countries in recent years toward more open and transparent economies. For as long as this trend remains intact, and while there will be inevitable setbacks from time to time, we believe that the overall prospects for investors in the region remain as exciting as they were a decade ago.

The investment environment in Asia was affected by rising U.S. interest rates, continued sharp gains in the price of crude oil, generally weaker markets in the United States, and mixed economic performance from Asia's largest economies. In this respect, while the performance of Japan's broader economy remained disappointing, China's economy showed continued strong growth. China's trade surplus with the United States and its growing surplus with the European Union continued to attract calls for some realignment of the Chinese currency. While this was not a particularly positive period for investors in Asia, it should be seen in the context of a relatively strong 2004, which saw broad gains across the Asian region.

Economic performance in the region varied markedly for the quarter. The reported growth rate of the economy of mainland China remained strong, and a number of other regional economies also reported growth in excess of 5% year-over-year. Japan's reported growth, however, was less than 1%, bringing into question yet again the sustainability of Japan's overall economic recovery. The economies of Southeast Asia performed relatively well, showing no significant impact from the tsunami that caused such widespread damage in late December of last year.

The authorities in mainland China continued their attempts to moderate economic growth—increasing interest rates during the period and also introducing measures designed to slow excessive growth in some sectors. Most notably during the quarter, measures were introduced in Shanghai to curb speculation in real estate by imposing taxes on short-term gains and through various attempts to restrict credit to real estate developers. While overall economic growth on the mainland remained strong, some sectors did show signs of slower growth (automobiles, in particular). Generally speaking, commodity prices continued to show strength, causing many companies in Asia to report that their overall costs were rising at an accelerated rate compared to recent periods.

Interest rates in Asia, while remaining low in absolute terms, have started to rise in a number of countries. Asian countries that continue to link their currencies to the U.S. dollar have been most affected by increasing short rates in the United States, but with the exception of Japan, even countries that maintain floating exchange rates are seeing some pressure on interest rates. While rising interest rates have not yet resulted in significant changes to general expectations for

economic growth over the near term, further increases will likely lead to a lowering of growth expectations.

Similarly, the recent increases in oil prices have yet to have a major impact on future expectations for economic growth in the region, but should they remain at these levels or continue to rise, they most likely will impact future growth. International pressure has mounted for China to allow its currency to float so that its exchange rate will be determined by the market rather than the Chinese government. We believe that in the long term, China understands the benefits of a floating currency, but in the short term that mainland authorities are concerned that its banks require significant reform before their financial system could support a freely floating currency. In this respect, we believe it is very important to China and the region that such reforms occur in the relatively near future for China's recent progress to continue.

Political tensions in Asia have remained volatile, with negotiations over North Korea's apparent nuclear capabilities continuing without any significant breakthroughs. Late in the quarter, tensions between Japan and China increased, mainly due to continued disputes

MESSAGE TO SHAREHOLDERS

over Japanese accounts of its role in World War II and its occupation of China. Such tensions do not appear to have reached a level where they will materially impact near-term growth, but they serve as a constant reminder of the potential volatility of the region. Political differences notwithstanding, the diverse countries of the Asian region continue to grow their trade and financial relationships, and we believe that growing intra-regional trade is a major positive for investors in the region.

We believe that over a multi-year period, income levels across the region have the potential to rise at a higher rate than those of other geographic regions. This belief has led to a particular focus on the bottom-up selection of companies that are positioned to benefit from such growth, should it occur. This has also led to an emphasis within most of the portfolios on domestic companies rather than exporters, although both the region and the Funds will be impacted by any slowing of export growth. We are greatly encouraged by the long-term trends toward increased consumption in Asia because we believe that if the region is to continue to show above-average growth, it is essential that it is supported by domestic demand.

Overall, our investment strategies and approach to the region as well as the country-specific funds has not materially changed in the recent quarter, and we remain confident in the long-term prospects for the region.

Thank you for your continued support.



G. Paul Matthews

Chairman and Chief Investment Officer
Matthews International Capital Management, LLC



Mark W. Headley

President and Portfolio Manager
Matthews International Capital Management, LLC

REDEMPTION FEE POLICY

The Funds assess a redemption fee of 2.00% of the total redemption proceeds if you sell or exchange your shares within 90 calendar days after purchasing them. The redemption fee is paid directly to the Funds and is designed to offset transaction costs associated with short-term trading of Fund shares. The redemption fee does not apply to redemptions of shares held in certain omnibus accounts and retirement plans that cannot currently implement the redemption fee. While these exceptions exist, the Funds are not accepting any new accounts which cannot implement the redemption fee. In addition, the Funds are actively discussing a schedule for implementation of the fee with these providers. For more information on this policy, please see the Funds' prospectus.

INVESTOR DISCLOSURE

Past Performance: All performance quoted in this report is past performance and is no guarantee of future results. Investment return and principal value will fluctuate with changing market conditions so that when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the returns quoted. Returns are net of the Funds' management fee and other operating expenses. If certain of the Funds' fees and expenses had not been waived, returns would have been lower. For the Funds' most recent month-end performance, please call 800-789-ASIA [2742] or visit www.matthewsfunds.com.

Investment Risk: Mutual fund shares are not deposits or obligations of, or guaranteed by, any depository institution. Shares are not insured by the FDIC, Federal Reserve Board or any government agency and are subject to investment risks, including possible loss of principal amount invested. Investing in international markets may involve additional risks, such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation. In addition, single-country and sector funds may be subject to a higher degree of market risk than diversified funds because of concentration in a specific industry, sector or geographic location. Please see the Funds' prospectus or Statement of Additional Information for more risk disclosure.

Fund Holdings: The Fund holdings shown in this report are as of March 31, 2005. Holdings are subject to change at any time, so holdings shown in this report may not reflect current Fund holdings. The Funds file complete schedules of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q, the first of which was filed for the quarter ended November 30, 2004. The Funds' Form N-Q is available on the SEC's website at www.sec.gov and may be reviewed and copied at the Commission's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. Matthews Asian Funds publishes quarterly reports containing the information filed in the form N-Q, copies of which may be obtained by visiting the Funds' website at www.matthewsfunds.com or by calling 1-800-789-ASIA [2742].

Proxy Voting Record: The Funds' Statement of Additional Information containing a description of the policies and procedures that the Matthews Asian Funds use to vote proxies relating to portfolio securities, along with each Fund's proxy voting record relating to portfolio securities held during the 12-month period ended June 30, 2004, is available upon request, at no charge, at the Funds' website at www.matthewsfunds.com or by calling 1-800-789-ASIA [2742], or on the SEC's website at www.sec.gov.

This report is submitted for the general information of the shareholders of the Matthews Asian Funds. It is authorized for distribution only if preceded or accompanied by a current Matthews Asian Funds prospectus. Additional copies of the prospectus may be obtained by calling 800-789-ASIA [2742] or can be downloaded from the Funds' website at www.matthewsfunds.com. Please read the prospectus carefully before you invest or send money, as it explains the risks, fees and expenses of investing in the Funds.

The Matthews Asian Funds are distributed by PFFC Distributors, Inc., 760 Moore Road, King of Prussia, PA 19406.

MATTHEWS PACIFIC TIGER FUND

PORTFOLIO MANAGEMENT

SYMBOL: MAPTX

Lead Manager: Mark W. Headley
Co-Manager: G. Paul Matthews

The Matthews Pacific Tiger Fund invests at least 80% of its assets in the common and preferred stocks of companies located in the Pacific Tiger countries of China, Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

PORTFOLIO MANAGER COMMENTARY

For the three months ended March 31, 2005, the Matthews Pacific Tiger Fund declined 0.06%, underperforming the MSCI All Country Far East ex-Japan Index and the Lipper Pacific ex-Japan Funds Category Average, which gained 1.82% and 2.18%, respectively. While markets were somewhat mixed throughout the quarter, no real direction developed. The strong performance that occurred in late 2004 is, perhaps, being digested by markets that are closely watching rising interest rates and the rising pricing of commodities—particularly oil.

The Fund enjoyed good performance in the consumer discretionary and retail sectors. This has long been one of the primary areas of focus for the Fund, and the Korean holdings in this sector did particularly well. This was offset by losses in the financial sector, which has borne the brunt of investor concern over rising interest rates in the U.S.; such rising rates have historically translated into higher rates in many Asian economies. The Fund has a number of core positions in the banking sector, and significantly higher interest rates do pose a risk to the short-term earnings outlook. The technology sector was

mixed during the quarter but does seem to be showing some signs of life; valuations appear quite attractive, and the Fund is continuing to look for new positions. The telecommunications sector was mildly negative, largely due to a healthy correction in a core position in Southeast Asia. Overall, we see attractive valuations and modest growth prospects in the telecommunications sector. By country, Korea was by far the most significant contributor to positive performance; Singapore, the weakest.

Since the end of the quarter, the Fund has seen a modest increase in exposure to Taiwan with the addition of a mid-cap, domestically focused consumer company. Taiwan is a market in which we have always been underweight, but we believe that current valuations are fairly attractive and that the risks of tension with China—if not diminished—are, perhaps, priced in.

FUND AT A GLANCE

Fund Inception: 9/12/94

AVERAGE ANNUAL RETURNS AS OF MARCH 31, 2005						
	3 MO	1 YR	3 YRS	5 YRS	10 YRS	SINCE INCEPTION
Matthews Pacific Tiger Fund	-0.06%	17.80%	18.81%	6.32%	7.73%	6.45%
MSCI All Country Far East ex-Japan Index ¹	1.82%	10.27%	12.04%	0.12%	0.26%	-1.02%*
Lipper Pacific ex-Japan Funds Category Average ²	2.18%	11.66%	13.16%	1.67%	4.20%	1.57%*

Assumes reinvestment of all dividends. Past performance is not indicative of future results. Unusually high returns may not be sustainable. The performance of foreign indices may be based on different exchange rates than those used by the Fund and, unlike the Fund's NAV, is not adjusted to reflect fair value at 4PM Eastern Time.

*Calculated from 8/31/94

OPERATING EXPENSES (ANNUALIZED) ³	
For the three months ended 3/31/05**	1.31%
For Calendar Year 2004**	1.43%
For Fiscal Year 2004 (ended 12/31/04)****	1.36%

** Unaudited

*** Audited

† For the four months ended 12/31/04 due to the Fund's change of fiscal year-end from 8/31 to 12/31.

COUNTRY ALLOCATION††	
China/Hong Kong	34.8%
South Korea	26.0%
Singapore	12.2%
Thailand	7.4%
India ¹	7.4%
Taiwan	6.0%
Indonesia	4.4%
Philippines	0.2%
Cash and other	1.6%

SECTOR ALLOCATION††	
Financials	30.2%
Information Technology	18.7%
Consumer Discretionary	15.7%
Consumer Staples	13.6%
Telecommunication Services	9.3%
Industrials	6.3%
Health Care	4.2%
Utilities	0.4%
Cash and other	1.6%

MARKET CAP EXPOSURE††	
Large cap (over \$5 billion)	32.0%
Mid cap (\$1-\$5 billion)	48.9%
Small cap (under \$1 billion)	17.5%
Cash and other	1.6%

†† Percentage figures have been rounded to total 100.0%

NAV	NET ASSETS	REDEMPTION FEE	12B-1 FEES
\$15.89	\$1.00 billion	2.00% within 90 calendar days	None

All data is as of March 31, 2005, unless otherwise noted.

