

R O C TAIWAN FUND  
Form N-30B-2  
August 21, 2002

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DEAR STOCKHOLDERS  
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The Fund's net asset value per share (NAV) declined 15.8% in the second quarter, slightly outperforming the 16.4% fall in the Taiwan Stock Exchange Index (TAIEX) because of the New Taiwan dollar's 4.3% appreciation against the U.S. dollar during the period.

The TAIEX continued to move upward early in the period following its 11.1% first quarter rise, but was soon overtaken by a slew of negative developments. These included Taiwan's worst drought in 20 years, signs of a weakening U.S. economic recovery, a bigger than expected business downturn in many technology sectors, and the spate of U.S. corporate scandals. As a result, the market declined each month.

Taiwan's increased weighting in the Morgan Stanley Capital International (MSCI) indices, which many international investors use as performance yardsticks, helped spark a mid-April rally. Foreign institutions led investors in focusing on the financial sector, which enjoyed a double-digit gain during the market's run-up. Attracting investors' attention were the improving fundamentals of certain banks through their restructuring efforts in writing off bad loans and mergers.

After the mid-April rally lifted the TAIEX nearly 5% above the first quarter close, the market turned downward—with declines accelerating each month during the period. Taiwan's drought increased concern that many companies might suffer higher costs or even production cut-backs, and eventually prompted the government to impose water rationing (terminated in early July following heavy rains). In late April a sharp drop of the Nasdaq, which fell more than 20% during the second quarter, also raised doubts about an American-led technology recovery. Investors were further unnerved in May with news that the U.S. unemployment rate rose and its leading economic indicators fell for the first time in seven months.

June saw the confirmation of many of these

Taiwan's economy, boosted by strengthening external demand, seemed to defy the stock market gloom. Merchandise exports—the equivalent of about 40% of gross national product—increased 5.9% during the second quarter after declining for 13 consecutive months through March of this year. This reversal came as major U.S., Japanese and European brand owners of computers, cell phones and other electronic devices stepped up outsourcing of production to Taiwan companies. The latter continued to ship the more sophisticated components from Taiwan to their low-cost, final assembly sites in the region, especially China. As a result, Taiwan's exports to China (including Hong Kong) jumped 26% during the period. In comparison, growth in private consumption was fairly weak as a result primarily of falling share prices. Investment contracted, but at the slowest pace in more than a year. We estimate that the economy grew 2% in the second quarter. Given continuing export strength, we forecast a doubling of the economic growth rate to around 4% in the second half of this year.

The American economic recovery still remains on track despite some signs of weakening in the second quarter, and most major U.S. companies have reported above-forecast earnings for the period. The continuation of this trend should support, as indicated above, a quickening of Taiwan's own rebound and rising corporate earnings as exports strengthen in the second half of this year and into 2003. Indeed, the East Asian region should be the main beneficiary of the American recovery. Orders from the big buyers from the region in the United States, Japan and Europe are expected to pick up after having been fairly conservative in the first half of the year. Given this environment, we intend to remain fully invested in a well-diversified portfolio.

We are grateful for your continuing support and look forward to reviewing our market outlook and portfolio strategy with you in future reports.

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fears and misgivings as Intel, Apple Computer and other American technology companies lowered earnings forecasts. These developments had been preceded the month before by the release of disappointing first quarter results by several of Taiwan's major technology companies. Memory chip prices also fell more than expected during the second quarter while prices of TFTLCD (flat-panel) monitors appeared to have peaked after rising more than 30% since late last year. With the market already jittery after absorbing so much negative news, the alleged accounting fraud of WorldCom in the United States dealt a further blow to investor confidence in late June.

Respectfully submitted,

/s/ Michael Ding

Michael Ding  
President  
July 29, 2002

p.s. We are enclosing with this report a letter concerning your ability to participate in the Fund's Dividend Reinvestment Plan.

