

Edgar Filing: R O C TAIWAN FUND - Form N-CSR

R O C TAIWAN FUND
Form N-CSR
September 04, 2003

=====
OMB APPROVAL
OMB Number: 3235-0570

Expires: August 31, 2006

Estimated average burden
hours per response: 5.0
=====

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

Investment Company Act file number: 811-05617

THE R.O.C. TAIWAN FUND
(Exact name of registrant as specified in charter)

17th Floor
167 Fu Hsing North Road
Taipei, Taiwan
Republic of China
(Address of principal executive offices) (Zip code)

Citigate Financial Intelligence
62 West 45th Street
4th Floor
New York, New York 10036
(Name and address of agent for service)

Registrant's telephone number, including area code:
1-800-343-9567

Date of fiscal year end: DECEMBER 31, 2002

Date of reporting period: JUNE 30, 2003

ITEM 1. REPORTS TO SHAREHOLDERS.

Edgar Filing: R O C TAIWAN FUND - Form N-CSR

THE R.O.C. TAIWAN FUND
www.roctaiwanfund.com

MANAGER:

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

OFFICERS AND TRUSTEES:

Chi-Chu Chen, Chairman and Trustee
Michael Ding, President and Trustee
Edward B. Collins, Trustee and Audit Committee
Member
Alex Hammond-Chambers, Trustee and Audit Committee
Member
Pedro-Pablo Kuczynski, Trustee and Audit Committee
Member
David N. Laux, 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

[GRAPHIC OMITTED]
THE R.O.C.

Semi-Annual

June

CUSTODIAN:

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

TRANSFER AGENT,

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

U.S. ADMINISTRATOR:

Citigate Financial Intelligence
62 West 45th Street, 4th Floor
New York, NY 10036
U.S.A.
Telephone: (212) 840-0008

U.S. LEGAL COUNSEL:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
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.

DEAR STOCKHOLDERS

The Fund's net asset value per share (NAV) gained 8.7% in the second quarter compared to the 12.7% rise in the Taiwan Stock Exchange Index (TAIEX). The New Taiwan dollar appreciated 0.4% against the U.S. dollar during the period.

Marred only by a couple of sell-offs due to concerns about the spread of severe acute respiratory syndrome (SARS) and its effect on the economy, Taiwan's market moved steadily upward in the quarter. The prospect of a quick U.S. triumph in its war against Iraq boosted share prices early in the period. At the same time, upbeat forecasts issued by technology giants Dell and Intel underpinned a brighter outlook for Taiwan's technology companies. These factors helped the market gain almost 8% by mid-April. Investor confidence plunged, however, following an outbreak of SARS infections within a Taipei hospital. The government quarantined more than 1,000 persons within the facility and closed another hospital when the virus spread there. As a result, the TAIEX declined 4% in April as a whole.

The market regained its positive momentum as improving fundamentals for some of Taiwan's biggest companies and indications that the U.S. economy would pick up after the American victory over Iraq restored investor enthusiasm. Reports of strong revenue growth came from technology companies ranging from contract chip maker Taiwan Semiconductor Mfg. to notebook computer producer Quanta and electronic

to roughly 40% of gross national product, rose 3.7% in the second quarter from the corresponding quarter in 2002. Most of this growth came from an almost 12% increase in shipments to China (including Hong Kong), which continued to absorb about a third of all Taiwan's exports. Domestic demand suffered more keenly from the effects of SARS, even though the stock market's strong gains in the last two months of the period and the mid-June removal of Taiwan from WHO's travel alert list may have helped prevent a decline in private consumption. Private investment most likely contracted, as indicated by a fall in imports of capital goods at a double-digit rate. We estimate that the economy grew 2% in the second quarter from the year earlier period. The end of the SARS epidemic should unleash pent-up demand in the second half of the

components manufacturer Lite-on, which exceeded market expectations in the period that is usually considered a slow period. Not to be outdone, such traditional exporters enjoyed solid sales gains, in part due to exports to China.

Several measures of U.S. manufacturing activity signaled an upturn in business activity, including that the American economic recovery was under way. The rally on Wall Street and broader market gains in export-driven economies of Asia and Europe were also heavy buyers of Taiwanese goods, with about \$4 billion in May and June.

Mid-May saw another bout of infections, but a new round of cluster infections was limited. The effects of the illness, the government's growth forecast for the year. The recovery was more severe than the previous month's. SARS cases peaked in May and quickly subsided. Efforts to contain the disease were successful. The Health Organization lifted its alert in mid-June.