¹ The MSCI All Country Far East ex-Japan Index is a free float-adjusted market capitalization-weighted index of the stock markets of Hong Kong, Taiwan, Singapore, Korea, Indonesia, Malaysia, Philippines, Thailand and China that excludes securities not available to foreign investors. As of 3/31/05, 7.4% of the assets in the Matthews Pacific Tiger Fund were invested in India, which is not included in the MSCI All Country Far East ex-Japan Index. Source: Bloomberg.

² As of 3/31/05, the Lipper Pacific ex-Japan Funds Category Average consisted of 57 funds for the three-month period, 56 funds for the one-year period, 52 funds for the three-year period, 41 funds for the five-year period, 19 funds for the ten-year period, and 13 funds since 8/31/94. Lipper, Inc. fund performance does not reflect sales charges and is based on total return, including reinvestment of dividends and capital gains, for the stated periods.

³ Includes management fee, administration and shareholder services fees, waivers, reimbursements, recoupments and other expenses. Matthews Asian Funds do not charge 12b-1 fees.

⁴ The lesser of fiscal year-to-date purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

MATTHEWS PACIFIC TIGER FUND

SCHEDULE OF INVESTMENTS (Unaudited)

EQUITIES: 98.36%*

	SHARES	VALUE
CHINA/HONG KONG: 34.75%		
Giordano International, Ltd.	54,903,000	\$37,308,515
Dah Sing Financial Group	5,475,200	34,889,311
Swire Pacific, Ltd. A Shares	4,379,000	34,669,528
Lenovo Group, Ltd.	93,096,000	31,631,000
Television Broadcasts, Ltd.	5,538,700	27,908,495
Shangri-La Asia, Ltd.	16,230,000	23,722,442
Hang Lung Group, Ltd.	13,371,000	23,400,900
PICC Property and Casualty Co., Ltd. H Shares**	73,006,000	22,932,989
Cosco Pacific, Ltd.	8,406,000	18,268,173
China Mobile HK, Ltd.	5,306,717	17,350,106
Travelsky Technology, Ltd. H Shares**	18,217,000	15,181,904
China Mobile HK, Ltd. ADR	775,850	12,731,699
Sa Sa International Holdings, Ltd.	24,556,000	11,806,602
Moulin Global Eyecare Holdings, Ltd.	16,266,000	11,678,977
Vitasoy International Holdings, Ltd.	26,670,750	7,694,028
Asia Satellite Telecommunications Holdings, Ltd.	3,946,100	7,538,594
China Pharmaceutical Group, Ltd.	24,935,000	6,362,070
Huaneng Power International, Inc. ADR	131,500	3,884,510
Total China/Hong Kong		348,959,843

	SHARES	VALUE
SOUTH KOREA: 26.00%		
Hana Bank	1,333,027	\$36,755,053
AmorePacific Corp.	140,920	33,720,886
Hite Brewery Co., Ltd.	328,957	31,745,727
Samsung Electronics Co., Ltd.	48,333	23,892,827
S1 Corp.	565,270	22,710,996
Nong Shim Co., Ltd.	77,178	22,040,000
Samsung Securities Co., Ltd.**	801,260	20,120,266
SK Telecom Co., Ltd.	92,955	15,652,688
Kookmin Bank	335,620	14,988,052
LG Home Shopping, Inc.	171,963	13,343,855
Pulmuone Co., Ltd.	236,540	8,816,385
SK Telecom Co., Ltd. ADR	362,100	7,140,612
Kookmin Bank ADR	115,300	5,148,145
NHN Corp.**	56,857	4,960,640
Total South Korea		261,036,132
SINGAPORE: 12.23%		
DBS Group Holdings, Ltd.	3,738,750	33,746,706
Venture Corp., Ltd.	3,725,800	30,018,561
Fraser and Neave, Ltd.	2,719,550	25,041,442
Hyflux, Ltd.	12,418,125	21,815,879
Parkway Holdings, Ltd.	12,339,000	12,183,898
Total Singapore		122,806,486
THAILAND: 7.41%		
Bangkok Bank Public Co., Ltd.	11,850,800	33,928,671
Advanced Info Service Public Co., Ltd.	13,009,500	33,255,368
Serm Suk Public Co., Ltd.	12,778,700	7,219,051
Total Thailand		74,403,090

	SHARES	VALUE
INDIA: 7.39%		
Infosys Technologies, Ltd.	437,082	\$22,542,623
HDFC Bank, Ltd.	1,085,883	13,531,582
Bank of Baroda	2,627,396	13,117,429
Hero Honda Motors, Ltd.	1,019,800	12,799,161
Cipla, Ltd.	2,084,723	12,162,276
Total India		74,153,071

TAIWAN: 5.95%		
Hon Hai Precision Industry Co., Ltd.	7,619,688	33,858,831
Taiwan Semiconductor Manufacturing Co., Ltd.	15,863,045	25,929,881
Total Taiwan		59,788,712

INDONESIA: 4.43%		
PT Astra International, Inc.	14,291,730	15,844,490
PT Ramayana Lestari Sentosa	178,934,500	14,736,449
PT Bank Central Asia	38,758,500	13,913,937
Total Indonesia		44,494,876

PHILIPPINES: 0.20%		
SM Prime Holdings, Inc.	14,225,000	2,024,726
Total Philippines		2,024,726

	VALUE
TOTAL INVESTMENTS: 98.36%	\$987,666,936
(Cost \$790,827,784***)	

CASH AND OTHER ASSETS, LESS LIABILITIES: 1.64%	16,450,754
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NET ASSETS: 100.00%	\$1,004,117,690
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* As a percentage of net assets as of March 31, 2005

** Non-income producing security

*** Cost of investments is \$790,827,784 and net unrealized appreciation consists of:

Gross unrealized appreciation	\$216,794,151
Gross unrealized depreciation	(19,954,999)
Net unrealized appreciation	\$196,839,152

ADR American Depositary Receipt

See accompanying notes to schedules of investments.

MATTHEWS ASIAN GROWTH AND INCOME FUND

PORTFOLIO MANAGEMENT

SYMBOL: MACSX

Lead Manager: G. Paul Matthews

Co-Manager: Andrew T. Foster

The Matthews Asian Growth and Income Fund invests at least 80% of its assets in the dividend-paying equity securities and convertible bonds of companies located in Asia, which includes China, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

Note: This fund is closed to most new investors.

PORTFOLIO MANAGER COMMENTARY

The Matthews Asian Growth and Income Fund gained 0.63% during the first quarter of 2005, underperforming both its benchmark index, which gained 1.82%, and the Lipper Pacific ex-Japan Funds Category Average, which gained 2.18%. This underperformance can be attributed in large part to the performance of Korean equities in general, which enjoyed a particularly strong quarter. Although the Fund has only marginally underweighted Korean securities relative to the benchmark, a large percentage of the Fund's exposure to Korea is in convertible and preferred securities, which underperformed the benchmark equity indices during the period. Outside of Korea, the quarter was mixed, with Hong Kong equities showing particular weakness during the period following a strong showing at the end of calendar 2004.

During the quarter, the Fund's positions in Korea, Singapore and China contributed most to performance, while its holdings in Taiwan, Indonesia and Japan produced negative returns. Generally speaking, the Fund's focus on convertible securities and dividend-paying equities was adversely

affected during the quarter by the perception that interest rates around the region were generally starting to rise, as well as by the rise in U.S. short-term rates over the period.

By sector, the best performance came from property, consumer and energy stocks, while telecom stocks held in the Fund were weak during the period. A number of Asian fixed-line and cellular telecom stocks have underperformed the indices in Asia in recent months, and we believe that they represent good value at these levels—plus, they are offering reasonable dividend yields. The portfolio is therefore weighted approximately 19% in various Asian telecom equities and convertible bonds. Other sectors to which the Fund is materially weighted are the gas and electric utility sector (12%) and the financial sector, which includes property-related securities (12%), commercial banks (8%), insurance (5%) and diversified financials (2%). The Fund's real estate exposure has been gradually increasing, as we believe that the sector offers good growth and income opportunities in a number of Asian markets.

FUND AT A GLANCE

Fund Inception: 9/12/94

AVERAGE ANNUAL RETURNS AS OF MARCH 31, 2005						
	3 MO	1 YR	3 YRS	5 YRS	10 YRS	SINCE INCEPTION
Matthews Asian Growth and Income Fund	0.63%	15.13%	19.01%	16.10%	12.16%	11.16%
MSCI All Country Far East ex-Japan Index ¹	1.82%	10.27%	12.04%	0.12%	0.26%	-1.02%*
Lipper Pacific ex-Japan Funds Category Average ²	2.18%	11.66%	13.16%	1.67%	4.20%	1.57%*

Assumes reinvestment of all dividends. Past performance is not indicative of future results. Unusually high returns may not be sustainable. The performance of foreign indices may be based on different exchange rates than those used by the Fund and, unlike the Fund's NAV, is not adjusted to reflect fair value at 4PM Eastern Time.

*Calculated from 8/31/94

OPERATING EXPENSES (ANNUALIZED) ³	
For the three months ended 3/31/05**	1.28%
For Calendar Year 2004**	1.38%
For Fiscal Year 2004 (ended 12/31/04)****	1.31%

** Unaudited

*** Audited

† For the four months ended 12/31/04 due to the Fund's change of fiscal year-end from 8/31 to 12/31.

COUNTRY ALLOCATION††	
China/Hong Kong	40.6%
South Korea	19.7%
Singapore	10.4%
Thailand	6.1%
Taiwan	5.0%
Japan ¹	4.8%
India ¹	4.4%
United Kingdom ¹	2.1%
Indonesia	2.0%
Australia ¹	1.6%
Malaysia	1.1%
Cash and other	2.2%

SECTOR ALLOCATION††	
Financials	27.3%
Telecommunication Services	18.7%
Consumer Discretionary	18.6%
Utilities	11.8%
Industrials	7.3%
Consumer Staples	6.4%
Energy	3.6%
Health Care	2.6%
Materials	1.5%
Cash and other	2.2%

BREAKDOWN BY SECURITY TYPE††	
Common Equities	74.1%
Convertible Bonds	18.8%
Preferred Equities	4.0%
Corporate Bonds	0.9%
Cash and other	2.2%

MARKET CAP EXPOSURE††	
Large cap (over \$5 billion)	52.2%
Mid cap (\$1-\$5 billion)	29.6%
Small cap (under \$1 billion)	16.0%
Cash and other	2.2%

†† Percentage figures have been rounded to total 100.0%

NAV	NET ASSETS	REDEMPTION FEE	12B-1 FEES
\$15.92	\$1.33 billion	2.00% within 90 calendar days	None

All data is as of March 31, 2005, unless otherwise noted.

¹ The MSCI All Country Far East ex-Japan Index is a free float-adjusted market capitalization-weighted index of the stock markets of Hong Kong, Taiwan, Singapore, Korea, Indonesia, Malaysia, Philippines, Thailand and China that excludes securities not available to foreign investors. As of 3/31/05, 4.8% of the assets of the Matthews Asian Growth and Income Fund were invested in Japan, 4.4% of the Fund's assets were invested in India, 2.1% of the Fund's assets were invested in the United Kingdom, and 1.6% of the Fund's assets were invested in Australia, which are not included in the MSCI All Country Far East ex-Japan Index. Source: Bloomberg.

