IMPORTANT: If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser for independent financial advice.

嘉實國際資產管理
Harvest Global Investments

HARVEST FUNDS (HONG KONG) ETF

(a Hong Kong umbrella unit trust authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)

Harvest MSCI China A Index ETF
(RMB Counter Stock Code: 83118
HKD Counter Stock Code: 03118)

PROSPECTUS

Manager
Harvest Global Investments Limited

Investment Adviser
Harvest Fund Management Co., Ltd.

30 July 2024

Hong Kong Exchanges and Clearing Limited ("HKEx"), The Stock Exchange of Hong Kong Limited (the "SEHK"), Hong Kong Securities Clearing Company Limited ("HKSCC") and the Hong Kong Securities and Futures Commission (the "SFC") take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. The Trust and the Sub-Funds have each been authorised as collective investment schemes by the SFC. SFC authorisation 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.

IMPORTANT INFORMATION

This Prospectus relates to the offer in Hong Kong of units (the "Units") in the Harvest Funds (Hong Kong) ETF (the "Trust"), an umbrella unit trust established under Hong Kong law by a trust deed dated 27 August 2012 as amended and restated (the "Trust Deed") between Harvest Global Investments Limited (the "Manager") and HSBC Institutional Trust Services (Asia) Limited (the "Trustee"). The Trust will have a number of sub-funds (the "Sub-Funds" or individually a "Sub-Fund"). Harvest MSCI China A Index ETF is the first Sub-Fund of the Trust respectively and is an exchange traded fund.

The information contained in this Prospectus has been prepared to assist potential investors in making an informed decision in relation to investing in the Sub-Funds. It contains important facts about the Sub-Funds whose Units are offered in accordance with this Prospectus. A product key facts statement which contains the key features and risks of each of the Sub-Funds is also issued by the Manager and such product key facts statement shall form part of this Prospectus, and shall be read, in conjunction with, this Prospectus.

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus 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. The Manager also confirms that this Prospectus includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Code on Unit Trusts and Mutual Funds (the "Code") and the "Overarching Principles" of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products for the purposes of giving information with regard to the Units of the Sub-Funds. The Trustee is not responsible for the preparation of this Prospectus. The Trustee is not responsible for the contents and shall not be held liable to any person for any information disclosed in this Prospectus, except for the information regarding (as the case may be) the Trustee itself under the paragraph headed "The Trustee and Registrar" in the section on "Management of the Trust".

The Sub-Funds are funds falling within Chapter 8.6 of the Code. The Trust and each Sub-Fund is authorised by the SFC in Hong Kong under Section 104 of the Securities and Futures Ordinance. The SFC takes no responsibility for the financial soundness of the Trust, the Sub-Funds or for the correctness of any statements made or opinions expressed in this Prospectus. SFC authorisation 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.

You should consult your financial adviser, consult your tax advisers and take legal advice as appropriate as to whether any governmental or other consents are required, or other formalities need to be observed, to enable you to acquire Units as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable and to determine whether any investment in the Sub-Funds is appropriate for you.

Dealings in the Units of the Sub-Funds on the SEHK have already commenced. The Units of the Sub-Funds have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in the Central Clearing and Settlement System ("CCASS"). Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS Settlement Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No action has been taken to permit an offering of Units or the distribution of this Prospectus in any jurisdiction other than Hong Kong and, accordingly, this Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The Units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or any other United States Federal or State law and, except in a transaction which does not violate the U.S. Securities Act, may not be directly or indirectly offered to or sold in the United States of America or any of its territories or for the benefit of a US Person (as defined in Regulation S of the US Securities Act). The Trust and the Sub-Funds have not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended. Units may not be acquired or owned by (i) an employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is subject to Title I of ERISA, (ii) a plan, as defined in Section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), that is subject to Section 4975 of the Internal Revenue Code, (iii) a plan that is subject to any other law, regulation, rule or restriction that is substantially similar to ERISA or Section 4975 of the Internal Revenue Code ("Similar Law") or (iii) an entity whose assets are deemed to include the assets of such an employee benefit plan or plan for purposes of ERISA, Section 4975 of the Internal Revenue Code or Similar Law, unless the purchase, holding and disposition of units will not constitute a violation under ERISA, Section 4975 of the Internal Revenue Code and any applicable Similar Law.

Furthermore, distribution of this Prospectus shall not be permitted unless it is accompanied by a copy of the latest annual financial reports of the Sub-Funds (where existing) and, if later, its most recent interim report.

You should note that any amendment or addendum to this Prospectus will only be posted on the Manager's website

http://etf.harvestglobal.com.hk) and the HKEx's website (www.hkex.com.hk) the contents of which, and of any other websites referred to in this Prospectus, have not been reviewed by the SFC. This Prospectus may refer to information and materials included in websites. Such information and materials do not form part of this Prospectus and they have not been reviewed by the SFC or any regulatory body. Investors should note that the information provided in websites may be updated and changed periodically without any notice to any person.

Questions and Complaints

Investors may raise any questions on or make any complaints about the Trust (including the Sub-Funds) by contacting the Manager at its address as set out in the Directory of this Prospectus or calling the Manager on 3913 3393 during normal office hours.

DIRECTORY

Manager
Harvest Global Investments Limited
32nd Floor of Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

Investment Adviser
Harvest Fund Management Co., Ltd.
16/F, China Resources Building
No. 8, Jianguomen, Beidajie
Beijing 100005
China

Trustee and Registrar
HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

Custodian
The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

PRC Custodian
HSBC Bank (China) Company Limited
33/F, HSBC Building
Shanghai ifc
8 Century Avenue
Pudong
Shanghai 200120
China

*RMB Counter Market Makers**
Please refer to the relevant Appendix of each Sub-Fund

*Participating Dealers**
Please refer to the relevant Appendix of each Sub-Fund

*HKD Counter Market Makers**
Please refer to the relevant Appendix of each Sub-Fund

Legal Counsel to the Manager
Deacons
5/F, Alexandra House
18 Chater Road
Central
Hong Kong

Auditors
PricewaterhouseCoopers
21/F, Edinburgh Tower
15 Queen's Road
Central
Hong Kong

Service Agent
HK Conversion Agency Services Limited
2/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

** Please refer to the Manager's website for the latest lists of HKD Counter Market Makers, RMB Counter Market Makers and Participating Dealers.*

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PART 1 – GENERAL INFORMATION RELATING TO THE TRUST AND SUB-FUNDS

Part 1 of this Prospectus includes information relevant to the Trust and all Sub-Funds established under the Trust and listed on the SEHK.

The information presented in this Part 1 should be read in conjunction with the information presented in the relevant Appendix in Part 2 of this Prospectus in respect of a particular Sub-Fund. Where the information in Part 2 of this Prospectus conflicts with the information presented in this Part 1, the information in the relevant Appendix in Part 2 prevails, however, it is applicable to the specific Sub-Fund of the relevant Appendix only. Please refer to Part 2 “Specific Information Relating to Each Sub-Fund” for further information.

DEFINITIONS

In this Prospectus (including the relevant Appendix for any Sub-Fund), unless the context requires otherwise, the following expressions have the meanings set out below. Other capitalised terms used, but not defined, have the meaning given to those terms in the Trust Deed.

"AFRC" means the Accounting and Financial Reporting Council or its successors.

"After Listing" means the period which commences on the Listing Date and continues until the relevant Sub-Fund is terminated.

"A-Shares" means shares issued by companies incorporated in the PRC and listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in RMB and available for investment by domestic investors and QFII/RQFII.

"Appendix" means an appendix to this Prospectus that sets out specific information applicable to a Sub-Fund.

"Application" means an application by a Participating Dealer for the creation or redemption of Units in accordance with the procedures for creation and redemption of Units set out in the Operating Guidelines, the relevant Participation Agreement and the terms of the Trust Deed.

"Application Unit" means such number of Units or whole multiples thereof as specified in this Prospectus or such other whole multiple of Units determined by the Manager, approved by the Trustee and notified to the Participating Dealers.

"Business Day" in respect of a Sub-Fund, means, unless the Manager and the Trustee otherwise agree, a day on which (a)(i) the SEHK is open for normal trading; and (ii) the relevant securities market on which Securities comprised in the Index are traded is open for normal trading or if there are more than one such securities market, the securities market designated by the Manager is open for normal trading, and (b) the Index is compiled and published, or such other day or days as the Manager and the Trustee may agree from time to time provided that if on any such day, the period during which the relevant securities market is open for normal trading is reduced as a result of a Number 8 Typhoon Signal or higher, Black Rainstorm warning or other similar event, such day shall not be a Business Day unless the Manager and the Trustee otherwise agree.

"Cancellation Compensation" means an amount payable by a Participating Dealer for the account of a Sub-Fund in respect of a Default, as set out in the Trust Deed and in the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

"CCASS" means the Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors.

"CCASS Settlement Day" means the term "Settlement Day" as defined in the General Rules of CCASS.

"Code" means the Code on Unit Trusts and Mutual Funds issued by the SFC (as amended, or replaced, from time to time).

"Connected Person" has the meaning as set out in the Code which at the date of this Prospectus means in relation to a company:

(a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or

(b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or

(c) any member of the group of which that company forms part; or

(d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c).

"Creation Application" means an application by a Participating Dealer for the creation and issue of Units in an Application Unit size (or whole multiples thereof) in accordance with the Operating Guidelines and the Trust Deed.

"CSDCC" means the China Securities Depository and Clearing Co., Ltd.

"CSRC" means the China Securities Regulatory Commission.

"Custodian" means The Hongkong and Shanghai Banking Corporation Limited appointed as custodian of the Sub-Funds pursuant to the PRC Custody Agreement.

"Dealing Day" means each Business Day during the continuance of the relevant Sub-Fund, and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee.

"Dealing Deadline" in relation to any particular place and any particular Dealing Day, means the time on each Dealing Day specified in the "The Offering Phases" section of this Prospectus or such other time or day as the Manager may from time to time determine with the approval of the Trustee.

"Default" means a failure by a Participating Dealer in respect of:

(a) a Creation Application to deliver the relevant cash amount; or

(b) a Redemption Application to deliver the Units the subject of the Redemption Application and/or relevant cash amount.

"Deposited Property" means, in respect of each Sub-Fund, all the assets (including cash), received or receivable by the Trustee, for the time being held or deemed to be held upon the trusts and subject to the terms of the Trust Deed for the account of such Sub-Fund excluding (i) the Income Property and (ii) any amount for the time being standing to the credit of the distribution account of such Sub-Fund.

"Dual Counter" means the facility by which the Units of a Sub-Fund traded in RMB and traded in HKD are each assigned separate stock codes on the SEHK and are accepted for deposit, clearance and settlement in CCASS in more than one eligible currency (RMB or HKD) as described in the relevant Appendix of this Prospectus.

"Duties and Charges" means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage fees, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Deposited Property or the increase or decrease of the Deposited Property or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, such transaction or dealing and including but not limited to, in relation to an issue of Units or redemption of Units, a charge (if any) of such amount or at such rate as is determined by the Manager or the Trustee to be made for the purpose of compensating or reimbursing the Trust for the difference between (a) the prices used when valuing the Securities in the Trust Fund for the purpose of such issue or redemption of Units and (b) (in the case of an issue of Units) the prices which would be used when acquiring the same Securities if they were acquired by the Trust with the amount of cash received by the Trust upon such issue of Units and (in the case of a redemption of Units) the prices which would be used when selling the same Securities if they were sold by the Trust in order to realise the amount of cash required to be paid out of the Trust Fund upon such redemption of Units.

"Encumbrance" means any mortgage, charge, pledge, lien, third party right or interest, any other

encumbrance or security interest of any kind or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect other than any such encumbrance or security interest imposed by the terms of the relevant clearing system/depositary or otherwise created by the terms of the Participation Agreement, the Trust Deed or any agreement between the Manager, the Trustee and the relevant Participating Dealer.

“entities within the same group” means entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognised accounting standards.

“Extension Fee” means the fee payable to the Trustee on each occasion the Manager, upon a Participating Dealer’s request, grants the Participation Dealer an extended settlement in respect of a Creation Application or Redemption Application.

“Government and other Public Securities” has the meaning as set out in the Code which at the date of this Prospectus means any investment issued by, or the payment of principal and interest on, which is guaranteed by a government, or any fixed-interest investment issued by its public or local authorities or other multilateral agencies.

“HKD” means Hong Kong dollars, the lawful currency of Hong Kong.

“HKEx” means Hong Kong Exchanges and Clearing Limited or its successors.

“HKSCC” means the Hong Kong Securities Clearing Company Limited or its successors.

“Hong Kong” means the Hong Kong Special Administrative Region of the PRC.

“IFRS” means International Financial Reporting Standards.

“Income Property” means, in respect of each Sub-Fund, (a) all interest, dividends and other sums deemed by the Trustee, (after consulting the auditors either on a general or case by case basis), to be in the nature of income (including taxation repayments, if any) received or receivable by the Trustee in respect of the Deposited Property of the relevant Sub-Fund (whether in cash or, without limitation, by warrant, cheque, money, credit or otherwise or the proceeds of sale or transfer of any Income Property received in a form other than cash); (b) all interest and other sums received or receivable by the Trustee in respect of (a), (c) or (d) of this definition; (c) all cash payments received or receivable by the Trustee for the account of the relevant Sub-Fund in respect of an Application; and (d) all Cancellation Compensation received by the Trustee for the account of the relevant Sub-Fund; (e) any payments to be received or are receivable by the Trustee under any contractual agreements in the nature of investments for the benefit of the relevant Sub-Fund but excluding (i) the Deposited Property; (ii) any amount for the time being standing to the credit of the distribution account for the account of the relevant Sub-Fund or previously distributed to Unitholders; (iii) gains for the account of the relevant Sub-Fund arising from the realisation of Securities; and (iv) any sums applied towards payment of the fees, costs and expenses payable by the Trust from the Income Property of the relevant Sub-Fund;

“Index” means, in respect of a Sub-Fund, the index against which the relevant Sub-Fund is benchmarked as set out in the relevant Appendix.

“Index Provider” means, in respect of a Sub-Fund, the person responsible for compiling the Index against which the relevant Sub-Fund benchmarks its investments and who holds the right to licence the use of such Index to the relevant Sub-Fund as set out in the relevant Appendix.

“Initial Issue Date” means the date of the first issue of Units, which shall be the Business Day immediately before the Listing Date.

“Initial Offer Period” means, in respect of each Sub-Fund the period before the relevant Listing Date as set out in the relevant Appendix.

“Insolvency Event” occurs in relation to a person where (i) an order has been made or an

effective resolution passed for the liquidation or bankruptcy of the person; (ii) a receiver or similar officer has been appointed in respect of the person or of any of the person's assets or the person becomes subject to an administration order; (iii) the person enters into an arrangement with one or more of its creditors or is deemed to be unable to pay its debts; (iv) the person ceases or threatens to cease to carry on its business or substantially the whole of its business or makes or threatens to make any material alteration to the nature of its business; or (v) the Manager in good faith believes that any of the above is likely to occur.

"Investment Adviser" means in respect of each Sub-Fund, unless otherwise stated in the relevant Appendix, Harvest Fund Management Co., Ltd, that has been delegated the investment management function of a Sub-Fund.

"Issue Price" means the price at which Units may be issued, determined in accordance with the Trust Deed.

"Listing Date" means the date on which the Units in respect of a Sub-Fund are first listed and from which dealings therein are permitted to take place on SEHK, the expected date of which is set out in the relevant Appendix for the Sub-Fund.

"Macau" means the Macao Special Administrative Region of the PRC.

"Manager" means Harvest Global Investments Limited or such other person or persons for the time being duly appointed pursuant to the Trust Deed as manager of the Trust in succession thereto being approved by the SFC under the Code.

"Market" means in any part of the world:

(a) in relation to any Security: the SEHK or such other stock exchange from time to time determined by the Manager; and

(b) in relation to any futures contract: the Hong Kong Futures Exchange or such other futures exchange from time to time determined by the Manager.

"Market Maker" means a broker or dealer permitted by the SEHK to act as such by making a market for the Units in the secondary market on the SEHK.

"Net Asset Value" means the net asset value of a Sub-Fund or, as the context may require, the net asset value of a Unit calculated under the Trust Deed.

"Operating Guidelines" means the guidelines for the creation and redemption of Units of a class as set out in the schedule to each Participation Agreement as amended from time to time by the Manager with the approval of the Trustee and following consultation, to the extent reasonably practicable, with the relevant Participating Dealers subject always, in respect of the relevant Operating Guidelines for a Participating Dealer, any amendment being notified in writing by the Manager in advance to the relevant Participating Dealer. Unless otherwise specified, references to the Operating Guidelines shall be to the Operating Guidelines for the relevant Sub-Fund applicable at the time of the relevant Application.

"Participating Dealer" means any licensed broker or dealer and who has entered into a Participation Agreement in form and substance acceptable to the Manager and the Trustee.

"Participation Agreement" means an agreement entered into between the Trustee, the Manager, a Participating Dealer and (where applicable) a PD Agent setting out, (amongst other things), the arrangements in respect of the issue of Units and the redemption and cancellation of Units.

"PBOC" means the People's Bank of China.

"PD Agent" means a person who is admitted by HKSCC as either a Direct Clearing Participant or a General Clearing Participant (as defined in the General Rules of CCASS) in CCASS and who has been appointed by a Participating Dealer as its agent for the creation and redemption of Units.

“PRC” means the People’s Republic of China, excluding for the purposes of interpretation of this Prospectus only, Hong Kong, Macau and Taiwan.

“PRC Custodian” means HSBC Bank (China) Company Limited appointed as PRC custodian of the Sub-Funds pursuant to the PRC Participation Agreement and the PRC Custody Agreement.

“PRC Custody Agreement” means the custodian agreement entered into between the Trustee, the Manager, the Custodian and the PRC Custodian, as amended from time to time.

“PRC Participation Agreement” means the participation agreement entered into between the Trustee, the Manager, the Custodian and the PRC Custodian, as amended from time to time.

“QFII/RQFII” means a qualified foreign investor which has been approved by CSRC to invest in PRC domestic securities and futures with funds (in foreign currencies and/or offshore Renminbi) overseas or, as the context may require, the QFII/RQFII regime.

“QFII/RQFII Regulations” is as defined in Appendix 1.

“reverse repurchase transactions” means transactions whereby a Sub-Fund purchases Securities from a counterparty of sale and repurchase transactions and agrees to sell such securities back at an agreed price in the future.

“Recognised Futures Exchange” means an international futures exchange which is recognised by the SFC or which is approved by the Manager.

“Recognised Stock Exchange” means an international stock exchange which is recognised by the SFC or which is approved by the Manager.

“Redemption Application” means an application by a Participating Dealer for the redemption of Units in Application Unit size (or whole multiples thereof) in accordance with the Operating Guidelines and the Trust Deed.

“Redemption Value” means, in respect of a Unit, the price per Unit at which such Unit is redeemed, calculated in accordance with the Trust Deed.

“Registrar” means HSBC Institutional Trust Services (Asia) Limited or such other person appointed as registrar of the Sub-Funds to keep the register of the Unitholders of the Sub-Funds.

“Registrar Agreement” means, in respect of a Sub-Fund where applicable, the agreement entered into between the Trustee, the Manager and the Registrar, as amended from time to time.

“RMB” or “Renminbi” means Renminbi Yuan, the lawful currency of the PRC.

“SAFE” means the State Administration of Foreign Exchange of the PRC.

“sale and repurchase transactions” means transactions whereby a Sub-Fund sells its securities to a counterparty of reverse repurchase transactions and agrees to buy such securities back at an agreed price with a financing cost in the future.

“SAT” means the State Administration of Taxation of the PRC.

“Securities” means any shares, stocks, debentures, loan stocks, bonds, securities, commercial paper, acceptances, trade bills, warrants, participation notes, certificates, structured products, treasury bills, instruments or notes of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, and whether listed or unlisted, or of any government or local government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing):

(a) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any Unit Trust (as defined in the Trust Deed);

(b) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing;

(c) any instrument commonly known or recognised as a security;

(d) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and

(e) any bill of exchange and any promissory note.

"securities lending transactions" means transactions whereby a Sub-Fund lends its securities to a security-borrowing counterparty for an agreed fee.

"SEHK" means The Stock Exchange of Hong Kong Limited or its successors.

"Service Agent" means HK Conversion Agency Services Limited or such other person as may from time to time be appointed to act as service agent in relation to the Sub-Funds.

"Service Agent's Fee" means the fee which may be charged for the benefit of the Service Agent to each Participating Dealer or PD Agent (as the case may be) on each book-entry deposit or withdrawal transaction made by the relevant Participating Dealer or PD Agent (as the case may be), the maximum level of which shall be determined by the Service Agent and set out in this Prospectus.

"Service Agreement" means each agreement by which the Service Agent provides its services in respect of a Sub-Fund entered amongst the Trustee and Registrar, the Manager, the Participating Dealer, the PD Agent (where applicable), the Service Agent and the Hong Kong Securities Clearing Company Limited.

"Settlement Day" means the Business Day which is 2 Business Days after the relevant Dealing Day (or such other Business Day as is permitted in relation to such Dealing Day (including the Dealing Day itself) pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as determined by the Manager in consultation with the Trustee from time to time and notified to the relevant Participating Dealers or as otherwise described in the relevant Appendix.

"SFC" means the Securities and Futures Commission of Hong Kong or its successors.

"SFO" means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

'"SSE" means the Shanghai Stock Exchange.

"Stock Connect" means the securities trading and clearing linked programme with an aim to achieve mutual stock market access between mainland China and Hong Kong, comprising the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

"SZSE" means the Shenzhen Stock Exchange.

"Sub-Funds" means a segregated pool of assets and liabilities into which the Trust Fund is divided, established under the Trust Deed and the relevant supplemental deed as a separate trust as described in the relevant Appendix.

"Transaction Fee" means the fee, in respect of a Sub-Fund, which may be charged for the benefit of the Service Agent, the Registrar and/or the Trustee to each Participating Dealer on each Dealing Day upon which an Application has been or Applications have been made by the relevant Participating Dealer.

“Trust” means the umbrella Unit Trust constituted by the Trust Deed and called Harvest Funds (Hong Kong) ETF or such other name as the Manager may from time to time determine, upon prior notice to the Trustee.

“Trust Deed” means the trust deed dated 27 August 2012 between the Manager and the Trustee constituting the Trust (as amended and restated from time to time).

“Trust Fund” means all the property held by the Trustee in respect of each Sub-Fund, including the Deposited Property and Income Property attributable to the relevant Sub-Fund, except for amounts to be distributed, in accordance with the Trust Deed.

“Trustee” means HSBC Institutional Trust Services (Asia) Limited or such other person or persons for the time being duly appointed as trustee or trustees hereof in succession thereto in accordance with the Trust Deed.

“Unit” means a unit representing an undivided share in a Sub-Fund.

“Unitholder” means a person for the time being entered on the register of holders as the holder of Units including, where the context so admits, persons jointly registered.

“Valuation Point” means, in respect of a Sub-Fund, the official close of trading on the Market on which the Securities constituting the Index are listed on each Dealing Day or if more than one, the official close of trading on the last relevant Market to close or such other time or times as determined by the Manager in consultation with the Trustee from time to time provided that there shall always be a Valuation Point on each Dealing Day other than where there is a suspension of the creation and redemption of Units.

INTRODUCTION

The Trust

The Trust is an umbrella unit trust created by the Trust Deed between the Manager and the Trustee made under Hong Kong law. The Trust and each Sub-Fund is authorised as a collective investment scheme by the SFC under Section 104 of the SFO and each Sub-Fund falls within Chapter 8.6 of the Code. SFC authorisation is not a recommendation or endorsement of a Sub-Fund nor does it guarantee the commercial merits of a Sub-Fund or its performance. It does not mean that a Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

The Sub-Funds

The Trust may issue different classes of Units and the Trustee shall establish a separate pool of assets under the Trust Deed as separate trusts (each such separate pool of assets a "Sub-Fund") to which one or more class of Units shall be attributable. The assets of a Sub-Fund will be invested and administered separately from the other assets of the Trust. All Sub-Funds will be exchange traded funds listed on the SEHK.

The Manager and the Trustee reserve the right to establish additional Sub-Funds and/or issue further classes of Units relating to a Sub-Fund or Sub-Funds in the future in accordance with the provisions of the Trust Deed. Where indicated in the relevant Appendix, Units in a Sub-Fund may be available for trading on the SEHK using a Dual Counter. Each Sub-Fund will have its own Appendix.

Information relating to Harvest MSCI China A Index ETF is set out in Appendix 1.

THE OFFERING PHASES

Initial Offer Period

During the Initial Offer Period, Participating Dealers (acting for themselves or for their clients) may apply for Units (to be available for trading on the Listing Date) by means of cash Creation Applications on each Dealing Day for themselves and/or their clients by transferring cash in accordance with the Operating Guidelines.

To be dealt with during the Initial Offer Period, the relevant Participating Dealer must submit the Creation Applications to the Trustee (with a copy to the Manager) on a Business Day no later than 6 Business Days prior to the Listing Date unless otherwise stated in the relevant Appendix.

If a Creation Application is received by the Trustee after 6 Business Days prior to the Listing Date, that Creation Application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that Creation Application.

Creation Applications must be made in Application Unit size or whole multiples thereof, which is the number of Units specified in the relevant Appendix. Participating Dealers (acting for themselves or for their clients) can apply for Units on each Dealing Day at the Issue Price.

Please refer to the section on "Creations and Redemptions (Primary Market)" for the operational procedures in respect of Creation Applications.

After Listing

The After Listing phase commences on the Listing Date and continues until the relevant Sub-Fund is terminated.

You can acquire or dispose the Units in either of the following two ways:

(a) buy and sell Units on the SEHK; or

(b) apply for cash creation and cash redemption of Units through Participating Dealers.

Buying and selling of Units on the SEHK

After Listing, all investors can buy and sell Units in Trading Board Lot Size (as described in the section "Key Information" in the relevant Appendix) or whole multiples thereof like ordinary listed stocks through an intermediary such as a stockbroker or through any of the share dealing services offered by banks or other financial advisers at any time the SEHK is open.

However, please note that transactions in the secondary market on the SEHK will occur at market prices which may vary throughout the day and may differ from Net Asset Value per Unit due to market demand and supply, liquidity and scale of trading spread for the Units in the secondary market. As a result, the market price of the Units in the secondary market may be higher or lower than Net Asset Value per Unit.

Please refer to the section on "Exchange Listing and Trading (Secondary Market)" for further information in respect of buying and selling of Units on the SEHK.

Creations and redemptions through Participating Dealers

Units will continue to be created by cash creation and redeemed by cash redemption at the Issue Price and Redemption Value respectively through Participating Dealers in Application Unit size or multiples thereof. The Application Unit size is as set out in the relevant Appendix. Settlement for creation and redemption for all Units is in RMB only.

To be dealt with on a Dealing Day, the relevant Participating Dealer must submit the Creation

Applications to the Trustee (with a copy to the Manager) before the Dealing Deadline on the relevant Dealing Day. If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. Participating Dealers reserve the right to reject, acting in good faith, any creation or redemption request received from a client under exceptional circumstances and may charge their clients such fee or fees as such Participating Dealers determine.

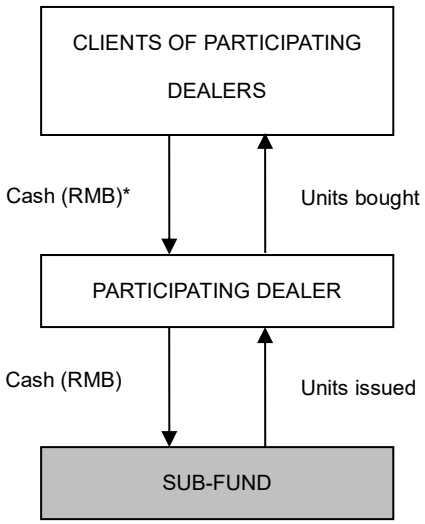
Settlement in cash for subscribing Units is due by such time as agreed in the Operating Guidelines on the relevant Dealing Day or redeeming Units is due 2 Business Days (unless as otherwise stated in the relevant Appendix) after the Dealing Day, unless the Manager agrees with the relevant Participating Dealer to accept later settlement generally or in any particular case. Notwithstanding any Dual Counter (if applicable) for Units, all settlement is in RMB only.

After Listing, all Units shall be registered in the name of HKSCC Nominees Limited on the register of the Trust. The register of the Trust is the evidence of ownership of Units. The beneficial interests in Units of any client of the Participating Dealers shall be established through such client's account with the relevant Participating Dealer or PD Agent (as the case may be) or with any other CCASS participants if the client is buying from the secondary market.

Diagrammatic illustration of investment in a Sub-Fund

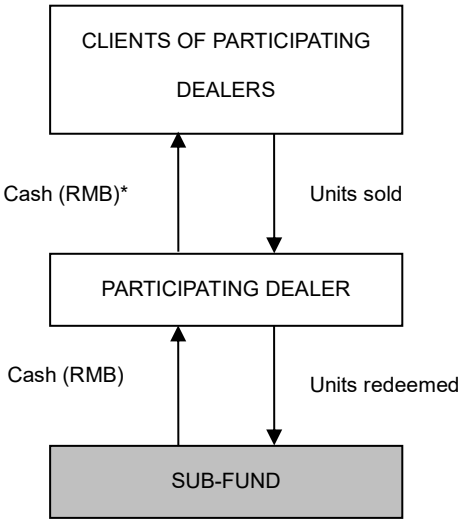
The diagrams below illustrate the issue or redemption and the buying or selling of Units:

(a) Issue and buying of Units in the primary market – Initial Offer Period and After Listing



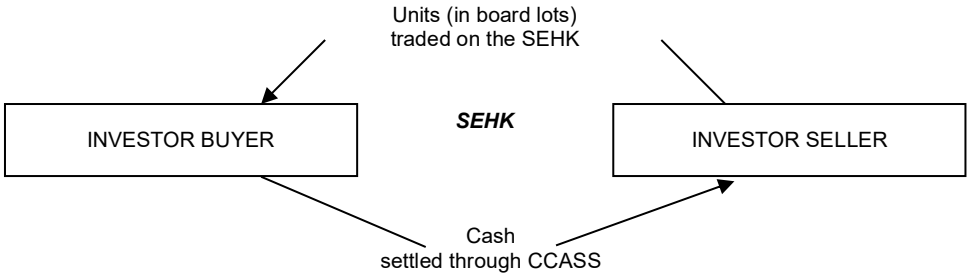
* *Clients of the Participating Dealers may agree with the Participating Dealers settlement in another currency.*

(b) Redemption and sale of Units in the primary market – After Listing



* *Clients of the Participating Dealers may agree with the Participating Dealers settlement in another currency.*

(c) Buying or selling of Units in the secondary market on the SEHK – After Listing



Summary of offering methods and related fees

Initial Offer Period

Method of Offering	**Minimum Number of Units (or multiple thereof)**	**Channel**	**Available to**	**Consideration, Fees and Charges***
Cash creation in RMB only	Application Unit size (see the relevant Appendix)	Through Participating Dealers only	Participating Dealers or any person acceptable to the Participating Dealer as its client	Cash (RMB only) Transaction Fee (payable in RMB) Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Duties and Charges

After Listing

Method of Acquisition or Disposal of Units	**Minimum Number of Units (or multiple thereof)**	**Channel**	**Available to**	**Consideration, Fees and Charges***
Purchase and sale in cash through brokers on the SEHK (secondary market)	Board lot size (see the relevant Appendix)	On the SEHK	Any investor	Market price of Units on SEHK (RMB for RMB traded Units and, if applicable, HKD for HKD traded Units) Brokerage fees and Duties and Charges
Cash creation and cash redemption	Application Unit size (see the relevant Appendix)	Through Participating Dealers only	Participating Dealers or any person acceptable to the Participating Dealer as its client	Cash (payable in RMB only unless the Participating Dealer otherwise agrees) Transaction Fee (payable in RMB) Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Duties and Charges

* *Please refer to "Fees and Expenses" for further details*

INVESTMENT OBJECTIVE, INVESTMENT STRATEGY, INVESTMENT RESTRICTIONS, SECURITY LENDING AND BORROWING

Investment objective

The investment objective of each Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the relevant Index unless otherwise stated in the relevant Appendix.

