

FIFTH ADDENDUM

CHINA UNIVERSAL INTERNATIONAL SERIES (the “Fund”)

This Fifth Addendum should be read in conjunction with, and forms part of, the Explanatory Memorandum for the Fund dated October 2015, the First Addendum dated 26 September 2016, the Second Addendum dated 31 October 2016, the Third Addendum dated 9 February 2017 and the Fourth Addendum dated 17 February 2017 (collectively, the “Explanatory Memorandum”). All capitalised terms herein contained shall have the same meaning in this Fifth Addendum as in the Explanatory Memorandum, unless otherwise indicated.

China Universal Asset Management (Hong Kong) Company Limited (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 in this document misleading.

Unless otherwise stated herein, the Explanatory Memorandum remains in full force and effect.

The following changes will be made to the Explanatory Memorandum with effect from 28 April 2017 (the “**Effective Date**”):

I. Change in investment policy of CUAM China-Hong Kong Strategy Fund

To provide greater flexibility for CUAM China-Hong Kong Strategy Fund (the “**Sub-Fund**”) to capture market opportunities, the following amendments are made to the Explanatory Memorandum relating to the Sub-Fund with effect from the Effective Date:

1. The fourth bullet point under the section headed “**Introduction**” on page 3 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“CUAM China-Hong Kong Strategy Fund seeks to achieve medium to long-term capital growth through investing primarily in securities issued by companies which are established in Greater China or having their income, revenue, assets, economic activities, business or operations associated with Greater China.”

2. The section headed “**Investment Objective**” on page 66 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“CUAM China-Hong Kong Strategy Fund seeks to achieve medium to long-term capital growth through investing primarily in securities of companies which are established in Greater China or having their income, revenue, assets, economic activities, business or operations associated with Greater China.”

3. The section headed “**Investment Policy**” on page 66 of the Explanatory Memorandum (as amended by the Second Addendum) is deleted in its entirety and replaced with the following:

“At least 70% of the Sub-Fund’s Net Asset Value will be invested in a portfolio of (a) equity securities (including but not limited to ordinary shares, preferred shares, American Depositary Receipts, Global Depositary Receipts) of companies which are established in mainland China or Hong Kong or having their income, revenue, assets, economic activities, business or operations associated with mainland China and/or Hong Kong (“**China-Hong Kong Companies**”); and (b) debt securities instruments (including but not limited to long-term bonds, medium-term notes, bills and convertible bonds) issued by China-Hong Kong Companies and governments, government agencies and supra-national issuers in mainland China or Hong Kong. The Sub-Fund will not focus its investment in any specific industries or sectors although the allocation in certain industry or sector may be relatively significant, depending on the Manager’s assessment at different times.

The Sub-Fund may invest:

- Up to 100% of the Sub-Fund's Net Asset Value in equity securities of China-Hong Kong Companies;
- Not more than 30% of the Sub-Fund's Net Asset Value in debt securities instruments issued by China-Hong Kong Companies and governments, government agencies and supra-national issuers in mainland China or Hong Kong.

Indicative Asset Allocation

The following is an indication of the asset allocation of the Sub-Fund:

Asset Type	Indicative Percentage of the Sub-Fund's Net Asset Value
Equity securities	40-100%
Debt securities instruments	<60%
Collective investment schemes, cash and cash equivalents	<30%

In addition, the Sub-Fund may invest on an ancillary basis less than 30% of its Net Asset Value in (1) equity securities of non-China-Hong Kong Companies, (2) debt securities instruments issued by non-China-Hong Kong Companies, and governments, government agencies and supra-national issuers outside mainland China or Hong Kong, and (3) collective investment schemes, subject to the investment and borrowing restrictions in the Explanatory Memorandum and Chapter 7 of the Code.

The Sub-Fund may invest less than 60% of its Net Asset Value in debt securities instruments which are below investment grade or unrated. The Sub-Fund does not have requirement on the minimum credit rating of the debt securities instruments it may hold. "Investment grade" means a rating of BBB- or above from Standard & Poor's and Fitch, Baa3 or above from Moody's or an equivalent rating from any internationally recognized credit rating agency. For this purpose, if the relevant security does not itself have a credit rating, then reference can be made to the credit rating of the issuer of the security. "Unrated debt securities" means a debt security which neither the security itself nor its issuer has a credit rating. The Sub-Fund does not have any limitation on the maturity of the debt securities instruments. The debt securities instruments the Sub-Fund will invest in are traded in the global debt securities markets such as but not limited to Hong Kong, US and China.

The Sub-Fund may invest not more than 30% of its Net Asset Value in convertible bonds.

The Sub-Fund may invest not more than 20% of its Net Asset Value in onshore mainland China market through various means, including but without limitation, using RQFII quota of the Manager (as RQFII holder), or through investment in other collective investment schemes, or through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect or such other means as may be permitted under applicable laws and regulations from time to time.