² As of 3/31/05, the Lipper Pacific ex-Japan Funds Category Average consisted of 57 funds for the three-month period, 56 funds for the one-year period, 52 funds for the three-year period, 41 funds for the five-year period, 19 funds for the ten-year period, and 13 funds since 8/31/94. Lipper, Inc. fund performance does not reflect sales charges and is based on total return, including reinvestment of dividends and capital gains, for the stated periods.

³ Includes management fee, administration and shareholder services fees, waivers, reimbursements, recoupments and other expenses. Matthews Asian Funds do not charge 12b-1 fees.

⁴ The lesser of fiscal year-to-date purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

MATTHEWS ASIAN GROWTH AND INCOME FUND

SCHEDULE OF INVESTMENTS (Unaudited)

COMMON EQUITIES: 74.09%*

	SHARES	VALUE
CHINA/HONG KONG: 30.02%		
Hongkong Land Holdings, Ltd.	15,727,700	\$42,307,513
Citic Pacific, Ltd.	11,746,000	34,412,183
CLP Holdings, Ltd.	4,690,700	26,702,791
Hong Kong & China Gas Co., Ltd.	13,382,000	26,336,947
Hongkong Electric Holdings, Ltd.	5,914,500	26,313,798
Shangri-La Asia, Ltd.	14,203,400	20,760,279
Television Broadcasts, Ltd.	4,017,000	20,240,927
MTR Corp., Ltd.	12,194,300	18,761,785
Café de Coral Holdings, Ltd.	16,415,100	18,731,371
Hang Seng Bank, Ltd.	1,344,100	17,836,431
China Netcom Group Corp., Ltd. **	12,566,500	17,642,677
Giordano International, Ltd.	24,585,000	16,706,370
PetroChina Co., Ltd. ADR	255,750	16,168,515
Wharf Holdings, Ltd.	4,553,000	14,389,662
Hengan International Group Co., Ltd.	22,876,000	13,565,251
Cheung Kong Infrastructure Holdings, Ltd.	4,475,500	12,853,624
Hang Lung Group, Ltd.	7,309,000	12,791,652
PCCW, Ltd.	20,721,000	11,623,175
I-Cable Communications, Ltd.	31,664,000	11,468,860
PetroChina Co., Ltd. H Shares	15,666,000	9,741,725
Vitasoy International Holdings, Ltd.	31,031,000	8,951,881
China Hong Kong Photo Products Holdings, Ltd.	14,998,003	1,442,217
Lerado Group Holding Co., Ltd.	6,396,000	984,069
Total China/Hong Kong		400,733,703

	SHARES	VALUE
SOUTH KOREA: 12.43%		
Shinhan Financial Group Co., Ltd.	955,040	\$25,580,589
Korea Gas Corp.	585,490	18,074,950
SK Telecom Co., Ltd.	93,950	15,820,236
Hana Bank	503,940	13,894,948
KT Corp. ADR	631,800	13,463,658
KT Corp.	317,530	12,319,726
Korean Reinsurance Co.	2,186,690	11,907,824
SK Telecom Co., Ltd. ADR	511,600	10,088,752
Korea Electric Power Corp.	381,080	9,794,375
Sindo Ricoh Co., Ltd.	158,630	9,731,806
Korea Electric Power Corp. ADR	620,950	8,345,568
G2R Inc.	340,870	6,629,426
Daehan City Gas Co., Ltd.	280,300	5,658,444
Samchully Co., Ltd.	66,410	4,649,681
Total South Korea		165,959,983
SINGAPORE: 10.36%		
Singapore Post, Ltd.	58,914,000	30,514,294
Fraser and Neave, Ltd.	2,981,820	27,456,407
Singapore Exchange, Ltd.	17,952,000	22,837,619
CapitalMall Trust REIT	17,659,900	21,824,138
Singapore Press Holdings, Ltd.	7,725,500	21,340,772
Parkway Holdings, Ltd.	8,831,000	8,719,994
Yellow Pages, Ltd. **	4,762,000	5,596,414
Total Singapore		138,289,638

	SHARES	VALUE
THAILAND: 6.06%		
PTT Public Co., Ltd.	4,554,700	\$22,470,785
Advanced Info Service Public Co., Ltd.	7,754,100	19,821,319
BEC World Public Co., Ltd.	40,734,700	15,306,751
Bangkok Bank Public Co., Ltd.	4,196,300	12,013,947
Charoen Pokphand Foods Public Co., Ltd.	63,787,000	6,554,799
Thai Reinsurance Public Co., Ltd.	25,672,800	2,835,033
AEON Thana Sinsap Public Co., Ltd.	1,867,100	1,909,100
Charoen Pokphand Foods Public Co., Ltd. Warrants Expires 7/21/05 **	638,000	30,008
Total Thailand		80,941,742

JAPAN: 4.84%		
Nippon Building Fund, Inc. REIT	2,570	21,953,931
Japan Retail Fund Investment Corp. REIT	2,730	21,691,318
Japan Real Estate Investment Corp. REIT	2,258	18,425,347
Kao Corp.	109,000	2,505,689
Total Japan		64,576,285

INDIA: 2.35%		
Hindustan Lever, Ltd.	6,198,089	18,697,155
Hero Honda Motors, Ltd.	812,300	10,194,900
Dabur India, Ltd.	996,020	2,531,385
Total India		31,423,440

TAIWAN: 2.28%		
Chunghwa Telecom Co., Ltd. ADR	1,252,200	26,534,118
Taiwan Secom	1,840,000	2,563,829
Chunghwa Telecom Co., Ltd.	648,000	1,341,002
Total Taiwan		30,438,949

	SHARES	VALUE
UNITED KINGDOM: 2.14%		
HSBC Holdings PLC ADR	320,700	\$25,463,580
HSBC Holdings PLC	196,800	3,128,836
Total United Kingdom		28,592,416

INDONESIA: 2.01%		
PT Telekomunikasi Indonesia ADR	745,500	13,970,670
PT Tempo Scan Pacific	12,357,000	9,133,038
PT Ramayana Lestari Sentosa	44,735,500	3,684,267
Total Indonesia		26,787,975

AUSTRALIA: 1.60%		
AXA Asia Pacific Holdings, Ltd.	6,585,658	21,361,691
Total Australia		21,361,691

TOTAL COMMON EQUITIES		
(Cost \$747,302,288)		989,105,822

See footnotes on page 15.

MATTHEWS ASIAN GROWTH AND INCOME FUND

SCHEDULE OF INVESTMENTS (Unaudited) (continued)

PREFERRED EQUITIES: 4.00%*

	SHARES	VALUE
SOUTH KOREA: 4.00%		
Hyundai Motor Co., Ltd., Pfd.	696,460	\$21,500,759
Hyundai Motor Co., Ltd., 2nd Pfd.	455,790	15,978,458
LG Chem Ltd., Pfd.	242,450	6,864,045
Samsung Fire & Marine Insurance Co., Ltd., Pfd.	142,820	5,681,859
LG Household & Health Care, Ltd., Pfd.	177,830	3,309,687
Total South Korea		53,334,808
TOTAL PREFERRED EQUITIES (Cost \$25,860,070)		53,334,808

INTERNATIONAL DOLLAR BONDS: 19.75%*

	FACE AMOUNT	VALUE
CHINA/HONG KONG: 10.63%		
China Mobile Hong Kong, Ltd., Cnv. 2.250%, 11/03/05	\$48,650,000	\$48,285,125
PCCW Capital II, Ltd., Cnv. 1.000%, 01/29/07	38,436,000	43,048,320
Shangri-La Finance, Ltd., Cnv. 0.000%, 03/15/09	16,422,000	20,199,060
Hang Lung Properties, Ltd., Cnv. 5.500%, 12/29/49	11,120,000	12,398,800
BCA Finance, Ltd., Cnv. 0.000%, 11/28/08	12,170,000	10,527,050
Tingyi (C.I.) Holding Corp., Cnv. 3.500%, 06/04/05	3,500,000	3,850,000
PCCW Capital, Ltd., Cnv. 3.500%, 12/05/05	3,000,000	3,585,000
Total China/Hong Kong		141,893,355
SOUTH KOREA: 3.30%		
Korea Deposit Insurance Corp., Cnv. 2.250%, 10/11/05	25,486,000	31,793,785
KT Corp. 5.875%, 06/24/14	12,000,000	12,344,520
Total South Korea		44,138,305

	FACE AMOUNT	VALUE
TAIWAN: 2.68%		
Cathay Financial Holding Co., Cnv. 0.000%, 05/20/07	\$22,042,000	\$26,725,925
Sinopac Holdings Co., Cnv. 0.000%, 07/12/07	7,177,000	9,007,135
Total Taiwan		35,733,060
INDIA: 2.00%		
Sun Pharma Industries, Cnv. 0.000%, 11/26/09	13,860,000	13,929,300
Tata Motors, Ltd., Cnv. 1.000%, 04/27/11	13,466,000	12,759,035
Total India		26,688,335
MALAYSIA: 1.14%		
Prime Venture Labuan, Ltd., Cnv. 1.000%, 12/12/08	14,740,000	15,255,900
Total Malaysia		15,255,900
TOTAL INTERNATIONAL DOLLAR BONDS		263,708,955
(Cost \$258,495,644)		

	VALUE
TOTAL INVESTMENTS: 97.84%	\$1,306,149,585
(Cost \$1,031,658,002***)	
CASH AND OTHER ASSETS, LESS LIABILITIES: 2.16%	28,797,174
NET ASSETS: 100.00%	\$1,334,946,759

* As a percentage of net assets as of March 31, 2005

** Non-income producing security

*** Cost of investments is \$1,031,658,002 and net unrealized appreciation consists of:

Gross unrealized appreciation	\$287,740,020
Gross unrealized depreciation	(13,248,437)
Net unrealized appreciation	\$274,491,583

ADR American Depositary Receipt

Cnv. Convertible

Pfd. Preferred

REIT Real Estate Investment Trust

See accompanying notes to schedules of investments.

MATTHEWS KOREA FUND

PORTFOLIO MANAGEMENT

SYMBOL: MAKOX

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

The Matthews Korea Fund invests at least 80% of its assets in the common and preferred stocks of companies located in South Korea.

PORTFOLIO MANAGER COMMENTARY

For the three months ended March 31, 2005, the Matthews Korea Fund gained 8.09%, underperforming the Korean KOSPI Index, which gained 10.55%, but outperforming the Lipper Pacific ex-Japan Funds Category Average, which gained 2.18%. The KOSPI managed to break the 1000 level for the first time in a number of years, but then pulled back as the global equity environment became more cautious due to rising interest rates and higher oil prices.

The Fund saw positive performance during the quarter from three primary sectors: financials, consumer discretionary and technology. All three sectors were fairly even contributors to performance. Only the telecom sector showed any real weakness. Overall, the market continued to gain confidence that Korea's long-standing domestic consumer-credit problem may finally be near an end. The millions of credit cards issued in 2001 and 2002 with little or no proper credit management created one of the more noticeable credit booms in recent history. If the Korean financial system has digested this burst of consumer enthusiasm, the potential for more-rapid domestic growth is very real.

The Fund remains concentrated in domestically focused companies. It has significant export exposure as well, and here the picture has been reasonably positive. There are concerns that Korea's strengthening currency may hurt exports, but so far that does not seem to have been the case. Korean exports remain highly dependent on demand from the United States and, increasingly, China—which is now Korea's largest trading partner.