Investment strategy

Each Sub-Fund will adopt either a full replication or a representative sampling strategy. The investment strategy of each Sub-Fund is stated in the relevant Appendix. No Sub-Fund is a "synthetic" exchange traded fund.

Investment restrictions

If any of the restrictions or limitations set out below are breached in respect of a Sub-Fund, the Manager will make it a priority objective to take all necessary steps within a reasonable period to remedy the situation, taking due account of the interests of the Unitholders of that Sub-Fund.

The Trustee will take reasonable care to ensure compliance with the investment and borrowing limitations set out in the constitutive documents and the conditions under which a Sub-Fund was authorised.

Unless otherwise specifically provided for in the relevant Appendix, the investment restrictions applicable to each Sub-Fund (that are included in the Trust Deed) are summarised below:

(a) the aggregate value of a Sub-Fund's investments in, or exposure to, any single entity (other than Government and other Public Securities) through the following may not exceed 10% of the total Net Asset Value of the Sub-Fund, save as permitted by Chapter 8.6(h) and as varied by Chapter 8.6(h)(a) of the Code:

(1) investments in Securities issued by such entity;

(2) exposure to such entity through underlying assets of financial derivative instrument ("FDI"); and

(3) net counterparty exposure to such entity arising from transactions of over-the-counter FDIs;

(b) subject to (a) above and Chapter 7.28(c) of the Code and unless otherwise approved by the SFC, the aggregate value of a Sub-Fund's investments in, or exposure to, entities within the same group through the following may not exceed 20% of the total Net Asset Value of the Sub-Fund:

(1) investments in Securities issued by such entity;

(2) exposure to such entity through underlying assets of FDIs; and

(3) net counterparty exposure to such entity arising from transactions of over-the-counter FDIs;

(c) unless otherwise approved by the SFC, the value of a Sub-Fund's cash deposits made with the same entity or entities within the same group may not exceed 20% of the total Net Asset Value of the Sub-Fund, unless:

(1) the cash is held before the launch of the Sub-Fund and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested; or

(2) the cash is proceeds from liquidation of investments prior to the merger or termination of the Sub-Fund, whereby the placing of cash deposits with various financial institutions may not be in the best interest of investors; or

(3) the cash is proceeds received from subscriptions pending investments and held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions is unduly burdensome and the cash deposits arrangement would not compromise investors' interests;

For the purpose of this sub-paragraph (c), cash deposits generally refer to those that are repayable on demand or have the right to be withdrawn by the Sub-Fund and not referable to provision of property or services.

(d) ordinary shares issued by any single entity (other than Government and other Public Securities) held for the account of a Sub-Fund, when aggregated with other ordinary shares of the same entity held for the account of all other Sub-Funds under the Trust collectively may not exceed 10% of the nominal amount of the ordinary shares issued by the entity;

(e) not more than 15% of the total Net Asset Value of a Sub-Fund may be invested in Securities and other financial products or instruments that are neither listed, quoted nor dealt in on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such Securities are regularly traded;

(f) notwithstanding (a), (b), (d) and (e), where direct investment by a Sub-Fund in a market is not in the best interests of investors, a Sub-Fund may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market. In this case:

(1) the underlying investments of the subsidiary, together with the direct investments made by the Sub-Fund, must in aggregate comply with the requirements of Chapter 7 of the Code;

(2) any increase in the overall fees and charges directly or indirectly borne by the Unitholders or the Sub-Fund as a result must be clearly disclosed in the Prospectus; and

(3) the Sub-Fund must produce the financial reports required by the Code in a consolidated form to include the assets (including investment portfolio) and liabilities of the subsidiary company as part of those of the Sub-Fund

(g) notwithstanding (a), (b) and (d), not more than 30% of the total Net Asset Value of a Sub-Fund may be invested in Government and other Public Securities of the same issue, except for a Sub-Fund which has be authorised by the SFC as an index fund, this limit may be exceeded with the approval of the SFC;

(h) subject to (g), a Sub-Fund may fully invest in Government and other Public Securities in at least six different issues. Subject to the approval of the SFC, a Sub-Fund which has been authorised by the SFC as an index fund may exceed the 30% limit in (g) and may invest all of its assets in Government and other Public Securities in any number of different issues;

(i) unless otherwise approved by the SFC, a Sub-Fund may not invest in physical commodities;

(j) for the avoidance of doubt, exchange traded funds that are:

(1) authorised by the SFC under Chapter 8.6 or 8.10 of the Code; or

(2) listed and regularly traded on internationally recognised stock exchanges open to the public (nominal listing not accepted) and (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under Chapter 8.6 of the Code; or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under Chapter 8.10 of the Code,

may either be considered and treated as (x) listed Securities for the purposes of and subject to the requirements in paragraphs (a), (b) and (d) above; or (y) collective investment schemes for the purposes of and subject to the requirements in paragraph (k) below. However, the investments in exchange traded funds shall be subject to paragraph (e) above and the relevant investment limits in exchange traded funds by the Sub-Fund should be consistently applied and clearly disclosed in this Prospectus;

(k) where a Sub-Fund invests in units or shares of other collective investment schemes ("underlying schemes"),

(1) the value of the Sub-Fund's investment in units or shares in underlying schemes which are non-eligible schemes (as determined by the SFC) and not authorised by the SFC may not in aggregate exceed 10% of the total Net Asset Value of the Sub-Fund; and

(2) the Sub-Fund may invest in one or more underlying schemes which are either schemes authorised by the SFC or eligible schemes (as determined by the SFC), but the value of the Sub-Fund's investment in units or shares in each such underlying scheme may not exceed 30% of the total Net Asset Value of the Sub-Fund, unless the underlying scheme is authorised by the SFC and its name and key investment information are disclosed in the Prospectus of the Sub-Fund,

provided that in respect of (1) and (2) above:

(i) the objective of each underlying scheme may not be to invest primarily in any investment prohibited by Chapter 7 of the Code, and where that underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the Code, such investments may not be in contravention of the relevant limitation prescribed by Chapter 7 of the Code. For the avoidance of doubt, the Sub-Fund may invest in scheme(s) authorised by the SFC under Chapter 8 of the Code (except for hedge funds under Chapter 8.7 of the Code), eligible scheme(s) (as determined by the SFC) of which the net derivative exposure (as defined in the Code) does not exceed 100% of its total Net Asset Value, and exchange traded funds satisfying the requirements in paragraph (j) above in compliance with paragraph (k)(1) and (k)(2);

(ii) where the underlying schemes are managed by the Manager, or by other companies within the same group that the Manager belongs to, then paragraphs (a), (b), (d) and (e) above are also applicable to the investments of the underlying scheme;

(iii) the objective of the underlying schemes may not be to invest primarily in other collective investment scheme(s);

(3) where an investment is made in any underlying scheme(s) managed by the Manager or any of its Connected Persons, all initial charges and redemption charges on the underlying scheme(s) must be waived; and

(4) the Manager or any person acting on behalf of the Sub-Fund or the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or the manager of an underlying scheme, or quantifiable monetary benefits in connection with investments in any underlying scheme;

(l) a Sub-Fund may invest 90% or more of its total Net Asset Value in a single collective

investment scheme and may be authorised as a feeder fund by the SFC. In this case,

(1) the underlying scheme ("master fund") must be authorised by the SFC;

(2) the Prospectus must state that;

(i) the Sub-Fund is a feeder fund into the master fund;

(ii) for the purpose of complying with the investment restrictions, the Sub-Fund (i.e. feeder fund) and its master fund will be deemed a single entity;

(iii) the Sub-Fund (i.e. feeder fund)'s annual report must include the investment portfolio of the master fund as at the financial year end date; and

(iv) the aggregate amount of all the fees and charges of the Sub-Fund (i.e. feeder fund) and its underlying master fund must be clearly disclosed;

(3) unless otherwise approved by the SFC, no increase in the overall total of initial charges, redemption charges, Manager's annual fee, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the Unitholders or by a Sub-Fund (i.e. feeder fund) may result, if the master fund in which the Sub-Fund (i.e. feeder fund) invests is managed by the Manager or by its Connected Person; and

(4) notwithstanding paragraph (k)(iii) above, the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in paragraph (k); and

(m) if the name of a Sub-Fund indicates a particular objective, investment strategy, geographic region or market, the Sub-Fund should, under normal market circumstances, invest at least 70% of its total Net Asset Value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Sub-Fund represents.

The Manager shall not on behalf of a Sub-Fund:

(a) invest in a security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that class or the directors and officers of the Manager collectively own more than 5% of those securities;

(b) invest in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies and interests in real estate investment trusts (REITs)). In the case of investments in such shares and REITs, they shall comply with the relevant investment restrictions and limitations set out in Chapter 7.1, 7.1A, 7.2, 7.3 and 7.11 of the Code, where applicable. For the avoidance of doubt, where investments are made in listed REITS, Chapter 7.1, 7.1A and 7.2 apply and where investments are made in unlisted REITS, which are either companies or collective investment schemes, then Chapter 7.3 and 7.11 apply respectively;

(c) make short sales if as a result the Sub-Fund would be required to deliver Securities exceeding 10% of the total Net Asset Value of the Sub-Fund (and for this purpose Securities sold short must be actively traded on a market where short selling is permitted). For the avoidance of doubt, the Sub-Fund is prohibited to carry out any naked or uncovered short sale of securities and short selling should be carried out in accordance with all applicable laws and regulations;

(d) lend or make a loan out of the assets of a Sub-Fund, except to the extent that the acquisition of bonds or the making of a deposit (within the applicable investment restrictions) might constitute a loan;

(e) subject to (e), assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person, save and except for reverse repurchase transactions in compliance with the Code;

(f) enter into any obligation in respect of a Sub-Fund or acquire any asset or engage in any transaction for the account of a Sub-Fund which involves the assumption of any liability which is unlimited; or

(g) apply any part of the Sub-Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made for any sum unpaid on such investments unless such call could be met in full out of cash or near cash forming part of the Sub-Fund whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transactions in FDIs for the purposes of Chapters 7.29 and 7.30 of the Code.

Note: The investment restrictions set out above apply to each Sub-Fund, subject to the following: A collective investment scheme authorised by the SFC under the Code is usually restricted under Chapter 7.1 of the Code from making investments which would result in the value of that collective investment scheme's holdings of the Securities of any single entity exceeding 10% of the collective investment scheme's total net asset value. For a Sub-Fund authorised under Chapter 8.6 of the Code as an index tracking ETF, given the investment objective of the Sub-Funds and nature of the Index, the Sub-Funds are allowed under Chapter 8.6(h) of the Code to, notwithstanding Chapter 7.1 of the Code, hold investments in constituent Securities of any single entity exceeding 10% of the relevant Sub-Fund's total Net Asset Value if such constituent Securities account for more than 10% of the weighting of the Index and the relevant Sub-Fund's holding of any such constituent Securities does not exceed their respective weightings in the Index, except where the weightings are exceeded as a result of changes in the composition of the Index and the excess is only transitional and temporary in nature.

However, the restrictions in 8.6(h)(i) and (ii) (as described above) do not apply if:

(a) the relevant Sub-Fund adopts a representative sampling strategy which does not involve full replication of the constituent Securities of the Index in the exact weightings of such Index;

(b) the strategy is clearly disclosed in the relevant Appendix;

(c) the excess of the weightings of the constituent Securities held by the relevant Sub-Fund over the weightings in the Index is caused by the implementation of the representative sampling strategy;

(d) any excess weightings of the relevant Sub-Fund's holdings over the weightings in the Index must be subject to a maximum limit reasonably determined by the relevant Sub-Fund after consultation with the SFC. In determining this limit, the relevant Sub-Fund must consider the characteristics of the underlying constituent Securities, their weightings and the investment objectives of the Index and any other suitable factors;

(e) limits laid down by the relevant Sub-Fund pursuant to the point above must be disclosed in the relevant Appendix;

(f) disclosure must be made in the relevant Sub-Fund's interim and annual financial reports as to whether the limits imposed by such Sub-Fund itself pursuant to the above point (d) have been complied with in full. If there is non-compliance with the said limits during the relevant reporting period, this must be reported to the SFC on a timely basis and an account for such non-compliance should be stated in the report relating to the period in which the non-compliance occurs or otherwise notified to investors.

Security Financing Transactions

Where indicated in the relevant Appendix, a Sub-Fund may enter into securities lending transactions, sale and repurchase transactions and reverse repurchase transactions ("securities financing transactions"), provided that they are in the best interests of the Unitholders, the associated risks have been properly mitigated and addressed, and the counterparties to the securities financing transactions are financial institutions which are subject to ongoing prudential regulation and supervision.

A Sub-Fund which engages in securities financing transactions is subject to the following requirements:

- it shall have at least 100% collateralisation in respect of the securities financing transactions into which it enters to ensure there is no uncollateralised counterparty risk exposure arising from these transactions;

- all the revenues arising from securities financing transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the securities financing transactions to the extent permitted by applicable legal and regulatory requirements, shall be returned to the Sub-Fund;

- it shall ensure that it is able to at any time to recall the securities or the full amount of cash / collateral (as the case may be) subject to the securities financing transactions or terminate the securities financing transactions into which it has entered.

There is no current intention for any Sub-Fund to engage in securities financing transactions, but this may change in light of market circumstances and where a Sub-Fund engages in these types of transactions, prior approval shall be obtained from the SFC (if required) and no less than one month's prior notice will be given to the Unitholders. If this is the case, details of the Manager's policy in relation to securities financing transactions will be disclosed in the Prospectus in accordance with the Code. Please also refer to "Collateral Valuation and Management Policy" below.

Financial Derivative Instruments

Subject always to the provisions of the Trust Deed and the Code, the Manager may on behalf of a Sub-Fund enter into any transactions in relation to Swaps or other FDI.

Where indicated in the relevant Appendix, a Sub-Fund may acquire FDIs for hedging purpose. The FDIs shall meet all of the following criteria to be considered as being acquired for hedging purposes:

(a) they are not aimed at generating any investment return;

(b) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss or risks arising from the investments being hedged;

(c) they should relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and

(d) they exhibit price movements with high negative correlation with the investments being hedged under normal market conditions.

Unless otherwise stated in the relevant Appendix, each Sub-Fund may acquire FDIs for non-hedging purposes ("investment purposes"), subject to the limit that the Sub-Fund's net exposure relating to these FDIs ("net derivative exposure") does not exceed 50% of its total Net Asset Value (unless otherwise approved by the SFC for a Sub-Fund pursuant to Chapter 8.8 or Chapter 8.9 of the Code). For the avoidance of doubt:

(a) for the purpose of calculating net derivative exposure, the positions of FDIs acquired by a Sub-

Fund for investment purposes are converted into the equivalent position in the underlying assets of the FDIs, taking into account the prevailing market value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the position;

(b) the net derivative exposure should be calculated in accordance with the requirements and guidance issued by the SFC which may be updated from time to time; and

(c) FDIs acquired for hedging purposes will not be counted towards the 50% limit referred to in this paragraph so long as there is no residual derivative exposure arising from such hedging arrangement.

Subject to the above, a Sub-Fund may invest in FDIs provided that the exposure to the underlying assets of the FDI, together with the other investments of the Sub-Fund, may not in aggregate exceed the correponding investment restrictions or limitations applicable to such underlying assets and investments as set out in the relevant provisions of Chapter 7 of the Code.

The FDIs invested by a Sub-Fund shall be either listed or quoted on a stock exchange, or dealt in over-the-counter market and comply with the following provisions:

(A) the underlying assets consist solely of shares in companies, debt Securities, money market instruments, units/shares of collective investment schemes, deposits with substantial financial institutions, Government and other Public Securities, highly-liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates or currencies or other asset classes acceptable to the SFC, in which the Sub-Fund may invest according to its investment objectives and policies. Where a Sub-Fund invests in index-based FDIs, the underlying assets of such FDIs are not required to be aggregated for the purposes of the investment restrictions or limitations set out in Chapters 7.1, 7.1A, 7.1B and 7.4 of the Code provided that the relevant Index is in compliance with Chapter 8.6(e) of the Code;

(B) the counterparties to over-the-counter FDI transactions or their guarantors are substantial financial institutions or such other entity acceptable to the SFC on a case-by-case basis;

(C) subject to paragraphs (a) and (b) under the section entitled “Investment Restrictions” above, the net counterparty exposure to a single entity arising from transactions of the over-the-counter FDIs may not exceed 10% of the total Net Asset Value of the Sub-Fund. The exposure of a Sub-Fund to a counterparty of over-the-counter FDIs may be lowered by the collateral received (if applicable) by such Sub-Fund and shall be calculated with reference to the value of collateral and positive mark to market value of the over-the-counter FDIs with that counterparty, if applicable; and

(D) the valuation of the FDIs is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Manager or the Trustee or their nominee(s), agent(s) or delegate(s) independent of the issuer of the FDIs through measures such as the establishment of a valuation committee or engagement of third party services. The FDIs can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of the Sub-Fund. Further, the calculation agent/fund administrator should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the FDIs on a regular basis.

A Sub-Fund shall at all times be capable of meeting all its payment and delivery obligations incurred under transactions in FDIs (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in FDIs are adequately covered on an ongoing basis.

For the purposes herein, assets that are used to cover a Sub-Fund’s payment and delivery obligations incurred under transactions in FDIs should be free from any liens and encumbrances, exclude any cash or near cash for the purpose of meeting a call on any sum unpaid on a security, and cannot be applied for any other purposes.

A transaction in FDIs which gives rise to a future commitment or contingent commitment of a Sub-Fund should also be covered as follows:

- in the case of FDI transactions which will, or may at the Sub-Fund's discretion, be cash settled, the Sub-Fund should at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and

- in the case of FDI transactions which will, or may at the counterparty's discretion, require physical delivery of the underlying assets, the Sub-Fund should hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Manager considers the underlying assets to be liquid and tradable, the Sub-Fund may hold other alternative assets in sufficient quantity as cover, provided that such assets may be readily converted into the underlying assets at any time to meet the delivery obligation. In the case of holding alternative assets as cover, such Sub-Fund should apply safeguard measures such as to apply haircut where appropriate to ensure that such alternative assets held are sufficient to meet its future obligations.

The above policies relating to FDIs apply to financial instruments which embeds a financial derivative as well. For the purposes herein, an "embedded financial derivative" is a financial derivative instrument that is embedded in another security, namely the host contract.

Collateral

Collateral received from counterparties shall comply with the following requirements:

- Liquidity – collateral must be sufficiently liquid and tradable in order that it can be sold quickly at a robust price that is close to pre-sale valuation. Collateral should normally trade in a deep and liquid marketplace with transparent pricing;

- Valuation – collateral should be marked-to-market daily by using independent pricing source;

- Issuer credit quality – asset used as collateral must be of high credit quality and should be replaced immediately as soon as the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that it would undermine the effectiveness of the collateral;

- Haircut - collateral should be subject to prudent haircut policy which should be based on the market risks of the assets used as collateral in order to cover potential maximum expected decline in collateral values during liquidation before a transaction can be closed out with due consideration on stress period and volatile markets. For the avoidance of doubt the price volatility of the asset used as collateral should be taken into account when devising the haircut policy;

- Diversification – collateral must be appropriately diversified to avoid concentrated exposure to any single entity and/or entities within the same group and a Sub-Fund's exposure to issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in Chapters 7.1, 7.1A, 7.1B, 7.4, 7.5, 7.11, 7.11A, 7.11B and 7.14 of the Code;

- Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the FDIs in such a way that it would undermine the effectiveness of the collateral. As such, securities issued by the counterparty or the issuer of the FDIs or any of their related entities should not be used as collateral;

- Management of operational and legal risks – the Manager must have appropriate systems, operational capabilities and legal expertise for proper collateral management;

- Independent custody – collateral must be held by the Trustee;

- Enforceability – collateral must be readily accessible/enforceable by the Trustee without further

recourse to the issuer of the FDIs, or the counterparty of the securities financing transactions;

- Cash collateral - cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorised under Chapter 8.2 of the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the Code. Non-cash collateral received may not be sold, re-invested or pledged;

  For the purpose herein, "money market instruments" refer to securities normally dealt in on the money markets, including government bills, certificates of deposit, commercial papers, short-term notes and bankers' acceptances, etc. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments must be taken into account. Any re-investment of cash collateral shall be subject to the following further restrictions and limitations:

  i. the portfolio of assets from re-investment of cash collateral shall comply with the requirements as set out in Chapter 8.2(f) and Chapter 8.2(n) of the Code;

  ii. cash collateral received is not allowed to be further engaged in any securities financing transactions; and

  iii. when the cash collateral received is reinvested into other investment(s), such investment(s) is/are not allowed to be engaged in any securities financing transactions.

- Encumbrances - collateral should be free of prior encumbrances; and

- Collateral generally should not include (i) structured products whose payouts rely on embedded FDIs or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitised products; or (iv) unlisted collective investment schemes.

Collateral Valuation and Management Policy

The Manager employs a collateral management policy in relation to collateral received in respect of over-the-counter ("OTC") derivative transactions entered into in respect of a Sub-Fund.

A Sub-Fund may receive collateral from a counterparty to an OTC FDI in order to reduce its counterparty risk exposure, subject to the investment restrictions and requirements applicable to collateral under this section.

Nature and quality of the collateral

A Sub-Fund may receive both cash and non-cash collateral from a counterparty. Cash collateral may include cash, cash equivalents and money market instruments. Non-cash collateral may comprise of government or corporate bonds whether investment grade / non-investment grade, long/short term bonds, listed or traded in any regulated markets.

Criteria for selecting counterparties

The Manager has counterparty selection policies and control measures to manage the credit risks of counterparties of securities financing transactions and OTC FDIs which shall include amongst other considerations, fundamental creditworthiness (e.g. ownership structure, financial strength) and commercial reputation of specific legal entities in conjunction with the nature and structure of proposed trading activities, external credit ratings of the counterparty, the regulatory supervision applied to the relevant counterparty, country of origin of the counterparty and legal status of the counterparty.

The counterparty of securities financing transactions must be financial institutions which are subject to ongoing prudential regulation and supervision.

The counterparties of OTC FDIs will be entities with legal personality typically located in OECD jurisdictions (but may also be located outside such jurisdictions), and be subject to ongoing supervision by a regulatory authority.

The counterparty to a securities financing transaction and OTC FDIs must have a minimum credit rating of A-2 or equivalent, or must be deemed by the Manager to have an implied rating of A-2 or equivalent assigned by an internationally recognised credit agency (e.g. Standard & Poor's or Moody's). Alternatively, an unrated counterparty will be acceptable where the Manager is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A-2 or equivalent assigned by an internationally recognised credit agency (e.g. Standard & Poor's or Moody's).

Valuation of collateral

The collateral received is valued daily by independent pricing source on a mark-to market basis.

Enforceability of collateral

Collateral (subject to any net-off or set-off, if applicable) is capable of being fully enforced by the Manager / Sub-Fund at any time without further recourse to the counterparty.

Haircut policy

A documented haircut policy is in place for detailing the policy in respect of each class of assets received by a Sub-Fund in order to reduce exposure to counterparties. A haircut is a discount applied to the value of a collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut policy applied to posted collateral will be negotiated on a counterparty basis and will vary depending on the class of asset received by the relevant Sub-Fund. Haircuts will be based on the market risks of the assets used as collateral in order to cover potential maximum expected decline in collateral values during liquidation before a transaction can be closed out with due consideration on stress period and volatile markets. The haircut policy takes account of the price volatility of the asset used as collateral and other specific characteristics of the collateral, including, among others, asset types, issuer creditworthiness, residual maturity, price sensitivity, optionality, expected liquidity in stressed period, impact from foreign exchange, and correlation between securities accepted as collateral and the securities involved in the transactions.

Further details of the applicable haircut arrangement for each asset class can be available from the Manager upon request.

Diversification and correlation of collateral

Collateral must be sufficiently diversified. The exposures of a Sub-Fund to the collateral issuers are monitored in accordance with the relevant restrictions on exposure to a single entity and/or entities within the same group as set out in this section.

Collateral received must be issued by an entity that is independent from the relevant counterparty.

Cash collateral reinvestment policy

A Sub-Fund shall not sell, pledge or re-invest any non-cash collateral received by it.

Subject to the applicable restrictions in respect of collateral in Schedule 1, cash collateral received by a Sub-Fund may be reinvested in short-term deposits, high quality money market instruments and money market funds authorized under 8.2 of the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

Up to 100% of the cash collateral received by a Sub-Fund may be reinvested.

Safe-keeping of collateral

Any non-cash assets received by a Sub-Fund from a counterparty on a title transfer basis (whether in respect of a securities financing transaction or an OTC FDI) should be held by the Trustee or a Correspondent. This is not applicable in the event that there is no title transfer in which case the collateral will be held by a third party custodian which is unrelated to the provider of the collateral.

A description of collateral holdings of each Sub-Fund will be disclosed in its interim and annual financial reports as required under Appendix E of the Code.

Assets provided by a Sub-Fund on a title transfer basis shall no longer belong to the Sub-Fund. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Trustee or a Correspondent.

Borrowing policy

Borrowing against the assets of any Sub-Fund is allowed up to a maximum of 10% of its total Net Asset Value. Where the Manager so determines, a Sub-Fund's permitted borrowing level may be a lower percentage or more restricted as set out in the relevant Appendix. Securities lending transactions and sale and repurchase transactions in compliance with the requirements as set under the section entitled "Securities Financing Transactions" above are also not borrowings for the purpose of, and are not subject to the borrowing restrictions under this section

Subject to the relevant Appendix, the Trustee may on instruction of the Manager borrow for the account of any Sub-Fund any currency, and charge or pledge assets of the Sub-Fund, for the following purposes:

(a) facilitating the creation or redemption of Units or defraying operating expenses;

(b) enabling the Manager to acquire Securities for the account of a Sub-Fund; or

(c) for any other proper purpose as may be agreed by the Manager and the Trustee, except to enhance the performance of any Sub-Fund.

CREATIONS AND REDEMPTIONS (PRIMARY MARKET)

Investment in a Sub-Fund

There are 2 methods of making an investment in a Sub-Fund and of disposing of Units to realise an investment in a Sub-Fund.

The first method is to create or to redeem Units at Net Asset Value directly with the Sub-Fund in the primary market through a Participating Dealer, being a licensed dealer that has entered into a Participation Agreement in respect of the relevant Sub-Fund. Where a Sub-Fund has a Dual Counter, although a Participating Dealer may subject to arrangement with the Manager elect to CCASS to have Units which it creates deposited in either RMB counter Units or HKD counter Units, all creation and redemption for all Units must be in RMB. Because of the size of the capital investment (i.e. Application Unit size) required either to create or redeem Units through the Participating Dealer in the primary market, this method of investment is more suitable for institutional investors and market professionals. Participating Dealers reserve the right to reject, acting in good faith, any creation request received from a client under exceptional circumstances and may impose terms, including charges, for handling creation or redemption orders as they determine appropriate, as described in more detail in this section.

The second method is to buy or to sell Units in the secondary market on the SEHK which is more suitable for retail investors. The secondary market price of Units may trade at a premium or discount to the Net Asset Value of the relevant Sub-Fund.

This section of this Prospectus describes the first method of investment and should be read in conjunction with the Operating Guidelines and the Trust Deed. The section on “Exchange Listing and Trading (Secondary Market)” relates to the second method of investment.

Creation of Units through Participating Dealers

Any application for the creation of Units of a Sub-Fund must only be made through a Participating Dealer in respect of an Application Unit size or whole multiple thereof as set out in the relevant Appendix. Investors cannot acquire Units directly from a Sub-Fund. Only Participating Dealers may submit Creation Applications to the Trustee (with a copy to the Manager).

Units in each Sub-Fund are continuously offered through a Participating Dealer, who may apply for them on any Dealing Day for its own account or for your account as their client(s), in accordance with the Operating Guidelines, by submitting a Creation Application to the Trustee (with a copy to the Manager).

Each Participating Dealer has indicated to the Manager that it will generally accept and submit creation request(s) received from you as its client(s), subject always to (i) mutual agreement between the relevant Participating Dealer and you as to its fees for handling such request(s); (ii) completion to its satisfaction of client acceptance procedures and requirements; (iii) no objection from the Manager to create Units for the relevant Participating Dealer on your behalf (please refer to the sub-section on “Creation process” below for the examples of exceptional circumstances under which the Manager shall have the right to reject a Creation Application); and (iv) mutual agreement between the relevant Participating Dealer and you as to the method of effecting such creation request(s).

In addition, a Participating Dealer reserves the right to reject, acting in good faith, any creation request received from a client under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Units of the relevant Sub-Fund, (ii) the redemption of Units of the relevant Sub-Fund, and/or (iii) the determination of Net Asset Value of the relevant Sub-Fund is suspended;

(b) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the relevant Index;

(c) where acceptance of the creation request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer and/or any of its Connected Persons; or

(d) circumstances outside the control of the Participating Dealer make it for all practicable purposes impossible to process the creation request.

Requirements relating to creation requests by potential investors

As of the date of this Prospectus, only cash creation is available to the Participating Dealers in respect of each Sub-Fund.

Any cash payable by a Participating Dealer in a cash Creation Application must be in RMB or such other currency or currencies as may be specified or permitted in the relevant Appendix.

A Participating Dealer may impose fees and charges in handling any creation request which would increase the cost of investment. You are advised to check with the Participating Dealer as to relevant fees and charges. Although the Manager has a duty to monitor the operations of each Sub-Fund closely, neither the Manager nor the Trustee is empowered to compel a Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager or the Trustee or to accept any such creation requests received from clients. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by a Participating Dealer.

A Participating Dealer may also impose timing deadlines for the submission by its clients of any creation request and require any such clients to complete the relevant client acceptance procedures and requirements (including, where necessary, providing such documentation and certifications as required by the Participating Dealer) in order to ensure that an effective Creation Application in respect of a Sub-Fund can be submitted by it to the Trustee (with a copy to the Manager). You are advised to check with the Participating Dealer as to the relevant timing deadlines and the client acceptance procedures and requirements.

The Application Unit size for a Sub-Fund is the number of Units specified in the relevant Appendix. Creation Applications submitted in respect of Units other than in Application Unit size or whole multiples thereof will not be accepted. The minimum subscription for each Sub-Fund is one Application Unit.

