THIRD ADDENDUM

HARVEST FUNDS (HONG KONG) (the "Fund")

This Third Addendum dated 16 December 2016 should be read in conjunction with, and forms part of, the Explanatory Memorandum for the Fund dated November 2015, as amended and supplemented from time to time (the "Explanatory Memorandum").

All capitalised terms herein contained shall have the same meaning in this Addendum as in the Explanatory Memorandum, unless otherwise indicated.

The Manager, Harvest Global Investments Limited, accepts full responsibility for the accuracy of the information contained in this document at the date of publication, and confirms, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading. However, neither the delivery of this document nor the offer or issue of Units shall under any circumstances constitute a representation that the information contained herein is correct as of any time subsequent to such date. Intending applicants for Units should ask the Manager if any supplements to this document and/or the Explanatory Memorandum (or any later Explanatory Memorandum) have been issued.

I. Distribution policy of Harvest RMB Fixed Income Fund

With immediate effect, the distribution policy of Harvest RMB Fixed Income Fund is changed to permit distribution out of capital. Consequently, the Explanatory Memorandum is amended as follows:

(i) The first paragraph under the section headed "Specific Risk Factors" of Appendix I – Harvest RMB Fixed Income Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"Investors should refer to the relevant risks under the section headed "Risk Factors" in the main part of the Explanatory Memorandum. The following risks are of particular relevance to the Sub-Fund: "China market risk", "Emerging markets risk", "Sovereign Risk", "Concentration risk", "Renminbi currency risk", "Below investment grade and unrated securities risk", "Credit rating downgrading risk", "Liquidity risk", "Interest rates risk", "Distribution out of capital" and "PRC tax considerations."

(ii) The paragraph under the section headed "Distributions" of Appendix I – Harvest RMB Fixed Income Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"The Manager has discretion as to whether or not to make any distribution of dividends, the frequency of distribution and amount of dividends. It is currently intended that distributions will be declared on a semi-annual basis (i.e. in June and December each year, if applicable)

and payable in RMB. There is no guarantee of regular distribution and if distribution is made the amount being distributed.

Dividends, if any, may be paid from income and/or capital of the Sub-Fund at the Manager's discretion. The Manager may distribute out of the capital of the Sub-Fund if the income generated from the Sub-Fund's investments attributable to the relevant class of Units during the relevant period is insufficient to pay distributions as declared. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Sub-Fund's capital may result in an immediate reduction of the Net Asset Value per Unit. Compositions of the dividend distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months will be available from the Manager upon request and on the website of the Manager www.harvestglobal.com.hk on a regular basis. Please note that the aforesaid website has not been reviewed by the SFC. Please refer to the risk factor headed "Distribution out of capital" in the section headed "Risk Factors" in the main part of the Explanatory Memorandum for the relevant risks.

The Manager may change the distribution policy subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders."

II. Investment Objective and Policy of Harvest China Income Fund

With immediate effect, the investment objective and policy of the Harvest China Income Fund is amended to permit direct investments in RMB denominated fixed income and debt instruments issued or distributed in mainland China and direct investments in China A-Shares via the Shanghai Hong Kong Stock Connect or similar schemes which may be approved by the relevant authorities. Consequently, the Explanatory Memorandum is amended as follows:

(i) The risk factor headed "Risks associated with the Stock Connects" is inserted immediately after the risk factors headed "Foreign Account Tax Compliance" and "Automatic Exchange of Financial Account Information and Related Matters" in the section headed "RISK FACTORS" in the Explanatory Memorandum:

"(xxxi) ***Risks associated with the Stock Connects*** - Where a Sub-Fund may invest through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect ("Stock Connects"), in addition to the risks associated with the China market, it is also subject to the following additional risks:

Quota limitations

- The Stock Connects are 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). Therefore, quota limitations may restrict the Fund's ability to invest in China

A-Shares through Stock Connects on a timely basis, and a Sub-Fund may not be able to effectively pursue its investment strategies.

Suspension risk

- Each of the Stock Exchange of Hong Kong Limited ("SEHK"), the Shanghai Stock Exchange ("SSE") and the Shenzhen Stock Exchange ("SZSE") 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 through Stock Connects is effected, a relevant Sub-Fund's ability to invest in China A-Shares or access the PRC market through the programme will be adversely affected.

Differences in trading day

- Stock Connects will only operate 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 relevant Sub-Funds) cannot carry out any China A-Shares trading. Due to the differences in trading days, the relevant Sub-Funds may be subject to a risk of price fluctuations in China A-Shares during the time when the Stock Connects are not operating as a result.

Operational risk

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

- The Stock Connects are premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in these programs 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 generally have configured and adapted their operational and technical systems for the purpose of trading China A-Shares through Stock Connects. It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial program to operate, market participants may need to address issues arising from the differences on an on-going basis.

- Further, the "connectivity" in the Stock Connects requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system ("China Stock Connect System") set up by SEHK to which exchange participants need to

connect). There is no assurance that the systems of the SEHK and market participants function properly or 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 programs could be disrupted. A Sub-Fund's ability to access the China A-Shares market (and hence to pursue its investment strategy) will be adversely affected.

Restrictions on selling imposed by front-end monitoring

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

- Generally, if a Sub-Fund desires to sell certain China A-Shares it holds, it will be required to transfer those China A-Shares to the respective accounts of its brokers before the market opens on the day of selling ("trading day") unless its brokers can otherwise confirm that the Sub-Fund has sufficient shares in its account. If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, the Sub-Fund may not be able to dispose of holdings of China A-Shares in a timely manner.

- Alternatively, a Sub-Fund may maintain its China A-Shares with a custodian which is a custodian participant or general clearing participant participating in CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK). In such circumstance, the relevant Sub-Fund may request such custodian to open a special segregated account ("SPSA") in CCASS to maintain its holdings in China A-Shares under the enhanced pre-trade checking model. Each SPSA will be assigned a unique "Investor ID" by CCASS for the purpose of facilitating China Stock Connect System to verify the holdings of an investor such as the relevant Sub-Fund. Provided that there is sufficient holding in the SPSA when a broker inputs the relevant Sub-Fund's sell order, the relevant Sub-Fund will only need to transfer China A-Shares from its SPSA to its broker's account after execution and not before placing the sell order and the relevant Sub-Fund will not be subject to the risk of being unable to dispose of its holdings of China A-Shares in a timely manner due to failure to transfer China A-Shares to its brokers in a timely manner.

Recalling of eligible stocks

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

Clearing and settlement risk

- The Hong Kong Securities Clearing Company Limited ("HKSCC") and the China Securities Depository and Clearing Corporation Limited ("ChinaClear") have established the clearing links and each is 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 ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, a Sub-Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

Participation in corporate actions and shareholders' meetings

- HKSCC will keep CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK) participants informed of corporate actions of SSE Securities and SZSE Securities (as defined in Annex B to this Explanatory Memorandum). Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders' meetings when instructed. Further, investors (with holdings reaching the thresholds required under the PRC regulations and the articles of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements. Hong Kong and overseas investors (including a Sub-Fund) are holding SSE Securities and SZSE Securities traded via the Stock Connects through their brokers or custodians, and they 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, a relevant Sub-Fund may not be able to participate in some corporate actions in a timely manner.

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

No Protection by Investor Compensation Fund

- Investment through Stock Connects is conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations.

- As disclosed in Annex B headed "Overview of Stock Connects", a Sub-Fund's investments through Northbound trading under Stock Connects are not covered by the Hong Kong's Investor Compensation Fund. Therefore the relevant Sub-Fund is exposed to the risks of default of the broker(s) it engages in its trading in China A-Shares through the program. Further, since the relevant Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, it is not protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in the PRC.

Regulatory risk

- The Stock Connects are 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 Stock Connects.

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

(ii) A new risk factor headed "Risks associated with the Small and Medium Enterprise Board and/or ChiNext of the Shenzhen Stock Exchange" is inserted immediately after the risk factors headed "Risks associated with the Stock Connects" in the section headed "RISK FACTORS" in the Explanatory Memorandum:

""(xxxii) ***Risks associated with the Small and Medium Enterprise Board and/or ChiNext of the Shenzhen Stock Exchange–*** The relevant Sub-Fund may have exposure to stocks listed on Small and Medium Enterprise Board ("SME Board") and/or ChiNext of the Shenzhen Stock Exchange and may be subject to the following risks:

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

Over-valuation risk - Stocks listed on SME Board and/or ChiNext 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 ChiNext are less stringent in terms of profitability and share capital than those in the Main Board and SME Board.

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

Investments in the SME Board and/or ChiNext may result in significant losses for the relevant Sub-Fund and its investors."

(iii) Appendix A of this Addendum is inserted as Annex B of the Explanatory Memorandum.

(iv) The sub-paragraph headed "Securities issued within mainland China" under the fourth paragraph under the section headed "Investment Objective and Policy" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum is deleted in their entirety and replaced by the following:

"*Securities issued within mainland China*

The Sub-Fund may currently invest directly and/or indirectly in RMB denominated fixed income and debt instruments issued or distributed in mainland China ("**Onshore RMB Bonds**"). Direct exposure to Onshore RMB Bonds may be gained via the Manager's RQFII quota, China Interbank Bond Market and/or other means as may be permitted by the relevant regulations from time to time. Indirect exposure to Onshore RMB Bonds may be achieved through other collective investment schemes (including exchange traded funds) that are eligible to invest directly in such securities (QFII or RQFII schemes). It is expected that less than 20% of the Sub-Fund's Net Asset Value will be invested in other collective investment schemes (including exchange traded funds) to obtain exposure to Onshore RMB Bonds. Direct and indirect exposure to Onshore RMB Bonds will less than 20% of the Sub-Fund's Net Asset Value."

(v) The sixth paragraph under the section headed "Investment Objective and Policy" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum is deleted in their entirety and replaced by the following:

"If the Manager considers fit, the Sub-Fund may seek exposure to other asset classes that may generate additional income (which includes but is not limited to dividend income, interest income and/or expected potential capital appreciation) for the Sub-Fund, including but not limited to real estate investment trusts (REITs) and China A-Shares (via the Shanghai-Hong Kong Stock Connect or similar schemes which may be approved by the

relevant authorities). These instruments (including direct investments in China A-Shares) will not in aggregate exceed 10% of the Sub-Fund's Net Asset Value.

The aggregate direct and indirect exposure to Onshore RMB Bonds and China A-Shares will be less than 20% of the Sub-Fund's Net Asset Value."

(vi) The first paragraph under the section headed "Specific Risk Factors" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum is deleted in their entirety and replaced by the following:

"Investors should refer to the relevant risks under the section headed "Risk Factors" in the main part of the Explanatory Memorandum. The following risks are of particular relevance to the Sub-Fund: "China market risk", "Concentration risk", "Small and medium-sized companies risk", "Emerging markets risk", "Currency risk", "Liquidity risk", "Credit risk", "Below investment grade and unrated securities risk", "Sovereign risk", "Credit rating downgrading risk", "Interest rates risk", "Renminbi currency risk", "Counterparty risk", "Over-the-counter markets risk", "Derivative and structured product risk", "Hedging risk", "Distribution out of capital", "PRC tax considerations", "Risks associated with the Stock Connects" and "Risks associated with the Small and Medium Enterprise Board and/or ChiNext of the Shenzhen Stock Exchange"."

(vii) The risk factor headed "RQFII risk" is inserted immediately after the risk factor headed "RMB currency risk" under the section headed "Specific Risk Factors" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum:

"RQFII risk – The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.

The Sub-Fund may suffer substantial losses if there is insufficient RQFII quota allocated for the Sub-Fund to make investments, the approval of the RQFII is being revoked/terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, or if any of the key operators or parties (including RQFII custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities)."

(viii) The risk factor headed "***Risks associated with China Interbank Bond Market***" is inserted immediately after the risk factor headed "RMB currency risk" under the section headed "Specific Risk Factors" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum:

"***Risks associated with China Interbank Bond Market –*** Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the China Interbank Bond

Market may result in prices of certain debt securities traded on such market to fluctuate significantly. The Sub-Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

To the extent that the Sub-Fund transacts in the China Interbank Bond Market, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

Since the relevant filings and account opening for investment in the China Interbank Bond Market have to be carried out via the an onshore settlement agent, the Sub-Fund is subject to the risks of default or errors on the part of the onshore settlement agent.

The China Interbank Bond Market is also subject to regulatory risks. The relevant rules and regulations on investment in the China Interbank Bond Market is subject to change which may have potential retrospective effect. In the event that the relevant Chinese authorities suspend account opening or trading on the China Interbank Bond Market, the Sub-Fund's ability to invest in the China Interbank Bond Market will be limited and the Sub-Fund may suffer substantial losses as a result."

III. Changes to the Harvest Asia Dividend Equity Fund

A. Changes in investment objective and policy

With immediate effect, the investment objective and policy of Harvest Asia Dividend Equity Fund is amended to permit the use of derivatives for hedging purposes and to permit the Sub-Fund to directly invest in China A-Shares. Consequently, the Explanatory Memorandum is amended as follows:

(i) The below shall be inserted as the third and fourth paragraphs under the section headed "Investment Objective and Policy" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum:

"The Sub-Fund may gain direct exposure to China A-Shares via the Shanghai-Hong Kong Stock Connect or similar schemes which may be approved by the relevant authorities. Direct investments in China A-Shares will be less than 20% of the Sub-Fund's Net Asset Value.

The Sub-Fund may use derivatives for hedging purposes only. The Sub-Fund may use various types of derivative instruments, including but not limited to deliverable or non-deliverable options (including options on forward, futures contracts or swap contracts), forward contracts (such as currency forwards), futures contracts (such as currency futures, US treasury futures, stock index futures) or swap contracts on any

type of financial instruments (such as credit default swaps, interest rate swaps) for hedging purposes. In particular, the Sub-Fund may acquire derivatives on equities, currencies and/or recognized financial indices for hedging purposes."

(ii) The third paragraph under the section headed "Investment Objective and Policy" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum is deleted in their entirety and replaced by the following:

"The Manager currently does not intend to:

(i) invest in asset backed securities (including mortgage backed securities and asset backed commercial papers), structured deposits or products or financial derivative instruments (except for hedging purposes as described above);
(ii) invest in debt securities issued in or distributed within the PRC, including urban investment bonds issued in the PRC (i.e. bonds issued by PRC local government financing vehicles);
(iii) enter into any securities lending, repurchase or reverse repurchase transactions or similar over-the-counter transactions in respect of the Sub-Fund;

and prior approval will be sought from the SFC and at least one month's prior notice will be given to Unitholders should there be a change in such intention."

(iii) The first paragraph under the section headed "Specific Risk Factors" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum is deleted in their entirety and replaced by the following:

"Investors should refer to the relevant risks under the section headed "Risk Factors" in the main part of the Explanatory Memorandum. The following risks are of particular relevance to the Sub-Fund: "Concentration risk", "Small and medium-sized companies risk", "Emerging markets risk", "Liquidity risk", "Renminbi currency risk", "Volatility risk", "Credit risk", "Credit rating downgrading risk", "Below investment grade and unrated securities risk", "Interest rates risk", "Currency risk", "Hedging risk", "Distribution out of capital", "Risks associated with the Stock Connects" and "Risks associated with the Small and Medium Enterprise Board and/or ChiNext of the Shenzhen Stock Exchange"."