The Sub-Fund will not invest more than 10% of its Net Asset Value in debt securities issued by and/or guaranteed by any single sovereign issuer (including its government, a public or local authority of that country) with a credit rating below investment grade as rated by any international credit rating agency (such as Standard & Poor's, Moody's and Fitch). Also, the Sub-Fund will not invest in collateralised and/or securitised products such as asset backed securities and mortgage backed securities (including asset backed commercial papers).

The Sub-Fund may hold less than 30% of its Net Asset Value in cash and cash equivalents, which may include cash, deposits and money market instruments for liquidity and cash management purposes. The

Sub-Fund may hold temporarily up to 100% of its Net Asset Value in cash or cash equivalents under exceptional circumstances, such as (i) market crash, or major crisis, (ii) attempts to mitigate the risk of potential sharp reversals and fall in the equity or bond markets, (iii) attempts to mitigate downside risks during uncertainties or (iv) maintain liquidity for the Sub-Fund.

The Sub-Fund will invest in financial derivative instruments (by engaging in foreign currency transaction, including but not limited to currency forward contracts) for hedging purposes only.

The Sub-Fund will not engage in securities lending transactions or repurchase and reverse repurchase transactions or similar over-the-counter transaction. Prior approval will be sought from the SFC and at least one month's prior notice will be given to Unitholders should there be a change in such intention. The Explanatory Memorandum will be updated accordingly.

The asset allocation of the Sub-Fund may change taking into account different factors including but not limited to the Manager's views of fundamental economic and market conditions and investment trends across the globe, liquidity, costs, timing of execution, relative attractiveness of individual securities and issuers available in the market."

II. Updates in relation to Stock Connects

1. A new defined term, "**Stock Connect**", is inserted after the definition of "**SFO**" in the section headed "**Definitions**" on page 8 of the Explanatory Memorandum:

"**Stock Connect**" Means each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and collectively the "**Stock Connects**"."

2. The section headed "**Shanghai-Hong Kong Stock Connect**" on page 67 of the Explanatory Memorandum is deleted in its entirety and replaced with the section headed "**Stock Connects**" as follows:

"The Shanghai-Hong Kong Stock Connect is a securities trading and clearing linked programme developed by the Stock Exchange of Hong Kong Limited ("**SEHK**"), Shanghai Stock Exchange ("**SSE**"), China Securities Depository and Clearing Corporation Limited ("**ChinaClear**") and Hong Kong Securities Clearing Company Limited ("**HKSCC**"). The Shenzhen-Hong Kong Stock Connect is a securities trading and clearing linked programme developed by the SEHK, Shenzhen Stock Exchange ("**SZSE**"), ChinaClear and HKSCC. The aim of Stock Connects is to achieve mutual stock market access between mainland China and Hong Kong.

The Shanghai-Hong Stock Connect comprises a Northbound Shanghai Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shanghai Trading Link, Hong Kong and overseas investors (including the Sub-Fund), through their Hong Kong brokers and a securities trading service company to be established by the SEHK, may be able to trade eligible China A-Shares listed on SSE by routing orders to SSE.

The Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shenzhen Trading Link, Hong Kong and overseas investors (including the Sub-Fund), through their Hong Kong brokers and a securities trading service company to be established by the SEHK, may be able to trade eligible China A-Shares listed on SZSE by routing orders to SZSE.

Eligible securities

Shanghai-Hong Kong Stock Connect

Hong Kong and overseas investors will be able to trade certain stocks listed on the SSE market (i.e. "**SSE Securities**"). These include all the constituent stocks from time to time of the SSE 180 Index and SSE

380 Index, and all the SSE-listed China A-Shares that are not included as constituent stocks of these indices but which have corresponding China H-Shares listed on the Hong Kong Stock Exchange, except the following:

- SSE-listed shares which are not traded in RMB; and
- SSE-listed shares which are included in the “risk alert board”.

It is expected that the list of eligible securities will be subject to review from time to time.

Shenzhen-Hong Kong Stock Connect

Hong Kong and overseas investors will be able to trade certain stocks listed on the SZSE market (i.e. “**SZSE Securities**”). These include any constituent stock of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of RMB6 billion or above and all SZSE-listed shares of companies which have issued both China A-Shares and China H-Shares except for the following.

- SZSE-listed shares which are not traded in RMB; and
- SZSE-listed shares which are included in the “risk alert board”.

At the initial stage of the Northbound Shenzhen Trading Link, investors eligible to trade shares that are listed on the ChiNext Board of SZSE under the Northbound Shenzhen Trading Link will be limited to institutional professional investors as defined in the relevant Hong Kong rules and regulations.

It is expected that the list of eligible securities will be subject to review from time to time.

Trading quota

Trading under the Stock Connects will be subject to a daily quota.