The economy slowed under the impact of the increase in foreign demand pressure on exports, which are equivalent

SARS, meanwhile, has already begun to affect activity in Taiwan and the region. In China, where the economy has rebounded, sales, for instance, grew 8.3% in the second quarter. This indicates that consumer spending in the economy hardest hit by SARS, has rebounded in the second quarter. Under these conditions, investors remain fully invested in a wide range of assets, being more selective in stock investments. We estimate that investors invest about half of the portfolio in assets with strong business ties to China.

We appreciate your support and

Edgar Filing: R O C TAIWAN FUND - Form N-CSR

year, and we are forecasting economic growth of 3.1% for 2003.

The Fund's gain during the rally in the last two months of the second quarter outpaced the TAIEX, but was not enough to make up for our wider loss in April due to our holdings in Taiwanese companies with growing China business. This concentration in stocks with a China exposure had a greater vulnerability to the effect of SARS on the market during late April.

The American economic recovery should see significant strengthening in the fourth quarter--if not earlier. The recovery from

market outlook and portfolio s

Respectfully submitted,

/s/ Michael Ding

Michael Ding
President

July 23, 2003

p.s. We are enclosing with thi
ability to participate in the

2

PORTFOLIO HIGHLIGHTS
Three months Ended June 30, 2003

KEY STATISTICS

Change in N.A.V. (\$4.03 to \$4.38)	\$0.35

Total Net Assets	\$143.4 Million

SECURITY CLASSIFICATION

Percent of Net Assets

Common Stocks

Short-term Investments

Total Investments

Other Assets Less Liabilities

Net Assets

TEN LARGEST HOLDINGS

Company	Percent of Net Assets

CMC Magnetics Corp.	5.20%

Pihsiang Machinery Manufacturing Co., Ltd.	4.96

Yieh Phui Enterprise Co., Ltd.	4.90

Lite-on Technology Corp.	4.49

Chunghwa Telecom Co., Ltd.	4.11

Synnex Technology International Corp.	3.95

INDUSTRY DIVERSIFICATION

Electronics

Plastics

Banking

Computers & Office Equipment

Steel & Other Metals

Semiconductors

Edgar Filing: R O C TAIWAN FUND - Form N-CSR

MediaTek Inc.	3.92	Chemical
Quanta Computer Inc.	3.75	Transportation
BenQ Corp.	3.61	Telephone Services
Nan Ya Plastics Corp.	3.48	Retailing

THE R.O.C. TAIWAN FUND
Consolidated Schedule of Investments (Unaudited)/June 30, 2003

COMMON STOCKS-- 91.88%

Automobile-- 1.95%

			% of Net A
1,400,000	shs.	* China Motor Corp	1.
193,004		* Yulon Motor Co., Ltd.	0.

Banking -- 7.99%

4,768,860		* Fu Bon Financial Holding Co., Ltd.	2.
8,000,000		* Bank of Kaohsiung Co., Ltd.	2.
164		* Sinopac Holdings Co	0.
5,000,000		* Chinatrust Financial Holding Company Ltd.	2.

Other Financials -- 2.26%

6,200,290		* Yuan Ta Securities Co., Ltd	2.
-----------	--	-------------------------------------	----

Chemicals-- 4.96%

2,400,626		* Pihsiang Machinery Manufacturing Co., Ltd	4.
-----------	--	---	----

Computers & Office Equipment -- 7.36%

4,560,000		BenQ Corp	3.
2,600,000		* Quanta Computer Inc	3.

Electrical & Machinery -- 1.74%

3,046,000		* China Metal Products Co., Ltd.....	1.
-----------	--	--------------------------------------	----

Electronics-- 19.80%

6,000,000		* Lite-on Technology Corp	4.
500		* Hon Hai Precision Industry Co., Ltd	0.
10,000,000		* CMC Magnetics Corp	5.
500,000		* Chicony Electronics Co., Ltd	0.

Edgar Filing: R O C TAIWAN FUND - Form N-CSR

3,500,000		* Everlight Electronics Co., Ltd.	2.
4,500,000		* Glotech Industrial Corp... ..	0.
2,800,000		* Optimax Technology Corp	3.
900,000		* XAC Automation Corp.	1.
1,300,000		* I-Sheng Electric Wire & Cable Co., Ltd	1.

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

4

SCHEDULE OF INVESTMENTS (CONT'D.)