Korean equities generally remain undervalued relative to regional and global peers. Certainly one reason for this is the uncertainty of North Korea: With North Korea now an open nuclear power, the risks of greater tension with the United States are very real and impossible to quantify. Korean corporate governance, while vastly improved, remains challenged in a number of areas. Still, if one compares Korea today to where it stood ten years ago, the overall changes to the economy and the financial markets are very significant and, we believe, very positive.

FUND AT A GLANCE

Fund Inception: 1/3/95

AVERAGE ANNUAL RETURNS AS OF MARCH 31, 2005						
	3 MO	1 YR	3 YRS	5 YRS	10 YRS	SINCE INCEPTION
Matthews Korea Fund	8.09%	21.11%	14.25%	13.57%	3.49%	2.82%
KOSPI Index ¹	10.55%	23.86%	13.10%	4.70%	-1.72%	-2.27%
Lipper Pacific ex-Japan Funds Category Average ²	2.18%	11.66%	13.16%	1.67%	4.20%	3.57%*

Assumes reinvestment of all dividends. Past performance is not indicative of future results. Unusually high returns may not be sustainable. The performance of foreign indices may be based on different exchange rates than those used by the Fund and, unlike the Fund's NAV, is not adjusted to reflect fair value at 4PM Eastern Time.

*Calculated from 12/31/94

OPERATING EXPENSES (ANNUALIZED) ³	
For the three months ended 3/31/05**	1.36%
For Calendar Year 2004**	1.44%
For Fiscal Year 2004 (ended 12/31/04)****	1.31%

** Unaudited

*** Audited

† For the four months ended 12/31/04 due to the Fund's change of fiscal year-end from 8/31 to 12/31.

COUNTRY ALLOCATION††	
South Korea	97.9%
Cash and other	2.1%

SECTOR ALLOCATION††	
Information Technology	20.7%
Financials	20.0%
Consumer Discretionary	17.6%
Consumer Staples	12.5%
Industrials	8.3%
Health Care	8.2%
Telecommunication Services	8.2%
Utilities	1.7%
Materials	0.7%
Cash and other	2.1%

MARKET CAP EXPOSURE††	
Large cap (over \$5 billion)	40.4%
Mid cap (\$1-\$5 billion)	25.7%
Small cap (under \$1 billion)	31.8%
Cash and other	2.1%

†† Percentage figures have been rounded to total 100.0%

NAV	NET ASSETS	REDEMPTION FEE	12B-1 FEES
\$4.41	\$144.8 million	2.00% within 90 calendar days	None

All data is as of March 31, 2005, unless otherwise noted.

¹ The South Korea Stock Price Index (KOSPI) is a capitalization-weighted index of all common stocks listed on the Korea Stock Exchange. Source: Bloomberg.

² As of 3/31/05, the Lipper Pacific ex-Japan Funds Category Average consisted of 57 funds for the three-month period, 56 funds for the one-year period, 52 funds for the three-year period, 41 funds for the five-year period, 19 funds for the ten-year period, and 13 funds since 12/31/94. Lipper, Inc. fund performance does not reflect sales charges and is based on total return, including reinvestment of dividends and capital gains, for the stated periods.

³ Includes management fee, administration and shareholder services fees, waivers, reimbursements, recoupments and other expenses. Matthews Asian Funds do not charge 12b-1 fees.

⁴ The lesser of fiscal year-to-date purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

MATTHEWS KOREA FUND

SCHEDULE OF INVESTMENTS (Unaudited)

EQUITIES: SOUTH KOREA: 97.95%*

	SHARES	VALUE
INFORMATION TECHNOLOGY: 20.69%		
Semiconductors & Semiconductor Equipment: 11.92%		
Samsung Electronics Co., Ltd.	27,981	\$13,832,065
Samsung Electronics Co., Ltd., Pfd.	5,260	1,727,435
Mtekvision Co., Ltd.	57,380	1,697,951
		17,257,451
Internet Software & Services: 2.63%		
NHN Corp. **	43,672	3,810,280
Software: 2.57%		
NCsoft Corp. **	48,486	3,724,183
Electronic Equipment & Instruments: 2.07%		
Daeduck GDS Co., Ltd.	164,500	1,733,284
Amotech Co., Ltd.	117,970	1,266,246
		2,999,530
Computers & Peripherals: 1.50%		
LG.Philips LCD Co., Ltd. ADR **	101,000	2,176,550
Total Information Technology		29,967,994
FINANCIALS: 20.07%		
Commercial Banks: 14.61%		
Hana Bank	262,654	7,242,060
Kookmin Bank	156,102	6,971,173
Shinhan Financial Group Co., Ltd.	195,082	5,225,239
Kookmin Bank ADR	38,339	1,711,836
		21,150,308
Capital Markets: 2.77%		
Samsung Securities Co., Ltd. **	159,625	4,008,309
Insurance: 2.69%		
Samsung Fire & Marine Insurance Co., Ltd.	51,373	3,890,284
Total Financials		29,048,901

	SHARES	VALUE
CONSUMER DISCRETIONARY: 17.58%		
Media: 5.87%		
Cheil Communications, Inc.	23,660	\$4,007,405
CJ Entertainment, Inc.	234,441	3,174,361
G2R, Inc.	67,430	1,311,416
		8,493,182
Automobiles: 5.12%		
Hyundai Motor Co.	86,641	4,692,521
Hyundai Motor Co., Pfd.	88,180	2,722,248
		7,414,769
Multiline Retail: 3.66%		
Hyundai Department Store Co., Ltd.	96,300	4,120,369
Taegu Department Store Co., Ltd.	133,110	1,179,705
		5,300,074
Internet & Catalog Retail: 2.26%		
LG Home Shopping, Inc.	42,234	3,277,242
Textiles, Apparel & Luxury Goods: 0.42%		
Handsome Co., Ltd.	56,699	605,794
Auto Components: 0.25%		
Korea Electric Terminal Co., Ltd.	25,980	358,168
Total Consumer Discretionary		25,449,229
CONSUMER STAPLES: 12.50%		
Food Products: 5.46%		
Nong Shim Co., Ltd.	15,420	4,403,545
ORION Corp.	15,760	1,877,853
Pulmuone Co., Ltd.	43,510	1,621,717
		7,903,115
Personal Products: 3.67%		
AmorePacific Corp.	22,240	5,321,832
Beverages: 3.37%		
Hite Brewery Co., Ltd.	50,541	4,877,418
Total Consumer Staples		18,102,365

	SHARES	VALUE
INDUSTRIALS: 8.33%		
Commercial Services & Supplies: 6.49%		
S1 Corp.	120,455	\$4,839,551
Sindo Ricoh Co., Ltd.	50,406	3,092,362
Shinsegae Food Systems Co., Ltd.	43,509	1,456,727
		<u>9,388,640</u>
Construction & Engineering: 1.84%		
Tae Young Corp.	66,010	<u>2,665,101</u>
Total Industrials		<u>12,053,741</u>
HEALTH CARE: 8.19%		
Pharmaceuticals: 8.19%		
Hanmi Pharm Co., Ltd.	65,351	3,713,198
Yuhan Corp.	39,433	3,494,801
LG Life Sciences, Ltd. **	77,120	2,589,652
Daewoong Pharmaceutical Co., Ltd.	83,960	<u>2,054,560</u>
Total Health Care		<u>11,852,211</u>
TELECOMMUNICATION SERVICES: 8.18%		
Wireless Telecommunication Services: 5.35%		
SK Telecom Co., Ltd.	26,705	4,496,854
SK Telecom Co., Ltd. ADR	96,700	1,906,924
KT Freetel Co., Ltd.	63,651	1,338,207
		<u>7,741,985</u>
Diversified Telecommunication Services: 2.83%		
KT Corp.	65,880	2,556,053
KT Corp. ADR	72,300	1,540,713
		<u>4,096,766</u>
Total Telecommunication Services		<u>11,838,751</u>
UTILITIES: 1.73%		
Electric Utilities: 1.22%		
Korea Electric Power Corp.	68,510	<u>1,760,818</u>
Gas Utilities: 0.51%		
Samchully Co., Ltd.	10,570	<u>740,056</u>
Total Utilities		<u>2,500,874</u>

	SHARES	VALUE
MATERIALS: 0.68%		
Chemicals: 0.68%		
LG Chem, Ltd.	24,420	<u>\$985,938</u>
Total Materials		<u>985,938</u>
TOTAL INVESTMENTS: 97.95%		
141,800,004 (Cost \$85,635,825***)		
CASH AND OTHER ASSETS, LESS LIABILITIES: 2.05%		
		<u>2,962,743</u>
NET ASSETS: 100.00%		
		<u>\$144,762,747</u>

* As a percentage of net assets as of March 31, 2005

** Non-income producing security

*** Cost of investments is \$85,635,825 and net unrealized appreciation consists of:

Gross unrealized appreciation	\$58,138,314
Gross unrealized depreciation	(1,974,135)
Net unrealized appreciation	<u>\$56,164,179</u>

ADR American Depositary Receipt

GDS Global Depositary Shares

Pfd. Preferred

See accompanying notes to schedules of investments.

MATTHEWS CHINA FUND

PORTFOLIO MANAGEMENT

SYMBOL: MCHFX

Lead Manager: Richard H. Gao
Co-Managers: Mark W. Headley and G. Paul Matthews

The Matthews China Fund invests at least 80% of its assets in the common and preferred stocks of companies located in China. China includes Taiwan and Hong Kong.

PORTFOLIO MANAGER COMMENTARY

The Matthews China Fund ended the first quarter of 2005 up 1.07%, outperforming both its benchmark, the MSCI China Index, and the Lipper China Region Funds Category Average, which were down 0.34% and 1.36%, respectively, over the same period. After a sharp decline at the beginning of the year due to diminishing speculation on China's imminent currency revaluation and high oil prices, Chinese equities remained relatively stable through the rest of the period. Stock performance was driven by a mixed bag of positive and negative news: the positive being stronger-than-expected GDP and exports numbers; the negative, rising inflation and interest-rate pressures.

The Fund benefited most from its holdings in B shares and energy stocks; selective information technology stocks also contributed positively to the Fund. Negative contributions mostly came from utilities, telecom services and consumer staples sectors. Companies with significant exposure to both Hong Kong and China were particularly weak during the period. Many of these companies faced strong selling pressure when liquidity in the Hong Kong market began to decline this year.

Despite the tightening measures imposed by the central government last year to cool down the expansion, China's overall economy continued to grow strongly in the first quarter. Meanwhile, rising inflation is becoming a major concern for the government, although the growth of the Consumer Price Index has remained below 5%. Going forward, preventing the economy from overheating and controlling inflation will be the focus of China's economic policy.

During the quarter, the Fund slightly increased its positions in the energy sector and decreased some Hong Kong-based utilities and infrastructure holdings. We continue to overweight the consumer sector, as we believe that growing domestic consumption will be the key driving force behind China's sustainable economic growth over the long term.

FUND AT A GLANCE

Fund Inception: 2/19/98

AVERAGE ANNUAL RETURNS AS OF MARCH 31, 2005					
	3 MO	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Matthews China Fund	1.07%	1.61%	15.33%	11.95%	7.47%
MSCI China Index ¹	-0.34%	5.06%	19.26%	1.56%	-8.00%*
Lipper China Region Funds Category Average ²	-1.36%	3.67%	12.36%	-0.08%	5.66%*

Assumes reinvestment of all dividends. Past performance is not indicative of future results. Unusually high returns may not be sustainable. The performance of foreign indices may be based on different exchange rates than those used by the Fund and, unlike the Fund's NAV, is not adjusted to reflect fair value at 4PM Eastern Time.