Settlement and custody

The China A-Shares traded through Stock Connects are issued in scripless form, so investors will not hold any physical China A-Shares. Hong Kong and overseas investors who have acquired SSE Securities and SZSE Securities should maintain the SSE Securities and SZSE Securities with their brokers’ or custodians’ stock accounts with CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on the Hong Kong Stock Exchange).

Investor compensation

The Sub-Fund’s investment in China A-Shares via the Stock Connects will neither be covered by Hong Kong’s Investor Compensation Fund nor the China Securities Investor Protection Fund (中國投資者保護基金) in the PRC.

Further information about the Stock Connects is available online at the website:

<http://www.hkex.com.hk/chinaconnect>”

3. The section headed “**Risk associated with the Stock Connect**” on page 69 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“The Stock Connect is a programme novel in nature. Investment in China A-Shares by the Sub-Fund via the Stock Connects may expose the Sub-Fund to the following additional risks:

Quota limitations - The Stock Connects are subject to quota limitations. Once the daily quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the Sub-Fund’s ability to invest in China A-Shares through the relevant Stock Connect on a timely basis in order to pursue its investment strategies effectively.

Suspension risk - Each of the Hong Kong Stock Exchange, SSE and SZSE may suspend Northbound and/or Southbound trading in light of the market situation, subject to prior consent from the relevant regulators. Where a suspension in the Northbound trading through the Stock Connects is effected, the Sub-Fund's ability to access the PRC market will be adversely affected.

Operational risk - The Stock Connects provide a new channel for investors from Hong Kong and overseas to access the China stock market directly.

The Stock Connects are premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this programme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial programme to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connects requires routing of orders across the border. This requires the development of new information technology systems on the part of the Hong Kong Stock Exchange and exchange participants (i.e. a new order routing system ("**China Stock Connect System**") to be set up by the Hong Kong Stock Exchange to which exchange participants need to connect). There is no assurance that the systems of the Hong Kong Stock Exchange and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. The Sub-Fund's ability to access the China A-Shares market (and hence to pursue its investment strategy) will be adversely affected.

Restrictions on selling imposed by front-end monitoring - PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE or SZSE will reject the sell order concerned. The Hong Kong Stock Exchange will carry out pre-trade checking on China A-Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If the Sub-Fund desires to sell certain China A-Shares it holds, it must transfer those China A-Shares to the respective accounts of its brokers before the market opens on the day of selling ("**trading day**"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, the Sub-Fund may not be able to dispose of holdings of China A-Shares in a timely manner.

Recalling of eligible stocks - When a stock is recalled from the scope of eligible stocks for trading via the Stock Connects the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the Sub-Fund, for example, when the Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

Clearing and settlement risk - The HKSCC and ChinaClear will establish the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For crossboundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the Sub-Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

Participation in corporate actions and shareholders' meetings - The HKSCC will keep CCASS participants informed of corporate actions of SSE Securities and SZSE Securities. Hong Kong and overseas investors (including the Sub-Fund) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be as short as one business day only. Therefore, the Sub-Fund may not be able to participate in some corporate actions in a timely manner.

Hong Kong and overseas investors (including the Sub-Fund) are holding SSE Securities and SZSE Securities traded via the Stock Connects through their brokers or custodians. According to existing mainland China practice, multiple proxies are not available. Therefore, the Sub-Fund may not be able to appoint proxies to attend or participate in shareholders' meetings in respect of the SSE Securities and SZSE Securities.

No Protection by Investor Compensation Fund - Investment through the Stock Connects are conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations. As disclosed in the section under the heading "**Stock Connects**", the Sub-Fund's investments through Northbound trading under the Stock Connects are not covered by the Hong Kong's Investor Compensation Fund or the China Securities Investor Protection Fund. Therefore, the Sub-Fund is exposed to the risks of default of the broker(s) it engages in its trading in China A-Shares through the programme.

Regulatory risk - The Stock Connect is novel in nature, and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connects.

It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change which may have potential retrospective effects. There can be no assurance that the Stock Connects will not be abolished. The Sub-Fund, which may invest in the PRC markets through the Stock Connects, may be adversely affected as a result of such changes.

Risks associated with the Small and Medium Enterprise Board and/or ChiNext Board - The Sub-Fund may invest in the Small and Medium Enterprise Board of the SZSE ("**SME Board**") and/or the ChiNext Board of the SZSE ("**ChiNext Board**"). Investments in the SME Board and/or ChiNext Board may result in significant losses for the Sub-Fund and its investors. The following additional risks apply:

- Higher Fluctuation on Stock Prices

Listed companies on the SME Board and/or ChiNext Board are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the Main Board of the SZSE ("**Main Board**").

