

**MATTHEWS ASIA FUNDS**  
*Société d'Investissement à Capital Variable*  
Registered office: 80, route d'Esch  
L-1470 Luxembourg  
Grand Duchy of Luxembourg  
R.C.S. Luxembourg B 151.275  
(the "Fund")

***This document is important and requires your immediate attention. If in doubt, you should seek independent professional financial advice.***

***The Management Company of the Fund accepts full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.***

***Capitalized terms not otherwise defined herein shall bear the same meaning as in the Fund's prospectus (the "Prospectus"), the Supplement for Hong Kong Investors (the "Hong Kong Supplement") and the Product Key Facts Statements ("KFS") of the HK Sub-Funds (collectively referred to as the "Hong Kong Offering Document").***

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**NOTICE TO THE HONG KONG SHAREHOLDERS  
OF  
MATTHEWS ASIA FUNDS**

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**Luxembourg, 15 November 2021**

Dear Shareholder,

Please be informed that the board of directors of the Fund (the "**Board**") has decided to implement amendments to the Hong Kong Offering Document, as set out below in this information notice (the "**Notice**").

**I. Investments in China A and B Shares**

For each HK Sub-Fund listed below, its investment policy will be modified to allow each of these HK Sub-Funds to invest, directly or indirectly, less than 70% of its net assets in aggregate in China A and B shares:

- Matthews Asia Funds – Pacific Tiger Fund;
- Matthews Asia Funds – China Fund;
- Matthews Asia Funds – Asia Dividend Fund;
- Matthews Asia Funds – China Small Companies Fund;
- Matthews Asia Funds – China Dividend Fund;
- Matthews Asia Funds – Asia Small Companies Fund; and
- Matthews Asia Funds – Asia ex Japan Dividend Fund.

Currently, the HK Sub-Funds listed above are only permitted to invest less than 30% of their total net assets in aggregate in China A and B shares.

The reason for these changes is to provide greater flexibility to the relevant HK Sub-Funds to access opportunities in the Chinese equity markets given that a growing portion of the companies in the relevant HK Sub-Funds' investable universe are China A shares companies. As of 31 March 2021, approximately 70% of Chinese companies with a market capitalization greater than US\$1 billion trade on the China A shares market. This comprises more than 1,900 companies to invest in, and the market capitalization of stocks listed on the China A shares market has more than doubled over the last 5 years. In addition, the number of China A shares companies included in major benchmark indices has increased in the recent years, and is expected to increase substantially over coming years.

By increasing the relevant HK Sub-Funds' investment limit in China A and B shares, the relevant HK Sub-Funds will be able to access Chinese equities on behalf of Shareholders in a more flexible manner. Following the changes, the relevant HK Sub-Funds may be subject to an increased level of risks associated with investment in China A and B shares, as set out below:

- *Risk Associated with Investment in China A and B Shares* - The relevant HK Sub-Fund's investment in China A and B Shares is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors. Investments in China A and B shares may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting the PRC. China A and B shares may have lower liquidity and their prices are more volatile to adverse economic developments than those of securities traded in a more developed market.
- *Risk Associated with Investment made through QFI Regime* - The relevant HK Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect. The relevant HK Sub-Fund may suffer losses if the approval of the QFI status of the Investment Manager is being revoked, terminated or otherwise invalidated as the relevant HK Sub-Fund may be prohibited from trading of relevant securities and repatriation of its monies, or if any of the key operators or parties (including the QFI custodian(s) or brokers) is bankrupt, in default, or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).
- *Risk Associated with the Stock Connects* - The relevant rules and regulations on the Stock Connects are subject to change which may have potential retrospective effect. The Stock Connects are subject to quota limitations. Where a suspension in the trading through the program is effected, the relevant HK Sub-Fund's ability to invest in China A shares or access the PRC market through the program will be adversely affected. In such event, the relevant HK Sub-Fund's ability to achieve its investment objective could be negatively affected.
- *PRC Tax Risk* - There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realized via the QFI regime or Stock Connects or access products on the relevant HK Sub-Fund's investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the relevant HK Sub-Fund may adversely affect its value. Based on professional and independent tax advice, the relevant HK Sub-Funds will not make any provisions for tax on gross realized or unrealized capital gains derived from trading China A and B shares.
- *RMB Currency and Conversion Risk* - RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currency (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the relevant HK Sub-Fund. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

Save as mentioned above, the changes will have no other impact on each of the relevant HK Sub-Funds' investment objective, strategy or overall risk profile. There will be no impact on the operation and/or manner in which the relevant HK Sub-Funds are being managed. There will be no change to the level of fees and charges payable by the relevant HK Sub-Funds or their Shareholders as a result of the changes. The Board believes that the changes will not materially prejudice the rights or interests of the Shareholders of the relevant HK Sub-Funds.

All costs and expenses resulting from the implementation of the changes mentioned above, estimated to be approximately US\$31,500, will be paid out of the assets of the relevant HK Sub-Funds pro rata to their respective net asset value.

## II. Other miscellaneous updates to the Hong Kong Offering Document

The Hong Kong Offering Document will also be updated to reflect other changes, as summarised below:-

- (a) Removal of Matthews Global Investors (Singapore) Pte. Ltd. as Sub-Investment Advisor of the Fund; and
- (b) Updates and enhancements to certain risk factors.

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These changes will be effective from 15 December 2021 (“**Effective Date**”) and will be reflected in a new version of the Hong Kong Offering Document, copies of which will be available free of charge during normal office hours at the registered office of the Fund or at the office of the Hong Kong Representative of the Fund, Brown Brothers Harriman (Hong Kong) Limited, at the address set out below on or around the Effective Date. The updated Hong Kong Offering Document will also be available on the Fund’s website: <https://hk.matthewsasiasia.com/><sup>1</sup>.

Shareholders who do not agree with the changes mentioned above may request the redemption of their shares or switching of their shares into other HK Sub-Fund(s) authorized by the SFC<sup>2</sup>, without any charges, up until the last Hong Kong Business Day before the Effective Date in accordance with the dealing procedures and by the Hong Kong Dealing Deadline as set out in the Hong Kong Offering Document (i.e. 6:00 p.m. Hong Kong time for both Class A and Class I Shares).

Should you have any questions or concerns about the foregoing, please contact the Fund at its registered office in Luxembourg or the Hong Kong Representative of the Fund, Brown Brothers Harriman (Hong Kong) Limited, whose office is at 13/F Man Yee Building, 68 Des Voeux Road Central, Hong Kong (Tel: +852 3756 1755). You should inform yourself of, and where appropriate take advice on, the tax consequences of the foregoing in your country of citizenship, residence or domicile.

Yours faithfully,

Board of Directors  
Matthews Asia Funds

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<sup>1</sup> This website has not been reviewed or authorised by the SFC.

<sup>2</sup> SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.