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PORTFOLIO HIGHLIGHTS  
THREE MONTHS ENDED JUNE 30, 2002  
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KEY STATISTICS  
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|                                     |                 |
|-------------------------------------|-----------------|
| Change in N.A.V. (\$5.76 to \$4.85) | - \$0.91        |
| Total Net Assets                    | \$158.7 Million |

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SECURITY CLASSIFICATION  
-----

Percent of Net Assets

|                               |        |
|-------------------------------|--------|
| Common Stocks                 | 97.82% |
| Short-term Investments        | 1.69   |
| Total Investments             | 99.51  |
| Other Assets Less Liabilities | 0.49   |

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NET ASSETS 100.00%  
=====

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TEN LARGEST HOLDINGS  
-----

| Company                                      | Percent of Net Assets |
|--|-----------------------|
| Taiwan Semiconductor Manufacturing Co., Ltd. | 6.32%                 |
| United Microelectronics Corp.                | 5.72                  |
| Taipei Bank                                  | 4.64                  |
| Hon Hai Precision Industry Co., Ltd.         | 4.33                  |
| Pihsiang Machinery Manufacturing             |                       |

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INDUSTRY DIVERSIFICATION  
-----

|                              |
|------------------------------|
| Semiconductors               |
| Electronics                  |
| Banking                      |
| Computers & Office Equipment |
| Telephone Services           |

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|                                       |      |                          |
|---------------------------------------|------|--------------------------|
| Co., Ltd.                             | 4.15 | Communications Equipment |
| Chunghwa Telecom Co., Ltd.            | 4.06 | Other Financials         |
| Quanta Computer Inc.                  | 3.88 | Plastics                 |
| Sonix Technology Co., Ltd.            | 3.60 | Chemical                 |
| Taiwan Paiho Ltd.                     | 3.56 | Textiles                 |
| Synnex Technology International Corp. | 2.91 | =====                    |

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CONSOLIDATED SCHEDULE OF INVESTMENTS  
THE R.O.C. TAIWAN FUND / JUNE 30, 2002 (UNAUDITED)  
-----

COMMON STOCKS - 97.82%

% of Net Assets (U

-----  
Automobile - 1.07%

2,412,268 shs. Yulon Motor Co., Ltd. . . . . 1.07

Banking N 9.60%

9,250,910 \* Taipei Bank . . . . . 4.64  
8,213,704 \* Sinopac Holdings Co . . . . . 2.25  
4,900,000 Chinatrust Financial Holding Company Ltd. . . . . 2.71

-----  
Other Financials - 5.04%

3,000,379 \* Cathay Financial Holding Co., Ltd. . . . . 2.80  
5,832,000 \* Yuan Ta Securities Co., Ltd . . . . . 2.24

Chemicals - 4.15%

2,208,855 \* Pihsiang Machinery Manufacturing Co., Ltd . . . . . 4.15

Communications Equipment - 6.66%

4,080,000 \* Askey Computer Corp . . . . . 2.64  
500 \* Wintek Corporation. . . . . 0.00  
1,000,000 \* Ambit Microsystems Corp . . . . . 2.39  
1,875,000 \* AboCom Systems, Inc . . . . . 1.63

-----  
Computer Services & Software - 0.00%

500 \* Cradle Technology Corp. . . . . 0.00

Computers & Office Equipment - 9.58%

2,800,000 Benq Corp . . . . . 2.84  
2,200,000 \* Quanta Computer Inc . . . . . 3.88  
2,400,000 \* Premier Image Technology Corp . . . . . 2.86

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Electrical & Machinery - 0.00%

|    |   |      |
|----|---|------|
| 61 | * Teco Electric & Machinery Co., Ltd. . . . . | 0.00 |
|----|---|------|

Electronics - 13.87%

|           |   |      |
|-----------|---|------|
| 3,024,000 | Silitek Corp. . . . .                           | 2.33 |
| 1,690,000 | * Hon Hai Precision Industry Co., Ltd . . . . . | 4.33 |
| 500       | * Asustek Computer Inc. . . . .                 | 0.00 |
| 1,000,000 | * Realtek Semiconductor Corp. . . . .           | 2.24 |
| 2,700,000 | * Phihong Enterprise Co., Ltd . . . . .         | 2.34 |
| 1,491,000 | * Glotech Industrial Corp . . . . .             | 0.43 |
| 1,475,000 | * ICP Electronics Inc . . . . .                 | 1.09 |
| 607,000   | * XAC Automation Corp . . . . .                 | 1.11 |

See accompanying notes to consolidated financial statements and accountants' review report.