Creation process

A Participating Dealer may from time to time submit Creation Applications in respect of a Sub-Fund to the Trustee (with a copy to the Manager), following receipt of creation requests from clients or where it wishes to create Units of the relevant Sub-Fund for its own account.

If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. To be effective, a Creation Application must:

(a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;

(b) specify the number of Units and the class of Units (where applicable) which is the subject of the Creation Application; and

(c) include the certifications required in the Operating Guidelines (if any) in respect of creations of Units, together with such certifications and opinions of counsel (if any) as each of the Trustee and the Manager may separately consider necessary to ensure compliance with applicable Securities and other laws in relation to the creation of Units which are the subject of the Creation Application.

The Manager shall have the right to reject, acting in good faith, any Creation Application under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Units of the relevant Sub-Fund, (ii) the redemption of Units of the relevant Sub-Fund, and/or (iii) the determination of Net Asset Value of the relevant Sub-Fund is suspended;

(b) where in the opinion of the Manager, acceptance of the Creation Application would have an adverse effect on the relevant Sub-Fund;

(c) where, if relevant to a Sub-Fund, in the opinion of the Manager, acceptance of the Creation Application would have a material impact on the A-Share or relevant market;

(d) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the relevant Index;

(e) where acceptance of the Creation Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager and/or any of its Connected Persons;

(f) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Creation Application;

(g) the business operations of the Manager, the Trustee, the Registrar, the Custodian or the PRC Custodian in relation to the relevant Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or

(h) an Insolvency Event occurs in respect of the relevant Participating Dealer.

In the event of such rejection, the Manager shall notify the relevant Participating Dealer and the Trustee of its decision to reject such Creation Application in accordance with the Operating Guidelines. Where for any reason there is a limit to the number of Units which can be created, priority will be given to Participating Dealers and the relevant Creation Applications as set out in the Operating Guidelines.

The Manager's right to reject a Creation Application is separate and in addition to a Participating Dealer's right to reject, acting in good faith, any creation request received from a client of the Participating Dealer under exceptional circumstances. Notwithstanding a Participating Dealer has accepted creation requests from its clients and in that connection submitted an effective Creation Application, the Manager may exercise its rights to reject such Creation Application in the circumstances described herein.

Where the Manager accepts a Creation Application from a Participating Dealer, it shall instruct the Trustee to effect (i) for the account of the Sub-Fund, the creation of Units in Application Unit size in exchange for a transfer of cash; and (ii) the issue of Units to the Participating Dealer, both in accordance with the Operating Guidelines and the Trust Deed.

Issue of Units

Units will be issued at the Issue Price prevailing on the relevant Dealing Day, provided that the Trustee may add to such Issue Price such sum (if any) as represents an appropriate provision for Duties and Charges. Please refer to the section on "Issue Price and Redemption Value of Units" for the calculation of the Issue Price.

On receipt of a Creation Application by a Participating Dealer for Units in a Sub-Fund during the relevant Initial Offer Period, the Manager shall procure the creation and issue of Units in that Sub-Fund on the relevant Initial Issue Date.

Units are denominated in the base currency of the relevant Sub-Fund (unless otherwise determined by the Manager) as set out in the relevant Appendix and no fractions of a Unit shall be created or issued by the Trustee.

The creation and issue of Units pursuant to a Creation Application shall be effected on the Dealing Day on which the Creation Application is received (or deemed received) and accepted in accordance with the Operating Guidelines but, for valuation purposes only, Units shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received and the register will be updated on the relevant Settlement Day or the Dealing Day immediately following the Settlement Day if the settlement period is extended. If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. An Extension Fee may be payable in relation to such an extension. See the section on "Fees and Expenses" for further details.

The Trustee shall be entitled to refuse to enter (or allow to be entered) Units in the register if at any time the Trustee is of the opinion that the provisions as set out in the Trust Deed, the relevant Operating Guidelines or the relevant Participation Agreement, in regard to the issue of Units, are being infringed.

Fees relating to Creation Applications

The Service Agent, the Registrar and/or the Trustee may charge a Transaction Fee in respect of Creation Applications and may on any day vary the rate of the Transaction Fee they charge (but not as between different Participating Dealers in respect of the same Sub-Fund). The Transaction Fee shall be paid by or on behalf of the Participating Dealer applying for such Units. See the section on "Fees and Expenses" for further details.

Any commission, remuneration or other sum payable by the Manager to any agent or other person in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the assets of any Sub-Fund.

Cancellation of Creation Applications

A Creation Application once given cannot be revoked or withdrawn without the consent of the Manager.

The Trustee, after consultation with the Manager may cancel a creation order in respect of any Units deemed created pursuant to a Creation Application if it has not received the full amount of the cash (including Subscription Amount, Transaction Fee, Duties and Charges) relating to the Creation Application by the Settlement Day, provided that the Manager may at its discretion extend the settlement period and such extension to be on such terms and conditions (including as to the payment of any fees to the Manager or Extension Fee to the Trustee or their respective Connected Persons or otherwise) as the Manager may determine and in accordance with the provisions of the Operating Guidelines.

In addition to the preceding circumstances, the Manager may also cancel any creation order of any Units if it determines by such time as it specifies in the Operating Guidelines that it is unable to invest the cash proceeds of any Creation Application.

Upon the cancellation of any creation order of any Units deemed created pursuant to a Creation Application as provided for above or if a Participating Dealer otherwise withdraws a Creation Application (other than in certain circumstances contemplated in the Trust Deed such as when the Manager declares a suspension of creations of Units), any cash received by or on behalf of the Trustee in connection with a Creation Application shall be redelivered to the Participating Dealer (without interest) as soon as practicable and the relevant Units shall be deemed for all purposes never to have been created and the Participating Dealer shall have no right or claim against the Manager, the Trustee and/or the Service Agent in respect of such cancellation provided that:

(a) the Trustee may charge the relevant Participating Dealer for the account of the Registrar an application cancellation fee (see the section on "Fees and Expenses" for further details);

(b) the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the Sub-Fund, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if the Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application, together with charges, expenses and losses incurred by the Sub-Fund as a result of such cancellation;

(c) the Transaction Fee in respect of such Creation Application shall remain due and payable (notwithstanding that the Creation Application shall be deemed to never have been made) and once paid shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section on "Fees and Expenses" for further details); and

(d) no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

Redemption of Units through Participating Dealers

Any application for the redemption of Units of a Sub-Fund must only be made through a Participating Dealer in respect of an Application Unit size or whole multiples thereof. Investors cannot redeem Units directly from the relevant Sub-Fund. Only Participating Dealers may submit Redemption Applications to the Trustee (with a copy to the Manager).

A Participating Dealer may redeem Units on any Dealing Day for its own account or for the account of its clients in accordance with the Operating Guidelines, by submitting a Redemption Application to the Trustee (with a copy to the Manager).

Each Participating Dealer has indicated to the Manager that it will generally accept and submit redemption request(s) received from you as its client(s), subject always to (i) mutual agreement between the relevant Participating Dealer and you as to its fees for handling such request(s); (ii) completion to its satisfaction of client acceptance procedures and requirements; (iii) no objection from the Manager to redeem Units for the relevant Participating Dealer on your behalf (please refer to the sub-section on "Redemption process" below for the examples of exceptional circumstances under which the Manager shall have the right to reject a Redemption Application); and (iv) mutual agreement between the relevant Participating Dealer and you as to the method of effecting such redemption request(s).

In addition, a Participating Dealer reserves the right to reject, acting in good faith, any redemption request received from a client under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Units of the relevant Sub-Fund, (ii) the redemption of Units of the relevant Sub-Fund, and/or (iii) the determination of Net Asset Value of the relevant Sub-Fund is suspended;

(b) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the Index;

(c) where acceptance of the redemption request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer and/or any of its Connected Persons;

(d) circumstances outside the control of the Participating Dealer make it for all practicable purposes impossible to process the redemption request; or

(e) the business operations of the Manager, the Trustee, the Registrar, the Custodian or the PRC Custodian in relation to the relevant Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

Requirements relating to redemption requests by potential investors

As of the date of this Prospectus, only cash redemption is available to the Participating Dealers in respect of the Sub-Funds.

Any cash proceeds received by a Participating Dealer in a cash Redemption Application shall be in RMB or such other currency or currencies as may be specified or permitted in the relevant Appendix.

A Participating Dealer may impose fees and charges in handling any redemption request which would increase the cost of investment and/or reduce the redemption proceeds. You are advised to check with the Participating Dealer as to relevant fees and charges. Although the Manager has a duty to monitor the operations of each Sub-Fund closely, neither the Manager nor the Trustee is empowered to compel a Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager or the Trustee or to accept any such redemption requests received from clients. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by a Participating Dealer.

A Participating Dealer may also impose timing deadlines for the submission by its clients of any redemption request and require any such clients to complete the relevant client acceptance procedures and requirements (including, where necessary, providing such documentation and certifications as required by the Participating Dealer) in order to ensure that an effective Redemption Application in respect of a Sub-Fund can be submitted by it to the Trustee (with a copy to the Manager). You are advised to check with the Participating Dealer as to the relevant timing deadlines and the client acceptance procedures and requirements.

Redemption process

A Participating Dealer may from time to time submit Redemption Applications in respect of a Sub-Fund to the Trustee, following receipt of redemption requests from clients or where it wishes to redeem Units of the relevant Sub-Fund for its own account.

If a Redemption Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Redemption Application. The current Dealing Deadline After Listing is 11:00 a.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK, the Shanghai Stock Exchange or the Shenzhen Stock Exchange are reduced.

To be effective, a Redemption Application must:

(a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;

(b) specify the number of Units and the class of Units (where applicable) which is the subject of the Redemption Application; and

(c) include the certifications required in the Participation Agreement and Operating Guidelines (if any) in respect of redemptions of Units, together with such certifications and opinions of counsel (if any) as each of the Trustee and the Manager may separately consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Units which are the subject of the Redemption Application.

The Manager shall have the right to reject, acting in good faith, any Redemption Application under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Units of the relevant Sub-Fund, (ii) the redemption of Units of the relevant Sub-Fund, and/or (iii) the determination of Net Asset Value of the relevant Sub-Fund is suspended;

(b) where in the opinion of the Manager, acceptance of the Redemption Application would have an adverse effect on the relevant Sub-Fund;

(c) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the Index;

(d) where acceptance of the Redemption Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager and/or any of its Connected Persons;

(e) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Redemption Application; or

(f) the business operations of the Manager, the Trustee, the Registrar, the Custodian or the PRC Custodian in relation to the relevant Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

In the event of such rejection, the Manager shall notify the relevant Participating Dealer and the Trustee of its decision to reject such Redemption Application in accordance with the Operating Guidelines.

The Manager's right to reject a Redemption Application is separate and in addition to a Participating Dealer's right to reject, acting in good faith, any redemption request received from a client under exceptional circumstances. Notwithstanding a Participating Dealer has accepted redemption requests from clients and in that connection submitted an effective Redemption Application, the Manager may exercise its rights to reject such Redemption Application in the circumstances described herein.

Where the Manager accepts a Redemption Application from a Participating Dealer, it shall (i) effect the redemption and cancellation of the relevant Units; and (ii) require the Trustee to transfer to the Participating Dealer cash in accordance with the Operating Guidelines and the Trust Deed.

The Participating Dealer will then transfer the cash to the relevant client if the Redemption Application was submitted by the Participating Dealer for the account of its client.

Redemption of Units

Any accepted Redemption Application will be effected on the Settlement Day provided that a Redemption Application duly signed by a Participating Dealer (to the satisfaction of the Manager and the Trustee) has been received and provided further that the Trustee shall have received (unless otherwise provided in the Operating Guidelines) the original (and not a faxed copy) of the certificates (if any) representing the Units to be cancelled (or an indemnity in terms acceptable to the Trustee) and the full amount of any amount payable by the Participating Dealer including the Transaction Fee and any other Duties and Charges have been either deducted or otherwise paid in full.

For valuation purposes only, Units shall be deemed to have been redeemed and cancelled after the Valuation Point on the Dealing Day on which the Redemption Application was received or deemed received. The name of the Unitholder of such Units shall be removed from the register in respect of those Units redeemed and cancelled on the relevant Settlement Day.

The Redemption Value of Units tendered for redemption and cancellation shall be the Net Asset Value per Unit of a Sub-Fund rounded to the nearest two decimal places (0.005 or above being rounded up). The benefit of any rounding adjustments will be retained by the relevant Sub-Fund. For the purpose of valuation, the relevant Valuation Point shall be the Valuation Point for the Dealing Day on which the Redemption Application is treated as having been received.

The interval between the receipt of a properly documented Redemption Application and payment of redemption proceeds may not exceed one calendar month provided that there is no delay in submitting all duly completed redemption documentation and the determination of the Net Asset Value or dealing in Units is not suspended.

The Manager may at its discretion extend the settlement period upon receipt of the extended settlement request by a Participating Dealer in respect of the Redemption Application on such terms and conditions (including as to the payment of any fees to the Manager or Extension Fee to the Trustee or their respective Connected Persons or otherwise) as the Manager may in its discretion determine, in accordance with the Operating Guidelines.

Fees relating to Redemption Applications

The Service Agent, the Registrar and/or the Trustee may charge a Transaction Fee in respect of Redemption Applications and may on any day vary the rate of the Transaction Fee they charge (but not as between different Participating Dealers in respect of the same Sub-Fund). The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application(s) (and may be set off and deducted against any amount due to the Participating Dealer in respect of such Redemption Application(s)) for the benefit of the Trustee, the Registrar and/or the Service Agent. See the section on “Fees and Expenses” for further details.

The Trustee may deduct from the redemption proceeds such sum (if any) as the Trustee may consider represents an appropriate provision for the Transaction Fee and/or other Duties and Charges.

Cancellation of Redemption Applications

A Redemption Application once given cannot be revoked or withdrawn without the consent of the Manager.

No cash amount shall be paid in respect of any Redemption Application unless Units, which are the subject of the Redemption Application, have been delivered to the Trustee free and clear of any Encumbrance for redemption by such time on the Settlement Day or other dealing set forth in the Trust Deed and/or Operational Guidelines as the Trustee and the Manager shall for the time being prescribe for Redemption Applications generally.

In the event that Units, which are the subject of a Redemption Application, are not delivered to the Trustee for redemption in accordance with the foregoing or are not free and clear of any Encumbrance (other than in certain circumstances contemplated in the Trust Deed such as when the Manager declares a suspension of redemptions of Units):

(a) the Trustee may charge the relevant Participating Dealer for the account of the Registrar an application cancellation fee (see the section on "Fees and Expenses" for further details);

(b) the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the relevant Sub-Fund, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Redemption Value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit if the Participating Dealer had, on the actual date when the Manager is able to repurchase any replacement Securities made a Creation Application in accordance with the provisions of the Trust Deed plus such other amount as the Manager reasonably determines as representing any charges, expenses and losses incurred by the Sub-Fund as a result of such cancellation;

(c) the Transaction Fee in respect of such Redemption Application shall remain due and payable (notwithstanding that the Redemption Application shall be deemed to never have been made) and once paid, shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section on "Fees and Expenses" for further details); and

(d) no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

Deferred redemption

In the event that redemption requests are received for the redemption of Units representing in aggregate more than 10% (or such higher percentage as the Manager may determine in respect of the Sub-Fund and as permitted by the SFC) of the total number of Units in a Sub-Fund then in issue, the Manager may direct the Trustee to reduce the requests rateably and pro rata amongst all Unitholders seeking to redeem Units on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10% (or such higher percentage as the Manager may determine in respect of a Sub-Fund) of the Units in the relevant Sub-Fund then in issue. Units which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests in respect of the relevant Sub-Fund themselves exceed 10% (or such higher percentage as the Manager may determine in respect of that Sub-Fund) of the Units in the relevant Sub-Fund then in issue) in priority to any other Units in the relevant Sub-Fund for which redemption requests have been received. Units will be redeemed at the Redemption Value prevailing on the Dealing Day on which they are redeemed.

Suspension of creations and redemptions

The Manager may, at its discretion, after consultation with the Trustee (and where practicable, after consultation with Participating Dealers), having regard to the best interests of the Unitholders, suspend the creation or issue of Units of any Sub-Fund, suspend the redemption of Units of any Sub-Fund and/or (subject to the approval of the SFC if such delay of payment of redemption proceeds exceeds one calendar month) delay the payment of any monies in respect of any Creation Application and/or Redemption Application in the following circumstances:

(a) during any period when trading on the SEHK or any other Recognised Stock Exchange or Recognised Futures Exchange is restricted or suspended;

(b) during any period when a market on which a Security (that is a component of the Index) has its primary listing, or the official clearing and settlement depositary (if any) of such market, is closed;

(c) during any period when dealing on a market on which a Security (that is a component of the Index) has its primary listing is restricted or suspended;

(d) during any period when, in the opinion of the Manager, settlement or clearing of Securities in the official clearing and settlement depositary (if any) of such market is disrupted;

(e) during the existence of any state of affairs as a result of which delivery or purchase of Securities, as appropriate or disposal of investments for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the relevant Sub-Fund;

(f) during any period when the relevant Index is not compiled or published;

(g) during any breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Sub-Fund or when for any other reason the value of any Securities or other property for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

(h) during any period when the determination of the Net Asset Value of the relevant Sub-Fund is suspended or if any circumstance specified in the section on "Suspension of Determination of Net Asset Value" below arises; or

(i) during any period when the business operations of the Manager, the Trustee, the Registrar, the Custodian or the PRC Custodian in respect of the relevant Sub-Fund is substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God.

The Manager will, after consultation with the Trustee, having regard to the best interests of the Unitholders, suspend the right to subscribe for Units of the relevant Sub-Fund if, or if as a result of the investment of the proceeds of issue of such Units in accordance with its investment objective, the Trust collectively holds or would hold in aggregate more than 10% of the ordinary shares issued by any single issuer. In addition, where the Sub-Fund under the Trust hold in aggregate more than the limit of 10% of the ordinary shares issued by any single issuer and the SFC has not agreed to waive this prohibition under the Code, the Manager will make it a priority objective to take all other necessary steps within a reasonable period to remedy such breach, taking into account the interests of the Unitholders.

The Manager shall notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the suspension, on its website at http://etf.harvestglobal.com.hk (the contents of which and of other websites referred to in this Prospectus have not been reviewed by the SFC) or in such other publications as it decides.

The Manager shall consider any Redemption Application or any Creation Application received during the period of suspension (that has not been otherwise withdrawn) as having been received immediately following the termination of the suspension. The period for settlement of any redemption will be extended by a period equal to the length of the period of suspension.

A Participating Dealer may, at any time after a suspension has been declared and before termination of such suspension, withdraw any Creation Application or Redemption Application by notice in writing to the Manager and the Manager shall promptly notify and request the Trustee to return to the Participating Dealer any cash received by it in respect of the Creation Application (without interest) as soon as practicable.

A suspension shall remain in force until the earlier of (a) the Manager declaring the suspension is at an end; and (b) the first Dealing Day on which (i) the condition giving rise to the suspension shall have ceased to exist; and (ii) no other condition under which suspension is authorised exists.

Evidence of Unitholding

Units will be deposited, cleared and settled by the CCASS. Units are held in registered entry form only, which means that no Unit certificates are issued. HKSCC Nominees Limited is the registered owner (i.e. the sole holder of record) of all outstanding Units deposited with the CCASS and is holding such Units for the participants in accordance with the General Rules of CCASS. Furthermore, the Trustee and the Manager acknowledge that pursuant to the General Rules of CCASS neither HKSCC Nominees Limited nor HKSCC has any proprietary interest in the Units. Investors owning Units in CCASS are beneficial owners as shown on the records of the participating brokers or the relevant Participating Dealer(s) or PD Agent(s) (as the case may be) who are participants of CCASS.

Restrictions on Unitholders

The Manager has power to impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held which would result in such holding being:

(a) a breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed in circumstances which, in the Manager's opinion, might result in the Trust or any Sub-Fund suffering any adverse effect which the Trust or the relevant Sub-Fund might not otherwise have suffered; or

(b) in the circumstances which, in the Manager's opinion, may result in the Trust or any Sub-Fund incurring any tax liability or suffering any other pecuniary disadvantage which the Trust or the relevant Sub-Fund might not otherwise have incurred or suffered.

Upon notice that any Units are so held, the Manager may require such Unitholders to redeem or transfer such Units in accordance with the provisions of the Trust Deed. A person who becomes aware that he is holding or owning Units in breach of any of the above restrictions is required either to redeem his Units in accordance with the Trust Deed or to transfer his Units to a person whose holding would be permissible under this Prospectus and the Trust Deed in a manner that would result in such Unitholder no longer being in breach of the restrictions above.

Transfer of Units

The Trust Deed provides that a Unitholder may transfer Units with the consent of the Manager. As all Units will be held in CCASS, the Manager's consent is deemed given where the Unitholder is transferring his interest in Units within CCASS. A Unitholder is entitled to transfer Units held by him by using the standard transfer form issued by SEHK or by an instrument in writing in such other form (and if the transferor or the transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution) as the Trustee may from time to time approve. The transferor will be deemed to remain the Unitholder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of the Units being transferred. Each instrument of transfer must relate to a single Sub-Fund only. If and to the extent that all Units are deposited, cleared and settled in CCASS, HKSCC Nominees Limited will be the sole Unitholder, holding such Units for the persons admitted by HKSCC as a participant of CCASS and to whose account any Units are for the time being allocated in accordance with the General Rules of CCASS.

EXCHANGE LISTING AND TRADING (SECONDARY MARKET)

The purpose of the listing of the Units on the SEHK is to enable investors to buy and sell Units on the secondary market, normally via a broker or dealer in smaller quantities than would be possible if they were to subscribe and/or redeem Units in the primary market.

The market price of a Unit listed or traded on the SEHK may not reflect the Net Asset Value per Unit. Any transactions in the Units on the SEHK will be subject to the customary brokerage commissions and/or transfer taxes associated with the trading and settlement through the SEHK. There can be no guarantee that once the Units are listed on the SEHK they will remain listed.

The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Units. Where a Dual Counter has been adopted in respect of a Sub-Fund the Manager will use its best endeavours to put in place arrangements so that there is at least one RMB Counter Market Maker for RMB counter and one HKD Counter Market Maker for HKD counter although these Market Makers may be the same entity. Broadly, the obligations of a Market Maker will include quoting bid and offer prices on the SEHK with the intention of providing liquidity. Given the nature of the Market Maker's role, the Manager will make available to a Market Maker, the portfolio composition information made available to a Participating Dealer.

Units may be purchased from and sold through the Market Makers. However, there is no guarantee or assurance as to the price at which a market will be made. In maintaining a market for Units, the Market Makers may make or lose money based on the differences between the prices at which they buy and sell Units, which is to a certain extent dependent on the difference between the purchase and sale prices of the underlying Securities comprised within the Index. Market Makers may retain any profits made by them for their own benefit and they are not liable to account to any of the Sub-Funds in respect of their profits.

If you wish to buy or sell Units on the secondary market, you should contact your brokers.

If trading of the Units on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for the Units.

Please also refer to the sub-sections on "General", "Renminbi Equity Trading Support Facility" and "Dual Counter" in the relevant Appendix of the Sub-Fund for additional disclosures on secondary market trading.

DETERMINATION OF NET ASSET VALUE

Calculation of Net Asset Value

The Net Asset Value of each Sub-Fund will be calculated by the Trustee in RMB as at each Valuation Point applicable to the relevant Sub-Fund by valuing the assets of the relevant Sub-Fund and deducting the liabilities of the relevant Sub-Fund, in accordance with the terms of the Trust Deed.

Set out below is a summary of how various Securities held by the relevant Sub-Fund are valued:

(a) Securities that are quoted, listed, traded or dealt in on any Market shall unless the Manager (with the consent of the Trustee) determines that some other method is more appropriate, be valued by reference to the price appearing to the Manager to be the official closing price or, if unavailable, the last traded price on the Market as the Manager may consider in the circumstances to provide fair criterion, provided that (i) if a Security is quoted or listed on more than one Market, the Manager shall adopt the price quoted on the Market which in its opinion provides the principal market for such Security; (ii) if prices on that Market are not available at the relevant time, the value of the Securities shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager; (iii) interest accrued on any interest-bearing Securities shall be taken into account, unless such interest is included in the quoted or listed price; and (iv) the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine, notwithstanding that the prices so used are not the last traded prices as the case may be;

(b) the value of each interest in any unlisted mutual fund corporation or unit trust shall be the latest available net asset value per share or unit in such mutual fund corporation or unit trust or if not available or appropriate, the last available bid or offer price for such unit, share or other interest;

(c) futures contracts will be valued based on the formulae set out in the Trust Deed;

(d) except as provided for in paragraph (b), the value of any investment which is not listed, quoted or ordinarily dealt in on a Market shall be the initial value thereof equal to the amount expended on behalf of the relevant Sub-Fund in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may, at any time in consultation with the Trustee and shall at such times or at such intervals as the Trustee may request, cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investments (which may, if the Trustee agrees, be the Manager);

(e) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manage in consultation with the Trustee, any adjustment should be made to reflect the value thereof; and

(f) notwithstanding the foregoing, the Manager after consultation with the Trustee may adjust the value of any investment or permit some other method of valuation to be used if, having regard to relevant circumstances, the Manager considers that such adjustment is required to fairly reflect the value of the investment.

The Trustee will perform any currency conversion at rates as may be agreed between the Trustee and the Manager from time to time.

The above is a summary of the key provisions of the Trust Deed with regard to how the various assets of the relevant Sub-Fund are valued.

Suspension of determination of Net Asset Value

The Manager may, after consultation with the Trustee, having regard to the best interests of the

Unitholders, declare a suspension of the determination of the Net Asset Value of the relevant Sub-Fund for the whole or any part of any period during which:

(a) there exists any state of affairs prohibiting the normal disposal and/or purchase of the investments of the relevant Sub-Fund; or

(b) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any Securities held or contracted for the account of the Sub-Fund or it is not possible to do so without seriously prejudicing the interest of Unitholders of Units of the relevant Sub-Fund;

(c) there is a breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Sub-Fund or the Net Asset Value per Unit of the relevant class or when for any other reason the value of any Securities or other property for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

(d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the Securities of the relevant Sub-Fund or the subscription or redemption of Units of the relevant Sub-Fund is delayed or cannot, in the opinion of the Manager, be carried out promptly or at normal rates of exchange; or

(e) the business operations of the Manager, the Trustee, the Registrar, the Custodian or the PRC Custodian in relation to the relevant Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

Any suspension shall take effect upon its declaration and thereafter there shall be no determination of the Net Asset Value of the relevant Sub-Fund and the Manager shall be under no obligation to rebalance the relevant Sub-Fund until the suspension is terminated on the earlier of (i) the Manager declaring the suspension is at an end; and (ii) the first Dealing Day on which (1) the condition giving rise to the suspension shall have ceased to exist; and (2) no other condition under which suspension is authorised exists.

The Manager shall notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the suspension, on its website at http://etf.harvestglobal.com.hk (the contents of which and of other websites referred to in this Prospectus have not been reviewed by the SFC) or in such other publications as the Manager decides.

No Units of a Sub-Fund will be issued or redeemed during any period of suspension of the determination of the Net Asset Value of the relevant Sub-Fund.

Issue Price and Redemption Value of Units

The Issue Price which is the subject of a Creation Application during the Initial Offer Period of a Sub-Fund will be a fixed amount per Unit, or a percentage of the closing level of the relevant Index (expressed in the base currency of the relevant Sub-Fund) as at the last day of the Initial Offer Period, rounded to 2 decimal places (0.005 or above being rounded up), or such other amount from time to time determined by the Manager and approved by the Trustee. The Issue Price during the Initial Offer Period of each Sub-Fund will be set out in the relevant Appendix for that Sub-Fund.

After the expiry of the Initial Offer Period, the Issue Price of Units created and issued by a Creation Application, will be the prevailing Net Asset Value of the relevant Sub-Fund as at the relevant Valuation Point divided by the total number of Units in issue rounded to the nearest two decimal places (0.005 or above being rounded up).

The Redemption Value on a Dealing Day shall be the prevailing Net Asset Value of the relevant Sub-Fund as at the relevant Valuation Point divided by the total number of Units in issue rounded to the nearest two decimal places (0.005 or above being rounded up).

The benefit of any rounding adjustments will be retained by the relevant Sub-Fund.

The Issue Price and the Redemption Value (or the latest Net Asset Value of the Units) will be available on the Manager's website at http://etf.harvestglobal.com.hk (the contents of which and of other websites referred to in this Prospectus have not been reviewed by the SFC) or published in such other publications as the Manager decides.

Neither the Issue Price nor the Redemption Value takes into account Duties and Charges, Transaction Fees or fees payable by a Participating Dealer.

FEES AND EXPENSES

There are different levels of fees and expenses applicable to investing in a Sub-Fund as set out below, current as at this date of this Prospectus. Where any levels of fees and expenses applicable to a particular Sub-Fund differs from the following, such fees and expenses will be set out in full in the relevant Appendix.

(a)	**Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Units (applicable both during the Initial Offer Period and After Listing)**	**Amount**
	Transaction Fee and Service Agent's fee	For Harvest MSCI China A Index ETF: RMB25,000[1] per Application and HKD1,000[1] per book-entry deposit and withdrawal transaction See Note[2]
	Application cancellation fee	RMB8,500[3] per Application
	Extension Fee	RMB8,500[4] per Application
	Stamp duty	Nil
	All other Duties and Charges incurred by the Trustee or the Manager in connection with the creation or redemption	As applicable
(b)	**Fees and expenses payable by investors**	**Amount**
	(i) Fees payable by clients of the Participating Dealers in respect of creations and redemptions (as applicable) via the Participating Dealer (applicable both during the Initial Offer Period and After Listing)	
	Fees and charges imposed by the Participating Dealer[5]	Such amounts as determined by the relevant Participating Dealer
	(ii) Fees payable by all investors in respect of dealings in the Units on SEHK (applicable After Listing)	

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1 *RMB25,000 is payable to the Trustee and HKD1,000 is payable to the Service Agent.*

2 *The Transaction Fee of RMB25,000 or RMB12,000 (as appropriate) is payable by a Participating Dealer to the Trustee for the benefit of the Trustee and/or Registrar. The Service Agent's fee of HKD1,000 is payable by the Participating Dealer to the Service Agent. The Registrar will charge a fee for each Creation Application and Redemption Application and the Service Agent will charge a fee for each book-entry deposit and withdrawal transaction. Both fees will be met out of the Transaction Fee. A Participating Dealer may pass on to the relevant investor such Transaction Fee.*

3 *An application cancellation fee is usually payable to the Trustee for the account of the Registrar in respect of either a withdrawn or failed Creation Application or Redemption Application other than in certain circumstances such as following a suspension of creations or redemptions by the Manager.*

4 *An Extension Fee is payable to the Trustee on each occasion the Manager, upon a Participating Dealer's request, grants the Participation Dealer an extended settlement in respect of a Creation Application or Redemption Application.*

5 *The Participating Dealer may increase or waive the level of its fees in its discretion. Information regarding these fees and charges is available upon request to the relevant Participating Dealer.*

	Brokerage	Market rates
	Transaction levy	0.0027%[6]
	AFRC transaction levy	0.00015%[7]
	SEHK trading fee	0.00565%[8]
	Stamp duty	Nil
(c)	**Fees and expenses payable by the Sub-Funds**	(See further disclosure below)

No money should be paid to any intermediary in Hong Kong which is not licensed or registered to carry on Type 1 regulated activity under Part V of the SFO.