*Calculated from 2/28/98

OPERATING EXPENSES (ANNUALIZED) ³		PORTFOLIO TURNOVER ⁴	
For the three months ended 3/31/05**	1.35%	For the three months ended 3/31/05 (annualized)**	7.42%
For Calendar Year 2004**	1.47%	For Calendar Year 2004**	28.88%
For Fiscal Year 2004 (ended 12/31/04)****	1.43%	For Fiscal Year 2004 (ended 12/31/04)****	4.99%

** Unaudited

*** Audited

† For the four months ended 12/31/04 due to the Fund's change of fiscal year-end from 8/31 to 12/31.

CHINA EXPOSURE ^{5††}		SECTOR ALLOCATION ^{††}		MARKET CAP EXPOSURE ^{††}	
SAR (Hong Kong)	38.1%	Consumer Discretionary	23.0%	Large cap (over \$5 billion)	29.1%
H Share	29.0%	Industrials	16.7%	Mid cap (\$1-\$5 billion)	50.8%
China-affiliated corporations	25.5%	Financials	13.9%	Small cap (under \$1 billion)	19.9%
B Share	7.2%	Information Technology	10.7%	Cash and other	0.2%
Cash and other	0.2%	Energy	8.5%		
		Utilities	8.0%		
		Telecommunication Services	7.0%		
		Consumer Staples	4.9%		
		Health Care	4.0%		
		Materials	3.1%		
		Cash and other	0.2%		

†† Percentage figures have been rounded to total 100.0%

NAV	NET ASSETS	REDEMPTION FEE	12B-1 FEES
\$14.16	\$381.9 million	2.00% within 90 calendar days	None

All data is as of March 31, 2005, unless otherwise noted.

¹ The MSCI China Index is a free float-adjusted market 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. Source: Bloomberg.

² As of 3/31/05, the Lipper China Region Funds Category Average consisted of 34 funds for the three-month period, 26 funds for the one-year period, 22 funds for the three-year period, 21 funds for the five-year period, and 16 funds since 2/28/98. Lipper, Inc. fund performance does not reflect sales charges and is based on total return, including reinvestment of dividends and capital gains, for the stated periods.

³ Includes management fee, administration and shareholder services fees, waivers, reimbursements, recoupments and other expenses. Matthews Asian Funds do not charge 12b-1 fees.

⁴ The lesser of fiscal year-to-date purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

⁵ SAR (Hong Kong) companies are companies that conduct business in mainland China. China-affiliated corporations, also known as "Red Chips," are mainland China companies with partial state ownership listed and incorporated in Hong Kong. H Shares are mainland China companies listed on the Hong Kong exchange but incorporated in mainland China. B Shares are mainland Chinese companies listed on the Shanghai and Shenzhen stock exchanges, available to both Chinese and non-Chinese investors.

MATTHEWS CHINA FUND

SCHEDULE OF INVESTMENTS (Unaudited)

EQUITIES: CHINA/HONG KONG: 99.83%*

	SHARES	VALUE
CONSUMER DISCRETIONARY: 23.03%		
Hotels, Restaurants & Leisure: 7.21%		
Shangri-La Asia, Ltd.	8,953,600	\$13,086,954
China Travel International Investment Hong Kong, Ltd.	24,034,000	7,395,598
Café de Coral Holdings, Ltd.	5,880,100	6,709,818
China Travel International Investment Hong Kong, Ltd. Warrants Expires 5/31/06 **	2,942,400	347,077
		27,539,447
Media: 4.63%		
Television Broadcasts, Ltd.	2,542,000	12,808,672
Clear Media, Ltd. **	5,534,000	4,860,330
		17,669,002
Textiles, Apparel & Luxury Goods: 2.82%		
Weiqiao Textile Co., Ltd. H Shares	4,445,500	6,326,735
Texwinca Holdings, Ltd.	5,284,000	4,437,518
		10,764,253
Household Durables: 2.60%		
TCL International Holdings, Ltd.	24,764,000	6,223,188
Lerado Group Holding Co., Ltd.	24,089,000	3,706,261
		9,929,449
Automobiles: 2.38%		
Denway Motors, Ltd.	25,805,200	9,098,629
Specialty Retail: 1.81%		
Giordano International, Ltd.	10,188,000	6,923,104
Distributors: 1.58%		
Li & Fung, Ltd.	3,316,000	6,037,246
Total Consumer Discretionary		87,961,130

	SHARES	VALUE
INDUSTRIALS: 16.66%		
Transportation Infrastructure: 10.20%		
Cosco Pacific, Ltd.	5,948,000	\$12,926,373
China Merchants Holdings International Co., Ltd.	5,205,000	10,210,528
Zhejiang Expressway Co., Ltd. H Shares	9,656,000	6,809,198
Beijing Capital International Airport Co., Ltd. H Shares	13,616,000	5,106,360
GZI Transport, Ltd.	12,384,000	3,929,816
		38,982,275
Electrical Equipment: 2.77%		
BYD Co., Ltd. H Shares **	3,599,000	10,590,112
Machinery: 2.39%		
Shanghai Zhenhua Port Machinery Co., Ltd. B Shares	7,896,382	9,112,425
Air Freight & Logistics: 0.80%		
Sinotrans, Ltd. H Shares	10,566,000	3,048,100
Airlines: 0.50%		
Air China, Ltd.**	5,230,000	1,894,332
Total Industrials		63,627,244

	SHARES	VALUE
FINANCIALS: 13.96%		
Real Estate: 8.04%		
Swire Pacific, Ltd. A Shares	2,103,500	\$16,653,883
China Vanke Co., Ltd. B Shares	20,396,858	14,043,442
		<u>30,697,325</u>
Commercial Banks: 3.44%		
BOC Hong Kong Holdings, Ltd.	7,131,500	<u>13,121,057</u>
Insurance: 2.48%		
PICC Property and Casualty Co., Ltd. H Shares **	20,856,000	6,551,385
China Insurance International Holdings Co., Ltd.	8,104,000	2,909,333
		<u>9,460,718</u>
Total Financials		<u>53,279,100</u>
INFORMATION TECHNOLOGY: 10.76%		
Computers & Peripherals: 4.52%		
Lenovo Group, Ltd.	30,500,000	10,362,910
TPV Technology, Ltd.	11,122,000	6,880,440
		<u>17,243,350</u>
Communications Equipment: 2.90%		
Comba Telecom Systems Holdings, Ltd.	11,214,000	5,787,120
ZTE Corp. H Shares**	1,600,000	5,292,681
		<u>11,079,801</u>
Internet Software & Services: 1.57%		
SINA Corp. **	192,900	<u>5,991,474</u>
IT Services: 1.42%		
Travelsky Technology, Ltd. H Shares **	6,487,000	<u>5,406,215</u>
Semiconductors & Semiconductor Equipment: 0.35%		
Semiconductor Manufacturing International Corp. ADR **	138,000	<u>1,345,500</u>
Total Information Technology		<u>41,066,340</u>

	SHARES	VALUE
ENERGY: 8.48%		
Oil & Gas: 6.85%		
CNOOC, Ltd.	17,072,000	\$9,193,264
PetroChina Co., Ltd. H Shares	14,476,000	9,001,737
Sinopec Zhenhai Refining and Chemical Co., Ltd.	7,352,000	7,965,228
		<u>26,160,229</u>
Energy Equipment & Services: 1.63%		
China Oilfield Services, Ltd. H Shares	18,018,000	<u>6,237,440</u>
Total Energy		<u>32,397,669</u>
UTILITIES: 8.01%		
Electric Utilities: 5.22%		
Datang International Power Generation Co., Ltd. H Shares	10,516,000	7,617,896
Huaneng Power International, Inc. H Shares	7,876,000	5,755,944
Guangdong Electric Power Development Co., Ltd. B Shares	8,471,726	4,225,300
Huaneng Power International, Inc. ADR	78,800	2,327,752
		<u>19,926,892</u>
Gas Utilities: 2.79%		
Hong Kong and China Gas Co., Ltd.	5,421,400	<u>10,669,790</u>
Total Utilities		<u>30,596,682</u>

See footnotes on page 25.

MATTHEWS CHINA FUND

SCHEDULE OF INVESTMENTS (Unaudited) (continued)

EQUITIES: CHINA/HONG KONG (continued)

	SHARES	VALUE
TELECOMMUNICATION SERVICES: 6.97%		
Wireless Telecommunication Services: 5.05%		
China Mobile HK, Ltd.	5,642,083	\$18,446,572
China Mobile HK, Ltd. ADR	50,500	828,705
		<u>19,275,277</u>
Diversified Telecommunication Services: 1.92%		
China Telecom Corp., Ltd. H Shares **	20,988,000	<u>7,332,863</u>
Total Telecommunication Services		<u>26,608,140</u>
CONSUMER STAPLES: 4.88%		
Food & Staples Retailing: 1.82%		
Lianhua Supermarket Holdings, Ltd. H Shares	6,385,000	<u>6,958,503</u>
Beverages: 1.74%		
Tsingtao Brewery Co., Ltd. H Shares	6,351,000	<u>6,636,449</u>
Food Products: 1.32%		
China Mengniu Dairy Co., Ltd. **	7,444,000	<u>5,058,459</u>
Total Consumer Staples		<u>18,653,411</u>

	SHARES	VALUE
HEALTH CARE: 4.01%		
Pharmaceuticals: 1.47%		
China Pharmaceutical Group, Ltd.	21,974,000	<u>\$5,606,583</u>
Health Care Equipment & Supplies: 1.35%		
Moulin International Holdings, Ltd.	7,192,000	<u>5,163,851</u>
Biotechnology: 1.19%		
Global Bio-chem Technology Group Co., Ltd.	7,204,000	4,525,908
Global Bio-chem Technology Group Co., Ltd. Warrants Expires 5/31/07 **	1,089,000	36,302
		<u>4,562,210</u>
Total Health Care		<u>15,332,644</u>

	SHARES	VALUE
MATERIALS: 3.07%		
Construction Materials: 3.07%		
Cheung Kong Infrastructure Holdings, Ltd.	4,085,500	\$11,733,545
Total Materials		11,733,545
TOTAL INVESTMENTS: 99.83%		
(Cost \$346,753,263***)		381,255,905
CASH AND OTHER ASSETS,		
LESS LIABILITIES: 0.17%		639,916
NET ASSETS: 100.00%		
		\$381,895,821

* As a percentage of net assets as of March 31, 2005

** Non-income producing security

*** Cost of investments is \$346,753,263 and net unrealized appreciation consists of:

Gross unrealized appreciation	\$53,680,727
Gross unrealized depreciation	(19,178,085)
Net unrealized appreciation	\$34,502,642

ADR American Depositary Receipt

See accompanying notes to schedules of investments.

MATTHEWS JAPAN FUND

PORTFOLIO MANAGEMENT

SYMBOL: MJFOX

Lead Manager: Mark W. Headley
Co-Manager: Patricia Higase, CFA

The Matthews Japan Fund invests at least 80% of its assets in the common and preferred stocks of companies located in Japan.

PORTFOLIO MANAGER COMMENTARY

For the three months ended March 31, 2005, the Matthews Japan Fund declined 1.12%, outperforming the MSCI Developed Markets Japan Index, which declined 2.33%, but underperforming the TOPIX Index, which declined 0.62%. The Fund also outperformed the Lipper Japanese Funds Category Average, which declined 2.06% over the period. While the Japanese equity markets had positive gains in yen terms, the U.S dollar strengthened against the Japanese yen, resulting in lower U.S. dollar-based returns.