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THE R.O.C. TAIWAN FUND

Food - 2.30% % of Net Assets Ma (U.

|                 |   |      |
|-----------------|---|------|
| 10,000,000 shs. | * Uni-President Enterprise Corp . . . . . | 2.30 |
|-----------------|---|------|

Plastics - 4.50%

|           |                                 |      |
|-----------|---------------------------------|------|
| 2,625,774 | Formosa Plastics Corp . . . . . | 1.97 |
| 4,301,074 | Nan Ya Plastics Corp. . . . .   | 2.53 |

Retailing - 2.91%

|           |   |      |
|-----------|---|------|
| 4,041,675 | Synnex Technology International Corp. . . . . | 2.91 |
|-----------|---|------|

Semiconductors - 20.53%

|           |   |      |
|-----------|---|------|
| 7,597,250 | * United Microelectronics Corp. . . . .                 | 5.72 |
| 4,950,000 | * Taiwan Semiconductor Manufacturing Co., Ltd . . . . . | 6.32 |
| 8,000,000 | * Macronix International Co., Ltd . . . . .             | 2.90 |
| 400       | * Mediatek Inc. . . . .                                 | 0.00 |
| 3,000,000 | * Elan Microelectronics Corp. . . . .                   | 1.99 |
| 2,000,000 | * Sonix Technology Co., Ltd . . . . .                   | 3.60 |

Steel & Other Metals - 0.06%

|         |                             |      |
|---------|-----------------------------|------|
| 190,860 | * China Steel Corp. . . . . | 0.06 |
|---------|-----------------------------|------|

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Telephone Services - 6.74%

|           |                                      |      |
|-----------|--------------------------------------|------|
| 4,000,000 | * Chunghwa Telecom Co., Ltd. . . . . | 4.06 |
| 3,343,830 | Taiwan Cellular Corp . . . . .       | 2.68 |

Textiles - 3.33%

|            |  |      |
|------------|--|------|
| 13,000,000 | * Shinkong Synthetic Fibers Corp . . . . . | 1.33 |
| 3,500,000  | Formosa Chemicals & Fiber Corp . . . . .   | 2.00 |

Others - 7.48%

|           |  |      |
|-----------|--|------|
| 2,330,000 | * Wah Lee Industrial Corp. . . . .             | 2.65 |
| 2,200,000 | * Taiwan Secom Co., Ltd. . . . .               | 1.27 |
| 170       | * Kang Na Hsiung Enterprise Co., Ltd . . . . . | 0.00 |
| 4,800,000 | * Taiwan Paiho Limited . . . . .               | 3.56 |

TOTAL COMMON STOCKS (COST \$179,824,439) . . . . . \$15

\* Non-income producing: these stocks did not pay a cash dividend during the six-month period.

See accompanying notes to consolidated financial statements and accountants' review report.

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SCHEDULE OF INVESTMENTS (CONTINUED)

SHORT-TERM INVESTMENTS - 1.69%

Commercial Paper - 1.69% % of Net Assets Ma (U.

| Principal Amount | Issuer (Guarantor)   | % of Net Assets | Ma (U. |
|------------------|--|-----------------|--------|
| \$ 297,992       | Kai Tai Investment (Taishin IntOl Bank),<br>1.65%, Due 07/03/02. . . . .             | 0.19            | \$     |
| 1,489,958        | Du Pont Taiwan (Shanghai Commercial & Savings Bank),<br>1.65%, Due 07/08/02. . . . . | 0.94            |        |
| 297,992          | Chun Yi Construction (Taishin IntOl Bank),<br>1.65%, Due 07/09/02. . . . .           | 0.19            |        |
| 595,983          | Kai Da Co., Ltd. (Entie Commercial Bank),  |                 |        |

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|   |        |       |
|---|--------|-------|
| 1.65%, Due 07/10/02. . . . .                              | 0.37   | ---   |
| TOTAL SHORT-TERM INVESTMENTS (AMORTIZED COST \$2,681,078) |        | ---   |
| TOTAL INVESTMENTS IN SECURITIES                           |        |       |
| AT MARKET VALUE (COST \$182,505,517)                      | 99.51  | 15    |
| OTHER ASSETS (LESS LIABILITIES)                           | 0.49   | ---   |
| NET ASSETS  | 100.00 | \$15  |
|   | =====  | ===== |

See accompanying notes to consolidated financial statements and accountants' review report.