(iv) A new risk factor headed "Risks associated with derivative instruments" is inserted immediately after the risk factor headed "Currency risk" under the section headed "Specific Risk Factors" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum:

"***Risks associated with derivative instruments*** - The Sub-Fund may have exposure to derivatives for hedging purposes. Derivatives are securities and other instruments the value or return of which is based on the performance of an underlying asset, index, interest rate or other investment. The prices of derivatives may be volatile and they may involve various risks, depending upon the derivatives and their functions in the

Sub-Fund. The use of financial derivatives instruments may expose the Sub-Fund to risks including market volatility risk, credit risk, counterparty risk, liquidity risk, valuation risk and over-the-counter transaction risk. There can be no assurance that any hedging techniques will fully and effectively eliminate the risk exposure of the Sub-Fund. Derivative instruments may be illiquid and are complex in nature. In adverse situations, the Sub-Fund's use of derivatives for hedging may become ineffective and the Sub-Fund may suffer significant losses. The price of a derivative instrument can be very volatile which may result in losses in excess of the amount invested in the derivative instruments by the Sub-Fund. The leverage element/component of a derivative instrument can result in a loss significantly greater than the amount invested in the derivative instrument by the Sub-Fund. Exposure to derivative instruments may lead to a high risk of significant loss by the Sub-Fund.

Derivative instruments are subject to the risk that the counterparties of the instruments will not fulfil their obligations to the Sub-Fund. The Sub-Fund is therefore subject to risks relating to the financial soundness and credit worthiness of the counterparties and may suffer substantial losses in its investment in derivative instruments if a counterparty defaults. Settlement risk exists when such instruments are not settled in a timely manner, thereby increasing counterparty credit risk prior to settlement and potentially incurring funding costs for the Sub-Fund.

Over-the-counter derivatives are not guaranteed by an exchange or clearing house and may not be regulated by any governmental authority. It may not be possible to dispose of or close out a derivative position without the consent of the counterparty, and the Sub-Fund may not be able to enter into an offsetting contract in order to cover this risk.

Please refer to the relevant risk factors "Counterparty risk", "Over-the-counter markets risk" and "Hedging risk" under the section headed "Risk Factors" in the main part of the Explanatory Memorandum."

B. Establishment of RMB hedged classes

RMB hedged classes have been established for Harvest Asia Dividend Equity Fund and will be offered. Consequently, the Explanatory Memorandum is amended as follows:

(i) The second paragraph under the section headed "Base Currency" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"Three different currencies of denomination (i.e. the class currencies) are offered: USD, HKD and RMB. The class currency will be indicated in the name of the relevant class, as follows:

For Class A (USD), Class I (USD), Class I (USD Acc), Class P (USD), Class S (USD): USD

For Class A (HKD), Class I (HKD), Class P (HKD), Class S (HKD): HKD

For Class A (RMB), Class A (RMB Acc), Class I (RMB), Class I (RMB Acc), Class I (RMB hedged), Class I (RMB hedged Acc), Class P (RMB), Class P (RMB Acc), Class P (RMB hedged), Class P (RMB hedged Acc) and Class S (RMB): RMB"

(ii) The first paragraph under the section headed "Initial Offer" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"Class I (RMB hedged), Class I (RMB hedged Acc), Class P (RMB hedged) and Class P (RMB hedged Acc) Units will be available for subscription during the period commencing 9:00 a.m. (Hong Kong time) on 9 January 2017 to 5:00 p.m. (Hong Kong time) on 9 January 2017 (or such other dates as the Manager and the Trustee may determine). For the avoidance of doubt, the initial offer period for any of these classes may be extended until such time as an investor subscribes into the relevant class without separate notification. Following the close of the initial offer period, Units of the relevant class will be issued at the prevailing Issue Price."

(iii) The second paragraph under the section headed "Initial Offer" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"The initial offer price per Class I (RMB hedged), Class I (RMB hedged Acc), Class P (RMB hedged) and Class P (RMB hedged Acc) Unit (exclusive of preliminary charge) is RMB100."

(iv) The following risk factors are inserted under the section headed "Specific Risk Factors" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum:

"***Currency risk and currency hedging risks –***

Currency movements and asset values:

Assets of the Sub-Fund may be denominated in a currency other than the base currency of the Sub-Fund or the currency of denomination of a class of Units of the Sub-Fund (if different from the base currency). Any income or capital received by the Sub-Fund from these investments may be denominated in the local currency denomination of the relevant asset, whereas the Sub-Fund is denominated in the base currency and the class of Units may be designated in a currency other than the base currency of the Sub-Fund.

Accordingly:-

(i) changes in the exchange rate between the base currency and the currency denomination of an asset may lead to a depreciation of the value of such asset; and

(ii) changes in the exchange rate between the base currency and the currency of denomination of a class (i.e. class currency) may lead to a depreciation of the value of Units of such class as expressed in the class currency.

Please also refer to the risk factor headed "Currency risk" in the main part of the Explanatory Memorandum.

Risks concerning Asian currencies:

Insofar as the Sub-Fund invests in Asia ex-Japan Region fixed income and debt instruments denominated in the relevant local currencies, the Sub-Fund may be subject to additional exchange rate risks. Emerging markets may be subject to additional political, social, economic, regulatory and settlement risks. These factors may adversely affect the exchange rates of emerging market currencies and hence the value of the securities held by the Sub-Fund. Adverse economic developments (such as trade barriers, exchange controls, managed adjustments in relative currency and other protectionist measures imposed or negotiated by the countries with which they trade) and/or political events (including changes in foreign exchange policies), may result in substantial depreciation in currency exchange rates or unstable currency fluctuations. As a result, currencies of emerging markets may be more volatile than major world currencies such as USD, Euro or British Pound.

Risks relating to currency hedging:

The Sub-Fund may use techniques and instruments to seek to hedge against exchange rate risks and protect against fluctuations in the relative value of its portfolio positions. However, it may not be possible or practical to hedge against such risks at all times. These hedging transactions may, on the other hand, limit any potential gain that might be realised should the value of the hedged currency increase. There is no guarantee that hedging techniques will achieve their desired result and a hedged strategy may not be able to match exactly the profile of the investments of the Sub-Fund. The abovementioned hedging transactions may become ineffective and the Sub-Fund may suffer a substantial loss.

The Sub-Fund offers hedged classes of Units. Where hedging is undertaken at class level, then such transactions will each be solely attributable to the relevant class and any gains or losses will be borne by such class accordingly. The gains or losses for class specific hedging will be reflected in the prices of the hedged classes of Units and, as a result, Unitholders in hedged classes of Units may be adversely affected by the class hedging strategies. The use of class hedging strategies may also substantially

limit Unitholders of the hedged class from benefiting if the class currency falls against the currency in which the assets of the relevant Sub-Fund are denominated."

(v) The following paragraph is added as the third paragraph under the section headed "Available Classes" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum:

"For the Sub-Fund, the following hedged classes are offered:

Class I (RMB hedged), Class I (RMB hedged Acc)
Class P (RMB hedged), Class P (RMB hedged Acc)"

(vi) The first paragraph under the section headed "Subscription, Redemption and Switching of Units" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"Class A (USD), Class I (USD), Class I (USD Acc), Class P (USD), Class S (USD)[1] are available for subscription at US$10 per Unit (exclusive of preliminary charge) and Class A (HKD), Class I (HKD), Class P (HKD), Class S (HKD)[1] are available for subscription at HK$100 per Unit (exclusive of preliminary charge), Class A (RMB), Class A (RMB Acc), Class I (RMB), Class I (RMB Acc), Class P (RMB), Class P (RMB Acc), Class S (RMB)[1] are available for subscription at RMB100 per Unit (exclusive of preliminary charge) until such time an investor invests into such class of Unit or as otherwise agreed between the Trustee and the Manager. Following such subscription, Units of the relevant class will be issued at the prevailing Issue Price."

(vii) The heading preceding the paragraph starting with "The Manager does not currently intend to make any distribution …" under the section headed "Distributions" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"*For Class A (RMB Acc), Class I (USD Acc), Class I (RMB Acc), Class I (RMB hedged Acc), Class P (RMB Acc) and Class P (RMB hedged Acc):"*

(viii) The heading preceding the paragraph starting with "It is currently intended that no dividend will be paid during the first year after the launch of the Sub-Fund…" under the section headed "Distributions" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"*For Classes other than Class A (RMB Acc), Class I (USD Acc), Class I (RMB Acc), Class I (RMB hedged Acc), Class P (RMB Acc) and Class P (RMB hedged Acc):"*

[1] Class S will only be made available with the Manager's agreement in writing.

IV. Enhancement of Risk Disclosures

With immediate effect, the the Explanatory Memorandum is amended to make enhanced risk disclosures as follows:

(i) The risk factor headed "Emerging markets risk" in the section headed "RISK FACTORS" in the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"(v) ***Emerging markets risk*** - Various countries in which a Sub-Fund may invest are considered as emerging markets. Investments in emerging markets will be sensitive to any change in political, social or economic development in the region. Many emerging countries have historically been subject to political instability which may affect the value of securities in emerging markets to a significant extent. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of market risk. The securities markets of some of the emerging countries in which a Sub-Fund's assets may be invested are not yet fully developed which may, in some circumstances, lead to a potential lack of liquidity. The securities markets of developing countries are not as large as the more established securities markets and have a substantially lower trading volume. Investment in such markets will be subject to risks such as market suspension, restrictions on foreign investment and control on repatriation of capital. There are also possibilities of nationalisation, expropriation or confiscatory taxation, foreign exchange control, political changes, government regulation, social instability or diplomatic developments which could affect adversely the economies of emerging markets or the value of the Sub-Funds' investments. Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to some countries in which a Sub-Fund may invest may differ from those applicable in developed countries, for example, less information is available to investors and such information may be out of date. As such, the Sub-Fund invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility."

(ii) The risk factor headed "Concentration risk" in the section headed "RISK FACTORS" in the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"(xiv) ***Concentration risk*** - Certain Sub-Funds may invest only in a specific country/region/sector. Each Sub-Fund's portfolio may not be well diversified in terms of the number of holdings and the number of issuers of securities that the Sub-Fund may invest in. Investors should also be aware that such Sub-Funds are likely to be more volatile than that of a fund having a more diverse portfolio of investments, such as a global or regional equity fund, as they are more susceptible to fluctuations in value resulting from limited number of holdings or from adverse conditions in their

respective countries. The value of the Sub-Funds may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting the in the specific country/region/sector."

(iii) The risk factor headed "Small and medium-sized companies risk" in the section headed "RISK FACTORS" in the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"(xix) ***Small and medium-sized companies risk*** - The stock of small capitalisation and mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general."

(iv) The following risk factor headed "Risk relating to investments in ETFs" shall be inserted immediately after the risk factors headed "Small and medium-sized companies risk" in the section headed "RISK FACTORS" in the Explanatory Memorandum:

"(xx) ***Risk relating to investments in ETFs*** – A Sub-Fund may invest in ETFs and are subject to the following risks -

Passive investment risks - The ETF that the Sub-Fund invests in may not be "actively managed" and the manager of the relevant ETF may not take defensive positions in declining markets. Consequently, falls in the underlying index of the ETF are expected to result in a corresponding fall in the value of the Sub-Fund.

Tracking error risks - Factors such as fees and expenses of an ETF, imperfect correlation between the ETF's assets and the underlying securities within the relevant tracking index, rounding of share prices and adjustments to the tracking index may affect the ability of the manager of an ETF to achieve close correlation with the tracking index for the relevant ETF. An ETF's returns may therefore deviate from that of its tracking index and may have an adverse impact on the ETF and the Sub-Fund.

Underlying index related risks - There is no guarantee that the ETF will achieve a high degree of correlation to its underlying index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the ETF's ability to adjust its exposure to the required levels in order to track the underlying index. Errors in index data may occur from time to time and may not be identified and corrected for a period of time, and may have an adverse impact on the ETF and the Sub-Fund.

The securities that constitute the underlying index are changed by the index provider from time to time or may be delisted. Where the underlying index is rebalanced, any transaction costs arising from the ETF corresponding rebalancing will be borne by the ETF.

The SFC may withdraw authorization of the ETF if the index is no longer considered acceptable.

Counterparty risks - The Sub-Fund may invest in synthetic ETFs which utilize a synthetic replication strategy and invest in derivative instruments which are issued by one or more issuers to gain exposure to a benchmark. The Sub-Fund will not be able to monitor or control the creditworthiness of the counterparties entered by synthetic ETFs. Such synthetic ETFs are therefore subject to counterparty risk of the derivative instruments' issuers in addition to the risks of the securities that constitute the benchmark and may suffer substantial losses if such issuers default or fail to honour their contractual commitments which may have an adverse impact on the Sub-Fund.

Some synthetic ETFs invest in derivative instruments issued by a number of different counterparties in order to diversify the risk of concentrating on a few counterparties only. However, the more counterparties a synthetic ETF has, the higher the probability of the synthetic ETF being affected by a counterparty's default. If any one of the counterparties fails or defaults, the synthetic ETF may suffer losses.

The issuers of the derivative instruments are predominantly international financial institutions and this may pose a concentration risk to the synthetic ETF. Some synthetic ETF managers only acquire derivative instruments from one or a few counterparties. These synthetic ETF managers may seek to reduce an ETF's net exposure to each single counterparty for example, by requiring the counterparty(ies) to provide collateralization to ensure there is no or minimal uncollateralized counterparty risk exposure arising from the use of financial derivatives.

Even if a synthetic ETF is fully collaterised, it is subject to the collateral provider fulfilling its obligations. When such synthetic ETF seeks to exercise its right against the collateral, the market value of the collateral could be substantially less than the amount secured if the market dropped sharply before the collateral is realised, thereby resulting in significant loss to the synthetic ETF.

Trading risks - The trading prices of units/shares in an ETF may differ significantly from the net asset value of the units/shares of such ETF due to, disruptions to creations and realisations (for example, as a result of imposition of capital controls by a foreign government) and supply and demand forces in the secondary trading market for units/shares in the ETF.

There can be no assurance that an active trading market will exist or maintain for units /shares of an ETF on any securities exchange on which units/shares of an ETF may trade. The units/shares of the ETFs in which the Sub-Fund invests may be traded at large discounts or premiums to their net asset value, which may in turn affect the Net Asset Value of the Sub-Fund.

Regulatory Policies Risks - Regulatory policies may affect the ability of the manager of an ETF to achieve close correlation with the tracking index for the relevant ETF. An ETF's returns may therefore deviate from that of its tracking index."

(v) The three paragraphs under the heading "(i) Dividend and Interest" under the heading "Corporate Income Tax" under "PRC Securities" in the risk factor headed "(xxii) PRC tax considerations" in the section headed "Risk Factors" in the Explanatory Memorandum are deleted in their entirety and replaced by the following:

"Currently, a 10% PRC WIT is payable on interests derived from RMB denominated corporate bonds and dividends derived from PRC Securities by a foreign investor which is deemed as a non-tax resident enterprise without a PE in China for PRC CIT purposes. The entity distributing such dividend or interests is required to withhold WIT.

In respect of interests, interest derived from government bonds issued by the in-charge Finance Bureau of the State Council and/or local government bonds approved by the State Council are exempt from PRC CIT under the PRC CIT Law. Further, under the Arrangement between Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "China-HK Arrangement"), the WIT charged on interests received by the non-resident holders of debt instruments (including enterprises and individuals) will be 7% of the gross amount of the interests, if the Hong Kong tax residents are the beneficial owners under the China-HK Arrangement and other relevant conditions are satisfied. In practice, due to the practical difficulties in demonstrating that the relevant Sub-Fund is the beneficial owner of the interest income received, the Sub-Fund is generally not entitled to the reduced WIT rate of 7%. In general, the prevailing rate of 10% should be applicable to the relevant Sub-Fund."

(vi) The heading "Trading of PRC equity investments (including China A-Shares)" under the heading "(ii) Capital Gains" under the heading "Corporate Income Tax" under "PRC Securities" in the risk factor headed "(xxii) PRC tax considerations" in the section headed "Risk Factors" in the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"*a) Trading of China A-Shares and A Share Access Products*"

(vii) The heading "Trading of PRC Securities other than equity investments" and the eight paragraphs thereunder under the heading "(ii) Capital Gains" under the heading "Corporate Income Tax" under "PRC Securities" in the risk factor headed "(xxii) PRC tax considerations" in the section headed "Risk Factors" in the Explanatory Memorandum are deleted in their entirety and replaced by the following:

"*b) Trading of PRC Securities other than China A Shares and A Share Access Products*

Under the current PRC tax law, there are no specific rules or regulation governing taxes on capital gains derived by RQFIIs from the trading of these securities.

