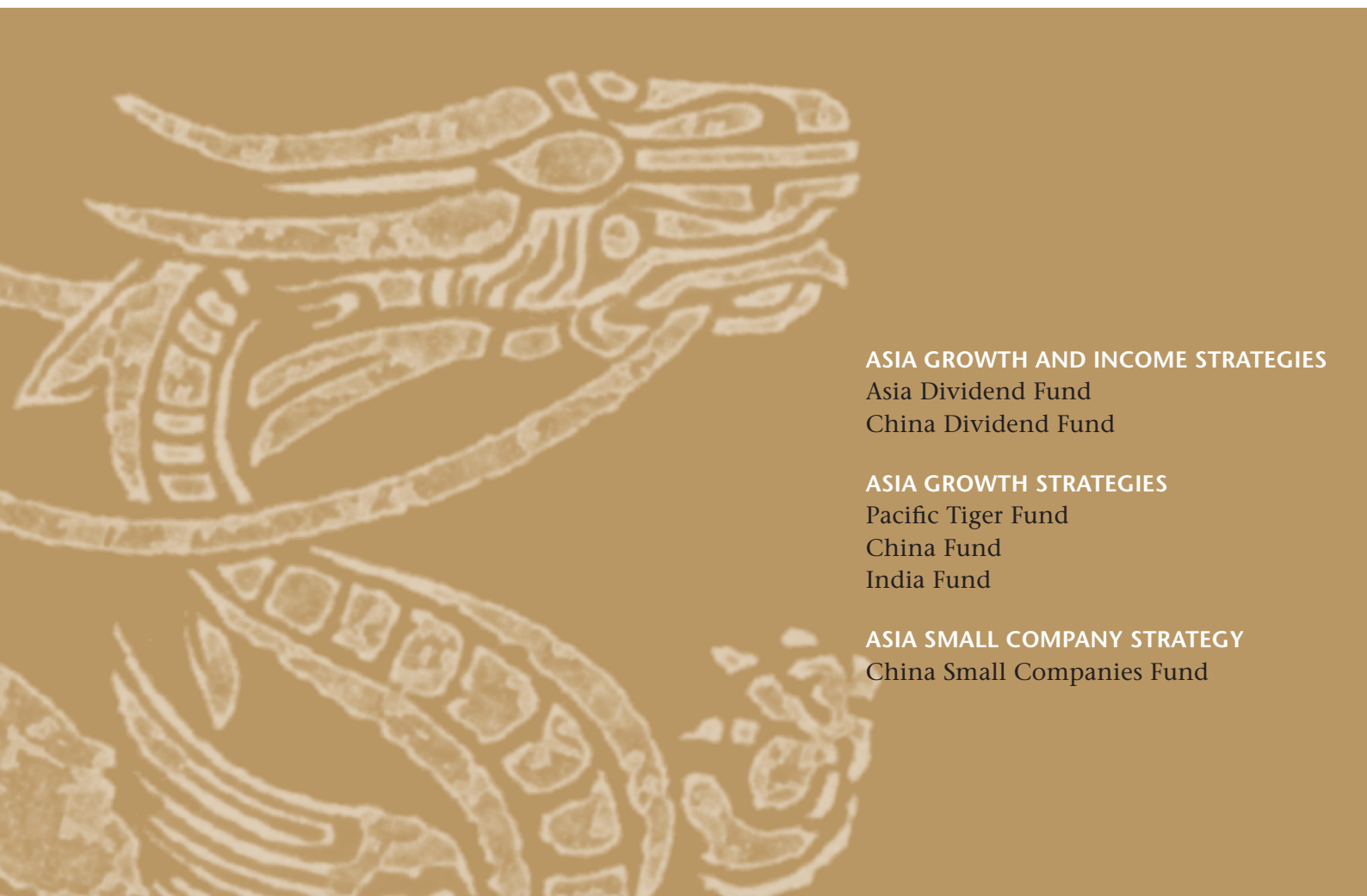


Matthews Asia Funds | Annual Report

31 March 2013



ASIA GROWTH AND INCOME STRATEGIES

Asia Dividend Fund
China Dividend Fund

ASIA GROWTH STRATEGIES

Pacific Tiger Fund
China Fund
India Fund

ASIA SMALL COMPANY STRATEGY

China Small Companies Fund



Matthews Asia

Société d'investissement à Capital Variable
Luxembourg

RCS Luxembourg B 151 275



General Information

Matthews International Capital Management, LLC (“Matthews”), formed under the laws of Delaware and regulated by the U.S. Securities and Exchange Commission, acts as Investment Manager to the Matthews Asia Funds (“the Fund”). Matthews believes in the long-term growth of Asia. Since Matthews was founded in 1991 by Paul Matthews, the firm has focused its efforts and expertise within the Asian region, investing through a variety of market environments. As an independent, privately owned firm, Matthews is the largest dedicated Asia investment specialist in the United States.

The Fund has an “umbrella” structure comprising a number of separate Sub-Funds. At the date of this report, six Sub-Funds were available for investment: Asia Dividend, China Dividend, Pacific Tiger, China, India and China Small Companies Funds. This report covers the period from 1 April 2012 to 31 March 2013. The last day on which official prices were calculated was 28 March 2013. The valuation point for the year presented in the Annual Report was at 31 March 2013. The figures presented in the financial statements are as at that date.

The annual general meeting of Shareholders will be held at the registered office of the Fund in Luxembourg on the third Tuesday of the month of June of each year at 2:00 p.m. or, if any such day is not a Business Day in Luxembourg, on the next following Business Day. Notices of all general meetings will be published to the extent required by Luxembourg Law, and in such other newspaper as the Board of Directors shall determine and will be sent to the Shareholders of registered Shares in accordance with Luxembourg Law to their addresses shown on the register of Shareholders. Such notices should include the agenda and will specify the time and place of the meeting and the conditions of admission. They will also refer to the rules of quorum and majorities required by Luxembourg Law.

Each Share confers the right to one vote. The vote on the payment of a dividend on a particular Class requires a separate majority vote from the meeting of Shareholders of the Class concerned. Any change in the Articles of Incorporation affecting the rights of a Sub-Fund must be approved by a resolution of both the general meeting of the Fund and the Shareholders of the Sub-Fund concerned.

Audited annual reports shall be published within four months following the end of the accounting year and unaudited semi-annual reports shall be published within two months following the period to which they refer. The annual reports and the semi-annual reports shall be made available at the registered offices of the Fund during ordinary office hours.

The Fund’s accounting year ends on 31 March in each year.

The Base Currency of the Fund is U.S. dollars (USD). The aforesaid reports will comprise consolidated accounts of the Fund expressed in USD as well as individual information on each Sub-Fund expressed in the Base Currency of each Sub-Fund.

Shares have not been registered under the United States Securities Act of 1933, as amended, nor the Investment Companies Act of 1940, as amended, and may not be offered directly or indirectly in the United States of America (including its territories and possessions) to nationals or residents thereof or to persons normally resident therein, or to any partnership or persons connected thereto unless pursuant to any applicable statute, rule or interpretation available under United States Law.

The Board of Directors confirms adherence to the ALFI Code of Conduct for Luxembourg investment funds.

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This report does not constitute or form part of any offer of shares or an invitation to apply for shares of the Matthews Asia Funds (the "Fund"). Subscriptions are to be made on the basis of the Key Investor Information Documents accompanied by the current full prospectus, and supplemented by the latest Annual Report or the most recent Semi-Annual Report.

The views and opinions in this report were current as at 31 March 2013. They are not guarantees of performance or investment results and should not be taken as investment advice. Investment decisions reflect a variety of factors, and the managers reserve the right to change their views about individual stocks, sectors and the markets at any time. As a result, the views expressed should not be relied upon as a forecast of a Fund's future investment intent.

The subject matter contained herein has been derived from several sources believed to be reliable and accurate at the time of compilation. Matthews International Capital Management, LLC does not accept any liability for losses either direct or consequential caused by the use of this information.

The most current Key Investor Information Documents, full prospectus, and most recent Semi-Annual Report and Annual Report for each Sub-Fund, can be found at global.matthewsasiasia.com. Please read the Key Investor Information Documents and current full prospectus carefully before investing.

Matthews Asia Funds

Management and Administration

BOARD OF DIRECTORS

Chairman

William J. Hackett, Chief Executive Officer
Matthews International Capital Management, LLC
Four Embarcadero Center, Suite 550
San Francisco, CA 94111, United States of America

Directors

Richard Goddard, Independent Director
The Directors' Office, S.A.
19, rue de Bitbourg, L-1273 Luxembourg
Grand Duchy of Luxembourg

John P. McGowan, Senior Vice President
Matthews International Capital Management, LLC
Four Embarcadero Center, Suite 550
San Francisco, CA 94111, United States of America

Timothy B. Parker, General Counsel
Matthews International Capital Management, LLC
Four Embarcadero Center, Suite 550
San Francisco, CA 94111, United States of America

Conducting Officers

Richard Goddard
Timothy B. Parker

INVESTMENT MANAGER AND GLOBAL DISTRIBUTOR

Matthews International Capital Management, LLC
Four Embarcadero Center, Suite 550
San Francisco, CA 94111, United States of America

INVESTMENT ADVISOR

Matthews Global Investors S.à r.l.
19, rue de Bitbourg
L-1273 Luxembourg
Grand Duchy of Luxembourg

CUSTODIAN, ADMINISTRATIVE AGENT AND LISTING AGENT

J.P. Morgan Bank Luxembourg S.A.
European Bank & Business Centre
6c, route de Trèves
L-2633 Senningerberg
Grand Duchy of Luxembourg

REVISEUR D'ENTREPRISES AGREE

Deloitte Audit
Société à responsabilité limitée
560, rue de Neudorf
L-2220 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISOR

Elvinger, Hoss & Prussen
2, Place Winston Churchill
L-1340 Luxembourg
Grand Duchy of Luxembourg

REGISTERED OFFICE

J.P. Morgan Bank Luxembourg S.A.
European Bank & Business Centre
6c, route de Trèves
L-2633 Senningerberg
Grand Duchy of Luxembourg



"The greatest reforms in Asia over the past two decades have taken place outside of Japan, in China and India and Southeast Asia."

Investment Manager's Report

Dear Valued Investors,

When we look at investments in Asia, we try to look beyond the near term, which currently indicates that Asian economies seem to be on the upswing of a credit cycle. But how can growth be sustained without causing inflation? Japan poses a different question: how much of its recent rally is real and how much just driven by money flows? Let us frame this in the light of the late Prime Minister Margaret Thatcher's legacy.

Personally, I have long admired her for her outspoken defense of free markets and political style. What lessons from Thatcher's legacy can the world draw upon today? There is evidence that "Thatcherite" policies came in two forms: first, short-term policy in the style of noted economist Milton Friedman to use money supply to control inflation; second, long-term supply-side reforms to increase productive capacity. For the U.S. and Europe, where demand remains depressed, supply-side reforms offer less of a way out. They lack demand, not supply. However, in much of Asia where demand is strong, supply-side reforms appear to offer greater scope for sustainable growth.

The actual implementation of reform in Asia is patchy. China, spurred by a reformist leadership, is working to improve supply in its capital markets. These reforms may be accelerated by the desire to liberalise trading in the renminbi. In India, supply-side reforms are most needed in the government ownership of assets and in the system of price controls over various commodities. However, progress has been slow. Southeast Asia is building up its manufacturing base and the economies in this region still need to raise the productivity of workers and their spending power. At the same time, relatively young populations in these countries should start to mature over the next few decades, improving their skills and knowledge and acting as a further boost to labour supply.

Japan is somewhat different. Corporate reforms undertaken there, primarily with regard to raised dividend payouts, still have not addressed some of the core concerns about bloated labour costs and inefficient use of capital. As it is, Japan seems to be embarking on more of a "Friedmanite" revolution than a "Thatcherite" one. Symbolically, perhaps, Japan's reform means that the Bank of Japan is printing money to buy real estate investment trusts; in the U.K., Thatcher liberalised home ownership. In other words, Japan is pursuing a pure monetary solution without any microeconomic reform.

Many countries in Asia are pursuing what could be called "Thatcherite" reforms. The greatest reforms in Asia over the past two decades have taken place outside of Japan, in China and India and Southeast Asia. Going forward, that seems likely to continue to be the case. Whether monetary stimulus in Japan is enough to kick-start a new vibrant economy and revitalise Japan's stock market, or whether it will require further reforms in the spirit of Thatcher, remains an unanswered question. Our main role, as investors, is not to try to time the monetary waves, rather to try to assess what will persist and what will remain, after the waves have dissipated.

Robert Horrocks, PhD
Chief Investment Officer
Matthews International Capital Management, LLC



Report of the Réviseur d'entreprises agréé To the Shareholders of Matthews Asia Funds

c/o J.P. Morgan Bank Luxembourg S.A.
European Bank & Business Centre
6c, route de Trèves
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Following our appointment by the general meeting of the Shareholders dated 17 July 2012, we have audited the accompanying financial statements of Matthews Asia Funds (the "SICAV") and of each of its Sub-Funds, which comprise the Statement of Assets and Liabilities and the Schedule of Investments as at 31 March 2013 and the Statement of Operations and Changes in Net Assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors of the SICAV for the financial statements

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements and for such internal control as the Board of Directors of the SICAV determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Matthews Asia Funds and of each of its Sub-Funds as of 31 March 2013, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

Other matter

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

For Deloitte Audit, *Cabinet de révision agréé*

Luxembourg, 21 June 2013

Johnny Yip, *Réviseur d'entreprises agréé*

Partner

Société à responsabilité limitée
RCS Luxembourg B 67 895
Autorisation d'établissement n° 8800?
Member of Deloitte Touche Tohmatsu



PORTFOLIO MANAGERS

Jesper O. Madsen, CFA
Lead Manager

Yu Zhang, CFA
Co-Manager

Asia Dividend Fund

Fund Manager Report

Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the one-year period ending 31 March 2013, the Matthews Asia Dividend Fund returned 17.15%* while its benchmark, the MSCI All Country Asia Pacific Index, returned 10.19%. For the quarter ending 31 March 2013, the Fund rose 8.12% while the benchmark returned 5.51%.