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CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES  
THE R.O.C. TAIWAN FUND / JUNE 30, 2002 (EXPRESSED IN US DOLLARS) (UNAUDITED)  
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ASSETS

|  |  |       |
|--|--|-------|
| Investments in securities at market value (Notes 2B, 3 and 6): |  |       |
| Common stocks (cost - \$179,824,439) . . . . .                 |  | \$155 |
| Short-term investments (amortized cost - \$2,681,078). . . . . |  | 2     |
| Total investments in securities at market value                |  | ---   |
| (cost - \$182,505,517). . . . .                                |  | 157   |
| Cash. . . . .  |  |       |
| Dividends receivable. . . . .                                  |  |       |
| Receivable from investment securities sold. . . . .            |  |       |
| Prepaid insurance . . . . .                                    |  |       |
| Other receivables . . . . .                                    |  | ---   |
| Total assets . . . . .   |  | 159   |

LIABILITIES

|   |  |       |
|---|--|-------|
| Management fee payable (Note 4) . . . . .             |  |       |
| Custodian fee payable (Note 5). . . . .               |  |       |
| Accrued Republic of China taxes (Note 2G) . . . . .   |  |       |
| Payable for investment securities purchased . . . . . |  |       |
| Other payables. . . . .                               |  | ---   |
| Total liabilities. . . . .                            |  | ---   |
| Net assets. . . . .                                   |  | \$158 |
|   |  | ===== |

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COMPONENTS OF NET ASSETS (NOTE 2)

|   |       |
|---|-------|
| Par value of shares of beneficial interest (Note 7) . . . . .                                       | 310   |
| Additional paid-in capital. . . . .   | 2     |
| Accumulated net investment income . . . . .   | (91)  |
| Accumulated realized loss on investments. . . . .   | (24)  |
| Unrealized depreciation on investments (Note 6) . . . . .   | (38)  |
| Cumulative translation adjustment (Note 2E) . . . . .   | ----- |
| Net assets. . . . .   | \$158 |
|   | ===== |
| Net asset value per share (32,698,976 shares, par value<br>\$0.01, issued and outstanding). . . . . | \$    |
|   | ===== |

See accompanying notes to consolidated financial statements and accountants' review report.

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CONSOLIDATED STATEMENT OF OPERATIONS  
THE R.O.C. TAIWAN FUND / FOR THE SIX MONTHS ENDED JUNE 30, 2002 (EXPRESSED IN US DOLLARS) (UNAUDITED)  
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INVESTMENT INCOME (NOTE 2C)

|                |       |
|----------------|-------|
| Dividends..... | \$    |
| Interest.....  | ----- |

REPUBLIC OF CHINA TAXES (NOTE 2G).....

EXPENSES

|                              |       |
|------------------------------|-------|
| Management fee (Note 4)..... | 1     |
| Custodian fee (Note 5).....  |       |
| Professional fees.....       |       |
| Administrative fee.....      |       |
| Insurance expenses.....      |       |
| Trustee fees.....            |       |
| Other expenses.....          | ----- |

Net investment loss..... (1)

NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS AND FOREIGN CURRENCIES (NOTES 2 AND 6)

Net realized gain on investments (excluding short-term investments)..... 2

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|   |                 |
|---|-----------------|
| Net increase (decrease) in unrealized depreciation on:                        |                 |
| investments (excluding short-term investments).....                           | (27,141,243)    |
| translation of assets and liabilities in foreign currencies .....             | 7,955,430       |
|   | -----           |
| Net realized and unrealized loss from investments and foreign currencies..... | (16,185,813)    |
|   | -----           |
| Net decrease in net assets resulting from operations .....                    | \$ (17,794,696) |
|   | =====           |

See accompanying notes to consolidated financial statements and accountants' review report.