In the absence of specific taxation rule, the tax treatment for investment in these securities is governed by the general taxing provisions of the CIT Law. For an enterprise that is not a tax resident enterprise and has no PE in the PRC for CIT purpose, a 10% PRC WIT would potentially, subject to exemptions under relevant laws and regulations or applicable tax treaty, apply to PRC-sourced capital gains derived from the disposal of these securities.

Pursuant to Article 7 of the Detailed Implementation Regulations of PRC CIT Law, where the property concerned is a movable property, the source shall be determined according to the location of the enterprise, establishment or place which transfers the property. The PRC tax authorities have verbally indicated that debt instruments issued by PRC tax resident enterprises are movable property. In this case, the source shall be determined based on the location of the transferor. As the Sub-Funds are located outside the PRC, gains derived by the Sub-Funds from the Renminbi denominated debt instruments issued by PRC tax resident enterprises could be argued as offshore source and thus not subject to PRC WIT. However, there is no written confirmation issued by the PRC tax authorities that the debt instruments issued by PRC tax resident enterprises are movable property.

In addition to the verbal comments, Article 13.6 of the China-HK Arrangement provides that any gains derived by a Hong Kong tax resident from the disposal of PRC properties that are not referred to in Articles 13.1 to 13.5 of the China-HK Arrangement shall be taxable only in Hong Kong. As the debt instruments issued by the PRC tax resident enterprises are not referred to in Articles 13.1 to 13.5 of the China-HK Arrangement, capital gains derived by the Hong Kong tax resident from the disposal of debt instruments issued by the PRC tax resident enterprises should technically be exempt from PRC WIT provided all the other relevant treaty conditions are satisfied, subject to agreement by the PRC tax authorities. In order to qualify for this preferential treatment, the Manager will further assess and seek agreement from the PRC tax authorities in relation to the relevant Sub-Fund, although this cannot be guaranteed.

However, as a matter of practice, the 10% WIT has not been strictly enforced by local tax bureau on capital gains derived by non-PRC tax resident enterprises from the trading of these securities."

(viii) The second and the third paragraphs under the heading "Value Added Tax ("VAT")" under "PRC Securities" in the risk factor headed "(xxii) PRC tax considerations" in the section headed "Risk Factors" in the Explanatory Memorandum are deleted in their entirety and replaced by the following:

"The Notice 36 provides that interest income and gains derived from marketable securities in the PRC should be subject to VAT at 6%.

Under The Notice 36 and Caishui [2016] No. 70, gains realised by QFIIs and RQFIIs from trading of PRC marketable securities are exempt from VAT. In addition, interest income received from government bonds is exempted from VAT.

The VAT regulations do not specifically exempt VAT on interest income earned by QFIIs / RQFIIs or foreign investors. Hence, interest on non-government bonds (including corporate bonds) technically should be subject to 6% VAT."

(ix) The following three paragraphs under shall be inserted above the first paragraph under the heading "General" in the risk factor headed "(xxii) PRC tax considerations" in the section headed "Risk Factors" in the Explanatory Memorandum:

"The Manager's current policy on tax provisions is set out in the Appendix for the relevant Sub-Fund.

It should also be noted that the prevailing PRC tax regulations specified that the tax exemption on capital gains derived from the trading of China A-Shares from 17 November 2014 onwards is temporary. There is a possibility of the PRC tax rule, regulations and practice being changed and taxes being applied retrospectively. The PRC tax rules and practices in relation to RQFII are new and tax treatment on capital gains derived by RQFIIs from trading of PRC Securities other than equity investment assets could be uncertain and may change in the future. The potential application of tax treaties is uncertain. As such, there are also risks and uncertainties associated with the current PRC tax laws, regulations and practice. As such, there is a risk that any tax provision made by the Manager in respect of the Sub-Funds may be more than or less than the Sub-Funds' respective actual tax liabilities, which may potentially cause substantial loss to the Sub-Funds. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and adjust the withholding policy of the Sub-Funds accordingly, taking into account independent professional tax advice.

If the amount of tax provision is more than or less than the Sub-Funds' actual tax liabilities, Unitholders may be disadvantaged or advantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units. If the actual tax levied by the PRC tax authorities is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the relevant Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund. On the other hand, the actual tax liabilities may be lower than the tax

provision made, in which case only the then existing Unitholders will benefit from a return of the extra tax provision. Those persons who have already redeemed their Units before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision."

(x) The risk factor headed "Foreign Account Tax Compliance" in the section headed "RISK FACTORS" in the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"(xxix) ***Foreign Account Tax Compliance*** **-** Sections 1471 – 1474 (referred to as "FATCA") of the U.S. Internal Revenue Code of 1986, as amended ("IRS Code"), impose rules with respect to certain payments to non-United States persons, such as the Fund, including interest and dividends from securities of U.S. issuers and gross proceeds from the sale of such securities. All such payments may be subject to withholding at a 30% rate. To avoid such withholding on payments made to it, a foreign financial institution (an "FFI"), such as the Fund (and other investment funds organised outside the U.S.), generally will be required to enter into an agreement (an "FFI Agreement") with the U.S. Internal Revenue Service ("U.S. IRS") under which it will agree to identify its direct or indirect owners who are United States persons and report certain information concerning such United States person owners to the U.S. IRS or be otherwise exempt from such withholding.

In general, an FFI which does not sign an FFI Agreement and is not otherwise exempt will face a 30% withholding tax on "withholdable payments", initially including dividends, interest and certain derivative payments derived from U.S. sources made on or after 1 July 2014. In addition, starting from 1 January 2019, gross proceeds such as sales proceeds and returns of principal derived from stocks and debt obligations generating U.S. source dividends or interest will be treated as "withholdable payments". It is possible that certain non-U.S. source payments attributable to amounts that would be subject to FATCA withholding (referred to as "foreign passthru payments") may also be subject to FATCA withholding starting from 1 January 2019, though the rules on "foreign passthru payments" are currently pending.

The Hong Kong government has entered into an intergovernmental agreement with the U.S. ("IGA") for the implementation of FATCA, adopting a "Model 2" IGA arrangement. Under this "Model 2" IGA arrangement, FFIs in Hong Kong (such as the Fund) are required to register with the U.S. IRS and comply with the terms of an FFI Agreement. Otherwise they may be subject to the 30% withholding tax on relevant U.S.-sourced payments and other "withholdable payments" paid to them as described above.

FFIs in Hong Kong 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 withholdable payments made to non-consenting U.S. accounts (i.e. certain accounts of which the holders do not consent to FATCA

reporting and disclosure to the U.S. IRS) or close such accounts (provided that information regarding such non-consenting account holders is timely reported to the U.S. IRS), but may be required to withhold tax on payments made to non-participating FFIs. In order to comply with FATCA obligations relating to the Fund, the Fund, the Manager and/or other agents of the Fund will be required to obtain certain information from the Unitholders so as to ascertain the FATCA status of the Unitholders. If the Unitholder is a specified U.S. person, certain U.S. owned non-U.S. entity or non-participating FFI, or does not provide the requisite documentation, the Fund or its "sponsoring entity" may need to report information on the Unitholder to the U.S. IRS.

In cases where Unitholders invest in a Sub-Fund through an intermediary, Unitholders are reminded to check whether such intermediary is FATCA compliant. Unitholders should consult their tax advisor regarding the possible implications of FATCA on an investment in a Sub-Fund and on the Fund.

As at the date of the Explanatory Memorandum, the Manager has registered as a "sponsoring entity" and agreed to perform, on behalf of the Fund which is its "sponsored investment entity", due diligence, reporting and other relevant FATCA requirements relating to the Fund. The Manager has a "sponsoring entity" Global Intermediary Identification Number of ILEIIQ.00000.SP.344. The Fund will be classified as a "sponsored investment entity" and will be a non-reporting financial institution treated as a registered deemed-compliant FFI. The Manager, the Fund and/or other agents of the Fund will endeavour to satisfy the requirements imposed under FATCA relating the Fund and the terms of an FFI Agreement as applied to the Fund to avoid any withholding tax. In the event that the requirements imposed by FATCA or the terms of the FFI Agreement are not complied with and the Fund or a Sub-Fund does suffer U.S. withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Fund or a Sub-Fund may be adversely affected and the Fund or a Sub-Fund may suffer significant loss as a result.

Unitholders that fail to comply with information requests from the Manager, the Fund or other agents of the Fund regarding FATCA or otherwise comply with the requirements of the FATCA rules may be subject to a 30% withholding tax on any "foreign passthru payment" that may be made by the Fund.

The imposition of the 30% withholding tax under the FATCA rules could result in materially reduced investment returns for the Unitholders, including in circumstances where the withholding tax is imposed on payments (that are subject to withholding) received by the Sub-Funds from the portfolio. The administrative costs arising from compliance with the FATCA rules may also cause an increase in the operating expenses of the Sub-Funds, thereby further reducing returns to Unitholders.

In the event a Unitholder does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Fund or a risk of the Fund being subject to withholding tax under FATCA, the Fund, the

Manager and/or other agents of the Fund reserve the right to take any action and/or pursue all remedies at their disposal including, without limitation, (i) reporting the relevant information of such Unitholder to the U.S. IRS to the extent permitted by applicable laws and regulations; (ii) withholding or deducting from such Unitholder's redemption proceeds or distributions, or otherwise collecting any FATCA withholding tax liability from such Unitholder to the extent permitted by applicable laws and regulations; (iii) deeming such Unitholder to have given notice to redeem all his Units in the relevant Sub-Fund; and/or (iv) bringing legal action against such Unitholder for losses suffered by the Fund and/or a Sub-Fund as a result of any FATCA-related withholding tax. The Fund and/or Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds.

Additional information may be required by the Fund, the Manager or any other agent of the Fund from certain Unitholders in order to comply with obligations under FATCA or under the IGA relating to the Fund. The scope and application of FATCA withholding and information reporting pursuant to the terms of FATCA and the IGA are subject to change. Each Unitholder and prospective investor should consult with its own tax advisor as to the potential impact of FATCA to it under its particular circumstances and on the Fund."

(xi) The following risk factor headed "Automatic Exchange of Financial Account Information and Related Matters" shall be inserted immediately after the risk factors headed "Foreign Account Tax Compliance" in the section headed "RISK FACTORS" in the Explanatory Memorandum:

"(xxx) ***Automatic Exchange of Financial Account Information and Related Matters*** – The Organisation for Economic Cooperation and Development released in July 2014 the Standard for Automatic Exchange of Financial Account information including the Common Reporting Standard (collectively, "AEOI"), regarding governments enacting local legislation to collect from their financial institutions ("FIs") financial account information of overseas tax residents and exchanging the information with jurisdictions of tax residence of the relevant account holders on an annual basis where there is a Competent Authority Agreement ("CAA") in place between the relevant governments.

The Inland Revenue (Amendment) (No.3) Ordinance (the "Ordinance"), which is the legislative framework for the implementation of AEOI in Hong Kong, came into effect on 30 June 2016. Hong Kong has indicated its plan to sign bilateral CAAs with certain governments with which it has double taxation agreements or tax information exchange agreements in place. The Fund may collect information on tax residents of jurisdictions beyond those with which Hong Kong has CAAs. On 9 September 2016, the Hong Kong Inland Revenue Department ("IRD") published Guidance for Financial Institutions regarding the implementation of AEOI in Hong Kong.

Hong Kong FIs will generally be required to comply with the AEOI due diligence, reporting and other requirements under the Ordinance, except to the extent that they can rely on an exemption that allows them to become a "Non-Reporting Financial Institution" (within the meaning of AEOI as implemented by Hong Kong). The Fund does not propose to rely on any reporting exemption and therefore intends to comply with the requirements of AEOI as implemented by Hong Kong and to qualify as a "Reporting Financial Institution" for such purposes. However, there can be no assurance that the Fund will be able to so comply.

The Ordinance and other AEOI rules as implemented by Hong Kong require the Fund to, amongst other things, (i) register with the IRD of the Fund's status as a "Reporting Financial Institution"; (ii) conduct due diligence on its accounts (i.e., Unitholders) to identify whether any such accounts are considered "Reportable Accounts" for AEOI purposes, and (iii) report to the IRD information on such Reportable Accounts that relate to jurisdictions with which Hong Kong has signed a CAA. The IRD will on an annual basis transmit the information reported to it to the relevant governmental authorities in the respective jurisdictions with which Hong Kong has signed a CAA. AEOI contemplates that Hong Kong Reporting Financial Institutions would report on (i) individuals or entities that are tax resident in a jurisdiction with which Hong Kong has signed a CAA and (ii) certain entities controlled by individuals who are tax resident in such other jurisdiction. Under the Ordinance, details of Unitholders, including but not limited to their name, address, tax residence jurisdiction, account details, account balance/value and income or sale or redemption proceeds, may be reported to the IRD and forwarded to the respective governmental authorities in the relevant jurisdictions of tax residence.

By investing in the Fund and/or continuing to invest in the Fund, Unitholders shall be deemed to acknowledge that further information may need to be provided to the Fund, the Manager and/or the Fund's agents in order for the Fund to comply with AEOI and FATCA, the Fund's compliance with the AEOI and FATCA may result in the disclosure of Unitholder information (and information on beneficial owners, direct or indirect shareholders or other controlling persons of certain Unitholders), and such information may be exchanged by the IRD with other governmental authorities or with the U.S. IRS, as applicable. Where a Unitholder fails to provide any requested information (regardless of the consequences), the Fund, the Manager and/or other agents of the Fund reserves the right to take any action and/or pursue all remedies at their disposal including, without limitation, redemption or withdrawal of the Unitholder concerned. Additional information may be required by the Fund, the Manager and/or other agents of the Fund in order to comply with AEOI or FATCA rules relating to the Fund.

Each Unitholder and prospective investor should consult with its own professional advisor as to the potential impact of AEOI on it under its particular circumstances and on the Fund."

(xii) The risk factor headed "Renminbi currency risk" under the section headed "Specific Risk Factors" of Appendix I – Harvest RMB Fixed Income Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"***Renminbi currency risk*** - Renminbi (RMB) is currently not a freely convertible currency as it is subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government. If such policies change in future, the Sub-Fund's or the investors' position may be adversely affected. Please refer to the risk factor headed "Renminbi currency risk" in the main part of the Explanatory Memorandum.

Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

Investors may subscribe for Units and receive redemption proceeds in RMB. Non-RMB based investors are exposed to foreign exchange risk. There is no guarantee that the value of RMB against the investors' base currencies will not depreciate. Any depreciation of RMB could adversely affect the value of investors' investments in the Sub-Fund. If investors convert Hong Kong Dollar or any other currency into RMB so as to invest in the Sub-Fund and subsequently convert the RMB redemption proceeds back into Hong Kong Dollar or any other currency, they may suffer a loss if RMB depreciates against Hong Kong Dollar or such other currency. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB."

(xiii) The eighth and ninth paragraphs in the risk factor headed "RQFII risk" under the section headed "Specific Risk Factors" of Appendix I – Harvest RMB Fixed Income Fund of the Explanatory Memorandum are deleted in its entirety and replaced by the following:

"Investors should note that there can be no assurance that an RQFII will continue to maintain its RQFII status or to make available its RQFII quota, or the Sub-Fund will be allocated a sufficient portion of RQFII quotas from an RQFII to meet all applications for subscription to the Sub-Fund, or that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations. Such restrictions may respectively result in a rejection of applications and a suspension of dealings of the Sub-Fund. In extreme circumstances, the Sub-Fund may incur substantial losses due to insufficiency of RQFII quota allocated for the Sub-Fund to make investments, limited investment capabilities, the approval of the RQFII is being revoked/terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, or if any of the key operators or parties (including RQFII custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or

securities), or may not be able to fully implement or pursue its investment objective or strategy, due to RQFII investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution of trades or in settlement of trades.

