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 professional financial advice.

# Harvest Funds Series (Hong Kong) ETF OFC

*(a Hong Kong public umbrella open-ended fund company with variable capital, limited liability and segregated liability between sub-funds and authorised under section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO"))*

# PROSPECTUS

***Manager***

## Harvest Global Investments Limited

***Investment Adviser***

## China Renaissance Securities (Hong Kong) Limited

**29 February 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 Company has been registered with the SFC as an open-ended fund company. The Company and each Sub-Fund have each been authorised as collective investment schemes by the SFC. Registration with and authorisation by the SFC do not represent a recommendation or endorsement of the Company or any of the Sub-Fund(s) nor do they guarantee the commercial merits of the Company, any of the Sub-Fund(s) or their performance. They do not mean the Company or the Sub-Fund(s) is suitable for all investors nor do they represent an endorsement of their suitability for any particular investor or class of investors.

IMPORTANT – while section 112S of the SFO provides for segregated liability between sub-funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to section 112S of the SFO.

# IMPORTANT INFORMATION

This Prospectus relates to the offer in Hong Kong of shares (the "Shares") in the Harvest Funds Series (Hong Kong) ETF OFC (the "Company") and its sub-fund(s). The Company is a public umbrella open-ended fund company incorporated in Hong Kong on 3 August 2022 with variable capital and limited liability. The Company can have a number of sub-funds (the "Sub-Funds" or individually a "Sub-Fund") with segregated liability among the Sub-Funds. Harvest Global Investments Limited (the "Manager") has been appointed as the management company of the Company and each Sub-Fund. The HSBC Institutional Trust Services (Asia) Limited has been appointed as the custodian of the Company and each Sub-Fund.

The information contained in this Prospectus has been prepared to assist potential investors in making an informed decision in relation to investing in a Sub-Fund. It contains important facts about each Sub-Fund whose Shares are offered in accordance with this Prospectus. A product key facts statement which contains the key features and risks of each Sub-Fund is also issued by the Manager and such product key facts statements 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 the Product Key Facts Statement of each Sub-Fund and confirms having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Prospectus or any Product Key Facts 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 "UT Code"), the *Code on Open Ended Fund Companies* 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 Shares in each Sub-Fund.

Each Sub-Fund is a fund falling within Chapter 8.6 or Chapter 8.10 of the UT Code. Certain Sub-Fund(s) may also be subject to additional Chapters of the UT Code. The Company has been registered with the SFC as an open-ended fund company under Section 112D of the SFO. The Company and each Sub-Fund are authorised by the SFC in Hong Kong under Section 104 of the SFO. The SFC takes no responsibility for the financial soundness of the Company, any Sub-Fund or for the correctness of any statements made or opinions expressed in this Prospectus. Registration with and authorisation by the SFC do not represent a recommendation or endorsement of the Company or any of the Sub-Funds nor do they guarantee the commercial merits of a scheme or its performance. They do not mean the Company or the Sub-Funds are suitable for all investors nor do they represent an endorsement of their 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 Shares as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable and to determine whether any investment in a Sub-Fund is appropriate for you.

Dealings in the Shares of Harvest China Sustainable Lifestyle Tech Active ETF have already commenced on the SEHK. The Shares of Harvest China Sustainable Lifestyle Tech Active ETF have been accepted as eligible securities by HKSCC for deposit, clearing and settlement in CCASS. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

No action has been taken to permit an offering of Shares 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 Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") or any other United States Federal or State law and, except in a transaction which does not violate the 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 Securities Act). The Company and each Sub-Fund have not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended. Shares 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 United States 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 (iv) 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 Shares will not constitute a violation under ERISA, Section 4975 of the Internal Revenue Code and any applicable Similar Law.

The Shares cannot be offered or sold, directly or indirectly, in the United States of America (including its territories and possessions), to or for the benefit of a "US Person" (see below).

The Manager may impose restrictions on any Shareholders who is a "US Person" and operate the (i) compulsory redemption of Shares or (ii) transfer of Shares held by such "US Person" in accordance with the provisions of the Instrument.

Such power covers any person (a) who appears to be directly or indirectly in breach of the laws or regulations of any country or governmental authority, or (b) in the opinion of the Manager, might result in a Sub-Fund suffering any disadvantage which such Sub-Fund might not otherwise have incurred or suffered.

For the purpose of the offering of Shares, "US Person" includes those "US Persons", as defined in the U.S. "Regulation S" adopted by the Securities and Exchange Commission (the "SEC"), such as: (a) any natural person resident in the U.S.; (b) any partnership or corporation organised or incorporated under the laws of the U.S.; (c) any estate of which any executor or administrator is a US Person; (d) any trust of which any trustee is a US Person; (e) any agency or branch of a non-U.S. entity located in the U.S.; (f) any non-discretionary or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the U.S.; (h) any partnership or corporation if (1) organised or incorporated under the laws of any non-U.S. jurisdiction and (2) formed by a US Person principally for the purpose of investing in securities not registered under the Securities Act unless it is organised or incorporated, and owned, by accredited investors (as defined under Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts, as well as; (i) any other person or entity classified by the Manager as a "US Person" due to such person or entity being subject to certain investment restrictions and/or restrictions relating to the direct or indirect holding of Shares as may be mandated under applicable U.S. laws and regulations (including any U.S. governmental orders or sanctions).

Furthermore, distribution of this Prospectus shall not be permitted unless it is accompanied by a copy of the latest product key facts statement of the Sub-Fund(s) and the latest annual financial statement of the Sub-Fund(s) (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 Company's website (http://etf.harvestglobal.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 Company (including the Sub-Fund(s)) by contacting the Manager at its address as set out in the Directory of this Prospectus or calling the Manager +852 3913 3393 during normal office hours.

## DIRECTORY

*Directors*
**HAN Tongli**
**SHU Chuying Kevin**

*Company*
**Harvest Funds Series (Hong Kong) ETF OFC**
31/F, One Exchange Square
8 Connaught Place Central
Hong Kong

*Manager and QFII/RQFII Holder*
**Harvest Global Investments Limited**
31/F, One Exchange Square
8 Connaught Place Central
Hong Kong

*Investment Adviser*
**China Renaissance Securities (Hong Kong) Limited**
Units 8107-08, Level 81
International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

*Custodian*
**HSBC Institutional Trust Services (Asia) 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

*Administrator and Registrar*
**The Hongkong and Shanghai Banking Corporation Limited**
1 Queen's Road Central
Hong Kong

*Auditor*
**PricewaterhouseCoopers**
22/F Prince's Building
Central
Hong Kong

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

*Market Makers*[#]
Please refer to the relevant Appendix of each Sub-Fund

*Legal Counsel to the Manager*
**Simmons & Simmons**
30/F, One Taikoo Place
979 King's Road
Hong Kong

*Conversion Agent or Service Agent*
**HK Conversion Agency Services Limited**
8th Floor, Two Exchange Square
8 Connaught Place
Central, Hong Kong

*Listing Agent*
**Altus Capital Limited**
21 Wing Wo Street
Central
Hong Kong

[#] *Please refer to the Company's website for the latest lists of Market Makers and Participating Dealers*

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## PART 1 – GENERAL INFORMATION RELATING TO THE COMPANY AND SUB-FUND(S)

Part 1 of this Prospectus includes information relevant to the Company and all Sub-Fund(s) established under the Company 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.*

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

"Administrator" means The Hongkong and Shanghai Banking Corporation Limited, or such other person or persons for the time being duly appointed as administrator hereof in succession thereto.

"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 Mainland China and listed on the SSE, the SZSE, or the BSE traded in RMB and available for investment by domestic investors and qualified foreign investors via 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 Shares in accordance with the procedures for creation and redemption of Shares set out in the Operating Guidelines, the relevant Participation Agreement and the terms of the Instrument.

"Application Share", in relation to each Sub-Fund, means such number of Shares or whole multiples thereof as specified in this Prospectus or such other number of Shares from time to time determined by the Manager, approved by the Custodian and notified by the Manager to the Participating Dealers.

"BSE" means the Beijing Stock Exchange.

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

"Cancellation Compensation" means an amount payable by a Participating Dealer for the account of a Sub-Fund in respect of a Default or a cancellation of Creation Application or Redemption Application in accordance with the Instrument, the Participation Agreement and/or 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 HKSCC.

"Company" means Harvest Funds Series (Hong Kong) ETF OFC.

"Connected Person" has the meaning as set out in the UT 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).

"Conversion Agency Agreement" means the agreement by which the Conversion Agent agrees with the Manager to provide its services entered amongst the Manager, the Conversion Agent and HKSCC.

"Conversion Agent" means HK Conversion Agency Services Limited or such other person as may from time to time be appointed to act as conversion agent in relation to a Sub-Fund.

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

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

"CSRC" means the China Securities Regulatory Commission.

"Custodian" means HSBC Institutional Trust Services (Asia) Limited unless otherwise specified in Part 2 of this Prospectus.

"Custodian Agreement" means the custodian agreement dated 29 August 2022 between the Company for itself and each Sub-Fund and the Custodian by which the Custodian is appointed.

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

"Dealing Deadline" means, in relation to any particular place and any particular Dealing Day, the time on each Dealing Day specified in the Appendix of a Sub-Fund or such other time or day as the Manager may from time to time determine in consultation with the Custodian.

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

(a) a Creation Application to deliver the requisite Securities and/or any relevant cash amount; or

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

"Deposited Property" means, in respect of a Sub-Fund, all the assets (including Income Property), received or receivable by the Company for the time being held or deemed to be held by the Company for the account of the relevant Sub-Fund but excluding (i) Income Property standing to the credit of the distribution account of such Sub-Fund (other than interest earned thereon), and (ii) any other amount for the time being standing to the credit of the distribution account of such Sub-Fund.

"Directors" means the directors of the Company for the time being or the directors of the Company present at a meeting of directors at which a quorum is present and includes any committee of the Directors duly constituted for the purposes relevant in the context in which any reference to the Directors appears or the members of such committee present at a meeting of such committee at which a quorum is present, and "Director" shall be construed accordingly.

"Dual Counter" means a Multi-Counter facility under which Shares of a Sub-Fund are traded in two eligible currencies.

"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 Shares 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 Shares or redemption of Shares, a charge (if any) of such amount or at such rate as is determined by the Manager to be made for the purpose of compensating or reimbursing the Sub-Fund for the difference between (a) the prices used when valuing the Securities in the Scheme Property for the purpose of such issue or redemption of Shares and (b) (in the case of an issue of Shares) the prices which would be used when acquiring the same Securities if they were acquired by the Sub-Fund with the amount of cash received by the Sub-Fund upon such issue of Shares and (in the case of a redemption of Shares) the prices which would be used when selling the same Securities if they were sold by the Sub-Fund in order to realise the amount of cash required to be paid out of the Sub-Fund upon such redemption of Shares. For the avoidance of doubt, when calculating subscription and redemption prices, duties and charges may include (if applicable) any provision for bid and ask spreads (to take into account the difference between the price at which assets were valued for the purpose of calculating the Net Asset Value and the estimated price at which such assets shall be bought as a result of a subscription or sold as a result of a redemption), but may not include (if applicable) any commission payable to agents on sales and purchases of the Shares or any commission, taxes, charges or costs which may have been taken into account in ascertaining the Net Asset Value of Shares.

"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 Instrument or any agreement between the Manager, the Custodian 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.

"ETF" means exchange traded fund.

"Extension Fee" means the fee payable to the Custodian on each occasion the Company, upon a Participating Dealer's request, grants the Participation Dealer an extended settlement in respect of a Creation Application or Redemption Application.

"FDIs" means financial derivative instruments.

"Fund Administration Agreement" means the agreement for the time being subsisting between the Company for and on behalf of the relevant Sub-Funds and The Hong Kong and Shanghai Banking Corporation Limited relating to the appointment and duties of the Administrator and Registrar of the relevant Sub-Fund.

"Government and other Public Securities" has the meaning as set out in the UT Code.

"H-Shares" means shares issued by companies incorporated in Mainland China and listed on the Hong Kong Stock Exchange and traded in Hong Kong Dollars.

"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 a Sub-Fund, (a) all interest, dividends and other sums deemed by the Manager, (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 Custodian 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 Company in respect of (a), (c) or (d) of this definition; (c) all cash payments received or receivable by the Custodian for the account of the relevant Sub-Fund in respect of an Application; (d) all Cancellation Compensation received by the Custodian for the account of the relevant Sub-Fund; and (e) any payments to be received or are receivable by the Company under any contractual agreements in the nature of investments for the benefit of the relevant Sub-Fund but excluding (i) other 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 Shareholders; (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 Company from the Income Property of the relevant Sub-Fund.

"Index" means, the index or benchmark, if any, against which an Index Tracking Sub-Fund may be benchmarked or may otherwise be referenced as set out in the relevant Appendix.

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

"Index Tracking Sub-Fund" means a Sub-Fund with a principal objective to track, replicate or correspond to a financial index or benchmark, with an aim of providing or achieving investment results or returns that closely match or correspond to the performance of the Index that it tracks, and has been authorised by the SFC as an index fund under Chapter 8.6 of the UT Code.

"Initial Issue Date" means the date of the first issue of Shares, 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.

"Instrument" means the instrument of incorporation of the Company filed to the Companies Registry of Hong Kong on, and effective as of, 3 August 2022, including its Schedules and Appendices, as amended from time to time.

"Investment Adviser" means, unless otherwise specified in Part 2 of this Prospectus, China Renaissance Securities (Hong Kong) Limited or such other person or persons for the time being duly appointed investment adviser or investment advisers of a Sub-Fund in succession thereto that has agreed to provide investment advisory services to such Sub-Fund.

"investment delegate" has the meaning as set out in the UT Code.

"Issue Price" means the price at which Shares may be issued, determined in accordance with the Instrument.

"Laws and Regulations" means all applicable laws and regulations including the SFO, Securities and Futures (Open-ended Fund Companies) Rules (Chapter 571AQ of the Laws of Hong Kong), (as amended from time to time), the OFC Code, the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products (including the UT Code, as amended from time to time and supplemented by published guidelines or other guidance issued by the SFC) and the SFC Fund Manager Code of Conduct (as amended from time to time and supplemented by published guidelines or other guidance issued by the SFC).

"Listing Date" means the date on which the Shares 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.

"Mainland China" means all the custom territories of the PRC, excluding for the purposes of interpretation of this Prospectus only, Hong Kong, Macau and Taiwan, and "Mainland Chinese" shall be construed accordingly.

"Management Agreement" means the discretionary management agreement dated 16 August 2022 between the Company for itself and each Sub-Fund and the Manager by which the Manager is appointed.

"Manager" means Harvest Global Investments Limited or such other person or persons for the time being duly appointed as investment manager of the Company in succession thereto being approved by the SFC under the UT 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 Limited or such other futures exchange from time to time determined by the Manager,

and any over-the-counter transaction conducted in any part of the world and in relation to any Security or futures contract shall be deemed to include any bilateral agreement with a responsible firm, corporation or association in any country in any part of the world dealing in the Security or futures contract which the Manager may from time to time elect.

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

"Multi-Counter" means the facility by which the Shares of a Sub-Fund traded in more than one currency (HKD, RMB and/or USD) 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 (HKD, RMB and/or USD) as described in the relevant Appendix of this Prospectus. Where the Share of a Sub-Fund is traded in two eligible currencies, the facility is referred to as a "Dual Counter".

"N-Shares" means shares of Mainland Chinese companies listed on a US stock exchange such as the NYSE or NASDAQ.

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

"OFC Code" means the Code on Open Ended Fund Companies issued by the SFC (as amended, or replaced, from time to time).

"Operating Guidelines" means, in respect of a Sub-Fund, the guidelines for the creation and redemption of Shares 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 Custodian, and where applicable, with the approval of HKSCC and the Conversion Agent, 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 class of Shares applicable at the time of the relevant Application.

"P-Chips" means Mainland Chinese companies listed on the SEHK and traded in HKD which are incorporated in the Cayman Islands, Bermuda and the British Virgin Islands with a majority of their business operations in Mainland China and controlled by private Mainland Chinese shareholders.

"Participating Dealer" means a licensed broker or dealer who is (or who has appointed an agent or delegate who is) a person admitted for the time being by HKSCC as a participant of CCASS and who has entered into a Participation Agreement in form and substance acceptable to the Manager, the Custodian and the Administrator, and any reference in this Prospectus to "Participating Dealer" shall include a reference to any agent or delegate so appointed by the Participating Dealer.

"Participation Agreement" means an agreement entered into between, among others, the Company, the Manager, the Custodian, the Administrator and a Participating Dealer (and its agent, if applicable), and if determined necessary by the Manager (in its absolute discretion), each of HKSCC and the Conversion Agent, setting out, (amongst other things), the arrangements in respect of the issue of Shares and the redemption and cancellation of Shares. References to the Participation Agreement shall, where appropriate, mean the Participation Agreement, read together with the Operating Guidelines.

"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 HKSCC) in CCASS and who has been appointed by a Participating Dealer as its agent for the creation and redemption of Shares.

"PRC" means the People's Republic of China.

"PRC Custodian" means HSBC Bank (China) Company Limited appointed as PRC custodian of certain Sub-Funds of the Company pursuant to the QFI Custody Agreement.

"QFI Custody Agreement" means the QFII/RQFII custody agreement entered into between the Company, the Manager as the QFII/RQFII Holder, the Custodian, and The Hongkong and Shanghai Banking Corporation Limited in its capacity as a delegate of 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 Mainland China 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.

"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.

"Red Chips" means shares of companies incorporated outside of Mainland China with a majority of their business operations in Mainland China and traded on the SEHK in HKD.

"Redemption Application" means an application by a Participating Dealer for the redemption of Shares in Application Share size (or whole multiples thereof) in accordance with the Operating Guidelines and the Instrument.

"Redemption Value" means, in respect of a Share, the price per Share at which such Share is redeemed, calculated in accordance with the Instrument.

"Registrar" means The Hongkong and Shanghai Banking Corporation Limited, or such person as may from time to time be appointed as registrar in respect of each Sub-Fund to keep the register of the Shareholders of the Sub-Fund hereof in succession thereto.

"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.

"RMB" or "Renminbi" means Renminbi Yuan, the lawful currency of Mainland China.

"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.

"Scheme Property" means all the property of the Company.

"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;

(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; and

(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.

"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 a Sub-Fund.

"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 Company, the Manager, the Custodian, the Registrar, the Participating Dealer, the PD Agent (where applicable), the Service Agent and HKSCC.

"Settlement Day" means the Business Day which is two 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 Custodian from time to time and notified to the relevant Participating Dealers, either generally or for a particular class or classes of Shares, pursuant to the Operating Guidelines.

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

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

"Share" means such number of undivided shares or such fraction of an undivided share of a Sub-Fund to which a Share relates as is represented by a Share of the relevant class and, except where used in relation to a particular class of Share, a reference to Shares means and includes Shares of all classes.

"Share Cancellation Fee" means the fee charged by the Conversion Agent in respect of the cancellation of Shares in connection with an accepted Redemption Application of a Sub-Fund.

"Shareholder" means the person for the time being entered on the Register as the holder of a Share or Shares including, where the context so admits, persons jointly so registered.

"SSE" means the Shanghai Stock Exchange.

"STA" means the State Taxation Administration of the PRC.

"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.

"Sub-Fund" means a segregated pool of assets and liabilities into which the Scheme Property is divided, established under the Instrument and as described in the relevant Appendix.

"Swap" means a swap agreement to be entered by the Company on behalf of a Sub-Fund which may, subject to the terms of the Instrument, take such form as determined or agreed by the Manager, including an International Swaps and Derivatives Association master agreement, schedules, annexes and confirmations as well as related documents.

"Swap Counterparty" means a counterparty of each Sub-Fund pursuant to a Swap.

"SZSE" means the Shenzhen Stock Exchange.

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

"US", "U.S." or "United States" means United States of America.

"USD" means United States dollars, the lawful currency of the United States of America.

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

"Valuation Agent" means the Manager, or such other person or persons for the time being duly appointed as valuation agent hereof in succession thereto.

“Valuation Point” means, in respect of a Sub-Fund, unless otherwise specified in the relevant Appendix of a Sub-Fund, the official close of trading on the Market on which the Securities constituting the Index (if any) or the Sub-Fund 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 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 Shares.

# INTRODUCTION

## The Company

The Company is a public umbrella open-ended fund company with variable capital with limited liability, which was incorporated in Hong Kong under the SFO on 3 August 2022 with the business registration number 74299259. It is constituted by way of its Instrument filed to the Companies Registry of Hong Kong on, and effective as of 3 August 2022.

The Company is registered with the SFC under Section 112D of the SFO. The Company 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 or Chapter 8.10 of the UT Code. SFC registration or authorisation is not a recommendation or endorsement of a Sub-Fund nor does it guarantee the commercial merits of the Company, any Sub-Fund or their performance. It does not mean that the Company or 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-Fund(s)

The Company may issue different classes of Shares and the Company shall establish a separate pool of assets in respect of each Sub-Fund (each such separate pool of assets a "Sub-Fund") to which one or more class of Shares shall be attributable. The assets of a Sub-Fund will be invested and administered separately from the other assets of the Company. All assets and liabilities attributable to each Sub-Fund shall be segregated from the assets and liabilities of any other Sub-Funds, and shall not be used for the purpose of, or borne by the assets of, any other Sub-Fund. Each Sub-Fund will have its own Appendix in Part 2 of this Prospectus.

Each Sub-Fund will be an exchange traded fund listed on the SEHK. Where indicated in the relevant Appendix, Shares in a Sub-Fund may be available for trading on the SEHK using a Multi-Counter.

The Company reserves the right to establish other Sub-Funds and/or issue further classes of Shares relating to a Sub-Fund or Sub-Funds in the future in accordance with the provisions of the Instrument.

## THE OFFERING PHASES

### Initial Offer Period

During the Initial Offer Period, Participating Dealers (acting for themselves or for their clients) may apply for Shares (to be available for trading on the Listing Date) by means of Creation Applications on each Dealing Day for themselves and/or their clients 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 Company (care of the Manager) and the Registrar on a Business Day no later than 3 Business Days prior to the Listing Date unless otherwise stated in the relevant Appendix.

If a Creation Application is received by the Company, the Manager, the Administrator and the Registrar after the deadline as specified in the Appendix, that Creation Application shall be carried forward and deemed to be received at the opening of business on the Listing Date, which shall be the Dealing Day for the purposes of that Creation Application.

Creation Applications must be made in Application Share size or whole multiples thereof, which is the number of Shares specified in the relevant Appendix. Participating Dealers (acting for themselves or for their clients) can apply for Shares 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 Shares in either of the following two ways:

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

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

*Buying and Selling of Shares on the SEHK*

After Listing, all investors can buy and sell Shares in the secondary market 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 Share due to market demand and supply, liquidity and scale of trading spread for the Shares in the secondary market. As a result, the market price of the Shares in the secondary market may be higher or lower than Net Asset Value per Share.

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

*Creations and Redemptions Through Participating Dealers*

Shares will continue to be created and redeemed in the primary market at the Issue Price and Redemption Value respectively through Participating Dealers in Application Share size or multiples thereof. Where stated in the relevant Appendix, in-kind creations or in-kind

redemptions may be permitted by the Manager. The Application Share size and currency for settlement are as set out in the relevant Appendix.

To be dealt with on a Dealing Day, the relevant Participating Dealer must submit the Applications to the Company (care of the Manager) and the Registrar before the Dealing Deadline on the relevant Dealing Day. If an 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 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 Application. Participating Dealers are under no obligation to create or redeem generally or for their clients and may charge their clients such fee or fees as such Participating Dealers determine.

Settlement for subscribing Shares is due by such time as agreed in the Operating Guidelines on the relevant Dealing Day, unless the Manager agrees with the relevant Participating Dealer to accept later settlement generally or in any particular case.

Settlement of Shares for redeeming Shares is due by such time as agreed in the Operating Guidelines on or after the relevant Dealing Day, unless the Manager agrees with the relevant Participating Dealer to accept later settlement generally or in any particular case.

Notwithstanding any Multi-Counter (if applicable) for Shares, all settlement is in the base currency of the relevant Sub-Fund only.

After Listing, all Shares will be registered in the name of HKSCC Nominees Limited on the register of the relevant Sub-Fund. The register of the relevant Sub-Fund is the evidence of ownership of Shares. The beneficial interests in Shares 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.

**Timetable**

*Initial Offer Period*

The Initial Offer Period and the Listing Date of a new Sub-Fund is set out in the Appendix of the new Sub-Fund.

The purpose of the Initial Offer Period is to enable Participating Dealers to subscribe for Shares either on their own account or for their clients, in accordance with the Instrument and the Operating Guidelines. During this period, Participating Dealers (acting for themselves or for their clients) may apply for Shares to be available for trading on the Listing Date by creation. No redemptions are permitted during the Initial Offer Period.

Upon receipt of a Creation Application from a Participating Dealer (acting for itself or its clients) during the Initial Offer Period, the Manager shall procure the creation of Shares for settlement on the Initial Issue Date.

Participating Dealers may have their own application procedures for their respective clients and may set application and payment cut-off times for their respective clients which are earlier than those set out in this Prospectus and which may change from time to time. The Dealing Deadline in respect of Shares in a Sub-Fund may also change due to market related events. Investors are therefore advised to consult with the relevant Participating Dealer on its requirements if they want a Participating Dealer to subscribe for Shares on their behalf.

*After Listing*

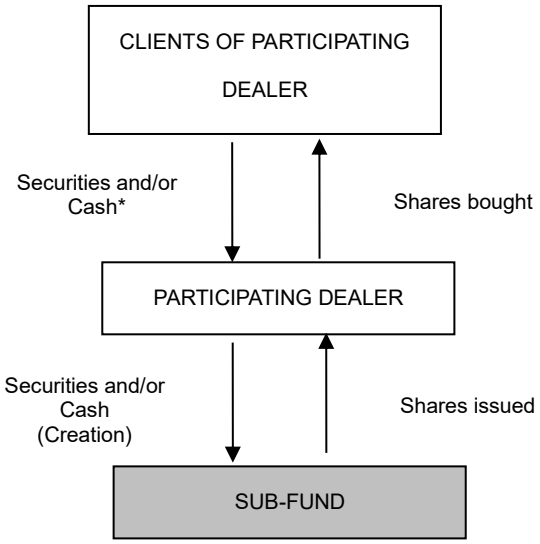
"After Listing" commences on the Listing Date and continues until the relevant Sub-Fund is terminated.

All investors may buy and sell Shares in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for creation and redemption of Shares in the primary market.

**Diagrammatic Illustration of Investment in a Sub-Fund**

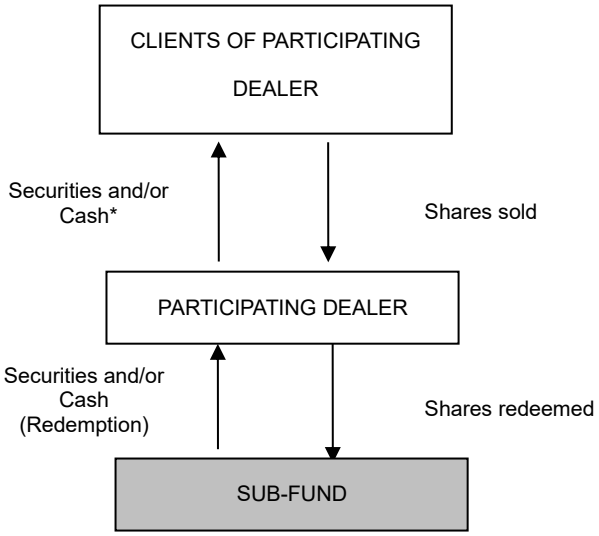
The diagrams below illustrate the creation or redemption and the buying or selling of Shares:

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



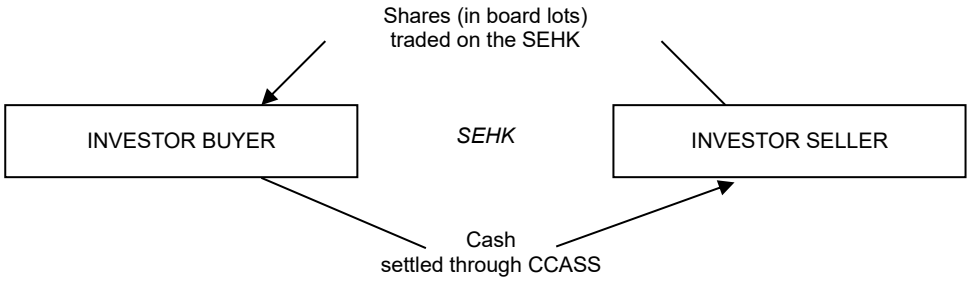

** Clients of a Participating Dealer may agree with the Participating Dealer settlement in a different currency to the creation currency.*

(b) Redemption and selling of Shares in the primary market – After Listing




** Clients of a Participating Dealer may agree with the Participating Dealer settlement in a different currency to the redemption currency.*

(c) Buying or selling of Shares 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 Shares (or multiple thereof) | Channel | Available to | Consideration, Fees and Charges** |
|---|---|---|---|---|
| Cash creation | Application Share size (see relevant Appendix) | Through Participating Dealers | Any person acceptable to the Participating Dealer as its client | Cash<br>Transaction Fee<br>Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it)<br>Duties and Charges |
| In-kind creation | Application Share size (see relevant Appendix) | Through Participating Dealers | Any person acceptable to the Participating Dealer as its client | Portfolio of Securities<br>Cash component<br>Transaction Fee<br>Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it)<br>Duties and Charges |

*After Listing*

| Method of Acquisition or Disposal of Shares* | Minimum Number of Shares (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 relevant Appendix) | On the SEHK | Any investor | Market price of Shares on SEHK<br>Brokerage fees and Duties and Charges |
| Cash creation and redemption | Application Share size (see relevant Appendix) | Through Participating Dealers | Any person acceptable to the Participating Dealer as its client | Cash<br>Transaction Fee<br>Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it)<br>Duties and Charges |
| In-kind creation and redemption | Application Share size (see relevant Appendix) | Through Participating Dealers | Any person acceptable to the Participating Dealer as its client | Portfolio of Securities<br>Cash component<br>Transaction Fee<br>Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it)<br>Duties and Charges |

* *The methods of creation and redemption available to the Participating Dealers in respect of each Sub-Fund, whether in-kind or in cash, are specified in the relevant Appendix.*

** *Please refer to "Fees and Expenses" for further details. The currency for payment of subscription monies is specified in the relevant Appendix.*

## INVESTMENT OBJECTIVE, STRATEGY AND RESTRICTIONS, SECURITIES LENDING AND BORROWING

### Investment Objective

A Sub-Fund may be an Index Tracking Sub-Fund or an actively managed Sub-Fund.