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CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS  
THE R.O.C. TAIWAN FUND / FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND  
THE YEAR ENDED DECEMBER 31, 2001 (EXPRESSED IN US DOLLARS)  
-----

|  | Six Months Ended<br>June 30, 2002<br>(Unaudited) | Year<br>Ended<br>December 31, 2001 |
|--|--|------------------------------------|
|  | -----  | -----                              |
| NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS   |  |                                    |
| Net investment loss . . . . .  | \$ (1,293,378)                                   | \$ (1,293,378)                     |
| Net realized gain (loss) on investments and foreign<br>currency transactions . . . . .   | 2,684,495  | (66,000)                           |
| Net increase (decrease) in unrealized appreciation<br>on investments. . . . .  | (27,141,243)                                     | 68,000                             |
| Net increase (decrease) in unrealized appreciation<br>on translation of assets and liabilities in<br>foreign currencies. . . . . | 7,955,430  | (12,000)                           |
|  | -----  | -----                              |
| Net decrease in net assets resulting from<br>operations. . . . .   | (17,794,696)                                     | (12,000)                           |
|  | -----  | -----                              |
| NET ASSETS, BEGINNING OF PERIOD . . . . .  | 176,526,135                                      | 188,000                            |
|  | -----  | -----                              |
| NET ASSETS, END OF PERIOD . . . . .  | \$158,731,439                                    | \$176,000                          |
|  | =====  | =====                              |



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See accompanying notes to consolidated financial statements and accountants' review report.

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 CONSOLIDATED FINANCIAL HIGHLIGHTS  
 THE R.O.C. TAIWAN FUND (EXPRESSED IN US DOLLARS)  
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|  | Six Months<br>Ended<br>June 30, 2002<br>(Unaudited) | Years Ended Decem |         |         |
|--|---|-------------------|---------|---------|
|  |   | 2001              | 2000    | 1999    |
|  | -----   | -----             | -----   | -----   |
| PER SHARE OPERATING PERFORMANCE:   |   |                   |         |         |
| Net asset value, beginning of period . . .   | 5.40  | 5.78              | 10.23   | 7.53    |
| Net investment loss . . . . .  | (0.04)  | (0.05)            | (0.11)  | (0.11)  |
| Net realized and unrealized gain<br>(loss) on investments and foreign<br>currency transactions . . . . . | (0.75)  | 0.06              | (3.56)  | 2.58    |
| Net increase (decrease) in unrealized<br>appreciation on translation of<br>foreign currencies . . . . .  | 0.24  | (0.39)            | (0.41)  | 0.23    |
|  | -----   | -----             | -----   | -----   |
| Total from investment operations   | (0.55)  | (0.38)            | (4.08)  | 2.70    |
| NET EFFECT OF SHARE TRANSACTIONS . . . . .   | --  | --                | --      | --      |
| DISTRIBUTIONS TO SHAREHOLDERS FROM:  |   |                   |         |         |
| Capital . . . . .  | --  | --                | --      | --      |
| Net investment income . . . . .  | --  | --                | --      | --      |
| Net realized gain on investments . . . . .   | --  | --                | (0.37)  | --      |
|  | -----   | -----             | -----   | -----   |
| Total distributions* . . . . .   | --  | --                | (0.37)  | --      |
| NET ASSET VALUE, END OF PERIOD . . . . .   | 4.85  | 5.40              | 5.78    | 10.23   |
|  | =====   | =====             | =====   | =====   |
| PER SHARE MARKET PRICE, END OF PERIOD . . . .  | 4.40  | 4.75              | 4.56    | 8.44    |
| TOTAL INVESTMENT RETURN (%)**:   |   |                   |         |         |
| Based on the Trust's market price . . . .  | (7.37)  | 4.17              | (41.71) | 36.35   |
| Based on the Trust's net asset value . . .   | (10.19)   | (6.57)            | (39.94) | 35.86   |
| RATIOS AND SUPPLEMENTAL DATA:  |   |                   |         |         |
| Net assets, end of period (in thousands).  | 158,731   | 176,526           | 188,939 | 334,521 |
| Ratio of expenses to average<br>net assets (%) . . . . .   | 2.03  | 2.01              | 1.67    | 1.81    |
| Ratio of net investment loss to<br>average net assets (%) . . . . .                                      | (1.44)  | (1.01)            | (1.09)  | (1.35)  |
| Portfolio turnover ratio (%)** . . . . .   | 52  | 173               | 165     | 191     |

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- \* See Note 2F for information concerning the Trust's distribution policy.
- \*\* Investment return and portfolio turnover ratio are calculated for the six months ended June 30, 2002 (not annualized) and for each of the five years ended December 31, 2001.
- + Annualized

See accompanying notes to consolidated financial statements and accountants' review report.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 THE R.O.C. TAIWAN FUND/ JUNE 30, 2002 (EXPRESSED IN US DOLLARS) (UNAUDITED)

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NOTE 1 - ORGANIZATION AND ACQUISITION OF  
 THE TAIWAN (R.O.C.) FUND The R.O.C.