During the second half of the fiscal year, Japan's equity market showed strong performance on the back of decisive moves by Prime Minister Shinzo Abe and the Bank of Japan's (BOJ) new governor to combat the country's persistent deflation. Strong stock selection in Japan and Singapore added significantly to the Fund's performance during the year.

Thai Beverage Public, a leading beer and spirits company in Thailand and a top contributor to performance, continued to benefit from its part in a take-over of a Singaporean conglomerate, a deal that was well-received by the market. The Fund's Japanese holdings performed well overall, with Pigeon, a manufacturer of baby care products, as the top Japanese contributor for the year. Pigeon, a long-term holding of the Fund, continued to show strong sales growth in China, which now accounts for about 20% of revenues and an even more significant share of its operating income. Dividends per share rose 30% year-on-year due to the solid rise in earnings. Pigeon exemplifies the ways in which many companies, even while incorporated in Japan, are increasingly deriving their growth from China and the rest of Asia.

During the year, the Fund's holdings in Korea were the main detractors to performance. In particular, the Fund's holdings within the Korean education sector performed poorly due to a less supportive regulatory framework as well as company-specific weakness at Woongjin Thinkbig, and we exited the holding as a result. Hong Kong-listed consumer discretionary companies Li Ning and Esprit were also exited after they slashed dividends as a recovery in their business fundamentals failed to materialise.

By sector, financials and consumer staples were the main contributors to performance, while the energy and materials sectors detracted. Over the year, we added to the portfolio businesses with greater exposure to the economic cycle. While these companies hold strong competitive positions within their respective industries they tend to trade at compelling valuations due to the muted economic outlook globally. We have also been selectively adding health care and consumer discretionary businesses with strong franchises to the Fund.

Looking ahead, Europe's debt issues continue to linger and worries over an economic slowdown in China still prevail. While the U.S. economy has improved somewhat, it remains dependent on central bank policies. Uncertainty brings with it opportunity, especially for those with a contrarian view and a long-term investment approach. The Fund continues to be predominantly positioned with companies that we believe will be stable dividend-payers, such as consumer staples firms, while at the same time taking advantage of attractively priced cyclical businesses. As we enter the new fiscal year, we feel fortunate to be dividend-focused investors in Asian equities. Long-term growth prospects remain solid, while yields on offer continue to look attractive.

* Performance is based on swung net asset value per Share, see note 11.

Asia Dividend Fund

31 March 2013

Schedule of Investments (Audited)

Transferable securities and money market instruments admitted to official exchange listing or dealt in on another regulated market. As at 31 March 2013, expressed in U.S. dollars.

COMMON EQUITIES: 95.4%

	Shares	Value	% of Net Assets
CHINA/HONG KONG: 31.8%			
China Mobile Ltd - ADR	285,600	15,163,561	3.5
HSBC Holdings PLC - ADR	287,000	15,177,495	3.5
China Shenhua Energy Co Ltd			
- H Shares	2,930,000	10,661,529	2.4
Television Broadcasts Ltd	1,394,100	10,567,486	2.4
Shenzhen International Group Holdings Ltd	3,376,000	9,500,404	2.2
Yum! Brands Inc	128,600	9,176,573	2.1
Cheung Kong Holdings Ltd	600,000	8,860,408	2.0
Mint Group Ltd	5,470,000	8,068,477	1.9
Dongfeng Motor Group Co Ltd			
- H Shares	5,678,000	7,983,586	1.8
Cheung Kong Infrastructure Holdings Ltd	1,147,000	7,870,610	1.8
Jiangsu Express Co Ltd - H Shares	6,684,000	6,688,760	1.5
Guangdong Investment Ltd	6,210,000	5,462,023	1.3
Haitian International Holdings Ltd	3,405,000	5,297,515	1.2
Link REIT	920,500	5,014,785	1.2
Yuexiu Transport Infrastructure Ltd	9,022,000	4,720,073	1.1
Cafe de Coral Holdings Ltd	1,524,000	4,639,524	1.1
Xingda International Holdings Ltd	10,577,000	3,492,531	0.8
Sichuan Expressway Co Ltd			
- H Shares	244,000	78,930	0.0
Total China/Hong Kong		138,424,270	31.8
JAPAN: 18.9%			
ORIX Corp	1,464,000	18,618,598	4.3
ITOCHU Corp	1,423,300	17,395,644	4.0
Japan Tobacco Inc	493,200	15,759,247	3.6
Pigeon Corp	132,700	9,277,444	2.1
NTT DoCoMo Inc	4,012	5,952,354	1.4
Lawson Inc	75,100	5,753,979	1.3
Miraca Holdings Inc	100,500	4,816,073	1.1
EPS Co Ltd	2,510	3,725,951	0.9
Shinko Plantech Co Ltd	126,400	1,018,208	0.2
Total Japan		82,317,498	18.9
SINGAPORE: 10.5%			
Ascendas Real Estate Investment Trust REIT	4,728,000	9,910,104	2.3
Singapore Technologies Engineering Ltd	2,837,500	9,859,390	2.2
United Overseas Bank Ltd	482,000	7,924,910	1.8
CapitaRetail China Trust - REIT	4,348,000	6,127,889	1.4
ARA Asset Management Ltd	2,692,710	4,167,566	1.0
Super Group Ltd	1,111,000	3,489,490	0.8
Ascendas India Trust - REIT	5,041,000	3,352,888	0.8
Sheng Siong Group Ltd	1,808,000	954,418	0.2
Total Singapore		45,786,655	10.5

	Shares	Value	% of Net Assets
AUSTRALIA: 9.1%			
QBE Insurance Group Ltd	679,636	9,567,145	2.2
Metcash Ltd	1,826,235	7,877,105	1.8
Coca-Cola Amatil Ltd	482,260	7,324,932	1.7
Primary Health Care Ltd	1,228,396	6,339,299	1.5
Ansell Ltd	257,031	4,305,802	1.0
David Jones Ltd	1,307,108	4,076,656	0.9
Total Australia		39,490,939	9.1
TAIWAN: 6.8%			
Chunghwa Telecom Co Ltd - ADR	328,660	10,168,694	2.3
Taiwan Semiconductor Manufacturing Co Ltd - ADR	421,500	7,234,049	1.7
Johnson Health Tech Co Ltd	1,541,392	4,272,002	1.0
St Shine Optical Co Ltd	174,000	3,400,950	0.8
TXC Corp	1,887,219	2,850,183	0.6
Taiwan Hon Chuan Enterprise Co Ltd	723,754	1,871,697	0.4
Total Taiwan		29,797,575	6.8
INDONESIA: 6.4%			
Indofood Sukses Makmur Tbk PT	11,616,500	8,916,128	2.0
PT Perusahaan Gas Negara	12,934,500	7,927,742	1.8
United Tractors Tbk PT	3,851,500	7,238,580	1.7
PT Telekomunikasi Indonesia - ADR	58,500	2,622,736	0.6
PT Telekomunikasi Indonesia	1,140,500	1,293,279	0.3
Total Indonesia		27,998,465	6.4
THAILAND: 4.1%			
Thai Beverage Public PCL	16,742,000	8,224,708	1.9
PTT Exploration & Production PCL			
- Foreign	1,032,949	5,243,032	1.2
Tisco Financial Group PCL - Foreign	2,378,000	4,491,459	1.0
Total Thailand		17,959,199	4.1
SOUTH KOREA: 3.4%			
KT&G Corp	111,332	7,547,221	1.7
LG Chem Ltd	79,489	6,392,708	1.5
MegaStudy Co Ltd	13,360	856,205	0.2
Total South Korea		14,796,134	3.4
MALAYSIA: 2.2%			
AMMB Holdings BHD	4,191,300	8,852,285	2.0
Pavilion - REIT	1,542,000	797,467	0.2
Total Malaysia		9,649,752	2.2

Schedule of Investments (Audited) (continued)**COMMON EQUITIES** (continued)

	Shares	Value	% of Net Assets
INDIA: 1.1%			
Tata Motors Ltd - A DVR	1,775,574	5,002,063	1.1
Total India		5,002,063	1.1

PHILIPPINES: 1.1%			
Globe Telecom Inc	156,145	4,586,879	1.1
Total Philippines		4,586,879	1.1

	Shares	Value	% of Net Assets
TOTAL COMMON EQUITIES		415,809,429	
(Cost \$374,093,480)			

TOTAL INVESTMENTS: 95.4%	415,809,429
(Cost \$374,093,480)	

CASH AND OTHER ASSETS, LESS LIABILITIES: 4.6%	19,860,654
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NET ASSETS: 100.0%	435,670,083
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ADR: American Depositary Receipt

BHD: Berhad

DVR: Differential Voting Rights

H Shares: Mainland Chinese companies listed on the Hong Kong stock exchange but incorporated in mainland China

REIT: Real Estate Investment Trust

The accompanying notes form an integral part of these financial statements.



PORTFOLIO MANAGERS

Yu Zhang, CFA
Lead Manager

Jesper O. Madsen, CFA
Co-Manager

China Dividend Fund

Fund Manager Report

Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

Matthews China Dividend Fund was launched on 31 January 2013. For the month ending March 2013, the China Dividend Fund returned -0.61%, while its benchmark, the MSCI China Index, fell -4.57%.

The deepening of China's equity market in recent years, and the expanding universe of the country's dividend-paying companies, has made it possible for Matthews to pursue a scalable dividend investing strategy in China across a variety of industries. The objective of the Matthews China Dividend Fund is to generate total return by focusing on the significant and fast-growing number of dividend-paying companies in China. It leverages both our knowledge of investing in Chinese companies gained through our long track record in China as well as the dividend-focused stock selection process of the Matthews Asia Dividend Fund.

During the period, mixed macroeconomic data made it unclear whether China's economy could maintain its recovery momentum. Such uncertainty was further exacerbated by market reaction to another round of government measures to cool the property market as well as increased efforts to control the rapid credit growth of China's informal lending or "shadow banking" system.

Among the main contributors to performance during the period were Haitian International, a manufacturer of plastic injection molding machines, and Minth Group, an automotive parts supplier. Haitian's strength in product research and development helped the company retain its pricing power, even during the recent industry downturn. While its full-year results were still negatively impacted by the sluggish demand, its profit margin was maintained due to an increase in the average selling price for its products, surprising the market on the upside. For Minth Group, after years of persistent effort, its overseas business expansion strategy began to pay off with strong sales growth momentum in such markets as North America and Europe. This offset the relatively weak domestic sales in China. In addition to posting positive earnings growth despite a challenging market condition, the company also raised its dividend payout ratio, resulting in a 42% increase in the dividend.

Among the main detractors to Fund performance during the period were Xingda International and winemaker Yantai Changyu Pioneer Wine. Xingda's tire cord business, which is sensitive to economic cycles, was significantly impacted by industry overcapacity amid a very weak customer demand environment. While Xingda raised its dividend payout ratio to nearly 100% to dampen the negative impact of a sharp earnings decline, a clearer pickup of customer demand is still needed for both the industry and the company to turn the corner.

Partly as a result of China's new efforts to trim government excess, winemaker Yantai Changyu saw its stock price come under pressure on concerns over a slowdown in China's burgeoning wine industry. The firm was also impacted by new foreign market entrants. While both concerns are understandable, we remain of the view that over the long term the rising culture of wine consumption in China should still be intact. As the largest domestic wine company, Yantai Changyu still enjoys an extensive distribution network. At its current price, we continue to see the stock as an attractive investment.

During the period, Tianjin ZhongXin Pharmaceutical, a traditional Chinese medicine maker, was among the health care firms in which we found valuations to be attractive. With a strong drug portfolio, the company has been revamping its distribution strategy and is aggressively expanding its hospital sales channel. If successful, we believe the company's growth should accelerate, making the stock's current valuation discount to its peers harder to justify.

While China's equity market may remain volatile over the short term, such market uncertainty has also created opportunities for us to uncover good dividend growers with attractive dividend yields.

Schedule of Investments (Audited)

Transferable securities and money market instruments admitted to official exchange listing or dealt in on another regulated market. As at 31 March 2013, expressed in U.S. dollars.