The investment objective of each Index Tracking 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.

The investment objective of each actively managed Sub-Fund is set out in the relevant Appendix.

### Investment Strategy

The investment strategy of each Sub-Fund is stated in the relevant Appendix.

Index Tracking Sub-Funds

Each Index Tracking Sub-Fund will adopt either a full replication or a representative sampling strategy.

*Full Replication Strategy*

Where an Index Tracking Sub-Fund adopts a full replication strategy as its investment strategy, it will invest in substantially all the Securities constituting the Index in substantially the same weightings (i.e. proportions) as these Securities have in the Index. When a Security ceases to be a constituent of the Index, rebalancing occurs which involves, among other things, selling the outgoing Security and potentially using the proceeds to invest in the incoming Security.

*Representative Sampling Strategy*

Where an Index Tracking Sub-Fund adopts a representative sampling strategy as its investment strategy, it will invest, directly or indirectly, in a representative sample of the Securities in the relevant Index that collectively reflects the investment characteristics of such Index and aims to replicate its performance. An Index Tracking Sub-Fund adopting a representative sampling strategy may or may not hold all of the Securities that are included in the relevant Index, and may hold a portfolio of Securities which are not included in the Index, provided that these collectively feature a high correlation with the Index.

*Switching Between Strategies*

Whilst the full replication strategy is likely to track the performance of the relevant Index more closely when compared to the representative sampling strategy, it may not be the most efficient way to do so. Also, it may not always be possible or it may be difficult to buy or hold certain Securities comprising the Index. The Manager may therefore, in the appropriate circumstances, choose to use a representative sampling strategy, having regard to the number of Securities constituting the Index, the liquidity of such Securities, any restrictions on the ownership of such Securities, the transaction expenses and other trading costs, and tax and other regulatory restrictions.

Investors should note that the Manager may switch between the above investment strategies, without prior notice to investors, in its absolute discretion as it believes appropriate in order to achieve the investment objective of the relevant Index Tracking Sub-Fund by tracking the relevant Index as closely (or efficiently) as possible for the benefit of investors.

In addition to the investment strategies set out above, an Index Tracking Sub-Fund may be launched with synthetic or futures-based strategies as described in the relevant Appendix for each such Index Tracking Sub-Fund.

Actively managed Sub-Funds

An actively managed Sub-Fund does not track an index. The Manager will actively manage the relevant Sub-Fund based on its investment strategy in seeking to achieve the investment objective of the Sub-Fund, as described in the relevant Appendix.

**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 a 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 Mainland Chinese 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*

Initially, Hong Kong and overseas investors are only able to trade certain stocks listed on the SSE market (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".

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 a 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 will be 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 any 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 a 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, a 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*

A Sub-Fund's investments through Northbound trading under Stock Connect is not covered by Hong Kong's Investor Compensation Fund in respect of defaults occurring prior to 1 January 2020. 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. For defaults occurring on or after 1 January 2020, the Hong Kong's Investor Compensation Fund also covers investors' losses in relation to securities traded on a stock market operated by the SSE or the SZSE and in respect of which an order for sale or purchase is permitted to be routed through the Northbound link of a Stock Connect arrangement. On the other hand, since a Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not Mainland Chinese brokers, such trading is not protected by the China Securities Investor Protection Fund (中國投資者保護基金) in Mainland China. Further information about the Stock Connect is available at the website: https://www.hkex.com.hk/mutual-market/stock-connect?sc_lang=en (which has not been reviewed or approved by the SFC).

**Investment Restrictions**

Unless otherwise stated in the relevant Appendix and approved by the SFC, the following principal investment restrictions apply to each Sub-Fund under the Company authorised by the SFC:

(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 such Sub-Fund, save as permitted by Chapter 8.6(h) and as varied by Chapter 8.6(h)(a) of the UT Code in respect of an Index Tracking 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;

(b) subject to (a) above and Chapter 7.28(c) of the UT 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 entities;

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

(3) net counterparty exposure to such entities 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 a Sub-Fund, whereby the placing of cash deposits with various financial institutions would 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 purposes of this paragraph, "cash deposits" generally refers to those that are repayable on demand or have the right to be withdrawn by a Sub-Fund and not referable to provision of property or services.

(d) ordinary shares issued by a single entity held for the account of a Sub-Fund, when aggregated with other holdings of ordinary shares issued by a single entity held for the account of all other Sub-Funds under the Company collectively, may not exceed 10% of the nominal amount of the ordinary shares issued by the same 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, the 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 UT Code;

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

(3) the Sub-Fund must produce the reports required by Chapter 5.10(b) of the UT 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 that, for an Index Tracking Sub-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. Government and other Public Securities will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise. Subject to the approval of the SFC, an Index Tracking 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 despite the restrictions under this paragraph;

(i) unless otherwise approved by the SFC on a case-by-case basis taking into account the liquidity of the physical commodities concerned and availability of sufficient and appropriate additional safeguards where necessary, a Sub-Fund may not invest in physical commodities;

(j) unless otherwise provided under the UT Code, the spread requirements under paragraphs (a), (b), (d) and (e) do not apply to investments in other collective investment schemes by a Sub-Fund and for the avoidance of doubt, exchange traded funds that are:

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

may either be considered and treated as (i) listed Securities for the purposes of and subject to the requirements in paragraphs (a), (b) and (d) above; or (ii) collective investment schemes for the purposes of and subject to the requirements in paragraph (k)(1), (k)(2), provisos of (i) to (iii) of paragraph (k) below. However, the investments in exchange traded funds shall be subject to paragraph (e) above and, unless otherwise specified in the relevant Appendix in respect of a particular Sub-Fund, investment by a Sub-Fund in exchange traded funds is considered and treated as listed securities for the purposes of and subject to the requirements in paragraphs (a), (b) and (d) above;

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

(1) the value of such 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) such Sub-Fund may invest in one or more underlying schemes which are either 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 Appendix of the relevant 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 UT Code, and where that underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the UT Code, such investments may not be in contravention of the relevant limitation prescribed by Chapter 7 of the UT Code. For the avoidance of doubt, a Sub-Fund may invest in scheme(s) authorised by the SFC under Chapter 8 of the UT Code (except for hedge funds under Chapter 8.7 of the UT Code), eligible scheme(s) (as determined by the SFC) of which the net derivative exposure (as defined in the UT 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 schemes;

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

(iv) 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

(v) 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 management company of an underlying scheme, or quantifiable monetary benefits in connection with investments in any underlying scheme;

(l) in the case of investments in shares in real estate companies and interests in real estate investment trusts (REITs), a Sub-Fund shall comply with the requirements under paragraphs (a), (b), (d), (e) and (k)(1) above where applicable. Where investments are made in listed REITs, the requirements under paragraphs (a), (b) and (d) above apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, then the requirements under paragraphs (e) and (k)(1) above apply respectively;

(m) a Sub-Fund may invest 90% or more of its 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 Appendix of the relevant Sub-Fund 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 and its master fund will be deemed a single entity;

(iii) the Sub-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 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, management company's annual fee, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the Shareholders or by the Sub-Fund may result, if the master fund in which the Sub-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 paragraphs (k)(1), (k)(2), provisos of (i) to (iii) of paragraph (k); and

(n) 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.

**Investment Prohibitions**

A Sub-Fund shall not:

(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 collectively the directors and officers of the Manager 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 REITs);

(C) make short sales if as a result a Sub-Fund would be required to deliver Securities exceeding 10% of the total Net Asset Value of the Sub-Fund (and for this purpose (i) Securities sold short must be actively traded on a market where short selling is permitted; and (ii) short selling is carried out in accordance with all applicable laws and regulations);

(D) carry out any naked or uncovered short sale of Securities;

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

(F) subject to Chapter 7.3 of the UT Code, 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 UT Code;

(G) 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. For the avoidance of doubt, the liability of Shareholders must be limited to their investments in the relevant Sub-Fund; or

(H) apply any part of a 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 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 a 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 UT 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 UT Code is usually restricted under Chapter 7.1 of the UT 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. However, in respect of Index Tracking Sub-Funds, given the investment objective of each Index Tracking Sub-Fund and nature of the relevant Index, notwithstanding Chapter 7.1 of the UT Code, more than 10% of the total Net Asset Value of the relevant Index Tracking Sub-Fund may be invested in constituent securities issued by a single entity provided that (i) it is limited to any constituent securities that each accounts for more than 10% of the weighting of the Index; and (ii) the relevant Index Tracking Sub-Fund's holding of any such constituent Securities may not exceed their respective weightings in the Index, except where 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 Chapter 8.6(h)(i) and (ii) of the UT Code (as described above) do not apply if:

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

(2) the strategy is clearly disclosed in this Prospectus;

(3) the excess of the weightings of the constituent securities held by the Index Tracking Sub-Fund over the weightings in the Index is caused by the implementation of the representative sampling strategy;

(4) any excess weightings of the Index Tracking Sub-Fund's holdings over the weightings in the index must be subject to a maximum limit reasonably determined by the Index Tracking Sub-Fund after consultation with the SFC. In determining this limit, the relevant Index Tracking 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;

(5) limits laid down by the Index Tracking Sub-Fund pursuant to Chapter 8.6(h)(a)(iv) of the UT Code must be disclosed in this Prospectus;

(6) disclosure must be made in the Index Tracking Sub-Fund's interim and annual reports as to whether the limits imposed by the Index Tracking Sub-Fund itself pursuant to Chapter 8.6(h)(a)(iv) of the UT Code 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.

Due to its index tracking nature, the SFC may, upon sufficient justification, consider not requiring an Index Tracking Sub-Fund to strictly comply with the investment restrictions in Chapters 7.1A and 7.1B of the UT Code on a case-by-case basis.

**Borrowing**

Borrowing against the assets of each Sub-Fund is allowed up to a maximum of 10% of its total Net Asset Value. In determining for the purpose of this borrowing limit, back-to-back loans do not count as borrowing. The Company may borrow for the account of a Sub-Fund any currency, and charge or pledge assets of that Sub-Fund in accordance with the provisions of the Instrument.

For the avoidance of doubt, securities lending transactions and sale and repurchase transactions (subject to the "What is the investment strategy?" section in each relevant Appendix) in compliance with the requirements set out in the section headed "Securities Financing Transactions" are not subject to the limitations in this section.

Subject to the relevant Appendix, the Manager may borrow for the account of any Sub-Fund any currency for the following purposes:

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

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

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

**Financial Derivative Instruments**

Subject always to the provisions of the Instrument, the UT Code and the "What is the investment strategy?" section in each relevant Appendix, the Manager may on behalf of a Sub-Fund enter into any transactions in relation to Swaps or other FDIs, for hedging or non-hedging (investment) purposes.

**Hedging purposes**

Where specified in the relevant Appendix, a Sub-Fund may acquire FDIs for hedging purposes. FDIs are considered as being acquired for hedging purposes if they meet all of the following criteria:

(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) although they may not necessarily reference to the same underlying assets, 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.

The Manager, where it deems necessary, shall cause hedging arrangement to be adjusted or re-positioned with due consideration on the fees, expenses and costs, to enable the relevant Sub-Fund to meet its hedging objective in stressed or extreme market conditions.

**Non-hedging (investment) purposes**

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, except this limit may be exceeded for Sub-Funds approved by the SFC under Chapters 8.8 (structured funds) or 8.9 (funds that invest extensively in FDIs) of the UT Code and provided that this limit may be exceeded in such circumstances as permitted under the UT Code, handbook, code and/or guideline issued by the SFC from time to time or permitted by the SFC from time to time. In this regard:

(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 positions;

(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) for the avoidance of doubt, 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.

The actual level of leverage may be higher than such expected level in exceptional circumstances, for example when there are sudden movements in markets and/or investment prices.

**Restrictions applicable to FDIs**

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, currencies or other asset classes acceptable to the SFC, in which the Sub-Fund may invest according to its investment objectives and policies;

(b) 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 paragraphs (a), (b), (c) and (g) of the section headed "Investment Restrictions" above provided that the index is in compliance with the relevant requirements under Chapter 8.6(e) of the UT Code;

(c) 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;

(d) subject to paragraphs (a) and (b) under the section entitled "Investment Restrictions" above, a Sub-Fund's 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 such Sub-Fund, provided that the exposure of a Sub-Fund to a counterparty of over-the-counter FDIs may be lowered by the collateral received (if applicable) by the Sub-Fund and shall be calculated with reference to the value of collateral and positive marked-to-market value of the over-the-counter FDIs with that counterparty, if applicable; and

(e) the valuation of the FDIs is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Manager, the Custodian 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 Valuation Agent or any other delegate appointed for this purpose 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.

For the avoidance of doubt, restrictions and limitations on counterparty as set out in paragraphs (a) and (b) under the section entitled "Investment Restrictions" above and paragraph (d) of this section will not apply to FDIs that are:

(A) transacted on an exchange where the clearing house performs a central counterparty role; and

(B) marked-to-market daily in the valuation of their financial derivative instrument positions and subject to margining requirements at least on a daily basis.

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

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 such purposes, 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, a Sub-Fund shall 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 embed a financial derivative as well.

**Securities 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 Shareholders, 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, shall be returned to the Sub-Fund;

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

Where applicable, the maximum and expected level of a Sub-Fund's assets available for these transactions will be as set out in the relevant Appendix. Please also refer to "Collateral Valuation

and Management Policy" below.

**Collateral**

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

A Sub-Fund may receive collateral from a counterparty to an OTC FDI transaction or a securities financing transaction, so as to reduce its counterparty risk exposure as set out in paragraph (d) under the section entitled "Restrictions applicable to FDIs" above and paragraph (iii) under the section entitled "Securities Financing Transactions" above, provided that the collateral complies with the requirements set out below:

- 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. 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, will also be considered where appropriate;

- 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 UT 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 or the counterparty of securities financing transactions 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 the counterparty of securities financing transactions or any of their related entities should not be used as collateral;

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

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

- Enforceability – collateral must be readily accessible/enforceable by the Custodian without further recourse to the issuer of the FDIs, or the counterparty of the securities financing transactions;

- Re-investment of 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 UT 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 UT 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 UT 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 and securities financing transactions entered into in respect of a Sub-Fund.

A Sub-Fund may receive collateral from a counterparty to an OTC FDI or a securities financing transaction 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 Organisation for Economic Co-operation and Development ("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.

Collateral which is quoted, listed, traded or dealt in on any Market are valued by reference to the official closing price or the last traded price of that Market. In respect of other OTC collateral, the value will be valued at the latest available broker price or, if not available, be valued by a professional person approved by the Custodian as qualified to value such investments (which may, if the Custodian agrees, be the Manager).

*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 as described in the section entitled "Collateral" above, cash collateral received by a Sub-Fund may be reinvested in short-term deposits, high quality money market instruments and money market funds authorised under 8.2 of the UT 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 Custodian or a Correspondent (as defined in the section headed “Management of the Company and the Sub-Funds”). 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 UT 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 Custodian or a Correspondent.

If any of the restrictions or limitations set out above is breached in respect of a Sub-Fund, the Manager will, as a priority objective, take all necessary steps within a reasonable period of time to remedy such breach, taking due account of the interests of the Shareholders of that Sub-Fund. The Custodian will take reasonable care to ensure compliance with the investment and borrowing limitations set out in the Instrument and the conditions under which a Sub-Fund was authorised.

## 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 Shares to realise an investment in a Sub-Fund.

The first method is to create Shares at the Issue Price or redeem Shares at the Redemption 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 Multi-Counter, although a Participating Dealer may, subject to arrangement with the Manager, elect to CCASS to have Shares which it creates deposited in any available counter, all creation and redemption for all Shares must be in the base currency of that Sub-Fund. Because of the size of the capital investment (i.e. Application Share size) required either to create or redeem Shares through the Participating Dealer in the primary market, this method of investment is more suitable for institutional investors and market professionals. Participating Dealers are under no obligations to create or redeem Shares for their clients 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 Shares in the secondary market on the SEHK which is more suitable for retail investors. The secondary market price of Shares 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 Participation Agreement and the Instrument. The section on "Exchange Listing and Trading (Secondary Market)" relates to the second method of investment.

### Creation of Shares Through Participating Dealers

Any application for the creation of Shares of a Sub-Fund must only be made through a Participating Dealer in respect of an Application Share size or whole multiple thereof as set out in the "Key Information" section. Investors cannot acquire Shares directly from a Sub-Fund. Only Participating Dealers may submit Creation Applications to the Company (care of the Manager) and the Registrar.

Shares 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 Company (care of the Manager) and the Registrar.

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 Shares of the relevant Sub-Fund, (ii) the redemption of Shares 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 (i) for an Index Tracking Sub-Fund, any of the Securities in the relevant Index or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund;

(c) where acceptance of the creation request or any Security in connection with such 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 necessary for compliance with applicable legal and regulatory requirements; or

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

*Requirements Relating to Creation Requests by Potential Investors*

The methods and currency of creation available to the Participating Dealers in respect of each Sub-Fund, whether in-kind (i.e. the creation of Shares in exchange for a transfer of Securities) or in cash or both in-kind and in cash, are specified in the relevant Appendix. A Participating Dealer may in its absolute discretion require a creation request received from its client be effected in a particular method. The Manager nonetheless reserves its right to require a Creation Application be effected in a particular method. Specifically, the Manager has the right to (a) accept cash equal to or in excess of the market value at the Valuation Point for the relevant Dealing Day of such Security in lieu of accepting such Security as constituting part of the Creation Application; or (b) accept cash collateral on such terms as it determines if (i) such Security is likely to be unavailable for delivery or available in insufficient quantity for delivery to the Custodian in connection with the Creation Application; or (ii) the Participating Dealer is restricted by regulation or otherwise from investing or engaging in a transaction in that Security.

A Participating Dealer may impose fees and charges in handling any creation request which would increase the cost of investment. Investors 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 Company, the Manager nor the Custodian is empowered to compel a Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Company, the Manager or the Custodian or to accept any such creation requests received from clients.

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 Company (care of the Manager) and the Registrar. Investors are advised to check with the Participating Dealer as to the relevant timing deadlines and the client acceptance procedures and requirements.

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

*Creation Process*

A Participating Dealer may from time to time submit Creation Applications in respect of a Sub-Fund to the Company (care of the Manager) and the Registrar, following receipt of creation requests from clients or where it wishes to create Shares 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. The current Dealing Deadline After Listing on the relevant Dealing Day is specified in the relevant Appendix, or such other time as the Manager may determine in consultation with the Custodian on any day when the trading hours of the SEHK, the Recognised Futures Exchange or the Recognised Stock Exchange are reduced. To be effective, a Creation Application must:

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

(b) specify the number of Shares and the class of Shares (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 Shares, together with such certifications and opinions of counsel (if any) as each of the Custodian, the Administrator and the Manager may separately consider necessary to ensure compliance with applicable securities and other laws in relation to the creation of Shares which are the subject of the Creation Application.

The Company 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 Shares of the relevant Sub-Fund, (ii) the redemption of Shares 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 relevant market on which (i) for an Index Tracking Sub-Fund, a Security that is a component of the Index of the relevant Index Tracking Sub-Fund, or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund, has its primary listing;

(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 (i) for an Index Tracking Sub-Fund, any of the Securities in the relevant Index or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund;

(e) where acceptance of the Creation Application would render the Company in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Company or the Manager necessary for compliance with applicable legal and regulatory requirements;

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

(g) any period when the business operations of the Company or any delegate of the Company in relation to the creation of Shares in 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 Company shall notify the Administrator, the Registrar, the relevant Participating Dealer and the Custodian 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 Shares which can be created, priority will be given to Participating Dealers and the relevant Creation Applications as set out in the Operating Guidelines.

The Company'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 Company may exercise its rights to reject such Creation Application in the circumstances described herein.

Where the Company accepts a Creation Application from a Participating Dealer, it shall instruct the Administrator and/or the Custodian and the Registrar to effect (i) for the account of the Sub-Fund, the creation of Shares in Application Share size in exchange for a transfer of cash and/or Securities (at the discretion of the Participating Dealer but subject to the Manager's agreement); and (ii) the issue of Shares to the Participating Dealer, both in accordance with the Operating Guidelines and the Instrument.

*Issue of Shares*

Shares will be issued at the Issue Price prevailing on the relevant Dealing Day, provided that there may be added 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" for the calculation of the Issue Price.

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

Shares are denominated in the base currency of the relevant Sub-Fund (unless otherwise determined by the Directors) as set out in the relevant Appendix and no fractions of a Share shall be created or issued by the Company.

The creation and issue of Shares 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, Shares 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 Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application.

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

*Fees Relating to Creation Applications*

The Conversion Agent, the Service Agent, the Registrar, the Custodian and/or the Administrator 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 Shares. See the section on "Fees and Expenses" for further details.

In relation to cash creation of Shares, the Company reserves the right to require the Participating Dealer to pay or cause to be paid an additional sum as the Manager in its discretion considers appropriate for the Duties and Charges. The Participating Dealer may pass on to the relevant investor such additional sum.

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

**Cancellation of Creation Applications**

A Creation Application once submitted cannot be revoked or withdrawn without the consent of the Company.

The Company may cancel a creation order in respect of any Shares deemed created pursuant to a Creation Application if it has not received good title to all Securities and/or cash (including Transaction Fees, Duties and Charges) relating to the Creation Application by the Settlement Day, provided that the Company may at its discretion, (i) extend the settlement period (either for the Creation Application as a whole or for a particular Security) such extension to be on such terms and conditions (including as to the payment of an Extension Fee or otherwise as the Company may determine) as the Directors may determine and in accordance with the provisions of the Operating Guidelines; or (ii) partially settle the Creation Application to the extent to which Securities and/or cash has been vested in the Sub-Fund, on such terms and conditions as the Directors determine including terms as to any extension of the settlement period for the outstanding Securities, futures contracts or cash.

In addition to the preceding circumstances, the Company may also cancel any creation order of any Shares 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 Shares deemed created pursuant to a Creation Application as provided for above or if a Participating Dealer otherwise withdraws subject to the Company's consent a Creation Application (other than in certain circumstances contemplated in the Instrument such as when the Manager declares a suspension of creations of Shares), any Securities or any cash received by or on behalf of the Company in connection with a Creation Application shall be redelivered to the Participating Dealer (without interest) as soon as practicable and the relevant Shares shall be deemed for all purposes never to have been created and the Participating Dealer shall have no right or claim against the Company, the Manager, the Custodian, the Administrator, the Registrar, the Conversion Agent and/or the Service Agent in respect of such cancellation provided that:

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

(b) the Company may at its discretion require the Participating Dealer to pay to the Company, for the account of the Sub-Fund, in respect of each Share so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Share exceeds the Redemption Value which would have applied in relation to each such Share if the Participating Dealer had, on the date on which such Shares 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 Company, the Custodian, the Administrator, the Registrar, the Conversion Agent and/or the Service Agent (see the section on "Fees and Expenses" for further details); and

(d) no previous valuations of the Scheme Property shall be re-opened or invalidated as a result of the cancellation of such Shares.

**Redemption of Shares Through Participating Dealers**

Any application for the redemption of Shares of a Sub-Fund must only be made through a Participating Dealer in respect of an Application Share size or whole multiples thereof. Investors

cannot redeem Shares directly from the relevant Sub-Fund. Only Participating Dealers may submit Redemption Applications to the Company (care of the Manager) and the Registrar.

A Participating Dealer may redeem Shares 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 Company (care of the Manager) and the Registrar.

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 Shares of the relevant Sub-Fund, (ii) the redemption of Shares 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 (i) for an Index Tracking Sub-Fund, any of the Securities in the relevant Index or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund;

(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 necessary for compliance with applicable legal and regulatory requirements; or

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

*Requirements Relating to Redemption Requests by Potential Investors*

The methods and currency of redemption available to the Participating Dealers in respect of each Sub-Fund, whether in-kind (i.e. the redemption of Shares in exchange for a transfer of Securities plus any cash amount) or in cash only, are as set out in the relevant Appendix. A Participating Dealer may in its absolute discretion require a redemption request received from its client be effected in a particular method. The Manager nonetheless reserves its right to require a Redemption Application be effected in a particular method. Specifically, the Manager has the right to instruct the Custodian to deliver cash equivalent of any Security in connection with the Redemption Application to the Participating Dealer if (a) such Security is likely to be unavailable for delivery or available in insufficient quantity for delivery in connection with the Redemption Application; or (b) the Participating Dealer is restricted by regulation or otherwise from investing or engaging in a transaction in that Security.

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 Custodian 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 Custodian or to accept any such redemption requests received from clients. In addition, neither the Company 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 Company (care of

the Manager) and the Registrar. 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 Company (care of the Manager) and the Registrar, following receipt of redemption requests from clients or where it wishes to redeem Shares 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 on the relevant Dealing Day is specified in the relevant Appendix, or such other time as the Manager may determine in consultation with the Custodian on any day when the trading hours of the SEHK, the Recognised Futures Exchange or the Recognised Stock Exchange are reduced.

To be effective, a Redemption Application must:

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

(b) specify the number of Shares and the class of Shares (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 Shares, together with such certifications and opinions of counsel (if any) as each of the Custodian, the Administrator and the Manager may separately consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Shares which are the subject of the Redemption Application.

The Company shall have the right to reject, acting in good faith and having regard to the best interests of the Shareholders, any Redemption Application under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Shares of the relevant Sub-Fund, (ii) the redemption of Shares 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 (i) for an Index Tracking Sub-Fund, any of the Securities in the relevant Index or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund;

(d) where acceptance of the Redemption Application would render the Company in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Company or the Manager necessary for compliance with applicable legal and regulatory requirements;

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

(f) during any period the business operations of the Company or any delegate of the Company in relation to the redemption of Shares in 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 Company shall notify the Administrator, the Registrar, the relevant Participating Dealer and the Custodian of its decision to reject such Redemption Application in accordance with the Operating Guidelines. Where for any reason there is a limit to the number of Shares that can be redeemed, priority will be given to Participating Dealers and the relevant Redemption Applications as set out in the Operating Guidelines.

The Company'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 Company may exercise its rights to reject such Redemption Application in the circumstances described herein.

Where the Company accepts a Redemption Application from a Participating Dealer, it shall (i) effect the redemption and cancellation of the relevant Shares; and (ii) require the Custodian and/or the Administrator to transfer to the Participating Dealer Securities and/or cash in accordance with the Operating Guidelines and the Instrument.

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

*Redemption of Shares*

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 Company) has been received and provided further that the Company shall have received (unless otherwise provided in the Operating Guidelines) 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, Shares 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 Shareholder of such Shares shall be removed from the Register in respect of those Shares redeemed and cancelled on the relevant Settlement Day.

The Redemption Value of Shares tendered for redemption and cancellation shall be the Net Asset Value per Share of a Sub-Fund on the relevant Dealing Day rounded to the nearest four decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down). 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 Shares is not suspended.

The Company 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 the Extension Fee or otherwise as the Company may determine) as the Manager, the Custodian and the Administrator may in their discretion determine, in accordance with the Operating Guidelines.

*Fees Relating to Redemption Applications*

The Conversion Agent, the Service Agent, the Registrar, the Custodian and/or the Administrator 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 Administrator, the Custodian, the Registrar, the Conversion Agent and/or the Service Agent. See the section on "Fees and Expenses" for further details.

In relation to cash redemption of Shares, notwithstanding the aforesaid regarding the redemption and cancellation of Shares based on Net Asset Value, the Participating Dealer may be required to pay an additional sum as the Manager in its discretion considers appropriate for the Duties and Charges. The Participating Dealer may pass on to the relevant investor such additional sum.

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

Where a Sub-Fund redeems in-kind in respect of SEHK listed Securities, the Conversion Agent may charge a Share Cancellation Fee in connection with each accepted Redemption Application.

**Cancellation of Redemption Applications**

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

No Security shall be transferred and/or no cash amount shall be paid in respect of any Redemption Application unless Shares, which are the subject of the Redemption Application, have been delivered to the Company free and clear of any Encumbrance for redemption by such time on the Settlement Day or other deadline set forth in the Instrument and/or Operational Guidelines as the Company shall for the time being prescribe for Redemption Applications generally.

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

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

(b) the Company may at its discretion require the Participating Dealer to pay to the Company, for the account of the relevant Sub-Fund, in respect of each Share so cancelled Cancellation Compensation, being the amount (if any) by which the Redemption Value of each such Share is less than the Issue Price which would have applied in relation to each such Share if the Participating Dealer had, on the actual date when the Company is able to repurchase any replacement Securities made a Creation Application in accordance with the provisions of the Instrument plus such other amount as the Company 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 Company, the Administrator, the Registrar, the Conversion Agent and/or the Service Agent (see the section on "Fees and Expenses" for further details); and

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

**Restrictions on redemption**

With a view to protecting the interests of Shareholders, the Manager is entitled to limit the total number of Shares of a Sub-Fund that may be redeemed on any Dealing Day (whether by purchase by the Manager or by cancellation) to 10%, or such other percentage as the Manager may determine either generally or in respect of any particular Dealing Day and as permitted by the SFC, of the total Net Asset Value of the relevant Sub-Fund on such Dealing Day. In this event, the limitation will apply pro rata so that all Shareholders of the relevant Sub-Fund wishing to redeem Shares of that Sub-Fund on that Dealing Day will redeem the same proportion of such Shares, and Shares not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption on the next Dealing Day based on the Redemption Price as at that Dealing Day, subject to the same limitation, and will have priority on the next Dealing Day over subsequent redemption requests received in respect of such subsequent Dealing Day. If requests for redemption are so carried forward, the Manager will promptly inform the Shareholders concerned.