The Fund's best-performing sectors were health care and consumer discretionary. Select retailers, technology and financial services positions made a positive contribution toward the Fund's performance due to positive company-specific events. Japan's GDP figures released during February were weaker than consensus expectations. In this weaker macroeconomic environment, defensive and cyclical sectors—which are not core sectors for the Fund—performed well. Major banks that had outperformed in the fourth quarter of 2004 also underperformed. In general, small-capitalization stocks continued to outperform larger companies.

During the quarter, the Fund selectively added to positions in retail, smaller-capitalization services and technology companies. The Fund aims for diversification across sectors and market capitalizations; however, the Fund's largest sector exposure remains concentrated in consumer discretionary, technology and financials. Despite the weak shorter-term macroeconomic environment, we continue to believe that in the longer term, these three sectors will best provide the Fund with exposure to the recovering domestic demand in Japan.

FUND AT A GLANCE

Fund Inception: 12/31/98

AVERAGE ANNUAL RETURNS AS OF MARCH 31, 2005					
	3 MO	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Matthews Japan Fund	-1.12%	2.25%	18.79%	-6.65%	10.22%
MSCI Developed Markets Japan Index ¹	-2.33%	-1.68%	10.91%	-6.96%	2.13%
TOPIX Index ²	-0.62%	-1.65%	12.46%	-7.02%	3.48%
Lipper Japanese Funds Category Average ³	-2.06%	-2.81%	8.10%	-10.17%	3.65%

Assumes reinvestment of all dividends. Past performance is not indicative of future results. Unusually high returns may not be sustainable. The performance of foreign indices may be based on different exchange rates than those used by the Fund and, unlike the Fund's NAV, is not adjusted to reflect fair value at 4PM Eastern Time.

OPERATING EXPENSES (ANNUALIZED) ⁴		PORTFOLIO TURNOVER ⁵	
For the three months ended 3/31/05**	1.29%	For the three months ended 3/31/05 (annualized)**	0.32%
For Calendar Year 2004**	1.41%	For Calendar Year 2004**	17.16%
For Fiscal Year 2004 (ended 12/31/04)***†	1.38%	For Fiscal Year 2004 (ended 12/31/04)***†	5.30%

** Unaudited

*** Audited

† For the four months ended 12/31/04 due to the Fund's change of fiscal year-end from 8/31 to 12/31.

COUNTRY ALLOCATION††		SECTOR ALLOCATION††		MARKET CAP EXPOSURE††	
Japan	97.9%	Consumer Discretionary	32.9%	Large cap (over \$5 billion)	48.6%
Cash and other	2.1%	Financials	22.5%	Mid cap (\$1-\$5 billion)	36.7%
		Information Technology	14.1%	Small cap (under \$1 billion)	12.6%
		Industrials	11.0%	Cash and other	2.1%
		Consumer Staples	9.3%		
		Telecommunication Services	6.1%		
		Health Care	2.0%		
		Cash and other	2.1%		

†† Percentage figures have been rounded to total 100.0%

NAV	NET ASSETS	REDEMPTION FEE	12B-1 FEES
\$15.94	\$210.6 million	2.00% within 90 calendar days	None

All data is as of March 31, 2005, unless otherwise noted.

¹ The MSCI Developed Markets Japan Index is a free float-adjusted market capitalization-weighted index of Japanese equities listed in Japan. Source: Bloomberg.

² The Tokyo Price Index (TOPIX) is a capitalization-weighted index of all companies listed on the First Section of the Tokyo Stock Exchange. Source: Bloomberg.

³ As of 3/31/05, the Lipper Japanese Funds Category Average consisted of 41 funds for the three-month and one-year periods, 36 funds for the three-year period, 30 funds for the five-year period, and 28 funds since 12/31/98. Lipper, Inc. fund performance does not reflect sales charges and is based on total return, including reinvestment of dividends and capital gains, for the stated periods.

⁴ Includes management fee, administration and shareholder services fees, waivers, reimbursements, recoupments and other expenses. Matthews Asian Funds do not charge 12b-1 fees.

⁵ The lesser of fiscal year-to-date purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

MATTHEWS JAPAN FUND

SCHEDULE OF INVESTMENTS (Unaudited)

EQUITIES: JAPAN: 97.86%*

	SHARES	VALUE
CONSUMER DISCRETIONARY: 32.86%		
Household Durables: 8.66%		
Sharp Corp.	461,000	\$6,973,254
Makita Corp.	312,000	5,697,062
Matsushita Electric Industrial Co., Ltd.	377,000	5,554,975
		18,225,291
Leisure, Equipment & Products: 6.76%		
Shimano, Inc.	209,000	7,016,693
Studio Alice Co., Ltd.	214,500	4,340,809
Fuji Photo Film Co., Ltd.	79,000	2,887,998
		14,245,500
Specialty Retail: 4.65%		
Nitori Co., Ltd.	57,950	3,739,756
Yamada Denki Co., Ltd.	59,900	3,139,401
Gulliver International Co., Ltd.	21,570	2,906,710
		9,785,867
Hotels Restaurants & Leisure: 3.30%		
Nissin Healthcare Food Service Co., Ltd.	260,800	4,236,814
H.I.S. Co., Ltd.	118,700	2,717,602
		6,954,416
Media: 2.96%		
Fuji Television Network, Inc.	2,643	6,235,932
Multiline Retail: 2.85%		
Mitsukoshi, Ltd.	1,149,000	6,000,560
Automobiles: 2.17%		
Honda Motor Co., Ltd. ADR	182,200	4,562,288
Internet & Catalog Retail: 1.51%		
Rakuten, Inc.	3,620	3,156,486
Belluna Co., Ltd.	781	27,313
		3,183,799
Total Consumer Discretionary		69,193,653

	SHARES	VALUE
FINANCIALS: 22.51%		
Commercial Banks: 10.07%		
The Sumitomo Trust and Banking Co., Ltd.	1,210,000	\$7,887,625
Mizuho Financial Group, Inc.	1,491	7,049,678
The Joyo Bank, Ltd.	1,165,000	6,268,815
		21,206,118
Capital Markets: 6.43%		
Monex Beans Holdings, Inc.	5,328	7,105,325
Nomura Holdings, Inc.	460,000	6,434,766
		13,540,091
Insurance: 3.05%		
T&D Holdings, Inc.	126,445	6,426,609
Real Estate: 2.96%		
Japan Retail Fund Investment Corp. REIT	416	3,305,344
Japan Real Estate Investment Corp. REIT	359	2,929,451
		6,234,795
Total Financials		47,407,613
INFORMATION TECHNOLOGY: 14.06%		
Software: 5.44%		
Square Enix Co., Ltd.	187,600	5,755,889
Nintendo Co., Ltd.	52,215	5,697,244
		11,453,133
IT Services: 3.89%		
NIWS Co., Ltd.	2,245	3,412,618
NIWS Co., Ltd. W / I **, ***	2,245	3,412,618
Jupiter Telecommunications Co., Ltd. **	1,712	1,365,066
		8,190,302
Office Electronics: 3.00%		
Canon, Inc. ADR	117,900	6,319,440
Electronic Equipment & Instruments: 1.05%		
Murata Manufacturing Co., Ltd.	41,300	2,214,632

	SHARES	VALUE
Internet Software & Services: 0.68%		
Kakaku.com, Inc.	105	\$879,325
Mediaseek, Inc. **	218	548,914
		<u>1,428,239</u>
Total Information Technology		29,605,746

INDUSTRIALS: 11.04%**Commercial Services & Supplies: 5.20%**

Secom Co., Ltd.	158,500	6,592,465
Toppan Forms Co., Ltd.	377,600	4,366,539
		<u>10,959,004</u>

Air Freight & Logistics: 2.26%

Yamato Transport Co., Ltd.	333,000	<u>4,763,797</u>
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Building Products: 2.04%

Toto, Ltd.	500,000	<u>4,289,844</u>
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Machinery: 1.54%

Yushin Precision Equipment Co., Ltd.	127,145	2,165,129
Disco Corp.	25,000	1,072,461
		<u>3,237,590</u>

Total Industrials		23,250,235
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CONSUMER STAPLES: 9.24%**Food Staples & Retailing: 2.91%**

Seven-Eleven Japan Co., Ltd.	209,000	<u>6,120,116</u>
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Beverages: 2.57%

Ito En, Ltd.	111,600	<u>5,422,326</u>
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Food Products: 2.31%

Hokuto Corp.	278,680	<u>4,857,343</u>
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Personal Products: 1.45%

Shiseido Co., Ltd.	232,000	<u>3,061,457</u>
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Total Consumer Staples		19,461,242
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	SHARES	VALUE
TELECOMMUNICATION SERVICES: 6.13%		
Diversified Telecommunication Services: 3.58%		
Nippon Telegraph & Telephone Corp. ADR	222,325	\$4,857,801
Usen Corp.	104,400	2,667,686
		<u>7,525,487</u>

Wireless Telecommunication Services: 2.55%

NTT DoCoMo, Inc.	3,204	<u>5,378,346</u>
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Total Telecommunication Services		12,903,833
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HEALTH CARE: 2.02%**Health Care Equipment & Supplies: 2.02%**

Nakanishi, Inc.	53,000	<u>4,260,561</u>
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Total Health Care		4,260,561
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TOTAL INVESTMENTS: 97.86%	206,082,883
(Cost \$186,661,006****)	

CASH AND OTHER ASSETS, LESS LIABILITIES: 2.14%	4,505,845
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NET ASSETS: 100.00%	\$210,588,728
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* As a percentage of net assets as of March 31, 2005

** Non-income producing security

*** Valued at fair value under direction of the Board of Trustees (Note 1)

**** Cost of investments is \$186,661,006 and net unrealized appreciation consists of:

Gross unrealized appreciation	\$27,737,140
Gross unrealized depreciation	(8,315,263)
Net unrealized appreciation	<u>\$19,421,877</u>

ADR American Depositary Receipt

REIT Real Estate Investment Trust

W / I When Issued

See accompanying notes to schedules of investments.

MATTHEWS ASIAN TECHNOLOGY FUND

PORTFOLIO MANAGEMENT

SYMBOL: MATFX

Co-Managers: Mark W. Headley, Patricia Higase, CFA and Andrew T. Foster

The Matthews Asian Technology Fund invests at least 80% of its assets in the common and preferred stocks of companies located in Asia which derive a substantial portion of their revenues from the sale of products or services in technology-related industries and services. Asia includes China, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

PORTFOLIO MANAGER COMMENTARY

During the first quarter of 2005, the performance of Asian technology stocks was mixed. Stock prices of consumer electronics and component-supplier companies declined due to lower profit margins resulting from falling retail prices of digital products. Select equipment manufacturing stocks performed well, as these companies benefited from the increased outsourcing trend of handset production. Traditional wireless and wireline telecommunications stocks underperformed the broader technology sector due to declining growth prospects. During the three-month period ended March 31, 2005, the Matthews Asian Technology Fund declined by 1.84% but outperformed both the MSCI/Matthews Asian Technology Index and the Lipper Science and Technology Funds Category Average, which declined by 2.50% and 9.01%, respectively.

On a country basis, the Fund's positions in Korea, Hong Kong and China made positive contributions to Fund performance, while Japan detracted. The strong performance of the Fund's Korean technology companies was partly attributable to the overall strong performance of the Korean equity markets during the quarter.