COMMON EQUITIES: CHINA/HONG KONG: 80.4%

	Shares	Value	% of Net Assets
CONSUMER DISCRETIONARY: 28.3%			
Hotels, Restaurants & Leisure: 9.2%			
Yum! Brands Inc	10,300	734,982	3.3
Shanghai Jinjiang International Hotels Development Co Ltd - B Shares	450,624	723,702	3.3
Cafe de Coral Holdings Ltd	184,000	560,153	2.6
		2,018,837	9.2
Auto Components: 5.6%			
Minth Group Ltd	574,000	846,674	3.8
Xingda International Holdings Ltd	1,182,000	390,297	1.8
		1,236,971	5.6
Automobiles: 3.7%			
Dongfeng Motor Group Co Ltd - H Shares	580,000	815,512	3.7
		815,512	3.7
Media: 3.6%			
Television Broadcasts Ltd	105,400	798,948	3.6
		798,948	3.6
Multiline Retail: 3.1%			
Springland International Holdings Ltd	1,342,000	677,141	3.1
		677,141	3.1
Textiles, Apparel & Luxury Goods: 3.1%			
Shenzhou International Group Holdings Ltd	246,000	692,269	3.1
		692,269	3.1
Total Consumer Discretionary		6,239,678	28.3

INDUSTRIALS: 14.0%

Machinery: 4.1%			
Haitian International Holdings Ltd	584,000	908,590	4.1
		908,590	4.1
Transportation Infrastructure: 7.4%			
China Merchants Holdings International Co Ltd	174,000	571,274	2.6
Jiangsu Expressway Co Ltd - H Shares	538,000	538,383	2.5
Yuexiu Transport Infrastructure Ltd	978,000	511,664	2.3
		1,621,321	7.4
Air Freight & Logistics: 2.5%			
Shenzhen Chiwan Petroleum - B Shares	319,800	566,481	2.5
		566,481	2.5
Total Industrials		3,096,392	14.0

FINANCIALS: 13.3%			
Real Estate Management & Development: 4.4%			
Cheung Kong Holdings Ltd	36,000	531,624	2.4
E-House China Holdings Ltd	46,500	224,778	1.0
Swire Pacific Ltd	16,500	210,398	1.0
		966,800	4.4
Real Estate Investment Trusts: 5.3%			
Yuexiu Real Estate Investment Trust	1,427,000	810,347	3.7
Link REIT	66,500	362,285	1.6
		1,172,632	5.3
Commercial Banks: 3.6%			
HSBC Holdings PLC - ADR	15,100	798,537	3.6
		798,537	3.6
Total Financials		2,937,969	13.3

ENERGY: 8.3%

Oil, Gas & Consumable Fuels: 8.3%			
China Shenhua Energy Co Ltd - H Shares	213,000	775,053	3.5
China Petroleum & Chemical Corp - ADR	5,600	655,347	3.0
CNOOC Ltd - ADR	2,100	406,814	1.8
		1,837,214	8.3
Total Energy		1,837,214	8.3

CONSUMER STAPLES: 5.9%

Beverages: 3.3%			
Yantai Changyu Pioneer Wine Co Ltd - B Shares	164,696	727,554	3.3
		727,554	3.3
Food Products: 2.6%			
Vitasoy International Holdings Ltd	500,000	563,636	2.6
		563,636	2.6
Total Consumer Staples		1,291,190	5.9

UTILITIES: 4.7%

Water Utilities: 2.9%			
Guangdong Investment Ltd	738,000	649,110	2.9
		649,110	2.9
Electric Utilities: 1.8%			
Cheung Kong Infrastructure Holdings Ltd	57,000	391,129	1.8
		391,129	1.8
Total Utilities		1,040,239	4.7

TELECOMMUNICATION SERVICES: 3.4%

Wireless Telecommunication Services: 3.4%			
China Mobile Ltd	14,200	753,931	3.4
		753,931	3.4
Total Telecommunication Services		753,931	3.4

China Dividend Fund

31 March 2013

Schedule of Investments (Audited) (continued)

COMMON EQUITIES: CHINA/HONG KONG (continued)

	Shares	Value	% of Net Assets
HEALTH CARE: 2.5%			
Pharmaceuticals: 2.5%			
Tianjin ZhongXin Pharmaceutical Group Corp Ltd - S Shares	522,000	561,150	2.5
		561,150	2.5
Total Health Care		561,150	2.5

TOTAL COMMON EQUITIES: CHINA/HONG KONG:	17,757,763
(Cost \$17,952,449)	

COMMON EQUITIES: SINGAPORE: 4.1%

FINANCIALS: 4.1%			
Real Estate Investment Trusts: 4.1%			
CapitaRetail China Trust	568,000	800,515	3.7
Mapletree Greater China Commercial Trust	110,000	92,132	0.4
		892,647	4.1
Total Financials		892,647	4.1

TOTAL COMMON EQUITIES: SINGAPORE	892,647
(Cost \$888,840)	

COMMON EQUITIES: TAIWAN: 15.2%

HEALTH CARE: 5.9%			
Health Care Equipment & Supplies: 5.9%			
Pacific Hospital Supply Co Ltd	242,000	744,247	3.4
St Shine Optical Co Ltd	28,000	547,279	2.5
		1,291,526	5.9
Total Health Care		1,291,526	5.9

TELECOMMUNICATION SERVICES: 3.0%			
Diversified Telecommunication Services: 3.0%			
Chunghwa Telecom Co Ltd - ADR	21,200	655,925	3.0
		655,925	3.0
Total Telecommunication Services		655,925	3.0

INFORMATION TECHNOLOGY: 2.6%			
Electronic Equipment, Instruments & Components: 1.3%			
TXC Corp	196,000	296,010	1.3
		296,010	1.3
Semiconductors & Semiconductor Equipment: 1.3%			
Taiwan Semiconductor Manufacturing Co Ltd	85,000	285,062	1.3
		285,062	1.3
Total Information Technology		581,072	2.6

CONSUMER DISCRETIONARY: 2.6%

Leisure Equipment & Products: 2.6%			
Johnson Health Tech Co Ltd	207,000	573,705	2.6
		573,705	2.6
Total Consumer Discretionary		573,705	2.6

MATERIALS: 1.1%

Containers & Packaging: 1.1%			
Taiwan Hon Chuan Enterprise Co Ltd	97,000	250,851	1.1
		250,851	1.1
Total Materials		250,851	1.1

TOTAL COMMON EQUITIES: TAIWAN	3,353,079
(Cost \$3,279,130)	

TOTAL COMMON EQUITIES	22,003,489
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TOTAL INVESTMENTS: 99.7%	22,003,489
(Cost \$22,120,059)	

CASH AND OTHER ASSETS, LESS LIABILITIES: 0.3%	60,980
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NET ASSETS: 100.0%	22,064,469
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ADR: American Depositary Receipt

B Shares: Mainland Chinese companies listed on the Shanghai and Shenzhen stock exchanges, available to both Chinese and non-Chinese investors

H Shares: Mainland Chinese companies listed on the Hong Kong stock exchange but incorporated in mainland China

REIT: Real Estate Investment Trust

S Shares: Mainland Chinese companies listed on the Singapore stock exchange but incorporated in mainland China.

The accompanying notes form an integral part of these financial statements.



PORTFOLIO MANAGERS

Richard H. Gao
Lead Manager

Sharat Shroff, CFA
Lead Manager

Pacific Tiger Fund

Fund Manager Report

Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the year ending 31 March 2013, the Matthews Pacific Tiger Fund returned 11.09% while its benchmark, the MSCI All Country Asia ex Japan Index, returned 7.41%. For the quarter ending 31 March 2013, the Matthews Pacific Tiger Fund returned 3.05% while its benchmark fell -0.42%.

During the most recent quarter, the relatively smaller markets in the region continued to perform strongly while China delivered subpar returns. Within the region's smaller markets, Thailand and Indonesia contributed most to the portfolio's outperformance during the fiscal year in review. Both governments substantially increased their minimum wages during this period, which has continued to support consumption-related demand. Inflationary pressure has generally been well-contained amid a low interest environment as well as low prices for commodities, such as oil. Stable raw material input prices also helped companies deliver good earnings growth.

In Thailand, the potential for a sustained pickup in capital spending and infrastructure-related projects has raised prospects for strong earnings growth in areas such as financials and building materials. That said, we are mindful of the valuations for select stocks, and have gradually reduced some of our exposure to Thai holdings.

By contrast, we have continued to add to our exposure to Chinese companies, across a variety of industries such as insurance and consumer-related businesses. As a group, Chinese companies were among the detractors to Fund performance during the fiscal year as concerns over slower growth and the possibility of more stringent measures related to China's real estate market worried investors. Despite these concerns, some of the portfolio's property stocks were among the better performers within our China holdings, and were helped by a recovery in transaction volumes.

We continue to search for mid-sized companies with good management teams that can benefit from secular growth in China and other parts of Asia. One recent addition to the portfolio, GAIL India is a mid-sized natural gas processing and distribution company. We were attracted to this firm as we believe energy consumption in India is likely to be driven by natural gas usage. It is our contention that management's efforts to secure supplies of gas are intensifying and may support growth in the coming years, and this outlook is not adequately reflected in the valuation.

Since last summer, gains in Asia's equity markets have been driven by an expansion in valuation multiples, particularly for stocks in Southeast Asia. In spite of those gains, the equity performance in Asia continues to lag returns from other developed markets such as the U.S. While there are several factors behind the relative underperformance, the divergence in profitability between companies in Asia and those in the U.S. is worth mentioning. Over the past few years, the profitability across many parts of the Asia ex-Japan region has been deteriorating due to rising cost pressures. In our experience, Asian entrepreneurs are relatively more likely to forgo margins than to lose market share.

With prospects for lower capital costs and operating leverage, along with stable commodity prices, margins may start to recover. A recovery in margins and the profitability of businesses is critical for a sustained recovery in the underlying operating performance of companies. In our view, the likelihood of such a recovery, particularly in economies like China and India, is not being fully reflected in the valuations, and this provides us with an opportunity to add to our positions in the portfolio.

Pacific Tiger Fund

31 March 2013

Schedule of Investments (Audited)

Transferable securities and money market instruments admitted to official exchange listing or dealt in on another regulated market. As at 31 March 2013, expressed in U.S. dollars.

COMMON EQUITIES: 96.2%

	Shares	Value	% of Net Assets
CHINA/HONG KONG: 26.8%			
Ping An Insurance Group Co - H Shares	45,500	353,151	2.9
Dairy Farm International Holdings Ltd	25,200	305,050	2.5
Hang Lung Group Ltd	46,000	258,745	2.1
Sinopharm Group Co Ltd - H Shares	72,400	233,674	1.9
Dongfeng Motor Group Co Ltd - H Shares	154,000	216,533	1.8
China Resources Land Ltd	66,000	184,651	1.5
China Resources Enterprise Ltd	62,000	183,841	1.5
Tingyi (Cayman Islands) Holding Corp	70,000	182,951	1.5
Digital China Holdings Ltd	120,000	162,278	1.4
China Vanke Co Ltd - B Shares	82,690	161,258	1.3
China Mobile Ltd - ADR	3,000	159,281	1.3
Hengan International Group Co Ltd	14,000	137,084	1.1
Lenovo Group Ltd	124,000	123,387	1.0
Baidu Inc - ADR	1,370	120,613	1.0
Swire Pacific Ltd	8,500	108,387	0.9
Shangri-La Asia Ltd	55,666	109,165	0.9
Tencent Holdings Ltd	3,200	101,861	0.8
Hong Kong Exchanges and Clearing Ltd	5,900	100,580	0.8
Li & Fung Ltd	32,000	44,215	0.4
China Merchants Bank Co Ltd - H Shares	12,000	25,430	0.2
Total China/Hong Kong		3,272,135	26.8

INDIA: 17.5%			
Tata Power Co Ltd	191,289	340,484	2.8
ITC Ltd	43,208	246,459	2.0
Kotak Mahindra Bank Ltd	17,681	212,893	1.7
Housing Development Finance Corp	13,345	203,282	1.6
GAIL India Ltd	33,441	196,072	1.6
HDFC Bank Ltd	16,071	185,317	1.5
Sun Pharmaceutical Industries Ltd	12,262	184,986	1.5
Titan Industries Ltd	35,196	166,236	1.4
Container Corp of India Ltd	7,452	141,469	1.2
Dabur India Ltd	46,921	118,372	1.0
Thermax Ltd	11,117	115,419	0.9
Infosys Ltd - ADR	600	31,576	0.3
Total India		2,142,565	17.5

SOUTH KOREA: 14.7%			
Dongbu Insurance Co Ltd	6,471	276,355	2.2
Samsung Electronics Co Ltd	196	266,584	2.2
NHN Corp	1,062	255,920	2.1
Green Cross Corp	1,746	242,994	2.0
Amorepacific Corp	244	205,062	1.7
Cheil Worldwide Inc	7,174	155,188	1.3
Yuhan Corp	705	120,272	1.0
Hyundai Mobis	405	113,563	0.9
MegaStudy Co Ltd	1,452	93,055	0.8
Posco	221	65,036	0.5
Total South Korea		1,794,029	14.7

INDONESIA: 10.0%			
PT Perusahaan Gas Negara	616,000	377,555	3.1
PT Astra International	352,500	287,280	2.4
PT Bank Central Asia	184,000	216,193	1.8
PT Indofood CBP Sukses Makmur	206,500	204,160	1.7
PT Telekomunikasi Indonesia	113,000	128,137	1.0
PT Telekomunikasi Indonesia - ADR	100	4,483	0.0
Total Indonesia		1,217,808	10.0

THAILAND: 8.1%			
Central Pattana PCL - Foreign	91,600	297,047	2.5
Bank of Ayudhya PCL - Foreign	209,200	246,557	2.0
Siam Cement PCL	15,000	245,927	2.0
PTT Exploration & Production PCL - Foreign	38,514	195,489	1.6
Total Thailand		985,020	8.1

TAIWAN: 7.2%			
Delta Electronics Inc	80,000	335,457	2.8
President Chain Store Corp	36,000	197,688	1.6
Synnex Technology International Corp	95,297	172,453	1.4
Taiwan Semiconductor Manufacturing Co Ltd	26,000	87,195	0.7
Yuanta Financial Holding Co Ltd	168,962	85,598	0.7
Total Taiwan		878,391	7.2

MALAYSIA: 5.2%			
Genting - BHD	90,800	294,561	2.4
Public Bank - BHD	31,900	167,352	1.4
IHH Healthcare - BHD	66,900	79,507	0.6
Top Glove Corp - BHD	38,600	67,315	0.5
IHH Healthcare - BHD	28,000	31,682	0.3
Total Malaysia		640,417	5.2

PHILIPPINES: 2.3%			
SM Prime Holdings Inc	589,975	275,851	2.3
Total Philippines		275,851	2.3

SINGAPORE: 2.2%			
Hyflux Ltd	108,000	127,175	1.0
Keppel Land Ltd	46,000	146,301	1.2
Total Singapore		273,476	2.2

SWITZERLAND: 1.5%			
DKSH Holding AG	2,045	181,106	1.5
Total Switzerland		181,106	1.5

VIETNAM: 0.7%			
Vietnam Dairy Products JSC	14,887	81,573	0.7
Total Vietnam		81,573	0.7

Schedule of Investments (Audited) (continued)

TOTAL COMMON EQUITIES	11,742,371
(Cost \$10,600,055)	
TOTAL INVESTMENTS: 96.2%	11,742,371
(Cost \$10,600,055)	
CASH AND OTHER ASSETS, LESS LIABILITIES: 3.8%	468,903
NET ASSETS: 100.0%	12,211,274

ADR: American Depositary Receipt

B Shares: Mainland Chinese companies listed on the Shanghai and Shenzhen stock exchanges, available to both Chinese and non-Chinese investors

BHD: Berhad

H Shares: Mainland Chinese companies listed on the Hong Kong stock exchange but incorporated in mainland China

The accompanying notes form an integral part of these financial statements.