The Manager may suspend the redemption of Shares of any Sub-Fund, or delay the payment of redemption proceeds in respect of any redemption request received, during any period in which the determination of the Net Asset Value of the relevant Sub-Fund is suspended (for details please see the section headed “Suspension of Determination of Net Asset Value”). Any such delay of payment of redemption proceeds will not apply to redemption requests received prior to the suspension of redemption of Shares of any Sub-Fund by the Manager.

**Suspension of Creations and Redemptions**

The Manager may at its discretion (in consultation with the Custodian and, in respect of redemptions, where practicable following consultation with the relevant Participating Dealers and having regard to the best interests of the Shareholders), suspend the creation or issue of Shares of any Sub-Fund, suspend the redemption of Shares of any Sub-Fund and/or (subject to all applicable legal or regulatory requirements where payment of redemption proceeds exceeds one calendar month) delay the payment of any monies and transfer of any Securities in respect of any Creation Application and/or Redemption Application in the following circumstances, provided that payment of redemption monies should not be delayed if the Redemption Application is properly completed prior to 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 (i) for an Index Tracking Sub-Fund, a Security that is a component of the Index of the relevant Index Tracking Sub-Fund, or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund, 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 (i) for an Index Tracking Sub-Fund, a Security that is a component of the Index of the relevant Index Tracking Sub-Fund, or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund, 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 Shareholders of the relevant Sub-Fund;

(f) in respect of an Index Tracking Sub-Fund only, during any period when the relevant Index for the relevant Index Tracking Sub-Fund 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 the Net Asset Value per Share 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;

(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;

(i) during any period when the Swap (if any) cannot be adjusted or reset for any reason;

(j) during any period when the business operations of the Company, the Manager, the Custodian, the Administrator, the Registrar or any delegate of the Company in respect of the creation or redemption of Shares in 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

(k) if as a result of the investment of the proceeds of issue of such Shares in accordance with the investment objective of the Sub-Fund, the Company collectively holds or would hold in aggregate more than 10% of the ordinary shares issued by any single entity.

In addition, where the Sub-Fund(s) under the Company hold in aggregate more than the limit of 10% of the ordinary shares issued by any single entity, the Manager will make it a priority objective to take all other necessary steps within a reasonable period to remedy such breach, having regard to the best interests of the Shareholders.

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 the Company'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 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 Company. In respect of a withdrawal of a Creation Application, the Company shall promptly notify Administrator, the Registrar and the Custodian, and request the Administrator, the Registrar and/or the Custodian to return to the Participating Dealer any Securities and/or 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, in consultation with the Custodian, 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 Shareholding**

Shares will be deposited, cleared and settled by the CCASS. Shares are held in registered entry form only, which means that no Share certificates are issued. HKSCC Nominees Limited is the registered owner (i.e. the sole holder of record) of all outstanding Shares deposited with the CCASS and is holding such Shares for the participants in accordance with the General Rules of HKSCC.

Furthermore, the Company, the Manager and the Custodian acknowledge that pursuant to the General Rules of HKSCC neither HKSCC Nominees Limited nor HKSCC has any proprietary interest in the Shares. Investors owning Shares 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 Shareholders**

The Directors have power to impose such restrictions as it may think necessary for the purpose of ensuring that no Shares 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 Shares are listed in circumstances which, in the Manager's opinion, might result in the Company or the Sub-Fund suffering any adverse effect which the Company or the Sub-Fund might not otherwise have suffered; or

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

The foregoing would include acquisition or holding of Shares by any person or entity classified by the Manager as a "US Person" due to such person or entity being subject to certain investment restrictions and/or restrictions relating to the direct or indirect holding of Shares as may be mandated under applicable U.S. laws and regulations (including any U.S. governmental orders or sanctions) which holding would result in any of the repercussions set out above or as provided in the Instrument.

The Manager may also restrict or prevent the ownership of Shares by any "Unauthorised US Person", being (i) a US person within the meaning of Rule 902 of the United States Securities Act of 1933, (ii) a US resident within the meaning of the United States Investment Company Act of 1940 or (iii) any person that would not qualify as a Non-United States person within the meaning of United States Commodity Futures Trading Commission Rule 4.7(a)(1)(iv), in accordance with the Instrument.

Upon notice that any Shares are so held, the Manager may, acting in good faith and in compliance with any applicable Laws and Regulations, require such Shareholders to redeem or transfer such Shares in accordance with the provisions of the Instrument. A person who becomes aware that he is holding or owning Shares in breach of any of the above restrictions is required either to redeem his Shares in accordance with the Instrument or to transfer his Shares to a person whose holding would be permissible under this Prospectus and the Instrument in a manner that would result in such Shareholder no longer being in breach of the restrictions above.

**Transfer of Shares**

The Instrument provides that a Shareholder may transfer Shares subject to the provisions of the Instrument.

As all Shares will be held in CCASS, an investor is entitled to transfer Shares 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 Directors may from time to time approve. A transferor will be deemed to remain the Shareholder of the Shares transferred until the name of the transferee is entered in the register of Shareholders in respect of the Shares being transferred. Each instrument of transfer must relate to a single Sub-Fund only. To the extent that all Shares are deposited, cleared and settled in CCASS, HKSCC Nominees Limited will be the sole Shareholder, holding such Shares for the persons admitted by HKSCC as a participant of CCASS and to whose account any Shares are for the time being allocated in accordance with the General Rules of HKSCC.

## EXCHANGE LISTING AND TRADING (SECONDARY MARKET)

*General*

The purpose of the listing of the Shares on the SEHK is to enable investors to buy and sell Shares 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 Shares in the primary market.

The market price of a Share listed or traded on the SEHK may not reflect the Net Asset Value per Share. Any transactions in the Shares 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 Shares are listed on the SEHK they will remain listed.

The Manager use its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Shares of each Sub-Fund. Where a Multi-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 Market Maker for each available 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 may make available to a Market Maker the portfolio composition information made available to a Participating Dealer.

Shares 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 Shares, the Market Makers may make or lose money based on the differences between the prices at which they buy and sell Shares, which is to a certain extent dependent on the difference between the purchase and sale prices of the underlying Securities of the relevant Sub-Fund and/or comprised within the Index, as the case may be. Market Makers may retain any profits made by them for their own benefit and they are not liable to account to the relevant Sub-Fund in respect of their profits.

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

Application has been made to the Listing Committee of the SEHK for the listing of, and permission to deal in the Shares of Harvest China Sustainable Lifestyle Tech Active ETF. Subject to compliance with the admission requirements of the HKSCC, the Shares of Harvest China Sustainable Lifestyle Tech Active ETF will be accepted as eligible securities by HKSCC for deposit, clearing and settlement in CCASS with effect from the date of commencement of dealings in the Shares of Harvest China Sustainable Lifestyle Tech Active ETF on the SEHK or such other date as may be determined by HKSCC. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

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

Shares 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 Shares of any Sub-Fund on one or more other stock exchanges.

Participating Dealers should note that they will not be able to sell or otherwise deal in the Shares on the SEHK until dealings begin on the SEHK.

## DETERMINATION OF NET ASSET VALUE

### Calculation of Net Asset Value

The Net Asset Value of each Sub-Fund will be calculated by the Valuation Agent in the base currency of the relevant Sub-Fund 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 Instrument.

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 (in consultation with the Custodian and/or the Administrator) determines that some other method is more appropriate, be valued by reference to 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, or if the Custodian and/or the Administrator so requires, by the Manager after consultation with the Custodian and/or the Administrator if the prices on that Market is not available for more than such period of time as may be agreed between the Manager, the Custodian and/or the Administrator and/or any delegates appointed by the Company applicable to the Sub-Fund; (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, the Custodian, the Administrator and/or the Valuation Agent 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 official closing prices or 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 latest available bid or offer price for such unit, share or other interest;

(c) the value of any Swap shall be determined to be the mark-to-market value of such Swap including the amount expended out of the relevant Sub-Fund in entering into the Swap, but excluding any fees, commissions and other expenses in connection with the entry or negotiation of the Swap, and any initial margin or deposits provided in connection therewith determined and provided by the relevant valuation agent under such Swap to the Manager, the Custodian and/or the Administrator, unless otherwise provided under the terms of the Swap subject to the right of the Custodian and/or the Administrator or their delegates (or such independent valuation agent appointed by the Manager) to recalculate the same and of the Manager, in consultation with the Custodian and/or the Administrator, to adjust such value where it considers that such adjustment is required to reflect the fair value thereof;

(d) futures contracts will be valued based on the formulae set out in the Instrument;

(e) 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 Custodian and/or the Administrator and shall at such times or at such intervals as the Custodian and/or the Administrator may request, cause a revaluation to be made on a regular basis by a professional person approved by the Custodian and/or the Administrator as qualified to value such investments (which may, if the Custodian and/or the Administrator agrees, be the Manager);

(f) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager after consultation with the Custodian and/or the Administrator, any adjustment should be made to reflect the value thereof; and

(g) notwithstanding the foregoing, the Manager may in consultation with the Custodian and/or the Administrator adjust the value of any investment or permit such 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.

Currency conversion will be performed at the prevailing market foreign exchange rate or such other rates as the Manager (in consultation with the Custodian and/or the Administrator) deems appropriate from time to time.

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

**Suspension of Determination of Net Asset Value**

The Manager may, in consultation with the Custodian, having regard to the best interests of the Shareholders, declare a suspension of the determination of the Net Asset Value of the relevant Sub-Fund or of any class of Shares 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;

(b) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise a substantial part of 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 Shareholders of the relevant Sub-Fund;

(c) for any other reason the prices of investments of the relevant Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

(d) there is any 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 Share 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;

(e) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, a substantial part of the Securities or other property of the relevant Sub-Fund or the subscription or redemption of Shares of the relevant class is delayed or cannot, in the opinion of the Manager, be carried out promptly or at normal rates of exchange;

(f) the business operations of the Company or any delegate of the Company in relation to the determination of the Net Asset Value of 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;

(g) the existence of any state of affairs prohibiting the normal disposal of any notional investment to which a Swap is linked (if applicable); or

(h) in the case of a Sub-Fund authorised by the SFC as a feeder fund, the determination of the net asset value of the master fund (as defined under the section entitled “Investment Restrictions” above) is suspended.

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, in the case of an Index Tracking Sub-Fund, the Manager shall be under no obligation to rebalance the relevant Index Tracking Sub-Fund until the suspension is terminated on the earlier of (i) the Manager, in consultation with the Custodian, 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 immediately after declaration of any such suspension notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the suspension,

on the Company'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 in such other publications as the Manager decides.

No Shares 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**

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 Share, or (for an Index Tracking Sub-Fund only) 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 the nearest four decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down), or such other amount from time to time determined by the Manager. The Issue Price during the Initial Offer Period of each Sub-Fund will be set out in the relevant Appendix.

After the expiry of the Initial Offer Period, the Issue Price of Shares 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 Shares in issue rounded to the nearest four decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down).

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 Shares in issue rounded to the nearest four decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down).

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

The latest Net Asset Value of the Shares will be available on the Company'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.*

| **Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Shares (applicable both during the Initial Offer Period and After Listing)** | **Amount** |
|---|---|
| Transaction Fee<br><br>Service Agent's Fee | HKD4,000[1] per Application<br>plus<br><br>HKD120[1] per book-entry deposit and book-entry withdrawal transaction |
| Application cancellation fee | HKD10,000[2] per Application |
| Extension Fee | HKD10,000[3] per Application |
| Stamp duty | Nil |
| All other Duties and Charges incurred by the Custodian or the Manager in connection with the creation or redemption | As applicable |

| **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[4] | Such amounts as determined by the relevant Participating Dealer |
| ***(ii) Fees payable by all investors in respect of dealings in the Shares on SEHK (applicable After Listing)*** | |
| Inter-counter transfer | HKD5.00[5] |

*1 The Transaction Fee is payable by a Participating Dealer to the Custodian for the benefit of the Administrator and/or Registrar. The Service Agent's fee is payable by a Participating Dealer to the Service Agent for each book-entry deposit or book-entry withdrawal transaction. A Participating Dealer may pass on to the relevant investor such Transaction Fee.*

*2 An application cancellation fee is payable to the Administrator and/or the Custodian in respect of either a withdrawn or failed Creation Application or Redemption Application.*

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

*4 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.*

*5 HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer from one counter to another (if applicable). Investors should check with their respective brokers regarding any additional fees.*

| | |
|---|---|
| Brokerage | Market rates |
| Transaction levy | 0.0027%[6] of the trading price |
| AFRC transaction levy | 0.00015%[7] of the trading price |
| SEHK trading fee | 0.00565%[8] of the trading price |
| Stamp duty | Nil |

| | |
|---|---|
| **Fees and expenses payable by a Sub-Fund** | See Appendix |

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 a Sub-Fund**

*Management Fee*

The Manager is entitled to receive a management fee of up to 2% per annum of the Net Asset Value of a 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 Scheme Property in respect of the relevant Sub-Fund.

A Sub-Fund may employ a single management fee structure, and details will be set out in the Appendix of the relevant Sub-Fund.

For a Sub-Fund which do not employ a single management fee structures, the following fees and expenses may be payable out of and borne by the Sub-Fund: the Custodian Fee, the Administrator's fee, the Valuation Agent's fee, the Registrar's fee, fees of Conversion Agent and Service Agent, fees and expenses of the auditors, ordinary out-of-pocket expenses incurred by the Manager or the Custodian and, for an Index Tracking Sub-Fund, the costs and expenses of licensing the Index used in connection with the Index Tracking Sub-Fund.

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.

The Manager may pay a distribution fee to any service provider, distributor or sub-distributors of a Sub-Fund out of the management fees it receives from such Sub-Fund. A distributor may re-allocate an amount of the distribution fee to the sub-distributors.

*Custodian Fee*

Pursuant to the Instrument and Custodian Agreement, the Custodian is entitled to receive a Custodian Fee of up to 1% per annum as soon as reasonably practicable after the last Dealing Day for each Sub-Fund in each calendar month. This fee will be accrued daily and paid monthly in arrears. The Custodian Fee is expressed as a percentage of the Net Asset Value of the relevant Sub-Fund. The Custodian is also entitled to receive various transaction, custodial, and other applicable fees as agreed with the Company from time to time to be reimbursed by the relevant

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*6 Transaction levy, presently 0.0027% of the trading price of the Shares, payable by each of the buyer and the seller.*
*7 AFRC transaction levy, presently 0.00015% of the trading price of the Shares, payable by each of the buyer and the seller.*
*8 Trading fee of 0.00565% of the trading price of the Shares, payable by each of the buyer and the seller.*

Sub-Fund for all out-of-pocket expenses properly incurred by it in the performance of its duties as the Custodian.

For a Sub-Fund which does not employ a single management fee structure, the applicable custodian fee percentage is set out in the relevant Appendix of the Sub-Fund.

The custodian fee will be included in the Management Fee if a Sub-Fund employs a single management fee structure.

The custodian fee may be increased by agreement with the Company up to the maximum on giving one month's notice to the Shareholders.

*PRC Custodian Fee*

Subject to a separate fee agreement in respect of a Sub-Fund, the PRC Custodian is entitled to such transactional fees as may be agreed by the Company in relation to transactions involving the Scheme Property, and a custody fee on terms as agreed by the Company from time to time. Fees payable to the PRC Custodian may payable out of the Scheme Property of the relevant Sub-Fund or out of the Custodian Fee. Please refer to the relevant Appendix for more details.

*Administrator and Registrar Fee*

The Administrator and Registrar is entitled to receive various transaction, processing, valuation fees and other applicable fees as agreed with the Company from time to time and to be reimbursed by the relevant Sub-Fund for all reasonable out-of-pocket expenses incurred by it in the performance of its duties as the Administrator and Registrar.

*Directors' Remuneration and Expenses*

Under the Instrument, the Directors shall be entitled to remuneration for their services as Directors up to a total aggregate amount per annum of USD30,000 and, where payable and where there is more than one Sub-Fund, such remuneration shall be allocated fairly as between Sub-Funds by reference to their respective Net Asset Values.

The Company may pay any travelling, accommodation and other expenses properly incurred by Directors in connection with their attendance at meetings of Directors, general meetings, separate meetings of the Shareholders or any Sub-Fund or class of Shareholders or the exercise of their powers and the discharge of their responsibilities in relation to the Company.

*Estimated Ongoing Charges*

The estimated ongoing charges of any newly established Sub-Fund, which are the sum of anticipated ongoing expenses of the relevant Sub-Fund over a 12-month period expressed as a percentage of its estimated average Net Asset Value over the same period, and the actual ongoing charges of any existing Sub-Fund, which are the sum of actual ongoing expenses of the relevant Sub-Fund expressed as a percentage of its actual average Net Asset Value, are set out in the product key facts statement in respect of the relevant Sub-Fund. Where a Sub-Fund is newly established the Manager will make a best estimate of the ongoing charges and keep such estimate under review. The establishment costs of a Sub-Fund, where disclosed in the relevant Appendix, may also be included in the ongoing charges calculation payable by a Sub-Fund. Ongoing expenses may be deducted from the assets of a Sub-Fund where these are permitted by the Instrument, the UT Code, the OFC Code and the law. These include all types of cost borne by a Sub-Fund, whether incurred in its operation or the remuneration of any party. For Index Tracking Sub-Funds, the estimated or actual ongoing charges do not represent the estimated or actual tracking error. Where disclosed in an Appendix of a Sub-Fund, ongoing charges and expenses of that Sub-Fund may be borne by the Manager.

*Promotional Expenses*

A Sub-Fund 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-Fund will not be paid (either in whole or in part) out of the Scheme Property.

*Other Expenses*

A Sub-Fund will bear all operating costs relating to the administration of the 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 (for Index Tracking Sub-Funds), the costs in connection with maintaining a listing of the Shares on the SEHK or other exchange and maintaining the Company'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 Custodian, the Manager (including expenses incurred by the Manager in its capacity as QFII/RQFII holder, where applicable), the Administrator, the Registrar, the Valuation Agent and/or any of the Company's other service providers or their delegates, the expenses incurred in convening meetings of Shareholders, preparing, printing and distributing annual and half-yearly financial reports and other circulars relating to the Sub-Fund and the expenses of publishing share prices.

**Establishment Costs**

The cost of establishing the Company and the initial Sub-Fund (namely Harvest China Sustainable Lifestyle Tech Active ETF) including the initial preparation of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs is approximately HKD1.83 million and will be amortised over the first five financial years of the Company (or such other period as determined by the Manager after consulting the Auditor and the Custodian).

The cost of establishing subsequent Sub-Funds may be borne by the relevant Sub-Fund to which such costs relate and will be amortised over the first five financial years of the relevant Sub-Fund(s) (or such other period as determined by the Manager after consulting the Auditor and the Custodian).

The attention of investors is drawn to the risk factor entitled "Valuation and Accounting Risk".

**Increase in Fees**

The current fees in respect of each Sub-Fund payable to the Manager, the Administrator and the Custodian as described in the relevant Appendix may be increased on not less than one month's notice to the affected Shareholders (or such shorter period as may be approved under the UT Code), subject to the maximum rates set out in this Prospectus.

## 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 Shares. There can be no assurance that the investment objective of a Sub-Fund will be achieved. Investors 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 each Sub-Fund. You should refer to additional risk factors, specific to each Sub-Fund, as 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 achieve the investment objective and, for an Index Tracking Sub-Fund, 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, including (for an Index Tracking 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 and/or Swaps it holds. The price of Shares 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 each Sub-Fund are based on the capital appreciation and income on the Securities and/or Swaps it holds, less expenses incurred. A Sub-Fund's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, an Index Tracking Sub-Fund may experience volatility and decline in a manner that broadly corresponds with the relevant Index. Investors in each Sub-Fund are exposed to the same risks that investors who invest directly in the underlying Securities would face.

*Asset Class Risk*

Although the Manager is responsible for the continuous supervision of the investment portfolio of each Sub-Fund, the returns from the types of Securities and/or Swaps 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 and/or Swaps tend to go through cycles of out-performance and underperformance when compared with other general Securities and/or Swaps markets.

*Difficulties in Valuation of Investments Risk*

Securities acquired on behalf of a Sub-Fund may subsequently become illiquid due to events relating to the issuer of the securities, market and economic conditions and regulatory sanctions. In cases where no clear indication of the value of a Sub-Fund's portfolio securities is available (for example, when the secondary markets on which a security is traded have become illiquid) the Manager may in consultation with the Custodian apply valuation methods to ascertain the fair value of such securities, pursuant to the Instrument.

*Possible Business Failure Risk*

Global markets may experience very high levels of volatility and an increased risk of corporate failures. The insolvency or other corporate failures of any one or more of the companies in which a Sub-Fund invests or (for an Index Tracking Sub-Fund only) a constituent of the relevant Index may have an adverse effect on the Index's (if any) and therefore the relevant Sub-Fund's performance. You may lose money by investing in any Sub-Fund.

*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. In addition, the Manager has absolute discretion to exercise Shareholders' rights with respect to Securities and/or Swaps comprising a Sub-Fund. There can be no guarantee that the exercise of such discretion will result in the investment objective of a Sub-Fund being achieved. For an Index Tracking Sub-Fund, because there can be no guarantee that the Index Tracking Sub-Fund will fully replicate the relevant Index, it is also subject to the above management risk.

*Single Region / Single Industry Sector / Concentration Risk*

A Sub-Fund may be subject to concentration risk as a result of having a strategy of concentrating in a single region or industry sector or (for an Index Tracking Sub-Fund) tracking the performance of a single geographical region or country or industry sector. For an Index Tracking Sub-Fund, the Index may be comprised of a limited number of securities. A Sub-Fund may therefore likely be more volatile than a broad-based fund, such as a global equity fund, as it is more susceptible to fluctuations in value of the Index or Securities resulting from adverse conditions in the particular geographical region, country or industry sector. Where an Index Tracking Sub-Fund's Index tracks a particular region or country or industry sector or where the Index has a small number of constituents, or where the active strategy of a Sub-Fund is concentrated in a single region or industry sector, risk factors specific to the relevant Sub-Fund are set out in its Appendix. Please refer to each Sub-Fund's Appendix for details.

*Securities Risk*

The investments of each Sub-Fund 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 may experience very high levels of volatility and instability, resulting in higher levels of risk than is customary (including settlement and counterparty risks).

*Counterparty Risk*

Counterparty risk involves the risk that a counterparty or third party will not fulfil its obligations to a Sub-Fund and settle a transaction in accordance with market practice. A Sub-Fund may be exposed to the risk of a counterparty through investments.

A Sub-Fund may be exposed to the counterparty risk of the Custodian with which the Scheme Property is deposited. The Custodian may be unable to perform its obligations due to credit-related and other events such as insolvency of or default on its part. In these circumstances the relevant Sub-Fund may be required to unwind certain transactions and may encounter delays of some years and difficulties with respect to court procedures in seeking recovery of the relevant Sub-Fund's assets. In the event of the insolvency of the Custodian, each Sub-Fund will be treated as a general creditor of the Custodian or other depositaries in relation to cash holdings of the Sub-Fund. Each Sub-Fund's Securities are however maintained by the Custodian in segregated accounts and would generally be protected in the event of insolvency of the Custodian.

*Equity Risk*

Investment in equity Securities by a Sub-Fund (where permitted) may offer a higher rate of return than a fund 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.

*Trading Risk*

While the creation/redemption feature of each Sub-Fund is designed to make it likely that Shares 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 Shares will fluctuate in accordance with changes in the Net Asset Value and supply and demand on any exchange on which Shares are listed. In addition, when buying or selling Shares on the SEHK additional charges (such as brokerage fees) mean that an investor may pay more than the Net Asset Value per Share when buying Shares on the SEHK and may receive less than the Net Asset Value per Share when selling Shares on the SEHK. The Manager cannot predict whether Shares will trade below, at, or above their Net Asset Value. Since, however, Shares must be created and redeemed in Application Share 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 Shares should not be sustained. If the Manager suspends creations and/or redemptions of Shares, the Manager anticipates that there may be larger discounts or premiums as between the secondary market price of Shares and the Net Asset Value.

*Trading Error Risk*

Trading errors are an intrinsic factor in any investment process, and may occur, notwithstanding the execution of due care and special procedures designed to prevent such errors.

*No Trading Market in the Shares Risk*

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

*Indemnity Risk*

Under the Custodian Agreement and the Management Agreement, the Custodian and the Manager (and their respective directors, officers and employees) shall be entitled, except to the extent of any fraud, negligence, or wilful default on its (or their) part, to be indemnified and held harmless out of the assets of the relevant Sub-Fund in respect of any (in addition to any right of indemnity given by law) action, costs, claims, damages, expenses or liabilities to which it (or they) may be put or which it (or they) may incur by virtue of the proper performance of their respective duties. Any reliance by the Custodian or the Manager on the right of indemnity would reduce the assets of a Sub-Fund and the value of the Shares.

*Dividends May Not be Paid Risk*

Whether a Sub-Fund will pay distributions on its Shares is subject to the Manager's distribution policy (as described in the relevant Appendix) and also mainly depends on dividends declared and paid in respect of the Securities comprising the Index (for an Index Tracking Sub-Fund) or in the Sub-Fund's portfolio. 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 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.

*Early Termination Risk*

A Sub-Fund may be terminated early under certain circumstances as set out in the Instrument and summarised under the section headed "Termination (otherwise than by winding up)" below.

Upon a Sub-Fund being terminated, the Company will distribute the net cash proceeds (if any) derived from the realisation of the investments comprised in the relevant Sub-Fund to the Shareholders in accordance with the Instrument. Investors may not be able to recover their investments and may suffer a loss where a Sub-Fund is terminated because any such amount distributed may be more or less than the capital invested by the Shareholder.

*Foreign Exchange Risk*

If a Sub-Fund's assets are generally invested (either directly or indirectly) in non-Hong Kong Securities and/or Swaps, and if a substantial portion of the revenue and income of a Sub-Fund is received in a currency other than HKD, any fluctuation in the exchange rate of the HKD relative to the relevant foreign currency will affect the Net Asset Value of a Sub-Fund denominated in the HKD regardless of the performance of its underlying portfolio. If the relevant Sub-Fund's Net Asset Value is determined on the basis of the HKD, an investor may lose money if it invests in any Sub-Fund if the local currency of a foreign market depreciates against the HKD, even if the local currency value of an investment fund's holdings goes up.

*Foreign Security Risk*

Investing in the Securities of non-Hong Kong companies involves special risks and considerations not typically associated with investing in Hong Kong companies. These include differences in accounting, disclosure, auditing and financial reporting standards, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations, the imposition of restrictions on the expatriation of funds or other assets of a Sub-Fund, political instability which could affect local investments in foreign countries, and potential restrictions on the flow of international capital. Non-Hong Kong companies may be subject to less governmental regulation than Hong Kong companies. Moreover, individual foreign economies may differ favourably or unfavourably from the Hong Kong economy in such respects as growth of gross domestic product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payment positions.

Some overseas stock exchanges may have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. Some countries prohibit or restrict foreign investment, or the repatriation of income, capital or the proceeds from sale of Securities. The Sub-Fund may incur higher costs investing in these countries. These restrictions may limit the Sub-Fund's ability to invest in these countries, delay the investment or repatriation of capital of the Sub-Fund and, in respect of an Index Tracking Sub-Fund, impact the Index Tracking Sub-Fund's ability to track the performance of the Index.

*Securities Financing Transactions Risks*

Securities financing transactions are generally subject to the following risks:

- *Counterparty risk*: The borrower of Securities may fail to return the Securities in a timely manner or at all and the lender may as a result suffer from a loss or delay when recovering the Securities lent out.

- *Collateral risk*: As part of the securities financing transactions, the lender will receive from the borrower collateral based on the valuation of the Securities lent out. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the collateral, adverse market movements in the collateral value and/or change of value of Securities lent. This may cause significant losses to the lender if the borrower fails to return the Securities lent out. The lender may also be subject to liquidity and custody risk of the collateral, as well as legal risk of enforcement.

- *Operational risk*: By undertaking securities financing transactions, one is exposed to operational risks such as delay or failure of settlement.

As a result, a Sub-Fund which enters into securities lending transactions, sale and repurchase transactions and/or reverse repurchase transactions may be subject to the following risks:

- *Securities lending transactions* – Securities lending transactions may involve the risk that the borrower may fail to return the Securities lent out in a timely manner and the value of the collateral may fall below the value of the Securities lent out. This may restrict the Sub-Fund's ability in meeting delivery or payment obligations from redemption requests.

- *Sale and repurchase transactions* – In the event of the failure of the counterparty with which collateral has been placed, a Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

- *Reverse repurchase transactions* – In the event of the failure of the counterparty with which cash has been placed, a Sub-Fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

*Collateral and FDI Risks*

The risks associated with the use of FDIs are different from, or possibly greater than, the risks associated with investing directly in Securities and other traditional investments. Generally, a derivative is a financial contract the value of which depends upon, or is derived from, the value of an underlying asset, reference rate or index, and may relate to stocks, bonds, interest rates, currencies or currency exchange rates, commodities, and related indices. Any Sub-Fund investing in FDIs may utilise both exchange-traded and over-the-counter derivatives. Compared to equity securities, FDIs can be more sensitive to changes in market prices of the underlying assets and thus market prices of FDIs may fall in value as rapidly as they may rise. Investors investing in such Sub-Fund(s) are exposed to a higher degree of fluctuation in value than a Sub-Fund which does not invest in FDIs. Transactions in over-the-counter FDIs may involve additional risk such as the risk that a counterparty defaults as there is no regulated market for such FDIs. Investing in FDIs also involves other types of risks including, but not limited to, the risk of adopting different valuation methodologies and imperfect correlation between the FDI and its underlying securities, rates and indices. Risks associated with FDIs also include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a FDI can result in a loss significantly greater than the amount invested in the FDI by a Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by a Sub-Fund. There is no assurance that any derivative strategy used by a Sub-Fund will succeed.

There are also risks associated with management of collateral and re-investment of collateral. The value of any collateral received in respect of FDI transactions (if any) 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 the Sub-Fund reinvests cash collateral, it is subject to investment risk including the potential loss of principal.