In general, Japanese technology companies suffered from a strong Japanese yen and a weak macroeconomic environment in Japan. In terms of sectors, the semiconductor, hardware and equipment, and software services industries made positive contributions to the performance of the Fund, while the telecommunications sector made a negative contribution.

In the past few years, low earnings visibility and volatile stock prices have led to Asian technology being somewhat out of favor among investors. Our long-term positive view of Asian technology is based on two main theses: First, over the long term, Asian consumption will increase over time, which will in turn lead to increased consumption of Asian technology services and products. Second, Asian technology companies are improving their operations and products and are well-positioned to become globally competitive. During the quarter, we selectively added to the Fund's wireless telecommunications and software positions.

FUND AT A GLANCE

Fund Inception: 12/27/99

AVERAGE ANNUAL RETURNS AS OF MARCH 31, 2005					
	3 MO	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Matthews Asian Technology Fund	-1.84%	1.91%	8.68%	-12.30%	-10.28%
MSCI/Matthews Asian Technology Index ¹	-2.50%	-7.02%	2.74%	-15.62%	-15.86%*
Lipper Science and Tech Funds Category Avg ²	-9.01%	-6.58%	-3.10%	-21.12%	-17.37%*

Assumes reinvestment of all dividends. Past performance is not indicative of future results. Unusually high returns may not be sustainable. The performance of foreign indices may be based on different exchange rates than those used by the Fund and, unlike the Fund's NAV, is not adjusted to reflect fair value at 4PM Eastern Time.

*Calculated from 12/31/99

OPERATING EXPENSES (ANNUALIZED) ³	
For the three months ended 3/31/05**	1.46%
For Calendar Year 2004**	1.79%
For Fiscal Year 2004 (ended 12/31/04)****	1.60%

** Unaudited

*** Audited

† For the four months ended 12/31/04 due to the Fund's change of fiscal year-end from 8/31 to 12/31.

COUNTRY ALLOCATION††	
Japan	30.6%
China/Hong Kong	21.6%
South Korea	19.5%
Taiwan	10.9%
India	6.8%
Thailand	4.7%
Singapore	2.6%
Indonesia	2.5%
Australia	0.6%
Cash and other	0.2%

SECTOR ALLOCATION††	
Information Technology	67.0%
Telecommunication Services	19.9%
Consumer Discretionary	8.7%
Health Care	3.0%
Industrials	1.2%
Cash and other	0.2%

MARKET CAP EXPOSURE††	
Large cap (over \$5 billion)	54.8%
Mid cap (\$1-\$5 billion)	25.8%
Small cap (under \$1 billion)	19.2%
Cash and other	0.2%

†† Percentage figures have been rounded to total 100.0%

NAV	NET ASSETS	REDEMPTION FEE	12B-1 FEES
\$5.35	\$36.9 million	2.00% within 90 calendar days	None

All data is as of March 31, 2005, unless otherwise noted.

¹ The MSCI/Matthews Asian Technology Index is a free float-adjusted market capitalization-weighted index of Asian equities tracking a broad range of technology stocks including semiconductor equipment and products, communications equipment, computers and peripherals, electronic equipment and instruments, office electronics, software, IT consulting and services, Internet software and services, diversified telecommunications services, and wireless telecommunications services. Source: Morgan Stanley Capital International.

² As of 3/31/05, the Lipper Science and Technology Funds Category Average consisted of 301 funds for the three-month period, 294 funds for the one-year period, 276 funds for the three-year period, 141 funds for the five-year period, and 127 funds since 12/31/99. Lipper, Inc. fund performance does not reflect sales charges and is based on total return, including reinvestment of dividends and capital gains, for the stated periods.

³ Includes management fee, administration and shareholder services fees, waivers, reimbursements, recoupments and other expenses. Matthews Asian Funds do not charge 12b-1 fees.

⁴ The lesser of fiscal year-to-date purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

MATTHEWS ASIAN TECHNOLOGY FUND

SCHEDULE OF INVESTMENTS (Unaudited)

EQUITIES: 99.83%*

	SHARES	VALUE
JAPAN: 30.60%		
Nintendo Co., Ltd.	11,385	\$1,242,232
Matsushita Electric Industrial Co., Ltd.	78,000	1,149,305
NTT DoCoMo, Inc.	676	1,134,757
Sharp Corp.	74,000	1,119,351
Rakuten, Inc.	1,090	950,433
Canon, Inc. ADR	16,800	900,480
Nidec Corp.	6,900	859,041
Usen Corp.	29,600	756,355
NIWS Co., Ltd.	470	714,446
NIWS Co., Ltd. W/I **, ***	470	714,446
Access Co., Ltd. **	27	699,991
Kakaku.com, Inc.	49	410,352
Strawberry Corp.	58	352,662
Jupiter Telecommunications Co., Ltd. **	244	194,554
Yushin Precision Equipment Co., Ltd.	6,345	108,048
Total Japan		11,306,453

CHINA/HONG KONG: 21.58%

ASM Pacific Technology, Ltd.	328,000	1,413,023
China Mobile HK, Ltd. ADR	76,400	1,253,724
Lenovo Group, Ltd.	3,335,000	1,133,125
SINA Corp. **	26,600	826,196
TPV Technology, Ltd.	1,152,000	712,666
Asia Satellite Telecommunications Holdings, Ltd.	346,400	661,759
Comba Telecom Systems Holdings, Ltd.	1,156,000	596,568
Tencent Holdings, Ltd. **	803,000	581,701
The9, Ltd. ADR **	24,400	418,948
ZTE Corp. H Shares**	113,600	375,780
Total China/Hong Kong		7,973,490

	SHARES	VALUE
SOUTH KOREA: 19.47%		
Samsung Electronics Co., Ltd.	4,048	\$2,001,079
NHN Corp. **	12,939	1,128,898
NCSOFT Corp. **	13,463	1,034,086
LG Life Sciences, Ltd. **	26,212	880,186
SK Telecom Co., Ltd.	5,129	863,672
LG Philips LCD Co., Ltd. ADR **	22,900	493,495
Mtekvision Co., Ltd.	13,434	397,530
Amotech Co., Ltd.	36,853	395,566
Total South Korea		7,194,512

TAIWAN: 10.86%

Hon Hai Precision Industry Co., Ltd.	327,492	1,455,243
Taiwan Semiconductor Manufacturing Co., Ltd.	837,466	1,368,930
Quanta Computer, Inc.	452,386	759,576
Sunplus Technology Co., Ltd.	285,595	428,764
Total Taiwan		4,012,513

INDIA: 6.83%

Infosys Technologies, Ltd.	29,118	1,501,769
Wipro, Ltd.	66,423	1,020,640
Total India		2,522,409

THAILAND: 4.73%

Advanced Info Service Public Co., Ltd.	483,200	1,235,174
Shin Satellite Public Co., Ltd.	1,241,800	511,068
Total Thailand		1,746,242

SINGAPORE: 2.61%

Venture Corp., Ltd.	119,600	963,610
Total Singapore		963,610

	SHARES	VALUE
INDONESIA: 2.54%		
PT Telekomunikasi Indonesia ADR	50,000	<u>\$937,000</u>
Total Indonesia		937,000
AUSTRALIA: 0.61%		
Novogen, Ltd. **	60,532	<u>226,733</u>
Total Australia		226,733
TOTAL INVESTMENTS: 99.83%		36,882,962
(Cost \$32,357,852****)		
CASH AND OTHER ASSETS,		
LESS LIABILITIES: 0.17%		<u>64,046</u>
NET ASSETS: 100.00%		\$36,947,008

* As a percentage of net assets as of March 31, 2005

** Non-income producing security

*** Valued at fair value under direction of the Board of Trustees (Note 1)

**** Cost of investments is \$32,357,852 and net unrealized appreciation consists of:

Gross unrealized appreciation	\$6,482,647
Gross unrealized depreciation	(1,957,537)
Net unrealized appreciation	<u>\$4,525,110</u>

ADR American Depositary Receipt

W/I When Issued

See accompanying notes to schedules of investments.

MATTHEWS ASIA PACIFIC FUND

PORTFOLIO MANAGEMENT

SYMBOL: MPACX

Lead Manager: Mark W. Headley

Co-Managers: G. Paul Matthews, Richard H. Gao, Patricia Higase, CFA and Andrew T. Foster

The Matthews Asia Pacific Fund invests at least 80% of its assets in the common and preferred stocks and convertible securities of companies located in the Asia Pacific region.

The Asia Pacific region includes Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, Philippines, Singapore, South Korea, Taiwan and Thailand.

PORTFOLIO MANAGER COMMENTARY

For the three months ended March 31, 2005, the Matthews Asia Pacific Fund declined 0.16%, modestly outperforming both its benchmark MSCI Asia Pacific Index and the Lipper Pacific Region Funds Category Average, which declined 0.71% and 0.44%, respectively. A weaker yen, along with market nervousness over higher interest rates and rising commodity prices, made for a choppy environment with no real direction. After a very strong end to 2004, a healthy period of market consolidation is not unwelcome.

Sector performance was quite mixed for the Fund during the quarter, with consumer discretionary the only sector with any broad strength. Financials were the only notably weak area of performance, experiencing some corrections after very strong performance in late 2004, as well general concern about the impact of higher interest rates. Higher rates could well play a major role in market performance this year. We have generally been of the belief that Asian rates will not rise significantly this year, excepting those markets such as Hong Kong, with its strong currency

links to the United States; however, higher oil and other commodity prices could threaten that view. We continue to believe that financials present some of the best means of participating in Asia's long-term development, and a number of them are core positions in the portfolio. As far as country performance, Korea was the standout market during the quarter, while the Fund saw losses in Singapore as well as in some Asian currencies, most notably the yen.

During recent weeks, we have been consolidating the portfolio into more-focused core positions—partially a reaction to corrections in some core names in which we had been awaiting a pullback from the enthusiasm of late 2004. The Fund remains diversified across a wide range of Asia Pacific countries and industries. Our bias toward domestically focused companies remains in place.

FUND AT A GLANCE

Fund Inception: 10/31/03

TOTAL RETURN AS OF MARCH 31, 2005			
	3 MO	1 YR	SINCE INCEPTION
Matthews Asia Pacific Fund	-0.16%	10.87%	17.76%
MSCI All Country Asia Pacific Index ¹	-0.71%	5.07%	15.85%
Lipper Pacific Region Funds Category Average ²	-0.44%	4.92%	14.13%

Assumes reinvestment of all dividends. Past performance is not indicative of future results. Unusually high returns may not be sustainable. The performance of foreign indices may be based on different exchange rates than those used by the Fund and, unlike the Fund's NAV, is not adjusted to reflect fair value at 4PM Eastern Time.

OPERATING EXPENSES (ANNUALIZED) ³	
For the three months ended 3/31/05**	1.34%
For Calendar Year 2004**	1.59%
For Fiscal Year 2004 (ended 12/31/04)****	1.51%

** Unaudited

*** Audited

† For the four months ended 12/31/04 due to the Fund's change of fiscal year-end from 8/31 to 12/31.