PORTFOLIO MANAGERS

Richard H. Gao
Lead Manager

Henry Zhang, CFA
Co-Manager

China Fund

Fund Manager Report

Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the one-year period ending 31 March 2013, the Matthews China Fund returned 1.04% while its benchmark, the MSCI China Index, returned 6.91%. For the quarter ending 31 March 2013, the Fund fell -1.57% while the benchmark dropped -4.54%.

Both fixed asset investments and exports, historically China's two biggest engines for economic growth, continued to decelerate. It seemed 2012 would mark the end of China's 12-year streak of annual GDP growth over 8%, and the government clearly stated that its focus would shift more toward quality of growth rather than pace of growth. Indeed, a rebalancing of growth to be more reliant upon domestic demand has become the central government's top priority in setting economic policy. During the last three months of 2012, there were growing signs that China's macroeconomic environment may have reached bottom and investor sentiment toward Chinese equities improved substantially. However, the optimism fell during the first three months of 2013 after economic data indicated a tepid recovery.

The Fund lagged its benchmark during the fiscal year in review as the consumer discretionary and consumer staples sectors, in which we maintain overweight allocations, were among the worst performers. Meanwhile, China's financial sector, in which we are underweight relative to the benchmark, performed well during the period. Our investment in consumer-related sectors touches a wide range of industries, including department stores and other retailers, auto manufacturers and hotels. China's domestic consumption faced some strong headwinds in the past year as economic growth slowed and consumer sentiment deteriorated. Profitability for many consumer firms was further squeezed by rising labour costs and overcapacity, and the firms came under considerable selling pressure, particularly as many had previously traded at relatively high valuations given strong past growth.

We expect that the slowing consumption levels and lower profitability represent only a near-term phenomenon, and that longer-term growth in China's domestic consumption is ongoing. The government's rebalancing efforts toward this goal have strengthened our conviction.

During the fiscal year, we consolidated some of our consumer holdings and also exited some holdings that did not meet expectations. We exited positions in Ports Design, Ctrip.com and New Oriental Education & Technology Group during the year and added to consumer names like China Mengniu Dairy, Dongfeng Motor Group and Golden Eagle Retail Group. Although Golden Eagle faces what we believe are short-term challenges to its main department store operations business, the firm has consistently demonstrated strong management capability in handling tough competitive environments and we believe it has the potential to remain a leader in its industry. We also selectively increased our positions in clean energy companies such as China Longyuan and Kunlun Energy during the fiscal year.

Looking forward, while China's macroeconomic environment is expected to continue on its path of recovery, we do anticipate that the country will see more modest growth rates than those we saw over the past two decades. Service-oriented industries have also been of particular interest to us as we believe China's need for services will continue to grow rapidly. We will maintain our strategy of positioning the portfolio toward less cyclical sectors and seeking companies that can perform well through varying economic cycles.

Schedule of Investments (Audited)

Transferable securities and money market instruments admitted to official exchange listing or dealt in on another regulated market. As at 31 March 2013, expressed in U.S. dollars.

COMMON EQUITIES: CHINA/HONG KONG: 97.6%

	Shares	Value	% of Net Assets
FINANCIALS: 24.6%			
Real Estate Management & Development: 8.6%			
China Vanke Co Ltd - B Shares	500,453	975,956	2.8
China Resources Land Ltd	312,000	872,893	2.5
Hang Lung Group Ltd	113,000	635,612	1.9
Swire Pacific Ltd	39,000	497,303	1.4
		2,981,764	8.6
Commercial Banks: 8.4%			
China Merchants Bank Co Ltd - H Shares	436,955	925,973	2.7
China Construction Bank - H Shares	850,340	695,051	2.0
Agricultural Bank of China Ltd - H Shares	1,364,000	654,131	1.9
BOC Hong Kong Holdings Ltd	193,000	644,340	1.8
		2,919,495	8.4
Insurance: 5.5%			
Ping An Insurance Group Co - H Shares	120,500	935,269	2.7
China Life Insurance Co Ltd - H Shares	260,000	674,153	2.0
China Life Insurance Co Ltd - ADR	7,000	286,747	0.8
		1,896,169	5.5
Diversified Financial Services: 2.1%			
Hong Kong Exchanges and Clearing Ltd	42,400	722,810	2.1
		722,810	2.1
Total Financials		8,520,238	24.6

CONSUMER DISCRETIONARY: 16.4%

Hotels, Restaurants & Leisure: 7.6%			
Cafe de Coral Holdings Ltd	282,000	858,494	2.5
Sands China Ltd	126,400	656,345	1.9
Home Inns & Hotels Management Inc - ADR	19,300	581,395	1.7
Shangri - La Asia Ltd	266,000	521,643	1.5
		2,617,877	7.6
Automobiles: 2.0%			
Dongfeng Motor Group Co Ltd - H Shares	498,000	700,216	2.0
		700,216	2.0
Specialty Retail: 1.8%			
Belle International Holdings Ltd	378,000	629,290	1.8
		629,290	1.8
Multiline Retail: 1.5%			
Golden Eagle Retail Group Ltd	281,000	507,238	1.5
		507,238	1.5
Media: 1.5%			
Television Broadcasts Ltd	67,000	507,870	1.5
		507,870	1.5
Distributors: 1.4%			
Li & Fung Ltd	350,000	483,601	1.4
		483,601	1.4

CONSUMER DISCRETIONARY (continued)

Textiles, Apparel & Luxury Goods: 0.6%			
Li Ning Co Ltd	314,000	185,289	0.5
Li Ning Co Ltd - Rights	157,000	21,873	0.1
		207,162	0.6
Total Consumer Discretionary		5,653,254	16.4

INFORMATION TECHNOLOGY: 11.2%

Internet Software & Services: 4.4%			
Tencent Holdings Ltd	16,800	534,770	1.6
NetEase.com Inc - ADR	9,450	521,582	1.5
Sina Corp	9,450	462,692	1.3
		1,519,044	4.4
Electronic Equipment, Instruments & Components: 2.1%			
Digital China Holdings Ltd	539,000	728,897	2.1
		728,897	2.1
Computers & Peripherals: 2.0%			
Lenovo Group Ltd	690,000	686,587	2.0
		686,587	2.0
Communications Equipment: 1.7%			
ZTE Corp - H Shares	342,880	592,226	1.7
		592,226	1.7
Software: 1.0%			
Kingdee International Software Group Co Ltd	2,014,800	332,703	1.0
		332,703	1.0
Total Information Technology		3,859,457	11.2

CONSUMER STAPLES: 10.8%

Food Products: 3.7%			
Tingyi (Cayman Islands) Holding Corp	266,000	695,214	2.0
China Mengniu Dairy Co Ltd	203,000	582,719	1.7
		1,277,933	3.7
Food & Staples Retailing: 3.3%			
China Resources Enterprise Ltd	164,000	486,290	1.4
Lianhua Supermarket Holdings Co Ltd - H Shares	552,800	440,726	1.2
Sun Art Retail Group Ltd	166,000	231,071	0.7
		1,158,087	3.3
Beverages: 2.0%			
Tsingtao Brewery Co Ltd - H Shares	106,000	676,586	2.0
		676,586	2.0
Personal Products: 1.8%			
Hengan International Group Co Ltd	62,500	611,980	1.8
		611,980	1.8
Total Consumer Staples		3,724,586	10.8

*Schedule of Investments (Audited) (continued)***COMMON EQUITIES (continued)**

	Shares	Value	% of Net Assets
INDUSTRIALS: 9.8%			
Transportation Infrastructure: 3.2%			
China Merchants Holdings International Co Ltd	194,000	636,938	1.8
Yuexiu Transport Infrastructure Ltd	918,000	480,273	1.4
		1,117,211	3.2
Machinery: 3.0%			
CSR Corp Ltd - H Shares	804,000	571,140	1.6
Sany Heavy Equipment International Holdings Co Ltd	534,500	247,467	0.7
China National Materials Co Ltd - H Shares	863,000	230,454	0.7
		1,049,061	3.0
Airlines: 2.0%			
Air China Ltd - H Shares	766,000	680,767	2.0
		680,767	2.0
Industrial Conglomerates: 1.6%			
NWS Holdings Ltd	313,500	558,271	1.6
		558,271	1.6
Total Industrials		3,405,310	9.8
ENERGY: 7.3%			
Oil, Gas & Consumable Fuels: 5.0%			
China Shenhua Energy Co Ltd - H Shares	180,000	654,974	1.9
CNOOC Ltd	315,000	606,500	1.8
Kunlun Energy Co Ltd	210,000	446,758	1.3
		1,708,232	5.0
Energy Equipment & Services: 2.3%			
China Oilfield Services Ltd - H Shares	386,000	809,731	2.3
		809,731	2.3
Total Energy		2,517,963	7.3
TELECOMMUNICATION SERVICES: 5.6%			
Wireless Telecommunication Services: 3.2%			
China Mobile Ltd	62,500	662,195	1.9
China Mobile Ltd - ADR	8,000	424,750	1.3
		1,086,945	3.2
Diversified Telecommunication Services: 2.4%			
China Communications Services Corp Ltd - H Shares	1,294,000	835,802	2.4
		835,802	2.4
Total Telecommunication Services		1,922,747	5.6

	Shares	Value	% of Net Assets
UTILITIES: 6.5%			
Electric Utilities: 3.0%			
Cheung Kong Infrastructure Holdings Ltd	149,000	1,022,425	3.0
		1,022,425	3.0
Gas Utilities: 2.1%			
Hong Kong & China Gas Co Ltd	254,534	743,863	2.1
		743,863	2.1
Independent Power Producers & Energy Traders: 1.4%			
China Longyuan Power Group Corp - H Shares	536,000	486,611	1.4
		486,611	1.4
Total Utilities		2,252,899	6.5
HEALTH CARE: 5.4%			
Health Care Equipment & Supplies: 3.0%			
Mindray Medical International Ltd - ADR	25,450	1,026,260	3.0
		1,026,260	3.0
Health Care Providers & Services: 2.4%			
Sinopharm Group Co Ltd - H Shares	265,200	855,945	2.4
		855,945	2.4
Total Health Care		1,882,205	5.4
TOTAL COMMON EQUITIES		33,738,659	
(Cost \$ 32,603,513)			
TOTAL INVESTMENTS: 97.6%		33,738,659	
(Cost \$ 32,603,513)			
CASH AND OTHER ASSETS, LESS LIABILITIES: 2.4%		821,736	
NET ASSETS: 100.0%		34,560,395	

ADR: American Depositary Receipt

B Shares: Mainland Chinese companies listed on the Shanghai and Shenzhen stock exchanges, available to both Chinese and non-Chinese investors

H Shares: Mainland Chinese companies listed on the Hong Kong stock exchange but incorporated in mainland China

The accompanying notes form an integral part of these financial statements.



PORTFOLIO MANAGERS

Sharat Shroff, CFA
Lead Manager

Sunil Asnani
Co-Manager

India Fund

Fund Manager Report

Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the fiscal year ending 31 March 2013, the Matthews India Fund gained 4.69% while its benchmark, the Bombay Stock Exchange 100 Index, rose by 1.80%. For the quarter ending 31 March 2013, the Fund fell -0.23% while the benchmark dropped -4.25%.

During the fiscal year, the market's large-capitalisation stocks delivered better returns compared to their smaller peers due partly to two factors: record foreign equity inflows, which have generally skewed toward large-cap stocks, and net selling by domestic investors, who tend to hold more small company stocks.

The Fund's higher allocation to small and mid-capitalisation stocks, a focus of our strategy, detracted from performance during the fiscal year in review. We were also overweight in the industrials and materials sectors—areas that had not done well primarily as private capital expenditure has largely ceased. One thing that helped, however, was our higher weight in defensive areas such as consumer staples as the market has recently avoided riskier investments.

Investments in companies that have what we believe to be stronger business models and management teams than their peers helped the Fund outperform its benchmark for the year, and some portfolio holdings were able to deliver more favourable earnings than overall sector performance. For example, within materials, the companies in which we invest tend to own their brands and command pricing power. This has helped them amid declining commodity prices, which have conversely hurt metals companies. We tend to avoid metals firms as their business models are more tied to cyclical commodities.

During the year, we consolidated the portfolio, exiting some positions in technology services, an industry that has increasingly seen more competition. Companies in this area have been shifting away from business models based on "labour arbitrage," or the practice of chasing lower-cost labour and outsourcing, and toward business models driven more by domain expertise. We also added a consumer discretionary company, Symphony, which makes and markets air cooling products. We believe the firm, a market leader, should benefit from India's rising household incomes as well as increasing penetration of appliances.

Looking ahead, a strong pickup in India's economic growth is dependent on greater impetus from policymaking. However, this is an internal challenge, and is not contingent on the economic environment elsewhere in the world. The recent passage of a bill by the central government to allow foreign direct investment in the retail sector is illustrative in that the burden of implementing new reforms is at least partly shifting from the central government to India's state governments. We are optimistic that this move should allow some state governments to take the lead and set a positive example for other local administrations. Valuations are at or below the historical five- and ten-year averages after recent corrections and in the light of a challenging macro-economic environment, we believe our approach of focusing on fundamental, bottom-up research is critical to identifying and investing in the companies and entrepreneurs of India that can chart their own destinies across varying economic cycles.

India Fund

31 March 2013

Schedule of Investments (Audited)

Transferable securities and money market instruments admitted to official exchange listing or dealt in on another regulated market. As at 31 March 2013, expressed in U.S. dollars.

