

Manulife Advanced Fund SPC (“Company”)
P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

This document is important and requires your immediate attention. If in doubt, you should seek independent legal, financial or other professional advice. The Directors of the Company accept full responsibility for the accuracy of the information contained in this Notice and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading.

Words and phrases used in this Notice shall, unless otherwise provided, have the same meanings as ascribed to them in the prospectus of the Company dated December 2012, as amended or supplemented from time to time (altogether the “Prospectus”).

Notice to Shareholders

15 April 2015

Dear Shareholders,

Re: Updates in relation to China A Segregated Portfolio (“China A Fund”), Renminbi Bond Segregated Portfolio (“Bond Fund”), Asia-Pacific Equity Income Segregated Portfolio (“Asia-Pacific Equity Income Fund”) and Asia Pacific Income and Growth Segregated Portfolio (“Asia Pacific Income and Growth Fund”) and General Updates

We wish to advise you of the following changes to the China A Fund, the Bond Fund, the Asia-Pacific Equity Income Fund and the Asia Pacific Income and Growth Fund, as well as miscellaneous general updates.

Unless otherwise specified, the below updates are effective immediately:

(a) China A Fund and Bond Fund

- *Change of QFII Local Custodian*

With effect from 30 April 2015, the appointed QFII Local Custodian for the safekeeping of all assets acquired via the QFII Quota per the QFII regulations, which include such assets of both the China A Fund and the Bond Fund, will be changed from Citibank (China) Co., Ltd. to Industrial and Commercial Bank of China Limited (“**ICBC**”). The appointment of ICBC will allow the Bond Fund direct access to the Mainland China’s interbank bond market which is by far more liquid and diverse than debt instruments currently issued and listed in Mainland China and thus enable the Bond Fund to more effectively achieve its current investment objective.

The aforementioned change of QFII Local Custodian will not result in any increase in the ongoing fees and/or charges borne by the China A Fund or the Bond Fund.

- *Clarification re updated Mainland China tax provisioning policies*

Background – tax provisioning for equities, bonds and other fixed income securities

Before November 17, 2014, the Investment Manager reserved the right to provide for income tax or withholding tax on gains or income realized by QFIIs from dealing in Mainland China equities, fixed income securities and other financial products which QFIIs are allowed to invest in and to withhold such tax for the account of the relevant Segregated Portfolio. The Investment Manager would normally make a provision of 10% for the account of the relevant Segregated Portfolio in respect of any such potential income tax or withholding tax.

With effect from November 17, 2014, pursuant to Caishui [2014] No. 79 (“**Notice 79**”), Mainland China-sourced gains on disposal of shares and other equity investments (including A-Shares) derived by QFIIs (i.e. without an establishment or place of business in Mainland China or having an establishment or place of business in Mainland China but where the income so derived in Mainland China is not effectively connected with such establishment or place) would be temporarily exempt from Mainland China Enterprise Income Tax (“**Mainland China EIT**”). Accordingly the Investment

Manager is no longer making a provision for withholding tax of 10% on realised gains derived from the trading of A-Shares on or after 17 November 2014 with respect to the China A Fund.

Pursuant to Caishui [2014] No. 81 (“**Notice 81**”), it was clarified that foreign investors investing in A-Shares listed on the Shanghai Stock Exchange through the Shanghai-Hong Kong Stock Connect would be temporarily exempt from Mainland China EIT and business tax on the gains on disposal of such A-Shares. Dividends would be subject to Mainland China EIT on a withholding basis at 10%, unless reduced under a double tax treaty with Mainland China, upon application to and obtaining approval from the competent tax authority.

Updated disclosure – tax provisioning for bonds and other fixed income securities

However, Mainland China tax authorities have not clarified whether income tax and/or other categories of tax are payable on gains arising from trading in securities that do not constitute shares or other equity investments, such as bonds and other fixed income securities, of QFIIs. It is therefore possible that the relevant tax authorities may, in the future, further clarify the tax position and impose an income tax or withholding tax on realized gains by QFIIs from dealing in Mainland China fixed income securities.

In light of this uncertainty, and in order to meet this potential tax liability for gains on disposal of bonds and other fixed income securities, the Investment Manager of the Bond Fund reserves the right to continue to provide for any withholding tax on such gains or income, and to withhold tax of 10% for the account of such Segregated Portfolio in respect of any potential tax on the gross realized and unrealized capital gains in this regard.

(b) Asia-Pacific Equity Income Fund and Asia Pacific Income and Growth Fund

- Shanghai – Hong Kong Stock Connect

The Prospectus has been updated to clarify that the Asia-Pacific Equity Income Fund and Asia Pacific Income and Growth Fund may invest and have direct access to certain eligible A-Shares through Shanghai-Hong Kong Stock Connect. Notwithstanding the above, the Asia-Pacific Equity Income Fund and Asia Pacific Income and Growth Fund will not invest more than 10% of their respective net asset value in A-Shares.

(c) General Updates

- Name change of the Custodian and Paying Agent of the Company and Sub-Administrator

The Prospectus has been updated to reflect that the name of the Custodian and Paying Agent of the Company and Sub-Administrator has been changed from “Citibank International plc (Luxembourg Branch)” to “Citibank International Limited, Luxembourg Branch”.

No action is required by you in respect of any of the above. An updated Prospectus will be made available in due course in respect of the above changes (and miscellaneous administrative updates).

Enquiries

Shareholders requiring further information about the matters set out in this Notice may contact the Sub-Administrator, Citibank International Limited, Luxembourg Branch on telephone number (352) 45 14 14 258 or fax number (352) 45 14 14 332, or the General Adviser and Distributor, Manulife Asset Management (Hong Kong) Limited, on telephone number (852) 2108 1110 or fax number (852) 2810 9510 (relating to Class AA Shares), or telephone number (852) 2510 3055 or fax number (852) 2907 2076 (relating to Class C, Class D, Class I and Class P Shares) at any time during normal local business hours.

**For and on behalf of the Board
Manulife Advanced Fund SPC**