Fees and Expenses Payable by the Sub-Funds

Manager's fee

The Manager is entitled to receive a management fee of up to 2.00% per year of the Net Asset Value of each Sub-Fund. The current management fee percentage in respect of each Sub-Fund is set out in the relevant Appendix and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears. This fee is payable out of the Trust Fund.

The Manager may pay a distribution fee to any distributor or sub-distributors of the Trust out of the management fees it receives from the Trust. A distributor may re-allocate an amount of the distribution fee to the sub-distributors. The fees of the Investment Adviser, if any, will be paid by the Manager and not out of the assets of the relevant Sub-Fund.

Trustee's and Registrar's fee

The Trustee receives out of the assets of each Sub-Fund a monthly trustee's fee, payable in arrears, accrue daily and calculated as at each Dealing Day of up to 2.00% per year of the Net Asset Value of a Sub-Fund. The Trustee fee percentage in respect of each Sub-Fund is set out in the relevant Appendix.

The Trustee is also entitled to an inception fee for the establishment of a Sub-Fund as set out in the relevant Appendix.

The Trustee shall also be entitled to be reimbursed out of the assets of the relevant Sub-Fund all out-of-pocket expenses incurred.

The Registrar is entitled to a registrar fee and an administrative transaction fee for any creation and redemption of Units of the relevant Sub-Fund as set out in the relevant Appendix.

Service Agent's fee

The Service Agent is entitled to receive a monthly reconciliation fee of HKD5,000 from the Manager. The Manager shall pass on to the relevant Sub-Fund such reconciliation fee.

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6 *Transaction levy of 0.0027% of the trading price of the Units, payable by the buyer and the seller.*

7 *AFRC transaction levy of 0.00015% of the price of the Units, payable by the buyer and the seller.*

8 *Trading fee of 0.00565% of the trading price of the Units, payable by the buyer and the seller.*

For any period less than a month, the reconciliation fee is on a pro-rata basis and accrues on a daily basis. The Trustee, on behalf of the Trust, will pay all other expenses chargeable by the Service Agent in connection with the Service Agent's role.

Promotional expenses

The Sub-Funds will not be responsible for any promotional expenses including those incurred by any marketing agents and any fees imposed by such marketing agents on their customers investing in the Sub-Funds will not be paid (either in whole or in part) out of the Trust Fund.

Other expenses

The relevant Sub-Fund will bear all operating costs relating to the administration of that Sub-Fund including but not limited to stamp and other duties, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges and other costs and expenses payable in respect of the acquisition, holding and realisation of any investment or any monies, deposit or loan, charges and expenses of its legal counsel, auditors and other professionals, index licensing fees, the costs in connection with maintaining a listing of the Units on the SEHK or other exchange and maintaining the Trust's and the Sub-Fund's authorisation under the SFO, costs incurred in the preparation, printing and updating of any offering documents and the costs incurred in the preparation of supplemental deeds, any disbursements or out-of-pocket expenses properly incurred on behalf of the Sub-Fund by the Trustee, the Manager or the Registrar or any of its service providers, the expenses incurred in convening meetings of Unitholders, printing and distributing annual and interim financial reports and other circulars relating to the Sub-Fund and the expenses of publishing Unit prices.

Establishment costs

The costs of establishing the Trust and the first Sub-Fund including the preparation of the first Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs were approximately RMB3 million and were borne by the first Sub-Fund and will be amortised over the first five financial years of the first Sub-Fund. The costs of establishing subsequent Sub-Funds, including any updates to this Prospectus, are borne by that Sub-Fund as described in the relevant Appendix.

Increase in fees

The current fees in respect of each Sub-Fund payable to the Manager and the Trustee as described in the relevant Appendix may be increased on one month's notice to Unitholders (or such shorter period as approved by the SFC), subject to the maximum rates set out in the Trust Deed.

RISK FACTORS

An investment in any Sub-Fund carries various risks. Each of these may affect the Net Asset Value, yield, total return and trading price of the Units. There can be no assurance that the investment objective of a Sub-Fund will be achieved. You should carefully evaluate the merits and risks of an investment in the relevant Sub-Fund in the context of your overall financial circumstances, knowledge and experience as an investor. The risk factors set forth below are the risks which are believed by the Manager and its directors to be relevant and presently applicable to all Sub-Funds. You should refer to the additional risk factors, specific to each Sub-Fund, as set out in the relevant Appendix. In particular, further risk factors applicable to a Sub-Fund which adopts a Dual Counter (in addition to these below) are set out in the relevant Appendix.

Risks associated with investment in any Sub-Fund

Investment objective risk

There is no assurance that the investment objective of a Sub-Fund will be achieved. Whilst it is the intention of the Manager to implement strategies which are designed to minimise tracking error, there can be no assurance that these strategies will be successful. It is possible that you as an investor may lose a substantial proportion or all of its investment in a Sub-Fund where the relevant Index value declines. As a result, each investor should carefully consider whether you can afford to bear the risks of investing in the relevant Sub-Fund.

Market risk

The Net Asset Value of each Sub-Fund will change with changes in the market value of the Securities it holds. The price of Units and the income from them may go down as well as up. There can be no assurance that an investor will achieve profits or avoid losses, significant or otherwise. The capital return and income of the Sub-Fund are based on the capital appreciation and income on the Securities it holds, less expenses incurred. A Sub-Fund's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, each Sub-Fund may experience volatility and decline in a manner that broadly corresponds with the relevant Index. Investors in the Sub-Fund are exposed to the same risks that investors who invest directly in the underlying Securities would face. These risks include, for example, interest rate risks (risks of falling portfolio values in a rising interest rate market); income risks (risks of falling incomes from a portfolio in a falling interest rate market); and credit risk (risk of a default by the underlying issuer of a Security that forms part of the Index).

Asset class risk

Although the Manager is responsible for the continuous supervision of the investment portfolio of the Sub-Fund, the returns from the types of Securities in which the Sub-Fund invests may underperform or outperform returns from other Securities markets or from investment in other assets. Different types of securities tend to go through cycles of out-performance and underperformance when compared with other general Securities markets.

Passive investment risk

The Sub-Funds are not actively managed. Accordingly, the Sub-Funds may be affected by a decline in the market segments relating to the relevant Index or Indices. Each Sub-Fund invests in the Securities included in or representative of the relevant Index regardless of their investment merit, except to the extent of any representative sampling strategy. The Manager does not attempt to select stocks individually or to take defensive positions in declining markets. You should note that the lack of discretion on the part of the Manager to adapt to market changes due to the inherent investment nature of the Sub-Funds will mean that falls in the Index or Indices are expected to result in corresponding falls in the value of the Sub-Funds, and you may lose substantially all of your investment.

Possible business failure risk

In the current economic environment, global markets are experiencing very high level of volatility and an increased risk of corporate failures. The insolvency or other corporate failures of any one or more of the constituents of the Index may have an adverse effect on the Index's and therefore the Sub-Fund's performance. You may lose money by investing in the Sub-Fund.

Management risk

Because there can be no guarantee that each Sub-Fund will fully replicate the relevant Index, it is subject to management risk. This is the risk that the Manager's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results.

Securities risk

The investments of the Sub-Funds are subject to risks inherent in all Securities (including settlement and counterparty risks). The value of holdings may fall as well as rise. The global markets are currently experiencing very high levels of volatility and instability, resulting in higher levels of risk than is customary (including settlement and counterparty risks).

Equity risk

Investing in equity Securities may offer a higher rate of return than those investing in short term and longer term debt securities. However, the risks associated with investments in equity Securities may also be higher, because the investment performance of equity Securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might suddenly and substantially decrease in value.

Tracking error risk

Factors such as the fees and expenses of the Sub-Fund, where the Sub-Fund adopts representative sampling an imperfect correlation between the Sub-Fund's assets and the Securities constituting the Index, inability to rebalance the Sub-Fund's holdings of Securities in response to changes in the constituents of the Index, rounding of Security prices, and changes to the regulatory policies may affect the Manager's ability to achieve close correlation with the relevant Index. Further, if the relevant Index is a gross total return index the relevant Sub-Fund may receive income (such as interest and dividends) from its assets, which is subject to withholding tax. The Manager may, where specified in the relevant Appendix, switch between full replication and representative sampling strategies in order to minimise tracking error, however notwithstanding this, because the Manager will not have other strategies to minimise tracking error, these factors may cause a Sub-Fund's returns to deviate from its Index.

Concentration risk

A Sub-Fund may be subject to concentration risk as a result of tracking the performance of a single geographical region. Such a Sub-Fund is likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in the relevant region.

Trading risk

While the creation/redemption feature of each Sub-Fund is designed to make it likely that Units will trade close to their Net Asset Value, disruptions to creations and redemptions (for example, as a result of imposition of capital controls by a foreign government) may result in trading prices that differ significantly from the Net Asset Value). The secondary market prices of Units will fluctuate in accordance with changes in the Net Asset Value and supply and demand on any exchange on which Units are listed. In addition, when buying or selling Units on the SEHK additional charges (such as brokerage fees) mean that an investor may pay more than the Net Asset Value per Unit

when buying Units on the SEHK and may receive less than the Net Asset Value per Unit when selling Units on the SEHK. The Manager cannot predict whether Units will trade below, at, or above their Net Asset Value. Since, however, Units must be created and redeemed in Application Unit size (unlike shares of many closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their Net Asset Value) the Manager believes that ordinarily large discounts or premiums to the Net Asset Value of Units should not be sustained. If the Manager suspends creations and/or redemptions of Units, the Manager anticipates that there may be larger discounts or premiums as between the secondary market price of Units and the Net Asset Value.

Loss of capital risk

There is no guarantee that a Sub-Fund's investments will be successful. In addition, trading errors are an intrinsic factor in any complex investment process, and will occur, notwithstanding the execution of due care and special procedures designed to prevent such errors.

No trading market in the Units risk

Although the Units are listed on the SEHK and one or more Market Makers have been appointed, there may be no liquid trading market for the Units or that such Market Maker(s) may cease to fulfil that role. Further, there can be no assurance that Units will experience trading or pricing patterns similar to those of exchange traded funds which are issued by investment companies in other jurisdictions or those traded on the SEHK which are based upon indices other than the Index.

Financial derivative instruments risk

The Manager may invest a Sub-Fund in constituents of the relevant Index through FDIs. A FDI is a financial contract or instrument the value of which depends on, or is derived from, the value of an underlying asset such as a Security or an index and so have a high degree of price variability and are subject to occasional rapid and substantial changes. Compared to conventional Securities, FDIs can be more sensitive to changes in interest rates or to sudden fluctuations in market prices due to both the low margin deposits required, and the extremely high degree of leverage involved in their pricing. As a result, a relatively small price movement in a FDI may result in immediate and substantial loss (or gain) to the relevant Sub-Fund. The Sub-Fund's losses may be greater if it invests in FDIs than if it invests only in conventional Securities.

There is also no active market in FDIs and therefore investment in FDIs can be illiquid. In order to meet redemption requests, the Sub-Fund relies upon the issuer of the FDIs to quote a price to unwind any part of the FDIs that will reflect the market liquidity conditions and the size of the transaction.

In addition, many FDIs are not traded on exchanges. As a result, if the Sub-Fund engages in transactions involving FDIs, it will be subject to the risk of the inability or refusal to perform such contracts by the counterparties with which the Sub-Fund trades, and as such the Sub-Fund may suffer a total loss of the Sub-Fund's interest in the FDI. This risk is also aggregated by the fact that over-the-counter derivatives markets are generally not regulated by government authorities and participants in these markets are not required to make continuous markets in the contracts they trade.

An investment in the FDIs does not entitle the FDIs holder to the beneficial interest in the shares nor to make any claim against the company issuing the shares. There can be no assurance that the price of the FDIs will equal the underlying value of the company or securities market that it may seek to replicate.

Where the Manager invests the Sub-Fund's assets in FDIs that are not listed, quoted or dealt in on a market, those FDIs should comprise no more than 15% of the relevant Sub-Fund's Net Asset Value. The exposure of a Sub-Fund to FDIs is also subject to the other applicable investment restrictions set out in this Prospectus and the relevant Appendix.

There are risks associated with management of collateral and re-investment of collateral. The value of any collateral received in respect of any FDIs may be affected by market events. In the case of

collateral assets which are listed securities, the listing of such securities may be suspended or revoked or the trading of such securities on the stock exchanges may be suspended, and during the period of suspension or upon revocation, it may take longer to realise the relevant collateral assets. In the case of collateral assets which are debt securities, the value of such securities will be dependent on the creditworthiness of the issuers or obligors in respect of the relevant collateral assets. In the event any issuer or obligor of such collateral assets is insolvent, the value of the collateral assets will be reduced substantially and may cause the relevant Sub-Fund's exposure to such counterparty to be under-collateralised. If a Sub-Fund reinvests cash collateral, it is subject to investment risk including the potential loss of principal.

Indemnity risk

Under the Trust Deed, the Trustee and the Manager have the right to be indemnified against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in performing their respective duties except as a result of their own negligence, fraud, default, breach of duty or trust of which they may be liable in relation to their duties. Any reliance by the Trustee or the Manager on the right of indemnity would reduce the assets of the Sub-Fund and the value of the Units.

Dividends may not be paid risk

Whether a Sub-Fund will pay distributions on Units is subject to the Manager's distribution policy and also mainly depends on dividends declared and paid in respect of the Securities of the Index. In addition, dividends received by a Sub-Fund may be applied towards meeting the costs and expenses of that Sub-Fund. Dividend payment rates in respect of such Securities will depend on factors beyond the control of the Manager or Trustee including, general economic conditions, and the financial position and dividend policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

Possible early termination of a Sub-Fund risk

A Sub-Fund may be terminated early under certain circumstances, including but not limited to (i) the aggregate Net Asset Value of all the Units is less than RMB180 million; (ii) any law is passed or amended or regulatory directive or order is imposed which renders it illegal or in the opinion of the Manager, impracticable or inadvisable to continue the Sub-Fund; (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed; (iv) the relevant Index is no longer available for benchmarking or if the Units are no longer listed on the SEHK or any other Recognised Stock Exchange; or (v) at any time, the relevant Sub-Fund ceases to have any Participating Dealer. Upon a Sub-Fund being terminated, the Trustee will distribute the net cash proceeds (if any) derived from the realisation of the investments comprised in the Sub-Fund to the Unitholders in accordance with the Trust Deed. Investors may suffer a loss when a Sub-Fund is terminated because any such amount distributed may be more or less than the capital invested by the Unitholder.

Risks associated with market trading

Absence of active market and liquidity risks

Although Units of each Sub-Fund are listed for trading on the SEHK, there can be no assurance that an active trading market for such Units will develop or be maintained. In addition, if the underlying Securities which comprise each Sub-Fund themselves have limited trading markets, or if the spreads are wide, this may adversely affect the price of the Units and the ability of an investor to dispose of its Units at the desired price. If you need to sell your Units at a time when no active market for them exists, the price you receive for your Units — assuming you are able to sell them — is likely to be lower than the price received if an active market did exist.

Suspension of trading risk

Investors and potential investors will not be able to buy, nor will investors be able to sell, Units on the SEHK during any period in which trading of the Units is suspended. The SEHK may suspend the trading of Units whenever the SEHK determines that it is appropriate and in the interest of a fair and orderly market to protect investors. The subscription and redemption of Units may also be suspended if the trading of Units is suspended.

Effect of redemptions risk

If significant redemptions of Units are requested by the Participating Dealers, it may not be possible to liquidate the Sub-Fund's investments at the time such redemptions are requested or the Manager may be able to do so only at prices which the Manager believes does not reflect the true value of such investments, resulting in an adverse effect on the return to investors. Where significant redemptions of Units are requested by the Participating Dealers, the right of Participating Dealers to require redemptions in excess of 10% of the total number of Units in the Sub-Fund then in issue (or such higher percentage as the Manager may determine and as permitted by the SFC) may be deferred, or the period for the payment of redemption proceeds may be extended.

In addition, the Manager may also in certain circumstances suspend the determination of the Net Asset Value of the Sub-Fund for the whole or any part of any period. Please see the section on "Determination of Net Asset Value" for further details.

Units may trade at prices other than Net Asset Value risk

Units trade on the SEHK at prices above or below the most recent Net Asset Value. The Net Asset Value per Unit of each Sub-Fund is calculated at the end of each Dealing Day and fluctuates with changes in the market value of the relevant Sub-Fund's holdings. The trading prices of the Units fluctuate continuously throughout the trading hours based on market supply and demand rather than Net Asset Value. The trading price of the Units may deviate significantly from Net Asset Value particularly during periods of market volatility. Any of these factors may lead to the Units of the relevant Sub-Fund trading at a premium or discount to the Net Asset Value. On the basis that Units can be created and redeemed in Application Units at Net Asset Value, the Manager believes that large discounts or premiums to Net Asset Value are not likely to be sustained over the long-term. While the creation/redemption feature is designed to make it likely that the Units will normally trade at prices close to the relevant Sub-Fund's next calculated Net Asset Value, trading prices are not expected to correlate exactly with the relevant Sub-Fund's Net Asset Value due to reasons relating to timing as well as market supply and demand factors. In addition, disruptions to creations and redemptions or the existence of extreme market volatility may result in trading prices that differ significantly from Net Asset Value. In particular, if an investor purchases Units at a time when the market price is at a premium to Net Asset Value or sells when the market price is at a discount to Net Asset Value, then the investor may sustain losses.

Borrowing risks

The Trustee, at the request of the Manager, may borrow for the account of the Sub-Fund (up to 10% of the Net Asset Value of each Sub-Fund unless otherwise specified in the Appendix) for various reasons, such as facilitating redemptions or to acquire investments for the account of the Sub-Fund. Borrowing involves an increased degree of financial risk and may increase the exposure of a Sub-Fund to factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the assets underlying its investments. There can be no assurance that a Sub-Fund will be able to borrow on favourable terms, or that the relevant Sub-Fund's indebtedness will be accessible or be able to be refinanced by the relevant Sub-Fund at any time.

Cost of trading Units risk

As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, investors may pay more than the Net Asset Value per Unit when buying Units on the

SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK. In addition, investors on the secondary market will also incur the cost of the trading spread, being the difference between what investors are willing to pay for the Units (bid price) and the price at which they are willing to sell Units (ask price). Frequent trading may detract significantly from investment results and an investment in Units may not be advisable particularly for investors who anticipate making small investments regularly.

No right to control the Sub-Fund's operation risk

Investors will have no right to control the daily operations, including investment and redemption decisions, of any Sub-Fund.

Secondary market trading risk

Units in a Sub-Fund may trade on the SEHK when the relevant Sub-Fund does not accept orders to subscribe or redeem Units. On such days, Units may trade in the secondary market with more significant premiums or discounts than might be experienced on days when the Sub-Fund accepts subscription and redemption orders.

Reliance on the Manager risk

Unitholders must rely on the Manager in formulating the investment strategies and the performance of each Sub-Fund is largely dependent on the services and skills of its officers and employees as well as, where applicable, the utilisation of its QFII/RQFII status. In the case of loss of service of the Manager or any of its key personnel, as well as any significant interruption of the Manager's business operations or in the extreme case of the insolvency of the Manager, the Trustee may not find successor managers with the requisite skills, qualifications and, if applicable, QFII/RQFII status quickly and the new appointment may not be on equivalent terms or of similar quality.

New Manager and reliance on the Investment Adviser risk

It should be noted that whilst the Manager's group (in particular the Investment Adviser) has significant exchange traded fund experience in the PRC, the Sub-Funds are amongst the first exchange traded funds to be managed by the Manager. As such the Manager will substantially make use of and rely on the expertise and systems of the Investment Adviser to support the investments of the Sub-Funds in the relevant markets. In the event of a breakdown or disruption in communications with or the provision by the Investment Adviser of its assistance to the Manager, the operations of a Sub-Fund may be adversely affected. The occurrence of such events could cause a deterioration in a Sub-Fund's performance and investors may lose money in those circumstances.

Reliance on Market Makers risk

Although the Manager will use its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Units of each Sub-Fund or, where there is a Dual Counter, for the Units traded in each counter, it should be noted that liquidity in the market for the Units may be adversely affected if there is no Market Maker for the RMB traded Units or, where there is a Dual Counter, no Market Maker for the HKD traded Units or no Market Maker for the RMB traded Units of the relevant Sub-Fund. The Manager will seek to mitigate this risk by using its best endeavours to put in place arrangements so that at least one Market Maker for the Units of the Sub-Fund or for the Units traded in each counter (where there is a Dual Counter) gives not less than 3 months notice prior to terminating market making arrangement under the relevant market making agreement(s). There may be less interest by potential market makers in making a market in Units denominated or traded in RMB. Furthermore, any disruption to the availability of RMB may adversely affect the capability of Market Makers in providing liquidity for RMB traded Units. It is possible that there is only one SEHK Market Maker to a Sub-Fund or to a counter of a Sub-Fund or the Manager may not be able to engage a substitute Market Maker within the termination notice

period of a Market Maker, and there is also no guarantee that any market making activity will be effective.

Reliance on Participating Dealers risk

The creation and redemption of Units may only be effected through Participating Dealers. A Participating Dealer may charge a fee for providing this service. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SEHK are restricted or suspended, settlement or clearing of Securities through the CCASS is disrupted or the Index is not compiled or published. In addition, Participating Dealers will not be able to issue or redeem Units if some other event occurs that impedes the calculation of the Net Asset Value of the relevant Sub-Fund or disposal of the relevant Sub-Fund's Securities cannot be effected. Where a Participating Dealer appoints a PD Agent to perform certain CCASS-related functions, if the appointment is terminated and the Participating Dealer fails to appoint an alternative PD Agent, or if the PD Agent ceases to be a CCASS participant, the creation or redemption of Units by such Participating Dealer may also be affectedSince the number of Participating Dealers at any given time will be limited, and there may even be only one Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Units freely.

Risks associated with the Indices

Fluctuations risk

The performance of the Units should, before fees and expenses, correspond closely with the performance of the Index. If the Index experiences volatility or declines, the price of the Units will vary or decline accordingly.

Licence to use Index may be terminated risk

The Manager is granted a licence by the Index Provider to use each Index to create the relevant Sub-Fund based on the Index and to use certain trade marks and any copyright in the Index. A Sub-Fund may not be able to fulfil its objective and may be terminated if the licence agreement is terminated. The initial term of the licence agreement may be limited in period and thereafter renewable for only short periods. There can be no guarantee that the relevant licence agreement will be perpetually renewed. For further information on the grounds for terminating the licence agreement, please refer to the section on "Index Licence Agreement" in the relevant Appendix. Although the Manager will seek to find a replacement Index, a Sub-Fund may also be terminated if the relevant Index ceases to be compiled or published and there is no replacement Index using the same or substantially similar formula for the method of calculation as used in calculating the Index.

Compilation of Index risk

The Securities of each Index are determined and composed by the relevant Index Provider without regard to the performance of the relevant Sub-Fund. The Sub-Funds are not sponsored, endorsed, sold or promoted by the Index Provider. Each Index Provider makes no representation or warranty, express or implied, to investors in the Sub-Funds or other persons regarding the advisability of investing in Securities generally or in the Sub-Funds particularly. Each Index Provider has no obligation to take the needs of the Manager or investors in the Sub-Funds into consideration in determining, composing or calculating the Index or Indices. There is no assurance that an Index Provider will compile the relevant Index accurately, or that the Index will be determined, composed or calculated accurately. In addition, the process and the basis of computing and compiling the Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by the Index Provider without notice. Consequently there can be no guarantee that the actions of an Index Provider will not prejudice the interests of the relevant Sub-Fund, the Manager or investors.

Composition of an Index may change risk

The Securities constituting an Index will change as the Securities of the Index are delisted, or as the Securities mature or are redeemed or as new Securities are included in the Index. When this happens the weightings or composition of the Securities owned by the Sub-Funds will change as considered appropriate by the Manager to achieve the investment objective. Thus, an investment in Units will generally reflect the Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units. However, there can be no guarantee that the Sub-Funds will, at any given time accurately reflect the composition of the Index (refer to the section on "Tracking error risk").

Risks associated with regulation

Withdrawal of SFC authorisation risk

The Trust and each Sub-Fund have been authorised as a collective investment scheme under the Code by the SFC under Section 104 of the SFO. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. This 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. The SFC reserves the right to withdraw the authorisation of the Trust or any Sub-Fund or impose such conditions as it considers appropriate. If the Manager does not wish the Trust or any Sub-Fund to continue to be authorised by the SFC, the Manager will give Unitholders at least three months' notice of the intention to seek SFC's withdrawal of such authorisation. In addition, any authorisation granted by the SFC may be subject to certain conditions which may be withdrawn or varied by the SFC. If, as a result of such withdrawal or variation of conditions, it becomes illegal, impractical or inadvisable to continue the Trust or a Sub-Fund, the Trust or the relevant Sub-Fund (as applicable) will be terminated.

General legal and regulatory risk

Each Sub-Fund must comply with regulatory constraints or changes in the laws affecting it or its investment restrictions which might require a change in the investment policy and objectives followed by the Sub-Fund. Furthermore, such change in the laws may have an impact on the market sentiment which may in turn affect the performance of the Index and as a result, the performance of the Sub-Fund. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for the Sub-Fund. In the worst case scenario, a Unitholder may lose a material part of its investments in the Sub-Fund.

Units may be delisted from the SEHK risk

The SEHK imposes certain requirements for the continued listing of securities, including the Units, on the SEHK. Investors cannot be assured that the Sub-Funds will continue to meet the requirements necessary to maintain the listing of Units on the SEHK or that the SEHK will not change the listing requirements. If the Units of a Sub-Fund are delisted from the SEHK, Unitholders will have the option to redeem their Units by reference to the Net Asset Value of the Sub-Fund. Where a Sub-Fund remains authorised by the SFC, such procedures required by the Code will be observed by the Manager including as to notices to Unitholders, withdrawal of authorisation and termination, as may be applicable. Should the SFC withdraw authorisation of a Sub-Fund for any reason it is likely that Units may also have to be delisted.

Taxation risk

Investing in the Sub-Funds may have tax implications for a Unitholder depending on the particular circumstances of each Unitholder. Prospective investors are strongly urged to consult their own tax advisers and counsel with respect to the possible tax consequences to them of an investment in the Units. Such tax consequences may differ in respect of different investors.

Valuation and accounting risk

The Manager intends to adopt IFRS in drawing up the annual financial reports of the Sub-Funds. However, the calculation of the Net Asset Value in the manner described under the section on "Determination of Net Asset Value" will not necessarily be in compliance with generally accepted accounting principles, that is, IFRS. Under IFRS, (i) investments should be valued at fair value (bid and offer pricings are considered to be representative of fair value for listed investments) rather than last traded price; and (ii) establishment costs should be expensed as incurred rather than amortised over a period of time. Accordingly, the Net Asset Value as described in this Prospectus will not necessarily be the same as the net asset value to be reported in the annual financial reports as the Manager will make necessary adjustments in the annual financial reports to comply with IFRS (although the Manager does not consider the differences between IFRS and the calculation of Net Asset Value are material). Any such adjustments will be disclosed in the annual financial reports , including a reconciliation. Otherwise, non-compliance with IFRS may result in the auditors issuing a qualified or an adverse opinion on the annual financial reports depending on the nature and level of materiality of the non-compliance.

Contagion across Sub-Funds risk

The Trust Deed allows the Trustee and the Manager to issue Units in separate Sub-Fund as separate trusts. The Trust Deed provides for the manner in which the liabilities are to be attributed across the various Sub-Funds under the Trust (liabilities are to be attributed to the specific Sub-Fund in respect of which the liability was incurred). A person to whom such a liability is owed has no direct recourse against the assets of the relevant Sub-Fund (in the absence of the Trustee granting that person a security interest). However, the Trustee will have a right of reimbursement and indemnity out of the assets of the Trust as a whole or any part thereof, against any action, costs, claims, damages, expenses or demands relating to the Trust as a whole, which may result in Unitholders of one Sub-Fund being compelled to bear the liabilities incurred in respect of other Sub-Fund in which such Unitholders do not themselves own units, if there are insufficient assets in that other Sub-Fund to satisfy the amount due to the Trustee. Accordingly, there is a risk that liabilities of one Sub-Fund may not be limited to that particular Sub-Fund and may be required to be paid out of one or more other Sub-Funds.

Non-recognition of Sub-Fund segregation risk

The assets and liabilities of each of the Sub-Funds under the Trust will be tracked, for book keeping purposes, separately from the assets and liabilities of any other Sub-Funds, and the Trust Deed provides that the assets of each of the Sub-Funds should be segregated as separate trusts from each other. There is no guarantee that the courts of any jurisdiction outside Hong Kong will respect the limitations on liability and that the assets of any particular Sub-Fund will not be used to satisfy the liabilities of any other Sub-Fund.

Risks relating to FATCA

The US Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on certain US source withholdable payments to foreign financial institutions ("FFIs") that are not FATCA compliant. The US Department of the Treasury and the US Internal Revenue Service (the "IRS") released regulations and other guidance that provide for the implementation of FATCA, whereby an FFI that is not otherwise exempt or treated as deemed-compliant should register with the IRS, perform due diligence, withholding and reporting obligations with respect to financial accounts maintained by the FFI. The United States and Hong Kong governments entered into an intergovernmental agreement based on the Model 2 format ("Model 2 IGA"). In order to comply with FATCA and to avoid the above-mentioned withholding tax, the Trust has been registered with the IRS as a "sponsored investment entity", with the Manager as "sponsoring entity". The Manager has agreed to perform, on behalf of the Trust, any due diligence, reporting and other relevant FATCA requirements. The Trust is classified as a non-reporting financial institution treated as a registered deemed-compliant FFI. Under FATCA rules, the IRS would be provided with information on the identity, account balance and the income received by a Unitholder that is (or in certain

circumstances is owned by) a “Specified US Person” (within the meaning of FATCA). Although the Manager and the Trust will attempt to satisfy any FATCA obligations relating to the Trust to avoid the imposition of FATCA withholding tax, no assurance can be given that such obligations would be fully satisfied. If the Trust or any Sub-Fund becomes subject to a withholding tax as a result of FATCA, the Net Asset Value of the Trust or such Sub-Fund may be adversely affected.

The Manager’s and the Trust’s ability to comply with FATCA rules relating to the Trust will depend on each Unitholder providing the Trust with information that the Trust requests concerning the Unitholder. As at the date of this Prospectus, all Units in the Sub-Funds are registered in the name of HKSCC Nominees Limited. It is the Manager’s understanding that HKSCC Nominees Limited is registered as a Reporting Model 2 FFI.

Please also refer to the section “FATCA and compliance with US withholding requirements” in this Prospectus for further details on FATCA and related risks.

All prospective investors and Unitholders should consult with their own legal or tax advisors regarding the potential implications of FATCA and the tax consequences on their investments in a Sub-Fund.

MANAGEMENT OF THE TRUST

The Manager and Investment Adviser

The Manager of the Trust and each Sub-Fund is Harvest Global Investments Limited.