COMMON EQUITIES: INDIA: 93.9%

	Shares/ Units	Value	% of Net Assets
FINANCIALS: 19.3%			
Commercial Banks: 9.5%			
HDFC Bank Ltd	49,763	573,825	4.2
ICICI Bank Ltd	23,291	448,978	3.3
Axis Bank Ltd	6,051	145,127	1.1
Allahabad Bank	54,202	126,349	0.9
		1,294,279	9.5
Diversified Financial Services: 7.3%			
Kotak Mahindra Bank Ltd	51,181	616,260	4.5
Infrastructure Development Finance Co Ltd	109,540	290,123	2.1
Multi Commodity Exchange of India Ltd	6,398	97,894	0.7
		1,004,277	7.3
Thriffs & Mortgage Finance: 2.5%			
Housing Development Finance Corp	22,241	338,792	2.5
		338,792	2.5
Total Financials		2,637,348	19.3

INDUSTRIALS: 17.5%

Machinery: 7.4%			
Ashok Leyland Ltd	890,112	358,275	2.6
Thermax Ltd	29,859	310,003	2.3
AIA Engineering Ltd	50,334	294,762	2.1
Jain Irrigation Systems Ltd	49,954	56,535	0.4
		1,019,575	7.4
Road & Rail: 3.1%			
Container Corp of India Ltd	22,249	422,377	3.1
		422,377	3.1
Transportation Infrastructure: 2.8%			
Gujarat Pipavav Port Ltd	421,835	387,286	2.8
		387,286	2.8
Industrial Conglomerates: 2.6%			
MAX India Ltd	84,566	348,704	2.6
		348,704	2.6
Electrical Equipment: 1.6%			
Crompton Greaves Ltd	123,136	213,050	1.6
		213,050	1.6
Total Industrials		2,390,992	17.5

CONSUMER STAPLES: 16.7%

Personal Products: 13.0%			
Emami Ltd	72,516	803,895	5.9
Dabur India Ltd	237,671	599,596	4.4
Bajaj Corp Ltd	92,133	375,338	2.7
		1,778,829	13.0
Tobacco: 3.7%			
ITC Ltd	89,629	511,245	3.7
		511,245	3.7
Total Consumer Staples		2,290,074	16.7

MATERIALS: 15.3%

Chemicals: 12.1%			
Asian Paints Ltd	8,970	812,794	5.9
Castrol India Ltd	81,273	474,992	3.5
Supreme Industries Ltd	63,827	367,665	2.7
		1,655,451	12.1
Construction Materials: 1.9%			
Grasim Industries Ltd	5,018	260,127	1.9
		260,127	1.9
Metals & Mining: 1.3%			
NMDC Ltd	69,218	174,814	1.3
		174,814	1.3
Total Materials		2,090,392	15.3

CONSUMER DISCRETIONARY: 9.6%

Auto Components: 3.9%			
Exide Industries Ltd	221,702	528,679	3.9
		528,679	3.9
Media: 3.5%			
Jagran Prakashan Ltd	244,207	418,371	3.0
Dish TV India Ltd	50,611	62,561	0.5
		480,932	3.5
Textiles, Apparel & Luxury Goods: 1.2%			
Titan Industries Ltd	35,533	167,828	1.2
		167,828	1.2
Household Durables: 1.0%			
Symphony Ltd	20,512	135,311	1.0
		135,311	1.0
Total Consumer Discretionary		1,312,750	9.6

INFORMATION TECHNOLOGY: 6.5%

Internet Software & Services: 3.9%			
Info Edge India Ltd	80,571	533,429	3.9
		533,429	3.9
IT Services: 2.6%			
MindTree Ltd	12,749	214,785	1.5
CMC Ltd	3,104	77,287	0.6
Infosys Ltd	1,264	67,277	0.5
		359,349	2.6
Total Information Technology		892,778	6.5

HEALTH CARE: 5.4%

Pharmaceuticals: 5.4%			
Sun Pharmaceutical Industries Ltd	40,393	609,374	4.5
Cipla Ltd	17,531	122,638	0.9
		732,012	5.4
Total Health Care		732,012	5.4

UTILITIES: 2.6%

Gas Utilities: 2.6%			
GAIL India Ltd	60,590	355,252	2.6
		355,252	2.6
Total Utilities		355,252	2.6

*Schedule of Investments (Audited) (continued)***COMMON EQUITIES: INDIA (continued)**

	Shares/ Units	Value	% of Net Assets
ENERGY: 1.0%			
Oil, Gas & Consumable Fuels: 1.0%			
Reliance Industries Ltd	9,223	131,436	1.0
		131,436	1.0
Total Energy		131,436	1.0

TOTAL COMMON EQUITIES: INDIA	12,833,034
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(Cost \$13,359,392)

COMMON EQUITIES: SINGAPORE: 3.8%

FINANCIALS: 3.8%			
Real Estate Management & Development: 3.8%			
Ascendas India Trust REIT	779,000	518,131	3.8
		518,131	3.8
Total Financials		518,131	3.8

TOTAL COMMON EQUITIES: SINGAPORE	518,131
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(Cost \$535,373)

TOTAL COMMON EQUITIES	13,351,165
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CONVERTIBLE BONDS: INDIA: 1.6%

	Shares/ Units	Value	% of Net Assets
UTILITIES: 1.6%			
Electric Utilities: 1.6%			
Tata Power Company Ltd 1.75% 21/11/2014	200,000	211,500	1.6
		211,500	1.6
Total Utilities		211,500	1.6

TOTAL CONVERTIBLE BONDS	211,500
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(Cost \$213,500)

TOTAL INVESTMENTS: 99.3%	13,562,665
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(Cost \$14,108,265)

CASH AND OTHER ASSETS, LESS LIABILITIES: 0.7%	101,035
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NET ASSETS: 100.0%	13,663,700
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REIT: Real Estate Investment Trust



PORTFOLIO MANAGERS

Richard Gao
Lead Manager

Henry Zhang, CFA
Co-Manager

China Small Companies Fund

Fund Manager Report

Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).

For the one-year period ending 31 March 2013, the Matthews China Small Companies Fund returned 8.39% while its benchmark, the MSCI China Small Cap Index, returned 17.77%. For the quarter ending 31 March 2013, the Fund rose 8.50% while the benchmark returned 5.79%.

Over the past 12 months, China's economy experienced modest growth. Economic activity slowed during the first two quarters, followed by a mild recovery during the latter half of the fiscal period. During the fiscal year in review, China completed its once-in-a-decade leadership transition, and its new leaders laid out a blueprint for future growth, maintaining its GDP growth target for 2013 at 7.5% and lowering its inflation target to 3.5% from 4% last year.

By sector, health care and financials were the main contributors to absolute performance for the period. Despite last year's tough economic environment, health care companies were largely unscathed and demonstrated strong growth in both revenues and profits. Pharmaceutical company Sino Biopharmaceutical was one of the top contributors to Fund performance, having benefited from growing medical spending and health care demand. Investors were also encouraged to find that recent regulatory price adjustments for certain drugs in China listed as "essential" has had only limited impact on the company. China Overseas Grand Oceans Group, a Hong Kong-based property developer and one of the largest holdings in the Fund, was also among the top contributors to performance. The firm demonstrated strong execution capability in a less favorable market environment. Given its focus on expansion into smaller cities, the company has the potential to benefit from the long-term trend of rising inland urbanisation and rising household income.

Conversely, holdings in the information technology and consumer staples sectors were among the major detractors to Fund performance during the past 12 months. Integrated IT service provider Digital China faced challenges as its distribution business was negatively impacted by subdued demand for notebook computers. Investors were also concerned by a large equity placement from the company's CEO. While the company may face near-term headwinds, we have maintained our position in this stock as the firm's leading market position remains intact, and its other business segments continue to experience healthy growth. Another major detractor was NVC Lighting, a lighting fixture manufacturer and distributor in China. The stock suffered heavy sell-off as the management and the major shareholders had disputes over some management practices. We exited the position as we consider solid management to be a key criterion in company selection.

We initiated a position in Chailease, a Taiwan-listed leasing company. Established in 1977, Chailease entered mainland China in 2005 as one of the first foreign leasing companies to be granted a national leasing license. With its extensive operating experience and successful track record, the company has become one of the leading leasing companies in both Taiwan and mainland China. Given that the leasing industry is still at a nascent stage in China, we believe Chailease will benefit from growing demand for its services.

China's economic growth appears to have stabilised. Under its new administration, the country's increasing urbanisation and rising household income should continue to serve as the main drivers of domestic demand. The government has clearly stated that it would shift its focus toward quality of growth rather than emphasising pace of growth for a more balanced economic structure. We believe China's smaller companies will benefit from the country's ongoing transformation from a central planned economy to a market-oriented economy. We will continue to seek small companies that can benefit from these shifts.

Investing in small- and mid-size companies is more risky and volatile than investing in large companies as they may be more volatile and less liquid than larger companies.

Schedule of Investments (Audited)

Transferable securities and money market instruments admitted to official exchange listing or dealt in on another regulated market. As at 31 March 2013, expressed in U.S. dollars.

COMMON EQUITIES: CHINA/HONG KONG: 84.1%

	Shares	Value	% of Net Assets
CONSUMER DISCRETIONARY: 24.7%			
Leisure Equipment & Products: 7.3%			
Sunny Optical Technology Group Co Ltd	38,000	43,933	3.7
Goodbaby International Holdings Ltd	72,000	42,340	3.6
		86,273	7.3
Auto Components: 3.0%			
Minth Group Ltd	24,000	35,401	3.0
		35,401	3.0
Hotels, Restaurants & Leisure: 2.9%			
Home Inns & Hotels Management Inc - ADR	600	18,074	1.5
Tao Heung Holdings Ltd	28,000	15,939	1.4
		34,013	2.9
Diversified Consumer Services: 2.6%			
TAL Education Group - ADR	3,300	31,284	2.6
		31,284	2.6
Media: 2.5%			
Television Broadcasts Ltd	4,000	30,321	2.5
		30,321	2.5
Multiline Retail: 2.4%			
Springland International Holdings Ltd	57,000	28,761	2.4
		28,761	2.4
Textiles, Apparel & Luxury Goods: 2.2%			
Trinity Ltd	32,000	16,378	1.4
Anta Sports Products Ltd	11,000	9,411	0.8
		25,789	2.2
Speciality Retail: 1.8%			
Hengdeli Holdings Ltd	76,000	21,310	1.8
		21,310	1.8
Total Consumer Discretionary		293,152	24.7
INDUSTRIALS: 15.0%			
Machinery: 4.5%			
Haitian International Holdings Ltd	17,000	26,449	2.2
Airtac International Group	3,000	15,294	1.3
Sany Heavy Equipment International Holdings Co Ltd	25,000	11,575	1.0
		53,318	4.5
Electrical Equipment: 3.7%			
Hangzhou Steam Turbine Co - B Share	20,960	35,136	3.0
Zhuzhou CSR Times Electric Co Ltd - H Share	3,000	8,509	0.7
		43,645	3.7
Professional Services: 3.0%			
51job Inc - ADR	600	35,938	3.0
		35,938	3.0
Transportation Infrastructure: 2.4%			
Yuexiu Transport Infrastructure Ltd	54,000	28,251	2.4
		28,251	2.4
Marine: 1.4%			
SITC International Holdings Co Ltd	46,000	17,441	1.4
		17,441	1.4
Total Industrials		178,593	15.0

	Shares	Value	% of Net Assets
HEALTH CARE: 9.5%			
Pharmaceuticals: 6.6%			
Sino Biopharmaceutical	72,000	50,321	4.2
Lee's Pharmaceutical Holdings Ltd	25,000	17,406	1.5
Tianjin ZhongXin Pharmaceutical Group Corp Ltd - S Share	10,000	10,750	0.9
		78,477	6.6
Life Sciences Tools & Services: 2.9%			
WuXi PharmaTech Cayman Inc - ADR	2,000	34,199	2.9
		34,199	2.9
Total Health Care		112,676	9.5

FINANCIALS: 10.3%

Real Estate Management & Development: 10.3%			
China Overseas Grand Oceans Group Ltd	42,000	55,450	4.7
Franshion Properties China Ltd	124,000	40,582	3.4
KWG Property Holding Ltd	22,000	13,784	1.1
K Wah International Holdings Ltd	24,000	13,486	1.1
		123,302	10.3
Total Financials		123,302	10.3

INFORMATION TECHNOLOGY: 7.7%

Electronic Equipment, Instruments & Components: 3.8%			
Digital China Holdings Ltd	18,000	24,342	2.0
PAX Global Technology Ltd	90,000	20,748	1.8
		45,090	3.8
Internet Software & Services: 3.0%			
21Vianet Group Inc - ADR	2,700	25,623	2.2
SINA Corp	200	9,792	0.8
		35,415	3.0
Semiconductors & Semiconductor Equipment: 0.9%			
Spreadtrum Communications Inc - ADR	300	6,061	0.5
RDA Microelectronics Inc - ADR	500	4,734	0.4
		10,795	0.9
Total Information Technology		91,300	7.7

UTILITIES: 5.6%

Gas Utilities: 5.6%			
Towngas China Co Ltd	72,000	66,526	5.6
		66,526	5.6
Total Utilities		66,526	5.6

China Small Companies Fund

31 March 2013

Schedule of Investments (Audited) (continued)

COMMON EQUITIES: CHINA/HONG KONG (continued)

	Shares	Value	% of Net Assets
CONSUMER STAPLES: 5.4%			
Household Products: 2.3%			
Vinda International Holdings Ltd	19,000	27,138	2.3
		27,138	2.3
Food Products: 2.2%			
Shenguan Holdings Group Ltd	32,000	16,611	1.4
Tenfu Cayman Holdings Co Ltd	17,000	8,977	0.8
		25,588	2.2
Food & Staples Retailing: 0.9%			
Wumart Stores Inc - H Share	6,000	10,840	0.9
		10,840	0.9
Total Consumer Staples		63,566	5.4