			% of Net A
Transportation-- 4.29%			
4,000,000	shs.	* Evergreen Marine Corp. (Taiwan) Ltd	1.
8,500,000		* China Airlines Ltd.	2.
Plastics -- 9.18%			
2,809,578		Formosa Plastics Corp	2.
4,602,149		Nan Ya Plastics Corp	3.
3,800,000		Formosa Chemicals & Fiber Corp	2.
Retailing -- 3.95%			
4,041,675		* Synnex Technology International Corp	3.
Semiconductors-- 7.10%			
837		* United Microelectronics Corp	0.
560,560		* MediaTek Inc	3.
2,700,000		* Sonix Technology Co., Ltd.	3.
Steel & Other Metals -- 7.17%			
4,694,677		* China Steel Corp	2.
8,000,000		* Yieh Phui Enterprise Co., Ltd.	4.
Telephone Services -- 4.11%			
4,000,000		* Chunghwa Telecom Co., Ltd	4.
Textiles-- 2.59%			
18,000,000		Tainan Spinning Co., Ltd	2.
Others -- 7.43%			

Edgar Filing: R O C TAIWAN FUND - Form N-CSR

3,700,000	* Great China Metal Industry Co., Ltd	1.
2,400,000	* Taiwan Secom Co., Ltd.	1.
10	* Kang Na Hsiung Enterprise Co., Ltd	0.
4,800,000	* Taiwan Paiho Limited	3.
2,300,000	* Giant Manufacturing Co., Ltd	1.

TOTAL COMMON STOCKS (COST \$131,923,554)

*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.

 THE R.O.C. TAIWAN FUND
 Consolidated Schedule of Investments (Unaudited) (continued)/June 30, 2003

SHORT-TERM INVESTMENTS-- 7.05%

Commercial Paper - 7.00% % of
Net A

Principal Amount	Issuer (Guarantor)	
-----	-----	
\$1,444,586	Anshin Card Services Co. (Cathay United Bank), 1.00%, Due 07/04/03	1.
1,444,586	Anshin Card Services Co. (ING Bank N.V.), 1.00%, Due 07/04/03	1.
2,889,171	Eternal Chemical Co., Ltd. (Credit Lyonnais Bank), 0.90%, Due 07/04/03	2.
1,444,586	AIG Credit Card Co. (Taiwan) Ltd. (Overseas Chinese Bank), 1.03%, Due 07/05/03	1.
2,889,171	Chi An Co., Ltd. (CitiBank N. A.), 0.89%, Due 09/01/03	2.

TOTAL SHORT-TERM INVESTMENTS (AMORTIZED COST \$10,106,720)

TOTAL INVESTMENTS IN SECURITIES
 AT MARKET VALUE (COST \$142,030,274) 98.

OTHER ASSETS (LESS LIABILITIES) 1.

NET ASSETS 100.
 =====

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

Edgar Filing: R O C TAIWAN FUND - Form N-CSR

THE R.O.C. TAIWAN FUND
Consolidated Statement of Assets and Liabilities
June 30, 2003 (Unaudited) (Expressed in US Dollars)

ASSETS

Investments in securities at market value (Notes 2B, 2C, 3 and 6):

Common stocks (cost-- \$131,923,554)
Short-term investments (amortized cost-- \$10,106,720)

Total investments in securities at market value (cost-- \$142,030,274)

Cash
Dividends receivable
Other prepaid expense
Other receivables

Total assets

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

COMPONENTS OF NET ASSETS (NOTE 2)

Par value of shares of beneficial interest (Note 7)
Additional paid-in capital
Accumulated net investment income
Accumulated realized loss on investments
Unrealized depreciation on investments (Note 6)
Cumulative translation adjustment (Note 2E)

Net assets

Net asset value per share (32,698,976 shares issued and outstanding, par value \$0.01)

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

Edgar Filing: R O C TAIWAN FUND - Form N-CSR

THE R.O.C. TAIWAN FUND
Consolidated Statement of Operations
For the Six Months Ended June 30, 2003 (Unaudited) (Expressed in US Dollars)

INVESTMENT INCOME (NOTE 2C)

Dividends
Interest

REPUBLIC OF CHINA TAXES (NOTE 2G)

EXPENSES

Management fee (Note 4)
Custodian fee (Note 5)
Professional fees
Administrative fee
Insurance expenses
Trustee fees
Other expenses