Harvest Global Investments Limited ("HGI") was established in Hong Kong in September 2008 and is a wholly owned subsidiary of Harvest Fund Management Co., Ltd. ("HFM") registered in China. HFM was established in 1999 in China as one of the first 10 asset management institutions authorised by the Chinese government as part of its strategy to open up and develop the financial sector. HFM became a joint venture asset management company in June 2005. Currently the shareholders are China Credit Trust Co., Ltd, Lixin Investment Co., Ltd and Deutsche Asset Management (Asia) Limited. HFM is one of the top three asset managers in China with over USD50 billion of assets under management as of 31 December 2013. HFM offers a wide range of investment funds. It also manages national and local social security funds, corporate annuity funds, offshore securities and segregated accounts.

HFM acts as the Investment Adviser in respect of the Trust and each Sub-Fund (unless otherwise stated in the relevant Appendix). The Investment Adviser will advise the Manager in respect of each Sub-Fund as well as, subject to the Manager's supervision and monitoring, provide trade execution and operations support in respect of the relevant Sub-Funds.

HGI holds licences from the SFC in Hong Kong to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities. In September 2009, the Chinese Equities and Asian equity teams at Deutsche Asset Management joined HGI.

Details of the Directors of the Manager are as follows:

ZHAO Xuejun
Chairman of the Board of Directors and Director

Dr. Xuejun (Henry) Zhao is Chairman of the Board and a board member of HFM, the parent company of the Manager. He has worked in the financial industry for over 24 years, 23 of which at a management level. Dr. Zhao joined the Harvest group in October 2000. Under his leadership, the Harvest group has become one of the top asset management companies in mainland China. HFM managed over USD50 billion in assets (retail, institutional, overseas) by the end of 2013 and was ranked the second among fund managers in the Chinese fund management industry by total assets. Prior to joining Harvest, Dr. Zhao was the deputy general manager of Da Cheng Fund Management Co., Ltd. and served in executive group in the brokerage company on commodity futures, commodities exchange and import and export corporation. Dr. Zhao holds a PhD in economics from Guanghua School of Management, Peking University. He is currently the Vice President of the Asset Management Association of China.

JING Lei
Director

Mr. Jing joined HFM in October 2013 and was the Chief Investment Officer of Fixed Income and Institutional Investments, Managing Director. He is now the CEO of HFM. Before joining HFM, Mr. Jing worked as deputy director of Asset Management Center China Division, Chief Investment Officer and Head of Asset Management Center for American International Assurance (China) Co., Ltd. from 2008-2013. Before that, Mr. Jing worked in AIG Investment (New York headquarter) fixed income team from 1998 to 2008 for various positions and lastly as Vice President. Mr. Jing holds a Bachelor of Business Administration degree with double majors of Finance and Accounting from PACE University in New York City. Mr. Jing obtained his CFA charter in 2002.

GUO Song
Director

Mr. Guo is the Chief Compliance Officer of HFM and joined HFM in December 2019. Prior to joining HFM, Mr. Guo worked in the State Administration of Foreign Exchange and its subsidiary from 1992 to 2019. Mr. Guo holds a Master Degree of Economics from Tianjin University of Finance & Economics and an Executive MBA Degree from Cheung Kong Graduate School of Business.

LU Lingfei
Director

Mr. Lu is a Director of the Manager. Mr. Lu joined HFM in October 2000 and is currently work as Deputy General Manager and Head of Institutional Sales. Before joining HFM, Mr. Lu worked in Beijing Beihuang Automation Equipment Installation Limited Company as Sales Manager. Mr. Lu holds a Master Degree in Finance.

HAN Tongli
Chief Executive Officer, Chief Investment Officer and Director

Mr. Tongli Han is the Chief Executive Officer (CEO), Chief Investment Officer (CIO) and a Director of the Manager, and the Total Return CIO at Harvest Fund Management Co., Ltd. Mr. Han is responsible for Harvest's cross-border and global investment management business, covering global fixed income, global equities, ETFs, crypto-assets, global asset allocation, etc.

Mr. Han has more than 23 years of hands-on investment experience in the global markets. Starting out his career as a FX derivatives trader at the headquarter of Bank of China, Mr. Han had experiences of making global investments and managing portfolios for commercial banks, hedge funds, mutual funds, sovereign wealth funds, insurance companies, etc. in his subsequent roles working in a number of financial centres globally. Prior to joining Harvest, Mr. Han served as Chairman and CIO at DeepBlue Global Investment, FICC CIO of Fosun Group , CEO of Fosun Asset Management Ltd, etc., as well as Emerging Markets portfolio manager at PIMCO's US headquarter.

According to Bloomberg, the investment performance of a global emerging markets bond fund managed by Mr. Han in Hong Kong was ranked 1st among 126 comparable mutual funds for the years 2013-2014. During the global financial crisis in 2008, Mr. Han was selected as one of the three founding portfolio managers of CPFF, the first TARP fund of the US Federal Reserve, providing liquidity to the USD commercial papers market on behalf of the Federal Reserve.

Mr. Han received his Bachelor's in Economics from the University of International Business and Economics, and his MBA from Stern Business School at New York University. Mr. Han obtained his CFA charter in 2007.

GONG Kang
Director

Since joining HFM in September 2005, Mr. Gong has worked as Deputy Head and Head of Human Resources, Chief Operating Officer, and Deputy General Manager of HFM. He is now the General Manager of Harvest Capital Management Co., Ltd. Mr. Gong holds a PhD in Physics from Sun Yat-sen University.

The Manager undertakes the management of the assets of the Fund. The Manager has appointed Harvest Fund Management Co., Ltd. to act as Investment Adviser and provide investment advice to the Manager in relation to such Sub-Funds as the Manager may determine from time to time. The Investment Adviser was established in 1999 in China as one of the first 10 asset management institutions authorised by the Chinese government as part of its strategy to open up and develop the financial sector. The Investment Adviser became a joint venture asset management company in June 2005. Currently the shareholders are China Credit Trust Co., Ltd, Lixin Investment Co., Ltd and Deutsche Asset Management (Asia) Limited. The Investment Adviser is one of the top three largest asset managers in China with more than USD50 billion of assets under management

as of 31 December 2013. The Investment Adviser offers a wide range of investment funds. It also manages national and local social security funds, corporate annuity funds, offshore securities and segregated accounts.

The Manager has in place the necessary operating systems for a smooth and efficient cross border money-flow, creation/redemption and operation. The Manager will use of the Investment Adviser's expertise and systems to support the relevant Sub-Funds' operations in the PRC A-Share market. In order to successfully launch the Sub-Funds, the Investment Adviser's group has established a comprehensive IT platform that uses advanced systems to ensure that the Sub-Funds operate in an efficient and stable manner. There are a number of dedicated full-time IT system engineers located at the Investment Adviser in Beijing in respect of the Sub-Funds, in addition to the other programmers and IT engineers, who will help with maintenance of the whole system. There are also dedicated operation officers located at the Investment Adviser in Beijing to support the operations of the Sub-Funds. The dedicated operation officers have significant experience of exchange traded funds.

The Manager retains discretionary powers in the management of the Sub-Funds which will not be delegated to the Investment Adviser. The remuneration of the investment adviser will be borne by the Manager.

The Trustee and Registrar

The Trustee of the Trust is HSBC Institutional Trust Services (Asia) Limited. The Trustee also acts as the Registrar of each Sub-Fund, and provides services in respect of the establishment and maintenance of the register of the Unitholders of each Sub-Fund.

The Trustee was incorporated with limited liability in Hong Kong in 1974 and is registered as a trust company under the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong) and approved by the Mandatory Provident Funds Scheme Authority as trustee of registered MPF Schemes under the Mandatory Provident Fund Schemes Ordinance. HSBC Institutional Trust Services (Asia) Limited is an indirectly wholly owned subsidiary of HSBC Holdings plc, a public company incorporated in England and Wales.

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Trust and the Sub-Funds, subject to the provisions of the Trust Deed.

The Trustee may from time to time appoint such person or persons as it thinks fit (including, without limitation, any of its Connected Persons) to hold as custodian, nominee, agent or delegate, all or any of the investments, assets or other property comprised in the Trust Fund or any of the Sub-Funds and may empower any such custodian, nominee, agent or delegate to appoint, with the prior consent in writing of the Trustee, co-custodians and/or sub-custodians (each such custodian, nominee, agent, delegate, co-custodian and sub-custodian a "Correspondent"). The Trustee is required to (a) exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of Correspondents and (b) be satisfied that Correspondents retained remain suitably qualified and competent on an ongoing basis to provide the relevant services to the Sub-Funds, having regard to the market or markets for which such Correspondent is appointed. The Trustee shall be liable for the acts and omissions of any Correspondent which is a Connected Person of the Trustee as if the same were the acts or omissions of the Trustee, but provided that the Trustee has discharged its obligations set out in (a) and (b) as set out in this paragraph, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent which is not a Connected Person of the Trustee. For the purpose of the foregoing "Correspondent" shall include the Custodian and the PRC Custodian. The Custodian is The Hongkong and Shanghai Banking Corporation Limited and the PRC Custodian is HSBC Bank (China) Company Limited (please see below).

The Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of Euro-clear Clearing System Limited or Clearstream Banking S.A. or any other recognised depositary or clearing system which may from time to time be approved by the Trustee and the Manager.

Subject as provided in the Trust Deed, the Trustee shall not be liable for losses caused by the performance of investments made by the Trust and/or any Sub-Fund.

Subject as provided in the Trust Deed, the Trustee is entitled to be indemnified from the assets of the Trust and/or each Sub-Fund from and against any and all actions, proceedings, liabilities, costs, claims, damages, expenses, including all reasonable legal, professional and other similar expenses (other than those resulting from the fraud, negligence or wilful default on the part of the Trustee or any of its officers, employees, agents or delegates for which the Trustee would be liable under the Trust Deed), which may be incurred by or asserted against the Trustee in performing its obligations or duties in connection with the Trust or a Sub-Fund. Subject to applicable law and the provisions of the Trust Deed, the Trustee shall not, in the absence of fraud, negligence or wilful default by it or any agent, sub-custodian or delegate appointed by the Trustee, be liable for any losses, costs or damage to the Trust, the Sub-Funds or any Unitholder.

The Trustee in no way acts as guarantor or offeror of the Units or any underlying investment. The Trustee has no responsibility or authority to make investment decisions, or render investment advice with respect to the Trust or the Sub-Funds, which is the sole responsibility of the Manager.

The Trustee will not participate in transactions and activities, or make any payments denominated in US dollars, which, if carried out by a US person, would be subject to sanctions by The Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury. The OFAC administers and enforces economic sanction programs primarily against countries and groups of individuals, such as terrorists and narcotics traffickers by using the blocking of assets and trade restrictions to accomplish foreign policy and national security goals. In enforcing economic sanctions, OFAC acts to prevent "prohibited transactions", which are described by OFAC as trade or financial transactions and other dealings in which US persons may not engage unless authorised by OFAC or expressly exempted by statute. OFAC has the authority to grant exemptions to prohibitions on such transactions, either by issuing a general licence for certain categories of transactions, or by specific licences issued on a case-by-case basis. HSBC group of companies has adopted a policy of compliance with the sanctions issued by OFAC. As part of its policy, the Trustee may request for additional information if deemed necessary.

The appointment of the Trustee may be terminated in the circumstances set out in the Trust Deed.

The Trustee is entitled to the fees set out below under the section on "Fees and Expenses Payable by the Sub-Fund" and to be reimbursed for all costs and expenses in accordance with the provisions of the Trust Deed.

The Manager has sole responsibility for making investment decisions in relation to the Trust and/or the Sub-Funds and the Trustee (including its delegate) is not responsible and has no liability for any investment decision made by the Manager. Except as provided in the Trust Deed or expressly stated in this Prospectus and/or required by the Code, neither the Trustee nor any of its employees, service providers or agents are or will be involved in the business affairs, organisation, sponsorship or investment management of the Trust or the Sub-Funds, and they are not responsible for the preparation or issue of this Prospectus other than the description under the section on "The Trustee and Registrar".

Where a Sub-Fund invests directly into the PRC's securities markets pursuant to the QFII/RQFII regime, the Trustee has put in place proper arrangements to ensure that:

(a) the Trustee takes into its custody or under its control the assets of the Sub-Fund, including onshore PRC assets which will be maintained by the PRC Custodian in electronic form via a securities account with the CSDCC and any assets deposited in a cash account with the PRC Custodian, and holds the same in trust for the relevant Unitholders;

(b) cash and registrable assets of the Sub-Fund, including assets deposited in the securities account with the CSDCC and cash of any Sub-Fund held by the PRC Custodian, are registered in the name of or held to the order of the Trustee; and

(c) the PRC Custodian will look to the Trustee for instructions and solely act in accordance with the Trustee's instructions as provided under the PRC Participation Agreement.

The Custodian and PRC Custodian

In respect of each Sub-Fund which invests directly in A-Shares, The Hongkong and Shanghai Banking Corporation Limited has been appointed by the Manager and the Trustee to act as the Custodian. The Custodian will be responsible for the safe custody of the assets managed by the Manager in connection with its QFII/RQFII status within the PRC under the QFII/RQFII scheme in accordance with the PRC Custody Agreement. According to the PRC Custody Agreement, the Custodian is entitled to utilise its local subsidiary or its associates within the HSBC group of companies, which as of the date of the PRC Custody Agreement is the PRC Custodian (i.e. HSBC Bank (China) Company Limited), as its delegate for the performance of services under the PRC Custody Agreement. The Custodian will act through its delegate (i.e. HSBC Bank (China) Company Limited), the PRC Custodian, and remains responsible for any acts and omission of the PRC Custodian.

Neither the Custodian nor the PRC Custodian is responsible for the preparation of this Prospectus and they accept no responsibility or liability for the information contained here other than the description under the section "The Custodian and PRC Custodian".

The Service Agent

HK Conversion Agency Services Limited acts as Service Agent under the terms of the Service Agreement entered into among the Manager, the Trustee, the Registrar, the Participating Dealer, the PD Agent (where applicable), the Service Agent and HKSCC. The Service Agent performs, through HKSCC, certain of its services in connection with the creation and redemption of Units in the Sub-Fund by Participating Dealers.

The Auditor

The Manager has appointed PricewaterhouseCoopers to act as the auditor of the Trust and the Sub-Funds (the "Auditor"). The Auditor is independent of the Manager and the Trustee.

The Participating Dealer

A Participating Dealer may act for its own account or for your account as its clients in making cash Creation Applications and cash Redemption Applications. Different Sub-Funds may have different Participating Dealers. The latest list of the Participating Dealers in respect of each Sub-Fund is available at http://etf.harvestglobal.com.hk (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC).

The Market Maker

A Market Maker is a broker or dealer permitted by the SEHK to make a market for the Units in the secondary market and whose obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for the Units on the SEHK. Market Makers facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required, in accordance with the market making requirements of the SEHK.

Subject to applicable regulatory requirements, the Manager will use its best endeavours to put in place arrangements so that there is at all times at least one Market Maker for Units traded in RMB and, if there is a Dual Counter, one Market Maker for Units traded in HKD and one Market Maker for Units traded in RMB. If the SEHK withdraws its permit to the existing Market Maker(s), the Manager will use its best endeavours to put in place arrangements so that there is at least one other Market Maker per Sub-Fund per counter to facilitate the efficient trading of Units of the relevant eligible currency (RMB or, if there is a Dual Counter, at least one other Market Maker to facilitate the efficient trading of Units in RMB and one other Market Maker to facilitate the efficient trading of Units in HKD). The Manager will use its best endeavours to put in place arrangements

so that at least one Market Maker per counter gives not less than 3 months notice prior to terminating market making arrangement under the relevant market making agreement. The latest list of Market Makers for each Sub-Fund is available at www.hkex.com.hk and http://etf.harvestglobal.com.hk (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC). Please refer to the section on "Website information" for the warning and the disclaimer regarding information contained in such website.

Conflicts of interest and soft dollars

The Manager and the Trustee may, from time to time, act as manager, sub-investment manager, investment delegate, trustee or custodian or in such other capacity in connection with any collective investment scheme separate and distinct from the Trust and the Sub-Funds and retain any profit or benefit made in connection therewith.

In addition:

(a) The Manager or any of its Connected Persons may purchase and sell investments for the account of the Sub-Fund as agent for the Sub-Fund.

(b) The Trustee, the Manager and any of their Connected Persons may contract or enter into any financial, banking or other transaction with one another or with any Unitholder or any company or body any of whose shares or securities form part of the Sub-Fund's assets.

(c) The Trustee or the Manager or any of their Connected Persons may become the owner of Units and hold, dispose or otherwise deal with them with the same rights which it would have had if it had not been the Trustee or the Manager or any of their Connected Persons.

(d) The Trustee, the Manager and any of their Connected Persons may buy, hold and deal in any securities, commodities or other property for their own account or for the account of their other customers notwithstanding that similar securities, commodities or other property may be held by the Sub-Fund.

(e) Any arrangements for the borrowing or deposit of any monies for the account of the Sub-Fund may be made with any of the Trustee, the Manager, any investment delegate or any of their Connected Persons being a banker or other financial institution provided that such person shall charge or pay (as the case may be) interest or fees at a rate or amount no higher (in the case of a borrowing) or lower (in the case of a deposit) than the prevailing rates or amounts for transactions of a similar size and duration, in the same currency and with institutions of similar standing.

(f) Neither the Trustee nor the Manager nor any of their Connected Persons shall be liable to account to each other or to the Sub-Fund or to the Unitholders for any profits or benefits made or derived from or in connection with any such transaction mentioned above.

It is, therefore, possible that any of the Trustee, the Manager or any of their Connected Persons may, in the course of business, have potential conflicts of interest with any Sub-Fund. Each will, at all times, have regard in such event to its obligations to the Sub-Funds and the Unitholders and will endeavour to ensure that such conflicts are resolved fairly.

Subject to applicable rules and regulations, the Manager, its delegate or any of its Connected Persons may enter into portfolio transactions for or with the Sub-Fund as agent in accordance with normal market practice, provided that commissions charged to the Sub-Fund in these circumstances do not exceed customary full service brokerage rates. If a broker does not provide research or other lawful services in addition to brokerage execution, such broker will generally charge a brokerage commission that is discounted from customary full service brokerage rates. Where the Manager invests the Sub-Fund in shares or units of a collective investment scheme managed by the Manager, its delegates or any of its Connected Persons, the manager of the scheme in which the investment is being made by the Sub-Fund must waive any preliminary or initial charge which it is entitled to charge for its own account in relation to the acquisition of shares or units and there must be no increase in the overall total of annual management fees (or other

costs and charges payable to the Manager or any of its Connected Persons) borne by the Sub-Fund.

None of the Manager, its delegates or any of its Connected Persons shall, retain any cash commission rebates or other payment or benefit (except as otherwise provided for in this Prospectus or in the Trust Deed) received from a third party (either directly or indirectly) arising out of the sale or purchase or loan of investments for the Sub-Fund, and any such rebates or payments or benefits which are received shall be credited to the account of the Sub-Fund.

The Manager, its delegates or any of its Connected Persons may receive, and are entitled to retain, research products and services (known as soft dollar benefits) from brokers and other persons through whom investment transactions are carried out if:

(a) the goods or services are of demonstrable benefit to the Unitholders;

(b) transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full service brokerage rates for such transactions;

(c) adequate prior disclosure is made in this Explanatory Memorandum the terms of which the Unitholders have consented to;

(d) periodic disclosure is made in the Sub-Fund's annual report in the form of a statement describing the soft dollar policies and practices of the Manager or Investment Adviser, including a description of the goods and services received by them; and

(e) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer.

The services of the Trustee provided to the Trust and the Sub-Funds are not deemed to be exclusive and the Trustee shall be free to render similar services to others so long as its services hereunder are not impaired thereby and to retain for its own use and benefit all fees and other moneys payable thereby and the Trustee shall not be deemed to be affected with notice of or to be under any duty to disclose to the Sub-Funds any fact or thing which comes to the notice of the Trustee in the course of the Trustee rendering similar services to others or in the course of its business in any other capacity or in any manner whatsoever otherwise than in the course of carrying out its duties under the Trust Deed.

Conflicts of interest may also arise due to the widespread business operations of the Trustee, the Manager, the Registrar, the Custodian and the Service Agent and their respective holding companies, subsidiaries and affiliates. The foregoing parties may effect transactions where those conflicts arise and shall not, subject to the terms of the Trust Deed, be liable to account for any profit, commission or other remuneration arising. However, all transactions carried out by or on behalf of the Sub-Funds will be executed on arm's length terms and in the best interests of the Unitholders and will be executed on the best available terms. For so long as the Sub-Funds are authorised by the SFC and it is an applicable requirement of the Code, the Manager, if transacting with brokers or dealers connected to the Manager, investment delegates or any of their respective Connected Persons, must ensure it complies with the following obligations:

(a) such transactions should be executed on arm's length terms and in the best interests of the Unitholders;

(b) it must use due care in the selection of brokers or dealers and ensure that they are suitably qualified in the circumstances;

(c) transaction execution must be consistent with applicable best execution standards;

(d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;

(e) the Manager must monitor such transactions to ensure compliance with its obligations; and

(f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the annual report of the Sub-Funds.

STATUTORY AND GENERAL INFORMATION

Financial Reports

The financial year-end of the Trust (and each Sub-Fund) is 31 December every year, commencing December 2012. Audited financial reports are to be prepared (according to IFRS) and published on the Manager's website within 4 months of each financial year-end. Interim unaudited financial reports are also to be prepared up to 30 June of each year and published on the Manager's website within 2 months of such date. Once these financial reports are made available on the Manager's website, investors will be notified within the relevant timeframe.

The first audited financial reports and the first interim unaudited financial reports were for the year ending 31 December 2012 and half year ending 30 June 2013 respectively.

Only an English version of the audited financial reports and the interim unaudited financial reports of the Sub-Funds will be available. Printed copies may be requested free of charge from the Manager by contacting it, as described below under "Notices".

The financial reports provide details of the assets of each Sub-Fund and the Manager's statement on transactions during the period under review (including a list of any constituent Securities of the relevant Index, if any, that each accounts for more than 10% of the weighting of the relevant Index as at the end of the relevant period and their respective weighting showing any limits adopted by the relevant Sub-Fund have been complied with). The financial reports shall also provide a comparison of each Sub-Fund's performance and the actual relevant Index performance over the relevant period and such other information as is required under the Code.

Trust Deed

The Trust and each Sub-Fund were established under Hong Kong law by the Trust Deed made between the Manager and the Trustee. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed. The Trust Deed contains provisions for the indemnification of the Trustee and the Manager out of the assets of the Trust Fund and their relief from liability in certain circumstances (summarised below in "Indemnities of the Trustee and Manager"). Unitholders and intending applicants are advised to consult the terms of the Trust Deed.

Indemnities of the Trustee and Manager

The Trustee and the Manager benefit from various indemnities in the Trust Deed. Except as provided under the Trust Deed, the Trustee and the Manager shall be entitled to be indemnified out of, and have recourse to, the Trust Fund in respect of any action, costs, claims, damages, expenses or demands arising directly or indirectly from the proper performance of the Sub-Fund. Nothing in the Trust Deed may provide that either the Trustee or the Manager (as the case may be) shall be exempted from or enjoy any indemnity against any liability for breach of trust or any liability which by virtue of any rule of Hong Kong law would arise in respect of any negligence, fraud or breach of trust of which either may be liable in relation to its duties.

Modification of the Trust Deed

The Trustee and the Manager may agree to modify, alter or add to the provisions of the Trust Deed by supplemental deed provided that in the opinion of the Trustee and the Manager such modification, alteration or addition (i) does not materially prejudice the interests of Unitholders, does not operate to release to any material extent the Trustee or the Manager or any other person from any responsibility to the Unitholders and (with the exception of the costs incurred in connection with the relevant supplemental deed) does not increase the costs and charges payable out of the assets of the Sub-Fund or (ii) is necessary in order to make possible compliance with any fiscal, statutory, regulatory or official requirement (whether or not having the force of law) or (iii) is made to correct a manifest error. In all other cases, modifications, alterations and additions involving material changes require the sanction of an extraordinary resolution of the Unitholders affected. The SFC must also give its prior approval to all amendments to the Trust Deed.

The Manager will notify affected Unitholders of the amendments as soon as practicable after they are made if such notification is required under the Code.

Meetings of Unitholders

Proxies may be appointed. A Unitholder who is the holder of two or more Units may appoint more than one proxy to represent him and vote on his behalf at any meeting of the Unitholders. If a clearing house (or its nominee(s)), being a corporation, is a Unitholder, it may authorise such persons as it think fit to act as its representatives at any meeting of the Unitholders provided that, if more than one person is so authorised, the authorisation shall specify the number and class of Units in respect of which each such representative is so authorised. Each person so authorised shall be deemed to have been duly authorised without further evidence of the facts and shall be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person were the registered Unitholder of the Units held by the clearing house (or its nominee(s)), including the right to vote individually on a show of hands or on a poll.

Voting rights

Unitholders' meetings may be convened by the Manager, by the Trustee or by Unitholders representing at least 10% of the Units in issue, on not less than 21 days' notice.

These meetings may be used to modify the terms of the Trust Deed, including increasing the maximum fees payable to the service providers, removing the Manager or terminating any Sub-Fund at any time. Such amendments to the Trust Deed must be considered by Unitholders of at least 25% of the Units in issue and passed by a 75% majority of the votes cast.

Other matters that require an ordinary resolution being passed would be considered by Unitholders of at least 10% of the Units in issue and passed by a simple majority of 50% of the votes cast.

The Trust Deed contains provisions for the holding of separate meetings of Unitholders holding Units of different classes where only the interests of Unitholders of such class are affected.

Termination

The Trust may be terminated by the Trustee if: (i) the Manager goes into liquidation or a receiver is appointed and not discharged within 60 days; (ii) in the opinion of the Trustee, the Manager is incapable of performing its duties satisfactorily; (iii) the Manager has failed to perform its duties satisfactorily or has, in the opinion of the Trustee, done something calculated to bring the Trust into disrepute or that is harmful to the interests of Unitholders; (iv) a law is passed that renders it illegal or in the opinion of the Trustee and the Manager, impracticable or inadvisable to continue the Trust; (v) the Trustee is unable to find an acceptable person to replace the Manager within 30 days after the removal of the Manager, or the person nominated shall fail to be approved by extraordinary resolution; or (vi) if the Trustee notifies the Manager in writing of its intention to retire and no suitable person willing to act as trustee has been identified by the Manager within 60 days of the Trustee's notice.

The Manager may terminate the Trust if: (i) after one year from the date of the Trust Deed, the aggregate Net Asset Value of all the Units in each Sub-Fund is less than RMB180 million; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Trust and which renders the Trust illegal or in the good faith opinion of the Manager, makes it impracticable or inadvisable to continue the Trust; or (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed.

The Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate a Sub-Fund if: (i) after one year from the date of establishment of the Sub-Fund, the aggregate Net Asset Value of all the Units in the relevant Sub-Fund is less than RMB180 million; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Sub-Fund and which renders the Sub-Fund illegal or in the good faith opinion of the Manager makes it impracticable or inadvisable to continue that Sub-Fund; (iii) its Index is no longer

available for benchmarking or if the Units of the Sub-Fund are no longer listed on the SEHK or any such other stock exchange from time to time determined by the Manager; (iv) at any time, the Sub-Fund ceases to have any Participating Dealer; or (v) the Manager is unable to implement its investment strategy. Further, the Unitholders may at any time authorise termination of the Trust or any Sub-Fund by extraordinary resolution.

The Trustee may, in its absolute discretion, by notice in writing to the Manager, terminate a Sub-Fund if: (i) the Trustee forms the opinion for good and sufficient reason that the Manager is incapable of performing its duties satisfactorily in respect of the Sub-Fund; (ii) the Trustee forms the opinion for good and sufficient reason that the Manager has failed to perform its duties satisfactorily in respect of the Sub-Fund or has done something calculated to bring the Sub-Fund into disrepute or that is harmful to the interests of Unitholders of the Sub-Fund; or (iii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Sub-Fund and which renders the Sub-Fund illegal or in the good faith opinion of the Trustee makes it impracticable or inadvisable to continue that Sub-Fund.

Unless previously terminated as described above or under another provision in the Trust Deed, the Trust shall in any event terminate at the expiry of 80 years from the date of the Trust Deed.

Notice of the termination of the Trust or the Sub-Fund will be given to the Unitholders after the SFC has approved the notice. The notice will contain the reasons for the termination, the consequences to Unitholders of terminating the Trust or the Sub-Fund and the alternatives available to them, and any other information required by the Code. Any unclaimed proceeds or other monies held by the Trustee in the event of a termination may at the expiration of twelve calendar months from the date upon which the same became payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

Distribution policy

The Manager will adopt a distribution policy for each Sub-Fund as the Manager considers appropriate having regard to the Sub-Fund's net income, fees and costs. For each Sub-Fund this distribution policy (including the currency of such distribution) will be set out in the relevant Appendix. Distributions will always depend on dividend payments on Securities held by the relevant Sub-Fund which will in turn depend on factors beyond the control of the Manager including, general economic conditions, and the financial position and dividend policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

Inspection of documents

Copies of the following documents in respect of each Sub-Fund are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager (at a cost of HKD150 per set of copy documents (other than (f) which may be obtained free of charge):

(a) Trust Deed;

(b) PRC Participation Agreement;

(c) PRC Custody Agreement;

(d) Service Agreement(s);

(e) Participation Agreement(s); and

(f) The most recent annual financial report and financial reports of the Trust and the Sub-Funds (if any) and the most recent interim report of the Trust and the Sub-Funds (if any).

Part XV of the SFO

Part XV of the SFO sets out the Hong Kong disclosure of interests' regime applicable to Hong Kong listed companies. The regime does not apply to unit trusts that are listed on the SEHK like the Trust.

Consequently, Unitholders are not obliged to disclose their interest in the Sub-Fund.

Anti-money laundering regulations

As part of the Manager's, the Trustee's and the Participating Dealer's responsibility for the prevention of money laundering and to comply with all applicable laws to which the Manager, the Trustee, the relevant Sub-Fund or the relevant Participating Dealer is subject, the Manager, the Registrar, the Trustee or the relevant Participating Dealer may require a detailed verification of an investor's identity and the source of payment of any applications for Units. Depending on the circumstances of each application, a detailed verification might not be required by the Manager or the Trustee where:

(a) the investor makes the payment from an account held in the investor's name at a recognised financial institution; or

(b) the application is made through a recognised intermediary.

These exceptions apply only if the financial institution or intermediary is within a country recognised by the Trustee and the Manager as having sufficient anti-money laundering regulations.

Liquidity Risk Management

The Manager has established a liquidity management policy, which enables it to identify, monitor and manage the liquidity risks of the Sub-Funds and to ensure that the liquidity profile of the investments of the relevant Sub-Fund will facilitate compliance with such Sub-Fund's obligation to meet redemption requests. Such policy, combined with the liquidity management tools of the Manager, also seeks to achieve fair treatment of Unitholders and safeguard the interests of remaining Unitholders in case of sizeable redemptions.

The Manager's liquidity policy takes into account the investment strategy, the liquidity profile, the redemption policy, the dealing frequency, the ability to enforce redemption limitations and the fair valuation policies of the Sub-Funds. These measures seek to ensure fair treatment and transparency for all investors.