A Sub-Fund may use investment techniques, including investments in derivatives such as Swaps, that may be considered aggressive. The use of derivatives may result in larger losses or smaller gains than investing in or shorting the Securities included in the relevant Index. Investments in these derivatives may generally be subject to market risks that cause their prices to fluctuate more

than an investment directly in a Security and may increase the volatility of Sub-Fund. The use of derivatives may expose each Sub-Fund to additional risks such as counterparty risk, liquidity risk and increased daily correlation risk. When a Sub-Fund uses derivatives, there may be imperfect correlation between the value of the underlying reference assets and the derivative, which may prevent each Sub-Fund from achieving its investment objective.

*Risks Associated with Investment in Swaps*

A Sub-Fund may invest in Swaps for hedging and/or non-hedging (i.e. investment) purposes. Swaps are entered into primarily with major global financial institutions for a specified period which may range from one day to more than one year. In a standard swap transaction, two parties agree to exchange the return (or differentials in rates of return) earned or realised on particular predetermined reference or underlying Securities or instruments. The gross return to be exchanged or swapped between the parties is calculated based on a notional amount or the return on or change in value of a particular dollar amount invested in a basket of Securities.

If the portfolio holdings of a Sub-Fund investing in Swaps (or, in the case of an Index Tracking Sub-Fund, the relevant Index) suffers a dramatic intraday move in value that causes a material decline in a Sub-Fund's Net Asset Value, the terms of the Swap agreement between each Sub-Fund and its Swap Counterparty may allow the Swap Counterparty to immediately close out of the transaction with the Sub-Fund. In such circumstances, each Sub-Fund may be unable to enter into another swap agreement or invest in other derivatives to achieve the desired exposure consistent with the Sub-Fund's investment objective. Any financing, borrowing or other costs associated with using derivatives may also have the effect of lowering the Sub-Fund's return.

In addition, each Sub-Fund may invest in Swaps involving counterparties for the purpose of attempting to gain exposure to a particular Security (or a basket of Securities) or a relevant index without actually purchasing those Securities or investments. The use of these derivatives involves risks that are different from those associated with Securities. For example, each Sub-Fund is exposed to the risk that the Swap Counterparty may be unwilling or unable to make timely payments to meet its contractual obligations or may fail to return holdings that are subject to the agreement with the Swap Counterparty. If the Swap Counterparty becomes bankrupt or defaults on its payment obligations to the Sub-Fund, it may not receive the full amount it is entitled to receive. In addition, each Sub-Fund may enter into swap agreements with a limited number of counterparties, which may increase the Sub-Fund's exposure to counterparty credit risk. Each Sub-Fund does not specifically limit its counterparty risk with respect to any single counterparty and there is a chance for each Sub-Fund to have single counterparty. Further, there is a risk that no suitable counterparties are willing to enter into, or continue to enter into, transactions with each Sub-Fund and, as a result, each Sub-Fund may not be able to achieve its investment objectives. A Sub-Fund will not enter into any agreement involving a Swap Counterparty unless the Manager believes that the other party to the transaction is creditworthy.

The value of the collateral assets of any Swaps invested in by a Sub-Fund may be affected by market events which may cause a Sub-Fund's exposure to the Swap Counterparty to be under-collateralised and may result in significant losses.

*Risk Associated with Small-capitalisation/Mid-capitalisation Companies*

A Sub-Fund may invest in small-capitalisation/mid-capitalisation companies, the stock of which may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

**Risks Associated with Investment in an Actively Managed Sub-Fund**

*Active investment management risk*

The Manager may employ an actively managed investment strategy in respect of a Sub-Fund. An actively managed Sub-Fund does not seek to track any index or benchmark, and there is no

replication or representative sampling conducted by the Manager. Instead, investments of the Sub-Fund will be based on the Manager's view of market conditions and international investment trends and environment. An actively managed Sub-Fund may fail to meet its objective as a result of the Manager's selection of investments for the Sub-Fund, and/or the implementation of processes which may cause the Sub-Fund to underperform as compared to other funds with a similar objective.

Whilst it is the intention of the Manager to implement strategies which are designed to achieve the investment objective of each actively managed Sub-Fund, there can be no assurance that these strategies will be successful. The Manager may not be successful in selecting the best-performing instruments or investment techniques. Accordingly, there is a risk that investors may not recoup the original amount invested in an actively managed Sub-Fund or may lose a substantial part or all of their initial investment.

**Risks Associated with Investment in an Index Tracking Sub-Fund**

*Passive Investment Risk*

An Index Tracking Sub-Fund is not actively managed. Accordingly, such a Sub-Fund may be affected by a decline in the market segments relating to the relevant Index or Indices. Investors may lose a significant part of their respective investments if the Index falls. Each Index Tracking Sub-Fund invests (either directly or indirectly) in the Securities and/or Swaps 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 securities individually or to take defensive positions in declining markets. Investors 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 an Index Tracking Sub-Fund will mean a decline in the Index or Indices are expected to result in corresponding falls in the Net Asset Values of the Sub-Fund, and investors may lose substantially all of their investment.

*Representative Sampling Risk*

With a representative sampling strategy, an Index Tracking Sub-Fund does not hold all of the Securities in its Index and may invest in Securities not included in its Index, provided that the sample closely reflects the overall characteristics of the Index which the Manager believes will help the Sub-Fund achieve its investment objective. The Securities held by an Index Tracking Sub-Fund may also be over or underweight relative to the Securities in its Index. It is therefore possible that such a Sub-Fund may be subject to larger tracking error.

*Tracking Error Risk*

Trading errors are an intrinsic factor in any investment process, and may occur, notwithstanding the execution of due care and special procedures designed to prevent such errors.

An Index Tracking Sub-Fund's returns may deviate from the Index due to a number of factors. For example, the fees and expenses of an Index Tracking Sub-Fund, any adoption of a representative sampling strategy, liquidity of the market, imperfect correlation of returns between an Index Tracking Sub-Fund's assets and the Securities constituting its Index, rounding of share prices, foreign exchange costs, changes to the Indices and regulatory policies may affect the Manager's ability to achieve close correlation with the Index of each Index Tracking Sub-Fund. Further, an Index Tracking Sub-Fund may receive income (such as interests and dividends) from its assets while the Index does not have such sources of income. There can be no guarantee or assurance of exact or identical replication at any time of the performance of the Index or that an Index Tracking Sub-Fund will achieve its investment objective at any time of corresponding to the performance of the relevant Index.

Although the Manager regularly monitors the tracking error of each Index Tracking Sub-Fund, there can be no guarantee or assurance that any Index Tracking Sub-Fund will achieve any particular level of tracking error relative to the performance of its Index.

**Risk Associated with Mainland China**

*Economic, Political and Social Risks of Mainland China*

The economy of Mainland 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 Mainland China are still owned by the Mainland Chinese government at various levels, in recent years, the Mainland Chinese government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of Mainland China and a high level of management autonomy. The economy of Mainland China has experienced significant growth in the past 25 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 Mainland Chinese government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than 25 years, the Mainland Chinese government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of Mainland China. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the Mainland Chinese 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 Mainland China as well as the underlying Securities of a Sub-Fund. Further, the Mainland Chinese government may from time to time adopt corrective measures to control the growth of Mainland China economy which may also have an adverse impact on the capital growth and performance of a Sub-Fund.

Political changes, social instability and adverse diplomatic developments in Mainland China 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 a Sub-Fund's portfolio.

*Mainland China Laws and Regulations Risk*

The regulatory and legal framework for capital markets and joint stock companies in Mainland China may not be as well developed as those of developed countries. Mainland China 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 Mainland China 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.

*Restricted Markets Risk*

A Sub-Fund may invest in Securities in respect of which Mainland China 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 such Sub-Fund holdings. For an Index Tracking Sub-Fund, such restrictions or limitations may have adverse effects on the Index

Tracking Sub-Fund as compared to the performance of the Index and hence may increase the risk of tracking error. At the worst, a Sub-Fund may not be able to achieve its investment objective.

*Accounting and Reporting Standards Risk*

Accounting, auditing and financial reporting standards and practices applicable to Mainland Chinese 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 Mainland China taxation risk*

The Mainland Chinese 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 Mainland Chinese companies and foreign investors in such companies. Please also refer to the section below entitled "Taxation in Mainland China".

**Risks Associated with A-Shares**

*A-Shares Market Suspension and Volatility Risk*

A-Shares may only be bought from, or sold to, a Sub-Fund from time to time where the relevant A-Shares may be sold or purchased on the SSE, the SZSE, or the BSE, as appropriate. Given that the A-Shares market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the creation and redemption of Shares may be disrupted. A Participating Dealer is unlikely to create or redeem Shares if it considers that A-Shares may not be available. High market volatility and potential settlement difficulties in the A-Shares market may also result in significant fluctuations in the prices of the securities traded on the A-Shares market and thereby may adversely affect the value of the relevant Sub-Fund.

*Mainland China Taxation Risk*

Pursuant to the "Notice for the tax policies in relation to the Pilot Program for Shanghai-Hong Kong Stock Connect" (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) Caishui [2014] No.81 ("Circular 81") and "Notice about the tax policies related to Shenzhen-Hong Kong Stock Connect" (關於深港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2016] No. 127) ("Circular 127") jointly promulgated by the Ministry of Finance of the PRC ("MOF"), the STA and the CSRC on 14 November 2014 and 5 November 2016 respectively, Corporate Income Tax ("CIT") will be temporarily exempted on capital gains derived by Hong Kong market investors (including each Sub-Fund) on the trading of A-Shares through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect with effect from 17 November 2014 and 5 December 2016 respectively. Based on Circular 81 and Circular 127 and having consulted independent professional tax adviser, 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 any Sub-Fund.

It should be noted that the tax exemptions granted under Circular 81 and Circular 127 are temporary. As such, as and when the Mainland Chinese tax authorities announce the expiry date of the tax exemption, a Sub-Fund may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of such Sub-Fund.

The Manager reserves the right to provide for Mainland China withholding income tax ("WIT") or other taxes on capital gains or income and withhold the tax for the account of a Sub-Fund if there is any future change in Mainland China tax rules. The Manager will closely monitor any further guidance by the relevant Mainland Chinese tax authorities and change its tax provision policy and the tax provision amount in respect of the Sub-Fund accordingly. Any change to the tax provision policy or the amount of tax provision in respect of a Sub-Fund will be notified to the Shareholders.

If actual tax is collected by the STA and a Sub-Fund is required to make payments reflecting tax liabilities for which no provision has been made, the Net Asset Value of the Sub-Fund may be adversely affected, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the tax liabilities will only impact Shares in issue at the relevant time, and the then existing Shareholders and subsequent Shareholders will be disadvantaged as such Shareholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund.

Please refer to the sub-section entitled "Taxation in Mainland China" under the section headed "Taxation" in this Prospectus for further information in this regard.

**Risks Associated with N-Shares**

N-Shares are securities of companies with business operations in Mainland China and listed on a US stock exchange, such as NYSE, NASDAQ or the American Stock Exchange. Because companies issuing N-Shares often have business operations in Mainland China, they are subject to certain political and economic risks in Mainland China. The American stock market may behave very differently from Mainland China stock market, and there may be little to no correlation between the performance of the two.

**Risks Associated with P-Chip Companies**

P-Chip companies are often run by the private sector and have a majority of their business operations in Mainland China. P-Chip shares are traded in HKD on the SEHK, and may also be traded by foreigners. Because they are traded on the SEHK, P-Chips are also subject to risks similar to those associated with investments in H-Shares. They are also subject to risks affecting their jurisdiction of incorporation, including any legal or tax changes.

**Risks Associated with Red Chip Companies**

Red Chip companies are controlled, either directly or indirectly, by the central, provincial or municipal governments of Mainland China. Red Chip shares are traded in HKD on the SEHK and may also be traded by foreigners. Because Red Chip companies are controlled by various Mainland Chinese governmental authorities, investing in Red Chips involves risks that political changes, social instability, regulatory uncertainty, adverse diplomatic developments, asset expropriation or nationalisation, or confiscatory taxation could adversely affect the performance of Red Chip companies. Red Chip companies may be less efficiently run and less profitable than other companies.

**Risks Associated with the Stock Connect**

A Sub-Fund's investments through the Stock Connect may be subject to the following risks.

*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.

*Suspension Risk*

It is contemplated that both the SEHK and the SSE would reserve 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 Mainland China market through the Stock Connect will be adversely affected.

*Differences in Trading Day*

The Stock Connect will only operate on days when both Mainland China 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 Mainland China market but Hong Kong investors (such as the Sub-Fund(s)) cannot carry out any A-Shares trading. Due to the differences in trading days, a Sub-Fund may be subject to a risk of price fluctuation in A-Shares on a day that Mainland China 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 Mainland 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 fail 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 Manager's ability to select a stock with the aim of achieving the investment objective of a Sub-Fund and, in the case of an Index Tracking Sub-Fund, affect the Index Tracking Sub-Fund's tracking of the Index if, for example, a constituent of the 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 relatively novel in nature, and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in Mainland China 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. The Sub-Fund may be adversely affected as a result of such changes.

*Limited Investor Compensation Risk*

Investment through the Stock Connect is conducted through broker(s) and is subject to the risks of default by such brokers' in their obligations. While the Sub-Fund is covered by the Investor Compensation Fund for defaults occurring on or after 1 January 2020 for Northbound trading, since the Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not Mainland Chinese brokers, they are not protected by the China Securities Investor Protection Fund (中國投資者保護基金) in Mainland China.

*Participation in Corporate Actions and Shareholders' Meetings*

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

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

**Risks Associated with the RMB currency**

*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 Mainland Chinese government. Since 1994, the conversion of RMB into USD has been based on rates set by the People's Bank of China, which are set daily based on the previous day's Mainland China interbank foreign exchange market rate. On 21 July 2005, the Mainland Chinese 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, Mainland 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. However it should be noted that the Mainland Chinese 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 USD or any other foreign currency in the future. Any depreciation of the RMB will decrease the value of RMB-denominated assets the Sub-Fund may hold and of any dividends that the Sub-Fund may receive from such investments, which may have a detrimental impact on the Net Asset Value of the Sub-Fund, and vice versa.

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 Mainland China 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 Mainland Chinese government will continue its existing foreign exchange

policy or when the Mainland Chinese government will allow free conversion of the RMB to foreign currency.

*Future Movements in RMB Exchange Rates Risk*

The exchange rate of RMB ceased to be pegged to USD 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 USD, Euro, Yen, British Pound 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 USD and Hong Kong dollar, are susceptible to movements based on external factors.

There can be no assurance that such exchange rates will not fluctuate widely against USD, Hong Kong dollar or any other foreign currency in the future. From 1994 to July 2005, the exchange rate for RMB against USD and the Hong Kong dollar was relatively stable. Since July 2005, the RMB has begun to appreciate until August 2015 when the PBOC introduced a one-off devaluation of RMB. There can be no assurance that RMB will not be subject to further devaluation. The future movements in RMB exchange rates are uncertain and the fluctuations may have a positive or negative impact on investors' investment in a Sub-Fund.

*Offshore RMB ("CNH") Market Risk*

The onshore RMB ("CNY") is the only official currency of Mainland China and is used in all financial transactions between individuals, state and corporations in Mainland China. Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside Mainland China. 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 Mainland China is limited. 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 Mainland China laws and regulations on foreign exchange. There is no assurance that new Mainland China regulations will not be promulgated or the relevant settlement agreement between Hong Kong banks and the PBOC 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 Mainland China may affect the ability of investors to acquire Shares or to sell Shares of a Sub-Fund affecting the liquidity and therefore the trading price of the Shares 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.

**Risks Associated with Multi-Counter**

*Multi-Counter Risk*

The nature of the Multi-Counter for exchange traded funds may make investment in the Shares riskier than in single counter units or shares of an SEHK listed issuer for example where for some reason there is a settlement failure on an inter-counter transfer if the Shares of one counter are delivered to CCASS at the last settlement on a trading day, leaving not enough time to transfer the Shares to the other counter for settlement on the same day.

In addition, where there is a suspension of the inter-counter transfer of Shares between different counters for any reasons, for example, operational or systems interruption, Shareholders will only be able to trade their Shares in the currency of the relevant Multi-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 Shares traded in one counter may deviate significantly from the market price on the SEHK of Shares traded in another counter due to different factors such as market liquidity, supply or demand in each counter and exchange rate fluctuations. The trading price of Shares in each counter is determined by market forces and so will not be the same as the trading price of Shares multiplied by the prevailing rate of foreign exchange. Accordingly when selling Shares or buying Shares traded in one counter, an investor may receive less or pay more than the equivalent amount in the currency of another counter if the trade of the relevant Shares took place on another counter. There can be no assurance that the price of Shares in each counter will be equivalent.

Investors without RMB or USD accounts may not be able to buy or sell RMB or USD traded Shares and should note that distributions will only be made in the base currency of the Sub-Fund. As such, investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their distribution.

It is possible that some brokers and CCASS participants may not be familiar with and may not be able to (i) buy Shares in one counter and to sell Shares in another, (ii) carry out inter-counter transfers of Shares, or (iii) trade Shares in different 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 Shares in one currency, investors are recommended to check the readiness of their brokers in respect of the Multi-Counter trading and inter-counter transfer and should fully understand the services which the relevant broker is able to provide (as well as any associated fees).

**Risks Associated with Market Trading**

*Absence of Active Market and Liquidity Risks*

Although Shares of each Sub-Fund are listed for trading on the SEHK, there can be no assurance that an active trading market for such Shares will develop or be maintained. In addition, if the underlying Securities and/or Swaps which comprise each Sub-Fund themselves have limited trading markets, or if the spreads are wide, this may adversely affect the price of the Shares and the ability of an investor to dispose of its Shares at the desired price. If an investor needs to sell his, her or its Shares at a time when no active market for them exists, the price received for the Shares – assuming an investor is 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, Shares on the SEHK during any period in which trading of the Shares is suspended. The SEHK may suspend the trading of Shares 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 Shares may also be suspended if the trading of Shares is suspended.

*Effect of Redemptions Risk*

If significant redemptions of Shares are requested by the Participating Dealers, it may not be possible to liquidate the relevant 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 Shares are requested by the Participating Dealers, the right of Participating Dealers to require redemptions in excess of 10% of the total Net Asset Value of Shares in a Sub-Fund then in issue (or such higher percentage as the Manager may determine) 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 a Sub-Fund for the whole or any part of any period. Please see the section on "Determination of Net Asset Value" for further details.

*Trading hours differences risk*

The stock exchanges on which a Sub-Fund's Securities are listed may be open when Shares in the Sub-Fund are not priced. As a result, the value of the Securities in the relevant Sub-Fund's portfolio may change on days when investors will not be able to purchase or sell the Sub-Fund's Shares. Furthermore, the market price of underlying Securities listed on 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 relevant Sub-Fund deviating away from its Net Asset Value. Shares listed on certain stock exchanges may be subject to trading bands which restrict increases and decreases in the trading price. Shares 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 market prices of the relevant Securities and as a result, the level of premium or discount of the Share price of a Sub-Fund to its Net Asset Value may be higher.

*Shares May Trade at Prices Other than Net Asset Value Risk*

Shares may trade on the SEHK at prices above or below the most recent Net Asset Value. The Net Asset Value per Share 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 Shares fluctuate continuously throughout the trading hours based on market supply and demand rather than Net Asset Value. The trading price of the Shares may deviate significantly from Net Asset Value particularly during periods of market volatility. Any of these factors may lead to the Shares of the relevant Sub-Fund trading at a premium or discount to the Net Asset Value. On the basis that Shares can be created and redeemed in Application Shares 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 Shares 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 Shares 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.

*Restrictions on Creation and Redemption of Shares Risk*

Investors should note that a Sub-Fund is not like a typical retail investment fund offered to the public in Hong Kong (for which units or shares can generally be purchased and redeemed directly

from the manager). Shares of a Sub-Fund may only be created and redeemed in Application Share sizes directly by a Participating Dealer (either on its own account or on behalf of an investor through a stockbroker which has opened an account with the Participating Dealer). Other investors may only make a request (and if such investor is a retail investor, through a stockbroker which has opened an account with a Participating Dealer) to create or redeem Shares in Application Share sizes through a Participating Dealer which reserves the right to refuse to accept a request from an investor to create or redeem Shares under certain circumstances. Alternatively, investors may realise the value of their Shares by selling their Shares through an intermediary such as a stockbroker on the SEHK, although there is a risk that dealings on the SEHK may be suspended. Please refer to the section headed "Creations and Redemptions (Primary Market)" for details in relation to the circumstances under which creation and redemption applications can be rejected.

*Borrowing Risks*

The Company may borrow for the account of a 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 Shares Risk*

As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Shares on the SEHK, investors may pay more than the Net Asset Value per Share when buying Shares on the SEHK, and may receive less than the Net Asset Value per Share when selling Shares 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 Shares (bid price) and the price at which they are willing to sell Shares (ask price). Frequent trading may detract significantly from investment results and an investment in Shares may not be advisable particularly for investors who anticipate making small investments regularly.

*No Right to Control a 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*

Shares in a Sub-Fund may trade on the SEHK when the relevant Sub-Fund does not accept orders to subscribe or redeem Shares. On such days, Shares 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*

Shareholders 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 Company 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.

*Reliance on the Investment Adviser risk*

The Manager will make use of the research expertise 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 affect a Sub-Fund's investment activities and as a result, its performance.

*Reliance on Market Makers Risk*

Although the Manager will use its best endeavours to put in place arrangements so that there is at least one Market Maker to maintain a market for the Shares traded in each counter, it should be noted that liquidity in the market for the Shares may be adversely affected if there is no Market Maker for Shares traded in one or more counters. 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 each counter (which may be the same Market Maker) gives not less than 3 months' notice prior to terminating market making arrangement under the relevant market making agreements. It is possible that there is only one SEHK Market Maker to a counter or to the 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 Shares 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 Shares 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, in the case of an Index Tracking Sub-Fund, the Index is not compiled or published. In addition, Participating Dealers will not be able to issue or redeem Shares 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 and/or Swaps cannot be effected. Since 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 Shares freely.

**Risks Associated with the Indices (applicable to Index Tracking Sub-Funds only)**

*Fluctuations Risk*

The performance of the Shares of an Index Tracking Sub-Fund should, before fees and expenses, correspond closely with the performance of the relevant Index. If the relevant Index experiences volatility or declines, the price of the Shares of the Sub-Fund which tracks that Index will vary or decline accordingly.

*Licence to Use Index may be Terminated Risk*

In respect of each Index Tracking Sub-Fund, 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. An Index Tracking 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 Appendix of the relevant Index Tracking Sub-Fund. Although the Manager will seek to find a replacement Index, an Index Tracking 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 Index Tracking Sub-Fund. Each Index Tracking Sub-Fund is not sponsored, endorsed, sold or promoted by the relevant Index Provider. Each Index Provider makes no representation or warranty, express or implied, to investors in any Index Tracking Sub-Fund or other persons regarding the advisability of investing in Securities generally or in any Index Tracking Sub-Fund particularly. Each Index Provider has no obligation to take the needs of the Manager or investors in the relevant Index Tracking Sub-Fund into consideration in determining, composing or calculating the relevant Index. 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 Index Tracking 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 or where the methodology of the Index is changed by the Index Provider. When this happens the weightings or composition of the Securities owned by the relevant Index Tracking Sub-Fund will change as considered appropriate by the Manager to achieve the investment objective. Thus, an investment in Shares of an Index Tracking Sub-Fund will generally reflect the Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Shares. However, there can be no guarantee that an Index Tracking Sub-Fund will, at any given time accurately reflect the composition of the relevant Index (please refer to the section on “Tracking Error Risk”).

*Errors and inaccuracies of Index Risk*

There may be inaccuracies, errors, omissions or mistakes in the compilation or calculation of an Index, which may result in significant deviations between the Net Asset Value of the Shares of an Index Tracking Sub-Fund and the relevant Index. The accuracy and completeness of the calculation of an Index may be affected by, without limitation, the availability and accuracy of prices for its constituent securities, market factors and errors in its compilation. The Manager and the Custodian are not responsible or involved in the compilation or calculation of any Index, and thus cannot be held responsible or liable for any inaccuracies, errors, omissions or mistakes in such compilation or calculation.

**Risks Associated with Regulation**

*Withdrawal of SFC Authorisation Risk*

The Company and each Sub-Fund have been authorised as a collective investment scheme under the UT 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. For an Index Tracking Sub-Fund, the SFC reserves the right to withdraw the authorisation of the Company or a Sub-Fund if the relevant Index is no longer considered acceptable or impose such conditions as it considers appropriate. If the Manager does not wish the Company or a Sub-Fund to continue to be authorised by the SFC, the Manager will give Shareholders at least three months’ notice (or such shorter period as may be approved by the SFC) 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 Company or a Sub-Fund, the Company or the Sub-Fund (as applicable) will be terminated.

*General Legal and Regulatory Risk*

A 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 an Index or the Securities in a Sub-Fund's Portfolio and as a result, the performance of the relevant 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 Shareholder may lose a material part of its investments in a Sub-Fund.

*Shares may be Delisted from the SEHK Risk*

The SEHK imposes certain requirements for the continued listing of Securities, including the Shares, on the SEHK. Investors cannot be assured that any Sub-Fund will continue to meet the requirements necessary to maintain the listing of Shares on the SEHK or that the SEHK will not change the listing requirements. If the Shares of a Sub-Fund are delisted from the SEHK, Shareholders will have the option to redeem their Shares by reference to the Net Asset Value of the Sub-Fund. Where the relevant Sub-Fund remains authorised by the SFC, such procedures required by the UT Code will be observed by the Manager including as to notices to Shareholders, 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 Shares may also have to be delisted.

*Taxation Risk*

Investing in a Sub-Fund may have tax implications for a Shareholder depending on the particular circumstances of each Shareholder. 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 Shares. Such tax consequences may differ in respect of different investors.

*FATCA Related Risks*

Subject to the discussion below regarding the IGA (as defined below), sections 1471 – 1474 (referred to as "FATCA") of the United States Internal Revenue Code of 1986, as amended ("IRS Code"), impose a 30% withholding tax on certain U.S. source withholdable payments to foreign financial institutions ("FFIs") that are not FATCA-compliant. Under FATCA rules, an FFI that is not otherwise exempt or treated as deemed-compliant should register with the US Internal Revenue Service ("IRS"), and 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 ("IGA"). In order to comply with FATCA and to avoid the above-mentioned withholding tax, the Company 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 Company, any due diligence, reporting and other relevant FATCA requirements. The Company 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 an investor that is (or in certain circumstances is owned by) a "Specified US Person" within the meaning of FATCA.

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

relating to the Company will depend on each investor providing the Company with information that the Company requests concerning the investor.

Each prospective investor should consult with its own tax adviser as to the potential impact of FATCA on it in its own tax situation and on the Company and the Sub-Funds.

*Valuation and Accounting Risk*

The Manager intends to adopt IFRS in drawing up the annual financial reports of each Sub-Fund. 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. Investors should note that under IFRS, establishment costs should be expensed as incurred and that the amortisation of the expenses of establishing a Sub-Fund is not in accordance with IFRS; however, the Manager has considered the impact of such non-compliance and has considered that it will not have a material impact on the financial statements of each Sub-Fund. To the extent that the basis adopted by a Sub-Fund for subscription and redemption purposes deviates from IFRS, the Manager may make necessary adjustments in the annual financial reports for the financial reports to be in compliance with IFRS. Any such adjustments will be disclosed in the annual financial reports, including a reconciliation.

*Contagion Risk*

The Instrument allows the Company to issue Shares in separate Sub-Funds. The Instrument provides for the manner in which the liabilities are to be attributed across the various Sub-Funds under the Company (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 Company granting that person a security interest).

*Cross Liability Risk*

The assets and liabilities of each Sub-Fund under the Company will be tracked, for book keeping purposes, separately from the assets and liabilities of any other Sub-Funds, and the Instrument provides that the assets of each Sub-Fund should be segregated 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.

## MANAGEMENT OF THE COMPANY AND THE SUB-FUNDS

### The Directors

The Directors of the Company are as follows:

#### *HAN Tongli*

Mr. Tongli Han is the Chief Executive Officer (CEO) and Chief Investment Officer (CIO) at Harvest Global Investments Limited, 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.

#### *SHU Chuying Kevin*

Mr. Kevin Shu is the Chief Marketing Officer at Harvest Global Investments Limited, responsible for facilitating Harvest's cross-border and global businesses. He covers global institutional and distribution partnerships, facilitating business development for QFII, QDII, etc. Mr. Shu joined Harvest in 2009 as Senior Institutional Product Manager and was responsible for institutional product development and management and marketing. Mr. Shu established Harvest's Global Business team in 2012, and the team's global client coverage expands across 15 countries with a total AUM of more than USD12 billion.

Prior to joining Harvest, Mr. Shu worked at Fidelity Investments Canada and its institutional arm, Pyramis Global Advisors, as Senior Institutional Investment Analyst from 2006 to 2009. Before that, Mr. Shu was a portfolio performance analyst at OPSEU Pension Trust, one of the largest Canadian pension plans.

Mr. Shu is a Responsible Officer with licences for Types 1, 4 and 9 regulated activities issued by the SFC. He is also a registered mutual fund representative at AMAC.

Mr. Shu received a BBA in Finance degree from the University of Toronto and MBA degree from Tsinghua University.

### The Manager

The Manager of the Company 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.

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. From October 2000 to December 2017, he worked as Director and General Manager of HFM. He worked as Chairman of HFM since December 2017. Prior to joining HFM, 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***

Please refer to the section “The Directors” for Mr. Han’s biography.

***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.

**Investment Adviser**

The Manager has appointed China Renaissance Securities (Hong Kong) Limited 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 is a wholly-owned subsidiary of China Renaissance Holdings Limited, a company incorporated in the Cayman Islands with its shares listed on the Hong Kong Stock Exchange (Stock Code: 1911).

The Investment Adviser was incorporated in Hong Kong on 18 June 2012 and is licensed by the SFC for type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO with CE number AZX839.