The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC. The current RQFII laws, rules and regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the RQFII laws, rules and regulations will not be abolished. The Sub-Fund, which invests in the PRC markets through an RQFII, may be adversely affected as a result of such changes."

(xiv) The third paragraph in the risk factor headed "Credit risk of issuers / counterparties" under the section headed "Specific Risk Factors" of Appendix I – Harvest RMB Fixed Income Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the securities and/or issuers at all times. Investors should note the limitations of credit ratings set out under the risk factor headed "Credit rating downgrading risk" in the main part of the Explanatory Memorandum. In addition, the Sub-Fund may invest in securities the credit ratings of which are assigned by the Chinese local credit rating agencies. The credit appraisal system in China and the rating methodologies employed in China may be different from those employed in other markets. Credit ratings given by Chinese rating agencies may therefore not be directly comparable with those given by other international rating agencies."

(xv) The following paragraph is inserted after the eighth paragraph in the risk factor headed "Risks relating to debt securities" under the section headed "Specific Risk Factors" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum:

"*Credit rating risk:* Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the securities and/or issuers at all times."

(xvi) The first and second paragraphs in the risk factor headed "Risks relating to derivative / hedging" under the section headed "Specific Risk Factors" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum are deleted in its entirety and replaced by the following:

"***Risks relating to derivative / hedging*** - Insofar as the Sub-Fund acquires derivative instruments for currency and interest rate hedging, it will be subject to additional risks.

The use of financial derivatives instruments may expose the Sub-Fund to risks including market volatility risk, credit risk, counterparty risk, liquidity risk, valuation risk and over-the-counter transaction risk. There can be no assurance that any hedging techniques will fully and effectively eliminate the risk exposure of the Sub-Fund. Derivative instruments may be illiquid and are complex in nature. In adverse situations, the Sub-Fund's use of derivatives for hedging may become ineffective and the Sub-Fund may suffer significant losses. The price of a derivative instrument can be very volatile which may result in losses in excess of the amount invested in the derivative instruments by the Sub-Fund. The leverage element/component of a derivative instrument can result in a loss significantly greater than the amount invested in the derivative instrument by the Sub-Fund. Exposure to derivative instruments may lead to a high risk of significant loss by the Sub-Fund.

Derivative instruments are subject to the risk that the counterparties of the instruments will not fulfil their obligations to the Sub-Fund. The Sub-Fund is therefore subject to risks relating to the financial soundness and credit worthiness of the counterparties and may suffer substantial losses in its investment in derivative instruments if a counterparty defaults. Settlement risk exists when such instruments are not settled in a timely manner, thereby increasing counterparty credit risk prior to settlement and potentially incurring funding costs for the Sub-Fund."

(xvii) The first paragraph under the section headed "Specific Risk Factors" of Appendix III – Harvest China A Research Select Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"Investors should refer to the relevant risks under the section headed "Risk Factors" in the main part of the Explanatory Memorandum. The following risks are of particular relevance to the Sub-Fund: "China market risk", "Concentration risk", "Risks relating to investments in ETFs", "Emerging markets risk", "Liquidity risk", "Renminbi currency risk", "Volatility risk", "Small and medium-sized companies risk", "Counterparty risk", "Over-the-counter markets risk", "Derivative and structured product risk", "Hedging risk" and "PRC tax considerations"."

(xviii) The risk factor headed "Risks relating to equity securities" under the section headed "Specific Risk Factors" of Appendix III – Harvest China A Research Select Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"***Risks relating to equity securities*** **–** Investment in equity securities is subject to general market risk and the prices of such securities may be volatile. Factors affecting the stock values are numerous, including but not limited to changes in investment sentiment, political and economic conditions, regional or global economic instability, currency and interest rate fluctuations and issuer-specific factors. If the market value of equity securities in which the Sub-Fund invests goes down, its Net Asset Value may be adversely affected, and investors may suffer substantial losses. Please refer to the risk factor headed "Volatility risk" in the main part of the Explanatory Memorandum.

The Sub-Fund may have exposure to equities of smaller sized companies and the prices of such equities may be more volatile. Please refer to the risk factor headed "Small and medium-sized companies risk" in the main part of the Explanatory Memorandum."

(xix) The risk factor headed "Renminbi currency risk / currency conversion risk" under the section headed "Specific Risk Factors" of Appendix III – Harvest China A Research Select Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"***Renminbi currency risk*** – Renminbi (RMB) is currently not freely convertible and is subject to exchange controls and restrictions.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investors' investments in the Sub-Fund.

Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

Please refer to the risk factor headed "Renminbi currency risk" in the main part of the Explanatory Memorandum.

RMB denominated class(es) related risk – The Sub-Fund may, within the respective investment limits stated in the investment objective and strategy, invest extensively in RMB denominated investments. The Sub-Fund offers RMB denominated class(es).

Although CNH and CNY are the same currency, they trade at different rates. When calculating the value of the RMB denominated class(es), CNH will be used. The CNH rate may be at a premium or discount to the exchange rate for CNY and there may be significant bid and offer spreads. The value of the RMB denominated class(es) thus calculated will be subject to fluctuation. Any divergence between CNH and CNY may adversely impact investors.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any devaluation of RMB could adversely affect the value of investors' investments in the RMB denominated class(es) of the Sub-Fund. Non-RMB based (e.g. Hong Kong) investors may have to convert HKD or other

currencies into RMB when investing in the RMB denominated class(es). Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the Units) and RMB distributions received (if any) back to HKD or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against HKD or such other currencies upon receipt of the RMB redemption proceeds and/or RMB distributions (if any).

RMB is currently not freely convertible and is subject to exchange controls and restrictions. Liquidity of RMB could deteriorate due to government controls and restrictions which would adversely affect investors' ability to exchange RMB into other currencies as well as the conversion rates of RMB. In case of sizeable redemption requests for the RMB denominated class(es) are received or under exceptional circumstances, payment of redemption requests and/or distributions in RMB (if any) from the RMB denominated class(es) may be delayed when there is not sufficient amount of RMB for currency conversion for payment of redemption requests and/or distributions in a timely manner due to the exchange controls and restrictions applicable to RMB."

(xx) The eighth and ninth paragraphs in the risk factor headed "RQFII risk" under the section headed "Specific Risk Factors" of Appendix III – Harvest China A Research Select Fund of the Explanatory Memorandum are deleted in its entirety and replaced by the following:

"Investors should note that there can be no assurance that an RQFII will continue to maintain its RQFII status or to make available its RQFII quota, or the Sub-Fund will be allocated a sufficient portion of RQFII quotas from an RQFII to meet all applications for subscription to the Sub-Fund, or that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations. Such restrictions may respectively result in a rejection of applications and a suspension of dealings of the Sub-Fund. In extreme circumstances, the Sub-Fund may incur substantial losses due to insufficiency of RQFII quota allocated for the Sub-Fund to make investments, limited investment capabilities, the approval of the RQFII is being revoked/terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, or if any of the key operators or parties (including RQFII custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities), or may not be able to fully implement or pursue its investment objective or strategy, due to RQFII investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution of trades or in settlement of trades.

The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal

and profits) in the PRC. The current RQFII laws, rules and regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the RQFII laws, rules and regulations will not be abolished. The Sub-Fund, which invests in the PRC markets through an RQFII, may be adversely affected as a result of such changes."

(xxi) The first and second paragraphs in the risk factor headed "Risks of investing in other funds" under the section headed "Specific Risk Factors" of Appendix III – Harvest China A Research Select Fund of the Explanatory Memorandum are deleted in its entirety and replaced by the following:

"***Risks of investing in other funds*** – The Sub-Fund may invest in bond funds or equity funds which are authorised by the CSRC for investment by the retail public in China. The underlying funds in which the Sub-Fund may invest in may not be regulated by the SFC. There may be additional costs involved when investing into these underlying funds. Investors should note that such investment may involve another layer of fees charged at the underlying fund level. This is because, in addition to the expenses and charges payable by the Sub-Fund as disclosed in this Explanatory Memorandum, the Sub-Fund will bear indirectly the fees charged by the managers and other service providers of the underlying funds, or will incur charges in subscribing for or redeeming shares in the underlying funds.

There is also no guarantee that the underlying funds will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

The Manager will consider various factors in selecting the underlying funds, for example, the investment objective and strategy, level of fees and charges, the redemption frequency and liquidity of such funds. However, The Sub-Fund does not have control of the investments of the underlying funds and there is no assurance that the investment objective or strategy of the underlying funds will be successfully achieved which may have a negative impact to the net asset value of the Sub-Fund."

(xxii) The first and second paragraphs in the risk factor headed "Risks relating to derivative / hedging" under the section headed "Specific Risk Factors" of Appendix III – Harvest China A Research Select Fund of the Explanatory Memorandum are deleted in its entirety and replaced by the following:

"***Risks relating to derivative / hedging*** - Insofar as the Sub-Fund acquires derivative instruments for currency and interest rate hedging, it will be subject to additional risks. The use of financial derivatives instruments may expose the Sub-Fund to risks including market volatility risk, credit risk, counterparty risk, liquidity risk, valuation risk and over-the-counter transaction risk. There can be no assurance that any hedging techniques will fully and effectively eliminate the risk exposure of the Sub-Fund. Derivative instruments may be illiquid and are complex in nature. In adverse situations, the Sub-Fund's use of derivatives for hedging may become ineffective and the Sub-Fund may suffer significant losses. The price of a derivative instrument can

be very volatile which may result in losses in excess of the amount invested in the derivative instruments by the Sub-Fund. The leverage element/component of a derivative instrument can result in a loss significantly greater than the amount invested in the derivative instrument by the Sub-Fund. Exposure to derivative instruments may lead to a high risk of significant loss by the Sub-Fund.

Derivative instruments are subject to the risk that the counterparties of the instruments will not fulfil their obligations to the Sub-Fund. The Sub-Fund is therefore subject to risks relating to the financial soundness and credit worthiness of the counterparties and may suffer substantial losses in its investment in derivative instruments if a counterparty defaults. Settlement risk exists when such instruments are not settled in a timely manner, thereby increasing counterparty credit risk prior to settlement and potentially incurring funding costs for the Sub-Fund."

(xxiii) The risk factor headed "Risks relating to equity securities" under the section headed "Specific Risk Factors" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"***Risks relating to equity securities*** **–** Investment in equity securities is subject to general market risk and the prices of such securities may be volatile. Factors affecting the stock values are numerous, including but not limited to changes in investment sentiment, political and economic conditions, regional or global economic instability, currency and interest rate fluctuations and issuer-specific factors. If the market value of equity securities in which the Sub-Fund invests goes down, its Net Asset Value may be adversely affected, and investors may suffer substantial losses. Please refer to the risk factor headed "Volatility risk" in the main part of the Explanatory Memorandum.

The Sub-Fund may have exposure to equities of smaller sized companies and the prices of such equities may be more volatile. Please refer to the risk factor headed "Small and medium-sized companies risk" in the main part of the Explanatory Memorandum."

(xxiv) The following paragraphs are inserted after the last paragraph in the risk factor headed "Risks relating to debt securities" under the section headed "Specific Risk Factors" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum:

"Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the calculation of the Sub-Fund's Net Asset Value.

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the securities and/or issuers at all times."

(xxv) The risk factor headed "Currency risk" under the section headed "Specific Risk Factors" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"***Currency risk*** **-** Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. Also, a class of units may be designated in a currency other than the base currency of the Sub-Fund. The Net Asset Value of the Sub-Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls. Please refer to the risk factor headed "Currency risk" in the main part of the Explanatory Memorandum."

V. Enhancement of Disclosures on Liquidity Risk Management

With immediate effect, the the Explanatory Memorandum is amended to make enhanced disclosures on liquidity risk management as follows:

(i) A new section headed "Liquidity Risk Management" shall be inserted after the section headed "Conflicts Of Interest" in the Explanatory Memorandum:

"**Liquidity Risk Management**

Liquidity risk is defined as the risk of failing to meet investors' redemption requests in a timely manner, and the potential that a Sub-Fund is unable to liquidate its investments without incurring losses on the Sub-Fund and Unitholders. If the size of a transaction represents a relatively large proportion of the average trading volume in that security or if the relevant market is illiquid, it may become difficult to acquire or dispose of such security at an advantageous time or price. Market liquidity of equity securities of smaller companies may be lower than that of equity securities of larger companies. In extreme market conditions (e.g. the closure, suspension or restriction of trading on any stock exchange or market), listed equities may become less liquid. Investments in debt securities which are below investment grade or are unrated would generally be considered to have a higher degree of liquidity risk than higher rated, lower yielding securities and they may have higher bid/ask spreads. The accumulation and disposal of such holdings may be time consuming and may need to be conducted at unfavourable prices with significant trading costs.

In order to manage the liquidity risk of a Sub-Fund and ensure redemption requests from investors can be met in accordance with the terms set out in this Explanatory Memorandum, the Manager has established and implemented a liquidity risk management framework. This includes a risk management team which is functionally independent from the portfolio management teams and which communicates with portfolio managers on a Sub-Fund's liquidity risk issues and escalates problems and exceptions identified to the liquidity risk management committee. The liquidity risk management committee is responsible for overseeing liquidity risks and reviewing periodic liquidity risk management reports that contain the results of liquidity risk

assessment. The committee meets at least monthly and may hold ad-hoc meetings under certain circumstances, such as periods of market stress, to determine the appropriate action to safeguard the interests of the investors. Various liquidity risk management tools and metrics are used by the risk management team, including trading data of the securities extracted from various data providers (e.g. trading prices, volume, etc.), their bid/ask spreads and the liquidation timeline calculated using various risk management software."

VI. Amendment to Tax Disclosures

With immediate effect, the tax disclosures in the Explanatory Memorandum are enhanced as follows:

(i) The second and the third paragraphs under heading "Stamp Duty" under the sub-section headed "Hong Kong" in the section headed "Taxation" in the Explanatory Memorandum are deleted in their entirety and replaced by the following:

"No Hong Kong stamp duty is payable by a Unitholder in relation to an issue or on the redemption of Units when the Units are extinguished upon redemption. No Hong Kong stamp duty is payable where the sale is effected by transferring the Units back to the Manager, who then either extinguishes the Units or resell the Units to another person within two months thereof. Hong Kong stamp duty payable on the delivery of Hong Kong stocks by a Unitholder to a Sub-Fund as consideration for an allotment of Units, or by a Sub-Fund to a Unitholder upon redemption of such Units will be exempt from stamp duty.

Other types of purchase or sale or transfer of the Units should be subject to Hong Kong stamp duty at 0.1% of the higher of the considerations or market value of the Units (to be borne by each of the buyer and seller). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of Units."

Dated: 16 December 2016

APPENDIX A

"**ANNEX B – OVERVIEW OF STOCK CONNECTS**

The Shanghai-Hong Kong Stock Connect is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), Shanghai Stock Exchange ("SSE") and China Securities Depository and Clearing Corporation Limited ("ChinaClear") and the Shenzhen-Hong Kong Stock Connect is a securities trading and clearing linked program developed by HKEx, Shenzhen Stock Exchange ("SZSE") and ChinaClear, with an aim to achieve mutual stock market access between mainland China and Hong Kong.

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

Eligible securities

(i) Shanghai-Hong Kong Stock Connect

Under the Shanghai-Hong Kong Stock Connect, Hong Kong and overseas investors will be able to trade certain stocks listed on the SSE market (i.e. "SSE Securities"). These include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding China H-Shares listed on 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".

