

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,

Clarification on the change in PRC tax provisioning policy of the CUAM China-Hong Kong Strategy Fund (the “Sub-Fund”)

Further to our notice issued on 14 August 2014, we are writing to provide clarification on the change in PRC tax provision policy of the Sub-Fund.

Previous PRC Tax Provisioning Policy and Arrangement

In the absence of specific rules governing taxes on RQFII’s capital gains derived from the trading of PRC Securities, the Manager originally intends to make provisions for any PRC taxes payable by the Sub-Fund on the gross realised capital gains derived from the disposal of China B-Shares, at a rate of 10% (or as otherwise advised by the Sub-Fund’s tax adviser). However, given that the PRC tax authorities, in practice, have not enforced collection of withholding income tax (“WIT”) on capital gains derived by non-residents from trading of China B-Shares where both the purchase and sale of China B-Shares are conducted via stock exchange, no tax provision was actually made in respect of the Sub-Fund’s gross realised capital gains derived from the disposal of China B-Shares since the launch of the Sub-Fund.

Change in PRC Tax Provisioning Policy

Recently, after seeking independent professional tax advice, despite the uncertainties as to whether WIT will be imposed on gross realised capital gains derived from trading of China B-Shares, the possibility of the imposition of such tax liability is considered remote in light of the current practice of the PRC tax authorities. Therefore, the Manager decided to change the PRC tax provisioning policy of the Sub-Fund such that no provision will be made in respect of the potential tax liability of the Sub-Fund on trading of China B-Shares. Please note that this approach may be changed in the future, if necessary and appropriate, in view of more clarity on or change in the PRC tax rules.

Dividend and interest income WIT provisioning approach remains unchanged

The change to the Sub-Fund's PRC WIT provision approach only applies to the gross realised capital gains derived from the disposal of China B-Shares. For the avoidance of doubt, the PRC WIT provision treatment of other types of income of the Sub-Fund, including dividend income and interest income, remains unchanged. Details of such tax provision treatment are disclosed under the risk factor headed "**PRC tax considerations**" under the section headed "**Risk Factors**" in the Explanatory Memorandum.

Impact on the Sub-Fund's Net Asset Value

As no tax provision was made in respect of the Sub-Fund's gross realised capital gains derived from the disposal of China B-Shares since the launch of the Sub-Fund, the net asset value of the Sub-Fund will not be affected as a result of the change in PRC tax provisioning policy.

Nevertheless, you should note that, in the event that actual tax is collected by the State Administration of Taxation and the Sub-Fund is required to make payments reflecting tax liabilities for which no provision has been made, the net asset value of the Sub-Fund will be adversely affected, as the Sub-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 since such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund. If you have any doubts, you should seek your own tax advice on your tax position with regard to your investment in the Sub-Fund.

For details of the current tax provisioning policy of the Sub-Fund and the risks associated with such tax provisioning policy, please refer to the latest version of the Explanatory Memorandum (including the risk factor disclosures). 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
4 September 2014