- Valuation / Over-Valuation Risk

Stocks listed on the SME Board and/or ChiNext Board may be difficult to value and/or overvalued. Exceptionally high valuation resulting from over-valuation may not be sustainable. Also, stock price may be more susceptible to manipulation due to fewer circulating shares.

- Differences in Regulations

The rules and regulations regarding companies listed on ChiNext Board are less stringent in terms of profitability and share capital than those in the Main Board and SME Board.

- Delisting Risk

It may be more common and faster for companies listed on the SME Board and/or ChiNext Board to delist. This may have an adverse impact on the relevant Sub-Fund if the companies that it invests in are delisted.

- Risk associated with Small-Capitalisation / Mid-Capitalisation Companies

The stocks of small-capitalisation / mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.”

III. Updates in relation to PRC tax disclosures

1. The heading headed “**Investment in China A-Shares via the Shanghai-Hong Kong Stock Connect (the “Stock Connect”)**” of the sub-section headed “**Dividend income and interest income**” on page 34 of the Explanatory Memorandum is deleted in its entirety and replaced with the section headed “**Investment in China A-Shares via the Stock Connects**” as follows:

“Circular Caishui (2014) No.81 (“**Circular 81**”) and Circular Caishui (2016) No.127 (“**Circular 127**”) provided that dividends received by foreign investors (including the relevant Sub-Fund) from investment in China A-Shares via the Stock Connects (as further described in the section headed “Stock Connects”) is subject to 10% withholding tax which will be withheld by the PRC companies distributing the dividends, unless exempt or reduced under current PRC tax laws and regulations or relevant tax treaties.”

2. The heading headed “**Investment in PRC securities via RQFII**” under the sub-section headed “**Capital gains**” on page 35 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“Circular Caishui (2014) No.79 (“**Circular 79**”) states that RQFIIs without a PE in the PRC or RQFIIs with a PE in the PRC but the income so derived in the PRC is not effectively connected with their PE are exempt from PRC WIT on capital gains derived from investment in China A-Shares effective from 17 November 2014. Circular 79 also states that RQFIIs are subject to PRC WIT on capital gains from investment in China A-Shares before 17 November 2014. Specific rules governing taxes on capital gains derived by RQFIIs from the investment in securities in the PRC other than China A-Shares have yet to be announced. In the absence of such specific rules, the PRC CIT treatment should be governed by the general tax provisions of the PRC CIT Law and would be subject to the interpretation of the PRC tax authorities. Based on the current interpretation of the State Administration of Taxation (“**SAT**”) and the local tax authorities, gains derived by RQFIIs from investment in fixed income instruments should not be treated as PRC sourced income thus should not be subject to PRC WIT. If the relevant interpretation changes in the future, the relevant Sub-Fund may still turn to certain treaty relief applicable to Hong Kong tax residents.

Having taken and considered independent professional tax advice on the application of the China-HK Arrangement and acting in accordance with such advice, the Manager considers that, under the China-HK Arrangement, capital gains derived by a Hong Kong tax resident from investment in PRC fixed income instruments should not be subject to PRC WIT.

Pursuant to the relevant PRC tax regulations, to enjoy the tax treaty relief under the China-HK Arrangement, a Hong Kong tax resident should submit to the relevant PRC tax authorities with application documents (including a Hong Kong Tax Resident Certificate (“**HKTRC**”) issued by the Inland Revenue Department of Hong Kong (the “**IRD**”)) for assessment.”

3. The heading headed “**Investment in China A-Shares via the Stock Connect**” under the sub-section headed “**Capital gains**” on page 36 of the Explanatory Memorandum is deleted in its entirety and replaced with the section headed “**Investment in China A-Shares via the Stock Connects**” as follows:

“Under Circular 81 and Circular 127, CIT is temporarily exempted on capital gains derived by foreign investors (including the relevant Sub-Fund) from investment in China A-Shares via the Stock Connects.

Although a notice by the SAT confirmed the applicability of tax to dividends, profit distribution and interest paid to investors, at present, there are no specific PRC tax regulations addressing the WIT treatment on capital gains derived from the disposal of China B-Shares. In the absence of such rules, the general tax law provisions apply. At this point of time in practice, the PRC tax authorities have not strictly enforced collection of WIT on gains derived by overseas investors (including the Fund/Sub-Fund(s)) from investment in China B-Shares via stock exchange. The position in practice may change if the SAT expresses another view and/or that new official tax circulars are issued to provide further guidance.

The tax exemptions granted under Circular 79, Circular 81 and Circular 127 are only temporary. It is possible that the applicable tax law, regulations and practice may change from time to time and taxes being applied retrospectively. In light of the uncertainty on the income tax treatment on capital gains and in order to meet any potential tax liability for capital gains, the Manager reserves the right to provide for PRC WIT on such gains or income and withhold the tax for the account of a Sub-Fund and will notify the Unitholders should the Manager decide to exercise such right. The Manager’s current policy on the tax provisions is set out in the section headed “**PRC Tax Provisions**” in the relevant Appendix. Where any provision is made, the amount of actual provision will be disclosed in the financial statements of the relevant Sub-Fund.”