Where appointed as an investment adviser in respect of a Sub-Fund, the Investment Adviser will advise the Manager in respect of the relevant Sub-Fund. In particular, the Investment Adviser will provide fundamental research support to the Sub-Fund, which includes providing investment ratings on individual stocks and sectors with consideration of their ESG performance (where applicable) and other criteria; providing investment write-ups on companies or sectors selected by the Manager for potential investment by the Sub-Fund; attending the monthly investment committee meetings of the Manager to provide advice and required information on potential investments of the Sub-Fund; and advising the Manager where changes in circumstances may mean that certain potential and/or existing investments of the Sub-Fund may no longer be suitable to achieve the investment strategy of the Sub-Fund.

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 Custodian**

The Custodian of the Company is HSBC Institutional Trust Services (Asia) Limited, which is incorporated in Hong Kong and is registered as a trust company under the Trustee Ordinance (Cap. 29) of Hong Kong. It is an indirect wholly owned subsidiary of HSBC Holdings plc, a public company incorporated in England and Wales. The Custodian is regulated by the Mandatory Provident Fund Schemes Authority.

Under the Custodian Agreement, the Custodian is responsible for the safekeeping of the Scheme Property, subject to the provisions of the Instrument and the SFO.

The Custodian may, however, appoint a person or persons (including a Connected Person of the Custodian) to be agent, nominee, custodian, joint custodian, co-custodian and/or sub-custodian to hold certain assets of any Sub-Fund and may empower any such person or persons to appoint, with no objection in writing by the Custodian, co-custodians and/or sub-custodians (each such agent, nominee, custodian, co-custodian and sub-custodian, a "Correspondent"). The Custodian may also appoint delegates for the performance of its duties, powers or discretions under the Custodian Agreement.

The Custodian is required to: (a) exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of such persons; and (b) be satisfied that such persons retained remain suitably qualified and competent on an ongoing basis to provide the relevant service to the Sub-Funds provided however that if the Custodian has discharged its obligations set out in (a) and (b) above, the Custodian shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any such person(s) not being the Custodian's Connected Person appointed as agents, nominees, custodians or joint custodians of certain assets of any Sub-Fund.

The Custodian however shall remain liable for any act or omission of any such person that is a Connected Person of the Custodian and that is appointed as agent, nominee, custodian, joint custodian, co-custodian and/or sub-custodian to hold certain assets of any Sub-Fund as if the same were the acts or omissions of the Custodian.

The Custodian shall not be liable for any act or failure to act by the Custodian that may arise directly or indirectly in connection with the Custodian Agreement, other than any liability which is caused directly by the negligence or fraud or wilful default of the Custodian. The Custodian shall not be liable for: (a) any act, omission, insolvency, liquidation or bankruptcy of Euro-clear Clearing System Limited or Clearstream Banking S.A. or any other recognised or central depositaries or clearing system which may from time to time be approved by the Custodian and the Manager; or (b) the custody or control of any investments, assets or other property which is under the custody or control of or on behalf of a lender in respect of any borrowing made by the Custodian for the purposes of the Company or any Sub-Fund.

In addition, subject to any applicable Laws and Regulations and unless otherwise specified in the Custodian Agreement and/or the Instrument, the Custodian shall not be responsible for or incur any liability for, without limitation: (i) the Custodian acting on instructions reasonably; (ii) authenticity of any signature or seal affixed to any documents affecting the title to or transmission of Shares or Investments; (iii) acting upon any resolutions purporting to have been passed at any meeting of the Shareholders in respect whereof minutes shall have been made and signed or passed in accordance with terms of the Instrument; (iv) any consequential, special or indirect loss or punitive damages arising under or in connection with the Custodian Agreement, whether in contract, in tort, by law or otherwise.

Notwithstanding the aforesaid, the Custodian is neither exempted from any liability to Shareholders imposed under Hong Kong law nor breaches of trust through fraud or negligence nor may it be indemnified against such liability by Shareholders or at Shareholders' expense. Subject to the applicable law and the provisions of the Custodian Agreement and the Instrument, the Custodian shall not, in the absence of fraud, negligence or wilful default on the part of the Custodian, be liable for any losses, costs or damage to the Company, any Sub-Fund or any other person.

The Custodian will remain as the primary custodian of the Company until it retires or is removed. The circumstances under which the Custodian may retire or be removed are set out in the Custodian Agreement. Where any Sub-Fund is authorised pursuant to Section 104 of the SFO, any change in the Custodian is subject to the SFC's prior approval and the Custodian will remain as the custodian of the Company until a new primary custodian is appointed. Shareholders will be duly notified of any such changes in accordance with the requirements prescribed by the SFC.

The Custodian will be entitled to the fees described in the section headed "Fees and Expenses" above and to be reimbursed for all costs and expenses in accordance with the provisions of the Custodian Agreement.

The Custodian is not responsible for the preparation or issue of this Prospectus and therefore accepts no responsibility for any information contained in this Prospectus. Neither the Custodian nor any of its subsidiaries, affiliates, directors and other officers, shareholders, servants, employees, agents or permitted delegates accept any responsibility or liability for any information contained in this Prospectus other than the description under this section headed "The Custodian".

**The Sub-Custodian**

The Custodian has appointed The Hongkong and Shanghai Banking Corporation Limited ("HSBC") as the sub-custodian of the Company. The sub-custodian is a bank incorporated under the laws of Hong Kong and is an "authorised institution", having a valid bank licence under the Banking Ordinance (Cap. 155) of Hong Kong. It is regulated as a bank by The Hong Kong Monetary Authority (the "HKMA"), which is the regulator of authorised institutions in Hong Kong. The sub-custodian is also a "registered institution" with the SFC for carrying on regulated activities under the SFO in Hong Kong. Notwithstanding that it is regulated by both the HKMA and the SFC, the sub-custodian's primary regulator in Hong Kong is the HKMA.

The sub-custodian is not responsible for the preparation or issue of this Prospectus and therefore accepts no responsibility for any information contained in this Prospectus. Neither the sub-custodian nor any of its subsidiaries, affiliates, directors and other officers, shareholders, servants, employees, agents or permitted delegates accept any responsibility or liability for any information contained in this Prospectus other than the description under this section headed "The Sub-Custodian".

**The PRC Custodian**

The PRC Custodian will be appointed in respect of each Sub-Fund which invests directly in A-Shares. The PRC Custodian, if appointed in respect of a Sub-Fund, will be responsible for the safe custody of the assets of such Sub-Fund managed by the Manager in connection with its QFII/RQFII status within the PRC under the QFII/RQFII scheme. Please refer to the relevant Appendix for details of the PRC Custodian.

**The Administrator and Registrar**

The Hongkong and Shanghai Banking Corporation Limited ("HSBC") has been appointed as the Administrator and Registrar of each Sub-Fund and shall carry out certain financial, administrative functions and other services in relation to each Sub-Fund and is responsible for, among other things: (i) calculating the Net Asset Value and Net Asset Value per Share of any class relating to each Sub-Fund; and (ii) the general administration of each Sub-Fund, which includes the proper book keeping of each Sub-Fund, and arranging the administration of the issue and redemption of Shares of each Sub-Fund.

HSBC also acts as the Registrar for each Sub-Fund under the terms of the Fund Administration Agreement, unless otherwise stated in the relevant Appendix. The Registrar provides services in respect of the establishment and maintenance of the register of Shareholders of each Sub-Fund.

HSBC, its delegated affiliates, directors, officers and employees of each of them, are entitled to be indemnified by the Company out of the Scheme Property of a Sub-Fund against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, legal costs, expenses or disbursements of any kind or nature whatsoever other than those resulting from the fraud, wilful default or negligence on the part of HSBC, its delegated affiliates, directors, officers, employees and each of them which may be imposed on, incurred by or asserted against HSBC, its delegated affiliates, directors, officers, employees and each of them, as a result of or in connection with performing the services under the Fund Administration Agreement between HSBC and the Company for and on behalf of the relevant Sub-Fund.

In performing the services under the Fund Administration Agreement, HSBC is entitled, without verification or further enquiry or liability, to rely on pricing information in relation to specified Investments held by the Company and each Sub-Fund, which would include information provided by the Manager, or, in the absence of any such price sources, any price sources on which HSBC may choose to rely. Without prejudice to the generality of the foregoing, HSBC is not liable or otherwise responsible for any loss suffered by any person other than losses resulting from negligence, wilful default or fraud on the part of HSBC or any affiliate by reason of any inaccuracy, error or delay (whether as a result of deliberate action, failure to provide or otherwise) in any pricing or valuation information provided by pricing agents, pricing sources or pricing models provided by any person, including, without limitation, by the manager, administrator or valuation agent of any fund or portfolio into which the Company and the relevant Sub-Fund invests or for any inaccuracy, error or delay (whether as a result of deliberate action or otherwise) in information (including, without limitation, pricing or valuation information) supplied to HSBC.

HSBC will use reasonable endeavours to independently verify the price of any assets or liabilities of the Company and each Sub-Fund using its network of automated pricing services, brokers, market makers, intermediaries or using other pricing sources or pricing models provided by any person.

In the absence of readily available independent pricing sources, HSBC may rely solely upon any valuation or pricing information (including, without limitation, fair value pricing information) about

any such assets or liabilities of the Company and each Sub-Fund (including, without limitation, private equity investments) which is processed by it or provided to it by: (i) the Company or the Directors (or other governing body); and/or (ii) third parties including, but not limited to, any valuer, third party valuation agent, intermediary or other third party including, but not limited to, those appointed or authorised by the Company or the Directors (or other governing body) to provide pricing or valuation information in respect of the Scheme Property or liabilities to HSBC. HSBC is not liable for any loss suffered by any person as a result of HSBC not providing this information for any such asset or liability of the Company and the relevant Sub-Fund.

HSBC in no way acts as guarantor or offeror of the Shares of the Company or any underlying investment. HSBC is a service provider to the Company in respect of each Sub-Fund and has no responsibility or authority to make investment decisions, or render investment, commercial, accounting, legal or any other advice whatsoever, with respect to the Scheme Property. HSBC is not responsible for, and accepts no responsibility or liability for any losses suffered by the Company or any Sub-Fund or any investors in the Company or any Sub-Fund as a result of any failure by the Company (including any Sub-Fund) or the Manager, as the case may be, to adhere to any investment objective, investment policy, investment restrictions, borrowing restrictions, operating guidelines or other restrictions applicable to the Company and the relevant Sub-Fund, provided that such failure does not arise from any act or omission of HSBC.

HSBC is not liable or otherwise responsible for any loss suffered by any person by reason of: (i) any act or omission of any person prior to the commencement date of the Fund Administration Agreement; (ii) any defect, error, inaccuracy, breakdown or delay in any product or service provided to HSBC by any third party service provider; or (iii) any inaccuracy, error or delay in information provided to HSBC by or for the Company or any Sub-Fund or the Manager (including any broker, market maker or intermediary or any other third party). HSBC is not otherwise liable for any loss in connection to the services provided to the Company or any other person unless direct loss is sustained as a result of its fraud, wilful default or negligence.

In addition, subject to any applicable Laws and Regulations, HSBC shall not be responsible for or incur any liability for matters prescribed under the Instrument, including, without limitation: (i) any error of law or matter or thing done or omitted to be done in good faith; (ii) authenticity of any signature or seal affixed to any documents affecting the title to or transmission of Shares or Investments; (iii) acting upon any resolutions purporting to have been passed at any meeting of the Shareholders in respect whereof minutes shall have been made and signed or passed in accordance with terms of the Instrument; or (iv) any consequential, special or indirect loss or punitive damages arising under or in connection with the Instrument and/or the Fund Administration Agreement, whether in contract, in tort, by law or otherwise.

Under the terms of the Fund Administration Agreement, HSBC is permitted to delegate certain of its functions and duties to HSBC's affiliates as permitted by applicable Laws and Regulations, provided that HSBC will remain responsible for the performance of its affiliates.

The Fund Administration Agreement provides that the appointment of HSBC in its capacity as the Administrator and Registrar may be terminated without cause by the Company by giving at least 90 days' prior notice in writing to HSBC. The Fund Administration Agreement may be terminated with immediate or subsequent effect by written notice in certain specified circumstances (e.g. in circumstances where a party to the Fund Administration Agreement has committed a material breach of the terms of such agreement).

HSBC will be entitled to the fees described in the section headed "Fees and Expenses" above and to be reimbursed for all costs and expenses in accordance with the provisions of the Fund Administration Agreement.

HSBC is not responsible for the preparation or issue of this Prospectus and therefore accepts no responsibility for any information contained in this Prospectus. None of the Administrator and the Registrar nor any of its subsidiaries, affiliates, directors and other officers, shareholders, servants, employees, agents or permitted delegates accept any responsibility or liability for any information contained in this Prospectus other than the description under this section headed "The Administrator and Registrar".

**The Service Agent or Conversion Agent**

Where a Sub-Fund creates and redeems in-kind in respect of SEHK listed Securities, HK Conversion Agency Services Limited may act as Conversion Agent under the terms of the Conversion Agency Agreement. HK Conversion Agency Services Limited otherwise acts as Service Agent under the terms of the Service Agreement. The Service Agent or Conversion Agent performs, through HKSCC, certain of its services in connection with the creation and redemption of Shares in the Sub-Fund by Participating Dealers.

**The Auditor**

The Manager has appointed PricewaterhouseCoopers to act as the auditor of the Company and each Sub-Fund (the "Auditor"). The Auditor is independent of the Manager and the Custodian.

**The Participating Dealers**

A Participating Dealer may act for its own account or for your account as its clients in making Creation Applications and 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 (which has not been reviewed or approved by the SFC).

**The Market Makers**

A Market Maker is a broker or dealer permitted by the SEHK to make a market for the Shares 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 Shares on the SEHK. Market Makers facilitate the efficient trading of Shares 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 use its best endeavours to put in place arrangements so that there is at all times at least one Market Maker for Shares in each available counter. If the SEHK withdraws its permit to the existing Market Maker(s), the Manager use its best endeavours to put in place arrangements so that there is at least one other Market Maker for each available counter of each Sub-Fund to facilitate the efficient trading of Shares. The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker for each available counter of each Sub-Fund will give not less than 3 months' notice prior to terminating market making 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.

**The Listing Agent**

In respect of each Sub-Fund, the Manager may appoint a Listing Agent for the relevant Sub-Fund in accordance with The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited in respect of the Sub-Fund's listing on the SEHK. Any Listing Agent will be a registered institution or licensed corporation which is registered or licensed by the SFC to carry out, amongst others, Type 6 (advising on corporate finance) regulated activity under the SFO. The name of the Listing Agent for each Sub-Fund is set out in the relevant Appendix for that Sub-Fund.

## STATUTORY AND GENERAL INFORMATION

### Financial Reports

The financial year-end of the Company (and each Sub-Fund) is 31 December every year. Audited annual financial reports are to be prepared (in accordance with IFRS) and published on the Company's website in English only within 4 months of each financial year-end. Half-yearly unaudited financial reports are also to be prepared up to 30 June of each year and published on the Company's website within 2 months of such date. Once these financial reports are made available on the Company's website, investors will be notified within the relevant timeframe.

Only an English version of the audited financial reports and the half-yearly unaudited financial reports of each Sub-Fund 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, in the case of an Index Tracking Sub-Fund, 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 Index Tracking Sub-Fund have been complied with). For Index Tracking Sub-Funds, the financial reports shall also provide a comparison of each Index Tracking Sub-Fund's performance and the actual relevant Index performance over the relevant period and such other information as is required under the UT Code.

### The Instrument

The Company was incorporated in Hong Kong under the SFO on 3 August 2022. Its constitution is set out in the Instrument filed to the Companies Registry of Hong Kong on, and effective as of, 3 August 2022 (and as may be further amended, modified or supplemented from time to time). All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Instrument.

### Indemnities of the Manager

Under the Management Agreement, the Manager is not liable in respect of any act or omission of:

(a) any person, firm or company through whom transactions in Investments are effected for the account of any Sub-Fund;

(b) the Custodian;

(c) the Administrator and Registrar;

(d) any Participating Dealer, Market Maker or Listing Agent;

(e) any party having custody or possession of the Company's assets from time to time;

(f) any clearance or settlement system; or

(g) the Manager and/or any of its associates in the course of, in relation to, or in connection with the services rendered in connection with the Manager's status as the QFII/RQFII holder under the relevant QFII/RQFII agreements with, amongst others, the Company or for any liabilities, obligations, losses, damages, suits and expenses which the Company may sustain or suffer, whether directly or indirectly, as a result of, in connection with or in the course of the discharge by the Manager and/or its associates of their respective duties under the relevant QFII/RQFII agreements.

Nothing in any of the provisions of the Management Agreement and the Instrument (i) exempts the Manager from or against any liability to Shareholders for breach of its obligations through its fraud or negligence or any liability to Shareholders imposed by virtue of any Hong Kong law in

relation to its duties nor (ii) indemnifies the Manager against such liability by Shareholders or at the Shareholders' expense.

Subject to the Instrument, the Company agrees to indemnify and keep indemnified the Manager and the directors, officers and employees of the Manager from and against any and all liabilities, obligations, losses, damages, suits and expenses (each a "Loss") which may be incurred by or asserted against the Manager in its capacity as Manager of the Company or as the QFII/RQFII holder pursuant to the relevant QFII/RQFII agreements with, amongst others, the Company. However, such indemnity excludes Losses resulting from the negligence, wilful default or fraud of the person seeking to rely on this indemnity and excludes expenses incurred by the Manager for which it is responsible under the Management Agreement.

When the Manager appears in, prosecutes or defends any action or suit in respect of the provisions of the Management Agreement or the Instrument or in respect of the Company, any Sub-Fund or any part thereof or any corporate or Shareholders' action which in its opinion would or might involve it in expense or liability, it shall be entitled to be indemnified by the Company out of the relevant Sub-Fund to its satisfaction against any costs or expenses in connection with the Manager appearing, prosecuting or defending such actions or suits.

Nothing in the Management Agreement excludes or restricts the liability to the Company which the Manager may have under the SFO.

No provision of the Instrument or the Management Agreement shall be construed as (i) providing any exemption of any liability of the Manager to the Shareholders under Hong Kong law, nor may the Manager be indemnified against such liability by Shareholders or at the Shareholders' expense, or (ii) diminishing or exempting the Manager from any of its duties and liabilities under applicable Laws and Regulations, and no provision shall have the effect of providing any of such exemption or indemnity.

**Indemnities of the Custodian**

Unless specified otherwise in the Custodian Agreement, the Custodian (together with its officers, agents and employees) and every delegate (together with its officers, agents and employees) are entitled to be indemnified out of the assets of the relevant Sub-Fund on an after-tax basis from and against any and all losses, damages, costs, charges, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever (including taxes, duties, levies, imposts and other charges and legal fees and expenses) which may be brought against, suffered or incurred by them as a result of or in connection with the appointment of the Custodian or the performance of the relevant service.

Notwithstanding the above, no provision of the Custodian Agreement shall (i) exempt the Custodian from or against any liability to the Shareholders for breach of trust through its fraud or negligence or any liability to the Shareholders imposed under Hong Kong law in relation to its duties, or (ii) indemnify the Custodian against such liability by Shareholders or at Shareholders' expense. Please also refer to the sub-section entitled "The Custodian" under the section headed "Management of the Company and the Sub-Funds" in this Prospectus for further information.

**Modification of the Instrument**

An amendment to the Instrument may be made to the extent permitted by the Laws and Regulations applicable to the Company and in accordance with the Instrument.

No alteration to the Instrument may be made unless:

(a) the alteration has been approved by Shareholders by a special resolution (as defined in the Instrument);

(b) the Custodian certifies in writing that in its opinion the proposed alteration: (i) is necessary to make possible compliance with fiscal or other statutory, regulatory or official requirements; (ii) does not materially prejudice Shareholders' interests, does not to any material extent

release the Directors, the Manager, the Custodian or any other person from any liability to Shareholders and does not increase the costs and charges payable from the Scheme Property; or (iii) is necessary to correct a manifest error;

(c) the alteration is approved by the SFC; or

(d) the alteration does not require Shareholders' approval nor the SFC's approval, and does not fall within paragraph (b) according to the Laws and Regulations applicable to the Company.

The Company shall provide written notice to Shareholders in respect of any alteration to the Instrument and any alteration to the Company generally in accordance with the Laws and Regulations applicable to the Company.

Shareholders and intending applicants are advised to consult the terms of the Instrument for further details.

**Meetings of Shareholders**

Proxies may be appointed. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at any meeting of the Shareholders. If a clearing house (or its nominee(s)), being a corporation, is a Shareholder, it may authorise such persons as it thinks fit to act as its representatives or proxy(ies) at any meeting of the Shareholders provided that, if more than one person is so authorised, the authorisation or proxy form shall specify the number and class of Shares in respect of which each such representative or proxy 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 Shareholder of the Shares held by the clearing house (or its nominee(s)), including the right to vote individually on a poll.

**Voting Rights**

Shareholders' meetings may be convened by the Directors or by Shareholders representing at least 10% of the Shares in issue, on not less than 21 calendar days' notice in respect of a meeting where a special resolution (as defined in the Instrument) is to be proposed and 14 calendar days' notice in respect of a meeting where an ordinary resolution (as defined in the Instrument) is to be proposed.

These meetings may be used to modify the terms of the Instrument, including removing the Manager or terminating a Sub-Fund at any time. Such amendments to the Instrument must be considered by Shareholders of at least 25% of the Shares in issue and passed by a 75% or more of the votes cast.

Other matters that require an ordinary resolution being passed would be considered by Shareholders of at least 10% of the Shares in issue and passed by a simple majority of more than 50% of the votes cast. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to such day and time not being less than 15 days thereafter and to such place as may be appointed by the chairman of the meeting. At such adjourned meeting, the Shareholders present in person or by proxy shall be a quorum. Notice of any adjourned meeting of Shareholders shall be given in the same manner as for an original meeting and such notice shall state that the Shareholders present at the adjourned meeting, whatever their number and the number of Shares held by them, will form a quorum.

The Instrument contains provisions for the holding of separate meetings of Shareholders holding Shares of different classes where only the interests of Shareholders of such class are affected.

**Removal and Retirement of the Directors**

A person ceases to be a Director if the person:

(a) ceases to be a Director or is prohibited from being a Director under the applicable Laws and Regulations or under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong;

(b) becomes bankrupt or makes any arrangement or composition with the person's creditors generally;

(c) becomes a mentally incapacitated person;

(d) resigns from the office of Director by notice in writing of the resignation of not less than 28 days;

(e) for more than 6 months has been absent without the Directors' permission from Directors' meetings held during that period;

(f) upon the expiry of any period or notice period stated in an agreement for the provision of services between the Company and the Director or if such agreement is summarily terminated in accordance with its terms; or

(g) is removed from the office of Director by an ordinary resolution (as defined in the Instrument).

Special notice (in accordance with the applicable Laws and Regulations) is required of a resolution to remove a Director or appoint a person in place of a Director so removed at the meeting at which the Director is removed.

**Removal and Retirement of the Manager**

Under the Management Agreement, the Manager must retire in the case of (i) below, and must be subject to removal by notice in writing from the Directors in the case of (ii) or (iii) below:

(i) when it ceases to be eligible to be a Manager or is prohibited from being a Manager under the applicable Laws and Regulations, or when the SFC withdraws its approval of the Manager;

(ii) when it goes into liquidation, becomes bankrupt or has a receiver appointed over its assets;

(iii) when for good and sufficient reason, the Directors state in writing that a change in the Manager is desirable in the interests of the Shareholders.

The Manager may not retire except upon the appointment of a new Manager approved by the SFC.

**Removal and Retirement of the Custodian**

Under the Custodian Agreement, the Custodian must retire in the case of (i) below, and must be subject to removal by notice in writing in the case of (ii) and (iii) below:

(i) when it ceases to be eligible to be a Custodian or is prohibited from being a Custodian under applicable Laws and Regulations, or when the SFC withdraws its approval of the Custodian;

(ii) when it goes into liquidation, becomes bankrupt or has a receiver appointed over its assets; or

(iii) when for good and sufficient reason, the Directors state in writing that a change in the Custodian is desirable in the interests of the Shareholders.

The Custodian may not retire except upon the appointment of a new Custodian approved by the SFC.

**Termination (otherwise than by winding up)**

Without prejudice to any provision in the applicable Laws and Regulations by virtue of which the Company, or a Sub-Fund or a class of Shares may be terminated, the Company, a Sub-Fund or a class of Shares may be terminated, subject to and in accordance with the applicable Laws and Regulations, by the Directors in their absolute discretion if:

(a) in the case of a Sub-Fund including classes therein, 1 year from the date of the first issue of Share relating to the relevant Sub-Fund or at any date thereafter the Net Asset Value of the relevant Sub-Fund is less than HKD220,000,000 or its equivalent in the base currency of the Sub-Fund;

(b) in the case of a class only, there are no Shareholders of such class in a Sub-Fund;

(c) in the case of the Company, 1 year from the date of the first issue of Shares relating to the first Sub-Fund or at any date thereafter the Net Asset Value of the Company is less than HKD220,000,000 or its equivalent in the base currency of the Company;

(d) any law shall be passed which renders it illegal or in the reasonable opinion of the Directors impracticable or inadvisable to continue the relevant Sub-Fund or the Company;

(e) in the case of an Index Tracking Sub-Fund including classes therein, the Index is no longer available for benchmarking;

(f) in the case of a Sub-Fund including classes therein, if the Shares of the relevant Sub-Fund are no longer listed on the SEHK or any such other stock exchange from time to time determined by the Manager;

(g) in the case of a Sub-Fund including classes therein, at any time, the relevant Sub-Fund ceases to have any Participating Dealer;

(h) in the case of a Sub-Fund including classes therein, at any time, the relevant Sub-Fund ceases to have any market maker; or

(i) in the case of a Sub-Fund including classes therein, if the Manager is unable to implement its investment strategy in respect of the relevant Sub-Fund.

The Directors shall give reasonable notice of termination of the Company, the relevant Sub-Fund, or the class of Shares (as the case may be) to the Shareholders in the Company, the relevant Sub-Fund or the class of Shares (as the case may be) in such manner and with such contents which are compliant with the applicable Laws and Regulations, and by such notice fix the date on which such termination is to take effect, provided that no less than one month's notice will be given to the relevant Shareholders in case of termination of the Company or a Sub-Fund. Shareholders' approval is not required to effect termination of the Company or a Sub-Fund.

With effect on and from the date as at which the Company or any Sub-Fund is to terminate:

(a) no Shares of the relevant class or classes may be issued or sold by the Company;

(b) the Manager shall on the instructions of the Directors realise all the assets then comprised in the relevant Sub-Fund;

(c) distributions shall be made to the Shareholders of the relevant class or classes in proportion to their respective interests in the relevant Sub-Fund all net cash proceeds derived from the realisation of the relevant Sub-Fund and available for the purpose of such distribution, provided that the Custodian shall be entitled to retain out of any monies in its hands as part of the relevant Sub-Fund full provision for all costs, charges, expenses, claims and demands reasonably incurred by or on behalf of the Company, Directors, the Manager or the Custodian in connection with or arising out of the termination of the relevant Sub-Fund; and

(d) any unclaimed proceeds or other monies held by the Custodian in the event of a termination may at the expiration of 12 calendar months from the date upon which the same became payable be paid into court, subject to the right of the Custodian to deduct therefrom any expenses it may incur in making such payment.

Every such distribution shall be made in such manner as the Directors shall at their reasonable discretion determine but shall be made only against the production of such evidence relating to the Shares of the relevant class or classes in respect of which the same is made and upon delivery of such form of request for payment as shall be reasonably required.

**Winding Up**

Subject to any other provisions applicable to the specific Sub-Fund set out in the relevant Appendix to this Prospectus, the rights of the Shareholders to participate in the property comprised in a Sub-Fund on a winding up of the Company or a Sub-Fund shall be proportionate to the proportionate interests in the Sub-Fund represented by the Shares which they hold.

If the Company or a Sub-Fund is wound up and a surplus remains after the payment of debts proved in the winding up, the liquidator:

(a) may, with the required sanction of a special resolution (as defined in the Instrument) of the Company or Shareholders of the relevant Sub-Fund and any other sanction required by the Laws and Regulations, divide amongst the Shareholders the whole or any part of the assets of the Company or relevant Sub-Fund (whether they consist of property of the same kind or not) and may, for this purpose, set a value the liquidator thinks fair on any property to be so divided; and

(b) may determine how the division is to be carried out between the Shareholders or different classes of Shareholders.

**Distribution Policy**

Unless otherwise specified in the relevant Appendix, 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 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 distribution policies of the relevant underlying entities. Unless otherwise specified in the relevant Appendix, no distribution will be paid out of capital and/or effectively out of capital of the Sub-Fund. There can be no assurance that such entities will declare or pay dividends or distributions.

**Inspection of Documents**

Copies of the constitutive documents in respect of the Company and each Sub-Fund are available for inspection free of charge during normal business hours on each Business Day at the offices of the Manager.

**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 applies to open-ended fund companies whose Securities are listed on the SEHK. However the Company has made a Category 3 application to the SFC for exemption from Part XV of the SFO pursuant to section 309(2) thereof and the Guidelines for the Exemption of Listed Corporations and Other Persons from Part XV of the SFO (Disclosure of Interests). Consequently, Shareholders are not obliged to disclose their interest in the Company or in a Sub-Fund.

## Certification for Compliance with FATCA, the CRS or Other Applicable Laws

Each investor (i) shall be required to, upon demand by the Company, the Manager, the Administrator or the Custodian, provide any form, certification or other information reasonably requested by and acceptable to the Company, the Manager, the Administrator or the Custodian that is necessary for the Company and the Sub-Funds (a) to avoid withholding (including, without limitation, any withholding taxes required under FATCA) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the relevant Sub-Fund receives payments, (b) to satisfy due diligence, reporting or other obligations under the IRS Code, the United States Treasury Regulations promulgated under the IRS Code, or the laws in Hong Kong implementing the OECD Standard for Automatic Exchange of Financial Account Information (commonly known as the "CRS"), and/or (c) to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority in any jurisdiction, (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments or when such form, certificate or other information is no longer accurate, and (iii) will otherwise comply with any registration, due diligence and reporting obligations imposed by the United States, Hong Kong or any other jurisdiction for the purposes of AEOI, including such obligations that may be imposed by future legislation.