MATERIALS: 5.3%			
Containers & Packaging: 3.1%			
Greatview Aseptic Packaging Co Ltd	55,000	36,835	3.1
		36,835	3.1
Chemicals: 2.2%			
Yip's Chemical Holdings Ltd	24,000	25,717	2.2
		25,717	2.2
Total Materials		62,552	5.3

ENERGY: 0.6%			
Oil, Gas and Consumable Fuels: 0.6%			
Sinopec Kantons Holdings Ltd	8,000	7,024	0.6
		7,024	0.6
Total Energy		7,024	0.6

TOTAL COMMON EQUITIES: CHINA/HONG KONG:		998,691	
(Cost \$855,786)			

COMMON EQUITIES: TAIWAN: 11.8%

HEALTH CARE: 4.4%			
Health Care Equipment & Supplies: 4.4%			
Ginko International Co Ltd	2,000	33,040	2.8
St Shine Optical Co Ltd	1,000	19,546	1.6
		52,586	4.4
Total Health Care		52,586	4.4

INDUSTRIAL: 3.1%			
Machinery: 3.1%			
Yungtay Engineering Co Ltd	19,000	37,142	3.1
		37,142	3.1
Total Industrial		37,142	3.1

CONSUMER DISCRETIONARY: 1.9%			
Hotels, Restaurants & Leisure: 1.9%			
Gourmet Master Co Ltd	4,100	22,878	1.9
		22,878	1.9
Total Consumer Discretionary		22,878	1.9

FINANCIALS: 1.7%			
Diversified Financial Services: 1.7%			
Chailease Holding Co Ltd	7,000	19,491	1.7
		19,491	1.7
Total Financials		19,491	1.7

MATERIALS: 0.7%			
Containers & Packaging: 0.7%			
Taiwan Hon Chuan Enterprise Co Ltd	3,000	7,758	0.7
		7,758	0.7
Total Materials		7,758	0.7

TOTAL COMMON EQUITIES: TAIWAN		139,855	
(Cost \$132,705)			

TOTAL COMMON EQUITIES	1,138,546
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TOTAL INVESTMENTS: 95.9%	1,138,546
(Cost \$988,491)	

CASH AND OTHER ASSETS, LESS LIABILITIES: 4.1%	48,646
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NET ASSETS: 100.0%	1,187,192
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ADR: American Depositary Receipt

B Shares: Mainland Chinese companies listed on the Shanghai and Shenzhen stock exchanges, available to both Chinese and non-Chinese investors

H Shares: Mainland Chinese companies listed on the Hong Kong stock exchange but incorporated in mainland China

S Shares: Mainland Chinese companies listed on the Singapore stock exchange but incorporated in mainland China

The accompanying notes form an integral part of these financial statements.

Statement of Assets and Liabilities

As at 31 March 2013

	Asia Dividend Fund (USD)	Pacific Tiger Fund (USD)	China Fund (USD)	India Fund (USD)
ASSETS				
Investment in securities at value	415,809,429	11,742,371	33,738,659	13,562,665
At cost	374,093,480	10,600,055	32,603,513	14,108,265
Cash and cash equivalent at bank	14,981,984	418,539	883,797	191,741
Amount receivable on sales of investments	600,776	340	–	–
Interests and dividends receivable	1,714,745	15,109	24,434	1,235
Subscriptions receivable	9,194,650	104,628	–	–
Formation expenses (note 2I)	16,429	16,429	15,136	25,614
Prepaid expenses and other receivables (note 2H)	174,052	38,919	49,172	22,489
TOTAL ASSETS	442,492,065	12,336,335	34,711,198	13,803,744
LIABILITIES				
Amounts payable on purchases of investments	5,723,976	11,938	–	–
Redemptions payable	93,484	–	–	–
Management fees (note 4)	555,547	14,360	53,668	15,917
Payable for foreign taxes (note 7B)	–	2,799	–	13,717
Accrued expenses and other payables	448,975	95,964	97,135	110,410
TOTAL LIABILITIES	6,821,982	125,061	150,803	140,044
TOTAL NET ASSETS	435,670,083	12,211,274	34,560,395	13,663,700

The accompanying notes form an integral part of these financial statements.

Statement of Assets and Liabilities *(Continued)*

As at 31 March 2013

	China Small Companies Fund (USD)	China Dividend Fund* (USD)	Combined (USD)
ASSETS			
Investment in securities at value	1,138,546	22,003,489	497,995,159
At cost	988,491	22,120,059	454,513,863
Cash and cash equivalent at bank	52,506	71,324	16,599,891
Amount receivable on sales of investments	–	–	601,116
Interests and dividends receivable	–	13,351	1,768,874
Subscriptions receivable	–	–	9,299,278
Formation expenses (note 2I)	–	–	73,608
Prepaid expenses and other receivables (note 2H)	35,701	8,552	328,885
TOTAL ASSETS	1,226,753	22,096,716	526,666,811
LIABILITIES			
Amounts payable on purchases of investments	–	–	5,735,914
Redemptions payable	–	–	93,484
Management fees (note 4)	2,278	12,447	654,217
Payable for foreign taxes (note 7B)	–	–	16,516
Accrued expenses and other payables	37,283	19,800	809,567
TOTAL LIABILITIES	39,561	32,247	7,309,698
TOTAL NET ASSETS	1,187,192	22,064,469	519,357,113

* For the period from 31 January 2013 (date of launch) to 31 March 2013.

The accompanying notes form an integral part of these financial statements.

Statement of Operations and Changes in Net Assets

For the year/period ended 31 March 2013

	Asia Dividend Fund (USD)	Pacific Tiger Fund (USD)	China Fund (USD)	India Fund (USD)
NET ASSETS AT THE BEGINNING OF THE YEAR / PERIOD	96,240,286	4,111,734	3,152,037	12,510,339
INCOME				
Dividends income, net	5,256,455	85,934	120,714	214,123
Interest income, net	–	10	–	7,040
Other income	53,358	–	–	–
TOTAL INCOME	5,309,813	85,944	120,714	221,163
EXPENSES				
Overdraft interest on bank accounts	182	–	9	54
Management fees and administration fees (note 4)	1,867,665	77,626	158,107	126,872
Domiciliation, Administration and Transfer agency fees	121,537	67,661	67,863	67,600
Professional fees	291,683	63,109	70,642	64,654
Printing fees	103,296	6,553	1,794	10,531
Custodian fees	28,910	20,428	20,428	20,417
Amortization of formation expenses (note 2I)	7,805	7,805	7,804	7,805
Taxe d'abonnement (note 7A)	39,273	1,098	1,654	1,275
Transaction costs (note 8)	487,813	44,334	58,550	27,580
Other fees	181,253	37,920	22,993	39,715
TOTAL EXPENSES	3,129,417	326,534	409,844	366,503
Fee waiver (note 2H)	402,578	183,484	124,984	159,645
NET INVESTMENT INCOME/(LOSS)	2,582,974	(57,106)	(164,146)	14,305
Net realised gain/(loss) on investments	(3,477,320)	139,231	(138,335)	(501,596)
Net realised gain/(loss) on foreign exchanges	(68,031)	(20,661)	(784)	(7,376)
Net realised gain/(loss) for the year/period	(3,545,351)	118,570	(139,119)	(508,972)
Net change in unrealised gain/(loss) on investments	37,345,149	1,063,762	1,201,672	1,020,760
Net change in unrealised gain/(loss) on foreign tax provision (note 7B)	–	(2,799)	–	43,128
Net change in unrealised gain/(loss) on foreign exchanges	(5,940)	(355)	(9)	(8)
Net change in unrealised gain/(loss) for the year/period	37,339,209	1,060,608	1,201,663	1,063,880
Increase/(decrease) in net assets as a result of operations	36,376,832	1,122,072	898,398	569,213
Subscriptions	316,379,196	10,654,357	31,684,073	2,434,283
Redemptions	(13,086,009)	(3,676,889)	(1,174,113)	(1,850,135)
Dividend distributions (note 10)	(240,222)	–	–	–
NET ASSETS AT THE END OF THE YEAR/PERIOD	435,670,083	12,211,274	34,560,395	13,663,700

The accompanying notes form an integral part of these financial statements.

Statement of Operations and Changes in Net Assets *(Continued)*

For the year/period ended 31 March 2013

	China Small Companies Fund (USD)	China Dividend Fund* (USD)	Combined (USD)
NET ASSETS AT THE BEGINNING OF THE YEAR / PERIOD	953,349	–	116,967,745
INCOME			
Dividends income, net	22,871	18,260	5,718,357
Interest income, net	–	–	7,050
Other income	–	–	53,358
TOTAL INCOME	22,871	18,260	5,778,765
EXPENSES			
Overdraft interest on bank accounts	25	291	561
Management fees and administration fees (note 4)	14,680	16,454	2,261,404
Domiciliation, Administration and Transfer agency fees	36,812	2,026	363,499
Professional fees	20,897	10,076	521,061
Printing fees	660	12	122,846
Custodian fees	14,303	767	105,253
Amortization of formation expenses (note 2I)	–	–	31,219
Taxe d'abonnement (note 7A)	346	194	43,840
Transaction costs (note 8)	7,718	45,350	671,345
Other fees	15,400	3,002	300,283
TOTAL EXPENSES	110,841	78,172	4,421,311
Fee waiver (note 2H)	89,735	8,060	968,486
NET INVESTMENT INCOME/(LOSS)	1,765	(51,852)	2,325,940
Net realised gain/(loss) on investments	(102,393)	74,466	(4,005,947)
Net realised gain/(loss) on foreign exchanges	(80)	(4,179)	(101,111)
Net realised gain/(loss) for the year/period	(102,473)	70,287	(4,107,058)
Net change in unrealised gain/(loss) on investments	193,984	(116,570)	40,708,757
Net change in unrealised gain/(loss) on foreign tax provision (note 7B)	–	–	40,329
Net change in unrealised gain/(loss) on foreign exchanges	–	–	(6,312)
Net change in unrealised gain/(loss) for the year/period	193,984	(116,570)	40,742,774
Increase/(decrease) in net assets as a result of operations	93,276	(98,135)	38,961,656
Subscriptions	141,069	22,167,619	383,460,597
Redemptions	(502)	(5,015)	(19,792,663)
Dividend distributions (note 10)	–	–	(240,222)
NET ASSETS AT THE END OF THE YEAR/PERIOD	1,187,192	22,064,469	519,357,113

* For the period from 31 January 2013 (date of launch) to 31 March 2013.

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Number of Shares

For the year/period ended 31 March 2013

	I Acc (USD)	I Dist (USD)	A Acc (USD)	A Dist (USD)	C Acc (USD)	I Acc (GBP)	I Dist (GBP)	A Acc (GBP)	A Dist (GBP)
ASIA DIVIDEND FUND									
Shares outstanding at the beginning of the year	291,873	473,401	29,635	49,453	8,004,916	44,657	15,174	6,199	219
Shares subscribed	11,113,281	2,305,661	9,016,808	2,135,679	–	222,968	724,053	15,868	136,835
Shares redeemed	558,766	265,435	59,064	92,100	–	35,610	19,126	1,569	616
Shares outstanding at the end of the year	10,846,388	2,513,627	8,987,379	2,093,032	8,004,916	232,015	720,101	20,498	136,438
PACIFIC TIGER FUND									
Shares outstanding at the beginning of the year	251,540	n.a.	37,062	n.a.	n.a.	51,551	n.a.	215	n.a.
Shares subscribed	861,355	n.a.	61,417	n.a.	n.a.	–	n.a.	4,327	n.a.
Shares redeemed	232,041	n.a.	4,454	n.a.	n.a.	51,336	n.a.	1,359	n.a.
Shares outstanding at the end of the year	880,854	n.a.	94,025	n.a.	n.a.	215	n.a.	3,183	n.a.
CHINA FUND									
Shares outstanding at the beginning of the year	272,673	n.a.	27,864	n.a.	n.a.	215	n.a.	215	n.a.
Shares subscribed	3,063,673	n.a.	6,475	n.a.	n.a.	–	n.a.	1,753	n.a.
Shares redeemed	114,673	n.a.	9,268	n.a.	n.a.	–	n.a.	–	n.a.
Shares outstanding at the end of the year	3,221,673	n.a.	25,071	n.a.	n.a.	215	n.a.	1,968	n.a.
INDIA FUND									
Shares outstanding at the beginning of the period	1,502,272	n.a.	1,000	n.a.	n.a.	622	n.a.	630	n.a.
Shares subscribed	277,254	n.a.	–	n.a.	n.a.	–	n.a.	1,934	n.a.
Shares redeemed	214,589	n.a.	–	n.a.	n.a.	–	n.a.	8	n.a.
Shares outstanding at the end of the period	1,564,937	n.a.	1,000	n.a.	n.a.	622	n.a.	2,556	n.a.
CHINA SMALL COMPANIES FUND									
Shares outstanding at the beginning of the period	50,000	n.a.	50,000	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Shares subscribed	–	n.a.	15,168	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Shares redeemed	–	n.a.	53	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Shares outstanding at the end of the period	50,000	n.a.	65,115	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CHINA DIVIDEND FUND*									
Shares outstanding at the beginning of the period	–	–	–	–	n.a.	n.a.	n.a.	n.a.	n.a.
Shares subscribed	2,149,161	25,000	39,564	35,132	n.a.	n.a.	n.a.	n.a.	n.a.
Shares redeemed	–	–	–	514	n.a.	n.a.	n.a.	n.a.	n.a.
Shares outstanding at the end of the period	2,149,161	25,000	39,564	34,618	n.a.	n.a.	n.a.	n.a.	n.a.

* For the period from 31 January 2013 (date of launch) to 31 March 2013.

The accompanying notes form an integral part of these financial statements.