4. The sub-section headed “**Business Tax (“BT”) and other surtaxes**” on page 36 of the Explanatory Memorandum is deleted in its entirety and replaced with the section headed “**Value Added Tax (“VAT”) and other surtaxes**” as follows:

“Value Added Tax (“VAT”) and other surtaxes:

The Ministry of Finance of the PRC (“**MoF**”) and the State Administration of Taxation of the PRC (“**SAT**”) issued Caishui [2016] No. 36 (the “**Notice 36**”) on 23 March 2016 announcing that the final stage of VAT reform has come into effect on 1 May 2016, the pilot program of the collection of VAT in lieu of business tax (“**BT**”) has been promoted nationwide in a comprehensive manner in the PRC, and all taxpayers of BT engaged in the financial industry shall be included in the scope of the pilot program with regard to payment of VAT instead of BT. The Notice 36 provides that VAT at 6% shall be levied on the difference between the selling and buying prices of those marketable securities unless special VAT exemption applies.

The Notice 36 also provides that gains derived by QFIIs from trading of marketable securities are exempt from VAT since 1 May 2016. Pursuant to the “Supplementary Notice on the VAT Policy on Interbank Transactions and Other Financial Institutions” (Caishui [2016] No. 70) jointly issued by MoF and SAT on 30 June 2016 and which took effect retrospectively on 1 May 2016 (“**Notice 70**”), income derived by RQFIIs from the purchase and sale of marketable securities are also exempt from VAT. For China A-Shares traded via the Stock Connects, Circular 81 and Circular 127 state that gains derived by foreign investors trading through such platforms are temporarily exempt from VAT. However, there is no clear rule on whether there is VAT exemption if a Sub-Fund invests in China B-Shares. Thus, there may be VAT imposed on a Sub-Fund for trading of China B-Shares. The China H-Share transaction, red-chip company transaction and other kinds of offshore shares transaction should not be subject to VAT.

The prevailing VAT regulations do not specifically exempt VAT on interest received by QFIIs and RQFIIs. Hence, interest income received by QFIIs and RQFIIs from investments in PRC debt securities

shall be subject to 6% VAT unless special exemption applies. According to the Notice 36, deposit interest income is not subject to VAT and interest income earned on government bonds is exempted from VAT.

Further to Notice 36 and Notice 70, interest income derived from holding of financial bonds issued by PRC incorporated financial institutions in China interbank bond market or exchange market by financial institutions is exempt from VAT. However, such exemption granted to financial institutions is technically not applicable to interest derived from bonds other than the aforesaid.

Dividends or profit distributions on equity investment derived from China are not included in the taxable scope of VAT.

In addition, urban maintenance and construction tax (currently at the rate ranging from 1% to 7%), education surcharge (currently at the rate of 3%) and local education surcharge (currently at the rate of 2%) are imposed based on the VAT liabilities.”

5. The second paragraph under the sub-section headed “**Stamp duty**” on page 37 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“Stamp duty is levied on the execution or receipt in China of certain documents, including contracts for the sale of China A- and B-Shares traded on the PRC stock exchanges or via the Stock Connects, at the rate of 0.1%. In the case of contracts for sale of China A- and B-Shares, such stamp duty is currently imposed on the seller but not on the purchaser. It is unclear whether PRC stamp duty that is imposed on the transfer to shares of PRC companies under the Stamp Duty Regulations would similarly apply to the acquisition and disposal of China H-Shares by non-PRC investors outside the PRC. That said, PRC stamp duty is generally not imposed for investment in China H-Shares in practice.”

6. The section headed “**PRC Tax Provisions**” on page 60-62 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“**PRC Tax Provisions**”

The Sub-Fund currently invests in RMB-denominated fixed income instruments issued or distributed in the PRC and China A-Shares by using the RQFII quotas of the Manager. For further details relating to PRC taxes and the associated risks, please refer to the risk factor headed “**PRC tax considerations**” under the “**Risk Factors**” section.

Having taken and considered independent professional tax advice regarding the Sub-Fund’s eligibility for treaty relief under the China-HK Arrangement and acting in accordance with such advice, the Manager considers that the Sub-Fund should qualify as a Hong Kong tax resident and it should be able to enjoy treaty relief based on the China-HK Arrangement. In this connection, the Manager has determined, having taken and considered independent professional tax advice and acting in accordance with such advice, that no PRC WIT provision will be made on the gross realised and unrealised gains derived from investment in the PRC fixed income instruments.