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Taiwan Fund (the "Trust") is a Massachusetts business trust formed in July 1988 and registered with the U.S. Securities and Exchange Commission as a diversified, closedend management investment company under the Investment Company Act of 1940.

The Trust was formed in connection with the reorganization (the "Reorganization") of The Taiwan (R.O.C.) Fund (the "Fund"). The Fund, which commenced operations in October 1983, was established under the laws of the Republic of China as an open-end contractual investment fund pursuant to an investment contract between International Investment Trust Company Limited ("IIT") and Central Trust of China, as custodian. Pursuant to the Reorganization, which was completed in May 1989, the Trust acquired the entire beneficial interest in the assets constituting the Fund.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING  
 POLICIES

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A - Basis of presentation and principles of consolidation - The accompanying financial statements of the Trust have been prepared in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements include the accounts of the Trust and the Fund. All significant inter-company transactions and balances have been

end of the period, generally at the last quoted closing market price. Short-term investments are valued at amortized cost, which approximates market value. Under this method, the difference between the cost of each security and its value at maturity is accrued into income on a straightline basis over the days to maturity.

C - Security transactions and investment income - Security transactions are recorded on the date the transactions are entered into (the trade date). Dividend income is recorded on the ex-dividend date, and interest income is recorded on the accrual basis as it is earned.

D-N Realized gains and losses N Realized gains and losses on security transactions are determined for financial reporting purposes using the average cost method for the cost of investments. For federal income tax purposes realized gains and losses on security transactions are determined using the first-in-first-out method. For the 2001 tax year, the Trust generated a net capital loss of \$89,141,756, which includes a post-October 31, 2000 net capital loss of \$26,651,356. This loss may be used to offset any future capital gains generated by the Trust and, if unused, will expire on December 31, 2009. In addition, the Trust generated a post-October 31, 2001 net capital loss of \$7,449,824. The Trust was considered to recognize this loss on January 1, 2002, and if unused, such loss will expire on December 31, 2010.

E - Foreign currency translation-Substantial

eliminated in consolidation.

B - Valuation of investments - Common stocks represent securities that are traded on the Taiwan Stock Exchange or the Taiwan over-the-counter market. Such securities are valued at the closing market price, or, if not quoted at the

all of the Trust's income is earned, and its expenses are largely paid, in New Taiwan Dollars ("NT\$"). The cost and market value of securities, currency holdings and other assets and liabilities which are denominated in NT

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are reported in the accompanying financial statements after translation into United States Dollars based on the closing market rate for United States Dollars in Taiwan at the end of the period. At June 30, 2002, this rate was approximately NT\$33.558 to \$1.00. Investment income and expenses are translated at an average exchange rate for the period. Currency translation gains or losses are reported as a separate component of changes in net assets resulting from operations.

The Trust does not separately record that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

F - Distributions to shareholders - It is the Trust's policy to distribute all ordinary income and net capital gains, calculated in accordance with U.S. federal income tax regulations. Such calculations may differ from those based on generally accepted accounting principles.

G - Taxes - The Trust intends to continue to elect and to continue to qualify as a regulated investment company under the Internal Revenue Code of 1986, as amended (the "Code"). If the Trust complies with all of the applicable requirements of the Code, it will not be subject to U.S. federal income and excise taxes provided that it distributes all of its investment company taxable income and net capital gains to its shareholders.

The Republic of China ("R.O.C.") levies a tax at the rate of 20% on cash dividends and interest received by the Trust on investments in R.O.C. securities. In addition, a 20% tax

Realized gains on securities transactions are not subject to income tax in the R.O.C.; instead, a securities transaction tax of 0.1% of the market value of stocks sold or transferred, and 0.1% of the market value of bonds and beneficial certificates sold or transferred, is levied. Proceeds from sales of investments are net of securities transaction tax paid of approximately \$269,888 for the six months ended June 30, 2002.

H - 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 the accompanying notes. Actual results could differ from those estimates.

