

CHINA UNIVERSAL INTERNATIONAL SERIES (the “Fund”)

This document is important and requires your immediate attention. If you are in any doubt about the contents of this document, you should seek independent professional financial advice. Investment involves risk. Please refer to the Explanatory Memorandum of the Fund and the Key Fact Statement of each Sub-Fund for further details including the risk factors.

China Universal Asset Management (Hong Kong) Company Limited 匯添富資產管理（香港）有限公司 (the “Manager”) accepts full responsibility for the accuracy of the information contained in this document at the date of publication 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.

Capitalised terms used herein shall bear the same meanings as capitalised terms used in the Explanatory Memorandum for the Fund dated November 2012, as may be amended and supplemented from time to time (the “Explanatory Memorandum”).

Dear Investor,

We are writing to inform you of the following amendments to the Explanatory Memorandum:

(I) Updates relating to the PRC tax provisioning policy of the CUAM China-Hong Kong Strategy Fund

Background

As disclosed in the Explanatory Memorandum, the Manager intended to make provision for any PRC taxes payable by the CUAM China-Hong Kong Strategy Fund on the gross realised capital gains derived from the disposal of China B-Shares.

After seeking independent professional tax advice, it is noted that there are uncertainties as to whether withholding income tax (“WIT”) will be imposed on capital gains derived from trading of B-shares. In practice, the PRC tax authorities have not enforced collection of WIT on capital gains derived by non-residents from trading of B-shares where both the purchase and sales of B-shares are conducted via stock exchange. The Manager currently has no intention to make provision in respect of the potential tax liability of the Sub-Fund on trading of B-shares, as the possibility of the imposition of such tax liability is considered remote.

The Explanatory Memorandum is therefore amended accordingly to reflect the current PRC tax provisioning policy of the CUAM China-Hong Kong Strategy Fund.

Risks

It should be noted that there is a possibility of the PRC tax authority enforces imposition of WIT on gains derived from trading of China B-Shares, the CUAM China-Hong Kong Strategy Fund may be subject to PRC tax liability and the relevant amount will be debited from the CUAM China-Hong Kong Strategy Fund’s assets. In the event that actual tax is collected by the State Administration of Taxation and the

CUAM China-Hong Kong Strategy Fund is required to make payments reflecting tax liabilities for which no provisions has been made, the Net Asset Value of the CUAM China-Hong Kong Strategy Fund may be adversely affected, as the CUAM China-Hong Kong Strategy Fund will ultimately have to bear the full amount of tax liabilities. In this case, the tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the CUAM China-Hong Kong Strategy Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the CUAM China-Hong Kong Strategy Fund.

Unitholders may be disadvantaged depending upon the final tax liabilities and when they subscribed and/or redeemed their Units. Unitholders should seek their own tax advice on their tax position with regard to their investment in the CUAM China-Hong Kong Strategy Fund.

Investors should also refer to the Explanatory Memorandum for further details, including the risk factors applicable to such WIT provisioning policy.

(II) Implementation of FATCA

The Foreign Account Tax Compliance Act (“FATCA”) regime

FATCA will impose new rules with respect to certain payments to non-United States persons, such as the Fund and the Sub-Funds, including interest and dividends from securities of US issuers and gross proceeds from the sale of such securities. All such payments may be subject to withholding at a 30% rate, unless the recipient of the payment satisfies certain requirements intended to enable the US Internal Revenue Service (“IRS”) to identify United States persons (within the meaning of the IRS Code) with interests in such payments. To avoid such withholding on payments made to it, a foreign financial institution (an “FFI”), such as the Fund and the Sub-Funds (and, generally, other investment funds organised outside the US), generally will be required to enter into an agreement (an “FFI Agreement”) with the US IRS under which it will agree to identify its direct or indirect owners who are United States persons and report certain information concerning such United States person owners to the US IRS.

In general, an FFI which does not sign an FFI Agreement or is not otherwise exempt will face a punitive 30% withholding tax on all “withholdable payments” derived from US sources, including dividends, interest and certain derivative payments made on or after 1 July 2014. In addition, starting from 1 January 2017, gross proceeds such as sales proceeds and returns of principal derived from stocks and debt obligations generating US source dividends or interest will be treated as “withholdable payments.” It is expected that certain non-US sourced payments attributable to amounts that would be subject to FATCA withholding (referred to as “passthru payments”) will also be subject to FATCA withholding, though the definition of “passthru payment” in US Treasury Regulations is currently pending.