Pursuant to Circular 79, the Sub-Fund is temporarily exempt from PRC WIT on capital gains derived from investment in China A-Shares via RQFII effective from 17 November 2014, but those capital gains derived before that date should be subject to PRC WIT. In spite of the Circular 79 announcement, the Manager has determined, having taken and considered independent professional tax advice and acting in accordance with such advice, that no WIT provision will be made for gross realised or unrealised gains derived from investment in China A-Shares from 17 November 2014 onwards.

The tax exemption granted under Circular 79 and 81 is only temporary. It is possible that the applicable tax law, regulations and practice may be changed. In such cases, the Sub-Fund may have tax liabilities in the PRC which it has not provided for. Such tax liabilities will be deducted from the Sub-Fund’s

assets, and will cause the Sub-Fund's Net Asset Value to be adversely affected. In this case, existing and subsequent investors will be disadvantaged as they will bear for a disproportionately higher amount of tax liabilities as compared to the liability at the time of investment in the Sub-Fund.

For the above reasons, any PRC WIT provision on capital gains made by the Manager in respect of the Sub-Fund may be less than the Sub-Fund's actual tax liabilities. It should also be noted that there is a possibility of the PRC tax rules being changed and taxes being applied retrospectively. In view of the above uncertainties, investors should note that the level of provision may be inadequate to meet actual PRC tax liabilities on investments made by the Sub-Fund.

If the actual tax levied by relevant PRC tax authorities is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the Sub-Fund will be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional 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 Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund.

On the other hand, the actual tax liabilities may be lower than the tax provision made, in which case those persons who have already redeemed their Units before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision. As a result, investors may be disadvantaged depending on the final rules of the relevant PRC tax authorities, the level of provision and when they subscribed and/or redeemed their Units. Upon any future resolution of the above-mentioned tax exemption or further changes to tax law or policies, the Manager, will as soon as practicable, make relevant adjustments to the amount of tax provision as it considers necessary."

7. The third and fourth paragraphs under the section headed "**PRC Tax Provisions**" on page 73 of the Explanatory Memorandum are deleted in their entirety and replaced with the following:

"Given that the Sub-Fund may invest in China A-Shares after 17 November 2014 through either RQFII or the Stock Connects, the Sub-Fund is temporarily exempt from PRC WIT on the capital gains according to Circulars 79, 81 and 127, no PRC tax provision will be made in this regard.

The tax exemption granted under Circular 79, 81 and 127 is only temporary. It is possible that the applicable tax law, regulations and practice may be changed. In such cases, the Sub-Fund may have tax liabilities in the PRC which it has not provided for. Such tax liabilities will be deducted from the Sub-Fund's assets, and will cause the Sub-Fund's Net Asset Value to be adversely affected. In this case, existing and subsequent investors will be disadvantaged as they will bear for a disproportionately higher amount of tax liabilities as compared to the liability at the time of investment in the Sub-Fund."

IV. Updates to risk disclosures

1. The following risk factors are added immediately before the risk factor "**Market risk**" on page 26 of the Explanatory Memorandum:

"Investment risk - The instruments invested by the Sub-Fund may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.

Equity market risk - Certain Sub-Funds' investment in equity securities 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."

2. The risk factor “**Emerging markets risk**” on page 27 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“Emerging markets risk - Various countries in which a Sub-Fund may invest are considered as emerging markets. Prospective investors should note that investment in emerging markets such as China and other countries involve special considerations and risks. These include a possibility of nationalisation, expropriation or confiscatory taxation, foreign exchange control, political and legal changes, government regulation, social instability or diplomatic developments which could affect adversely the economies of emerging markets or the value of a Sub-Fund’s investments, and the risks of investing in countries with smaller capital markets, such as limited liquidity, higher price volatility, restrictions on foreign investment and repatriation of capital, and the risks associated with emerging economies, including high inflation and interest rates and political and social uncertainties. In addition, it may be difficult to obtain and enforce a judgement in a court in an emerging country. Underlying investments of emerging market funds may also become illiquid which may constrain the Manager’s ability to realise some or all of the portfolio. Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to some countries in which a Sub-Fund may invest may differ from those applicable in developed countries, for example, less information is available to investors and such information may be out of date.

High market volatility and potential settlement difficulties in the emerging markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of a Sub-Fund.

Securities exchange in emerging markets typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on a Sub-Fund.”

3. The risk factor “**Currency risk**” on page 28 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“Currency risk - Certain Sub-Funds may be invested in part in assets quoted in currencies other than its base currency. Also, a class of units may be designated in a currency other than the base currency of a Sub-Fund. The performance and the Net Asset Value of such Sub-Funds will therefore be affected unfavourably by movements in the exchange rates between these currencies and the base currency of the Sub-Funds and by changes in exchange rate controls. Since the Manager aims to maximise returns for such Sub-Funds in terms of their base currency, investors in these Sub-Funds may be exposed to additional currency risk.”