NOTE 3 - INVESTMENT CONSIDERATIONS

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Because the Trust concentrates its investments in publicly traded equity and debt securities issued by R.O.C. corporations, its portfolio involves considerations not typically associated with investing in U.S. securities. In addition, the Trust is more susceptible to factors adversely affecting the R.O.C. economy than a fund not concentrated in these issues to the same extent. Since the Trust's investment securities are primarily denominated in New Taiwan Dollars, changes in the relationship of the New Taiwan Dollar to the U.S. Dollar may also significantly affect the value of the investments and the earnings of the Trust.

NOTE 4 - INVESTMENT MANAGEMENT

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Pursuant to an investment contract (the

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is levied based on the par value of stock dividends (except those which have resulted from capitalization of capital surplus) received by the Trust.

"Investment Contract"), IIT (the "Manager") an R.O.C. corporation, is responsible, among other things, for investing and managing the assets of the Trust and administering the Trust's affairs. The Trust pays the Manager a fee in NT\$, which is accrued daily and paid monthly in arrears, at the annual rate of 1.35% of the net asset value

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("NAV") with respect to Trust assets held in Taiwan under the Investment Contract up to NT\$6 billion, 1.15% of such NAV in excess of NT\$6 billion up to NT\$8 billion, 0.95% of such NAV in excess of NT\$8 billion up to NT\$10 billion, and 0.75% of such NAV in excess of NT\$10 billion.

consisted of \$5,328,183 of gross unrealized appreciation and \$29,884,399 of gross unrealized depreciation.

NOTE 5 - CUSTODIAN

NOTE 7 - SHARES OF BENEFICIAL INTEREST

Pursuant to the Investment Contract, Central Trust of China ("CTC") serves as custodian of the assets of the Trust held in the R.O.C. CTC owns 7.74% of the outstanding capital stock of IIT. The Trust pays CTC a monthly fee in NT\$, at the annual rate of 0.15% of the NAV with respect to Trust assets held in Taiwan under the Investment Contract up to NT\$6 billion, 0.13% of such NAV in excess of NT\$6 billion up to NT\$8 billion, 0.11% of such NAV in excess of NT\$8 billion up to NT\$10 billion, and 0.09% of such NAV in excess of NT\$10 billion, subject to a minimum annual fee of NT\$2.4 million.

The Trust's "Declaration of Trust" permits Trustees to issue an unlimited number of shares of beneficial interest or additional classes of other securities. The shares have a par value of \$0.01, and no other classes of securities are outstanding at present. At June 30, 2002, 32,698,976 shares were outstanding.

NOTE 6 - INVESTMENTS IN SECURITIES

The Fund and its predecessor, The Taiwan (R.O.C.) Fund, have been certified as distributing funds by the Board of Inland Revenue of the United Kingdom for the period from their inception to December 31, 2001. The Fund intends to apply for such status for succeeding accounting periods.

Purchases and proceeds from sales, excluding bonds and short-term investments, for the six months ended June 30, 2002, included approximately \$97,479,551 for stock purchases and approximately \$89,604,462 for stock sales, respectively.

Michael Ding has been portfolio manager of the Fund since July 1999, its President since September 1999 and a trustee since June 2000. He had been the Fund's deputy manager since March 1999. Mr. Ding is also the President and Chief Investment Officer of International Investment Trust Co. (IIT), the Fund's investment manager. He has worked for the past three years at IIT, where he was previously senior vice president. Mr. Ding served as chief economist and head of research at Citicorp International Securities Ltd. in Taipei from 1996 to 1999 and as head of research and information for the greater China region at McKinsey & Co. from 1994 to 1996.

At June 30, 2002, the cost of investments, excluding bonds and short-term investments, for U.S. federal income tax purposes was approximately equal to the cost of such investments for financial reporting purposes. At June 30, 2002, the unrealized depreciation of \$24,556,216 for financial reporting purposes

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 2002 ANNUAL MEETING OF STOCKHOLDERS  
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On June 20, 2002, the Fund held an annual meeting to:

1. Elect three trustees,
2. Consider whether to convert the Fund from a closed-end investment company into an open-end investment company. The Fund's Declaration of Trust required a shareholder vote on this question, because the Funds shares had traded at an average discount of more than 10% to its net asset value over a 12- week-period beginning after the most recent such vote.