The liquidity management policy involves monitoring the profile of investments held by each Sub-Fund on an on-going basis to ensure that such investments are appropriate to the redemption policy as stated under the section headed "Redemption of Units through Participating Dealers", and will facilitate compliance with each Sub-Fund's obligation to meet redemption requests. Further, the liquidity management policy includes details on periodic stress testing carried out by the Manager to manage the liquidity risk of the Sub-Funds under normal and exceptional market conditions.

As a liquidity risk management tool, the Manager may limit the number of Units of a Sub-Fund redeemed on any Dealing Day to Units representing 10% (or such higher percentage as the Manager may determine in respect of the Sub-Fund and as permitted by the SFC) of the total number of Units in such a Sub-Fund then in issue (subject to the conditions under the section headed "Deferred redemption").

Material changes to an Index

The SFC should be consulted on any events that may affect the acceptability of an Index. Significant events relating to an Index will be notified to the Unitholders of the relevant Sub-Fund as soon as practicable. These may include a change in the methodology/rules for compiling or calculating the Index, or a change in the objective or characteristics of the Index.

Replacement of an Index

The Manager reserves the right, with the prior approval of the SFC and provided that in its opinion the interests of the Unitholders of the relevant Sub-Fund would not be adversely affected, to replace an Index with another index. The circumstances under which any such replacement might occur include but are not limited to the following events:

(a) the relevant Index ceasing to exist;

(b) the licence to use the Index being terminated;

(c) a new index becoming available that supersedes the existing Index;

(d) a new index becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the Unitholders than the existing Index;

(e) investing in the Securities comprised within the Index becomes difficult;

(f) the Index Provider increasing its licence fees to a level considered too high by the Manager;

(g) the quality (including accuracy and availability of the data) of the Index having in the opinion of the Manager, deteriorated;

(h) a significant modification of the formula or calculation method of the Index rendering that index unacceptable in the opinion of the Manager; and

(i) the instruments and techniques used for efficient portfolio management not being available.

The Manager may change the name of a Sub-Fund if the relevant Index changes or for any other reasons including if licence to use the Index is terminated. Any change to (i) the use by the relevant Sub-Fund of the Index and/or (ii) the name of the relevant Sub-Fund will be notified to investors.

Information available on the Internet

The Manager will publish important news and information with respect to each Sub-Fund (including in respect of the relevant Index), both in the English and in the Chinese languages, on the Manager's website at http://etf.harvestglobal.com.hk including:

(a) this Prospectus and the product key fact statement in respect of the Sub-Fund (as revised from time to time);

(b) the latest annual and interim financial reports (in the English language only);

(c) any notices for material alterations or additions to this Prospectus or the Sub-Fund's constitutive documents;

(d) any public announcements made by the Sub-Fund, including information with regard to the Sub-Fund and Index, notices of the suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading;

(e) near real time indicative Net Asset Value per Unit throughout each Dealing Day in RMB and if there is a HKD counter, HKD as well;

(f) the last Net Asset Value of each Sub-Fund in RMB and the last Net Asset Value of per Unit of each Sub-Fund in RMB and, if there is a HKD counter, in HKD as well;

(g) full portfolio information of the Sub-Fund (updated on a daily basis unless otherwise specified in the relevant Appendix);

(h) the tracking difference and tracking error of the Sub-Fund; and

(i) the latest list of the Participating Dealers and Market Makers.

The near real time indicative Net Asset Value per Unit in HKD, under (e) above, is indicative and for reference only. This is updated during SEHK trading hours and is calculated using the indicative Net Asset Value per Unit in RMB multiplied by the near real time Bloomberg CNH rate

(Tokyo Composite). Since the indicative Net Asset Value per Unit in RMB will not be updated when the underlying A Shares market is closed, the changes in the indicative Net Asset Value per Unit in HKD (if any) during such period is solely due to the change in the foreign exchange rate. The last Net Asset Value per Unit in HKD, under (f) above, is indicative and for reference only and is calculated using the last Net Asset Value per Unit in RMB multiplied by the foreign exchange rate (Tokyo Composite) quoted by Bloomberg for offshore RMB (CNH) at 2:00 p.m. (Hong Kong time) on that Dealing Day.

Real time updates about the Index can be obtained through other financial data vendors. It is your own responsibility to obtain additional and the latest updated information about the relevant Index (including without limitation, a description of the way in which the Index is calculated, any change in the composition of the Index, any change in the method for compiling and calculating the Index) via the Manager's website and the Index Provider's website (neither of which, nor any other website referred to in this Prospectus, has been reviewed by the SFC). Please refer to the section on "Website information" for the warning and the disclaimer regarding information contained in such website.

Notices

All notices and communications to the Manager and Trustee should be made in writing and sent to the following addresses:

Manager	***Trustee***
Harvest Global Investments Limited 32nd Floor of Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong	HSBC Institutional Trust Services (Asia) Limited 1 Queen's Road Central Hong Kong

Website information

The offer of the Units is made solely on the basis of information contained in this Prospectus. All references in this Prospectus to other websites and sources where further information may be obtained are merely intended to assist you to access further information relating to the subject matter indicated and such information does not form part of this Prospectus. None of the Manager or the Trustee accepts any responsibility for ensuring that the information contained in such other websites and sources, if available, is accurate, complete and/or up-to-date, and no liability is accepted by the Manager and the Trustee in relation to any person's use of or reliance on the information contained in these other websites and sources save, in respect of the Manager, its website http://etf.harvestglobal.com.hk (the contents of which and of other websites referred to in this Prospectus have not been reviewed by the SFC). The information and materials included in these websites have not been reviewed by the SFC or any regulatory body. You should exercise an appropriate degree of caution when assessing the value of such information.

HONG KONG TAXATION

The following summary of Hong Kong taxation is of a general nature, for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Units. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of investors. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Units both under the laws and practice of Hong Kong and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in Hong Kong at the date of this Prospectus. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Prospectus. Furthermore, tax laws can be subject to different interpretations and no assurance can be given that relevant tax authorities will not take a contrary position to the tax treatments described below. You should refer to additional summaries of applicable taxation, where appropriate, as set out in the Appendix relevant to a Sub-Fund.

Taxation of the Trust and Sub-Funds

As the Trust and each Sub-Fund have been authorised as a collective investment scheme by the SFC under Section 104 of the SFO, profits of the Trust and each Sub-Fund are exempt from Hong Kong profits tax.

Taxation of the Unitholders

Where the Unitholders do not carry on a trade, profession or business in Hong Kong or the Units in the Sub-Funds are held by the Unitholders as capital assets for Hong Kong profits tax purposes, gains arising from the sale or disposal or redemption of the Units in the Sub-Funds should not be taxable. For Unitholders carrying on a trade, profession or business in Hong Kong, such gains may be subject to Hong Kong profits tax (which is currently charged at the rate of 16.5% in the case of corporations, and 15% in the case of individuals and unincorporated business) if the gains in question arise in or are derived from such trade, profession or business and sourced in Hong Kong. Unitholders should take advice from their own professional advisers as to their particular tax position.

Distributions by the Trust/Sub-Funds should generally not be subject to Hong Kong profits tax in the hands of the Unitholders according to the practice of the Inland Revenue Department of Hong Kong (as at the date of this Prospectus).

Stamp duty

Hong Kong stamp duty is payable on the transfer of Hong Kong stock. “Hong Kong stock” is defined as “stock” the transfer of which is required to be registered in Hong Kong. The Units fall within the definition of “Hong Kong stock”.

Under a remission order issued by the Secretary for the Treasury on 20 October 1999, no Hong Kong stamp duty is payable on an issue or redemption of Units.

Pursuant to the Stamp Duty (Amendment) Ordinance 2015, stamp duty payable in respect of any transfer in the shares or units of an exchange traded fund (as defined in Part 1 to Schedule 8 of the Stamp Duty Ordinance) on the SEHK is not payable. Accordingly transfers of Units do not attract stamp duty and no stamp duty is payable by Unitholders on any transfer.

FATCA AND COMPLIANCE WITH US WITHHOLDINGS REQUIREMENTS

The US Hiring Incentives to Restore Employment Act (the "HIRE Act") was signed into US law in 2010 and includes provisions commonly referred to as the "Foreign Account Tax Compliance Act" or FATCA. Broadly, the FATCA provisions are set out in sections 1471 to 1474 of the Internal Revenue Code, which impose a reporting regime with respect to financial accounts held by Specified US Persons and certain other parties with FFIs, such as the Trust. Withholdable payments, including US source interest and dividends paid from securities of US issuers, made to the Trust may be subject to withholding at a rate of 30%, unless the Trust is FATCA-compliant. To avoid such withholding on payments received, FFIs (including banks, brokers, custodians and investment funds) will generally be required to register and be subject to the terms of an agreement (an "FFI Agreement") with the IRS to be treated as a participating FFI (see paragraph below regarding the intergovernmental agreement ("IGA") entered into by Hong Kong). Participating FFIs are required to identify Unitholders that are Specified US Persons or that have certain other FATCA statuses, and report certain information concerning such Unitholders to the IRS.

FATCA withholding generally applies to payments of US source income, including US source dividends and interest. The 30% withholding could also apply to payments otherwise attributable to US source income (also known as "foreign passthru payments"), though the US tax rules on foreign passthru payments are currently pending.

The United States and a number of other jurisdictions have entered into IGAs. The United States and Hong Kong governments entered into an intergovernmental agreement based on the Model 2 format ("Model 2 IGA"). The Model 2 IGA modifies certain FATCA requirements but generally requires similar procedures on identifying account holders' FATCA classification, and disclosing certain information to the IRS. Under a Model 2 IGA, an FFI that is treated as complying with the terms of an FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will generally not be required to withhold tax on payments made to Unitholders who fail to provide certain requested information, but may be required to withhold tax on certain payments made to non-compliant FFIs.

The Trust has been registered with the IRS as a "sponsored investment entity", with the Manager as "sponsoring entity" that has agreed to perform, on behalf of the Trust, any due diligence, reporting and other relevant FATCA requirements. The Trust is a non-reporting financial institution treated as a registered deemed compliant FFI. In order to avoid the Trust being subject to withholding under FATCA, it is the Manager's and Trust's intention to endeavour to satisfy the requirements imposed under FATCA relating to the Trust. As at the date of this Prospectus, all Units in the Sub-Funds are registered in the name of HKSCC Nominees Limited. It is the Manager's understanding that HKSCC Nominees Limited is registered as a Reporting Model 2 FFI.

Although the Manager and the Trust will attempt to satisfy any FATCA obligations relating to the Trust to avoid the imposition of FATCA withholding tax, no assurance can be given that such obligations would be fully satisfied. If the Trust or any Sub-Fund becomes subject to a withholding tax as a result of FATCA, the Net Asset Value of the Trust or such Sub-Fund may be adversely affected.

Each Unitholder and prospective investor should therefore consult its own tax advisors regarding the potential impact of FATCA on it under its particular circumstances and on the Trust.

AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION

The Organisation for Economic Cooperation and Development released in 2014 the Standard for Automatic Exchange of Financial Account Information including the Common Reporting Standard (collectively, "AEOI"), regarding governments enacting local legislation to collect from their financial institutions ("FIs") financial account information of overseas tax residents and exchanging the information on an annual basis with jurisdictions of tax residence of the relevant account holders that Hong Kong considers to be “Reportable Jurisdictions” for such purposes (including jurisdictions where there is the Multilateral Competent Authority Agreement on AEOI or another Competent Authority Agreement (“CAA”) in place between Hong Kong and the relevant other government).

The Inland Revenue (Amendment) (No.3) Ordinance 2016 and subsequent related Hong Kong legislation (collectively, the “Ordinance”) constitute the legislative framework for the implementation of AEOI in Hong Kong. The Trust may collect information on tax residents of jurisdictions beyond those with which Hong Kong has CAAs. The Hong Kong Inland Revenue Department (“IRD”) published Guidance for Financial Institutions regarding the implementation of AEOI in Hong Kong.

Hong Kong FIs will generally be required to comply with the AEOI due diligence, reporting and other requirements under the Ordinance. The Trust intends to comply with the requirements of AEOI as implemented by Hong Kong and to qualify as a "Reporting Financial Institution" for such purposes. However, there can be no assurance that the Trust will be able to comply.

The Ordinance and other AEOI rules as implemented by Hong Kong require the Trust to, amongst other things, (i) conduct due diligence on its financial accounts (i.e., Unitholders) to identify whether any such accounts are considered "Reportable Accounts" for AEOI purposes, and (ii) if any Reportable Account is identified, register with the IRD and report to the IRD information on its Reportable Accounts (i.e., accounts that relate to Reportable Jurisdictions). The IRD will generally on an annual basis transmit the information reported to it to the relevant governmental authorities in the respective Reportable Jurisdictions. AEOI contemplates that Hong Kong Reporting Financial Institutions would report on (i) individuals or entities that are tax resident in a Reportable Jurisdiction and (ii) certain entities controlled by individuals who are tax resident in a Reportable Jurisdiction. Under the Ordinance, details of Unitholders, including but not limited to their names, address, tax residence jurisdiction(s), associated taxpayer identification number(s), account details, account balance/value and income or sale or redemption proceeds, may be reported to the IRD and forwarded to the respective governmental authorities in the relevant Reportable Jurisdictions. As at the date of this Prospectus, all Units in the Sub-Funds are registered in the name of HKSCC Nominees Limited. It is the Manager’s understanding that HKSCC Nominees Limited is not a Reportable Account under AEOI rules.

Each Unitholder and prospective investor should consult its own tax advisors regarding the potential impact of AEOI on it under its particular circumstances and on the Trust.

PART 2 – SPECIFIC INFORMATION RELATING TO EACH SUB-FUND

Part 2 of this Prospectus includes specific information relevant to each of Sub-Fund established under the Trust and listed on the SEHK. It is updated from time to time by the Manager. Information relating to each Sub-Fund is set out in a separate Appendix.

The information presented in each Appendix in this Part 2 should be read in conjunction with the information presented in Part 1 of this Prospectus. Where the information in any Appendix in this Part 2 conflicts with the information presented in Part 1, the information in the relevant Appendix in the Part 2 prevails, however, is applicable to the specific Sub-Fund of the relevant Appendix only.

Defined terms used in each of the Appendices and which are not defined in this Part 2, bear the same meanings as in Part 1 of this Prospectus. References in each Appendix to “Sub-Fund” refer to the relevant Sub-Fund which is the subject of that Appendix. References in each Appendix to “Index” refers to the relevant Index details of which are set out in that Appendix.

APPENDIX 1: HARVEST MSCI CHINA A INDEX ETF

Key information

Set out below is a summary of key information in respect of this Sub-Fund which should be read together with the full text of this Appendix and this Prospectus.

Index	MSCI China A Index
Type of Index	Net total return (i.e. the performance of Index reflects the reinvestment of dividends, net of withholding taxes, from the constituents of the Index)
Listing Date (SEHK)	12 October 2012
Exchange Listing	SEHK – Main Board
Stock Code	83118 – RMB counter 03118 – HKD counter
Trading Board Lot Size	100 Units – RMB counter 100 Units – HKD counter
Base Currency	Renminbi (RMB)
Trading Currency	Renminbi (RMB) – RMB counter Hong Kong dollars (HKD) – HKD counter
Distribution Policy	The Manager intends to distribute income to Unitholders at least annually (in October each year) having regard to the Sub-Fund's net income after fees and costs. Distributions on all Units (RMB counter Units and HKD counter Units) will be in RMB only#
Creation/Redemption Policy	Cash (RMB) only
Application Unit Size (only by or through Participating Dealers)	Minimum 800,000 Units (or multiples thereof)
Management Fee	Currently 0.49% per year of the Net Asset Value
Investment Strategy	Full replication. Please refer to the section on "What is the investment strategy?" below
Financial Year End	31 December
HKD Counter Market Makers*	HSBC Securities Brokers (Asia) Limited
RMB Counter Market Makers*	HSBC Securities Brokers (Asia) Limited

Participating Dealers*	China International Capital Corporation Hong Kong Securities Limited Credit Suisse Securities (Hong Kong) Limited Goldman Sachs (Asia) Securities Limited The Hongkong and Shanghai Banking Corporation Limited Shenwan Hongyuan Securities (H.K.) Limited UBS Securities Hong Kong Limited Nomura International (Hong Kong) Limited BOCI Securities Limited ABN AMRO Clearing Hong Kong Limited CITIC Securities Brokerage (HK) Limited CIMB Securities Limited China Everbright Securities (HK) Limited Merrill Lynch Far East Limited Mirae Asset Securities (HK) Limited
Website	http://etf.harvestglobal.com.hk

* *Please refer to the Manager's website for the latest lists of HKD Counter Market Makers, RMB Counter Market Makers and Participating Dealers.*

Both HKD traded Units and RMB traded Units will receive distributions in RMB only. In the event that the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers arrangements concerning distributions and to consider the risk factor entitled "RMB distributions risk" below.

What is the investment objective?

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the Index. There can be no assurance that the Sub-Fund will achieve its investment objective.

What is the investment strategy?

In seeking to achieve the Sub-Fund's investment objective, the Manager will use a full replication strategy through investing directly in Securities included in the Index in substantially the same weightings in which they are included in the Index, through the QFII/RQFII regime (as explained in the section on "What is the QFII/RQFII regime?" below) and the Stock Connect (as explained in the section "Stock Connect" below). The Manager may invest up to 100% of the Sub-Fund's NAV through either QFII/RQFII and/or the Stock Connect. The Manager will not adopt representative sampling as an investment strategy.

The Sub-Fund may also invest in money market funds and in cash deposits for cash management

purposes although such investments are not anticipated to exceed 10% of the Net Asset Value of the Sub-Fund.

Currently the Manager has no intention to invest the Sub-Fund in any FDIs (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes, and will not enter into securities lending transactions, sale and repurchase or reverse repurchase transactions and other similar over-the-counter transactions. The Manager will seek the prior approval of the SFC (if needed) and provide at least one month's prior notice to Unitholders before the Manager engages in any such investments.

Prior approval of the SFC will be sought and not less than one month's prior notice will be given to the Unitholders in the event the Manager wishes to adopt investment strategy other than full replication strategy.

The investment strategy of the Sub-Fund is subject to the investment and borrowing restrictions set out in Part 1 of this Prospectus.

What is the QFII/RQFII regime?

The QFII/RQFII regime is currently governed by (i) the "Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors" jointly issued by the CSRC, PBOC and SAFE on 25 September 2020 and effective from 1 November 2020 (合格境外机构投资者和人民币合格境外机构投资者境内证券期货投资管理办法) (the "QFII/RQFII Measures"); (ii) the "Provisions on Issues Concerning the Implementation of the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors" (关于实施《合格境外机构投资者和人民币合格境外机构投资者境内证券期货投资管理办法》有关问题的规定) issued by the CSRC on 25 September 2020 and effective from 1 November 2020 (the "QFII/RQFII Provisions"); (iii) the "Provisions on Fund Administration of Domestic Securities and Futures Investment by Foreign Institutional Investors" issued by the PBOC and the SAFE on 7 May 2020 and effective from 6 June 2020 (《境外機構投資者境內證券期貨投資資金管理規定》) (the "Fund Administration Provisions"); and (iv) any other applicable regulations promulgated by the relevant authorities (collectively, the "QFII/RQFII Regulations"). Based on the QFII/RQFII Regulations, the Qualified Foreign Institutional Investors ("QFII") regime and RMB Qualified Foreign Institutional Investor ("RQFII") regime have been merged and been regulated by the same set of regulations, and the previously separate requirements for QFII and RQFII qualifications are unified. A foreign institutional investor outside the PRC may apply to the CSRC for the QFII/RQFII status. A qualified foreign investor granted the QFII/RQFII license is a QFII/RQFII holder. QFII holders and RQFII holders are both QFII/RQFII holders. There is no need for such foreign institutional investors having had QFII status and/or RQFII status to re-apply for the QFII/RQFII license.

According to the Fund Administration Provisions, for remittance of foreign currencies, a QFII/RQFII holder shall open foreign exchange account(s) for the remitted funds in foreign currencies and a corresponding RMB special deposit account for each relevant foreign exchange account; for remittance of offshore RMB funds, a QFII/RQFII holder shall open RMB special deposit account(s) for the remitted funds in offshore RMB.

Under current regulations in the PRC, foreign investors can invest in the domestic securities and futures market through certain foreign institutional investors that have obtained QFII/RQFII status from the CSRC for the purpose of investing in the PRC's domestic securities and futures markets. Since the Manager has obtained RQFII status, the Manager is a QFII/RQFII holder, and may freely select to use funds in foreign currencies which can be traded on CFETS and/or offshore RMB funds to be remitted in to carry out PRC domestic securities and futures investment as long as separate cash accounts for receiving such cash are duly opened.

All of the Sub-Fund's assets in the PRC (including onshore PRC cash deposits and its onshore A-Shares portfolio) will be held by the Custodian (through the PRC Custodian) in accordance with the terms of the PRC Custody Agreement and PRC Participation Agreement. A securities account shall be opened with CSDCC in the joint names of the Manager (as the QFII/RQFII holder) and the Sub-Fund. An RMB cash account shall also be established and maintained with the PRC Custodian in the joint names of the Manager (as the QFII/RQFII holder) and the Sub-Fund. The PRC Custodian shall, in turn, have a cash clearing account with CSDCC for trade settlement according to applicable regulations.

The Manager has obtained a legal opinion confirming that, as a matter of PRC law:

(a) securities account(s) with the CSDCC and maintained by the PRC Custodian and RMB cash account(s) with the PRC Custodian (respectively, the "securities account(s)" and the "cash account(s)") have been opened in the joint names of the Manager (as QFII/RQFII holder) and the Sub-Fund in accordance with all applicable laws and regulations of the PRC and with approval from all competent authorities in the PRC;

(b) the assets held/credited in the securities account(s) (i) belong solely to the Sub-Fund, and (ii) are segregated and independent from the proprietary assets of the Manager (as QFII/RQFII holder), the Custodian or the PRC Custodian and any broker appointed to execute transactions for the Sub-Fund in the PRC markets (a "PRC Broker"), and from the assets of other clients of the Manager (as QFII/RQFII holder), the Custodian, the PRC Custodian and any PRC Broker;

(c) the assets held/credited in the cash account(s) (i) become an unsecured debt owing from the PRC Custodian to the Sub-Fund, and (ii) are segregated and independent from the proprietary assets of the Manager (as QFII/RQFII holder) and any PRC broker, and from the assets of other clients of the Manager (as QFII/RQFII holder) and any PRC Broker;

(d) the Trustee, for and on behalf of the Sub-Fund, is the only entity which has a valid claim of ownership over the assets in the securities account(s) and the debt in the amount deposited in the cash account(s) of the Sub-Fund;

(e) if the Manager or any PRC Broker is liquidated, the assets contained in the securities account(s) and cash account(s) of the Sub-Fund will not form part of the liquidation assets of the Manager or such PRC Broker in liquidation in the PRC; and

(f) if the PRC Custodian is liquidated, (i) the assets contained in the securities account(s) of the Sub-Fund will not form part of the liquidation assets of the PRC Custodian in liquidation in the PRC, and (ii) the assets contained in the cash account(s) of the Sub-Fund will form part of the liquidation assets of the PRC Custodian in liquidation in the PRC and the Sub-Fund will become an unsecured creditor for the amount deposited in the cash account.

Repatriations in RMB conducted by the Manager as QFII/RQFII on behalf of the Sub-Fund are permitted daily and are not subject to any lock-up periods or prior approval.

There are specific risks associated with the QFII/RQFII regime and investors' attention is drawn to the risk factors under "Risks related to the QFII/RQFII regime" in the section on "Risk Factors" below.

Stock Connect

The Stock Connect is a securities trading and clearing linked programme developed by the HKEx, the SSE, the SZSE and the CSDCC, with an aim to achieve mutual stock market access between mainland China and Hong Kong. It comprises the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

Each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect comprises a Northbound Trading Link and a Southbound Trading Link. Under the Northbound

Trading Link, Hong Kong and overseas investors (including the Sub-Fund), through their Hong Kong brokers and securities trading service companies (in Shanghai and Qianhai Shenzhen respectively) established by the SEHK and the HKSCC, are able to trade eligible shares listed on the SSE or the SZSE by routing orders to the SSE or the SZSE (as the case may be). Under the Southbound Trading Link, eligible investors, through PRC securities firms and securities trading service companies established by the SSE and the SZSE, are able to trade eligible shares listed on the SEHK by routing orders to the SEHK.

Eligible securities

Hong Kong and overseas investors are able to trade certain stocks listed on the SSE (the "SSE Securities") and the SZSE market (the "SZSE Securities"). SSE Securities include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H Shares listed on the SEHK, except the following:

a) SSE-listed shares which are not traded in RMB; and

b) SSE-listed shares which are included in the "risk alert board".

SZSE Securities will include all the constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have a market capitalisation of not less than RMB 6 billion, and all the SZSE-listed A-Shares which have corresponding H shares listed on SEHK, except the following:

a) SZSE-listed shares which are not traded in RMB; and

b) SZSE-listed shares which are included in the "risk alert board" or under delisting arrangement.

At the initial stage of Shenzhen-Hong Kong Stock Connect, shares listed on the ChiNext Board of SZSE under Northbound Trading Link will be limited to institutional professional investors. Subject to resolution of related regulatory issues, other investors may subsequently be allowed to trade such shares.

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

Trading day

Investors (including the Sub-Fund) will only be allowed to trade on the other market on days where both markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

Trading quota

Trading under the Stock Connect is subject to a daily quota ("Daily Quota"), which will be separate for Northbound and Southbound trading, for each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Stock Connect each day. The quotas do not belong to the Sub-Fund and are utilised on a first-come-first-serve basis. The SEHK monitors the quota and publishes the remaining balance of the Northbound Daily Quota at scheduled times on the HKEx's website. The Daily Quota may change in future. The Manager will not notify investors in case of a change of quota.

Settlement and Custody

The HKSCC is responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

Accordingly investors do not hold SSE Securities or SZSE Securities directly – these are held through their brokers' or custodians' accounts with CCASS.

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities or SZSE Securities held in its omnibus stock account in the CSDCC, the CSDCC as the share registrar for SSE or SZSE listed companies still treats the HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities or SZSE Securities. The HKSCC will monitor the corporate actions affecting SSE Securities or SZSE Securities and keep the relevant CCASS participants informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

Currency

Hong Kong and overseas investors (including the Sub-Fund) will trade and settle SSE Securities and SZSE Securities in RMB only.

Trading fees and taxes

In addition to paying trading fees and stamp duties in connection with A-Share trading, the Sub-Fund may be subject to other fees and taxes concerned with income arising from stock transfers which are determined by the relevant authorities.

Coverage of Investor Compensation Fund

The Sub-Fund's investments through Northbound trading under Stock Connect is not covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default in Northbound trading via Stock Connect do not involve products listed or traded in the SEHK or the Hong Kong Futures Exchanges Limited, such trading is not covered by Hong Kong's Investor Compensation Fund. On the other hand, since the Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, such trading is not protected by the China Securities Investor Protection Fund (中國投資者保護基金) in the PRC.

Further information about the Stock Connect is available at the website: http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm.

Risk factors specific to the Sub-Fund

In addition to the risk factors presented in Part 1 of this Prospectus, the risk factors set forth below are also specific risks, in the opinion of the Manager, considered to be relevant and presently applicable to the Sub-Fund.

Risk related to the rebalancing period

The underlying index of the Sub-Fund was changed to the present Index (the MSCI China A Index) effective from 30 December 2019. During the rebalancing period from the previous index to the Index, which took place over a period of 5 trading days from 30 December 2019, holdings of the Sub-Fund were rebalanced from constituents of the previous index to the Index. Although there is a high degree of correlation between the two indices,the Manager considers there is a risk that the tracking error and tracking difference of the Sub-Fund during the rebalancing period might have increased. Investors who have dealt with Units of the Sub-Fund during the rebalancing period should exercise caution.

Past performance risk

As a result of the change in index on 30 December 2019, past performance of the Sub-Fund prior to such date was achieved under circumstances that no longer apply. Investors should exercise caution when considering the past performance of the Sub-Fund prior to 30 December 2019.

QFII/RQFII systems risk

The current QFII/RQFII Regulations include rules on investment restrictions applicable to the Sub-Fund. Transaction sizes for QFII/RQFII are relatively large (with the corresponding heightened risk of exposure to decreased market liquidity and significant price volatility leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities).

Onshore PRC securities are registered in the joint names of the Manager (as the QFII/RQFII holder) and the Sub-Fund in accordance with the relevant rules and regulations, and maintained in electronic form via a securities account with the CSDCC. The account is required to bear the name of "Harvest Global Investments Limited" as this is the name under which the QFII/RQFII is approved by the relevant regulator. The QFII/RQFII selects PRC broker(s) (the "PRC Broker") to act on its behalf in each of the two onshore PRC securities markets as well as the PRC Custodian to maintain its assets in custody in accordance with the terms of the PRC Custody Agreement.

In the event of any default of either the relevant PRC Broker or the PRC Custodian (directly or through its delegate) in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the Sub-Fund may encounter delays in recovering its assets which may in turn adversely impact the net asset value of the Sub-Fund.

PRC Custodian and PRC Broker risk

Onshore PRC assets will be maintained by the PRC Custodian in electronic form via a securities account with the CSDCC and a cash account with the PRC Custodian.

The QFII/RQFII also selects PRC Broker(s) to execute transactions for the Sub-Fund in the PRC markets (the Shanghai Stock Exchange and the Shenzhen Stock Exchange). In the event that the QFII/RQFII appoints only one PRC Broker (the same PRC Broker for both markets) or two PRC Brokers (where a different PRC Broker is appointed in each market – which is the Manager's present intention), and should, for any reason, the Sub-Fund's ability to use the relevant PRC Broker be affected, this could disrupt the operations of the Sub-Fund and affect the ability of the Sub-Fund to track the Index, causing a premium or a discount to the trading price of Units on the SEHK. The Sub-Fund may also incur losses due to the acts or omissions of either the relevant PRC Broker or the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or Securities. Subject to the applicable laws and regulations in the PRC, the Manager will make arrangements to ensure that the PRC Brokers and PRC Custodian have appropriate procedures to properly safe-keep the Sub-Fund's assets.

According to the QFII/RQFII Regulations and market practice, the securities and cash accounts for the Sub-Fund in the PRC are to be maintained in the joint names of the Manager as the QFII/RQFII and the Sub-Fund. Although the Manager has obtained a legal opinion that the assets in such securities account would belong to the Sub-Fund, such opinion cannot be relied on as being conclusive, as the QFII/RQFII Regulations are subject to the interpretation of the relevant authorities in the PRC.

Investors should note that cash deposited in the cash account of the Sub-Fund with the PRC Custodian will not be segregated but will be a debt owing from the PRC Custodian to the Sub-Fund as a depositor. Such cash will be co-mingled with cash belong to other clients of the PRC Custodian. In the event of bankruptcy or liquidation of the PRC Custodian, the Sub-Fund will not have any proprietary rights to the cash deposited in such cash account, and the Sub-Fund will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the PRC Custodian. The Sub-Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Sub-Fund will suffer losses.

Repatriation risk

Repatriations by QFII/RQFIIs in respect of funds such as the Sub-Fund conducted in RMB are permitted daily and are not subject to any lock-up periods or prior approval. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests.

Economic, political and social risks of the PRC

The economy of China, which has been in a state of transition from a planned economy to a more market-oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources.