Net investment loss

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

Net realized loss on:
investments
foreign currency transactions

Net realized loss on investments and foreign currency transactions
Net changes in unrealized appreciation on:
investments
translation of assets and liabilities in foreign currencies

Net realized and unrealized gain from investments and foreign currencies

Net increase in net assets resulting from operations

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

Edgar Filing: R O C TAIWAN FUND - Form N-CSR

THE R.O.C. TAIWAN FUND

Consolidated Statement of Changes in Net Assets

For the Six Months Ended June 30, 2003, and the Year Ended December 31, 2003 (Expressed in US Dollars)

	Six Months Ended June 30, 2003 (U
Net increase (decrease) in net assets resulting from operations	
Net investment loss	\$ (1
Net realized loss on investments and foreign currency transactions	(19
Net changes in unrealized appreciation/depreciation on investments	20
Net changes in unrealized appreciation/depreciation on translation of assets and liabilities in foreign currencies	-----
Net increase (decrease) in net assets resulting from operations	-----
Net assets, beginning of period	142
Net assets, end of period	\$143 =====

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

THE R.O.C. TAIWAN FUND

Consolidated Financial Highlights

(Expressed in US Dollars)

	Six Months Ended June 30, 2003 (Unaudited)	----- 2002 ----	Year Ended December 31, 2001 -----
Per share operating performance:			
Net asset value, beginning of period	4.37	5.40	5.78
Net investment loss	(0.04)	(0.06)	(0.05)
Net realized and unrealized gain (loss) on investments and foreign currency transactions	0.03	(1.02)	0.06
Net changes in unrealized appreciation/(depreciation) on translation of foreign currencies	0.02	0.05	(0.39)
Total from investment operations	----- 0.01	----- (1.03)	----- (0.38)

DISTRIBUTIONS TO SHAREHOLDERS FROM:

Edgar Filing: R O C TAIWAN FUND - Form N-CSR

Capital	--	--	--
Net investment income	--	--	--
Net realized gain on investments	--	--	--
	-----	-----	-----
Total distributions*	--	--	--
	-----	-----	-----
NET ASSET VALUE, END OF PERIOD	4.38	4.37	5.40
	=====	=====	=====
PER SHARE MARKET PRICE, END OF PERIOD	3.85	4.05	4.75
TOTAL INVESTMENT RETURN (%)**:			
Based on the Trust's market price	(4.94)	(14.74)	4.17
Based on the Trust's net asset value	0.23	(19.07)	(6.57)
RATIOS AND SUPPLEMENTAL DATA:			
Net assets, end of period (in thousands)	143,372	142,936	176,526
Ratio of expenses to average net assets (%)	2.56+	2.19	2.01
Ratio of net investment loss to average net assets (%)	(1.79)+	(1.23)	(1.01)
Portfolio turnover ratio (%)**	35	107	173

- * 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 each of the five years ended December 31, 2002.
- + Annualized

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

10

THE R.O.C. TAIWAN FUND
Notes to Consolidated Financial Statements / June 30, 2003 (Expressed in US Dollars)

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

The R.O.C. 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, closed-end 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")

B -- Valuation of investments securities that are traded on Taiwan over-the-counter market constrained by collars imposed in which case the Trust's Board use of fair valuation procedure the closing market price, or, period, generally at the last Short-term investments are valued approximates market value. Unaccrued between the cost of each security accrued into income on a straight maturity.

C -- Security transactions and transactions are recorded on

Edgar Filing: R O C TAIWAN FUND - Form N-CSR

and the 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.

As required by the Trust's "Declaration of Trust," if the shares trade on the market at an average discount to NAV of more than 10% in any consecutive 12-week period after the most recent such vote, the Trust must submit to the shareholders for a vote at its next annual meeting a binding resolution that the Trust be converted from a closed-end to an open-end investment company. The affirmative vote of a majority of the Trust's outstanding shares is required to approve such a conversion.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A -- Basis of presentation and principles of consolidation -- The accompanying consolidated 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 eliminated in consolidation.