For the purposes herein, "AEOI" means one or more of the following as the context requires:

(a) FATCA;

(b) CRS and any associated guidance;

(c) any intergovernmental agreement, treaty, guidance, standard or other agreement between the Hong Kong government (or any government body in Hong Kong) and any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement or implement the legislation, regulations, guidance or standards described in paragraphs (a) and (b) above; and

(d) any legislation, regulations or guidance in Hong Kong that give effect to the matters outlined in the preceding paragraphs (a) to (c) above.

## Power to Disclose Information to Authorities

Subject to applicable Laws and Regulations in Hong Kong and the consents obtained from the Shareholders where required (e.g. for FATCA purposes), the Company, the Manager, the Custodian or any of their authorised person (as permissible under applicable law or regulation) may be required to report or disclose to any government agency, regulatory authority or tax or competent authority in any jurisdictions (including but not limited to the IRS and the Hong Kong Inland Revenue Department ("IRD")), certain information in relation to a Shareholder or investor, including but not limited to the Shareholder's or investor's name, address, date of birth, tax residence jurisdiction(s), tax identification number(s) (if any), social security number (if any) and certain information relating to the Shareholder's or investor's holdings, account balance/value of the interest in the Company, and income or sale or redemption proceeds, to enable the relevant Company to comply with any applicable law or regulation or any agreement with a tax authority (including, but not limited to, any applicable law, regulation or agreement under AEOI).

## Personal Data

Pursuant to the provisions of the Personal Data (Privacy) Ordinance (Cap. 468) of Hong Kong (the "PDPO"), the Custodian, the Manager, or any of their respective delegates (each a "Data User") may collect, hold and use personal data of individual investors in the relevant Sub-Fund only for the purposes for which such data was collected and shall comply with personal data protection principles and requirements as set out in the PDPO and all other applicable regulations and rules governing personal data use in Hong Kong from time to time. Accordingly, each Data User shall take all practicable steps to ensure that personal data collected, held and processed by them are protected against unauthorised or accidental access, processing, erasure or other use.

## Anti-Money Laundering Regulations

As part of the Company's, the Manager's, the Administrator's, the Registrar's and the Participating Dealer's responsibility to prevent money laundering, they and/or their respective delegates or agents may require detailed verification of a prospective investor's identity and the source of the payment of application monies. Depending on the circumstances of each application, a detailed verification may not be required where: (a) the prospective investor makes payment from an account in the prospective investor's name at a recognised financial institution; (b) the prospective investor is regulated by a recognised regulatory authority; or (c) the application is made through a recognised financial intermediary. The exceptions will only apply if the financial institution, regulatory authority or intermediary referred to above is within a country recognised by Hong Kong as having sufficient anti-money laundering regulations.

The Company, the Manager, the Administrator, the Registrar, the Participating Dealers and their respective delegates and agents each reserves the right to request such information as is necessary to verify the identity of an applicant and the source of the payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Company, the Manager, the Administrator, the Registrar, the Participating Dealers or any of their respective delegates or agents may refuse to accept the application and return the application monies relating to such application.

The Company, the Manager, the Administrator, the Registrar, the Participating Dealers and their respective delegates and agents each also reserves the right to refuse to make any redemption payment to a Shareholder if Company, the Manager, the Administrator, the Registrar, the Participating Dealers and/or any of their respective delegates and agents suspect or are advised that the payment of redemption proceeds to such Shareholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure the compliance by the Company or the relevant Sub-Fund(s) Company, the Manager, the Administrator, the Registrar or the Participating Dealers with any such Laws or Regulations in any applicable jurisdiction.

None of the Company, the Manager, the Administrator, the Registrar, the Participating Dealers or their respective delegates or agents shall be liable to the prospective investor or Shareholder for any loss suffered by such party as a result of the rejection or delay of any subscription application or payment of redemption proceeds.

## Liquidity Risk Management

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of each Sub-Fund 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 risk management tools of the Manager, also seeks to achieve fair treatment of Shareholders and safeguard the interests of remaining Shareholders 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 each Sub-Fund. 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 "Creations and Redemptions (Primary Market)", 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 each Sub-Fund under normal and exceptional market conditions.

The following tool(s) may be employed by the Manager or the Sub-Fund to manage liquidity risks:

- Suspension of issue and redemption: the Manager may, after consultation with the Custodian and having regard to the best interests of Shareholders, declare a suspension of the determination of the Net Asset Value of any Sub-Fund, and/or the issue and/or switching and/or redemption of Shares of any Sub-Fund in exceptional circumstances as further detailed in the heading entitled "Suspension of Determination of Net Asset Value" in the section headed "Determination of Net Asset Value".

- Redemption gate: the Manager may limit the total number of Shares of a Sub-Fund redeemed on any Dealing Day to Shares representing 10% (or such other percentage as the Manager may determine either generally or in respect of any particular Dealing Day and as permitted by the SFC) of the total Net Asset Value of such Sub-Fund on the relevant Dealing Day (subject to the conditions under the heading entitled "Restrictions on redemption" in the section headed "Creations and Redemptions (Primary Market)").

Investors should note that there is a risk that such tools may not be effective in managing liquidity and redemption risks at all times.

**Conflicts of Interest and Soft Dollars**

The Manager and the Custodian (and any of their affiliates) (each a "relevant party") may from time to time act as trustee, administrator, registrar, manager, custodian, investment manager or investment adviser, representative or otherwise as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of any Sub-Fund. It is, therefore, possible that any relevant party may, in the course of business, have potential conflicts of interest with the Company or any Sub-Fund. Each relevant party will, at all times, have regard in such event to its obligations to the Company and the relevant Sub-Fund and will endeavour to ensure that such conflicts are resolved fairly. Each relevant party shall be entitled to retain for its own use and benefit all fees and other monies payable thereby and shall not be deemed to be affected with notice of or to be under any duty to disclose to the Company, any Sub-Fund, any Shareholder or any other relevant party any fact or thing which comes to the notice of the relevant party in the course of its rendering 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 Instrument. In any event, the Manager will ensure that all investment opportunities will be fairly allocated.

The Manager may enter into trades for the account of any Sub-Fund with the accounts of other clients of the Manager or their Connected Persons ("cross trades") when the Manager considers that, as part of its portfolio management, such cross-trades would be in the best interests of the Shareholders to achieve the investment objective and policy of the relevant Sub-Fund. Such cross trades will only be undertaken where (i) the sale and purchase decisions are in the best interests of both the relevant Sub-Fund and the other client and fall within the investment objective, restrictions and policies of the relevant Sub-Fund and such other client, (ii) the cross trades are executed on arm's length terms at current market value, (iii) the reasons for such cross trades are documented prior to execution and (iv) the cross trades are disclosed to both clients. Cross trades may also be entered into between house accounts (i.e. account owned by the Manager or their Connected Persons over which it can exercise control and influence) and a Sub-Fund in accordance with applicable laws and regulations.

The Manager has established policies in relation to the identification and monitoring of potential conflicts of interest situations, to ensure that clients' interests are given priority at all times. Key duties and functions must be appropriately segregated and there are strict policies and dealing procedures designed to avoid, monitor and deal with conflicts of interests situations, such as rules and procedures in relation to order allocation, best execution, receipt of gifts or benefits, retention of proper records, prohibition of certain types of transactions and handling of client complaints. The Manager has designated staff to monitor the implementation of such trading policies and dealing procedures with clear reporting lines to and oversight by senior management. In any event, the Manager will ensure that all investment schemes and accounts which it manages, including each Sub-Fund, are treated fairly.

It is expected that transactions for any Sub-Fund may be carried out with or through Connected Persons of the Manager. The Manager will ensure that all transactions carried out by or on behalf of each Sub-Fund will be in compliance with all applicable laws and regulations. The Manager will use due care in the selection of such Connected Persons to ensure that they are suitably qualified in the circumstances, and will monitor and ensure that all such transactions are conducted on arm's length terms and are consistent with applicable best execution standards. The fee or commission payable to any such Connected Persons in respect of a transaction will not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature. The Manager will monitor all such transactions to ensure compliance with their obligations. All such transactions and the total commissions and other quantifiable benefits received by such Connected Persons will be disclosed in the relevant Sub-Fund's annual report.

Neither the Manager nor any of their Connected Persons receives any cash commissions or other rebates from brokers or dealers in respect of transactions for the account of any Sub-Fund. However, the Manager and/or any of their Connected Persons with it reserve the right to effect transactions by or through the agency of another person with whom the Manager and/or any of their Connected Persons has such an arrangement.

The Manager and/or any of their Connected Persons further reserve the right to effect transactions by or through the agency of another person with whom the Manager and/or any of their Connected Persons has an arrangement under which that party will from time to time provide to or procure for the Manager and/or any of their Connected Persons goods, services or other benefits (such as research and advisory services, computer hardware associated with specialised software or research services and performance measures) the nature of which is such that their provision can reasonably be expected to benefit the Company (or the relevant Sub-Fund) as a whole and may contribute to an improvement in the performance of the Company (or the relevant Sub-Fund) or of the Manager and/or any of their Connected Persons in providing services to the Company (or the relevant Sub-Fund) and for which no direct payment is made but instead the Manager and/or any of their Connected Persons undertakes to place business with that party. Any transactions executed through such party must be consistent with best execution standards and brokerage rates must not be in excess of customary institutional full-service brokerage rates. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments. Periodic disclosure in the form of a statement describing the soft dollar policies and practices of the Manager or other investment delegate, including a description of the goods and services received by them, will be made in the relevant Sub-Fund's annual report.

**Index Licence Agreements (applicable in respect of Index Tracking Sub-Funds only)**

Please refer to the relevant Appendix for details in respect of each Index.

**Material Changes to an Index (applicable in respect of Index Tracking Sub-Funds only)**

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 Shareholders 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 (applicable in respect of Index Tracking Sub-Funds only)**

The Manager reserves the right, with the prior approval of the SFC and provided that in its opinion the interests of the Shareholders of the relevant Index Tracking Sub-Fund would not be adversely affected, to replace an Index with another index in accordance with the provisions of the UT Code and the Instrument. 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 Shareholders 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 an Index Tracking 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 Index Tracking Sub-Fund of the Index and/or (ii) the name of the relevant Index Tracking 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, for Index Tracking Sub-Funds, in respect of the relevant Index), in the English and Chinese languages (unless otherwise specified), on the following website http://etf.harvestglobal.com.hk (which has not been reviewed or approved by the SFC) and, where applicable, HKEX's website www.hkex.com.hk including:

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

(b) the latest annual financial reports and interim half yearly unaudited financial reports (in English only);

(c) any notices relating to material changes to any Sub-Fund which may have an impact on its investors such as material alterations or additions to this Prospectus (including each product key facts statement) or any of the constitutive documents of the Company and/or a Sub-Fund;

(d) any public announcements made by the Manager in respect of any Sub-Fund, including information with regard to a Sub-Fund, the Index of an Index Tracking Sub-Fund (where applicable), the suspension of creations and redemptions of Shares, the suspension of the calculation of its Net Asset Value, changes in fees and the suspension and resumption of trading in its Shares;

(e) the latest list of the Participating Dealers and Market Makers for each Sub-Fund;

(f) the past performance information of each Sub-Fund;

(g) the near real time indicative Net Asset Value per Share of each Sub-Fund in each trading currency of the Sub-Fund (updated every 15 seconds);

(h) the last Net Asset Value of each Sub-Fund in the base currency of the Sub-Fund and the last Net Asset Value per Share of each Sub-Fund in the base currency and each trading currency of the Sub-Fund (updated on a daily basis on each Dealing Day);

(i) in respect of Index Tracking Sub-Funds only, the annual tracking difference and tracking error of each Sub-Fund;

(j) in respect of Index Tracking Sub-Funds only, the full portfolio information of each Sub-Fund (updated on a daily basis unless otherwise specified in the relevant Appendix);

(k) in respect of actively managed Sub-Funds only, the full portfolio information of the Sub-Fund on a monthly basis (updated within one month of the end of each month); and

(l) if applicable to a Sub-Fund, the composition of distributions (i.e. the relative amounts paid out of (i) net distributable income, and (ii) capital), if any, for a 12-month rolling period.

The near real time indicative Net Asset Value per Share (in each trading currency of the relevant Index Tracking Sub-Fund) referred to above is indicative and for reference only. This is updated every 15 seconds during SEHK trading hours and is calculated by a third-party data vendor.

For Index Tracking Sub-Funds, real time updates about the relevant Index can be obtained through other financial data vendors. It is your own responsibility to obtain additional and the latest updated information about the 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 Company's website and the relevant 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" below for the warning and the disclaimer regarding information contained in such website.

**Notices**

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

*Company*
Harvest Funds Series (Hong Kong) ETF OFC
31/F, One Exchange Square
8 Connaught Place Central
Hong Kong

*Manager*
Harvest Global Investments Limited
31/F, One Exchange Square
8 Connaught Place Central
Hong Kong

*Custodian*
HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

*Administrator and Registrar*
The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

**Website Information**

The offer of the Shares 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. Neither the Company, the Manager, the Custodian, the Investment Adviser nor the Administrator 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 Company, the Manager, the Custodian, the Investment Adviser or the Administrator 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, the Investment Adviser, their respective websites http://etf.harvestglobal.com.hk and https://www.chinarenaissance.com (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.

## TAXATION

*The following summary of 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 Shares. 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 Shares under the laws and practice of Hong Kong, Mainland China and their respective jurisdictions, as well as rules relating to the Common Reporting Standard and FATCA. The information below is based on the law and practice in force 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. Investors should refer to additional summaries of applicable taxation, where appropriate, as set out in the Appendix relevant to a Sub-Fund.*

### Taxation of the Company and Sub-Fund(s)

Hong Kong Profits Tax

As the Company and each Sub-Fund have been authorised as a collective investment scheme by the SFC under Section 104 of the SFO, profits of the Company and each Sub-Fund are exempt from Hong Kong profits tax pursuant to Section 26A(1A)(a) of the Inland Revenue Ordinance.

There is no withholding tax on dividends or interest in Hong Kong. Hong Kong does not impose withholding tax on interest or dividend paid by a Hong Kong company. The dividends received from a Hong Kong listed company may be subject to Mainland China withholding tax if the Hong Kong company is considered as a Mainland China tax resident enterprise ("TRE"). Disposal gain of such TRE may also be subject to Mainland China withholding tax.

Hong Kong Stamp Duty

The sale and purchase of the "Hong Kong stocks" (as defined under the Stamp Duty Ordinance (Cap. 117) of Hong Kong) by a Sub-Fund will be subject to Hong Kong stamp duty at the current rate of 0.13% of the consideration or the fair market value (whichever is higher) of the Hong Kong stocks being sold and purchased. The purchaser and the seller will each be liable for the Hong Kong stamp duty upon such transfer and thus the total stamp duty payable for such transfer is 0.26%, borne equally by the purchaser and the seller.

No Hong Kong stamp duty is payable by the Company or a Sub-Fund on an issue or redemption of Shares in cash.

Under a remission order issued by the Secretary for the Treasury on 20 October 1999, no Hong Kong stamp duty is payable on transfer of Hong Kong stocks to the Company or a Sub-Fund (which have been authorised under Section 104 of the SFO), in exchange for issue of Shares or transfer of Hong Kong stocks from the Company or a Sub-Fund in consideration for redemption of Shares.

### Taxation of the Shareholders

Hong Kong Profits Tax

Where the Shareholders do not carry on a trade, profession or business in Hong Kong or the Shares in a Sub-Fund are held by the Shareholders as capital assets for Hong Kong profits tax purposes, gains arising from the sale or disposal or redemption of the Shares in the Sub-Fund should not be taxable. For Shareholders carrying on a trade, profession or business in Hong

Kong, such gains may be subject to Hong Kong profits tax if the gains in question arise in or are derived from such trade, profession or business and sourced in Hong Kong. Shareholders should take advice from their own professional advisers as to their particular tax position.

For Shareholders subject to Hong Kong profits tax, a two-tiered profits tax regime was enacted on 29 March 2018. It is applicable to any year of assessment commencing on or after 1 April 2018. Under the two-tiered tax rates, for corporations, the first HKD2 million of assessable profits of a nominated corporation within the group is subject to a reduced tax rate at 50% of the standard profits tax rate for corporations (i.e. 8.25%), with certain exceptions, and the remaining profits is subject to the standard rate of 16.5%. For individuals and unincorporated business, the first HKD2 million of assessable profits is subject to a reduced tax rate at 50% of the standard profits tax rate for individuals and unincorporated business (i.e. 7.5%), and the remaining profits is subject to the standard rate of 15%.

Distributions by the Company or a Sub-Fund should generally not be subject to Hong Kong profits tax in the hands of the Shareholders (whether by way of withholding or otherwise) according to the current law and practice of the IRD of Hong Kong (as at the date of this Prospectus).

Withholding Tax

There is no withholding tax on dividends and interest in Hong Kong.

Hong Kong Stamp Duty

For a transfer effected on or after 13 February 2015 executed for a transaction by which a Share of a Sub-Fund, as an exchange traded fund (as defined in Part 1 to Schedule 8 of the Stamp Duty Ordinance) listed or traded on SEHK is transferred, stamp duty is not payable pursuant to the Stamp Duty (Amendment) Ordinance 2015.

**Common Reporting Standard**

The Inland Revenue (Amendment) (No.3) Ordinance and subsequent related legislation provide the framework for the implementation of the OECD Standard for Automatic Exchange of Financial Account Information in Hong Kong (commonly known as the "CRS"). CRS requires financial institutions ("FIs") in Hong Kong to obtain information from the account holders, conduct due diligence on the account holders and file certain information relating to reportable account holders who are tax resident in "Reportable Jurisdictions" (as determined for CRS purposes) with the IRD, which in turn will exchange the information with the jurisdiction(s) in which that reportable account holder is a tax resident. The Company and its agents may collect information on other tax residence jurisdictions of account holders.

The Company is an FI with obligations to comply with CRS due diligence, reporting and other requirements. This means that the Company and/or its agents shall obtain and provide to the IRD the information relating to Shareholders where required. The Company intends to comply with the requirements of CRS as implemented by Hong Kong and to qualify as a "Reporting Financial Institution" for such purposes. However, there can be no assurance that the Company will be able to so comply.

CRS as implemented by Hong Kong requires the Company to, amongst other things: (i) conduct due diligence on its accounts (i.e. the Shareholders) to identify whether any such accounts are considered "Reportable Accounts" for CRS purposes, and (ii) report to the IRD any required information on such Reportable Accounts on an annual basis. The IRD is expected on an annual basis to transmit the required information reported to it to competent authorities of the relevant Reportable Jurisdiction(s). Broadly, the CRS requires that Hong Kong FIs should report on those Shareholders that are: (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 CRS, details of reportable Shareholders or their controlling persons (as the case may be), including but not limited to their names, date of birth, address, jurisdiction(s) of tax residence, tax identification number(s) (if any), account details, account balance/value of the interest in the

Company, and income or sale or redemption proceeds, may be reported to the IRD and subsequently exchanged with competent authorities in the relevant Reportable Jurisdiction(s). After Listing, Shares are expected to be registered in the name of HKSCC Nominees Limited on the register of the relevant Sub-Fund. It is the Manager's understanding that HKSCC Nominees Limited is not an account holder that is reportable under CRS rules.

By investing in a Sub-Fund and/or continuing to invest in a Sub-Fund, Shareholders and prospective investors acknowledge that they may be required to provide additional information to the Company, the relevant Sub-Fund, the Manager and/or their Sub-Fund's agents in order for the Company to comply with CRS.

Each Shareholder and prospective investor should consult its own tax advisors regarding the potential impact of CRS on it under its particular circumstances and on the Company and the Sub-Funds.

**FATCA**

Sections 1471 to 1474 of the United States Internal Revenue Code of 1986, as amended, commonly referred to as "FATCA", impose a reporting regime with respect to financial accounts held by "Specified US Persons" and certain other parties with FFIs, such as the Company. Withholdable payments, including US source interest and dividends paid from securities of US issuers, made to the Company may be subject to withholding at a rate of 30%, unless the Company is FATCA-compliant. To avoid such withholding on payments received, FFIs will generally be required to register and be subject to the terms of an agreement (an "FFI Agreement") with the US Internal Revenue Service ("IRS") to be treated as a participating FFI (see paragraph below regarding the IGA entered into by Hong Kong). Participating FFIs are required to identify Shareholders that are, or in certain circumstances are owned by, "Specified US Persons" or that have certain other FATCA statuses, and report certain information concerning such Shareholders 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 Hong Kong governments entered into an intergovernmental agreement based on the Model 2 IGA format. 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 Shareholders who fail to provide certain requested information, but may be required to withhold tax on certain payments made to non-compliant FFIs.

The Company 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 Company, any due diligence, reporting and other relevant FATCA requirements. The Company is a non-reporting financial institution treated as a registered deemed compliant FFI. It is the Manager's and Company's intention to endeavour to satisfy the requirements imposed under FATCA relating to the Company. After Listing, Shares are expected to be registered in the name of HKSCC Nominees Limited on the register of the relevant Sub-Fund. It is the Manager's understanding that HKSCC Nominees Limited is registered as a "reporting Model 2 FFI".

Although the Manager and the Company will attempt to satisfy any FATCA obligations relating to the Company to avoid the imposition of FATCA withholding tax, no assurance can be given that such obligations would be fully satisfied.

Each Shareholder and prospective investor should consult its own tax advisors regarding the potential impact of FATCA on it under its particular circumstances and on the Company and the Sub-Funds.

**Taxation in Mainland China**

THE MAINLAND CHINA TAX SUMMARY IN THIS SECTION IS GENERAL IN NATURE AND DOES NOT PROPOSE TO COVER ALL MAINLAND CHINA TAX CONSEQUENCES WITH RESPECT TO AN INVESTMENT IN THE COMPANY AND EACH SUB-FUND. THIS SUMMARY IS NOT INTENDED OR WRITTEN TO BE USED, AND MAY NOT BE USED, BY ANY TAXPAYER IN ORDER TO AVOID TAXES WHICH MAY BE IMPOSED ON THE TAXPAYER UNDER MAINLAND CHINA TAX LAW OR THE TAX LAW OF ANY OTHER COUNTRY OR JURISDICTION. THIS SUMMARY WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF IN THE COMPANY AND EACH SUB-FUND. EACH TAXPAYER SHOULD SEEK TAX ADVICE FROM AN INDEPENDENT TAX ADVISER BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.

By investing in securities (including A-Shares, shares listed on ChiNext market and/or the Science and Technology Innovation Board ("STAR Board") and H-Shares), the Sub-Fund may be subject to Mainland China taxes.

Corporate Income Tax ("CIT")

If the Company and/or a Sub-Fund is considered as a tax resident enterprise ("TRE") of Mainland China, it should be subject to CIT at 25% on its worldwide taxable income. If the Company and/or a Sub-Fund is considered as a non-TRE with an establishment or a place of business ("PE") in Mainland China, the profits and gains attributable to that Mainland China PE would be subject to CIT at 25%.

The Manager intends to operate the Company and each Sub-Fund in such a manner that the Company or each Sub-Fund should not be treated as Mainland China TREs or to a non-TRE with a PE in Mainland China, although this cannot be guaranteed. It is possible, however, that the Mainland Chinese tax authorities could disagree with such an assessment or that changes in Mainland China tax law could affect the Mainland China CIT status of the Company and each Sub-Fund.

If the Company and/or a Sub-Fund is not considered a TRE in Mainland China or does not have a PE in Mainland China, the Company and/or such Sub-Fund will normally be subject to Mainland China Corporate Income Tax on withholding basis ("WIT") at 10% on their passive income (including dividends and capital gains realised from the holding and disposal of the shares in the Mainland Chinese investee companies) unless reduced or exempted under Mainland China tax laws and regulations or relevant tax treaties.

a. Capital Gains

(i) Trading of A-Shares via QFII/RQFII and Stock Connect

According to Circular Caishui [2014] No. 81 ("Circular 81") and Circular Caishui [2016] No. 127, overseas investors are temporarily exempt from Mainland China WIT on the gains derived from trading A Shares via Stock Connect.

On 31 October 2014, the Ministry of Finance, the STA and the CSRC also jointly released Caishui [2014] No.79 ("Notice No. 79") which specifies that capital gains realised from trading of Mainland China equity investments (including A-Shares) by "qualified foreign institutional investors" ("QFIIs") and "Renminbi qualified foreign institutional investors" ("RQFIIs"), which do not have an establishment or place in Mainland China or have an establishment or place in Mainland China but the income so derived in Mainland China is not effectively connected with such establishment, will be temporarily exempted from Mainland China CIT from 17 November 2014 onwards.

(ii) Trading of shares listed on ChiNext market and/or the STAR Board

Currently, there is no specific tax regulation governing the tax treatment on capital gains derived by overseas investors from trading of stocks listed on ChiNext market and/or the STAR Board.

Having said that, by reference to Notice 79, Circular 81 and Circular 127, it is reasonable to expect that capital gains derived from trading of shares listed on ChiNext market and/or the STAR Board shall be exempted from Mainland China WIT. In practice, the collection of WIT on capital gains derived by overseas investors from trading of shares listed on ChiNext market and/or the STAR Board has not been actively enforced by the Mainland Chinese tax authorities.

(iii) Trading of H-Shares

Under current Mainland China tax law, there are no specific rules or regulations governing the taxation of the disposal of these securities. Hence, the tax treatment for investment in H-Shares is governed by the general taxing provisions of the CIT Law. Under such general taxing provision, a Sub-Fund could be technically subject to 10% WIT on Mainland China sourced capital gains, unless exempt or reduced under relevant double tax treaties.

However, for H-Shares invested by a Sub-Fund directly, there may be practical difficulty for the Mainland Chinese tax authorities to impose and collect WIT on such capital gains. The 10% WIT has not been strictly enforced by local tax bureau on capital gains derived by non-tax resident enterprises of Mainland China from the trading of these securities.

b. Dividend

Unless a specific exemption or reduction is available under current CIT Law and regulations or relevant tax treaties, non-tax resident enterprises without PE in Mainland China are subject to WIT, generally at a rate of 10% on dividend income arising from investments in Mainland China securities. The entity distributing such dividends is required to withhold such tax on behalf of the recipients. The Sub-Fund is subject to WIT at 10 % on dividends received from A-Shares traded via QFII/RQFII and the Stock Connect, shares listed on ChiNext market and/or the STAR Board and H-Shares.

Value Added Tax ("VAT") and local surtaxes

a. Capital Gains

The Ministry of Finance and the 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 No. 36") on 23 March 2016. The Notice No. 36 sets out that the B2V Pilot Program covers all the remaining industries of the program, including financial services. The Notice No. 36 has taken effect from 1 May 2016, unless otherwise stipulated therein.

The Notice No. 36 provides that VAT at 6% shall be levied on the difference between the selling and buying prices of those marketable securities, e.g. A-Shares, unless there is specific exemption. The Notice No. 36 also provides that gains derived by QFIIs from trading of marketable securities are exempt from VAT. Pursuant to the "Supplementary Notice on the VAT Policy on Interbank Transactions and Other Financial Institutions" (Caishui [2016] No. 70) jointly issued by Ministry of Finance and the STA which took effect retrospectively on 1 May 2016, gains derived by RQFIIs from the trading of marketable securities are also exempt from VAT.

Based on the prevailing VAT regulations, capital gains derived by (i) QFII/RQFIIs on trading of marketable securities and (ii) investors via the Stock Connect are exempted from VAT.

There is no specific regulation governing the tax treatment on capital gains derived from trading of shares listed on ChiNext market and/or the STAR Board. Having said, by reference to Circular 36 and Circular 127, it is reasonable to expect that capital gains derived from trading of shares listed on ChiNext market and/or the STAR Board shall be exempted from Mainland China VAT. In practice, the tax collection on VAT has not been actively enforced by the Mainland Chinese tax authorities.

In general, VAT is not imposed on capital gains derived from trading of H-Shares as the purchase and disposal are often concluded and completed outside Mainland China.

If VAT is payable, there are other surtaxes (including Urban Maintenance and Construction Tax

("UMCT"), Educational Surcharge ("ES") and Local Educational Surcharge ("LES")) that would also be charged at an amount as high as 12% of VAT payable. Having said that, pursuant to the newly issued UCMT Law of the PRC, effective from 1 September 2021, no UCMT would be levied on the VAT paid for the services in Mainland China by overseas parties to Mainland Chinese parties. Furthermore, Public Notice [2021] No.28 stipulates that the taxation basis of ES and LES are the same as that of the UCMT. In other words, if UCMT is exempted, the relevant ES and LES would also be exempted. However, the implementation of the exemption may vary depending on the local practice.

b. Dividend

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

Stamp Duty

Stamp duty under Mainland China laws generally applies to the execution and receipt of all taxable documents listed in Mainland China's Provisional Rules on Stamp Duty. Stamp duty is levied on the execution or receipt in Mainland China of certain documents, including contracts for the sale of A-Shares traded on Mainland China stock exchanges. In the case of contracts for sale of A-Shares, such stamp duty is currently imposed on the seller but not on the purchaser, at the rate of 0.1%.

Tax provision

Please refer to the Appendix of each Sub-Fund, where applicable, for the tax provision policy of each Sub-Fund.

*General*

It should be noted that there is a possibility that the Mainland China tax laws, regulations, rules, interpretation and enforcement may change in the future and may apply retrospectively. As such, any provision for taxation that may need to be made by the Manager may be excessive or inadequate to cover the Mainland China tax liabilities. The Manager will closely monitor any further guidance by the relevant Mainland Chinese tax authorities and adjust the withholding policy of the Sub-Funds accordingly.

If it is subsequently determined that Mainland China tax is payable and that no Mainland China tax has been provisioned for, Shareholders should note that the Net Asset Value of a Sub-Fund may fall significantly as the relevant Sub-Fund will have to bear the tax liabilities. If a Sub-Fund had made a Mainland China tax provision, upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive tax assessment rules, any sums withheld in excess of the tax liability incurred or is expected to be incurred by a Sub-Fund shall be released and transferred to the Sub-Fund's accounts forming part of the Sub-Fund's assets.