Statement of NAV per Share and Net Asset Statistics

		As at 31 March 2013			As at 31 March 2012		
	Inception Dates	Net Assets	NAV per Share	Shares Outstanding	Net Assets	NAV per Share	Shares Outstanding
ASIA DIVIDEND FUND							
I Acc (USD)	30 April 2010	USD 141,057,180	USD 13.00	10,846,388	USD 3,252,785	USD 11.14	291,873
I Dist (USD)	26 August 2010	USD 31,407,246	USD 12.49	2,513,627	USD 5,166,215	USD 10.91	473,401
A Acc (USD)	26 August 2010	USD 115,335,104	USD 12.83	8,987,379	USD 327,371	USD 11.05	29,635
A Dist (USD)	26 August 2010	USD 26,142,354	USD 12.49	2,093,032	USD 539,544	USD 10.91	49,453
C Acc (USD)	20 September 2010	USD 100,744,165	USD 12.59	8,004,916	USD 85,850,265	USD 10.72	8,004,916
I Acc (GBP)	28 February 2011	GBP 2,998,605	GBP 12.92	232,015	GBP 467,210	GBP 10.46	44,657
I Dist (GBP)	28 February 2011	GBP 8,907,454	GBP 12.37	720,101	GBP 155,095	GBP 10.22	15,174
A Acc (GBP)	28 February 2011	GBP 262,186	GBP 12.79	20,498	GBP 64,510	GBP 10.41	6,199
A Dist (GBP)	28 February 2011	GBP 1,692,208	GBP 12.40	136,438	GBP 2,241	GBP 10.23	219
PACIFIC TIGER FUND							
I Acc (USD)	30 April 2010	USD 11,029,555	USD 12.52	880,854	USD 2,834,141	USD 11.27	251,540
A Acc (USD)	26 August 2010	USD 1,118,208	USD 11.89	94,025	USD 398,656	USD 10.76	37,062
I Acc (GBP)	28 February 2011	GBP 2,682	GBP 12.45	215	GBP 546,260	GBP 10.60	51,551
A Acc (GBP)	28 February 2011	GBP 39,268	GBP 12.34	3,183	GBP 2,270	GBP 10.54	215
CHINA FUND							
I Acc (USD)	26 February 2010	USD 34,279,946	USD 10.64	3,221,673	USD 2,871,942	USD 10.53	272,673
A Acc (USD)	26 August 2010	USD 247,486	USD 9.87	25,071	USD 273,614	USD 9.82	27,864
I Acc (GBP)	28 February 2011	GBP 2,168	GBP 10.07	215	GBP 2,028	GBP 9.42	215
A Acc (GBP)	28 February 2011	GBP 19,604	GBP 9.96	1,968	GBP 2,017	GBP 9.36	215
INDIA FUND							
I Acc (USD)	30 June 2011	USD 13,611,132	USD 8.70	1,564,937	USD 12,485,436	USD 8.31	1,502,272
A Acc (USD)	30 June 2011	USD 8,617	USD 8.62	1,000	USD 8,277	USD 8.28	1,000
I Acc (GBP)	30 June 2011	GBP 5,722	GBP 9.20	622	GBP 5,167	GBP 8.31	622
A Acc (GBP)	30 June 2011	GBP 23,308	GBP 9.12	2,556	GBP 5,209	GBP 8.27	630
CHINA SMALL COMPANIES FUND							
I Acc (USD)	29 February 2012	USD 517,224	USD 10.34	50,000	USD 476,776	USD 9.54	50,000
A Acc (USD)	29 February 2012	USD 669,967	USD 10.29	65,115	USD 476,573	USD 9.53	50,000
CHINA DIVIDEND FUND*							
I Acc (USD)	31 January 2013	USD 21,091,779	USD 9.81	2,149,161	n.a.	n.a.	n.a.
I Dist (USD)	31 January 2013	USD 245,320	USD 9.81	25,000	n.a.	n.a.	n.a.
A Acc (USD)	31 January 2013	USD 387,906	USD 9.80	39,564	n.a.	n.a.	n.a.
A Dist (USD)	31 January 2013	USD 339,463	USD 9.81	34,618	n.a.	n.a.	n.a.

* For the period from 31 January 2013 (date of launch) to 31 March 2013.

The accompanying notes form an integral part of these financial statements.

Notes to Financial Statements *(Audited)*

As at 31 March 2013

1. GENERAL

MATTHEWS ASIA FUNDS (the “Fund”) is a self-managed investment company organised under the laws of the Grand Duchy of Luxembourg as a “société d’investissement à capital variable” (SICAV) and is authorised under Part I of the Luxembourg Law of 17 December 2010 relating to collective investment undertakings. The Fund was incorporated on 5 February 2010.

The Fund’s articles of incorporation have been deposited with the Luxembourg Registre du Commerce et des Sociétés and were published in the *Mémorial C, Recueil des Sociétés et Associations* (the “*Mémorial*”) on 25 February 2010.

The Fund has been registered under number B-151275 with the Luxembourg Trade and Companies Register.

The objective of the Fund is to achieve long-term capital appreciation through diversification of investments. Each Sub-Fund will have a specific investment objective.

At the date of the report, six Sub-Funds were available for investments.

The Fund offers the following Classes of Shares; Shares may further be made available as accumulation and for distribution Shares:

SHARE CLASS	ASIA DIVIDEND FUND	PACIFIC TIGER FUND	CHINA FUND	INDIA FUND	CHINA SMALL COMPANIES FUND	CHINA DIVIDEND FUND
I Acc (USD)	x	x	x	x	x	x
I Dist (USD)	x					x
A Acc (USD)	x	x	x	x	x	x
C Acc (USD)	x					
A Dist (USD)	x					x
I Acc (GBP)	x	x	x	x		
I Dist (GBP)	x					
A Acc (GBP)	x	x	x	x		
A Dist (GBP)	x					

The Fund may offer both accumulation (“Acc”) and distribution Shares (“Dist”), but in relation to Shares referenced as “Acc” Shares, no distributions will be made and all interests and other income earned by the Sub-Fund will be reflected in the Net Asset Value of such Shares. In relation to Shares referenced as “Dist” Shares, it is the intention of the Board of Directors to periodically distribute substantially all the net income earned on investment. All classes belonging to the same Sub-Fund will be commonly invested in adherence with the specific investment objective of the relevant Sub-Fund but may differ with regard to fee structure, minimum subscription amount, dividend policy or other particular features described in the Fund’s prospectus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) PRESENTATION OF FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Luxembourg regulations relating to Undertakings for Collective Investment.

B) COMBINED FINANCIAL STATEMENTS

The Combined Statement of Assets and Liabilities and Combined Statements of Operations and Changes in Net Assets are expressed in USD.

C) VALUATION OF THE INVESTMENTS IN SECURITIES AND MONEY MARKET INSTRUMENTS

The Fund’s 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 Directors (the “Board”) when no market quotations are available or when market quotations have become unreliable.

Market values for equity securities are determined based on the last sale price on the principal (or most advantageous) 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 the Fund’s Pricing Policies.

Events affecting the value of foreign investments may occur between the time at which they are determined and the Fund’s valuation point of 2:00 p.m. Luxembourg. When such events occur, the Fund may fair value its securities if the impact of such events can be reasonably determined. Notwithstanding the foregoing, the Fund may determine not to fair value securities where it believes that the impact of doing so would not have a material impact on the calculation of a Fund’s NAV on that day.

Notes to Financial Statements *(Audited) (Continued)*

As at 31 March 2013

The Board has delegated the responsibility of making fair value determinations to the Investment Manager's Valuation Committee (the "Valuation Committee"), subject to the Fund's Pricing Policies. The Fund has retained third-party pricing services that may be utilized by the Valuation Committee under circumstances described in the Pricing Policies to provide fair value prices for certain securities held by the Fund. When fair value pricing is employed, the prices of securities used by a Sub-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.

D) NET REALISED AND UNREALISED GAIN/(LOSS) ON SALES OF INVESTMENTS

Realised and unrealised gains or losses on sales of investments are calculated on the basis of first in first out cost method of the investments sold.

E) CONVERSION OF FOREIGN CURRENCIES

The books and records of the Fund are maintained in USD.

Transactions denominated in foreign currencies are recorded at the current prevailing exchange rates. All assets and liabilities denominated in foreign currencies are translated into USD at the current exchange rate.

Translation gains or losses resulting from changes in the exchange rate during the reporting year/period and realised gains and losses on the settlement of foreign currency transactions are reported in the results of operations for the current year/period.

The Fund does not isolate that portion of gains and losses on investments in equity securities that are due to changes in the foreign exchange rate from those that are due to changes in market prices of equity securities.

The accounting records and the financial statements of each Sub-Fund are expressed in the currency indicated below:

	CURRENCY
Asia Dividend Fund	USD
Pacific Tiger Fund	USD
China Fund	USD
India Fund	USD
China Small Companies Fund	USD
China Dividend Fund	USD

Bank accounts, other net assets and market value of the investments in securities expressed in currencies other than the currency of a Sub-Fund are converted at the exchange rates prevailing on the date of the balance sheet. Income and expenses in currencies other than the currency of a Sub-Fund are converted at the rate of exchange prevailing at payment date.

Net realised and unrealised gains and losses on foreign exchange transactions represent: (i) foreign exchange gains and losses from the sale and holding of foreign currencies; (ii) gains and losses between trade date and settlement date on securities transactions and (iii) gains and losses arising from the difference between amounts of dividends and interest recorded and the amounts actually received.

The Vietnamese dong ("VND") trades within an established exchange rate with the USD. Upon the sale of a Vietnamese asset, the Fund may not be able to exchange significant amounts of VND directly for USD. However, the Investment Manager believes that the Fund would be able to exchange significant amounts of VND for Hong Kong dollars, which it can exchange directly for USD. Accordingly, the Fund values its Vietnamese assets in terms of USD taking into account the VND/Hong Kong dollar and Hong Kong dollar/USD exchange rates (a "triangulated exchange rate"), which it believes is more representative of the net value it would actually receive in connection with a significant sale of Vietnamese assets and the repatriation of the proceeds to Luxembourg.

F) COST OF INVESTMENTS IN SECURITIES

Cost of investments in securities in currencies other than the currency of a Sub-Fund is converted into the Sub-Fund's currency at the exchange rate applicable at purchase date.

G) INCOME

Interest income is accrued on a daily basis and may include the amortisation of premiums and accretions of discounts. Bank and time deposits interest income is recognised on an accrual basis.

Dividends are credited to income on the date upon which the relevant securities are first listed as 'ex dividend' provided that the amount of a dividend is known with reasonable certainty. This income is shown net of any withholding taxes, except where the withholding tax has been received or is receivable.

H) FEE WAIVER

The Investment Manager may, for such time as it considers appropriate, choose to waive all or part of the fees that it is entitled to receive, as well as other Fund expenses, in order to reduce the impact such fees and expenses may have on the performance of the Class. The investment manager will reimburse on a monthly basis the amount of the fee waiver to the respective Sub-Fund. Fees that have been previously reimbursed may be recovered by the advisor.

Notes to Financial Statements *(Audited) (Continued)*

As at 31 March 2013

The amount of such fee waiver is separately disclosed as a “Fee Waiver” in the Statements of Operations and Changes in Net Assets.

I) FORMATION EXPENSES

The cost of establishing the Fund amounted to USD 157,391. The establishment costs are amortised on a straight line basis over five years from the date of which the Fund commenced business.

J) USE OF ESTIMATES

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

3. EXCHANGE RATES

The exchange rates used in the financial statements as at 31 March 2013 are:					
Australian Dollar (AUD)	0.9611	British Pound (GBP)	0.6605	Singapore Dollar (SGD)	1.2417
Swiss Franc (CHF)	0.953	Japanese Yen (JPY)	94.28	Thai Bhat (THB)	29.295
Hong Kong Dollar (HKD)	7.7645	South Korean Won (KRW)	1,113.73	Taiwan New Dollar (TWD)	29.907
Indonesian Rupiah (IDR)	9,717	Malaysian Ringgit (MYR)	3.0965	Vietnamese Dong (VND) *	20,987.3624
Indian Rupee (INR)	54.285	Philippine Peso (PHP)	40.85		

*Please refer to note 2E.

4. MANAGEMENT FEES AND ADMINISTRATION FEES

The Investment Advisor receives an amount corresponding to the Management Fee, which may be up to 1.25% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears. These fees also represent the effective fees paid to the Advisor. The Investment Advisor will remunerate the Investment Manager out of this fee.

	I Acc (USD)	I Dist (USD)	A Acc (USD)	A Dist (USD)	C Acc (USD)	I Acc (GBP)	I Dist (GBP)	A Acc (GBP)	A Dist (GBP)
Asia Dividend Fund	0.75%	0.75%	1.25%	1.25%	0.75%	0.75%	0.75%	1.25%	1.25%
Pacific Tiger Fund	0.75%	—	1.25%	—	—	0.75%	—	1.25%	—
China Fund	0.75%	—	1.25%	—	—	0.75%	—	1.25%	—
India Fund	0.75%	—	1.25%	—	—	0.75%	—	1.25%	—
China Small Companies Fund	1.00%	—	1.50%	—	—	—	—	—	—
China Dividend Fund	0.75%	0.75%	1.25%	1.25%	—	—	—	—	—

In addition, the Investment Advisor receives an Administration Fee, which may be up to 0.25% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears. These fees also represent the effective fees paid to the Advisor. The Investment Advisor pays the Administration Fee to the Investment Manager.

Sub-Fund	
Asia Dividend Fund	0.25%
Pacific Tiger Fund	0.25%
China Fund	0.25%
India Fund	0.25%
China Small Companies Fund	0.25%
China Dividend Fund	0.25%

5. CUSTODIAN AND CENTRAL ADMINISTRATION FEES

The Custodian and the Administrative Agent receive from the Fund aggregate fees that amount to a maximum of 2% per annum of the total net assets of each Sub-Fund. Transaction costs will be charged separately. The fees effectively charged to each Sub-Fund will be disclosed in the semi-annual and annual reports of the Fund. The Custodian and Administration Agent fees are payable monthly in arrears.