THE R.O.C. TAIWAN FUND
Notes to Consolidated Financial Statements / June 30, 2003 (Expressed in US Dollars)

E -- Foreign currency translation--Substantially 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\$ 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, 2003, this rate was approximately NT\$34.612 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

entered into (the trade date), the ex-dividend date, and int accrual basis as it is earned

D -- Realized gains and losses securities transactions are d purposes using the average-co investments. For federal inco losses on securities transact first-in, first-out method. F 31, 2002, the Trust generated which includes a post-October \$7,449,824, and maintained a carryover of \$89,141,756, res carryover of \$105,731,250. Th used to offset any future cap and, if unused, \$89,141,756 o 31, 2009, and \$16,589,494 of 31, 2010. In addition, the Tr 2002, net capital loss of \$23 recognize this loss on Januar will expire on December 31, 2

The Republic of China ("R.O.C on cash dividends and interes investments in R.O.C. securit levied based on the par value which have resulted from capi received by the Trust. For th 2003, total par value of stoc

Realized gains on securities income tax in the R.O.C.; ins of 0.3% of the market value o 0.1% of the market value of b sold or transferred, is levie investments are net of securi approximately \$165,332 for th

H -- Use of estimates -- The in conformity with accounting the United States of America estimates and assumptions tha the financial statements and results could differ from tho

Edgar Filing: R O C TAIWAN FUND - Form N-CSR

calculated in accordance with U.S. federal income tax regulations. Such calculations may differ from those based on accounting principles generally accepted in the United States of America ("GAAP"). Permanent book and tax differences primarily relate to the treatment of the Trust's gains from the disposition of passive foreign investment company shares as well as the nondeductibility of net operating losses for U.S. federal income tax purposes. As a result, accumulated net investment income has been increased and additional paid in capital has been decreased to reflect the impact of the aforementioned permanent differences in accordance with GAAP. Such reclassification does not impact the net asset value of the fund. Temporary book and tax differences are primarily due to differing treatments for certain foreign currency losses.

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.

12

NOTE 4 -- INVESTMENT MANAGEMENT

Pursuant to an investment contract (the "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 ("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.

NOTE 5 -- CUSTODIAN

Pursuant to the Investment Contract, the 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.

NOTE 6 -- INVESTMENTS IN SECURITIES

NOTE 3 -- INVESTMENT CONSIDERATIONS

Because the Trust concentrates its portfolio in U.S. securities, its portfolio involves considerations with investing in U.S. securities more susceptible to factors of the economy than a fund not concentrated to the same extent. Since the Trust's assets are primarily denominated in New Taiwan dollars, the relationship of the New Taiwan dollar to the U.S. dollar also significantly affect the earnings of the Trust.

NOTE 7 -- SHARES OF BENEFICIARIES

The Trust's "Declaration of Trust" provides for an unlimited number of shares of the Trust, including additional classes of other securities. The value of \$0.01, and no other shares are outstanding at present. At June 30, 2001, there were 100 shares outstanding.

The Fund and its predecessor, Citicorp International Securities, have been certified as distributable income trusts under the Revenue of the United Kingdom since its inception to December 31, 2001. The Fund has such status for succeeding accounting periods.

Michael Ding has been portfolio manager of the Trust since 1999, its President since September 2001. He had been the Fund's President since June 1999. Mr. Ding is also the President and Chief Officer of International Investment Management, an investment manager. He has worked for IIT, where he was previously

Mr. Ding served as chief economist of Citicorp International Securities.

Edgar Filing: R O C TAIWAN FUND - Form N-CSR

Purchases and proceeds from sales, excluding bonds and short-term investments, for the six months ended June 30, 2003, included approximately \$47,077,934 for stock purchases and approximately \$54,891,102 for stock sales.

At June 30, 2003, 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, 2003, the unrealized depreciation of \$198,453 for financial reporting purposes consisted of \$8,774,898 of gross unrealized appreciation and \$8,973,351 of gross unrealized depreciation.

1999 and as head of research
China region at McKinsey & Co

PROXY

The Fund's policy with regard
portfolio is to vote in accor
Institutional Shareholder Ser
Investment Trust Co., the Fun
to the contrary, in which eve
will be made by the Executive
Trustees.

2003 ANNUAL MEETING OF STOCKHOLDERS

On June 24, 2003, 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 Declaration of Trust required a shareholder vote on this question because the Fund's shares are convertible into common shares of more than 10% to its net asset value over a 12-week-period beginning after the most recent quarter end.
3. Consider whether to adopt a shareholder proposal by Laxey Partners Limited, owner together with its affiliates, of approximately 12.2% of the Fund's outstanding shares as of the record date of the meeting, to terminate its advisory contract with International Investment Trust Company Limited (IIT).