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

(ii) Shenzhen-Hong Kong Stock Connect

Under the Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors will be able to trade certain stocks listed on the SZSE market (i.e. "SZSE Securities"). These include all the constituent stocks of the SZSE Component Index and SZSE Small/Mid-Cap Innovation Index which has a market capitalization of not less than RMB 6 billion, and all the SZSE-listed China A-Shares have corresponding China 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 the Shenzhen-Hong Kong Stock Connect, investors eligible to trade shares that are listed on the ChiNext of the SZSE under Northbound trading will be limited to institutional professional investors (which the Fund will qualify as such) as defined in the relevant Hong Kong rules and regulations.

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

Trading day

Investors (including the relevant Sub-Funds) will only be allowed to trade on the SSE market and the SZSE market on days where PRC and Hong Kong stock markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

Trading quota

Trading under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect ("Stock Connects") will be subject to a daily quota ("Daily Quota"). Northbound Shanghai Trading Link under the Shanghai-Hong Kong Stock Connect, Northbound Shenzhen Trading Link under the Shenzhen-Hong Kong Stock Connect and Southbound Hong Kong Trading Link will be subject to a separate set of Daily Quota.

The Daily Quota limits the maximum net buy value of cross-boundary trades under each of the Stock Connects each day. The Northbound Daily Quota is currently set at RMB13 billion for each of the Stock Connects.

SEHK will monitor the quota and publish the remaining balance of the Northbound Daily Quota at scheduled times on the HKEx's website.

Settlement and custody

The Hong Kong Securities Clearing Company Limited ("HKSCC"), a wholly-owned subsidiary of HKEx, will be 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.

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

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock account in ChinaClear, ChinaClear as the share registrar for SSE and SZSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities and SZSE Securities.

HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the relevant brokers or custodians participating in CCASS ("CCASS participants") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

SSE/SZSE-listed companies usually announce their annual general meeting / extraordinary general meeting information about two to three weeks before the meeting date. A poll is called on all resolutions for all votes. HKSCC will advise CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

Foreign shareholding restrictions

The China Securities Regulatory Commission stipulates that, when holding China A-Shares through the Stock Connects, Hong Kong and overseas investors are subject to the following shareholding restrictions:

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

If the shareholding of a single investor in a China A-Share listed company exceeds the above restrictions, the investor would 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 China A-Shares if the percentage of total shareholding is approaching the upper limit.

Currency

Hong Kong and overseas investors will trade and settle SSE Securities and SZSE Securities in RMB only. Hence, a Sub-Fund will need to use RMB to trade and settle SSE Securities and SZSE Securities.

Trading fees and taxes

Under the Stock Connects, Hong Kong and overseas investors will be subject to the trading fees and levies imposed by SSE, SZSE, ChinaClear, HKSCC or the relevant Mainland Chinese

authority when they trade and settle SSE Securities and SZSE Securities via the Stock Connects. Further information about the trading fees and levies is available online at the website: http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm

Investor compensation

A Sub-Fund's investments through Northbound trading under the Stock Connects will not be covered by Hong Kong's Investor Compensation Fund.

Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

Since default matters in Northbound trading via the Stock Connects do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund.

On the other hand, since the relevant Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, therefore they are 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 Connects is available online at the website:

http://www.hkex.com.hk/eng/csm/chinaConnect.asp?LangCode=en"

SECOND ADDENDUM

HARVEST FUNDS (HONG KONG) (the "Fund")

This Second Addendum dated 2 September 2016 should be read in conjunction with, and forms part of, the Explanatory Memorandum for the Fund dated November 2015, including the First Addendum dated 29 April 2016, as amended and supplemented from time to time (the "Explanatory Memorandum").

All capitalised terms herein contained shall have the same meaning in this Addendum as in the Explanatory Memorandum, unless otherwise indicated.

The Manager, Harvest Global Investments Limited, accepts full responsibility for the accuracy of the information contained in this document at the date of publication, and confirms, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading. However, neither the delivery of this document nor the offer or issue of Units shall under any circumstances constitute a representation that the information contained herein is correct as of any time subsequent to such date. Intending applicants for Units should ask the Manager if any supplements to this document and/or the Explanatory Memorandum (or any later Explanatory Memorandum) have been issued.

I. Addition of unit classes denominated in RMB

In respect of Harvest China Income Fund and Harvest Asia Dividend Equity Fund, classes of units denominated in RMB have been established and will be offered. Consequently, the Explanatory Memorandum is amended as follows:

(i) The second paragraph under the section headed "Base Currency" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"The following classes of Units (and the respective currency of denomination, i.e. class currency) are offered. The class currency will be indicated in the name of the relevant class:

Class	**Class currency**
Class A (USD)	USD
Class A (USD hedged)	USD
Class A (HKD)	HKD
Class A (HKD hedged)	HKD
Class A (AUD hedged)	AUD
Class A (EUR hedged)	EUR

Class A (RMB)	RMB
Class A (RMB Acc)	RMB
Class I (USD)	USD
Class I (USD hedged)	USD
Class I (USD Acc)	USD
Class I (USD hedged Acc)	USD
Class I (HKD)	HKD
Class I (HKD hedged)	HKD
Class I (HKD hedged Acc)	HKD
Class I (RMB)	RMB
Class I (RMB Acc)	RMB
Class I (RMB hedged)	RMB
Class I (RMB hedged Acc)	RMB
Class P (USD)	USD
Class P (USD hedged)	USD
Class P (HKD)	HKD
Class P (HKD hedged)	HKD
Class P (RMB)	RMB
Class P (RMB Acc)	RMB
Class P (RMB hedged)	RMB
Class P (RMB hedged Acc)	RMB
Class S (USD) [1]	USD
Class S (HKD) [1]	HKD
Class S (RMB) [1]	RMB

[1] Class S will only be made available with the Manager's agreement in writing.

(ii) The first, second and third paragraphs under the section headed "Initial Offer" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum are deleted in their entirety and replaced by the following:

"Class A (RMB), Class A (RMB Acc), Class I (RMB), Class I (RMB Acc), Class I (RMB hedged), Class I (RMB hedged Acc), Class P (RMB), Class P (RMB Acc), Class P (RMB hedged), Class P (RMB hedged Acc) and Class S (RMB) Units will be available for subscription during the period commencing 9:00 a.m. (Hong Kong time) on 7 September 2016 to 5:00 p.m. (Hong Kong time) on 7 September 2016 (or such other dates as the Manager and the Trustee may determine). For the avoidance of doubt, the initial offer period for any of these classes may be extended until such time as an investor subscribes into the relevant class without separate notification. Following the close of the initial offer period, Units of the relevant class will be issued at the prevailing Issue Price.

The initial offer price per Class A (RMB), Class A (RMB Acc), Class I (RMB), Class I (RMB Acc), Class I (RMB hedged), Class I (RMB hedged Acc), Class P (RMB), Class P (RMB Acc), Class P (RMB hedged), Class P (RMB hedged Acc) and Class S (RMB) Unit (exclusive of preliminary charge) is RMB100."

(iii) The following paragraphs are inserted as new risk factor headed "RMB denominated class(es) related risk" immediately after the risk factor headed "Renminbi currency risk" under the section headed "Specific Risk Factors" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum:

"***RMB denominated class(es) related risk*** – The Sub-Fund may, within the respective investment limits stated in the investment objective and strategy, invest extensively in, or have limited exposure to, RMB denominated investments. The Sub-Fund offers RMB denominated class(es).

Although CNH and CNY are the same currency, they trade at different rates. When calculating the value of the RMB denominated class(es), CNH will be used. The CNH rate may be at a premium or discount to the exchange rate for CNY and there may be significant bid and offer spreads. The value of the RMB denominated class(es) thus calculated will be subject to fluctuation. Any divergence between CNH and CNY may adversely impact investors.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any devaluation of RMB could adversely affect the value of investors' investments in the RMB denominated class(es) of the Sub-Fund. Non-RMB based (e.g. Hong Kong) investors may have to convert HKD or other currencies into RMB when investing in the RMB denominated class(es). Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the Units) and RMB distributions received (if any) back to HKD or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against HKD or such other currencies upon receipt of the RMB redemption proceeds and/or RMB distributions (if any).

For unhedged RMB denominated class(es), depending on the exchange rate movements of RMB relative to the base currency of the Sub-Fund and/or other currency(ies) of the non-RMB-denominated underlying investments of the Sub-Fund, investors may still suffer losses even if there are gains or no losses in the value of the non-RMB-denominated underlying investments.

Furthermore, under the scenario where RMB appreciates against the currencies of the underlying investments and/or the base currency, and the value of the underlying investments decreased, the value of investors' investments in any unhedged RMB denominated class(es) may suffer additional losses. The Net Asset Value of the Sub-Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and by changes in exchange rate controls.

RMB is currently not freely convertible and is subject to exchange controls and restrictions. Liquidity of RMB could deteriorate due to government controls and restrictions which would adversely affect investors' ability to exchange RMB into other currencies as well as the conversion rates of RMB. In case of sizeable redemption requests for the RMB

denominated class(es) are received or under exceptional circumstances, payment of redemption requests and/or distributions in RMB (if any) from the RMB denominated class(es) may be delayed when there is not sufficient amount of RMB for currency conversion for payment of redemption requests and/or distributions in a timely manner due to the exchange controls and restrictions applicable to RMB."

(iv) The first 3 paragraphs under the section headed "Available Classes" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum are deleted in their entirety and replaced by the following:

"Class A Units (except Class A (AUD hedged), Class A (EUR hedged), Class A (HKD hedged), Class A (USD hedged) and Class A (RMB Acc) Units) are available for sale to the retail public.

Class A (AUD hedged), Class A (EUR hedged), Class A (HKD hedged), Class A (USD hedged), Class A (RMB Acc), Class I, Class P and Class S Units are offered to private bank or institutional investors or other investors determined by the Manager. Class S will only be made available with the Manager's agreement in writing.

For the Sub-Fund, the following hedged classes are offered:

Class A (HKD hedged), Class I (HKD hedged), Class I (HKD hedged Acc), Class P (HKD hedged)
Class A (USD hedged), Class I (USD hedged), Class I (USD hedged Acc), Class P (USD hedged)
Class A (AUD hedged)
Class A (EUR hedged)
Class I (RMB hedged), Class I (RMB hedged Acc), Class P (RMB hedged), Class P (RMB hedged Acc)"

(v) The table under the section headed "Investment Minima" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

	Class A	**Class I**	**Class P**	**Class S**
Minimum Subscription Amount	For USD denominated classes: US$1,000 For HKD denominated classes: HK$10,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30	For USD denominated classes: US$100,000 For HKD denominated classes: HK$500,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30 million

	For AUD denominated class(es): AUD1,000 For EUR denominated class(es): EUR1,000 For RMB denominated classes: RMB10,000	million For RMB denominated classes: RMB30 million	For RMB denominated classes: RMB500,000	For RMB denominated classes: RMB30 million (or such other amount as the Manager may from time to time approve)
Minimum Subsequent Subscription Amount	For USD denominated classes: US$100 For HKD denominated classes: HK$1,000 For AUD denominated class(es): AUD100 For EUR denominated class(es): EUR100 For RMB denominated classes: RMB1,000	For USD denominated classes: US$10,000 For HKD denominated classes: HK$50,000 For RMB denominated classes: RMB50,000	For USD denominated classes: US$1,000 For HKD denominated classes: HK$5,000 For RMB denominated classes: RMB5,000	For USD denominated classes: US$10,000 For HKD denominated classes: HK$50,000 For RMB denominated classes: RMB50,000
Minimum Holding	For USD denominated classes: US$1,000	For USD denominated classes: US$5 million	For USD denominated classes: US$100,000	For USD denominated classes: US$5 million

	For HKD denominated classes: HK$10,000 For AUD denominated class(es): AUD1,000 For EUR denominated class(es): EUR1,000 For RMB denominated classes: RMB10,000	For HKD denominated classes: HK$30 million For RMB denominated classes: RMB30 million	For HKD denominated classes: HK$500,000 For RMB denominated classes: RMB500,000	For HKD denominated classes: HK$30 million For RMB denominated classes: RMB30 million (or such other amount as the Manager may from time to time approve)
Minimum Redemption Amount	For USD denominated classes: US$1,000 For HKD denominated classes: HK$5,000 For AUD denominated class(es): AUD1,000 For EUR denominated class(es): EUR1,000 For RMB denominated classes: RMB1,000	For USD denominated classes: US$10,000 For HKD denominated classes: HK$50,000 For RMB denominated classes: RMB50,000	For USD denominated classes: US$1,000 For HKD denominated classes: HK$5,000 For RMB denominated classes: RMB5,000	For USD denominated classes: US$10,000 For HKD denominated classes: HK$50,000 For RMB denominated classes: RMB50,000

(vi) The first paragraph under the section headed "Subscription, Redemption and Switching of Units" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"Class A (USD), Class I (USD), Class P (USD), Class S (USD)[1], Class A (USD hedged), Class I (USD hedged), Class I (USD hedged Acc) and Class P (USD hedged) are available for subscription at US$10 per Unit (exclusive of preliminary charge), Class A (HKD), Class I (HKD), Class P (HKD), Class S (HKD)[1], Class A (HKD hedged), Class I (HKD hedged), Class I (HKD hedged Acc) and Class P (HKD hedged) are available for subscription at HK$100 per Unit (exclusive of preliminary charge), Class A (AUD hedged) is available for subscription at AUD100 per Unit (exclusive of preliminary charge) and Class A (EUR hedged) is available for subscription at EUR100 per Unit (exclusive of preliminary charge) until such time an investor invests into such class of Unit or as otherwise agreed between the Trustee and the Manager. Following such subscription, Units of the relevant class will be issued at the prevailing Issue Price."

(vii) The heading preceding the paragraph starting with "The Manager does not currently intend to make any distribution …" under the section headed "Distributions" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"*For Class A (RMB Acc), Class I (HKD hedged Acc), Class I (USD Acc), Class I (USD hedged Acc), Class I (RMB Acc), Class I (RMB hedged Acc), Class P (RMB Acc), Class P (RMB hedged Acc):*"

(viii) The heading preceding the paragraph starting with "It is currently intended that distributions will be declared on a monthly basis…" under the section headed "Distributions" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"*For Class A (HKD), Class A (HKD hedged), Class A (USD), Class A (USD hedged), Class A (AUD hedged), Class A (EUR hedged), Class A (RMB), Class I (HKD), Class I (HKD hedged), Class I (USD), Class I (USD hedged), Class I (RMB), Class I (RMB hedged), Class P (HKD), Class P (HKD hedged), Class P (USD), Class P (USD hedged), Class P (RMB), Class P (RMB hedged), Class S (HKD), Class S (USD), Class S (RMB):*"

(ix) The second paragraph under the section headed "Base Currency" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"Three different currencies of denomination (i.e. the class currencies) are offered: USD, HKD and RMB. The class currency will be indicated in the name of the relevant class, as follows:

[1] Class S will only be made available with the Manager's agreement in writing.

For Class A (USD), Class I (USD), Class I (USD Acc), Class P (USD), Class S (USD)[2]: USD
For Class A (HKD), Class I (HKD), Class P (HKD), Class S (HKD)[2]: HKD
For Class A (RMB), Class A (RMB Acc), Class I (RMB), Class I (RMB Acc), Class P (RMB), Class P (RMB Acc) and Class S (RMB)[2]: RMB"

(x) The first and second paragraphs under the section headed "Initial Offer" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum are deleted in its entirety and replaced by the following:

"Class A (RMB), Class A (RMB Acc), Class I (RMB), Class I (RMB Acc), Class P (RMB), Class P (RMB Acc) and Class S (RMB) Units will be available for subscription during the period commencing 9:00 a.m. (Hong Kong time) on 7 September 2016 to 5:00 p.m. (Hong Kong time) on 7 September 2016 (or such other dates as the Manager and the Trustee may determine). For the avoidance of doubt, the initial offer period for any of these classes may be extended until such time as an investor subscribes into the relevant class without separate notification. Following the close of the initial offer period, Units of the relevant class will be issued at the prevailing Issue Price.