Although the majority of productive assets in China are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of China and a high level of management autonomy. The economy of China has experienced significant growth in the past 20 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than 20 years, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities market in the PRC as well as the underlying Securities of the Sub-Fund. Further, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may also have an adverse impact on the capital growth and performance of the Sub-Fund.

Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the property held by the underlying issuers of the Securities in the Sub-Fund's portfolio.

PRC laws and regulations risk

The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. PRC laws and regulations affecting securities markets are relatively new and evolving, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

New product risk

The Sub-Fund is a physical QFII/RQFII, RMB denominated exchange traded fund investing directly in A-Shares. The cross-border nature of QFII/RQFII makes the Sub-Fund riskier than traditional exchange traded funds investing in markets other than the PRC. The Sub-Fund may be subject to higher operational risks, for example risks arising from technical failures of communications and trading systems. Whilst the Manager has in place internal control systems, operational guidelines and contingency procedures to reduce the chances of such operational risks, there is no guarantee that events beyond the control of the Manager will not occur, which may adversely affect the trading activities of the Sub-Fund.

Restricted markets risk

The Sub-Fund may invest in Securities in respect of which the PRC imposes limitations or restrictions on foreign ownership or holdings. Such legal and regulatory restrictions or limitations may have adverse effects on the liquidity and performance of the Sub-Fund holdings as compared to the performance of the Index. This may increase the risk of tracking error and, at the worst, the Sub-Fund may not be able to achieve its investment objective.

A-Share market trading hours difference risk

Differences in trading hours between foreign stock exchanges (e.g. Shanghai Stock Exchange and Shenzhen Stock Exchange) and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value because if a PRC stock exchange is closed while the SEHK is open, the Index level may not be available. The prices quoted by the SEHK market maker would therefore be adjusted to take into account any accrued market risk that arises from such unavailability of the Index level and as a result, the level of premium or discount of the Unit price of the Sub-Fund to its Net Asset Value may be higher.

A-Share market suspension risk

A-Shares may only be bought from, or sold to, the Sub-Fund from time to time where the relevant A-Shares may be sold or purchased on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, as appropriate. Give that the A-Share market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the creation and redemption of Units may also be disrupted. A Participating Dealer is unlikely to redeem or create Units if it considers that A-Shares may not be available.

Accounting and reporting standards risk

Accounting, auditing and financial reporting standards and practices applicable to PRC companies may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

Changes in PRC taxation risk

The PRC Government has implemented a number of tax reform policies in recent years. The current tax laws and regulations may be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of PRC companies and foreign investors in such companies. Please also refer to the section below entitled “PRC Taxation”.

Government intervention and restriction risk

Governments and regulators may intervene in the financial markets, such as by the imposition of trading restrictions, a ban on “naked” short selling or the suspension of short selling for certain stocks. This may affect the operation and market making activities of the Sub-Fund, and may have an unpredictable impact on the Sub-Fund.

PRC withholding taxation risk

In order to meet the potential tax liability on capital gains arising from disposal of A-Shares, the Manager reserves the right to make provision for withholding income tax (“WIT”) on such gains and withhold the tax for the account of the Sub-Fund. The Manager does not make WIT provision on gross realised or unrealised capital gains derived from trading of A-Shares by the Sub-Fund from 17 November 2014 onwards. Please refer to the section “PRC Taxation” – “Capital gains” in this Appendix for further details.

The PRC tax rules and practices in relation to QFII/RQFII and the Stock Connect may be subject to change. It should also be noted that the prevailing PRC tax regulations specified that the tax exemption on capital gains derived from the trading of A-Shares from 17 November 2014 onwards

is temporary. There is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. There are risks and uncertainties associated with the current PRC tax laws, regulations and practice. As such, there is a risk that taxes may be levied in future on the Sub-Fund for which no provision is made, which may potentially cause substantial loss to the Sub-Fund.

The Net Asset Value of the Sub-Fund may require further adjustment to take into account any retrospective application of new tax regulations and development, including change in interpretation of the relevant regulations by the PRC tax authorities. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and adjust the WIT provision policy of the Sub-Fund if necessary. The Manager will act in the best interest of the Unitholders of the Sub-Fund at all times.

Unitholders may be disadvantaged or advantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units. If no provision is made by the Manager in relation to all or part of the actual tax levied by the SAT in future, investors should note that the Net Asset Value of the Sub-Fund may 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 those borne at the time of investment in the Sub-Fund. Please refer to the sub-section “Taxation” – “PRC Taxation” for further information in this regard.

New Manager and reliance on the Investment Adviser risk

It should be noted that whilst the Manager’s group (in particular the Investment Adviser) has significant exchange traded fund experience in the PRC, the Sub-Fund is one of the first exchange traded funds to be managed by the Manager. As such the Manager will substantially make use of and rely on the expertise and systems of the Investment Adviser to support the investments of the Sub-Fund in the relevant markets. In the event of a breakdown or disruption in communications with or the provision by the Investment Adviser of its assistance to the Manager, the operations of a Sub-Fund may be adversely affected. The occurrence of such events could cause a deterioration in a Sub-Fund's performance and investors may lose money in those circumstances.

Trading differences risk

As the Shanghai Stock Exchange and the Shenzhen Stock Exchange may be open when Units in the Sub-Fund are not priced, the value of the Securities in the Sub-Fund’s portfolio may change on days when investors will not be able to purchase or sell the Sub-Fund’s Units. Furthermore, the market price of underlying Securities listed on the above stock exchanges which are established outside Hong Kong may not be available during part or all of the SEHK trading sessions due to trading hour differences which may result in the trading price of the Sub-Fund deviating away from the Net Asset Value. A-Shares may be subject to trading bands which restrict increases and decreases in the trading price. Units listed on the SEHK are not. The prices quoted by the SEHK market maker would therefore be adjusted to take into account any accrued market risk that arises from such unavailability of the Index level and as a result, the level of premium or discount of the Unit price of the Sub-Fund to its Net Asset Value may be higher.

RMB is not freely convertible and subject to exchange controls and restrictions risk

It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. Since 1994, the conversion of RMB into US dollar has been based on rates set by the PBOC, which are set daily based on the previous day’s PRC interbank foreign exchange market rate. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. In addition, a market maker system was introduced to the interbank spot foreign exchange market. In July 2008, China announced that its exchange rate regime was further transformed into a managed floating mechanism based on market supply and demand. Given the domestic and overseas economic developments, the PBOC decided to further improve

the RMB exchange rate regime in June 2010 to enhance the flexibility of the RMB exchange rate. In April 2012, the PBOC decided to take a further step to increase the flexibility of the RMB exchange rate by expanding the daily trading band from +/-0.5% to +/-1%.

However it should be noted that the PRC government's policies on exchange control and repatriation restrictions are subject to change, and any such change may adversely impact the Sub-Fund. There can be no assurance that the RMB exchange rate will not fluctuate widely against the US dollar or any other foreign currency in the future.

Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of the SAFE. On the other hand, the existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. Nevertheless, the Manager cannot predict whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency.

RMB trading and settlement of Units risk

The trading and settlement of RMB-denominated securities are recent developments in Hong Kong and there is no assurance that there will not be problem with the systems or that other logistical problems will not arise. In addition, the Units are amongst the first with a Dual Counter (i.e. HKD traded Units and RMB traded Units) to be traded on the SEHK and settled in CCASS. Although end-to-end simulation trading and clearing of listed RMB products testing sessions and payment pilot runs for participants of the SEHK were held by the SEHK in March, September and October 2011, some brokers may not have participated in such testing sessions and pilot runs and for those who have, not all of them may be able to successfully complete such testing sessions and pilot runs, there is no assurance of their readiness for dealing in RMB denominated securities. Investors should note that not all brokers may be ready and able to carry out trading and settlement of RMB traded Units and thus they may not be able to deal in the RMB traded Units through some brokers. Investors should check with their brokers in advance if they intend to engage Dual Counter trading or in inter-counter transfers and should fully understand the services which the relevant broker is able to provide (as well as any associated fees). Some exchange participants may not provide inter-counter transfer or Dual Counter trading services.

Non-RMB or late settlement redemption risk

Where, in extraordinary circumstances, the remittance or payment of RMB funds on the redemption of Units cannot, in the opinion of the Manager in consultation with the Trustee, be carried out normally due to legal or regulatory circumstances beyond the control of the Trustee and the Manager, redemption proceeds may be delayed or, if necessary in exceptional circumstances, be paid in US dollars or Hong Kong dollars instead of in RMB (at an exchange rate determined by the Manager after consultation with the Trustee). As such, there is a risk that investors may not be able to receive, through Participating Dealers, settlement upon a redemption of Units in RMB (and may receive US dollars or Hong Kong dollars) or may receive settlement in RMB on a delayed basis.

RMB distributions risk

Investors should note that where a Unitholder holds Units traded under the HKD counter, the relevant Unitholder will only receive distributions in RMB and not HKD. In the event the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions.

QFII/RQFII late settlement risk

The Sub-Fund will be required to remit RMB from Hong Kong to the PRC to settle the purchase of

A-Shares by the Sub-Fund from time to time. In the event such remittance is disrupted, the Sub-Fund will not be able to fully replicate the Index by investing in the relevant A-Shares and this may increase the tracking error of the Sub-Fund.

Exchange rates movement between the RMB and other currencies risk

Investors in RMB traded Units whose assets and liabilities are predominantly in Hong Kong dollars or in currencies other than RMB should take into account the potential risk of loss arising from fluctuations in value between the such currencies and RMB. In addition, investors in HKD traded Units should note that distributions on HKD traded Units will only be paid in RMB. Accordingly foreign exchange risk will also apply to investors in HKD traded Units. There is no guarantee that RMB will appreciate in value against Hong Kong dollar or any other currency, or that the strength of RMB may not weaken. In such case an investor may enjoy a gain in RMB terms but suffer a loss when converting funds from RMB back into Hong Kong dollar (or any other currency).

Future movements in RMB exchange rates risk

The exchange rate of RMB ceased to be pegged to US dollars on 21 July 2005, resulting in a more flexible RMB exchange rate system. China Foreign Exchange Trading System, authorised by the PBOC, promulgates the central parity rate of RMB against US dollars, Euro, Yen, pound sterling and Hong Kong dollar at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of RMB against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, Hong Kong dollars or any other foreign currency in the future. From 1994 to July 2005, the exchange rate for RMB against US dollar and the Hong Kong dollar was relatively stable. Since July 2005, the appreciation of RMB has begun to accelerate. Although the PRC government has constantly reiterated its intention to maintain the stability of RMB, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of RMB will be further accelerated cannot be excluded. On the other hand, there can be no assurance that RMB will not be subject to devaluation.

Dual Counter risks

The Sub-Fund has Dual Counter traded Units which are traded and settled in RMB under the RMB counter and traded and settled in HKD under the HKD counter. The nature of Dual Counter exchange-traded funds may bring additional risks for investment in such exchange-traded funds for example where for some reason there is a settlement failure on an inter-counter transfer if the Units of one counter are delivered to CCASS at the last settlement on a trading day, leaving not enough time to transfer the Units to the other counter for settlement on the same day.

In addition, where there is a suspension of the inter-counter transfer of Units between the HKD counter and the RMB counter for any reasons, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant Dual Counter. Accordingly it should be noted that inter-counter transfers may not always be available.

There is a risk that the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in RMB due to different factors such as market liquidity, supply or demand in each counter and the exchange rate between RMB and HKD in both onshore and offshore markets. The trading price of HKD traded Units or RMB traded Units is determined by market forces and so will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly when selling Units traded in HKD or buying Units traded in HKD, an investor may receive less or pay more than the equivalent amount in RMB if the trade of the relevant Units is in RMB and *vice versa*. There can be no assurance

that the price of Units in each counter will be equivalent.

Investors without RMB accounts may buy and sell HKD traded Units only. However such investors will not be able to buy or sell RMB traded Units and should note that distributions are made in RMB only. As such, investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their dividend.

It is possible that some brokers and CCASS participants may not be familiar with and may not be able to (i) buy Units in one counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade Units in both counters at the same time. In such a case another broker or CCASS participant may need to be used. Accordingly investors may only be able to trade their Units in one currency, investors are recommended to check the readiness of their brokers in respect of the Dual Counter trading and inter-counter transfer.

Offshore RMB ("CNH") market risk

The onshore RMB ("CNY") is the only official currency of the PRC and is used in all financial transactions between individuals, state and corporations in the PRC. Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside the PRC. Since June 2010, the offshore RMB ("CNH") is traded officially, regulated jointly by the Hong Kong Monetary Authority and the PBOC. While both CNY and CNH represent RMB, they are traded in different and separated markets. The two RMB markets operate independently where the flow between them is highly restricted. Though the CNH is a proxy's of the CNY, they do not necessarily have the same exchange rate and their movement may not be in the same direction. This is because these currencies act in separate jurisdictions, which leads to separate supply and demand conditions for each, and therefore separate but related currency markets.

However, the current size of RMB-denominated financial assets outside the PRC is limited. As at 31 October 2014, the total amount of RMB (CNH) deposits held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately RMB944 billion. In addition, participating authorised institutions are also required by the Hong Kong Monetary Authority to maintain a total amount of RMB (in the form of cash and its settlement account balance with the Renminbi Clearing Bank) of no less than 25% of their RMB deposits, which further limits the availability of RMB that participating authorised institutions can utilise for conversion services for their customers. RMB business participating banks do not have direct RMB liquidity support from PBOC. The Renminbi Clearing Bank only has access to onshore liquidity support from PBOC (subject to annual and quarterly quotas imposed by PBOC) to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement and for individual customers. The Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions. Although it is expected that the offshore RMB market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC may affect the ability of investors to acquire Units or to sell Units of the Sub-Fund affecting the liquidity and therefore the trading price of the Units on the SEHK. To the extent the Manager is required to source RMB in the offshore market, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

Reliance on Market Makers risk

Although the Manager will use its best endeavours to put in place arrangements so that at least one RMB Counter Market Maker for RMB counter and one HKD Counter Market Maker for HKD counter will maintain a market for the Units traded in each counter, it should be noted that liquidity in the market for the Units may be adversely affected if there is no Market Maker for the HKD traded Units or no Market Maker for the RMB traded Units. The Manager will seek to mitigate this risk by using its best endeavours to put in place arrangements so that at least one Market Maker for the

Units for each counter gives not less than 3 months notice prior to terminating market making arrangement under the relevant market making agreements. There may be less interest by potential market makers in making a market in RMB denominated or traded Units. Furthermore, any disruption to the availability of RMB may adversely affect the capability of Market Makers in providing liquidity for such RMB traded Units. It is possible that there is only one SEHK Market Maker for each counter (RMB or HKD) or the Manager may not be able to engage a substitute Market Maker within the termination notice period of a Market Maker, and there is also no guarantee that any market making activity will be effective.

Risks associated with the Stock Connect

The Sub-Fund's investments through the Stock Connect may be subject to the following risks. In the event that the Sub-Fund's ability to invest in A-Shares through the Stock Connect on a timely basis is adversely affected, the Manager will only be able to rely on QFII/RQFII investments to achieve the Sub-Fund's investment objective.

Quota limitations: The Stock Connect is subject to quota limitations. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound 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). The Sub-Fund's ability to invest in A-Shares through the Stock Connect may be affected.

Front-end Monitoring Risk: PRC regulations require that in order for an investor to sell any A Share on a certain trading day, there must be sufficient A Shares in the investor's account before market opens on that day. If there are insufficient A Shares in the investor's account, the sell order will be rejected by the SSE or the SZSE. The SEHK carries out pre-trade checking on SSE Securities and SZSE Securities sell orders of its participants (i.e. stock brokers) to ensure that this requirement is satisfied. This means that investors must transfer SSE Securities and SZSE Securities to the accounts of its brokers before the market opens on the day of selling (the "trading day"). If an investor fails to meet this deadline, it will not be able to sell SSE Securities or SZSE Securities on the relevant trading day. Because of this requirement, investors may not be able to dispose of holdings of SSE Securities or SZSE Securities in a timely manner. This also raises concerns as to counterparty risks as securities may need to be kept by brokers overnight.

To facilitate investors whose SSE Securities or SZSE Securities are maintained with custodians to sell their SSE Securities or SZSE Securities without having to pre-deliver the SSE Securities or SZSE Securities from their custodians to their executing brokers, the HKEx introduced an enhanced pre-trade checking model in March 2015, under which an investor may request its custodian to open a Special Segregated Account (SPSA) in CCASS to maintain its holdings in SSE Securities and SZSE Securities. Such investors only need to transfer SSE Securities or SZSE Securities from its SPSA to its designated broker's account after execution and not before placing the sell order. This enhanced model is novel and initial market reaction has been varied. If the Sub-Fund is unable to utilise this model, it would have to deliver SSE Securities or SZSE Securities to brokers before the trading day and the above risks may still apply.

Suspension risk: Each of the SEHK, the SSE and the SZSE reserves the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading is effected, the Sub-Fund's ability to access the A-Share market through the Stock Connect will be adversely affected.

Differences in trading day risk: The Stock Connect only operates on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong investors (such as the Sub-Fund) cannot carry out any A-Shares trading. Due to the differences in trading days, the Sub-Fund may be subject to a risk of price fluctuations in A-Shares on a day that the PRC stock markets are open for trading but the Hong Kong stock market is closed.

Operational risk: The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly. 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. Market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants. There is no assurance that the systems of the SEHK 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.

Recalling of eligible stocks: If a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold and cannot be bought. This may affect the Sub-Fund's tracking of the Underlying Index if, for example, a constituent of the Underlying Index is recalled from the scope of eligible stocks.

Clearing and settlement risk: The HKSCC and CSDCC establish clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary 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 CSDCC default occur and the CSDCC 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 the CSDCC. HKSCC will in good faith seek recovery of the outstanding stocks and monies from the CSDCC through available legal channels or through the CSDCC'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 the CSDCC.

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 Connect. The regulations are untested and there is no certainty as to how they will be applied, and are subject to change. There can be no assurance that the Stock Connect will not be abolished.

No Protection by Investor Compensation Fund risk: The Sub-Fund's investments through the Stock Connect will not be covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in Northbound trading via the Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. On the other hand, since the Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, they are not protected by the China Securities Investor Protection Fund (中國投資者保護基金) in the PRC. Therefore the Sub-Fund is exposed to the risks of default of the broker(s) it engages in its trading in A-Shares through the programme.

The Offshore RMB Market

What led to RMB internationalisation?

RMB is the lawful currency of the PRC. RMB is not a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC government. Since July 2005, the PRC government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio

of currencies. The exchange rate of RMB is no longer pegged to US dollars, resulting in a more flexible RMB exchange rate system.

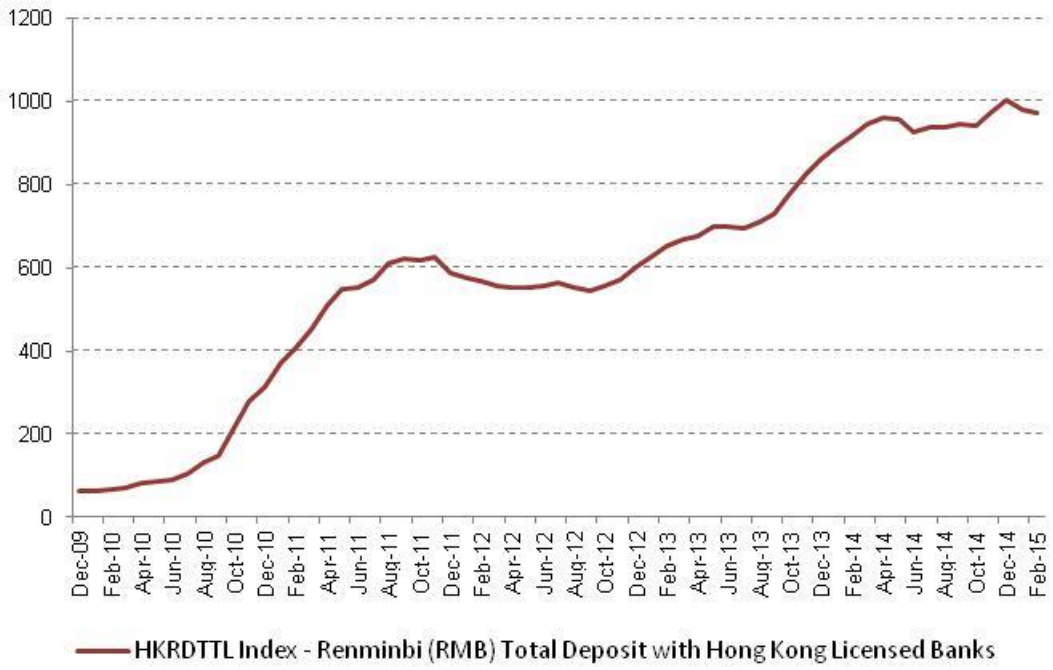
Over the past two decades, the PRC's economy grew rapidly at an average annual rate of 9.8% in real terms. This enables it to overtake Japan to become the second largest economy and trading country in the world. The International Monetary Fund has projected that the PRC will contribute to more than one-third of global growth by 2015. As the PRC's economy becomes increasingly integrated with the rest of the world, it is a natural trend for its currency – the RMB, to become more widely used in the trade and investment activities.

Accelerating the pace of the RMB internationalisation

The PRC has been taking gradual steps to increase the use of RMB outside its borders by setting up various pilot programmes in Hong Kong and neighbouring areas in recent years. For instance, banks in Hong Kong were the first permitted to provide RMB deposits, exchange, remittance and credit card services to personal customers in 2004. Further relaxation occurred in 2007 when the authorities allowed PRC financial institutions to issue RMB bonds in Hong Kong. As of the end of February 2015, there are 146 authorised institutions in Hong Kong engaging in RMB business, with RMB deposits amounting to about RMB973.0 billion, as compared to just RMB63 billion in 2009. Up to the end of April 2015, there are 1,196 RMB bonds issuances outstanding (including Certificates of Deposit), with the total size amounting to about RMB649 billion.

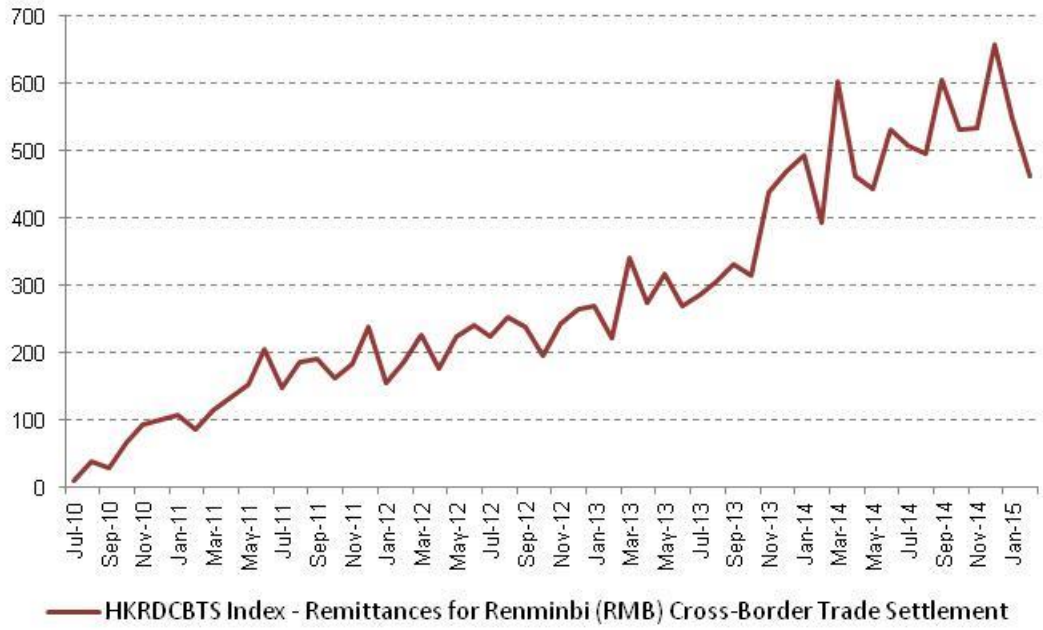
The pace of RMB internationalisation has accelerated since 2009 when the PRC authorities permitted cross-border trade between Hong Kong / Macau and Shanghai/four Guangdong cities, and between ASEAN and Yunnan/Guangxi, to be settled in RMB. In June 2010, the arrangement was expanded to 20 provinces / municipalities on the PRC and to all countries / regions overseas. As of the end of February 2015, about RMB1,010.0 billion worth of cross-border trade was settled in Hong Kong using RMB in 2015.

RMB deposits in Hong Kong



Data source: Bloomberg as of 28 February 2015

Remittances for RMB cross-border trade settlement



Data source: Bloomberg as 28 February 2015

Onshore versus offshore RMB market

Following a series of policies introduced by the PRC authorities, an RMB market outside the PRC has gradually developed and started to expand rapidly since 2009. RMB traded outside the PRC is often referred as “offshore RMB” with the denotation “CNH”, which distinguishes it from the “onshore RMB” or “CNY”.

Both onshore and offshore RMB are the same currency but are traded in different markets. Since the two RMB markets operate independently where the flow between them is highly restricted, onshore and offshore RMB are traded at different rates and their movement may not be in the same direction. Due to the strong demand for offshore RMB, CNH used to be traded at a premium to onshore RMB, although occasional discount may also be observed. The relative strength of onshore and offshore RMB may change significantly, and such change may occur within a very short period of time.

Notwithstanding that the offshore RMB market showed a meaningful growth during the past 2 years, it is still at an early stage of the development and is relatively sensitive to negative factors or market uncertainties. For instance, the value of offshore RMB had once dropped by 2% against the US dollars in the last week of September 2011 amidst the heavy selloff of the equities market. In general, the offshore RMB market is more volatile than the onshore one due to its relatively thin liquidity.

There have been talks on the potential convergence of the 2 RMB markets but that is believed to be driven by political decisions rather than just economics. It is widely expected that the onshore and offshore RMB markets would remain two segregated, but highly related, markets for the next few years.

Recent measures

More measures to relax the conduct of offshore RMB business were announced in 2010. On 19 July 2010, restrictions on interbank transfer of RMB funds were lifted, and permission was granted for companies in Hong Kong to exchange foreign currencies for RMB without limit. One month later, the PRC authorities announced the partial opening up of PRC's interbank bond market for foreign central banks, RMB clearing banks in Hong Kong and Macau and other foreign banks participating in the RMB offshore settlement programme.

The National Twelfth Five-Year Plan adopted in March 2011 explicitly supports the development of Hong Kong as an offshore RMB business centre. In August 2011, PRC Vice-Premier Li Keqiang has announced more new initiatives during his visit, such as allowing investments on the PRC equity market through the RMB Qualified Foreign Institutional Investor scheme and the launch of an exchange-traded fund with Hong Kong stocks as the underlying constituents in the PRC. Also the PRC Government has given approval for the first non-financial PRC firm to issue RMB-denominated bonds in Hong Kong.

RMB Internationalisation is a long-term goal

Given the PRC's economic size and growing influence, RMB has the potential to become an international currency in the same ranks as US dollars and euro. But the PRC has to first accelerate the development of its financial markets and gradually make RMB fully convertible on the capital account. Although the internationalisation of RMB will bring benefits such as increasing political influence and reduced exchange rate risks, it also entails risks including rising volatility of RMB exchange rate.

The process of RMB internationalisation is a long and gradual one. It took US dollars many decades to replace the British pound to become a dominant reserve currency. It will also take time for RMB to gain importance in coming years. RMB will not be in a position to challenge the US dollar's main reserve currency status for some time to come.

The A-Share market

Introduction

China's A-Share market commenced in 1990 with two exchanges.

The Shanghai Stock Exchange was established on 26 November 1990 and stocks are further divided into class A-Shares and class B-Shares, with A-Shares limited to domestic investors as well as QFII/RQFII only while B-Shares available to both domestic and foreign investors. Bonds traded on the Shanghai Stock Exchange include treasury bonds (T-bonds), local government bonds, corporate bonds (including those approved by the State Development and Reform Commission), corporate bonds with detachable warrants, and convertible corporate bonds. In addition, securities investment funds (including exchange traded funds) and warrants are available for trading on the Shanghai Stock Exchange. As of 31 March 2015, there are 1,030 companies listed on the Shanghai Stock Exchange with total market capitalisation of RMB29.2 trillion.

The Shenzhen Stock Exchange was founded on 1 December 1990. As of 31 March 2015 there are 1,635 listed companies, 480 of which are listed on the Shenzhen Stock Exchange main board with total market capitalisation of RMB7.04 trillion, 744 of which are listed on the small and medium enterprises ("SME") board with total market capitalisation of RMB7.68 trillion, and 429 of which are listed on the ChiNext (the board mainly for "hi-tech" companies) with total market capitalisation of RMB3.67 trillion. The Shenzhen Stock Exchange's products cover equities, mutual funds and bonds. The product lines include A-Shares, B-Shares, indices, mutual funds (including exchange traded funds and listed open ended funds), fixed income products (including SME collective bonds and asset-backed securities), and diversified derivative financial products (including warrants and repurchases).

In terms of investor breakdown, there is an increasing number of institutional investors participating in the A-Share market since the inception, which include securities investment funds, social pension funds, qualified foreign institutional investors, insurance companies, ordinary investment institutions. However, on a daily basis, retail investors still make up for the majority of the trading volume.