PORTFOLIO TURNOVER ⁴	
For the three months ended 3/31/05 (annualized)**	7.64%
For Calendar Year 2004**	9.05%
For Fiscal Year 2004 (ended 12/31/04)****	1.28%

COUNTRY ALLOCATION††	
Japan	37.5%
China/Hong Kong	22.4%
South Korea	14.0%
Singapore	5.8%
Australia	4.0%
India	3.8%
Thailand	3.5%
Indonesia	2.2%
Taiwan	2.1%
United Kingdom ¹	1.2%
Cash and other	3.5%

SECTOR ALLOCATION††	
Consumer Discretionary	26.8%
Financials	25.4%
Information Technology	16.1%
Consumer Staples	8.9%
Industrials	7.8%
Telecommunication Services	6.9%
Health Care	2.6%
Materials	1.4%
Utilities	0.6%
Cash and other	3.5%

MARKET CAP EXPOSURE††	
Large cap (over \$5 billion)	45.5%
Mid cap (\$1-\$5 billion)	39.2%
Small cap (under \$1 billion)	11.8%
Cash and other	3.5%

†† Percentage figures have been rounded to total 100.0%

NAV	NET ASSETS	REDEMPTION FEE	12B-1 FEES
\$12.56	\$146.5 million	2.00% within 90 calendar days	None

All data is as of March 31, 2005, unless otherwise noted.

¹ The MSCI All Country Asia Pacific Index is a free float-adjusted market capitalization-weighted index measuring the equity market performance in 14 emerging and developed markets of the Asia Pacific region. As of 3/31/05, 1.2% of the assets in the Matthews Asia Pacific Fund were invested in the United Kingdom, which is not included in the MSCI All Country Asia Pacific Index. Source: Bloomberg.

² As of 3/31/05, the Lipper Pacific Region Funds Category Average consisted of 33 funds for the three-month and one-year periods and since 10/31/03. Lipper, Inc. fund performance does not reflect sales charges and is based on total return, including reinvestment of dividends and capital gains, for the stated periods.

³ Includes management fee, administration and shareholder services fees, waivers, reimbursements, recoupments and other expenses. Matthews Asian Funds do not charge 12b-1 fees.

⁴ The lesser of fiscal year-to-date purchase costs or sales proceeds divided by the average monthly market value of long-term securities.

MATTHEWS ASIA PACIFIC FUND

SCHEDULE OF INVESTMENTS (Unaudited)

EQUITIES: 96.51%*

	SHARES	VALUE
JAPAN: 37.51%		
Mizuho Financial Group, Inc.	625	\$2,955,096
The Sumitomo Trust and Banking Co., Ltd.	452,000	2,946,452
Secom Co., Ltd.	70,000	2,911,499
Ito En, Ltd.	59,500	2,890,935
Seven-Eleven Japan Co., Ltd.	96,000	2,811,154
Canon, Inc. ADR	52,300	2,803,280
Matsushita Electric Industrial Co., Ltd.	173,000	2,549,100
T&D Holdings, Inc.	49,180	2,499,590
Fuji Television Network, Inc.	1,010	2,383,008
Monex Beans Holdings, Inc.	1,754	2,339,103
Sharp Corp.	149,000	2,253,828
Shimano, Inc.	66,600	2,235,941
Yamaha Corp.	41,300	2,164,562
Nintendo Co., Ltd.	18,300	1,996,736
Nomura Holdings, Inc.	139,000	1,944,419
Toppan Forms Co., Ltd.	162,000	1,873,356
H.I.S. Co., Ltd.	81,700	1,870,498
Makita Corp.	97,000	1,771,202
Gulliver International Co., Ltd.	12,470	1,680,421
Rakuten, Inc.	1,900	1,656,719
Nissin Healthcare Food Service Co., Ltd.	88,350	1,435,286
NIWS Co., Ltd.	691	1,050,387
NIWS Co., Ltd. W/I **, ***	691	1,050,387
NTT DoCoMo, Inc.	591	992,073
Jupiter Telecommunications Co., Ltd. **	1,149	916,157
Honda Motor Co., Ltd.	17,000	851,348
Honda Motor Co., Ltd. ADR	31,700	793,768
Nippon Telegraph and Telephone Corp. ADR	24,400	533,140
Nippon Telegraph and Telephone Corp.	102	446,125
NTT DoCoMo, Inc. ADR	21,400	358,450
Total Japan		54,964,020

	SHARES	VALUE
CHINA/HONG KONG: 22.38%		
Giordano International, Ltd.	4,924,000	\$3,346,031
Dah Sing Financial Group	480,000	3,058,677
China Mobile HK, Ltd. ADR	170,400	2,796,264
Swire Pacific, Ltd. A Shares	346,000	2,739,360
Television Broadcasts, Ltd.	493,000	2,484,137
Lenovo Group, Ltd.	7,148,000	2,428,658
ASM Pacific Technology, Ltd.	479,500	2,065,684
Cosco Pacific, Ltd.	916,000	1,990,679
PICC Property and Casualty Co., Ltd. H Shares **	4,772,000	1,499,003
Lianhua Supermarket Holdings, Ltd. H Shares	1,274,000	1,388,431
Shangri-La Asia, Ltd.	930,000	1,359,327
China Travel International Investment Hong Kong, Ltd.	4,368,000	1,344,095
SINA Corp. **	42,400	1,316,944
Denway Motors, Ltd.	3,538,000	1,247,460
Sa Sa International Holdings, Ltd.	1,936,000	930,835
Sun Hung Kai Properties, Ltd.	102,000	925,258
Hong Kong and China Gas Co., Ltd.	470,000	925,001
China Pharmaceutical Group, Ltd.	2,714,000	692,467
China Mobile HK, Ltd.	80,500	263,192
Total China/Hong Kong		32,801,503

SOUTH KOREA: 14.04%		
AmorePacific Corp.	12,300	2,943,279
Samsung Electronics Co., Ltd.	5,540	2,738,631
S1 Corp.	65,640	2,637,235
SK Telecom Co., Ltd. ADR	107,000	2,110,040
NCsoft Corp. **	23,940	1,838,818
LG Home Shopping, Inc.	21,289	1,651,968
Kookmin Bank ADR	35,540	1,586,861
Nong Shim Co., Ltd.	5,250	1,499,261
Shinhan Financial Group Co., Ltd.	50,130	1,342,724
Hyundai Motor Co.	20,180	1,092,959
Samsung Fire & Marine Insurance Co., Ltd.	9,130	691,381
Kookmin Bank	9,920	443,005
Total South Korea		20,576,162

	SHARES	VALUE
SINGAPORE: 5.82%		
DBS Group Holdings, Ltd.	293,700	\$2,650,995
Venture Corp., Ltd.	296,600	2,389,690
Hyflux, Ltd.	1,111,875	1,953,317
Fraser and Neave, Ltd.	166,800	1,535,884
Total Singapore		8,529,886

AUSTRALIA: 4.04%		
AXA Asia Pacific Holdings, Ltd.	634,153	2,056,982
BHP Billiton, Ltd.	146,272	2,018,705
Australia and New Zealand Banking Group, Ltd.	115,364	1,837,156
Total Australia		5,912,843

INDIA: 3.80%		
Dabur India, Ltd.	685,364	1,741,852
HDFC Bank, Ltd.	114,104	1,421,891
Dr. Reddy's Laboratories, Ltd.	78,117	1,321,952
Hero Honda Motors, Ltd.	85,944	1,078,654
Total India		5,564,349

THAILAND: 3.47%		
Advanced Info Service Public Co., Ltd.	1,028,800	2,629,857
Bangkok Bank Public Co., Ltd.	857,800	2,455,869
Total Thailand		5,085,726

INDONESIA: 2.17%		
PT Ramayana Lestari Sentosa	20,226,500	1,665,787
PT Astra International	1,367,500	1,516,075
Total Indonesia		3,181,862

TAIWAN: 2.05%		
Hon Hai Precision Industry Co., Ltd.	677,549	3,010,755
Total Taiwan		3,010,755

	SHARES	VALUE
UNITED KINGDOM: 1.23%		
HSBC Holdings PLC ADR	22,700	\$1,802,380
Total United Kingdom		1,802,380

TOTAL INVESTMENTS: 96.51% **141,429,486**
(Cost \$127,382,885****)

**CASH AND OTHER ASSETS,
LESS LIABILITIES: 3.49%** **5,113,572**

NET ASSETS: 100.00% **\$146,543,058**

* As a percentage of net assets as of March 31, 2005

** Non-income producing security

*** Valued at fair value under direction of the Board
of Trustees (Note 1)

**** Cost of investments is \$127,382,885 and net unrealized
appreciation consists of:

Gross unrealized appreciation	\$18,169,938
Gross unrealized depreciation	(4,123,337)
Net unrealized appreciation	\$14,046,601

ADR American Depositary Receipt

W/I When Issued

See accompanying notes to schedules of investments.

SIGNIFICANT ACCOUNTING POLICIES (unaudited)

- 1. SECURITY VALUATION:** The Funds' equity securities are valued based on market quotations or at fair value as determined in good faith by or under the direction of the Board of Trustees (the "Board") when no market quotations are available or when market quotations have become unreliable. The Board has delegated the responsibility of making fair value determinations to the Advisor's Pricing Committee (the "Committee"), subject to the Funds' Pricing Policies. The Board has retained a third-party pricing service which may be utilized by the Committee under circumstances described in the Pricing Policies to provide fair value prices for certain securities held by the Funds. When fair value pricing is employed, the prices of securities used by a Fund to calculate its NAV differ from quoted or published prices for the same securities for that day. All fair value determinations are made subject to the Board's oversight.

Market values for equity securities are determined based on the last sale price on the principal exchange or over-the-counter market on which the security is traded. If a reliable last sale price is not available, market values for equity securities are determined using the mean between the last available bid and asked price. 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.

Foreign securities are valued as of the close of trading on the primary exchange on which they trade. The value is then converted to U.S. dollars using current exchange rates and in accordance with the Pricing Policies.

Foreign securities held by the Funds may be traded on days and at times when the New York Stock Exchange is closed. Accordingly, the NAV of the Funds may be significantly affected on days when shareholders have no access to the Funds. For valuation purposes, quotations of foreign portfolio securities, other assets and liabilities, and forward contracts stated in foreign currency are translated into U.S.-dollar equivalents at the prevailing market rates.

- 2. TAX INFORMATION:** Under current tax law, capital and currency 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 fiscal year. Post October losses at fiscal year end December 31, 2004 were as follows:

	POST OCTOBER CAPITAL LOSSES	POST OCTOBER CURRENCY LOSSES
Matthews Pacific Tiger Fund	\$ —	(\$97,522)
Matthews Asian Growth and Income Fund	—	(68,447)
Matthews Korea Fund	—	(52,643)
Matthews China Fund	(1,905,409)	—
Matthews Asian Technology Fund	(35,907)	—
Matthews Asia Pacific Fund	—	(9,385)

For Federal income tax purposes, the Funds indicated below have capital loss carryforwards as of December 31, 2004, which expire in the year indicated, and are available to offset future capital gains, if any:

LOSSES DEFERRED EXPIRING IN:	2007	2008	2009	2010	2011	2012	TOTAL
Matthews China Fund	\$ —	\$ —	\$ —	\$ —	\$ —	(\$78,979)	(\$78,979)
Matthews Japan Fund	—	—	—	(3,216,093)	—	—	(3,216,093)
Matthews Asian Technology Fund	(22,583)	(5,375,361)	(5,967,059)	(3,461,198)	—	—	(14,826,201)

For additional information regarding the accounting policies of the Matthews Asian Funds, refer to the most recent financial statements in the N-CSR filing at www.sec.gov.

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¹ As defined under the Investment Company Act of 1940.



**FOR MORE INFORMATION ABOUT
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www.matthewsfunds.com