The initial offer price per Class A (RMB), Class A (RMB Acc), Class I (RMB), Class I (RMB Acc), Class P (RMB), Class P (RMB Acc) and Class S (RMB) Unit (exclusive of preliminary charge) is RMB100."

(xi) The following paragraphs are inserted as new risk factor headed "RMB denominated class(es) related risk" immediately after the risk factor headed "Liquidity risk" under the section headed "Specific Risk Factors" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum:

"***RMB denominated class(es) related risk*** – The Sub-Fund's exposure to RMB denominated investments may be limited. The Sub-Fund offers RMB denominated class(es).

Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. When calculating the value of the RMB denominated class(es), offshore RMB (CNH) will be used. The CNH rate may be at a premium or discount to the exchange rate for onshore RMB (CNY) and there may be significant bid and offer spreads. The value of the RMB denominated class(es) thus calculated will be subject to fluctuation. Any divergence between CNH and CNY may adversely impact investors.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any devaluation of RMB could adversely affect the value of investors' investments in the RMB denominated class(es) of the Sub-Fund. Non-RMB based (e.g. Hong Kong) investors may have to convert HKD or other currencies into RMB when investing in the RMB denominated class(es). Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the Units) and RMB

[2] Class S will only be made available with the Manager's agreement in writing.

distributions received (if any) back to HKD or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against HKD or such other currencies upon receipt of the RMB redemption proceeds and/or RMB distributions (if any).

For unhedged RMB denominated class(es), depending on the exchange rate movements of RMB relative to the base currency of the Sub-Fund and/or other currency(ies) of the non-RMB-denominated underlying investments of the Sub-Fund, investors may still suffer losses even if there are gains or no losses in the value of the non-RMB-denominated underlying investments.

Furthermore, under the scenario where RMB appreciates against the currencies of the underlying investments and/or the base currency, and the value of the underlying investments decreased, the value of investors' investments in any unhedged RMB denominated class(es) may suffer additional losses. The Net Asset Value of the Sub-Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and by changes in exchange rate controls.

RMB is currently not freely convertible and is subject to exchange controls and restrictions. Liquidity of RMB could deteriorate due to government controls and restrictions which would adversely affect investors' ability to exchange RMB into other currencies as well as the conversion rates of RMB. In case of sizeable redemption requests for the RMB denominated class(es) are received or under exceptional circumstances, payment of redemption requests and/or distributions in RMB (if any) from the RMB denominated class(es) may be delayed when there is not sufficient amount of RMB for currency conversion for payment of redemption requests and/or distributions in a timely manner due to the exchange controls and restrictions applicable to RMB."

(xii) The table under the section headed "Investment Minima" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

	Class A	**Class I**	**Class P**	**Class S**
Minimum Subscription Amount	For USD denominated classes: US$1,000 For HKD denominated classes: HK$10,000 For RMB denominated classes: RMB10,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30 million For RMB denominated classes: RMB30 million	For USD denominated classes: US$100,000 For HKD denominated classes: HK$500,000 For RMB denominated classes: RMB500,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30 million For RMB denominated classes: RMB30

				million (or such other amount as the Manager may from time to time approve)
Minimum Subsequent Subscription Amount	For USD denominated classes: US$100 For HKD denominated classes: HK$1,000 For RMB denominated classes: RMB1,000	For USD denominated classes: US$10,000 For HKD denominated classes: HK$50,000 For RMB denominated classes: RMB50,000	For USD denominated classes: US$1,000 For HKD denominated classes: HK$5,000 For RMB denominated classes: RMB5,000	For USD denominated classes: US$10,000 For HKD denominated classes: HK$50,000 For RMB denominated classes: RMB50,000
Minimum Holding	For USD denominated classes: US$1,000 For HKD denominated classes: HK$10,000 For RMB denominated classes: RMB10,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30 million For RMB denominated classes: RMB30 million	For USD denominated classes: US$100,000 For HKD denominated classes: HK$500,000 For RMB denominated classes: RMB500,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30 million For RMB denominated classes: RMB30 million (or such other amount as the Manager may from time to time approve)
Minimum Redemption Amount	For USD denominated classes: US$1,000 For HKD denominated	For USD denominated classes: US$10,000 For HKD denominated	For USD denominated classes: US$1,000 For HKD denominated	For USD denominated classes: US$10,000 For HKD denominated

	classes: HK$5,000 For RMB denominated classes: RMB1,000	classes: HK$50,000 For RMB denominated classes: RMB50,000	classes: HK$5,000 For RMB denominated classes: RMB5,000	classes: HK$50,000 For RMB denominated classes: RMB50,000

(xiii) The first paragraph under the section headed "Subscription, Redemption and Switching of Units" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"Class A (USD), Class I (USD), Class I (USD Acc), Class P (USD), Class S (USD)[3] are available for subscription at US$10 per Unit (exclusive of preliminary charge) and Class A (HKD), Class I (HKD), Class P (HKD), Class S (HKD)[3] are available for subscription at HK$100 per Unit (exclusive of preliminary charge) until such time an investor invests into such class of Unit or as otherwise agreed between the Trustee and the Manager. Following such subscription, Units of the relevant class will be issued at the prevailing Issue Price."

(xiv) The heading preceding the paragraph starting with "The Manager does not currently intend to make any distribution …" under the section headed "Distributions" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"*For Class A (RMB Acc), Class I (USD Acc), Class I (RMB Acc), Class P (RMB Acc):*"

(xv) The heading preceding the paragraph starting with "It is currently intended that no dividend will be paid during the first year after the launch of the Sub-Fund…" under the section headed "Distributions" of Appendix IV – Harvest Asia Dividend Equity Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"*For Classes other than Class A (RMB Acc), Class I (USD Acc) , Class I (RMB Acc), Class P (RMB Acc):*"

II. Investment Objective and Policy of Harvest China Income Fund

In respect of the Harvest China Income Fund, the investment objective and policy is amended as follows:

(i) The third paragraph under the section headed "Investment Objective and Policy" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum is deleted in their entirety and replaced by the following:

[3] Class S will only be made available with the Manager's agreement in writing.

"In addition, the Sub-Fund may have exposure to fixed income and debt instruments issued or guaranteed by governments, government agencies, supranationals and companies domiciled in or exercising the predominant part of their economic activities in the Asian region or an OECD member country. For this purpose, the Asian region includes, but is not limited to, Indonesia, India, Malaysia, the Philippines, Thailand, Singapore, South Korea and Vietnam. Such exposure will be less than 30% of the Net Asset Value of the Sub-Fund."

(ii) The sixth paragraph under the section headed "Investment Objective and Policy" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum is deleted in their entirety and replaced by the following:

"If the Manager considers fit, the Sub-Fund may seek exposure to other asset classes that may generate additional income (which includes but is not limited to dividend income, interest income and/or expected potential capital appreciation) for the Sub-Fund, including but not limited to real estate investment trusts (REITs). These instruments will not in aggregate exceed 10% of the Sub-Fund's Net Asset Value."

Dated: 2 September 2016

FIRST ADDENDUM

HARVEST FUNDS (HONG KONG) (the "Fund")

This First Addendum dated 29 April 2016 should be read in conjunction with, and forms part of, the Explanatory Memorandum for the Fund dated November 2015 (the "Explanatory Memorandum").

All capitalised terms herein contained shall have the same meaning in this Addendum as in the Explanatory Memorandum, unless otherwise indicated.

The Manager, Harvest Global Investments Limited, accepts full responsibility for the accuracy of the information contained in this document at the date of publication, and confirms, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading. However, neither the delivery of this document nor the offer or issue of Units shall under any circumstances constitute a representation that the information contained herein is correct as of any time subsequent to such date. Intending applicants for Units should ask the Manager if any supplements to this document and/or the Explanatory Memorandum (or any later Explanatory Memorandum) have been issued.

I. Introduction of Class A (AUD hedged) and Class A (EUR hedged) classes

In respect of Harvest China Income Fund, Class A (AUD hedged) and Class A (EUR hedged) classes of units have been established and will be offered. Consequently, the Explanatory Memorandum is amended as follows:

(i) The following definition is inserted under the section headed "Definitions" of the Explanatory Memorandum:

""**AUD**"	Means Australian Dollars, the lawful currency of Commonwealth of Australia"

(ii) The second paragraph under the section headed "Base Currency" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"The following classes of Units (and the respective currency of denomination, i.e. class currency) are offered. The class currency will be indicated in the name of the relevant class:

Class	Class currency
Class A (USD)	USD
Class A (USD hedged)	USD
Class A (HKD)	HKD
Class A (HKD hedged)	HKD
Class A (AUD hedged)	AUD
Class A (EUR hedged)	EUR
Class I (USD)	USD
Class I (USD hedged)	USD
Class I (USD Acc)	USD
Class I (USD hedged Acc)	USD
Class I (HKD)	HKD
Class I (HKD hedged)	HKD
Class I (HKD hedged Acc)	HKD
Class P (USD)	USD
Class P (USD hedged)	USD
Class P (HKD)	HKD
Class P (HKD hedged)	HKD
Class S (USD)	USD
Class S (HKD)	HKD

"

(iii) The first, second and third paragraphs under the section headed "Initial Offer" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum are deleted in their entirety and replaced by the following:

"Class A (AUD hedged) and Class A (EUR hedged) Units will be available for subscription during the period commencing 9:00 a.m. (Hong Kong time) on 16 May 2016 to 5:00 p.m. (Hong Kong time) on 16 May 2016 (or such other dates as the Manager and the Trustee may determine). For the avoidance of doubt, the initial offer period for any of these classes may be extended until such time as an investor subscribes into the relevant class without separate notification. Following the close of the initial offer period, Units of the relevant class will be issued at the prevailing Issue Price.

The initial offer price per Class A (AUD hedged) Unit (exclusive of preliminary charge) is AUD100.

The initial offer price per Class A (EUR hedged) Unit (exclusive of preliminary charge) is EUR100."

(iv) The first 3 paragraphs under the section headed "Available Classes" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum are deleted in their entirety and replaced by the following:

"Class A Units (except Class A (AUD hedged), Class A (EUR hedged), Class A (HKD hedged) and Class A (USD hedged) Units) are available for sale to the retail public.

Class A (AUD hedged), Class A (EUR hedged), Class A (HKD hedged), Class A (USD hedged), Class I, Class P and Class S Units are offered to private bank or institutional investors or other investors determined by the Manager. Class S will only be made available with the Manager's agreement in writing.

For the Sub-Fund, the following hedged classes are offered:

Class A (HKD hedged), Class I (HKD hedged), Class I (HKD hedged Acc), Class P (HKD hedged)
Class A (USD hedged), Class I (USD hedged), Class I (USD hedged Acc), Class P (USD hedged)
Class A (AUD hedged)
Class A (EUR hedged)"

(v) The table under the section headed "Investment Minima" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

	Class A	**Class I**	**Class P**	**Class S**
Minimum Subscription Amount	For USD denominated classes: US$1,000 For HKD denominated classes: HK$10,000 For AUD denominated class(es): AUD1,000 For EUR denominated class(es): EUR1,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30 million	For USD denominated classes: US$100,000 For HKD denominated classes: HK$500,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30 million
Minimum Subsequent Subscription Amount	For USD denominated classes: US$100	For USD denominated classes: US$10,000	For USD denominated classes: US$1,000	For USD denominated classes: US$10,000

	For HKD denominated classes: HK$1,000 For AUD denominated class(es): AUD100 For EUR denominated class(es): EUR100	For HKD denominated classes: HK$50,000	For HKD denominated classes: HK$5,000	For HKD denominated classes: HK$50,000
Minimum Holding	For USD denominated classes: US$1,000 For HKD denominated classes: HK$10,000 For AUD denominated class(es): AUD1,000 For EUR denominated class(es): EUR1,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30 million	For USD denominated classes: US$100,000 For HKD denominated classes: HK$500,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30 million
Minimum Redemption Amount	For USD denominated classes: US$1,000 For HKD denominated classes: HK$5,000	For USD denominated classes: US$10,000 For HKD denominated classes: HK$50,000	For USD denominated classes: US$1,000 For HKD denominated classes: HK$5,000	For USD denominated classes: US$10,000 For HKD denominated classes: HK$50,000

	For AUD denominated class(es): AUD1,000 For EUR denominated class(es): EUR1,000			

(vi) The first paragraph under the section headed "Subscription, Redemption and Switching of Units" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"Class A (USD), Class I (USD), Class P (USD), Class S (USD)[1], Class A (USD hedged), Class I (USD hedged), Class I (USD hedged Acc) and Class P (USD hedged) are available for subscription at US$10 per Unit (exclusive of preliminary charge) and Class A (HKD), Class I (HKD), Class P (HKD), Class S (HKD)[1], Class A (HKD hedged), Class I (HKD hedged), Class I (HKD hedged Acc) and Class P (HKD hedged) are available for subscription at HK$100 per Unit (exclusive of preliminary charge) until such time an investor invests into such class of Unit or as otherwise agreed between the Trustee and the Manager. Following such subscription, Units of the relevant class will be issued at the prevailing Issue Price."

(vii) The heading preceding the paragraph starting with "It is currently intended that distributions will be declared on a monthly basis…" under the section headed "Distributions" of Appendix II – Harvest China Income Fund of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"*For Class A (HKD), Class A (HKD hedged), Class A (USD), Class A (USD hedged), Class A (AUD hedged), Class A (EUR hedged), Class I (HKD), Class I (HKD hedged), Class I (USD), Class I (USD hedged), Class P (HKD), Class P (HKD hedged), Class P (USD), Class P (USD hedged), Class S (HKD), Class S (USD):*"

II. Cross trades

In respect of the Harvest China Income Fund, if the Manager believes it will be in the best interests of the Sub-Fund, the Manager may effect cross trades among its client accounts. Consequently, the Explanatory Memorandum is amended as follows:

(i) The following paragraph will be inserted as a new sub-section headed "Cross Trades" before the sub-section headed "Available Classes" in Appendix II - Harvest China Income Fund of the Explanatory Memorandum:

[1] Class S will only be made available with the Manager's agreement in writing.

"**Cross Trades**

In respect of the Harvest China Income Fund, if the Manager believes it will be in the best interests of the Sub-Fund, the Manager may effect cross trades among its client accounts, provided that such transactions are consistent with applicable rules and regulations (including the applicable provisions of the SFC's Fund Manager Code of Conduct) and contractual requirements. Cross transactions involving client accounts will be conducted in accordance with the Manager's internal policies, which are intended to ensure that each account is treated fairly, and applicable rules and regulations (including the applicable provisions of the SFC's Fund Manager Code of Conduct) are met. Among other things, the Manager's policies establish the pricing mechanism to be used in this context. In these circumstances, the Manager will not receive any compensation in addition to its management fee."

III. PRC tax provisioning of Harvest China A Research Select Fund and Harvest RMB Fixed Income Fund

The Explanatory Memorandum is amended subsequent to the recent tax reporting and tax treaty application made to the PRC tax authority and the revisions of the tax provisioning policy, as follows:

(i) The first and second paragraphs under the heading "(i) Dividend and Interest" under the heading "Corporate Income Tax" under "PRC Securities" in the risk factor headed "(xxii) PRC tax considerations" in the section headed "Risk Factors" in the Explanatory Memorandum are deleted in their entirety and replaced by the following:

"Currently, a 10% PRC WIT is payable on interests derived from RMB denominated corporate bonds and dividends derived from PRC Securities[2] by a foreign investor which is deemed as a non-tax resident enterprise without a PE in China for PRC CIT purposes. The entity distributing such dividend or interests is required to withhold WIT. If the RQFII or foreign corporate investor is a tax resident of a tax treaty country, it may apply for the reduced PRC WIT rate under the relevant tax treaty, subject to agreement of the PRC tax authorities.