Development of the A-Share market

The A-Share market's development is illustrated in the following tables:

MSCI China A Onshore Index, Shanghai A-Share Stock Price Index and Shenzhen A-Share Stock Price Index Levels 2003 to 2015

Data source: Bloomberg as of 14 April 2015

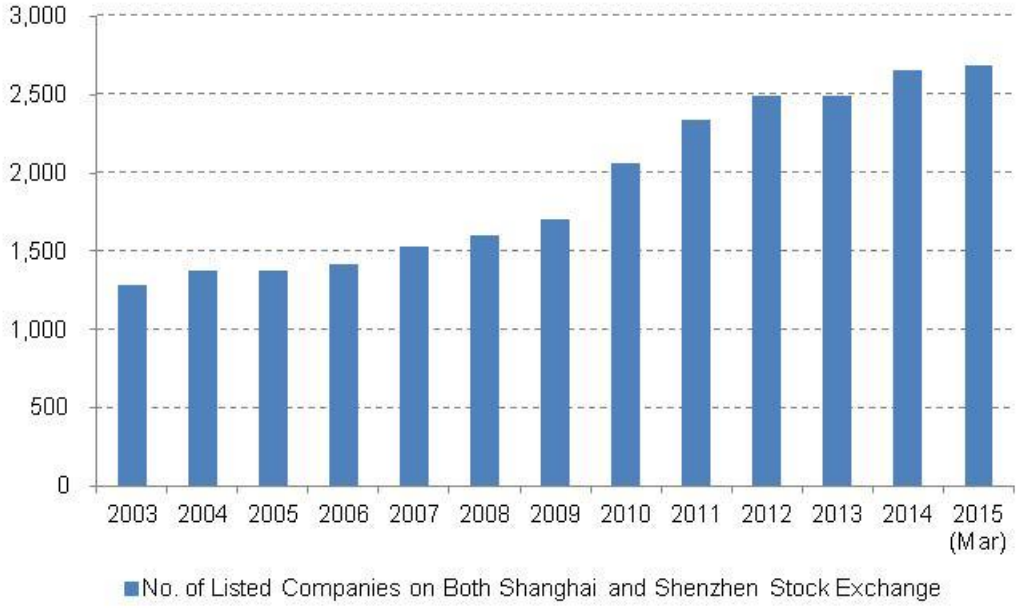
Total market capitalisation of A Shares of both Shanghai Stock Exchange and Shenzhen Stock Exchange

Data source: Bloomberg as of 14 April 2015

Annual trading volumes (turnover) of A Shares of both Shanghai Stock Exchange and Shenzhen Stock Exchange

Data source: Bloomberg as of 31 March 2015

Number of listed companies on the Shanghai and Shenzhen Stock Exchanges (2003 to March 2015)



Data source: Shanghai Stock Exchange and Shenzhen Stock Exchange, as of 31 March 2015

Differences with the Hong Kong market

The major differences between the A-Share market and the Hong Kong market are set out in the table below:

	PRC	**Hong Kong**
Key indexes	SHCOMP / CSI 300 / SZCOMP	HSI / HSCEI
Trading band limits	10% / 5% (for ST/S stocks)*	No Limit
Trading lots	100 shares for BUY / 1 share for SELL**	Each stock has its own individual board lot size (an online broker will usually display this along with the stock price when you get a quote); purchases in amounts which are not multiples of the board lot size are done in a separate "odd lot market".
Trading hours	pre-open: 0915-0925 morning session: 0930-1130 afternoon session: 1300-1500 (1457-1500 is closing auction for the Shenzhen Stock Exchange)	pre-open order input: 0900-0915 pre-order matching 0915-0920 order matching: 0920-0928 morning session: 0930-1200 afternoon session: 1300-1600
Settlement	T+1	T+2
Earnings reporting requirements	Annual report: • Full annual report must be disclosed within 4 months after the reporting period.	Annual report: • Earnings must be disclosed within 3 months after the reporting period;

	Interim report: • Full report must be disclosed within 2 months after the reporting period. Quarterly report: • Full report must be disclosed within 1 month after the reporting period. The first quarterly report cannot be disclosed before last year's annual report.	• Full annual report must be disclosed within 4 months after the reporting period. Interim report: • Earnings must be disclosed within 2 months after the reporting period; • Full report must be disclosed within 3 months after the reporting period.

Note:

** 1) ST stocks refer to special treatment stocks, which means special treatment for companies with financial problems (consecutive 2 fiscal years loss or audited net assets per share less than par value in the most recent fiscal year), effective from 22 April 1998. Stocks with ST usually means they have a delisting risk.*

2) S stocks refer to those stocks which have not yet performed the "split share structure reform".

*** Purchasing in an odd lot is not allowed while selling in an odd lot is allowed in the A-Share market, with no price difference between odd lot and round lot trading.*

Creation

Dealings in the Units on the SEHK commenced on 12 October 2012.

The current Dealing Deadline is 11:00 a.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK or the Shanghai Stock Exchange and the Shenzhen Stock Exchange are reduced.

All Creation Applications must be made in cash (in RMB only). Units which are created must be deposited in CCASS as RMB counter Units (i.e. tradeable in RMB only) initially. Settlement in cash for subscribing Units is due at the time specified in the Operating Guidelines on the relevant Dealing Day in accordance with the Operating Guidelines.

The attention of investors is drawn to the section entitled "The Offering Phases" in Part 1 of this Prospectus.

RMB payment procedures

Investors may, unless otherwise agreed by the relevant Participating Dealer, apply for Units deposited in the RMB counter through Participating Dealers only if they have sufficient RMB to pay the application monies and the related fees. Investors should note that RMB is the only official currency of the PRC. While both onshore RMB ("CNY") and offshore RMB ("CNH") are the same currency, they are traded in different and separated markets. Since the two RMB markets operate independently where the flow between them is highly restricted, CNY and CNH are traded at different rates and their movement may not be in the same direction. Although there is a significant amount of RMB held offshore (i.e. outside the PRC), CNH cannot be freely remitted into the PRC and is subject to certain restrictions, and vice versa. As such whilst CNH and CNY are both the same currency, certain special restrictions do apply to RMB outside the PRC. The liquidity and trading price of the Sub-Fund may be adversely affected by the limited availability of, and restrictions applicable to, RMB outside the PRC.

Application monies from Participating Dealers to the Sub-Fund will be paid in RMB only. Accordingly a Participating Dealer may require you (as its client) to pay RMB to it. Payment details will be set out in the relevant Participating Dealer's documentation such as the application form for its clients. As such, you may need to have opened a bank account (for settlement) and a securities dealing account if a Participating Dealer is to subscribe for Units deposited in the RMB counter on your behalf as you will need to have accumulated sufficient RMB to pay at least the aggregate Issue Price and related costs, to the Participating Dealer or if an application to the Participating Dealer is not successful or is successful only in part, the whole or appropriate portion of the monies paid will need to be returned to you by the Participating Dealer by crediting such amount into your RMB bank account. Similarly, if you wish to buy and sell Units in the secondary market on the SEHK, you may need to open a securities dealing account with your broker. You will need to check with the relevant Participating Dealer and/or your broker for payment details and account procedures.

If any investors wish to buy or sell Units on the secondary market, they should contact their brokers and they are reminded to confirm with their brokers in respect of Units traded in RMB their brokers' readiness for dealing and/or clearing transactions in RMB securities and to check other relevant information published by the SEHK regarding readiness of its participants for dealing in RMB securities from time to time. CCASS Investor Participants who wish to settle the payment in relation to their trades in the Units traded in RMB using their CCASS Investor Participant account or receive distributions in RMB should make sure that they have set up an RMB designated bank account with CCASS.

Investors intending to purchase Units traded in RMB from the secondary market should consult their stockbrokers as to the RMB funding requirement and settlement method for such purchase. Investors may need to open and maintain securities dealing accounts with the stockbroker first before any dealing in Units traded in either HKD or RMB can be effected.

Investors should ensure they have sufficient RMB to settle trades of Units traded in RMB. Investors should consult the banks for the account opening procedures as well as terms and conditions of the RMB bank account. Some banks may impose restrictions on their RMB cheque account and fund transfers to third party accounts. For non-bank financial institutions (e.g. brokers), however, such restriction will not be applicable and investors should consult their brokers as to the currency exchange service arrangement, if required.

The transaction costs of dealings in the Units on the SEHK include the SEHK trading fee, SFC transaction levy and AFRC transaction levy. All these secondary trading related fees and charges will be collected in HKD and, in respect of Units traded in RMB, calculated based on an exchange rate as determined by the Hong Kong Monetary Authority on the date of the trade which will be published on HKEx's website by 11:00 a.m. or earlier on each trading day.

Investors should consult their own brokers or custodians as to how and in what currency the trading related fees and charges and brokerage commission should be paid by the investors.

Where payment in RMB is to be made by cheque investors are advised to consult the bank at which their respective RMB bank accounts are opened in advance whether there are any specific requirements in relation to the issue of RMB cheques. In particular, investors should note that some banks have imposed an internal limit (usually RMB80,000) on the balance of RMB cheque account of their clients or the amount of cheques that their clients can issue in a day and such limit may affect an investor's arrangement of funding for an application (through a Participating Dealer) for creation of Units.

When an individual investor opens an RMB bank account or settle RMB payments, he or she will be subject to a number of restrictions, including the daily maximum remittance amount to the PRC of RMB80,000, and a remittance service is only available to an RMB deposit account-holder who remits from his or her RMB deposit account to the PRC and provided that the account name of the account in the PRC is identical with that of the RMB bank account with the bank in Hong Kong.

Please also refer to the RMB related risk factors in the section on "Risk factors specific to the Sub-Fund" below for further details.

Exchange Listing and Trading (Secondary Market)

General

Units are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on one or more other stock exchanges. Investors attention is drawn to the section entitled "Exchange Listing and Trading (Secondary Market)" in Part 1 of this Prospectus for further information.

Dealings on the SEHK in RMB traded Units commenced on 12 October 2012. Both RMB and HKD traded Units are traded on the SEHK in board lots of 100 Units.

Renminbi Equity Trading Support Facility

The Renminbi Equity Trading Support Facility (the "TSF") was launched on 24 October 2011 by HKEx to provide a facility to enable investors who wish to buy RMB-traded shares (RMB shares) in the secondary market with Hong Kong dollars if they do not have sufficient RMB or have difficulty in obtaining RMB from other channels. With effect from 6 August 2012, the coverage of TSF was extended and the Sub-Fund is eligible for the TSF. As such the TSF is currently available to investors who wish to invest in the Sub-Fund by purchasing Units trading in RMB on the SEHK. Investors should consult their financial advisers if they have any questions concerning the TSF. More information with regard to the TSF is available on HKEx's website www.hkex.com.hk/eng/market/sec_tradinfra/TSF/TSF.htm.

Dual Counter

The Manager has arranged for the Units to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Units are denominated in RMB. Despite the Dual Counter arrangement, the creation and redemption of new Units in the primary market are in RMB only. The Sub-Fund offers two trading counters on the SEHK (i.e. RMB counter and HKD counter) to investors for secondary trading purposes. Units traded in RMB counter are settled in RMB and Units traded in HKD counter are settled in HKD. Apart from settlement in different currencies, the trading prices of Units in the two counters may be different as the RMB counter and HKD counter are two distinct and separate markets.

Units traded on both counters are of the same class and all Unitholders of both counters are treated equally. The two counters have different stock codes, different stock short names and different ISIN numbers as follows: RMB counter and traded Units have a SEHK stock code 83118 and a short name "HGI MSCI CN A-R" whilst the HKD counter and traded Units have a SEHK stock code 03118 and a short name "HGI MSCI CN A". The ISIN number for RMB counter and traded Units is HK0000111283 and the ISIN for HKD counter and traded Units is HK0000125598.

Normally, investors can buy and sell Units traded in the same counter or alternatively buy in one counter and sell in the other counter provided their brokers provide both HKD and RMB trading services at the same time and offer inter-counter transfer services to support Dual Counter trading. Inter-counter buy and sell is permissible even if the trades take places within the same trading day. However, investors should note that the trading price of Units traded in the RMB counter and that of HKD counter may be different and may not always maintain a close relationship depending on factors such as market demand and supply and liquidity in each counter.

More information with regard to the Dual Counter is available in the frequently asked questions in respect of the Dual Counter published on HKEx's website www.hkex.com.hk/eng/prod/secprod/etf/dc.htm.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factor above entitled "Dual Counter risks".

Redemptions

Both RMB traded Units and HKD traded Units can be redeemed directly (through a Participating Dealer). However, redemption proceeds shall be paid in RMB only.

Distribution policy

The Manager intends to declare and distribute income to Unitholders at least annually (in October each year) having regard to the Sub-Fund's net income after fees and costs. The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in RMB only. Distribution will not be paid out of capital or effectively out of capital.

Each Unitholder will receive distributions in RMB (whether holding RMB traded Units or HKD traded Units).

Distribution payment rates in respect of Units will depend on factors beyond the control of the Manager or Trustee including, general economic conditions, and the financial position and dividend or distribution policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

Fees and expenses

Manager's fee

The Manager is entitled to receive a management fee of up to 2.00% per year of the Net Asset Value of the Sub-Fund. The current management fee in respect of the Sub-Fund is 0.49% and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears. This fee is payable out of the Trust Fund.

Trustee's and Registrar's fee

The Trustee receives out of the assets of the Sub-Fund a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day at 0.10% per annum of the Net Asset Value of the Sub-Fund. In addition, the Trustee receives out of the assets of the Sub-Fund an additional USD4,000 per annum. For the avoidance of doubt, the total rate of trustee's fee per annum shall not exceed 2.00% of the Net Asset Value of the Sub-Fund. The Registrar is entitled to a registrar fee of RMB120 per Participating Dealer per transaction for updating of the register record of the Sub-Fund and an administrative transaction fee of RMB25,000 per Participating Dealer per transaction for handling any cash creation and redemption of Units of the Sub-Fund.

The Custodian's fees (and those of the PRC Custodian) are paid by the Trustee and are not borne by the Sub-Fund.

The Index

This section is a brief overview of the Index. It contains a summary of the principal features of the Index and is not a complete description of the Index. As of the date of this Prospectus, the summary of the Index in this section is accurate and consistent with the complete description of the Index. Complete information on the Index appears in the website identified below. Such information may change from time to time and details of the changes will appear on that website.

General

The Index is a free float adjusted market capitalisation weighted index that is compiled and published by MSCI Inc. ("MSCI" or the "Index Provider"), which is designed to represent the

performance of the A-Shares portion of the Index Provider's MSCI China All Shares Index[9] which are accessible through the Stock Connect. The Index is designed for global investors accessing the A-Shares market through the Stock Connect. The Index was launched on 1 March 2018 and had a base level of 1,000 on 25 November 2008.

The Index is constructed by deriving the constituents from the Index Provider's MSCI China All Shares Indexes by first selecting the A-Shares and then filtering out the A-Shares that are not accessible through the Stock Connect. As of 29 March 2024, the Index had a free float adjusted market capitalisation of approximately RMB11,154.66 billion and 519 constituents.

The Manager (and its Connected Persons) is independent of the Index Provider. Please see below for the Index disclaimer.

Defining the investable equity universe

The eligible equity universe is defined as all A-Shares listed on the Shanghai and Shenzhen Stock Exchanges. In general, all listed equity securities, or listed securities that exhibit characteristics of equity securities, except investment trusts, mutual funds and equity derivatives, are eligible for inclusion in the universe. There is no limit to the maximum number of constituents, nor capping of a single constituent.

Securities with a "ST", "*ST" or "PT" status are excluded. These are shares of companies that have received delisting warning from the Shenzhen or Shanghai Stock Exchanges due to abnormal financial conditions and are not eligible for inclusion in the market investable equity universe of the Index.

"ST" refers to special treatment, "*ST" refers to companies that have received delisting warnings from the Shenzhen or Shanghai Stock Exchanges and "PT" refers to particular treatment. A company with a "ST/ *ST/PT" status is typically associated with abnormal financial conditions or regulatory investigations. In addition, they are typically traded with a 5% up down limit as opposed to the normal 10% for normal stocks.

To ensure investability and replicability of the Index, an investable equity universe is derived by applying investability screens to eligible individual companies and securities in the eligible equity universe. The investability screens used to determine the investable equity universe of the Index are as follows:

- equity universe minimum size requirement
- equity universe minimum float-adjusted market capitalisation requirement
- liquidity requirement
- global minimum foreign inclusion factor requirement
- length of trading requirement
- minimum foreign room requirement

(i) Equity universe minimum size requirement

The equity universe minimum size requirement is an investability screen applied at the company level. In order to be included in a market investable equity universe, a company must have the required minimum full market capitalisation. This minimum full market capitalisation is referred to

[9] The MSCI China All Shares Indexes are built on the basis of the integrated China Equity Universe, including A-Shares. The MSCI China All Shares Indexes are designed to represent the opportunity set of China share classes. It will be used as a basis for the construction of the MSCI China Indexes, included in emerging markets, subject to additional screening and inclusion factor, as well as the MSCI China A Indexes (which includes the New Index), which reflect only securities available through the Stock Connect.

as the equity universe minimum size requirement.

The equity universe minimum size requirement applies to companies in all markets, whether developed or emerging, and is derived as follows:

(a) First, the companies in the developed market ("DM") equity universe are sorted in descending order of full market capitalisation and the cumulative coverage of the free float-adjusted market capitalisation of the DM equity universe is calculated at each company. Each company's free float-adjusted market capitalisation is represented by the aggregation of the free float-adjusted market capitalisation of the securities of that company in the equity universe.

(b) Second, when the cumulative free float-adjusted market capitalisation coverage of 99% of the sorted DM equity universe is achieved, the full market capitalisation of the company at that point defines the equity universe minimum size requirement.

(c) The rank of this company by descending order of full market capitalisation within the DM equity universe is noted, and will be used in determining the equity universe minimum size requirement at the next rebalance.

This equity universe minimum size requirement is then applied to the construction of the Index. For the November 2019 semi-annual Index review, the equity universe minimum size requirement is RMB 1,668 million. The equity universe minimum size requirement is reviewed and, if necessary revised, at semi-annual Index reviews ("SAIRs").

(ii) Equity universe minimum float-adjusted market capitalisation requirement

The equity universe minimum float-adjusted market capitalisation requirement, unlike the equity universe minimum size requirement which is applied at the company level, is an investability screen which is applied at the individual security level.

To be eligible for inclusion in a market investable equity universe, a security must have a free float-adjusted market capitalisation equal to or higher than 50% of the equity universe minimum size requirement.

(iii) Liquidity requirement

This investability screen is applied at the individual security level. To be eligible for inclusion in the a market investable equity universe, a security must have at least one eligible listing that meets the minimum liquidity requirement defined below, measured by:

(a) 12-month and 3-month Annual Traded Value Ratio ("ATVR");

(b) 3-month frequency of trading.

The ATVR of each security is calculated in a 3-step process:

- First, monthly median traded values are computed using the median daily traded value, multiplied by the number of days in the month that the security traded. The daily traded value of a security is equal to the number of shares traded during the day, multiplied by the closing price of that security. The median daily traded value is the median of the daily traded values in a given month.

- Second, the monthly median traded value of a security is divided by its free float-adjusted security market capitalization at the end of the month for each month, giving the monthly median traded value ratio.

- Finally, the 12-month ATVR is obtained by taking the average of the monthly median traded value ratios of the previous 12 months – or the number of months for which this

data is available (previous 6 months, 3 months or 1 month) – and annualizing it by multiplying it by 12. The 3-month ATVR is obtained by taking the average of the monthly median traded value ratios of the previous 3 months – or 1 month if 3 months of data are not available – and annualizing it by multiplying it by 12.

The 3-month frequency of trading is determined by dividing the number of days a security traded during a 3-month period by the maximum possible number of trading days within this period. If 3 months of data are not available, 1 month of data is used for the calculation of 3-month frequency of trading.

The ATVR mitigates the impact of extreme daily trading volumes and takes into account the free float-adjusted market capitalisation of securities. The aim of the 12-month and 3-month ATVR together with 3-month frequency of trading is to select securities with a sound long and short-term liquidity.

A minimum liquidity level of 15% of 3-month ATVR and 80% of 3-month frequency of trading over the last 4 consecutive quarters, as well as 15% of 12-month ATVR are required for the inclusion of a security in a market investable equity universe of an emerging market.

In addition to the ATVR and frequency of trading requirements, securities in the MSCI China equity universe will not be eligible for inclusion in the Market Investable Equity Universe if the securities:

- are suspended on the price cut-off date (any one of the last 10 business days of April for SAIRs in May and that of October for SAIRs in November respectively; any one of the last 10 business days of January for quarterly Index reviews ("QIRs") in February and that of July for the August QIRs respectively) of the relevant Index review

- have been suspended for 50 consecutive days or more in the past 12 months

(iv) Global minimum foreign inclusion factor requirement

This investability screen is applied at the individual security level.

To be eligible for inclusion in a market investable equity universe, a security's foreign inclusion factor ("FIF") must reach a certain threshold. The FIF of a security is defined as the proportion of shares outstanding that is available for purchase in the public equity markets by international investors. This proportion accounts for the available free float of and/or the foreign ownership limits applicable to a specific security (or company).

In general, a security must have a FIF equal to or larger than 0.15 to be eligible for inclusion in a market investable equity universe. This rule is referred to as the global minimum foreign inclusion factor requirement.

Exceptions to this general rule are made only in the limited cases where the exclusion of securities of a very large company would compromise the Index's ability to fully and fairly represent the characteristics of the underlying market.

(v) Length of trading

The length of trading requirement is the minimum period an individual security must have been trading to be a part of a market investable equity universe. It applies only to small new issues. Large initial public offers ("IPOs") are not subject to this requirement.

For an IPO to be eligible for inclusion in a market investable equity universe, the new issue must have started trading at least 3 months before the implementation of a SAIR. This rule is referred to as the Minimum Length of Trading Requirement. This requirement is applicable to small new issues in all markets. Large IPOs are not subject to the Minimum Length of Trading Requirement and may be included in a market investable equity universe and the Index outside of a QIR or SAIR. IPOs of

China A shares will only be reviewed for addition to the MSCI China Index at subsequent Index reviews in order to assess the Stock Connect eligibility of the security.

(vi) Minimum foreign room requirement

This investability screen is applied at the individual security level.

For a security that is subject to a foreign ownership limit to be eligible for inclusion in a market investable equity universe, the proportion of shares still available to foreign investors relative to the maximum allowed (referred to as "foreign room") must be at least 15%.

For more information on the adjustment applied to securities within the market investable equity universe that have foreign room less than 25%.

Maintaining the Index

The Index is maintained with the objective of reflecting the evolution of the underlying equity markets and segments on a timely basis, while seeking to achieve Index continuity, continuous investability of constituents and replicability of the Index, and index stability and low index turnover.

In particular, Index maintenance involves:

(a) SAIRs in May and November:
- Updating the index on the basis of a fully refreshed equity universe.
- Taking buffer rules into consideration for migration of securities across size and style segments.
- Updating Domestic Inclusion Factors ("DIFs") and Number of Shares ("NOS").

(b) QIRs in February and August:
- Including significant new eligible securities (such as IPOs which were not eligible for earlier inclusion) in the Index.
- Allowing for significant moves of companies within the size-segment indices, using wider buffers than in the SAIR.
- Reflecting the impact of significant market events on DIFs and updating NOS.

(c) Ongoing event-related changes. Changes of this type are generally implemented in the index as they occur. Significantly large IPOs are included in the Index after the close of the company's tenth day of trading.

Index licence agreement

The Manager has entered into a schedule to the licence agreement with MSCI dated 19 April 2012, for the use of Index by the Sub-Fund. The effective date of the schedule to the licence agreement is 27 November 2019 and it shall remain in full force until 19 April 2020. Upon the expiration of the initial term, the licence agreement shall renew automatically for successive terms of 1 year, subject to the terms of the licence agreement.

Index constituents and further information

The constituent stocks of the Index may be updated by the Index Provider from time to time.

The Index (which is maintained by the Index Provider) is calculated and disseminated in RMB and is available in real time through Reuters (MICHA0000NCY) and Bloomberg (NY718708). The end of day Index is available on Reuters, Bloomberg and the website https://www.msci.com. The complete list of the constituent stocks of the Index and their respective weightings are available on the website https://www.msci.com/constituents. Important news about the Index is available on the website https://www.msci.com/index-announcements. The index methodology is available on https://www.msci.com/index-methodology.

Further information in relation to the Sub-Fund (including its last Net Asset Value) is available at the Sub-Fund's website (http://etf.harvestglobal.com.hk) (the contents of which have not been reviewed by the SFC). Investors should refer to "Information available on the Internet" on page 65 for more details. Unitholders are encouraged to refer to the information available on the relevant websites on a regular basis.

Index disclaimer

The Sub-Fund is not sponsored, endorsed, sold or promoted by MSCI, any of its affiliates, or any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI Index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by the Manager. None of the MSCI parties makes any representation or warranty, express or implied, to the issuer or owners of the Sub-Fund or any other person or entity regarding the advisability of investing in funds generally or in the Sub-Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indices which are determined, composed and calculated by MSCI without regard to the Sub-Fund or the issuer or owners of the Sub-Fund or any other person or entity. None of the MSCI parties has any obligation to take the needs of the issuer or owners of the Sub-Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indices. None of the MSCI parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Sub-Fund to be issued or in the determination or calculation of the equation by or the consideration into which the Sub-Fund are redeemable. Further, none of the MSCI parties has any obligation or liability to the issuer or owners of the Sub-Fund or any other person or entity in connection with the administration, marketing or offering of the Sub-Fund.

Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Sub-Fund, owners of the Sub-Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI parties makes any express or implied warranties of any kind, and the MSCI parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contact MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.

Hong Kong Stamp duty

Transfers of Units (both RMB traded and HKD traded Units) do not attract stamp duty and no stamp duty is payable by Unitholders on any transfer.

PRC Taxation

The following summary of PRC taxation is of a general nature, for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Units. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all

categories of investors. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Units both under the laws and practice of PRC and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in PRC at the date of this Appendix. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Appendix. Furthermore, tax laws can be subject to different interpretations and no assurance can be given that relevant tax authorities will not take a contrary position to the tax treatments described below.

By investing in China A-Shares via QFII/RQFII and Stock Connect, the Sub-Fund may be subject to PRC taxes.

Corporate Income Tax ("CIT"):

If the Trust or the Sub-Fund is considered as a tax resident enterprise of the PRC, it will be subject to PRC CIT at 25% on its worldwide taxable income. If the Trust or the Sub-Fund is considered as a non-tax resident enterprise with an establishment or place of business ("PE") in the PRC, the profits attributable to that PE would be subject to CIT at 25%.

The Manager and the Trustee intend to manage and operate the Trust and the Sub-Fund in such a manner that the Trust and the Sub-Fund should not be treated as tax resident enterprises of the PRC or non-tax resident enterprises with a PE in the PRC for CIT purposes, although this cannot be guaranteed.

(a) Interest income

Unless a specific exemption or reduction is available, for recipients that are non-tax resident enterprises without PE in the PRC, a withholding income tax ("WIT") WIT is levied on the payment of interests (including deposit interest) by PRC tax residents. The general rate applicable is 10% and the entity distributing such interest is required to withhold WIT.

Under the Arrangement between Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (the "China-HK Arrangement"), the WIT charged on interests received by the non-resident holders of debt instruments (including enterprises and individuals) can be reduced to 7% of the gross amount of the interests, if Hong Kong tax residents are the beneficial owners under the China-HK Arrangement and other relevant conditions are satisfied. In practice, due to practical difficulties in demonstrating the Sub-Fund is the beneficial owner of the interest income received, the Sub-Fund is generally not entitled to the reduced WIT rate of 7%. In general, the prevailing WIT rate of 10% will be applicable to the Sub-Fund.

(b) Dividend income

Unless a specific exemption or reduction is available under current CIT law and regulations or relevant tax treaties, dividends derived from investment in the PRC securities by a non-tax resident without PE in the PRC are subject to PRC WIT and the general WIT rate applicable is 10%. The entity distributing such dividend is required to withhold such tax on behalf of the recipients. The Sub-Fund is subject to WIT at 10% on dividends received from China A-Shares traded via QFII/RQFII and the Stock Connect.

(c) Capital gains

Stock Connect

Pursuant to Caishui [2014] No. 81 ("Circular 81), jointly promulgated by the Ministry of Finance (the "MOF"), the State Taxation Administration (the "STA") and the China Securities Regulatory Commission (the "CSRC") on 31 October 2014, PRC CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Sub-Fund) on the trading of A-Shares through the Stock Connect from 17 November 2014 onwards. Based on Circular 81, no

provision for gross realised or unrealised capital gains derived from trading of A-Shares via Stock Connect is made by the Manager on behalf of the Sub-Fund.

QFII/RQFII

Caishui [2014] No.79 ("Circular 79), jointly promulgated by the MOF, the SAT and the CSRC on 31 October 2014, states that (i) PRC corporate income tax will be imposed on capital gains derived by QFII/RQFII from the transfer of PRC equity investment assets (including A-Shares) realised prior to 17 November 2014 in accordance with laws; and (ii) QFII/RQFII, which do not have an establishment or place of business in the PRC or have an establishment or place in the PRC but the income so derived in China is not effectively connected with such establishment, will be temporarily exempt from corporate income tax on gains derived from the transfer of PRC equity investment assets (including A-Shares) effective from 17 November 2014.

Pursuant to the Circular No. 79, the Manager, having taken and considered independent professional tax advice, has determined not to make WIT provision for gross realised or unrealised capital gains derived from trading of A-Shares via QFII/RQFII from 17 November 2014 onwards.

It is noted that Circular 79 and Circular 81 both state that the corporate income tax exemption effective from 17 November 2014 is temporary. As such, as and when the PRC authorities announce the expiry date of the exemption, the Sub-Fund may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the NAV of the Sub-Fund.

The PRC tax rules and practices in relation to QFII/RQFII and the Stock Connect maybe subject to change. It should also be noted that the prevailing PRC tax regulations specified that the tax exemption on capital gains derived from the trading of A-Shares from 17 November 2014 onwards is temporary. There is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. There are also risks and uncertainties associated with the current PRC tax laws, regulations and practice. If no provision is made by the Manager in relation to all or part of the actual tax levied by the SAT in future, investors should note that the Net Asset Value of the Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional amount of 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 those borne before the actual tax liabilities are levied.

Please refer to the risk factor "PRC withholding taxation risk" for further information in this regard.

Value Added Tax ("VAT") and other surtaxes

The MOF and STA issued the "Notice on the Comprehensive Roll-out of the B2V Transformation Pilot Program (the "B2V Pilot Program") Caishui [2016] No. 36 (the "Notice 36") on 23 March 2016 announcing that the B2V Pilot Program will be rolled out to cover all the remaining industries of the program, including financial services. The Notice 36 has taken effect from 1 May 2016, unless otherwise stipulated therein.

Notice 36 provides that VAT at 6% shall be levied on the difference between the selling and buying prices of those marketable securities, e.g. China A-Shares.

Under Notice 36 and Caishui [2016] No. 70, gains realised by QFII/RQFII from trading of PRC marketable securities are exempt from VAT. Pursuant to Notice 36 and Caishui [2016] No. 127, foreign investors which derive capital gains from trading of A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect also exempt from VAT. In addition, deposit interest income is exempt from VAT.

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

If VAT is applicable, there are also other surtaxes (which include Urban Maintenance and Construction Tax, Educational Surcharge and Local Educational Surcharge) that would amount to as high as 12% of VAT payable.

Stamp duty

Stamp duty under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on Stamp Duty. Stamp duty is levied on the execution or receipt in China of certain documents, including contracts for the sale of China A-Shares traded on the PRC stock exchanges. In the case of contracts for sale of China A- and Shares, such stamp duty is currently imposed on the seller but not on the purchaser, at the rate of 0.1%.

General

There is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. As such, any provision for taxation made by the Manager may be excessive or inadequate to meet final PRC tax liabilities. Consequently, Unitholders may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and adjust the withholding policy of the Sub-Fund accordingly, taking into account independent professional tax advice.

If the actual applicable tax amount levied by the 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 may suffer more than the tax provision amount as the Sub-Fund will ultimately have to bear the additional tax liabilities. In this case, the additional tax liabilities will only impact Units in issue at the relevant time, and the then existing and new Unitholders will be disadvantaged as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities compared to that borne at the time of investment in the Sub-Fund. On the other hand, if the actual applicable tax amount levied by the PRC tax authorities is lower than that provided for by the Manager so that there is an excess in the tax provision amount, Unitholders who have redeemed their Units before the actual tax liabilities are determined will be disadvantaged as they would have borne the loss from the Manager's overprovision. In this case, the then existing and new Unitholders may benefit if the difference between the tax provision and the actual taxation liability under that lower tax rate can be returned to the account of the Sub-Fund as assets thereof. Notwithstanding the above provisions, Unitholders who have already redeemed their Units in the Sub-Fund before the return of any overprovision to the account of the Sub-Fund will not be entitled or have any right to claim any part of such overprovision.

Unitholders should seek their own tax advice on their tax position with regard to their investment in the Sub-Fund.

Appendix dated 30 April 2024