The results of the stockholder votes are shown below. Proxies representing 24,651,201, or 75.39%, of the Fund's outstanding shares were voted in respect of the election of trustees. The trustees of the Fund recommend the conversion proposal, which would have required the affirmative vote of a majority of the outstanding shares. Proxies representing approximately 23.4% of the outstanding shares were voted for conversion. The trustee stockholders vote against the termination proposal, the passage of which would have required (in accordance with the Company Act of 1940) the affirmative vote of the lesser of (1) a majority of all outstanding shares and (2) a majority of shares present or represented by proxy so long as a majority of the outstanding shares were present. Proxies representing approximately 21.7% of the outstanding shares were voted in favor of termination.

	FOR	WITHHELD
NOMINEES TO THE BOARD OF TRUSTEES		
Edward P. Collins	17,516,051	7,135,150
Alex Hammond-Chambers	17,546,938	7,104,263

Edgar Filing: R O C TAIWAN FUND - Form N-CSR

Cheng-Cheng Tung 14,862,302 9,788,899

Messrs. Chi-Chu Chen, Michael Ding, Pedro-Pablo Kuczynski, David N. Laux and Robert P. Parker, who remained trustees.

	FOR	AGAINST
CONVERSION OF THE FUND FROM A CLOSED-END TO AN OPEN-END INVESTMENT COMPANY	7,664,190	11,198,396

Proxies covering 5,724,609 shares, or 23.22% of the shares represented at the meeting, were not v

	FOR	AGAINST
TERMINATION OF THE FUND'S INVESTMENT ADVISORY AGREEMENT WITH IIT	7,111,522	9,877,100

Proxies covering 7,645,173 shares, or 31.01% of the shares represented at the meeting, were not v

14

[LOGO] KPMG

KPMG Certified Public Accountants
6th Fl., No. 156, Sec. 3, Min-Sheng East Road,
Taipei, 105, Taiwan, R.O.C.

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. business trust (the "Trust"), including the consolidated schedule of investments, as of June 30, statements of operations and of changes in net assets and the consolidated financial highlights f 30, 2003. These consolidated financial statements and financial highlights are the responsibility

We conducted our review in accordance with standards established by the American Institute of Cer of interim financial information consists principally of applying analytical procedures to financ persons responsible for financial and accounting matters. It is substantially less in scope than with auditing standards generally accepted in the United States of America, the objective of whic regarding the financial statements taken as a whole. Accordingly, we do not express such an opini

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

We have previously audited, in accordance with auditing standards generally accepted in the Unite

Edgar Filing: R O C TAIWAN FUND - Form N-CSR

consolidated statement of changes in net assets for the year ended December 31, 2002, and the con
each of the years in the five-year period ended December 31, 2002, and in our report dated Januar
unqualified opinion on those consolidated statement of changes in net assets and financial highli

/s/ KPMG

Taipei, Taiwan
July 17, 2003

ITEM 2. CODE OF ETHICS.

Not applicable for semi-annual reports.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable for semi-annual reports.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable for semi-annual reports.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable for semi-annual reports.

ITEM 6. [RESERVED]

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable for semi-annual reports.

ITEM 8. [RESERVED]

ITEM 9. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) are effective as of a date within 90 days of the filing date of this report based on their evaluation of these disclosure controls and procedures as required by Rule 30a-3(b) under the Investment Company Act of 1940 and Rule 13a-15(b) under the Securities Exchange Act of 1934.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the registrant's last fiscal half-year that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 10. EXHIBITS.

(a) (1) CODE OF ETHICS:

Not applicable for semi-annual reports.

Edgar Filing: R O C TAIWAN FUND - Form N-CSR

(a) (2) CERTIFICATIONS REQUIRED BY RULE 30A-2(A) UNDER THE INVESTMENT COMPANY ACT OF 1940:

See Exhibit 99.Cert attached hereto.

(b) CERTIFICATIONS REQUIRED BY RULE 30A-2(B) UNDER THE INVESTMENT COMPANY ACT OF 1940 AND RULE 13A-14(B) UNDER THE SECURITIES EXCHANGE ACT OF 1934:

See Exhibit 99.906Cert attached hereto.

SIGNATURES

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

The R.O.C. Taiwan Fund

By: /s/ Michael Ding

Name: Michael Ding
Title: President and Chief Executive Officer

Date: August 29, 2003

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

By: /s/ Michael Ding

Name: Michael Ding
Title: President and Chief Executive Officer

By: /s/ Peggy Chen

Name: Peggy Chen
Title: Chief Financial Officer

Date: August 29, 2003