In respect of interests, interest derived from government bonds issued by the in-charge Finance Bureau of the State Council and/or local government bonds approved by the State Council are exempt from PRC CIT under the PRC CIT Law. Further, under the Arrangement between Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "China-HK Arrangement"), the WIT charged on interests received by the non-resident holders of debt instruments (including enterprises and individuals) will be 7% of the gross amount of the interests, if the Hong Kong tax residents are the beneficial owners under the China-HK Arrangement and other relevant conditions are satisfied. In practice, due to the practical difficulties in demonstrating that the relevant Sub-Fund is the beneficial

[2] "PRC Securities" means "China A-Shares, Renminbi denominated corporate and government bonds, securities investment fund and warrants listed on the PRC stock exchanges"

owner of the interest income received, the Sub-Fund is generally not entitled to the reduced WIT rate of 7%. In general, the prevailing rate of 10% should be applicable to the relevant Sub-Fund.

In respect of dividends payable by a PRC issuer, under the China-HK Arrangement, dividend distributed by a PRC tax resident to a Hong Kong tax resident would be subject to a reduced rate of 5% provided (1) the Hong Kong tax resident is the beneficial owner of the dividend; (2) the Hong Kong tax resident holds at least 25% of the equity of the PRC tax resident; and (3) the relevant treaty conditions are satisfied. Due to the Sub-Fund's investment restriction, the Sub-Fund would not hold more than 10% of the ordinary shares issued by any single PRC issuer. In this connection, the Sub-Fund would not be able to enjoy the reduced WIT rate of 5% provided under the China-HK Arrangement."

(ii) The second and third paragraphs under the heading "Trading of PRC Securities other than equity investments" under the heading "(ii) Capital Gains" under the heading "Corporate Income Tax" under "PRC Securities" in the risk factor headed "(xxii) PRC tax considerations" in the section headed "Risk Factors" in the Explanatory Memorandum are deleted in their entirety and replaced by the following:

"In the absence of specific taxation rule, the tax treatment for investment in PRC Securities other than equity investments is governed by the general taxing provisions of the CIT Law. For an enterprise that is not a tax resident enterprise and has no PE in the PRC for CIT purpose, a 10% PRC WIT would potentially, subject to exemptions under relevant laws and regulations or applicable tax treaty, apply to PRC-sourced capital gains derived from the disposal of PRC Securities.

Pursuant to Article 7 of the Detailed Implementation Regulations of PRC CIT Law, where the property concerned is a movable property, the source shall be determined according to the location of the enterprise, establishment or place which transfers the property. The PRC tax authorities have verbally indicated that PRC Securities other than equity investments are movable property. In this case, the source shall be determined based on the location of the transferor. As the Sub-Funds are located outside the PRC, gains derived by the Sub-Funds from PRC Securities other than equity investments could be argued as offshore source and thus not subject to PRC WIT.

In addition to the verbal comments, Article 13.6 of the China-HK Arrangement provides that any gains derived by a Hong Kong tax resident from the disposal of PRC properties that are not referred to in Articles 13.1 to 13.5 of the China-HK Arrangement shall be taxable only in Hong Kong. As PRC Securities other than equity investments are not referred to in Articles 13.1 to 13.5 of the China-HK Arrangement, capital gains derived by the Hong Kong tax resident from the disposal of PRC Securities other than equity investments should technically be exempt from PRC WIT provided all the other relevant treaty conditions are satisfied, subject to agreement by the PRC tax authorities. In order to qualify for this preferential treatment, the Manager will further assess and seek agreement from the PRC tax authorities in relation to the relevant Sub-Fund, although this cannot be guaranteed.

It is noted that Notice 79 states that the corporate income tax exemption effective from 17 November 2014 is temporary. As such, as and when the PRC tax authorities announce the expiry date of the exemption, the Sub-Fund may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of the Sub-Fund.

It should also be noted that the prevailing PRC tax regulations specified that the tax exemption on capital gains derived from the trading of China A-Shares from 17 November 2014 onwards is temporary. There is a possibility of the PRC tax rule, regulations and practice being changed and taxes being applied retrospectively. The PRC tax rules and practices in relation to RQFII are new and tax treatment on capital gains derived by RQFIIs from trading of PRC Securities other than equity investment assets could be uncertain and may change in the future. The potential application of tax treaties is uncertain. As such, there are also risks and uncertainties associated with the current PRC tax laws, regulations and practice. As such, there is a risk that any tax provision made by the Manager in respect of the Sub-Funds may be more than or less than the Sub-Funds' respective actual tax liabilities, which may potentially cause substantial loss to the Sub-Funds. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and adjust the withholding policy of the Sub-Funds accordingly, taking into account independent professional tax advice."

(iii) The heading "Business Tax ("BT")" and the five paragraphs thereunder under the heading "Corporate Income Tax" under "PRC Securities" in the risk factor headed "(xxii) PRC tax considerations" in the section headed "Risk Factors" in the Explanatory Memorandum are deleted in their entirety and replaced by the following:

"<u>Value Added Tax ("VAT"):</u>

The MoF and SAT issued the "*Notice on the Comprehensive Roll-out of the B2V Transformation Pilot Program (the "B2V Pilot Program*") Caishui [2016] No.36 (the "**Notice 36**") on 23 March 2016 announcing that the B2V Pilot Program will be rolled out to cover all the remaining industries of the program, including financial services. The Notice 36 shall take effect from 1 May 2016, unless otherwise stipulated therein.

The Notice 36 provides that VAT at 6% shall be levied on the difference between the selling and buying prices of those marketable securities. However, capital gains derived from trading of offshore PRC marketable securities (e.g. H-Shares) are not subject to VAT. The Notice 36 also provides that gains derived by QFIIs from trading of marketable securities are exempt from VAT. However, it is not guaranteed whether similar exemptions would be extended to RQFIIs.

Notice 36 does not specifically exempt VAT on interest income earned by non-financial institution. However, according to the Notice 36, deposit interest income is not subject to VAT and interest income earned on government bonds is exempted from VAT. Hence, interest income on corporate bonds in theory should be subject to 6% VAT.

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

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

(iv) The section headed "PRC Tax Provisions" in Appendix I – Harvest RMB Fixed Income Fund and Appendix III – Harvest China A Research Select Fund of the Explanatory Memorandum are deleted in their entirety and replaced by the following:

"**PRC Tax Provisions**

For further details relating to PRC taxes and the associated risks, please refer to the risk factor headed "PRC tax considerations" under the "Risk Factors" section in the main part of the Explanatory Memorandum.

Tax reporting and tax treaty application to Beijing tax authority

Upon the request of the Beijing Xicheng State Tax Bureau (the "Beijing Tax Authority"), the Manager, as the RQFII licence holder, submitted the requested information and documents on behalf of the Sub-Fund to the Beijing Tax Authority in July 2015 for tax clearance concerning the gains (including capital gains through the trading of PRC Securities, dividend and interest) of the Sub-Fund during the period commencing on the date of inception of the Sub-Fund and ending on 31 December 2014, both days inclusive. In the documents and information submitted, the Manager has set out the amount of gains, the amount of tax liability, the amount of tax exemption or reduction and the Manager's basis for such position. The Manager's tax reporting included the submission that the Sub-Fund is eligible for tax relief under a tax treaty, namely, the Arrangement between Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income ("China-HK Arrangement") regarding gross realised capital gains derived from trading of non-immovable properties rich PRC equity investment assets prior to 17 November 2014. In respect of capital gains derived from disposal of bonds, the Manager has relied on the Beijing Tax Authority's verbal indication and enforcement practice that capital gains derived from disposal of bonds are not subject to PRC WIT. In addition, the Manager has relied on the technical basis that capital gain tax relief under China-HK Arrangement should be applicable to gains derived by disposal of bonds.

Review of the tax reporting and treaty application by Beijing Tax Authority and WIT payment

The Beijing Tax Authority has accepted the Sub-Fund's tax treaty application in the form of record-filing and affixed an official stamp on the "Reporting Form for Non-resident Taxpayer Claiming Tax Treaty Benefits" for the Sub-Fund. Upon the Beijing Tax

Authority's confirmation, the Sub-Fund settled its PRC tax liability (for the period from its inception to 31 December 2014).

PRC tax provision policy of the Sub-Fund

In consideration of the Beijing Tax Authority's acceptance of the Sub-Fund's tax treaty application and the Sub-Fund's tax reporting (which included a "nil" basis WIT return for gross realised capital gains derived from trading of debt securities), the Manager considers that the Sub-Fund should not be subject to PRC WIT for the gross realised or unrealised capital gains derived from trading of PRC debt securities. Therefore, the Manager, having taken and considered independent professional tax advice, has determined that no provision for WIT will be made on gross realised or unrealised capital gains derived from trading of PRC debt securities from 1 January 2015 onwards. In light of the foregoing and Notice 79, the Manager will at present implement the following PRC tax provisioning policy:

a) The Sub-Fund will not make WIT provision for gross realised and unrealised capital gains from trading of PRC equity investment assets (including China A-Shares).

b) The Sub-Fund will not make WIT provision for gross realised and unrealised capital gains derived from trading of PRC debt securities.

c) The Sub-Fund will make a provision of 10% on dividend from China A-Shares, interest from Renminbi denominated bonds (except PRC government bonds which are State treasury bonds issued by the in-charge finance department of the State Council of the People's Republic of China) issued by PRC tax resident enterprises, dividend from securities investment funds and interest from RMB bank deposits if the WIT is not withheld at source."

It is also noted that the Notice 79 states that the corporate income tax exemption effective from 17 November 2014 is temporary. As such, as and when the PRC authorities announce the expiry date of the exemption, the Sub-Fund may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of the Sub-Fund.

Investors should note that the provisions are made in accordance with the prevailing tax rules and current practices of the Beijing Tax Authority in respect of the recent tax reporting. The PRC tax laws, regulation and practice may change from time to time. As such, there is a risk that the amount of any tax provision made by the Manager in respect of the Sub-Fund may be more than or less than the amount of the Sub-Fund's actual tax liabilities, which may potentially cause substantial loss to the Sub-Fund and 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 authority.

If the amount of tax provision is more than or less than the Sub-Fund's actual tax liabilities, Unitholders may be disadvantaged or advantaged depending upon the final tax liabilities, the

level of provision and when they subscribed and/or redeemed their Units. If the actual tax levied by the PRC tax authorities is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund. On the other hand, the actual tax liabilities may be lower than the tax provision made, in which case only the then existing Unitholders will benefit from a return of the extra tax provision. Those persons who have already redeemed their Units before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision.

The Manager will closely monitor any further guidance by the relevant PRC tax authorities and adjust the withholding policy of the Sub-Fund accordingly.

Unitholders should seek their own tax advice on their tax position with regard to their investments in the Sub-Fund."

IV. Directors of the Manager

Mr. SUN Chen and Mr. KWAN Thomas were appointed as directors of the Manager. The biography of Mr. CHOY Peng Wah was updated. Consequently, the Explanatory Memorandum is amended as follows:

(i) The sub-section headed "Directors of the Manager" under the section headed "Administration" of the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"**Directors of the Manager**

ZHAO Xuejun
CHOY Peng Wah
LI Ming
WANG Wei
SUN Chen
KWAN Thomas"

(ii) The biography of Mr. CHOY Peng Wah in the sub-section headed "The Manager" under the section headed "Management of the Fund" in the Explanatory Memorandum is deleted in its entirety and replaced by the following:

"**Choy Peng Wah**
Vice Chairman of the Board of Directors

Mr. Choy Peng Wah is the Vice Chairman of the Board of Directors of the Manager and joined the Manager in February 2011. He has more than 20 years of Asian fund management experience. Prior to joining Harvest Global Investments Limited, Mr. Choy was the Deputy Chief Executive Officer of Fullerton Fund Management Company Ltd. and before that Regional Head, Sales and Distribution for Prudential's fund management business in Asia. Prior to joining Prudential, Mr. Choy was the Chief Executive Officer at Deutsche Asset Management Asia, ex-Japan, based in Singapore for 7 years. During his time at Deutsche, he was responsible for Deutsche's expansion into South Korea, India and China. Mr. Choy started his career at Citibank Singapore as an executive trainee and has worked in Citibank's offices in New York and Hong Kong in a variety of capacities. Mr. Choy holds a Masters in Business Administration from McGill University in Canada."

(iii) The following paragraphs shall be inserted after the last paragraph in the sub-section headed "The Manager" under the section headed "Management of the Fund" in the Explanatory Memorandum:

"**SUN Chen**
Chief Executive Officer

Mr. Sun Chen is the Chief Executive Officer and Director, Board of Directors of Harvest Global Investments Limited.

Prior to joining Harvest Global Investments Limited, Mr. Sun was the Managing Director of Charles Schwab, Hong Kong, Ltd, responsible for the overall management of the firm's business in Asia. Mr. Sun first joined Charles Schwab New York as an Investment Specialist and has worked in Schwab offices in New York and Hong Kong in a variety of capacities. Mr. Sun also worked at HSBC Private Bank as Senior Vice President, responsible for establishing HSBC's private banking business in China.

Mr. Sun graduated from University at Buffalo in New York, with a Master in Business Administration.

Kwan Thomas
Chief Investment Officer

Mr. Kwan leads the investment management and research platform in Harvest Global Investments Limited, including fixed income, greater China equity, Asian equity, exchange traded funds and asset allocation. Mr. Kwan has over 16 years' of investment management experience and prior to joining Harvest Global Investments Limited, Mr. Kwan worked at Baring Asset Management in Hong Kong as Head of Asian Debt, Credit Suisse Asset Management in Singapore and Beijing as Director of Asian Fixed Income and Currency, Prudential Asset Management in Singapore as Investment Director and First State Investments in Hong Kong as portfolio manager.

Mr. Kwan has an M.A. in Economics and B.Comm in Finance from the University of Toronto and is a CFA charter holder."

Dated: 29 April 2016

嘉實國際資產管理
Harvest Global Investments

HARVEST FUNDS (HONG KONG)

EXPLANATORY MEMORANDUM
NOVEMBER 2015

IMPORTANT INFORMATION FOR INVESTORS

This Explanatory Memorandum comprises information relating to Harvest Funds (Hong Kong), an umbrella unit trust established under the laws of Hong Kong by a trust deed dated 4 January 2012 between Harvest Global Investments Limited as manager and BOCI-Prudential Trustee Limited as trustee.

The Manager accepts full responsibility for the accuracy of the information contained in this Explanatory Memorandum, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading. However, neither the delivery of this Explanatory Memorandum nor the offer or issue of Units shall under any circumstances constitute a representation that the information contained in this Explanatory Memorandum is correct as of any time subsequent to the date of publication. This Explanatory Memorandum may from time to time be updated. Intending applicants for Units should ask the Manager if any supplements to this Explanatory Memorandum or any later Explanatory Memorandum have been issued.

Distribution of this Explanatory Memorandum must be accompanied by a copy of the latest available annual report and accounts of the Fund (if any) and any subsequent interim report. Units are offered on the basis only of the information contained in this Explanatory Memorandum and (where applicable) the above mentioned annual reports and accounts and interim reports. Any information given or representations made by any dealer, salesman or other person and (in either case) not contained in this Explanatory Memorandum should be regarded as unauthorised and accordingly must not be relied upon.

The Fund has been authorised by the SFC pursuant to 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. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

No action has been taken to permit an offering of Units or the distribution of this Explanatory Memorandum in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Explanatory Memorandum may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised.

In particular:

(a) the Units have not been registered under the United States Securities Act of 1933 (as amended) and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a US Person (as defined in Regulation S under such Act); and

(b) the Fund has not been and will not be registered under the United States Investment Company Act of 1940 as amended.