It should also be noted that the actual applicable tax amount imposed on the income and/or gains derived from investment held by a Sub-Fund may be different and may change from time to time due to the uncertainties under the applicable Mainland China tax laws and the possibility of such laws being changed and taxes being applied retrospectively. As such, the amount of such provisions (if any) may not be sufficient to meet the actual tax liabilities. With the uncertainties under the applicable Mainland China tax laws and the possibility of such laws being changed and taxes being applied retrospectively, any provision for taxation made by the Manager may be excessive or inadequate to meet actual Mainland China tax liabilities on income and/or gains derived from investments held by a Sub-Fund. Consequently, Shareholders may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision, and when they subscribed and/or redeemed their Shares. If the actual applicable tax amount levied by the Mainland Chinese 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 a 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 then existing and new Shareholders will be disadvantaged. On the other hand, if the actual applicable tax amount levied by the Mainland Chinese tax authorities is lower than that provided for by the Manager so that there is an excess in the tax provision amount, Shareholders who have redeemed the Shares before any Mainland Chinese tax authorities' ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Manager's overprovision. In this case, the then existing and new Shareholders 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, Shareholders who have already redeemed their shares in a Sub-Fund will not be entitled or have any right to claim any part of such overprovision.

Various tax reform policies have been implemented by the Mainland Chinese government in recent years, and existing tax laws and regulations may be revised or amended in the future. There is a possibility that the current tax laws, regulations and practice in Mainland China will be changed with retrospective effect in the future and any such change may have an adverse effect on the asset value of a Sub-Fund. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any changes in tax policies may reduce the after-tax profits of the companies in Mainland China which a Sub-Fund invests in, thereby reducing the income from, and/or value of the shares.

Investors should seek their own tax advice on their Mainland China tax position on their investment in the Company and each Sub-Fund.

## PART 2 – SPECIFIC INFORMATION RELATING TO EACH SUB-FUND

Part 2 of this Prospectus includes specific information relevant to each Sub-Fund established under the Company 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, it 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", if applicable, refer to the relevant Index details of which are set out in that Appendix.

## APPENDIX 1: HARVEST CHINA SUSTAINABLE LIFESTYLE TECH ACTIVE ETF

***This is an active exchange traded fund***

### 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.*

| | |
|---|---|
| **Listing Date (SEHK)** | 26 September 2022 |
| **Exchange Listing** | SEHK – Main Board |
| **Stock Code** | 3155 |
| **Trading Board Lot Size** | 50 Shares |
| **Base Currency** | Hong Kong dollars (HKD) |
| **Trading Currency** | Hong Kong dollars (HKD) |
| **Distribution Policy** | Subject to the Manager's discretion. Currently, the Manager intends to distribute income to Shareholders at least annually (in October each year) having regard to the Sub-Fund's net income after fees and costs. Distributions on all Shares will be in HKD. |
| **Creation/Redemption Policy** | Cash only (in HKD) |
| **Application Share Size (only by or through Participating Dealers)** | Minimum 50,000 Shares (or multiples thereof) |
| **Dealing Deadline (for Creation/Redemption through Participating Dealers)** | 11:00 a.m. (Hong Kong time) |
| **Management Fee** | Currently 0.99% per annum of the Net Asset Value |
| **Investment Strategy** | Please refer to the section on "What is the investment strategy?" below. |
| **Financial Year End** | 31 December.<br>The first financial year of the Sub-Fund ended on 31 December 2022. The first audited annual financial reports were published on or before 30 April 2023. The first half-yearly unaudited financial reports were prepared for the half year ending 30 June 2023 and were published on or before 31 August 2023. |
| **QFII/RQFII Holder** | Harvest Global Investments Limited |
| **Investment Adviser** | China Renaissance Securities (Hong Kong) Limited |
| **PRC Custodian** | HSBC Bank (China) Company Limited. Please refer to the section headed "The PRC Custodian" below |

| | |
|---|---|
| **Listing Agent** | Altus Capital Limited |
| **Initial Market Makers*** | China Merchants Securities (HK) Co., Limited<br>BNP Paribas Securities (Asia) Limited |
| **Initial Participating Dealers*** | China Renaissance Broking Services (Hong Kong) Limited<br>The Hongkong and Shanghai Banking Corporation Limited<br>Mirae Asset Securities (HK) Limited<br>Valuable Capital Limited<br>China Merchants Securities (HK) Co., Limited<br>Haitong International Securities Company Limited |
| **Service Agent** | HK Conversion Agency Services Limited |
| **Website** | http://etf.harvestglobal.com.hk (this website has not been reviewed or approved by the SFC) |

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers for the Sub-Fund.*

**What is the investment objective?**

The Sub-Fund's investment objective is to achieve long term capital growth by primarily investing in companies which are directly or indirectly involved in the provision of lifestyle technology products and/or services ("Lifestyle Tech") consistent with the principles of environmental, social and governance ("ESG") focused investing.

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 Sub-Fund will invest primarily (i.e. at least 70% of its Net Asset Value) in equities and/or equity-equivalent Securities listed in Mainland China, Hong Kong and/or the US, which are issued by companies (i) headquartered or incorporated in Mainland China, Hong Kong or Macau, (ii) directly or indirectly involved in the provision of Lifestyle Tech products and/or services (the "Lifestyle Tech Requirement") and (iii) which are ESG leaders with sustainable practices, namely companies that are ranked top 1/3 within the investment universe in one or more of the following: overall ESG score, climate change score or social equality score as determined under the sub-section "ESG selection" below (the "ESG Leaders").

The Sub-Fund will invest in A-Shares directly in the domestic securities markets in Mainland China through the QFII/RQFII status of the Manager and/or the Stock Connect.

The Manager may invest up to 30% of the Net Asset Value of the Sub-Fund through QFII/RQFII and up to 50% of the Net Asset Value of the Sub-Fund through the Stock Connect, including investing in Securities listed on the ChiNext market and/or Science and Technology Innovation Board ("STAR Board"). There is no restriction on the market capitalisation of issuers in which the Sub-Fund shall invest. The Sub-Fund may invest in small- and mid-capitalisation companies. However, the Sub-Fund will not invest in A-Shares listed on the BSE.

For the avoidance of doubt, the Sub-Fund may also from time to time invest up to 20% of its Net Asset Value in equities and/or equity-equivalent Securities that are consistent with the investment objective and the issuers of which satisfy the Lifestyle Tech Requirement and are ESG Leaders,

but are (i) listed in markets other than Mainland China, Hong Kong and/or the US; or (ii) headquartered or incorporated in global markets other than Mainland China, Hong Kong and/or Macau.

*Lifestyle Tech*

Lifestyle Tech refers to the development of a new product type and/or service in response to new trends in the consumption and technology sector. Lifestyle Tech may emerge from, for instance, the premiumisation of products or services; increasing demand in products or services in healthcare, entertainment, tourism, sports and fitness; increasing penetration of online spending as well as the development of technologies and corresponding supply chains to enable the above.

The following are non-exhaustive examples of companies directly or indirectly involved in Lifestyle Tech business, as broadly categorised into different themes:

(i) Leisure: retail and apparel, restaurant, food and beverages, home appliance and furniture, welfare and happiness, healthcare technology

(ii) Digital technology: software as a service ("SaaS") businesses (such as web-based or web-hosted software), platform as a service (PaaS) businesses (such as cloud computing services), internet data centres (IDC), media and entertainment

(iii) Transportation: automobile, autonomous driving and other transportation

(iv) Technology hardware: computer processing hardware, semiconductors and telecommunication equipment

(v) Fintech: online financing platforms such as peer-to-peer lenders, and traditional brokerage companies which also provides fintech related services and/or products

Companies which are indirectly involved in Lifestyle Tech business may provide ancillary services to companies directly related to the Lifestyle Tech business. For instance, for Lifestyle Tech business relating to SaaS, examples of ancillary services are the development and provision of data centre and cloud services. For Lifestyle Tech business relating to autonomous driving, examples of ancillary services are the development and provision of charging stations and software services.

*ESG selection*

The investment universe of the Sub-Fund comprises equities and/or equity-equivalent securities issued by companies which satisfy the Lifestyle Tech Requirement described above, and are listed in Mainland China, Hong Kong and/or the US, as well as certain other global markets, namely Singapore, Tokyo, Frankfurt, London, Korea, Taiwan and/or Australia.

As explained above, the Sub-Fund seeks to identify companies which are, amongst other requirements, ESG Leaders with sustainable practices, particularly with outperformance on climate change and/or social equality.

Generally speaking, sustainability refers to the ability to meet the needs of the present without compromising the ability of future generations to meet their needs. In a business context, a company with sustainable practices is one with operations and business strategies which integrate measures or take into consideration the need to prevent the depletion of natural or physical resources, so that such resources will remain available for the long term. The policies adopted by such companies will take into consideration their future effect on the human community, ecosystems, and the wider economy.

The Manager believes that climate change and social equality best encapsulate the concept of sustainability. In respect of climate change, the prevention of climate change is one of the core aims of environmental protection which ties back to sustainability and ensuring that the planet's resources will not be depleted. In respect of social equality, companies which are highly ranked

in social equality often also adopt sustainable practices. This is because the same businesses that benefit from environmental exploitation and unsustainable practices often also benefit from the exploitation of those in the lower social hierarchy, such as the exploitation of indigenous communities from deforestation practices or the disposal of pollutants in the habitats of poor neighbourhoods. On the other hand, companies which promote or take into account social inclusivity often also contribute to economic development and environmental protection within society, and hence sustainability.

To achieve the ESG objective of the Sub-Fund, the Sub-Fund adopts a multi-faceted systematic ESG integration process which combines elements such as ESG negative screening and active ownership to select best-in-class ESG Leaders on an ongoing basis. The above process will be applied to all potential investments of the Sub-Fund.

The Sub-Fund may invest less than 30% of its Net Asset Value in issuers ranking in the lower 2/3 amongst the investment universe on all three ESG considerations (namely, overall ESG score, climate change score and social equality score) where such issuers demonstrate (i) a strong performance in ESG aspects other than the overall ESG score, climate change score and social equality score or (ii) a strong trajectory of improvement or strong potential of improvement on one or more of overall ESG, climate change and social equality considerations, in particular after the Manager's engagement communications with such issuers.

*Multi-faceted systematic ESG integration process*

The multi-faceted systematic ESG integration process may be broadly categorised into quantitative and qualitative elements as follows:

- Quantitative assessment is based on proprietarily-developed Harvest ESG scoring methodology (as further described in the section "ESG Scoring" below), which applies on-the-ground ESG investment insights in the region and has been created making reference to globally-recognised ESG frameworks such as the ones developed by Sustainability Accounting Standard Board and the Global Reporting Initiative. With an aim to build an objective, transparent, and consistent scoring system, the methodology is quant-driven and rule-based. The Manager's proprietary ESG natural language processing algorithm, powered by AI technology, constantly captures large amount of alternative data from abundant sources and allows the Manager to be alerted to changes in the ESG landscape in a timely manner. The scoring methodology is well-tested and has been applied on a monthly basis to all China A-shares and H-shares since 2017. The Manager's quantitative assessment comprises maintenance of an exclusion database which conducts norm-based exclusions (namely, screening out companies which do not meet widely-accepted norms such as the Ten Principles of the United Nations Global Compact), and the creation of baskets of high performing ESG Securities based on ESG scoring.

- Qualitative assessment will be performed collaboratively by ESG analysts and investment analysts. Qualitative assessment emphasises on companies' ESG momentum in the near and long term and serves as a complement to quantitative assessment (which relies on backward-looking data), in particular for companies with limited available quantitative data or companies which may be heavily weighted in the Sub-Fund's portfolio. The Manager's qualitative assessment comprises assessment of measurable ESG impact and performance improvement, and adoption of an active ownership philosophy.

The Manager also conducts deep-dive research on individual companies, which is partially quantitative and partially qualitative.

The quantitative and qualitative elements of the multi-faceted systematic ESG integration process are further described below:

- *Maintenance of an exclusion database for negative screening of potential investments:* The Manager's ESG research team and compliance team maintain a norm-based exclusion database for negative screening of potential investments, in which excluded companies are incorporated into the compliance pre-trade clearance system. Sector-based exclusion

lists of excluded industry sectors such as the controversial sectors described under "Separate assessment of climate change and social equality performance" below, as well as norm-based exclusion lists such as United Nations Global Compact and Organisation for Economic Co-operation and Development violators, will be maintained. Sector-based exclusion lists are identified by the Manager and updated semi-annually. Norm-based exclusion lists are monitored by the Manager on a monthly or quarterly basis.

- *ESG scoring and creation of baskets of high performing ESG Securities:* The overall scores are used as a quantitative screening tool to determine the overall ESG performance of companies within the investment universe in order to create baskets of ESG-eligible Securities. The Sub-Fund will primarily invest in companies with one or more of overall ESG score, climate change score or social equality score ranked in the top 1/3 of the investment universe.

- *Deep-dive ESG research:* ESG research team works with investment analysts to conduct deep-dive ESG research and analysis, and provides investment recommendations on prospective investment opportunities and current portfolio holdings. Synthesis of ESG-related insights will incorporate quantitative and qualitative data or information that are accurate and reliable. The proprietary ESG research insights, data and analytics tools are integrated in the centralised investment platform that can be accessed by internal investment teams on a daily basis for investment decision making.

- *Assessment of measurable ESG impact and performance improvement:* The Manager will monitor the ESG performance and impact of the Sub-Fund's portfolio holdings on a monthly basis to ensure that the Sub-Fund's portfolio is invested in accordance with the ESG investment strategy of the Sub-Fund. The Manager will also continuously review and seek improvements in the ESG scoring of the Sub-Fund's portfolio as a whole.

- *Adoption of an active ownership philosophy:* Active ownership is an integral part of the Manager's practices. From time to time, the Manager will seek additional understanding through engagement communications and proxy voting actions with investee companies to enhance the Manager's ESG and fundamental analysis as well as to promote changes that will protect and enhance the value of the Sub-Fund's investments. Engagement activities typically involve, for example, one-on-one meetings and phone calls, on-site company visits, discussions with company advisers and stakeholders, as well as collective engagement with other investors.

Once the above assessment is conducted, companies which rank amongst the top 1/3 of the investment universe for ESG may be selected for investment by the Sub-Fund.

*Separate assessment of climate change and social equality performance*

The above assessment will then be repeated by the Manager on all potential investments of the Sub-Fund, but with a focus on climate change and social equality. The Manager assesses the issuers' performance by considering specific topics under each of the climate change and social equality themes, including but not limited to carbon emission intensity, community development and contribution, human capital development, average employee salary and employee welfare.

The issuers will then be ranked on each of climate change and social equality.

In addition to norm-based exclusions, issuers which breach one or more of the following climate change and social equality key principles will be excluded from investment:

- Companies that breach international principles and norms of climate change and/or social equality, including but not limited to International Labour Organisation (ILO) laws, United Nations Global Compact (UNGC) and the Universal Declaration of Human Rights.

- Companies with involvement in the following controversial businesses and sectors which generate a turnover of over a pre-determined threshold: controversial weapons (any involvement), tobacco (more than 5% of turnover), nuclear energy (more than 10% of

turnover), conventional oil and gas extraction (more than 10% of turnover), electricity generation resulting in significant carbon exposure (more than 25% of turnover), coal mining (more than 10% of turnover) and coal-fired power generation (more than 10% of turnover). For the purposes of this section, "controversial weapons" include but are not limited to anti-personnel mines, biological and chemical weapons, blinding laser weapons, incendiary weapons, weapons using nondetectable fragments, cluster munitions, depleted uranium and nuclear weapons.

- Companies with involvement in severe controversies in the past year that have caused severe reputational damage, operational disruptions or negative impact on the environment and affected communities, and/or have resulted in material and profound financial loss for the relevant constituent company.

*Other restrictions*

The Sub-Fund may invest up to 20% of its Net Asset Value in FDI for investment and hedging purposes. The Sub-Fund may borrow up to 10% of its Net Asset Value for investment and liquidity management purpose.

The Sub-Fund may invest not more than 20% of its Net Asset Value in deliverable or non-deliverable forwards, currency options and currency futures (which are traded offshore outside Mainland China) for hedging and investment purposes. The Sub-Fund may also acquire stock index futures traded in Mainland China or in offshore markets for hedging and investment purposes. Other than disclosed above, the Manager currently does not intend to invest in derivatives.

The Sub-Fund may also invest less than 30% of its Net Asset Value in secondary listings and foreign listings such as American Depositary Receipts ("ADRs").

Not more than 10% of the Sub-Fund's assets may be held in cash and cash based instruments and money market instruments and/or, to the extent permitted by applicable regulations and investment restrictions, in other types of investments including, but not limited to, warrants traded or transferred on a stock exchange in Mainland China, securities investment funds (including exchange traded funds) and other instruments from time to time approved by the CSRC for investment by a QFII/RQFII holder.

For the avoidance of doubt, there is currently no intention for the Sub-Fund to invest in debt securities including urban investment bonds issued in Mainland China (i.e. bonds issued by Mainland Chinese local government financing vehicles), or in structured deposits or products (including asset backed securities, mortgage backed securities and asset backed commercial papers or similar structured products).

The Manager may, on behalf of the Sub-Fund, enter into securities lending transactions, sale and repurchase transactions, reverse repurchase transactions or similar over-the-counter transactions with a maximum level of up to 50% and expected level of approximately 25% of the Sub-Fund's Net Asset Value. Please refer to the section "Securities Financing Transactions" below for more details.

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

*Benchmark*

The Sub-Fund is actively managed. The Manager will, for the purposes of measuring its performance and to allow investors to assess the investment performance of the Sub-Fund in a more objective manner, seek to reference the Solactive China Lifestyle Tech Index (the "Benchmark").

The Benchmark is a representation of Mainland Chinese Securities which offer technology products or services with impact on the daily lifestyle and is expected to share a similar investment

universe as that of the Sub-Fund. By providing a benchmark, with a transparent and systematic construction methodology compiled by an independent third party, Solactive AG, the Sub-Fund aims to provide investors with a benchmark against which to evaluate the Sub-Fund as well as the Lifestyle Tech industry.

The Benchmark is not used for the purpose of portfolio construction of the Sub-Fund. The management of the Sub-Fund is discretionary and the Sub-Fund does not seek to track or replicate the Benchmark. While the Sub-Fund may hold Securities that are also constituents of the Benchmark, it may also invest in companies, countries or sectors that are not included in, and that have different weightings from, the Benchmark in order to take advantage of investment opportunities. It is expected that the Sub-Fund's performance may differ significantly from the Benchmark over time.

*Securities Financing Transactions*

*General*

The Manager may, on behalf of the Sub-Fund, enter into securities financing transactions or similar over-the-counter transactions with a maximum level of up to 50% and expected level of approximately 25% of the Sub-Fund's Net Asset Value.

All securities financing transactions will only be carried out in the best interest of the Sub-Fund and as set out in the relevant securities financing agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion. The Manager will be able to recall the Securities lent out or sold (in respect of securities lending transactions and sale and repurchase transactions respectively) or cash placed (in respect of reverse repurchase transactions) at any time. Please refer to the sub-sections titled "Securities Financing Transactions" and "Collateral Valuation and Management Policy" of the section headed "Investment Objective, Strategy and Restrictions, Securities Lending and Borrowing" in Part 1 of this Prospectus in regard to the details of the arrangements.

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

Securities financing transactions may give rise to certain risks including counterparty risk, collateral risk and operational risk. Please refer to the risk factor titled "Securities Financing Transactions Risks" of the section headed "Risk Factors" in Part 1 of this Prospectus for further details.

*Securities lending transactions and sale and repurchase transactions*

As part of the securities lending transactions and sale and repurchase transactions, the Sub-Fund must receive cash and/or non-cash collateral (fulfilling the requirements under sub-section titled "Collateral Valuation and Management Policy" of the section headed "Investment Objective, Strategy and Restrictions, Securities Lending and Borrowing" in Part 1 of this Prospectus) of 100% of the value of the Securities (including interests, dividends and other eventual rights) which are lent or sold (as the case may be). The collateral will be marked-to-market on a daily basis and be subject to safekeeping by the Custodian or an agent appointed by the Custodian.

Please refer to the sub-section titled "The Custodian" of the section headed "Management of the Company and Sub-Funds" in Part 1 of this Prospectus in regard to the extent of the Custodian's responsibility for the safekeeping of the assets of the Company and the appointment of agents. The valuation of the collateral generally takes place on trading day T. If the value of the collateral falls below 100% of the value of the Securities lent or sold (as the case may be) on any trading day T, the Manager will call for additional collateral on trading day T, and the borrower or purchaser (as the case may be) will have to deliver additional collateral to make up for the difference in Securities value by 4:00 p.m. on trading day T+2.

Non-cash collateral received may not be sold, re-invested or pledged. Any re-investment of cash collateral received shall be subject to the requirements as set out in the sub-section titled "Collateral Valuation and Management Policy" of the section headed "Investment Objective, Strategy and Restrictions, Securities Lending and Borrowing" in Part 1 of this Prospectus.

*Reverse repurchase transactions*

The Securities which are the subject of reverse repurchase transactions must be compliant with the investment objective and investment strategy of the Sub-Fund, and must together with the other Securities which the Sub-Fund holds in its portfolio, comply with the general investment restrictions of the Company as set out in the section headed "Investment Objective, Strategy and Restrictions, Securities Lending and Borrowing" in Part 1 of this Prospectus.

The market value of the Securities received as part of the reverse repurchase agreement must at all times be at least equal to the value of the cash paid out.

During the lifetime of a reverse repurchase agreement, the Sub-Fund may not sell the Securities forming the subject of the agreement until the counterparty's repurchase option has been exercised or the reverse repurchase term has expired. In addition, the Sub-Fund must ensure that the value of the reverse repurchase transaction is at a level such that the Sub-Fund is capable at all times to meet its redemption obligation towards the Shareholders.

*Use of FDI*

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's Net Asset Value.

**ESG scoring**

The ESG scoring methodology is proprietarily developed by Harvest Fund Management, the parent company of the Manager, based on extensive research of globally well-recognised ESG frameworks and applying on-the-ground ESG investment insights on the investment universe of the Sub-Fund and the Lifestyle Tech industry.

By incorporating extensive knowledge of sectors from investment analysts and ESG analysts, the ESG scoring framework selects ESG quantitative metrics most relevant to investment risks and return to better reflect ESG materiality within each industry. Furthermore, Harvest improves its overall ESG data accessibility and quality using artificial intelligence and natural language processing techniques to extract and process unstructured data from a variety of public sources to synthesise meaningful investment insights.

Harvest's methodology leverages localised ESG factors and insights essential to capture the most pertinent and material ESG issues in China. The ESG score is derived from over 110 specific metrics categorised into 8 specific topics and 23 issues under the environment, social and governance pillars as shown in following framework:

Environmental topics:

- Environmental Risk Exposure
- Pollution & Emission Control
- Natural Resources & Ecological Impact

Social topics:

- Human Capital
- Product & Service Quality

- Community Development & Contribution

Governance topics:

- Corporate Governance Structure
- Governance Behaviour

The "environment", "social" and "governance" scores are then combined to derive an overall ESG score.

With respect to the collection of raw ESG data for assessment, the data collection team will collect data from local data sources which include the following:

- data procured from external financial, ESG data vendors and data partners, such as governance data points regarding board independence and concentration of shareholding;
- alternative ESG data collected from over 5,000 public regulatory sources and industry associations using data mining and natural language processing technologies. For instance, the ESG scoring team may capture environmental violation and penalty notifications issued by the Ministry of Ecology and Environment of the PRC, faulty products or product recalls issued by the State Administration of Market Regulation of the PRC and/or investigations and warnings issued by the CSRC; and
- news and ESG events collected from 2,300 credible local media sources using natural language processing technologies.

Raw data are subject to rigorous cleaning, duplication removal and error checks to ensure data quality, which is then entered into a centralised ESG database for standardisation and scoring.

ESG Leaders, being companies which are ranked top 1/3 in one or more of overall ESG score, climate change score and/or social equality score during the ESG selection process above, refer to companies which are ranked top 1/3 on the overall ESG score, the relevant metrics under the "environmental" pillar and/or the relevant metrics under the "social" pillar respectively.

**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 (《合格境外機構投資者和人民幣合格境外機構投資者境內證券期貨投資管理辦法》) (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" (《關於實施<合格境外機構投資者和人民幣合格境外機構投資者境內證券期貨投資管理辦法>有關問題的規定》) 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 Mainland China 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 Mainland China, 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 Mainland China'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 China Foreign Exchange Trade System (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 Mainland China (including onshore PRC cash deposits and its onshore A-Shares portfolio) will be held by the PRC Custodian in accordance with the terms of the QFI Custody Agreement and the QFII/RQFII Regulations. Securities account(s) shall be opened with CSDCC in the joint names of the Manager (as the QFII/RQFII holder) and the Sub-Fund. RMB cash account(s) 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 settlement account with CSDCC for trade settlement according to applicable regulations.

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

In the context of investment in securities issued within the Mainland China using the Manager's QFII/RQFII status, the Manager will assume dual roles as the Manager of the Sub-Fund and the QFII/RQFII holder for the Sub-Fund. The Manager will be responsible for ensuring that all transactions and dealings will be dealt with in compliance with the Instrument (where applicable) as well as the relevant laws and regulations applicable to the Manager as a QFII/RQFII.

In connection with the investment in securities issued within Mainland China using the Manager's QFII/RQFII status, the Custodian has put in place proper arrangements to ensure that:

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

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

(c) the PRC Custodian will look to the Custodian (directly or indirectly) for instructions and solely act in accordance with the Custodian's instructions as provided under the QFI Custody Agreement, save as otherwise required under applicable regulations.

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

(a) where the Manager (as QFII/RQFII holder), for and on behalf of the Sub-Fund, appoints

multiple PRC custodians, one of which should be designated as principal custodian;

(b) securities account(s) with the CSDCC and maintained by the PRC Custodian and RMB special deposit 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 for the sole benefit and use of the Sub-Fund in accordance with all applicable laws, rules and regulations of the PRC and with approval from all competent authorities in the PRC;

(c) 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, the PRC Custodian and any broker appointed by the Manager to execute transactions for the Sub-Fund in the PRC (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;

(d) 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;

(e) the Company, 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;

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

(g) 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(s).

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 specific to the Sub-Fund" below.

**The A-Share market**

*Introduction*

China's A-Share market commenced and has been developing since 1990 with three exchanges, the SSE, the SZSE and the BSE.

The SSE 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, QFII/RQFIIs and any other qualified foreign investors or through Stock Connect only, and B Shares available to both domestic and foreign investors. As of 17 February 2022, there are 2,055 A-Shares listed companies in the SSE with total market capitalisation of RMB49.65 trillion.

The SZSE was founded on 1 December 1990 and stocks are further divided into class A-Shares and class B-Shares, with access to A-Shares limited to domestic investors as well as QFII/RQFIIs or through the Stock Connect only and B-Shares available to both domestic and foreign investors.

As of 17 February 2022, there are 2,596 A-Share listed companies in SZSE with total market capitalisation of RMB36.42 trillion. SZSE'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-end funds), fixed income products, and diversified financial derivative products (including warrants and repurchases).

The BSE was established on 3 September 2021 with current access to A-Shares limited to domestic investors as well as QFII/RQFIIs. As of 17 February 2022, there are 84 A-Share listed companies in BSE with total market capitalisation of RMB230 billion.

The A-Share market has grown significantly in the past 31 years, with the latest total market capitalisation reaching RMB86.3 trillion comprising 4,735 A-Share listed companies by 17 February 2022.

There is an increasing number of retail as well as institutional investors participating in the A-Share market since the inception, which include securities investment funds, social pension funds, QFII/RQFIIs, insurance companies, ordinary investment institutions. As an illustration, please refer to the charts below showing the price returns, total market capitalisation and annual trading volumes of, in particular, the SSE and the SZSE.