4. The first and second paragraphs of the risk factor “**Risk relating to credit rating**” on page 28 of the Explanatory Memorandum are deleted in their entirety and replaced with the following:

“Risk relating to credit rating - The credit ratings of fixed-income securities by credit rating agencies are a generally accepted barometer of credit risk. They are, however, subject to certain limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. For example, the rating of an issuer is heavily weighted by past developments and does not necessarily reflect probable future conditions. There is often a time lag in updating the credit ratings in response to recent credit events.

A Sub-Fund may invest in securities which are below investment grade or which are non-rated. Investors should note that such securities would generally be considered to have lower liquidity, a higher degree of counterparty risk, credit risk, higher volatility risk, greater risk of loss of principal and interest and increased fluctuation in value than securities with higher grade. If the issuer of securities defaults, or such securities cannot be realised, or perform badly, investors may suffer substantial losses. The market for these securities may be less active, making it more difficult to sell the securities. Valuation of these securities is more difficult and thus the relevant Sub-Fund’s prices may be more volatile.”

5. The risk factor “**Downgrading risk**” on page 28 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“Downgrading risk - Investment grade securities or the credit rating of the issuer may be subject to the risk of being downgraded to below investment grade or unrated. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, a Sub-Fund’s investment value in such security may be adversely affected. The Manager may or may not dispose of the securities, subject to the investment objectives of the relevant Sub-Fund.”

6. The risk factor “**Concentration risk**” on page 29 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“Concentration risk - Certain Sub-Funds may invest only in a specific country/region/sector. Although each Sub-Fund’s portfolio will be well diversified in terms of the number of holdings, investors should be aware that the value of such Sub-Funds are likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as they are more susceptible to fluctuations in value resulting from adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the respective countries/regions/sectors.”

7. The risk factor “**Liquidity risk**” on page 29 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“Liquidity and volatility risk - Some of the markets (e.g. emerging markets) in which a Sub-Fund invests may be less liquid and more volatile than the world’s leading stock markets and this may result in the fluctuation in the price of securities traded on such markets. The bid and offer spreads of the price of such securities may be large and a Sub-Fund may suffer significant trading costs. Certain securities may be difficult or impossible to sell, and this would affect the Sub-Fund’s ability to acquire or dispose of such securities at their intrinsic value.”

8. The risk factor “**Sovereign risk**” on page 37 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“Sovereign risk - Certain developing countries are especially large debtors to commercial banks and foreign governments. Investment in debt obligations (“Sovereign Debt”) issued or guaranteed by developing countries governments or their agencies (“governmental entities”) involves a high degree of risk such as political, social and economic risk. The governmental entity that controls the repayment of Sovereign Debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A governmental entity’s willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity’s policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject.

Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a governmental entity’s implementation of economic reforms and/or economic performance and the timely service of such debtor’s obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties’ commitments to lend funds to the governmental entity, which may further impair such debtor’s ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their Sovereign Debt. Holders of Sovereign Debt, including a Sub-Fund, may be requested to participate in the rescheduling of such debt and to extend further

loans to governmental entities. There is no bankruptcy proceeding by which Sovereign Debt on which a governmental entity has defaulted may be collected in whole or in part. A Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.”

9. The risk factor “**Greater China market risk / Single region investment risk**” on page 68 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“**Greater China market risk / Single region investment risk** - Insofar as the Sub-Fund invests substantially in the equity securities of China-Hong Kong Companies, its investment is not as diversified as global equity funds. It will be subject to risks inherent in the Greater China market and additional concentration risks. It will tend to be more volatile than other funds and its portfolio value can be exposed to country specific risks. Please refer to the risk factors headed “China market risk” and “Concentration risk” in the main part of the Explanatory Memorandum.”

10. The risk factor “**Risk of investing in other collective investment schemes**” on page 71 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“***Risk of investing in other collective investment schemes***

The Sub-Fund may invest not more than 10% of its Net Asset Value in other collective investment schemes which may not be regulated by the SFC. In addition to the fees and expenses charged by the Sub-Fund, investors should note that there are additional fees involved when investing in these underlying collective investment schemes, including fees and expenses charged by the investment managers of these underlying collective investment schemes as well as fees payable by the Sub-Fund during its subscription to and redemption from these underlying collective investment schemes. Furthermore, there can be no assurance that the liquidity of these underlying collective investment schemes will always be sufficient to meet redemption request as and when made. Besides, investment decisions of these underlying collective investment schemes will be made independently of the Manager. There is no assurance that the investment objective and strategy of these underlying collective investment schemes will be achieved despite the selection and monitoring process undertaken by the Manager. If the Sub-Fund invests in other collective investment schemes managed by the Manager or its connected persons, all initial charges on these underlying collective investment schemes must be waived, and the Manager must not obtain rebate of any fees or charges levied by these underlying collective investment schemes. In case any conflict of interest may still arise out of such investments, the Manager will use its best endeavours to resolve it fairly.”