6. INDEPENDENT DIRECTOR FEE

The Fund pays Richard Goddard EUR 41,000 on an annual basis in connection with his services as Independent Director and Conducting Officer. The Directors and Conducting Officer who are employees of Matthews International Capital Management, LLC do not receive additional compensation in respect of these roles.

Notes to Financial Statements *(Audited) (Continued)*

As at 31 March 2013

7. TAXATION

A) TAXE D'ABONNEMENT

The subscription tax is payable quarterly and calculated on the total net assets of each Sub-Fund at the end of the relevant quarter at a rate of 0.05% per annum.

This rate is reduced to 0.01% (i) for sub-funds or individual classes of shares reserved to one or more institutional investors or (ii) funds or sub-funds having the exclusive object to invest in money market instruments as defined by the law of 17 December 2010.

B) PROVISION FOR FOREIGN TAXES

The Sub-Funds may be subject to short-term capital gains tax in India on gains realised upon disposition of Indian securities held for a period of one year or less. The tax is computed on net realised gains; any realised losses in excess of gains may be carried forward for a period of up to eight years to offset future gains. Any net taxes payable must be remitted to the Indian government prior to repatriation of sales proceeds. The Sub-Funds that invest in Indian securities accrue a deferred tax liability for net unrealised short-term gains in excess of available carry forwards on Indian securities. This accrual may reduce a Sub-Fund's net asset value. As at 31 March 2013, the Matthews Asia Funds Pacific Tiger Fund has recorded a payable of USD 2,799 and the Matthews Asia Funds India Fund a payable of USD 13,717 as an estimate for potential future India capital gains taxes.

The South Korean tax authorities have issued a ruling advising that the reduced South Korea/Luxembourg double tax treaty withholding rates would not apply to SICAVs, and the Seoul Regional Tax Office has claimed withholding taxes on dividend and income from August 2010 from the following Sub-Funds: Matthews Asia Funds Pacific Tiger Fund and Matthews Asia Funds Asia Dividend Fund.

Those amounts have been recorded as a reduction of "Dividend Income, Net".

8. TRANSACTION COSTS

For the year ended 31 March 2013, the Fund incurred transaction costs which have been defined as brokerage fees and custody transaction fees relating to purchase or sale of transferable securities or other eligible assets as follows:

Sub-Fund (USD)	Transaction costs	Custody transaction fees	Brokerage fees and commissions
Asia Dividend Fund	487,813	40,200	447,613
Pacific Tiger Fund	44,334	16,088	28,246
China Fund	58,550	10,534	48,015
India Fund	27,580	10,085	17,495
China Small Companies Fund	7,718	6,089	1,629
China Dividend Fund	45,350	–	45,350

9. SOFT COMMISSION ARRANGEMENTS

The Investment Manager may effect transactions with or through the agency of another person with whom the Investment Manager or an entity affiliated to the Investment Manager has arrangements under which that person will, from time to time, provide to or procure for the Investment Manager and/or an affiliated party goods, services or other benefits such as research and advisory services, specialised computer hardware or software. No direct payment may be made for such goods or services but the Investment Manager may undertake to place business with that person provided that person has agreed to provide best execution with respect to such business and the services provided must be of a type which assist in the provision of investment services to the Company. The total monetary value of these arrangements for the year ended 31 March 2013 are USD 47,762.44

Notes to Financial Statements *(Audited) (Continued)*

As at 31 March 2013

10. DIVIDENDS

The Company intends to declare and distribute dividends representing substantially all of the net investment income attributable to Distributing Shares. Dividends in respect of these Shares will normally be payable quarterly or semi-annually, will be declared in the currency of denomination of the relevant Fund and will be recorded on ex-date. Interim dividends in respect of the Distributing Shares of any particular Fund may be paid from the attributable net investment income and realised capital gains with a frequency and at such intervals as the Board of Directors may decide.

The following dividend payments were made during the year ended 31 March 2013:

Asia Dividend Fund	Currency	Ex-Date	Date of dividend payment	Dividend per Share	Dividend paid out of net distributable income for the month (%)	Dividend paid out of capital (%)
I Dist	USD	20/06/2012	27/06/2012	0.102696	100%	0%
I Dist	USD	19/09/2012	26/09/2012	0.081012	100%	0%
I Dist	USD	12/12/2012	19/12/2012	0.005824	100%	0%
I Dist	USD	20/03/2013	27/03/2013	0.019796	100%	0%
A Dist	USD	20/06/2012	27/06/2012	0.089338	100%	0%
A Dist	USD	19/09/2012	26/09/2012	0.056179	100%	0%
A Dist	USD	12/12/2012	19/12/2012	0.000000	n.a.	0%
A Dist	USD	20/03/2013	27/03/2013	0.010987	100%	0%
I Dist	GBP	20/06/2012	27/06/2012	0.102056	100%	0%
I Dist	GBP	19/09/2012	26/09/2012	0.079421	100%	0%
I Dist	GBP	12/12/2012	19/12/2012	0.003967	100%	0%
I Dist	GBP	20/03/2013	27/03/2013	0.025641	100%	0%
A Dist	GBP	20/06/2012	27/06/2012	0.085585	100%	0%
A Dist	GBP	19/09/2012	26/09/2012	0.042017	100%	0%
A Dist	GBP	12/12/2012	19/12/2012	0.000000	n.a.	0%
A Dist	GBP	20/03/2013	27/03/2013	0.014864	100%	0%

The Securities and Futures Commission of Hong Kong ("SFC") requires disclosure of the composition of dividends distributed by SFC authorized funds. This disclosure should include the amount of the distribution per share as well as the portion of the dividend paid out of capital on a rolling twelve-month period.

11. SWING PRICING

The Board of Directors of the Company implemented a price adjustment policy in order to protect the interests of the Fund's Shareholders. The purpose of the price adjustment policy is to allocate the costs associated with large inflows and outflows to investors transacting that day, thereby protecting the long-term Shareholders from the worst effects of dilution. It achieves this purpose by adjusting the price at which deals in a Sub-fund are transacted. In other words, Sub-Fund prices may be adjusted up or down depending on the level and type of investor transactions on a particular day. In this way the existing and remaining Shareholders do not suffer an inappropriate level of dilution. The Fund will only trigger an adjustment in the price when there are net flows. The adjustment will be based on the normal dealing costs for the particular assets in which a Sub-fund is invested but will not exceed 2% of the price. Once an adjustment is made to the price, that price is the official price for that Sub-Fund for all deals that day.

12. SUBSEQUENT EVENT

The Sub-Fund Matthews Asia Small Companies has been launched on 30 April 2013.

Further information

STATEMENT OF CHANGES IN PORTFOLIO

A copy of the changes in the securities portfolio for the year/period is available free of charge at the registered office of the SICAV.

Performance and Expenses *(Unaudited)*

As at 31 March 2013

	Average Annual Total Return*					Inception Date	Portfolio Turnover ¹	Total Expense Ratio ²
	3 Months	1 year	3 years	5 years	Since Inception			
ASIA DIVIDEND FUND								
I Acc (USD)	8.12%	17.15%	n.a.	n.a.	9.55%	30 April 2010	-5.61%	1.50%
I Dist (USD)	8.09%	17.17%	n.a.	n.a.	10.77%	26 August 2010	-5.61%	1.50%
A Acc (USD)	7.96%	16.56%	n.a.	n.a.	10.25%	26 August 2010	-5.61%	1.95%
A Dist (USD)	7.93%	16.52%	n.a.	n.a.	10.22%	26 August 2010	-5.61%	1.96%
C Acc (USD)	8.23%	17.71%	n.a.	n.a.	9.68%	20 September 2010	-5.61%	0.95%
I Acc (GBP)	15.39%	24.00%	n.a.	n.a.	13.28%	28 February 2011	-5.61%	1.50%
I Dist (GBP)	15.36%	23.94%	n.a.	n.a.	13.24%	28 February 2011	-5.61%	1.43%
A Acc (GBP)	15.26%	23.34%	n.a.	n.a.	12.74%	28 February 2011	-5.61%	2.00%
A Dist (GBP)	15.31%	23.40%	n.a.	n.a.	12.74%	28 February 2011	-5.61%	1.94%
MSCI AC Asia Pacific Index (USD)	5.51%	10.19%	n.a.	n.a.	5.52% ³			
PACIFIC TIGER FUND								
I Acc (USD)	3.05%	11.09%	n.a.	n.a.	8.01%	30 April 2010	-26.37%	1.50%
A Acc (USD)	2.94%	10.50%	n.a.	n.a.	6.90%	26 August 2010	-26.37%	2.00%
I Acc (GBP)	10.07%	17.55%	n.a.	n.a.	11.13%	28 February 2011	-26.37%	1.50%
A Acc (GBP)	9.98%	17.08%	n.a.	n.a.	10.61%	28 February 2011	-26.37%	2.00%
MSCI AC Asia ex Japan Index (USD)	-0.42%	7.41%	n.a.	n.a.	5.69% ³			
CHINA FUND								
I Acc (USD)	-1.57%	1.04%	0.00%	n.a.	2.03%	26 February 2010	1.21%	1.50%
A Acc (USD)	-1.69%	0.51%	n.a.	n.a.	-0.50%	26 August 2010	1.21%	2.00%
I Acc (GBP)	5.11%	6.90%	n.a.	n.a.	0.34%	28 February 2011	1.21%	1.50%
A Acc (GBP)	4.84%	6.30%	n.a.	n.a.	-0.19%	28 February 2011	1.21%	2.00%
MSCI China Index (USD)	-4.54%	6.91%	n.a.	n.a.	2.49% ³			
INDIA FUND								
I Acc (USD)	-0.23%	4.69%	n.a.	n.a.	-7.64%	30 June 2011	5.85%	1.49%
A Acc (USD)	-0.35%	4.11%	n.a.	n.a.	-8.12%	30 June 2011	5.85%	2.00%
I Acc (GBP)	6.48%	10.71%	n.a.	n.a.	-4.64%	30 June 2011	5.85%	1.50%
A Acc (GBP)	6.29%	10.14%	n.a.	n.a.	-5.12%	30 June 2011	5.85%	2.00%
Bombay Stock Exchange 100 Index (USD)	-4.25%	1.80%	n.a.	n.a.	-9.22% ³			
CHINA SMALL COMPANIES FUND								
I Acc (USD)	8.50%	8.39%	n.a.	n.a.	3.13%	29 February 2012	88.04%	1.75%
A Acc (USD)	8.43%	7.97%	n.a.	n.a.	2.67%	29 February 2012	88.04%	2.25%
MSCI China Small Cap Index (USD)	5.79%	17.77%	n.a.	n.a.	7.33% ³			
CHINA DIVIDEND FUND								
I Acc (USD)	n.a.	n.a.	n.a.	n.a.	-1.90%	31 January 2013	1.88%	1.50%
I Dist (USD)	n.a.	n.a.	n.a.	n.a.	-1.90%	31 January 2013	1.88%	1.50%
A Acc (USD)	n.a.	n.a.	n.a.	n.a.	-2.00%	31 January 2013	1.88%	2.00%
A Dist (USD)	n.a.	n.a.	n.a.	n.a.	-1.90%	31 January 2013	1.88%	2.00%
MSCI China Index (USD)	n.a.	n.a.	n.a.	n.a.	-8.32% ³			

1 The Portfolio Turnover is calculated over the last 12 months in accordance with the CSSF Circular 03/122 i.e. the aggregated sales and purchases less aggregated subscriptions and redemptions, divided by average net assets. The portfolio turnover ratio may be negative as a result of shareholder transactions exceeding the investment transactions for the accounting period. Portfolio turnover rates for funds that inceptioned during the twelve months preceding 31 March 2013 are not annualised.

2 The Total Expense Ratio include such fees as the Management and Administration fee, Domiciliation, Administration and Transfer agency fees, Professional fees, Printing fees, Custodian fee and Taxe d'abonnement. The total expense ratio is annualised for periods of less than 12 months.

3 Based on the Inception Date of the I Acc (USD) Share Class.

* Performance is based on swung net asset value per share, see note 11.

Investor Disclosure

All performance quoted represents past performance and is no guarantee of future results. The performance data do not take into account of the commissions and costs incurred on the issue and redemption of units. Investment returns and principal value will fluctuate with market conditions so that when redeemed, shares may be worth more or less than the original cost. Current performance may be lower or higher than the return figures quoted. Investors investing in Sub-Funds denominated in non-local currency should be aware of the risk of currency exchange fluctuations that may cause a loss of principal.

Performance details provided for the Sub-Funds are based on a NAV to NAV basis, assume reinvestment of dividends and capital gains, and are net of management fees and other expenses.

Disclosures and Index Definitions *(Unaudited)*

Calculation method of the risk exposure

The methodology used in order to calculate the global exposure is the commitment approach in accordance with the CSSF Circular 11/512. As of 31 March 2013, the Sub-Funds did not hold any derivatives.

Index Definitions

It is not possible to invest directly in an index.

The **MSCI All Country Asia Pacific Index** is a free float-adjusted market capitalisation-weighted index of the stock markets of Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan and Thailand.

The **MSCI All Country Asia ex Japan Index** is a free float-adjusted market capitalisation-weighted index of the stock markets of China, Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

The **MSCI China Index** is a free float-adjusted market capitalisation-weighted index of Chinese equities that includes China-affiliated corporations and H shares listed on the Hong Kong Exchange, and B shares listed on the Shanghai and Shenzhen exchanges.

The **Bombay Stock Exchange 100 (BSE100) Index** is a free float-adjusted market capitalisation-weighted index of the 100 stocks listed on the Bombay Stock Exchange.

The **MSCI China Small Cap Index** is a free float-adjusted market capitalization-weighted small cap index of the Chinese equity securities markets, including H shares listed on the Hong Kong Exchange, B shares listed on the Shanghai and Shenzhen exchanges, and Hong Kong-listed securities known as Red Chips (issued by entities owned by national or local governments in China) and P Chips (issued by companies controlled by individuals in China and deriving substantial revenues in China).



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