

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 confirms, 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").

**SHAREHOLDERS INFORMATION NOTICE
HONG KONG OFFERING DOCUMENT UPDATE**

Luxembourg, 24 April 2020

Dear Shareholder,

We are writing to inform you of the updates regarding the following SFC-authorized¹ sub-funds of the Fund.

- Matthews Asia Funds – Pacific Tiger Fund
- Matthews Asia Funds – China Fund
- Matthews Asia Funds – Asia Dividend Fund
- Matthews Asia Funds – India Fund
- Matthews Asia Funds – China Small Companies Fund
- Matthews Asia Funds – China Dividend Fund
- Matthews Asia Funds – Asia Small Companies Fund
- Matthews Asia Funds – Japan Fund
- Matthews Asia Funds – Asia ex Japan Dividend Fund

(each a "HK Sub-Fund" and collectively, the "HK Sub-Funds")

¹ 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.

1. Appointment of Matthews Global Investors (Hong Kong) Limited as a sub-investment manager of the China Dividend Fund

Currently, Carne Global Fund Managers (Luxembourg) S.A. as the management company of the Fund has delegated the investment management functions in respect of all HK Sub-Funds to Matthews International Capital Management, LLC (“**MICM**”) as the investment manager (“**Investment Manager**”). With effect from 25 May 2020 (the “**Effective Date**”), MICM, in its capacity as the Investment Manager of the China Dividend Fund, will appoint Matthews Global Investors (Hong Kong) Limited (“**MGI HK**”) as a sub-investment manager of the China Dividend Fund (the “**Appointment**”).

MGI HK is a wholly owned subsidiary of MICM, and is licensed and regulated in Hong Kong by the Securities and Futures Commission (“**SFC**”) to conduct the regulated activities of dealing in securities, advising on securities and asset management. This Appointment will be made to provide portfolio management continuity in this HK Sub-Fund, as the former lead portfolio manager of the China Dividend Fund from MICM recently relocated to Hong Kong and joined MGI HK. This Appointment will have no impact on the China Dividend Fund’s investment objective, strategy or risk profile. Accordingly, there will be no impact on the operation and/or manner in which the China Dividend Fund is being managed. MGI HK as the sub-investment manager of the China Dividend Fund will be paid out of the assets of the Investment Manager for the advice and management services it provides to the Investment Manager. As such, there will be no change to the level of fees and charges payable by the China Dividend Fund or its Shareholders as a result of the Appointment. The Board of Directors believes that the Appointment will not materially prejudice the rights or interests of the Shareholders of the China Dividend Fund.

All costs and expenses resulting from the implementation of the Appointment, estimated to be approximately US\$17,500, will be paid out of the assets of the China Dividend Fund.

Shareholders of the China Dividend Fund who do not agree with the Appointment may redeem or switch their Shares in the China Dividend Fund into the Shares of another HK Sub-Fund which is authorized by the SFC¹, free of charge, up until the last Hong Kong Business Day before the Effective Date (i.e. 25 May 2020) 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).

2. Revision of the definition of “Small Company” for the China Small Companies Fund and Asia Small Companies Fund

As disclosed in the Hong Kong Offering Document, the China Small Companies Fund and the Asia Small Companies Fund seek to achieve their respective investment objectives by investing, directly or indirectly, primarily in equities of Small Companies Located in or with Substantial Ties to China (in the case of the China Small Companies Fund) or to the Asia ex Japan region (in the case of the Asia Small Companies Fund).

Currently, for each of the China Small Companies Fund and the Asia Small Companies Fund, a company is considered to be a “Small Company” based on the size of its revenues, number of employees, net assets, the size and depth of its product line, level of development, and other factors compared to other companies in its industry, sector or region. Each of the China Small Companies Fund and the Asia Small Companies Fund will not invest in any company that has a market capitalization higher than the greater of USD 3 billion or the market capitalization of the largest company included in the relevant HK Sub-Fund’s primary

benchmark index.

The definition of “Small Company” will be streamlined to refer to the market capitalization of the relevant company only which will be changed from USD 3 billion to USD 5 billion. As a result, with effect from the Effective Date, a company will be considered to be a “Small Company” if it has a market capitalization no higher than the greater of USD 5 billion or the market capitalization of the largest company included in the relevant HK Sub-Fund's primary benchmark index. The purpose of this change is to increase the scope of companies to be considered as “Small Companies” as potential investment and allow these HK Sub-Funds to have more flexibility to continue to hold investments in companies that grow in size after the relevant HK Sub-Fund's initial investment.

In addition, the Hong Kong Offering Document will be clarified that existing holdings by the China Small Companies Fund and the Asia Small Companies Fund of securities of a company which grows beyond the definition of a “Small Company” as described above will continue to be considered a “Small Company” for the purpose of their respective investment policies. This allows the Investment Manager flexibility to decide whether and when to reduce the holdings of such company in the best interest of the Shareholders, as opposed to an immediate disinvestment once the market capitalization of such company exceeds the relevant threshold which may not be beneficial to the Shareholders. However, if additional purchases of a security of the same company are made, all holdings (including prior purchases) of that company will be re-classified as those of a “non-Small Company” with respect to that company's market capitalization at the time of the last purchase in the event such market capitalization exceeds the definition of a “Small Company” as described above. The Investment Manager will closely monitor the market capitalization of the companies invested by the China Small Companies Fund and the Asia Small Companies Fund to ensure these two HK Sub-Funds are primarily invested in companies with market capitalization no higher than the greater of USD 5 billion or the market capitalization of the largest company included in the relevant primary benchmark index in accordance with their investment policies and that “non-Small Companies” (i.e. companies with market capitalization exceeding the definition of a “Small Company”) are held on an ancillary basis.

For the avoidance of doubt, there is no material change to the features and risk profiles of the China Small Companies Fund and the Asia Small Companies Fund. There is also no material adverse impact on the rights or interests of the Shareholders of these two HK Sub-Funds as a result of the above change in the definition of a “Small Company”.

3. Other miscellaneous updates to the Hong Kong Offering Document

The Hong Kong Offering Document will also be updated to reflect other changes with effect from the Effective Date, as summarised below:-

- a) Inclusion of risk disclosures relating to the Science and Technology Innovation Board on the Shanghai Stock Exchange (“**STAR Market**”) as those HK Sub-Funds which may currently invest in China A shares under their existing investment policies may invest in the STAR Market subject to the existing maximum limit of investment in China A shares.
- b) Enhanced disclosures regarding the purpose of the respective primary benchmark index of the HK Sub-Funds disclosed in the Hong Kong Offering Document.
- c) Clarification that there is no guarantee a distribution payment will be made in respect of the distribution shares of a HK Sub-Fund (if any) at each relevant period.

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The above changes 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, Brown Brothers Harriman (Hong Kong) Limited at the address below on or around the Effective Date. The updated Hong Kong Offering Document will also be available on the Fund's website <https://hk.matthewsasia.com/>. This website has not been reviewed or authorised by the SFC.

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 sincerely



On behalf of the Fund
Matthews Asia Funds