11. The following risk factor is added immediately after the risk factor “**Risk of investing in other collective investment schemes**” on page 71 of the Explanatory Memorandum:

“***Risks relating to convertible bonds*** - This Sub-Fund may invest in convertible bonds, which are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specific future date. As such, convertible bonds will be exposed to equity movement and greater volatility than straight bond investments. Investment in convertible bonds are subject to the same credit risk, interest rate risk, liquidity risk and prepayment risks associated with comparable straight bond investments. Convertibles bonds will also be exposed to market risks related to both debt securities and equity securities and any risk specific to convertible bonds. Convertible bonds may also be subject to lower liquidity than the underlying equities. Therefore, investors should be prepared for greater volatility than normal bond investments, with an increased risk of capital loss.”

12. The risk factor “**Risks of using financial derivative instruments**” on page 72 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“***Risks of using financial derivative instruments*** - The use of financial derivatives instruments may expose the Sub-Fund to risks including market volatility risk, credit risk, counterparty risk and liquidity risk, valuation risk, over-the-counter transaction risk. The leverage element/component of a financial

derivatives instrument can result in a loss significantly greater than the amount invested in the financial derivatives instrument by the Sub-Fund. In adverse situation, the use of financial derivative instruments for hedging purposes may become ineffective and the Sub-Fund may suffer significant losses.”

13. The risk factor “**Renminbi currency risk**” on page 72 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“**Renminbi currency and conversion risk** - RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government. Such policies may change in future. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors’ base currencies (e.g. HKD) will not depreciate. 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. Depending on the nature of the change and other factors such as the prevailing economic conditions, RMB may depreciate and the Sub-Fund’s or the investors’ position may be adversely affected. Under exceptional circumstances, payment of redemptions in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.”

14. The following risk factors is added immediately after the risk factor “**RMB classes related risk**” on page 73 of the Explanatory Memorandum:

“**Risk relating to dynamic asset allocation strategy** - The dynamic asset allocation of the Sub-Fund may not achieve the desired results under all circumstances and market conditions. The investments of the Sub-Fund may be periodically rebalanced and therefore the Sub-Fund may incur greater transaction costs than a Sub-Fund with static allocation strategy.

Eurozone risk - In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the Sub-Fund’s investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of EU members from the Eurozone, may have a negative impact on the value of the Sub-Fund.

Risk relating to depositary receipts - Exposure to depositary receipts may generate additional risks compare to direct exposure to the corresponding underlying stocks. There could be a risk that underlying shares would not be attributed to holders of depositary receipts in case of bankruptcy of the depositary bank. There are fees related to depositary receipts which may impact the performance of the depositary receipts. Also, holders of depositary receipts are not direct shareholder rights as shareholders do. The Sub-Fund may also be subject to liquidity risk.

Risk relating to preferred shares - An investment in preferred shares involves additional risks that are not typically associated with an investment in ordinary shares. In certain circumstances, an issuer of preferred shares may redeem the shares prior to a specified date. A special redemption by the issuer may negatively impact the return of the shares held by the Sub-Fund. Preferred shares are subordinated to bonds and other debt instruments in a company’s capital structure in terms of priority to corporate income and liquidation payments and therefore will be subject to greater credit risk than those debt instruments. Preferred shares may be substantially less liquid than many other securities, including ordinary shares. The value and performance of the Sub-Fund may be adversely affected as a result.”

V. Other amendments

1. The section headed “**Initial Offer**” on page 65 of the Explanatory Memorandum (as amended by the Second Addendum) is deleted in its entirety and replaced with the section headed “**Offering**” as follows:

“**Offering**

Units will be issued in respect of applications (together with application moneys in cleared funds) received prior to 4 p.m. (Hong Kong time) and accepted by the Manager (or such later time as the

Manager may agree) based on the price at the Valuation Point on the Dealing Day. If applications are received after that time, such applications shall be processed on the next Dealing Day based on the price at the relevant Valuation Point on that Dealing Day.”

2. The paragraph immediately before the section headed “**PRC Tax Provisions**” on page 73 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“However, investors should also refer to the relevant risks under the section headed “Risk Factors” in the main part of the Explanatory Memorandum, including but not limited to “Investment risk”, “Equity market risk”, “Market risk”, “Currency risk”, “Concentration Risk”, “China market risk”, “Restricted market risk”, “Emerging market risk”, “Interest rate risk”, “Risk relating to credit rating”, “Downgrading risk”, “Liquidity and volatility risk”, “Credit risk”, “Counterparty risk”, “Sovereign risk”, “Valuation risk”, etc.”

3. The section headed “Accounts” on page 76 of the Explanatory Memorandum is deleted in its entirety.

China Universal Asset Management (Hong Kong) Company Limited

28 April 2017