Price returns of SSE Composite Index and SZSE Composite Index between 2003 and 2021



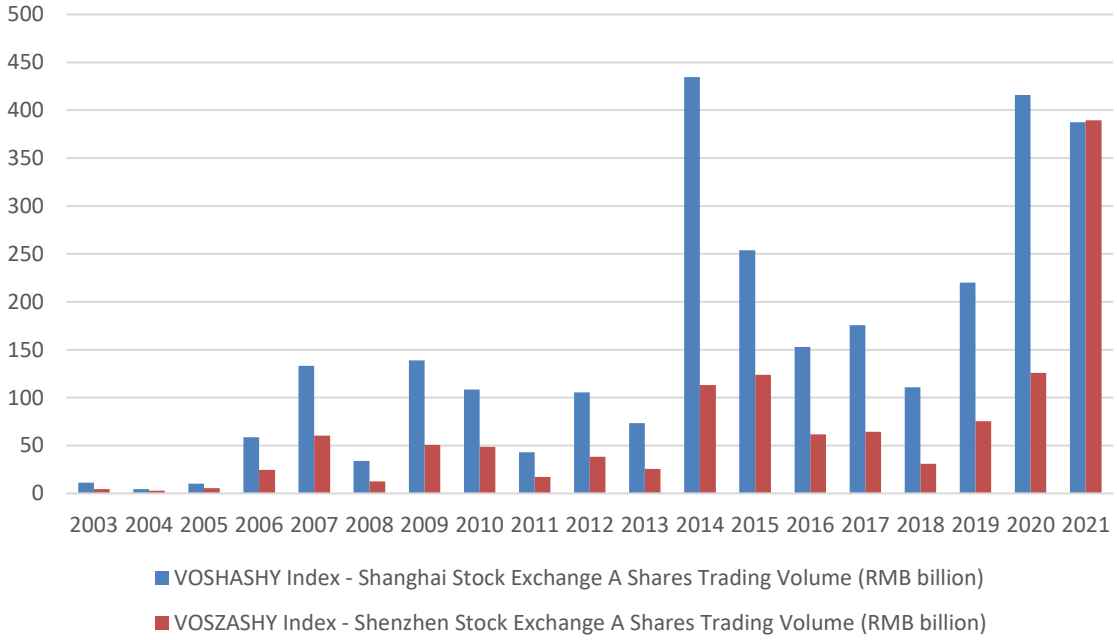

*Data source: Bloomberg as of 31 December 2021*

Total market capitalisation of both the SSE and the SZSE – Main Board




*Data source: Bloomberg as of 31 December 2021 (Note: The* China Shenzhen Stock Exchange Total Market Capitalisation *reflects the combination of market capitalisations of SZSE Main Board A-Shares and the SME (small and medium-sized enterprises) Board. The SME Board has been merged into the Main Board since 6 April 2021.)*

Annual trading volumes (turnover) of A-Shares of both SSE and SZSE




*Data source: Bloomberg as of 31 December 2021 (Note: The SZSE SME Board has been merged into the SZSE Main Board since 6 April 2021.)*

*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:

| | **Mainland China** | | **Hong Kong** |
|---|---|---|---|
| **Key indexes** | SHCOMP / SZCOMP | ChiNext Index / SSE Science and Technology Innovation Board 50 Index (STAR 50) | HSI / HSCEI |
| **Trading band limits** | 10% / 5% (for ST/*ST stocks)* | 20% after first five trading days of the stock | 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<br>morning session: 0930-1130<br>afternoon session: 1300-1500 (1457-1500 is closing auction for the SZSE) | pre-open: 0915-0925<br>morning session: 0930-1130<br>afternoon session: 1300-1500<br>after-hours fixed-price trading: 1505-1530 (orders shall be placed between 0915 and 1130 (for morning session) and 1300 and 1530 (for afternoon session)) | pre-open order input: 0900-0915<br>pre-order matching: 0915-0920<br>order matching: 0920-0928<br>morning session: 0930-1200<br>afternoon session: 1300-1600<br>auction session: 1600 to a random closing between 1608 and 1610 |
| **Settlement** | T+1 | | T+2 |
| **Earnings reporting requirements** | Annual financial report:<br>• Full annual financial report must be disclosed within 4 months after the reporting period.<br>Interim report:<br>• Full report must be disclosed within 2 months after the reporting period.<br>Quarterly report:<br>• Full report must be disclosed within 1 month after the reporting period. The first quarterly report cannot be disclosed before last year's annual financial report. | | Annual financial report:<br>• Earnings must be disclosed within 3 months after the reporting period;<br>• Full annual financial report must be disclosed within 4 months after the reporting period.<br>Interim report:<br>• Earnings must be disclosed within 2 months after the reporting period;<br>• Full report must be disclosed within 3 months after the reporting period. |

*Note:*

* *ST/*ST stocks refer to special treatment stocks, which means special treatment for companies with financial problems or other reasons. Stocks with ST/*ST usually means they have a delisting risk.*

** *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.*

**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.

*Foreign shareholding restrictions*

The CSRC stipulates that, when holding A-Shares through the Stock Connect, Hong Kong and overseas investors are subject to the following shareholding restrictions:

a) shares held by a single foreign investor (such as the Sub-Fund) investing in a listed company must not exceed 10% of the total issued shares of such listed company; and

b) total shares held by all foreign investors (i.e. Hong Kong and overseas investors) who make investment in a listed company must not exceed 30% of the total issued shares of such listed company.

Should the shareholding of a single investor in a China A-Share listed company exceed the above restrictions, the investor may be required to unwind his position on the excessive shareholding according to a last-in-first-out basis within a specific period. The SSE, SZSE and the SEHK will issue warnings or restrict the buy orders for the related A-Shares if the percentage of total shareholding is approaching the upper limit.

*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.

*Investor Compensation*

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. Examples of default are insolvency, in bankruptcy or winding up, breach of trust, defalcation, fraud, or misfeasance.

For defaults occurring on or after 1 January 2020, the Investor Compensation Fund also covers investors' losses in relation to Securities traded on a stock market operated by the SSE or the SZSE and in respect of which an order for sale or purchase is permitted to be routed through the Northbound link of a Stock Connect arrangement.

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: https://www.hkex.com.hk/mutual-market/stock-connect?sc_lang=en (which has not been reviewed or approved by the SFC).

**The Offshore RMB Market**

*What led to RMB internationalisation?*

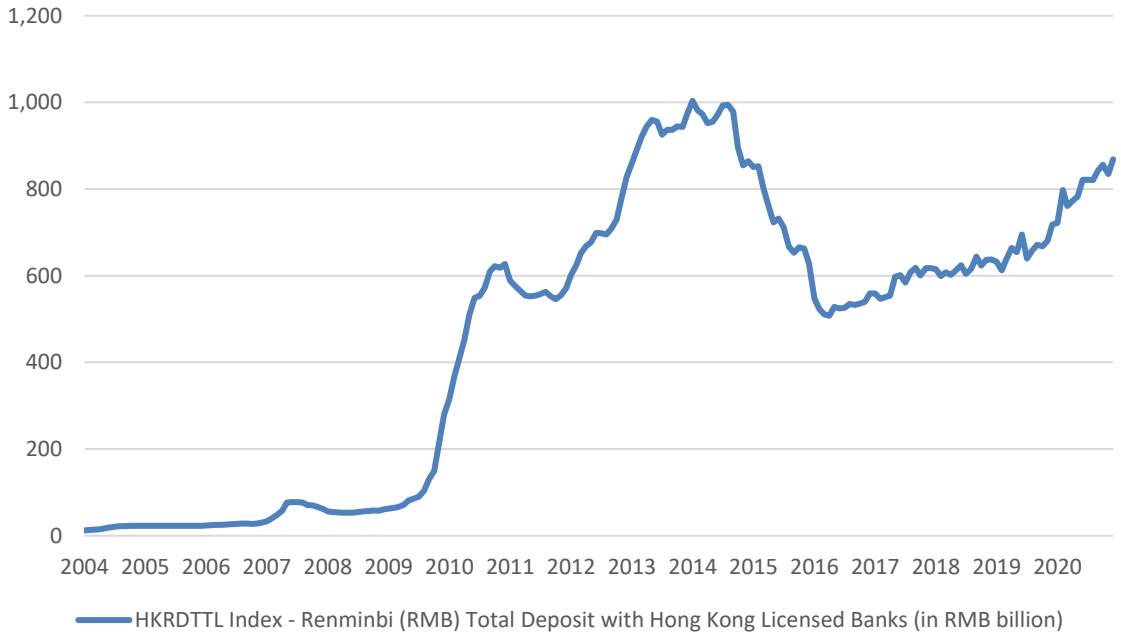
RMB is the lawful currency of the PRC. RMB is not a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC government. Since July 2005, the PRC government began to implement a controlled floating exchange rate system based 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. After double-digit economy average growth rate for over two decades, PRC maintains GDP growth over 6% despite of the global economy slowdown, having become the second largest economy and trading country in the world. 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 March 2020, there are 137 banks in Hong Kong engaging in RMB business, with RMB deposits amounting to about RMB644.15 billion, as compared to just RMB63 billion in 2009.

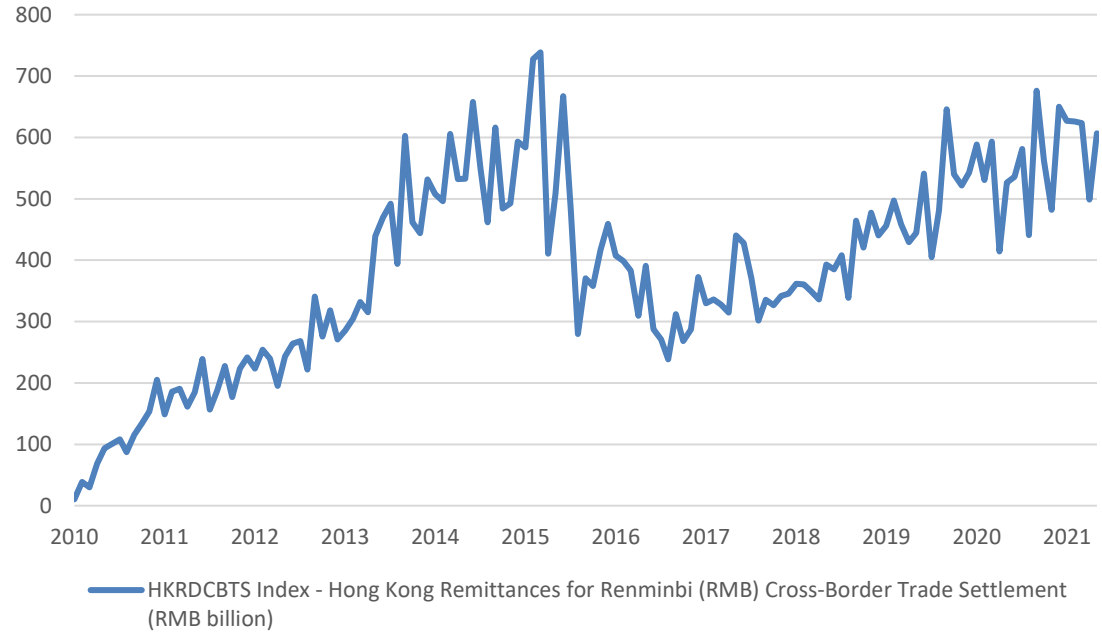
RMB deposits in Hong Kong




*Data source: Bloomberg as of 30 November 2021*

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. In March 2020, nearly RMB645.66 billion worth of cross-border trade was settled in Hong Kong with RMB.

Remittances for RMB cross-border trade settlement




*Data source: Bloomberg as of 30 November 2021*

*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 slumped from RMB 6.4 to RMB 6.6 per USD in June 2018 amid soft economic data from the PRC and escalated trade tensions between the PRC and the United States. 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 two 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*

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 QFII/RQFII 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.

The Shanghai-Hong Kong Stock Connect was launched in November 2014. It is a mutual market access programme that allows investment in eligible Shanghai-listed shares through the SEHK and eligible Hong Kong-listed shares through the SSE. The Shenzhen-Hong Kong Stock Connect was launched in December 2016. It is also a mutual market access programme that allows investment in eligible Shenzhen-listed shares through the SEHK and eligible Hong Kong-listed shares through the SZSE.

*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 PRC Custodian**

HSBC Bank (China) Company Limited has been appointed by the Manager (for and on behalf of the Sub-Fund) to act as the sole PRC Custodian of the Sub-Fund pursuant to the QFI Custody Agreement. The PRC Custodian will be responsible for the safe custody of the assets of the Sub-Fund managed by the Manager in connection with its QFII/RQFII status within the PRC under the QFII/RQFII scheme in accordance with the QFI Custody Agreement.

HSBC Bank (China) Company Limited has previously been appointed by The Hongkong and Shanghai Banking Corporation Limited, as the sub-custodian of the Custodian, to provide custody services on behalf of the sub-custodian over assets in the PRC which were held by the Custodian on behalf of other parties.

According to the QFI Custody Agreement, the Custodian is entitled to delegate its responsibilities under the QFI Custody Agreement to a subsidiary of the Custodian or its associate within the HSBC group of companies which is qualified to act as a custodian for QFII/RQFIIs, which as of the date of the QFI Custody Agreement is the PRC Custodian (i.e. HSBC Bank (China) Company Limited). The Custodian may act through the sub-custodian in respect of the PRC Custodian, and remains responsible for any acts and omission of the sub-custodian and the PRC Custodian as it relates to the discharge of the Custodian's responsibilities.

The PRC Custodian is not responsible for the preparation of this Prospectus and accepts no responsibility or liability for the information contained here other than the description under this section headed "The PRC Custodian".

## 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.

### *Risks related to the investment strategy of the Sub-Fund*

*Active investment management risk*

The Manager employs an actively managed investment strategy for the Sub-Fund. The Sub-Fund does not seek to track or replicate any index or benchmark, and there is no replication or representative sampling conducted by the Manager. Instead, investments of the Sub-Fund will be based on the Manager's view of market conditions and international investment trends and environment. The Sub-Fund may fail to meet its objective as a result of the Manager's selection of investments for the Sub-Fund, and/or the implementation of processes which may cause the Sub-Fund to underperform as compared to other funds with a similar objective.

Whilst it is the intention of the Manager to implement strategies which are designed to achieve the investment objective, there can be no assurance that these strategies will be successful. The Manager may not be successful in selecting the best-performing instruments or investment techniques. Accordingly, there is a risk that investors may not recoup the original amount invested in the Sub-Fund or may lose a substantial part or all of their initial investment.

*Lifestyle Tech Industry Risk*

Industry or sector risk arises when the Sub-Fund is predominantly invested in specific industries or sectors. The Sub-Fund may invest in the equities and/or equity-equivalent securities issued by companies involved in the provision of Lifestyle Tech products and/or services in the consumption and technology sector and, as such, is particularly sensitive to risks to those types of companies. These risks include, but are not limited to, small or limited markets for such securities which may reduce the liquidity of securities, a relatively high vulnerability to changes in business cycles and consumer needs as a result of its reliance on the retail and consumer market, high dependence on technological progress and hence increased risk of rapid obsolescence, as well as policy-based risks associated with the technology and consumption sectors.

Securities of Lifestyle Tech companies, especially companies which have a relatively small market capitalisation and limited operating history, tend to be more volatile than securities of companies that do not rely heavily on technology. Due to the Sub-Fund's concentration in the technology sector which is subject to rapid and significant changes in technology and innovation, the timely and successful introduction of new products and/or services will affect the success of companies and hence the value of investments in this sector can be adversely affected by the failure and delays in obtaining financing or regulatory approval, intense competition with numerous alternative technologies, products/ services incompatibility, continual shifts in consumer preferences, the rapid obsolescence and intensive research and development of new products and/or services.

Lifestyle Tech companies may rely on a combination of patents, copyrights, trademarks and trade secret laws to establish and protect their proprietary rights in their products and technologies. There can be no assurance that the steps taken by these companies to protect their proprietary rights will be adequate to prevent the misappropriation of their technology or that competitors will not independently develop technologies that are substantially equivalent or superior to such companies' technology. When the industries covered by the Lifestyle Tech theme are subject to policy adjustments by relevant regulatory authorities and large changes in industry regulation, corresponding uncertainty risk will also arise.

In addition, prospects of research and development activities are inherently uncertain, and there may be practical difficulties in commercialising research and development results. The significant expenditures in research and development may not generate corresponding benefits as anticipated. Furthermore, the performance of companies in the consumer sector are correlated to the growth rate of the consumer market, individual income levels and their impact on levels of domestic consumer spending, which in turn depend on the worldwide economic conditions, which have seen significant deterioration in the past. There are many factors affecting the level of consumer spending, including but not limited to interest rates, currency exchange rates, economic growth rate, inflation, deflation, political uncertainty, taxation, stock market performance, unemployment level and general consumer confidence. Any future changes in the economy or shifts in consumer spending in the relevant market may materially affect the business of the companies in the consumer discretionary sector. This may affect the performance of the Sub-Fund.

Certain companies within the Lifestyle Tech industry have weighted voting rights ("WVR") (such as internet companies) and/or which are variable interest entities ("VIEs"). The Sub-Fund may invest in companies with a WVR structure, under which certain key individuals including the founders and key management hold specific classes of shares that are attached with higher voting power than ordinary shares which are disproportionate to their respective shareholding. This may lead to issues relating to shareholder rights and corporate governance as well as investor protection, especially where the Sub-Fund invests in the ordinary shares of such companies. The Sub-Fund may also invest in VIEs in order to gain exposure to industries with foreign ownership restrictions. As VIEs are created to allow foreign investors to gain access to Mainland Chinese companies with foreign ownership restrictions while gaining a degree of control over profit flows and business operations in Mainland China through contractual arrangements, there is a risk that the Mainland Chinese authorities could take regulatory action on VIEs generally or even declare VIEs to be illegal, which will have an adverse impact on the value of the VIEs and hence the Net Asset Value of the Sub-Fund.

*ESG Investment Policy Risks*

The use of ESG criteria may affect the Sub-Fund's investment performance. ESG-based exclusionary criteria used in the Sub-Fund's investment policy may result in the Sub-Fund forgoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities due to their ESG characteristics when it might be disadvantageous to do so. As such, the Sub-Fund may perform differently compared to similar funds that do not use such ESG criteria.

In evaluating a security or issuer based on ESG criteria, the Manager is dependent upon information and data from public data, which may be incomplete, inaccurate, inconsistent or unavailable. In addition, evaluation of ESG characteristics of the securities and selection of securities may involve the Manager's subjective judgment. As a result, there is a risk that the Manager may incorrectly assess a security or issuer. There is also a risk that the Manager may not apply the relevant ESG criteria correctly or that the Sub-Fund may gain limited exposure to issuers which may not be consistent with the relevant ESG criteria used by the Sub-Fund.

With a standardised ESG taxonomy yet to emerge for the market, there might be a risk brought by investment decisions based on subjective ESG-related judgements through the Sub-Fund's attainment of its ESG focus.

The securities held by the Sub-Fund may be subject to style drift which no longer meet the Sub-Fund's ESG investment approach after such investments were made, meaning that the Manager may need to dispose of such securities, which may in turn lead to a fall in the Net Asset Value of the Sub-Fund. The use of ESG investment approach may also result in the Sub-Fund being concentrated in companies with ESG focus and its value may be more volatile than that of a fund having a more diverse portfolio of investments.

***Risks related to the QFII/RQFII regime***

*QFII/RQFII systems risk*

The current QFII/RQFII Regulations include rules on investment restrictions applicable to the Manager as a QFII/RQFII (on behalf of a number of different ultimate clients, including the Sub-Fund). Transaction sizes for QFII/RQFIIs 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 securities account(s) 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) to act on its behalf in PRC securities markets as well as the PRC Custodian to maintain its assets in custody in accordance with the terms of the QFI 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.

The regulations which govern investments by QFII/RQFIIs in the PRC and the repatriation of capital from QFII/RQFII investments may be updated from time to time. The application and interpretation of any newly implemented investment regulations will be relatively untested. There is uncertainty as to how such regulations will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations. There is therefore little certainty as to how such discretion may be exercised now or in the future.

Changes to the foreign investment regulation in the PRC may be made at any time by the CSRC and the SAFE, and such changes may have a detrimental impact on the ability of the Sub-Fund to achieve its investment objective. For example, any imposition of new restrictions in investment (including investment quotas) by the CSRC and the SAFE may hinder the ability of the Sub-Fund to invest in the PRC which may in turn affect the Sub-Fund's ability to achieve its investment objective.

*PRC Custodian and PRC Broker risk*

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

The QFII/RQFII also selects PRC Broker(s) to execute transactions for the Sub-Fund in the PRC markets (the SSE and the SZSE). In the event that the QFII/RQFII appoints only one PRC Broker (the same PRC Broker for all markets) or several 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, causing a premium or a discount to the trading price of Shares 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 accounts 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 Manager (in the joint names of the Manager (as the QFII/RQFII holder) and the Sub-Fund) with the PRC Custodian will be a debt owing from the PRC Custodian to the Sub-Fund as a depositor. Such cash will be co-mingled with cash belonging 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 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.

*Direct investment in A-Shares risk*

The Sub-Fund is an exchange traded fund investing directly in A-Shares through the QFII/RQFII status of the Manager and/or Stock Connect. 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.

*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 achieve the investment objective and the performance of the Sub-Fund may be affected.

*QFII/RQFII status risk*

There can be no assurance that the QFII/RQFII status of the Manager will not be suspended or revoked. Such event may adversely affect the Sub-Fund's performance as it may not be possible to implement the investment strategy of the Sub-Fund at all, which in the worst case scenario may lead to termination of the Sub-Fund.

***Risks related to investment in Mainland China***

*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 25 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 25 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.

*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 and the Sub-Fund may not be able to achieve its investment objective.

*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 SSE or the SZSE, 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 Shares may also be disrupted. A Participating Dealer is unlikely to redeem or create Shares 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 entitled "Taxation in Mainland China" in Part 1 of this Prospectus.

*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.

*Mainland China withholding taxation risk*

In order to meet the potential tax liability on capital gains arising from disposal of A-Shares, shares listed on ChiNext market and/or STAR board and H-Shares, the Manager reserves the right to make provision for withholding income tax ("WIT") and value added tax ("VAT") on such gains and withhold the tax for the account of the Sub-Fund.

Having consulted professional and independent tax advice, the Manager does not currently make withholding income tax provision and VAT provision for gross realised or unrealised capital gains derived from trading of A-Shares (either via Stock Connect or QFII/RQFII), shares listed on ChiNext market and/or STAR Board and H-Shares.

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 the 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 Shareholders of the Sub-Fund at all times.

Shareholders may be disadvantaged or advantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Shares. If no provision is made by the Manager in relation to all or part of the actual tax levied by the STA 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 Shares in issue at the relevant time, and the then existing Shareholders and subsequent Shareholders will be disadvantaged as such Shareholders 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 section entitled "Taxation in Mainland China" in Part 1 of this Prospectus for further information in this regard.

*Trading hours differences risk*

As the SSE and the SZSE may be open when Shares 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 Shares. 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. Shares 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 market prices and as a result, the level of premium or discount of the Share price of the Sub-Fund to its Net Asset Value may be higher.

*Risks associated with the ChiNext market and/or STAR board*

The Sub-Fund may invest in the ChiNext market and/or STAR Board, which are subject to the following risks:

*Higher fluctuation on stock prices and liquidity risk*: Listed companies on the ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. In particular, listed companies on ChiNext market and STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. Hence, companies listed on these boards are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main boards.

*Over-valuation risk*: Stocks listed on the ChiNext and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

*Differences in regulation*: The rules and regulations regarding companies listed on the ChiNext market and STAR Board are less stringent in terms of profitability and share capital than those in the main boards.

*Delisting risk*: It may be more common and faster for companies listed on the ChiNext market and/or STAR Board to delist. In particular, ChiNext market and STAR Board have stricter criteria for delisting compared to the main boards. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted.

*Concentration risk*: STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in STAR Board may be concentrated in a small number of stocks and subject the Sub-Fund to higher concentration risk. Investments in the ChiNext market and/or STAR Board may result in significant losses for the Sub-Fund and its investor.

***Risks related to investment in RMB-denominated securities***

*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.

*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. Any depreciation of RMB could adversely affect the value of the Shareholders' investment in the Sub-Fund.

*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 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. 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 relevant settlement agreement between Hong Kong banks and the PBOC 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 Shares or to sell Shares of the Sub-Fund affecting the liquidity and therefore the trading price of the Shares 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.

***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 investments through its QFII/RQFII status 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 ability of the Sub-Fund to achieve its investment objective if, for example, a security originally identified by the Sub-Fund for investment 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.

*Limited investor compensation risk:* Investment through the Stock Connect is conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations. While the Sub-Fund is covered by the Investor Compensation Fund for defaults occurring on or after 1 January 2020 for northbound trading, 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.

*Nominee arrangements in holding A-Shares:* HKSCC is the "nominee holder" of the SSE Securities and SZSE Securities acquired by Hong Kong and overseas investors through Stock Connect. The CSRC Stock Connect Rules (《滬港股票市場交易互聯互通機制試點若干規定》) provide that investors enjoy the rights and benefits of the SSE Securities and SZSE Securities acquired through Stock Connect in accordance with applicable laws. The CSRC Stock Connect Rules are departmental regulations having legal effect in the PRC. However, the application of such rules is untested, and there is no assurance that PRC courts will recognise such rules, e.g. in liquidation proceedings of PRC companies.

It should be noted that, under the General Rules of HKSCC, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE Securities or the SZSE Securities in the PRC or elsewhere.

Therefore, although the Sub-Fund's ownership may be ultimately recognised, the Sub-Fund may suffer difficulties or delays in enforcing its rights in A-Shares.

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

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

*PRC tax risk:* There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised by the Sub-Fund on its investments in the PRC via the Stock Connect. It should also be noted that there is a possibility of the PRC tax rules being changed and taxes being applied retrospectively. Please refer to the risk factor "Mainland China withholding taxation risk" for further details.

***Other risks specific to the Sub-Fund***

*Reliance on the Investment Adviser risk*

The Manager will make use of the research expertise of the Investment Adviser to support the investments of the Sub-Fund. 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 the Sub-Fund may be adversely affected. The occurrence of such events could affect the Sub-Fund's investment activities and as a result, its performance.

*Risks associated with ADRs*

Exposure to ADRs may generate additional risks compared to a direct exposure to the corresponding underlying stocks, in particular, the risk of non-segregation under applicable law of the depositary bank who hold the underlying stock as collateral and its own assets. In case of bankruptcy of the depositary bank, there could be a risk that the underlying shares would not be attributed to holders of ADRs, although segregation is an integral part of the depositary agreement regulating the issuance of the ADRs. In such case, the most likely scenario would be the trading suspension and thereafter a freeze of the price of the ADRs impacted by such bankruptcy event. Bankruptcy events in respect of the depositary banks issuing the ADRs may negatively affect the performance and/or the liquidity of the Sub-Fund. There are fees related to ADRs, for example fees charged by banks for the custody of underlying assets of ADRs, which may impact the performance of the ADRs. Also, holders of ADRs are not direct shareholders of the underlying company and generally do not have voting and other shareholder rights as shareholders do. The Sub-Fund may also be subject to liquidity risk as ADRs are often less liquid than the corresponding underlying stocks.

In addition, there is a risk that the ADRs of Mainland Chinese companies may be delisted as a result of regulatory actions by the local government and/or stock exchange. The delisting risk has been rising due to the manifestation of the tense strategic relationship between the US and the PRC, resulting in capital entanglement and regulatory discrepancies between the two countries which make the trading of Mainland Chinese securities in the US difficult. Some of the recent regulatory actions taken include the passing of the Holding Foreign Companies Accountable Act in the US and tightening overseas listing rules by Chinese regulators. In the event of Chinese securities being delisted in the US, the value of such ADRs may be adversely affected, as such ADRs could become difficult to trade and to value, and certain investors may not be allowed to invest in such ADRs. This may in turn have an adverse impact on the Net Asset Value of the Sub-Fund.

*Risks associated with investments in FDIs*

The Sub-Fund may invest in FDIs through one or more counterparties. As such, the Sub-Fund may suffer significant loss if a counterparty fails to perform its obligations, or in case of insolvency or default of the counterparties.

Risks associated with FDIs include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDI may lead to a high risk of significant loss by the Sub-Fund.

Please refer to the risk factor titled "Collateral and FDI Risks" in Part 1 of this Prospectus for further details**.**

**The offering phases**

Dealings in the Shares on the SEHK commenced on 26 September 2022.

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in 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 HKSCC and HKSCC Operational Procedures in effect from time to time.

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 Custodian) may determine on any day when the trading hours of the SEHK, the SSE or the SZSE are reduced.

Applications for creation of Shares may be made by means of cash Creation Application (in HKD). Settlement for subscribing Shares 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.

**Exchange listing and trading (secondary market)**

*General*

Shares 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 Shares 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 Shares began on 26 September 2022. Shares trade on the SEHK in board lots of 50 Shares.

Participating Dealers should note that they will not be able to sell or otherwise deal in the Shares on the SEHK until dealings begin on the SEHK.

**Redemptions**

Shares can be redeemed directly in the primary market (through a Participating Dealer). Redemption proceeds will only be paid in cash (in HKD). Any accepted Redemption Application will be effected in accordance with the Operating Guidelines and the Instrument.

**Distribution policy**

The Manager intends to declare and distribute income to Shareholders 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. Distribution will not be paid out of capital or effectively out of capital.

Each Shareholder will receive distributions in HKD.

Distribution payment rates in respect of Shares will depend on factors beyond the control of the Manager or Custodian 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**

*Management fee*

The Manager is entitled to receive out of the assets of the Sub-Fund a management fee of up to 2% per annum of the Net Asset Value of the Sub-Fund. The current management fee is 0.99% per annum of the Net Asset Value of the Sub-Fund and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

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.

The Management Fee may be increased up to the maximum of 2% per year of the Net Asset Value of the Sub-Fund, on one month's notice to the affected Shareholders (or such shorter period as may be approved under the UT Code). Any increase of the permitted maximum level will be subject to the SFC's prior approval (where required) and not less than one month's notice to the Shareholders.

*Custodian fee*

The Custodian is entitled to receive out of the Sub-Fund a fee of up to 1% per annum of the Net Asset Value of the Sub-Fund (the "Custodian Fee"). The current Custodian Fee is calculated as a percentage per annum of the Net Asset Value of the Sub-Fund at a rate of 0.1% per annum of the Net Asset Value. The Custodian Fee will be accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

Fees payable to the PRC Custodian will be payable out of the Custodian Fee.

The Custodian Fee may be increased by agreement with the Manager up to the maximum on giving one month's notice to Shareholders.

The Custodian shall also be entitled to be reimbursed out of the assets of the Sub-Fund all reasonable out-of-pocket expenses incurred in accordance with the Custodian Agreement.

*Administrator and Registrar Fee*

The Administrator and Registrar are entitled to receive fees in aggregate of up to 1% per annum of the Net Asset Value of the Sub-Fund (subject to a minimum of USD2,500 per month) and to be reimbursed by the Sub-Fund for all reasonable out-of-pocket expenses incurred by it in the performance of its duties as the Administrator and Registrar.

**Disclosure of full portfolio holdings**

The Manager will publish the full portfolio information of the Sub-Fund on a monthly basis (updated within one month of the end of each month) (in English only) on the following website http://etf.harvestglobal.com.hk (which has not been reviewed or approved by the SFC).

**Additional ESG-related information regarding the Sub-Fund**

In addition to the information to be published by the Manager as described in the sub-section "Information Available on the Internet" of Part 1 of this Prospectus, the Manager will also make available the following up-to-date ESG-related information regarding the Sub-Fund, where not

already covered in this Prospectus, on the following website http://etf.harvestglobal.com.hk (which has not been reviewed or approved by the SFC) or the audited annual financial reports of the Sub-Fund:

(a) a description of how the ESG focus of the Sub-Fund is measured and monitored throughout the lifecycle of the Sub-Fund and the related internal or external control mechanisms;

(b) a description of the methodologies adopted to measure the ESG focus of the Sub-Fund and the Sub-Fund's attainment of the ESG focus;

(c) a description of due diligence carried out in respect of the ESG-related attributes of the Sub-Fund's underlying assets;

(d) a description of the engagement policies of the Sub-Fund; and

(e) a description of the sources and processing of ESG data or a description of any assumptions made where relevant data is not available.

**Appendix dated 29 February 2024**