Details of Intergovernmental Agreement

The Hong Kong government has announced that Hong Kong will enter into an intergovernmental agreement with the US (“IGA”) for the implementation of FATCA, adopting “Model 2” IGA arrangements. Under this “Model 2” IGA arrangements, FFIs in Hong Kong (such as the Fund and the Sub-Funds) would be required to register with the US IRS and agree to comply with the terms of the FFI Agreement. Otherwise they will be subject to a 30% withholding tax on relevant US-sourced payments to them.

As an IGA has been reached in substance between Hong Kong and the US, it is expected that FFIs in Hong Kong (such as the Fund and the Sub-Funds) complying with the FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will not be required to withhold tax on payments to recalcitrant accounts (i.e. accounts of which the holders do not consent to FATCA reporting and disclosure to the US IRS) or close those recalcitrant accounts (provided that information regarding such recalcitrant account holders is reported to the US IRS), but may be required to withhold tax on payments made to non-compliant FFIs. However, as of the date hereof, the US and Hong Kong have yet to sign the IGA, and the terms of such IGA may vary from the “Model 2” agreement on which the above described expectations are based.

FATCA Status

As of the date hereof, the Fund and the Sub-Funds have already registered with the US IRS and agreed to comply with the requirements of the FFI Agreement. An officer of the Manager is acting as the Responsible Officer for the Fund and the Sub-Funds.

<u>Name of Fund and Sub-Funds</u>	<u>GIIN</u>
China Universal International Series	74X8RR.99999.SL.344
CUAM RMB RMB <i>Bondplus</i>	E1VD5H.99999.SL.344
CUAM China-Hong Kong Strategy Fund	CJQ8W6.99999.SL.344
CUAM Hong Kong Dollar Bond Fund	G3YCY1.99999.SL.344

The Fund and each Sub-Fund will endeavour to satisfy the requirements imposed under FATCA and the FFI Agreement to avoid any withholding tax but no assurance can be given that the Fund and the Sub-Funds will be able to satisfy all these obligations. In the event that the Fund or any Sub-Fund is not able to comply with the requirements imposed by FATCA or the FFI Agreement and the Fund or such Sub-Fund does suffer US withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Fund or that Sub-Fund may be adversely affected and the Fund or such Sub-Fund may suffer significant loss as a result.

Impact to Unitholders

In the event a Unitholder does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Fund or the relevant Sub-Fund, or a risk of the Fund or the relevant Sub-Fund being subject to withholding tax under FATCA, the Manager on behalf of the Fund and each of such relevant Sub-Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, (i) reporting the relevant information of such Unitholder to the US IRS; (ii) withholding or deducting from such Unitholder’s redemption proceeds or distributions to the extent permitted by applicable laws and regulations; and/or (iii) deeming such Unitholder to have given notice to redeem all his Units in the relevant Sub-Fund. The Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds.

Each Unitholder and prospective investor should consult with his own tax advisor as to the potential impact of FATCA in its own tax situation.

(III) Change of the RQFII quota administration rules

Unitholders of CUAM RMB *Bondplus* Fund should note that following the recent changes in SAFE’s RQFII quota administration rules, the Manager as the RQFII holder has the flexibility to allocate its RQFII quota granted by SAFE across different public

fund products, or, subject to SAFE's approval, to products and/or accounts that are not public funds .

The Manager may therefore allocate additional RQFII quota to a Sub-Fund, or allocate RQFII quota which may otherwise be available to a Sub-Fund to other products and/or accounts. The Manager may also apply to SAFE for additional RQFII quota which may be utilised by a Sub-Fund, other clients of the Manager or other products managed by the Manager. However, a Sub-Fund may not have exclusive use of the entire RQFII quota granted by SAFE to the Manager, as the Manager may in its discretion allocate RQFII quota which may otherwise be available to the relevant Sub-Fund to other products. There can be no assurance that the Manager can allocate sufficient RQFII quota to a Sub-Fund to meet all applications for subscription of Units in the relevant Sub-Fund. The aforementioned restrictions may respectively result in a rejection of applications or a suspension of dealings of a Sub-Fund. Also, there is no assurance that the Manager will make available RQFII quota that is sufficient for a Sub-Fund's investment at all times.

(IV) Change of address of the Manager

The address of the Manager has been changed. The new address of the Manager is Room 3710-3711, 37/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

Please refer to the enclosed Sixth Addendum for details of the amendments. If you have any questions or require further information, please contact the Manager at Room 3710-3711, 37/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong or by telephone at 3983 5600.

Yours faithfully,

China Universal Asset Management (Hong Kong) Company Limited
匯添富資產管理（香港）有限公司
13 August 2014