The results of the stockholder votes are shown below. Proxies representing 18,226,137, or 55.74% of the 32,698,976 eligible shares outstanding, were voted. The trustees of the Fund recommended that stockholders vote against the conversion proposal. The affirmative vote of a majority of the shares outstanding was required in order to pass the proposal. Of the 32,698,976 shares outstanding, a little more than 7% were voted for conversion. Management of the Fund expressed its appreciation for the support of stockholders on this matter.

|                                   | FOR        | WITHHELD  |
|-----------------------------------|------------|-----------|
| -----                             |            |           |
| NOMINEES TO THE BOARD OF TRUSTEES |            |           |
| Michael Ding                      | 17,187,552 | 1,038,585 |
| Robert P. Parker                  | 17,187,552 | 1,038,585 |
| Cheng-Cheng Tung                  | 17,187,552 | 1,038,585 |

Messrs. Theodore S.S. Cheng, Edward P. Collins, David N. Laux and Alfred F. Miossi, whose terms did not expire in 2002, remained trustees. Mr. Cheng resigned as a trustee in July after having retired at the end of May from his position as chairman of the board of directors of International Investment Trust Company, the Fund's investment adviser, and having been appointed as a director of another investment management company in Taiwan. Alex Hammond-Chambers was appointed as a trustee in June, following the annual meeting, to fill a vacancy on the Board of Trustees.

|   | FOR       | AGAINST   | ABSTAIN |
|---|-----------|-----------|---------|
| -----   |           |           |         |
| CONVERSION OF THE FUND FROM A CLOSED-END<br>TO AN OPEN-END INVESTMENT COMPANY | 2,392,542 | 5,275,585 | 209,805 |

Proxies covering 10,348,205 shares, or 56.78% of the shares represented at the meeting, were not voted on this issue.

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[ LOGO ]KPMG

INDEPENDENT ACCOUNTANTS REVIEW REPORT

The Trustees and Shareholders of  
The R.O.C. Taiwan Fund

We have reviewed the accompanying consolidated statement of assets and liabilities of The R.O.C. Taiwan Fund, a Massachusetts business trust (the "Trust"), including the consolidated schedule of investments, as of June 30, 2002, and the related consolidated statements of operations, changes in net assets and financial highlights for the six-month period ended June 30, 2002. These consolidated financial statements and financial highlights are the responsibilities of the Trust's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review consists principally of applying analytical procedures applied to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements and financial highlights referred to above in order for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated statement of changes in net assets for the year ended December 31, 2001 and the consolidated financial highlights for each of the years in the five-year period ended December 31, 2001, and in our report dated January 14, 2002, we expressed an unqualified opinion on the consolidated statement of changes in net assets and financial highlights.

/s/ KPMG

Taipei, Taiwan  
July 19, 2002

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THE R.O.C. TAIWAN FUND

www.roctaiwanfund.com

MANAGER:

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17th Floor  
167 Fuhsing North Road  
Taipei, Taiwan, Republic of China  
Telephone: 886-2-2713-7702  
Fax: 886-2-2717-3077

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QUARTERLY REPORT

June 30, 2002

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OFFICERS AND TRUSTEES:

Michael Ding, President and Trustee  
Edward B. Collins, Trustee and Audit Committee  
Member  
Alex Hammond-Chambers, Trustee and Audit  
Committee Member  
David N. Laux, Trustee and Audit Committee  
Member  
Alfred F. Miossi, Trustee and Audit Committee  
Member  
Robert P. Parker, Trustee and Audit Committee  
Member  
Cheng Cheng Tung, Trustee  
Peggy Chen, Chief Financial Officer,  
Treasurer and Secretary

CUSTODIAN:

Central Trust of China  
49 Wuchang Street, Sec. 1  
Taipei, Taiwan  
Republic of China

TRANSFER AGENT,

PAYING AND PLAN AGENT:  
Equiserve Trust Company, N.A.  
P.O. Box 43011  
Providence, RI 02940-3011  
U.S.A.  
Telephone: 1-800-426-5523

U.S. ADMINISTRATOR:

Citigate Dewe Rogerson Inc.  
1440 Broadway, 16th Floor  
New York, NY 10018  
U.S.A.  
Telephone: (212) 688-6840

U.S. LEGAL COUNSEL:

Paul, Weiss, Rifkind, Wharton & Garrison  
1285 Avenue of the Americas  
New York, NY 10019-6064  
Telephone: (212) 373-3000

For information on the Fund, including the NAV,  
please call toll free 1-800-343-9567.