Potential applicants for Units should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Units.

AIFMD

Neither the Fund nor the Manager has complied with, or currently intends to comply with, the requirements of the Alternative Investment Fund Managers Directive ("**AIFMD**") of the European Union. Accordingly, (i) no direct or indirect offering or placement by or on behalf of the Fund nor the Manager (including by any intermediary, distribution agent, placement agent or other person) of Units may be made to or with investors domiciled or with a registered office in member states of the European Union in breach of either the applicable requirements under the AIFMD or the applicable requirements under the private placement regime in each relevant member state and (ii) the Fund and the Manager will only accept subscriptions for Units from investors domiciled or with a registered office in the member states of the European Union in accordance with the applicable laws and regulations of the European Union and the relevant member states. Notwithstanding the foregoing, the Fund and the Manager reserve the right to take such steps, including to make such amendments to this Explanatory Memorandum, as they reasonably deem to be appropriate in their sole discretion, in order to comply with any applicable requirements under the AIFMD or under the private placement regime in any relevant member state.

Investment involves risk and investors should note that losses may be sustained on their investment. There is no assurance that the investment objective of the respective Sub-Fund will be achieved.

Investors should consider the section headed "Risk Factors" on page 28, and the section headed "Specific Risk Factors" in the Appendix for the relevant Sub-Fund before making any investment decision.

Important - If you are in any doubt about the contents of this Explanatory Memorandum, you should seek independent professional financial advice.

Investors may contact the Manager for any queries or complaints in relation to any Sub-Fund. To contact the Manager, investors may write to the Manager (address at 31/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong). The Manager will respond to any enquiry or complaint in writing.

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ADMINISTRATION

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31/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

Directors of the Manager
ZHAO Xuejun
CHOY Peng Wah
LI Ming
WANG Wei

Investment Adviser
Harvest Fund Management Co., Ltd.
Room 1702, Aurora Plaza,
No. 99 Fu Cheng Road,
Pudong New Area,
Shanghai,
Peoples' Republic of China

Trustee and Registrar
BOCI-Prudential Trustee Limited
12/F & 25/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

Custodian
Bank of China (Hong Kong) Limited
14/F, Bank of China Tower
1 Garden Road
Hong Kong

RQFII Custodian
Bank of China Limited
No. 1, Fuxingmen Nei Dajie
Beijing 100818
China

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

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

DEFINITIONS

The defined terms used in this Explanatory Memorandum have the following meanings:-

"**Accounting Date**"	Means 31 December in each year or such other date or dates in each year as the Manager may from time to time specify in respect of any Sub-Fund and notify to the Trustee and the Unitholders of such Sub-Fund
"**Accounting Period**"	Means a period commencing on the date of establishment of the relevant Sub-Fund or on the date next following an Accounting Date of the relevant Sub-Fund and ending on the next succeeding Accounting Date for such Sub-Fund
"**Authorised Distributor**"	Means any person appointed by the Manager to distribute Units of some or all of the Sub-Funds to potential investors
"**Business Day**"	Means a day (other than a Saturday) on which banks in Hong Kong are open for normal banking business or such other day or days as the Manager and the Trustee may agree from time to time, provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Manager and the Trustee determine otherwise
"**China" or "PRC**"	Means the People's Republic of China excluding Hong Kong, Macau and Taiwan for purpose of this document
"**China A-Shares**"	Means shares issued by companies incorporated in the PRC and listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in Renminbi and available for investment by domestic (Chinese) investors, holders of QFII and RQFII, and foreign strategic investors approved by the China Securities Regulatory Commission
"**connected person**"	Means, in relation to the Manager:

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

(b) any person, company or fund 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 the Manager forms part; or

(d) any director or officer of the Manager or of any of its connected persons as defined in (a), (b) or (c) above

"**Custodian**"	Means Bank of China (Hong Kong) Limited
"**Dealing Day**"	Means the days on which Units are subscribed for or redeemed, as described in the Appendices for the relevant Sub-Funds
"**Dealing Deadline**"	Means such time on the relevant Dealing Day or on such other Business Day as the Manager may from time to time with the approval of the Trustee determine, as described in the Appendices for the relevant Sub-Funds
"Euro" or "EUR"	Means the single currency shared by the European Union's Member States which together make up the euro area
"**Explanatory Memorandum**"	Means this Explanatory Memorandum including the Appendices, as each may be amended, updated or supplemented from time to time
"**Fund**"	Means Harvest Funds (Hong Kong)
"**Hong Kong**"	Means Hong Kong Special Administrative Region of the PRC
"**HK$**" or "**HKD**"	Means Hong Kong Dollars, the lawful currency of Hong Kong

"**Issue Price**"	Means in respect of each Sub-Fund the issue price per Unit as more fully described in the section "Purchase of Units"
"**Manager**"	Means Harvest Global Investments Limited
"**Net Asset Value**"	Means the net asset value of the Fund or a Sub-Fund or of a Unit, as the context may require, calculated in accordance with the provisions of the Trust Deed as summarised below under the section headed "Valuation"
"**PRC Securities**"	Means China A-Shares, Renminbi denominated corporate and government bonds, securities investment fund and warrants listed on the PRC stock exchanges
"**QFII**"	Means qualified foreign institutional investor approved pursuant to the relevant PRC regulations (as amended from time to time)
"**Redemption Price**"	Means the price at which Units will be redeemed as more fully described in the section headed "Redemption of Units"
"**Registrar**"	Means BOCI-Prudential Trustee Limited in its capacity as registrar of the Fund
"**RMB**" **or** "**Renminbi**"	Means renminbi, the lawful currency of the PRC
"**RQFII**"	Means Renminbi qualified foreign institutional investors approved pursuant to the relevant PRC regulations (as amended from time to time)
"**RQFII Custodian**"	Means Bank of China Limited
"**SFC**"	Means the Securities and Futures Commission of Hong Kong
"**SFO**"	Means the Securities and Futures Ordinance, Laws of Hong Kong (Chapter 571)

"**Sub-Fund**"	Means a separate pool of assets of the Fund that is invested and administered separately
"**Trust Deed**"	Means the trust deed dated 4 January 2012 establishing the Fund and entered into by the Manager and the Trustee
"**Trustee**"	Means BOCI-Prudential Trustee Limited in its capacity as trustee of the Fund
"**Unit**"	Means a unit in a Sub-Fund
"**Unitholder**"	Means a person registered as a holder of a Unit
"**US$**" or "**USD**"	Means the lawful currency of the United States of America
"**Valuation Day**"	Means such days as are described in the Appendix for the relevant Sub-Fund
"**Valuation Point**"	Means such time on the relevant Valuation Day as described in the Appendix for the relevant Sub-Fund to calculate the Net Asset Value

INTRODUCTION

Harvest Funds (Hong Kong) is a unit trust established as an umbrella fund pursuant to the Trust Deed and governed by the laws of Hong Kong. All Unitholders are entitled to the benefit of, are bound by and deemed to have notice of the provisions of the Trust Deed.

Harvest Funds (Hong Kong) is an umbrella unit trust. The following Sub-Funds are authorised by the SFC and offered currently:

- Harvest RMB Fixed Income Fund
- Harvest China Income Fund
- Harvest China A Research Select Fund
- Harvest Asia Dividend Equity Fund

The Manager may create further Sub-Funds in the future. Investors should contact the Manager to obtain the latest offering document relating to the available Sub-Fund(s).

Multiple classes of Units may be issued in respect of each Sub-Fund and the Manager may create additional classes of Units for any Sub-Fund in its sole discretion in the future. The assets of a Sub-Fund will be invested and administered separately from the assets of the other Sub-Funds issued.

The details of the above Sub-Funds and/or the new class or classes of Units related thereto that are on offer are set out in the Appendices to this Explanatory Memorandum.

INVESTMENT OBJECTIVE

The investment objective of each Sub-Fund and principal risks, as well as other important details, are set forth in the Appendix hereto relating to the Sub-Fund.

MANAGEMENT OF THE FUND

The Manager

The Manager of the 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.

HGI obtained licences from the Securities and Futures Commission in Hong Kong in February 2009 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 Non-Executive Director

Dr. Xuejun (Henry) Zhao is the Chief Executive Officer and board member of Harvest Fund Management Co., Ltd. ("HFM"), the parent company of the Manager. He has worked in the financial industry for over 20 years, 18 of which at a management level. Dr. Zhao joined the Harvest group in October 2000. Under his leadership, the Harvest group has become one of the top asset management companies in mainland China. HFM managed over USD50 billion in assets (retail, institutional, overseas) by the end of 2013 and was ranked 2nd among fund managers in the Chinese fund management industry by total assets. Prior to joining Harvest, Dr. Zhao was the deputy general manager of Da Cheng Fund Management Co., Ltd. and served in executive group in the brokerage company on commodity futures, commodities exchange and import and export corporation. Dr. Zhao holds a PhD in economics from Guanghua School of Management, Peking University. He is currently the Vice President of the Asset Management Association of China.

Choy Peng Wah
Vice Chairman of the Board of Directors and Executive Director

Mr. Peng Wah Choy is the Chief Executive Officer of the Manager and joined the Manager in February 2011. He has more than 20 years of Asian fund management experience. Prior to joining Harvest Global Investments Limited, Mr. Choy was the Deputy Chief Executive Officer of Fullerton Fund Management Company Ltd. and before that Regional Head, Sales and Distribution for Prudential's fund management business in Asia. Prior to joining Prudential, Mr. Choy was the Chief Executive Officer at Deutsche Asset Management Asia, ex-Japan, based in Singapore for 7 years. During his time at Deutsche, he was responsible for Deutsche's expansion into South Korea, India and China. Mr. Choy started his career at Citibank Singapore as an executive trainee and has worked in Citibank's offices in New York

and Hong Kong in a variety of capacities. Mr. Choy holds a Masters in Business Administration from McGill University in Canada.

Li Ming
Non-Executive Director

Mr. Li Ming is the Chief Financial Officer of Harvest Fund Management Co., Ltd. and joined Harvest Fund Management Co., Ltd. in December 2000. Prior to joining Harvest Fund Management Co., Ltd, Mr. Li has worked in the Capital Securities Brokerage Co., Ltd. and Beijing Bulk Commodity Exchange. Mr. Li graduated from Renmin University of China and majored in Accounting.

Wang Wei
Non-Executive Director

Ms. Wang Wei is the Chief Compliance Officer of Harvest Fund Management Co., Ltd. and joined Harvest Fund Management Co., Ltd. in January 2004. Ms. Wang had been the Head of Legal at Harvest Fund Management Co., Ltd. Prior to joining Harvest Fund Management Co., Ltd., Ms. Wang has worked in the Law School of China University of Political Science and Law, Beijing Lutong United Law Firm, Beijing Zhihao Law Firm and New China Insurance Company Limited. Ms. Wang holds a Master Degree of Law from the China University of Political Science and Law in China.

The Investment Adviser

The Manager undertakes the management of the assets of the Fund. The Manager has appointed Harvest Fund Management Co., Ltd. to act as investment adviser and provide investment advice to the Manager in relation to such Sub-Fund(s) as the Manager may determine from time to time. Harvest Fund Management Co., Ltd ("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 a leading asset manager in China with assets under management in excess of US$72 billion as of 31 December 2014. 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.

The Manager retains discretionary powers in the management of the Sub-Fund(s). The remuneration of the investment adviser will be borne by the Manager.

The Trustee and Registrar

The Trustee of the Fund is BOCI-Prudential Trustee Limited, which is a registered trust company in Hong Kong.

The Trustee is a joint venture founded by BOC Group Trustee Company Limited and Prudential Corporation Holdings Limited. BOC Group Trustee Company Limited is owned by Bank of China (Hong Kong) Limited and BOC International Holdings Limited, which are subsidiaries of Bank of China Limited.

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Fund and monitoring the compliance by the Manager with the requirements of the Trust Deed. The Trustee also acts as the Registrar of the Fund and will be responsible for keeping the register of Unitholders.

The Custodian

Bank of China (Hong Kong) Limited ("BOCHK") has been appointed as the custodian of the Fund.

BOCHK was incorporated in Hong Kong on 16 October, 1964. As a locally incorporated licensed bank, it was re-structured to the present form since 1 October 2001 by combining the businesses of ten of the twelve banks in Hong Kong originally belonging to the Bank of China Group. In addition, it holds shares in Nanyang Commercial Bank Limited and Chiyu Banking Corporation Limited, both of which are incorporated in Hong Kong, as well as BOC Credit Card (International) Limited.

BOC Hong Kong (Holdings) Limited was incorporated in Hong Kong on 12 September 2001 to hold the entire equity interest in BOCHK, its principal operating subsidiary. After a successful global IPO, BOC Hong Kong (Holdings) Limited began trading on the Main Board of the Stock Exchange of Hong Kong on 25 July 2002 with stock code "2388" and became a Hang Seng Index constituent stock on 2 December 2002.

With a network of about 260 branches, servicing more than 600,000 corporates and 2 million retail customers, BOCHK is the second largest banking group in Hong Kong. It offers a full

range of banking services, including global custody and also fund-related services for institutional clients.

Pursuant to a custodian agreement, the Custodian will act as the custodian of the Fund's assets, which will be held directly by the Custodian or through its agents, sub-custodians, or delegates pursuant to the custodian agreement.

The RQFII Custodian

For Sub-Fund(s) that invest in debt securities issued within mainland China, China A-Shares or other permissible investments in the PRC through Renminbi qualified foreign institutional investors (RQFII), the relevant RQFII is required to appoint a custodian in the PRC for the custody of assets, pursuant to relevant laws and regulations. Bank of China Limited has been appointed as the RQFII Custodian in respect of the investments held by the relevant Sub-Fund(s).

Bank of China was founded in February 1912 following the approval of Dr. Sun Yat-sen. Until the founding of the People's Republic of China in 1949, the Bank served as the central bank, international exchange bank and specialized foreign trade bank of the country. In 1994, Bank of China was transformed into a state-owned commercial bank. It was then selected as a pilot bank for the joint stock reforms of state-owned commercial banks in 2003, so it was incorporated in August 2004 and got listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange in June and July 2006 respectively, becoming the first A and H dual listed Chinese commercial bank.

Bank of China Limited engages in full-scaled commercial banking business, including a wide spectrum of corporate and retail services, treasury functions and institutional banking. The latter refers to services offered to banks, brokerage houses, fund companies, and insurance companies worldwide, ranging from clearing and inter-bank lending to agency and custody services etc. The Bank has been providing custody services since 1998 as one of the first qualified custodians in the China market. For more than a decade, the Bank has been playing a leading role in the domestic custodian industry in terms of research capabilities, service standards, internal controls and IT constructions. As at the end of 2014, the BOC Group's total assets under custody amounted to approximately RMB6.4 trillion, maintaining its leading position. Its Custody Business Department has over 120 professional staff. Fund houses, insurance companies, securities firms, trust companies, commercial banks, National Council for Social Security, pensions, private equity companies, and individual clients are

well served by the Bank. In addition, the Bank has been maintaining a close relationship with various regulatory authorities to enable effective communication and quality services.

The Authorised Distributors

The Manager may appoint one or more Authorised Distributor(s) to distribute Units of one or more Sub-Fund(s), and to receive applications for subscription, redemption and/or switching of Units on the Manager's behalf.

CLASSES OF UNITS

Different classes of Units may be offered for each Sub-Fund. Although the assets attributable to each class of Units of a Sub-Fund will form one single pool, each class of Units may be denominated in a different currency or may have a different charging structure with the result that the net asset value attributable to each class of Units of a Sub-Fund may differ. In addition, each class of Units may be subject to different minimum initial and subsequent subscription amounts and holding amounts, and minimum redemption and switching amounts. Investors should refer to the relevant Appendix for the available classes of Units and the applicable minimum amounts. The Manager may in its discretion agree to accept applications for subscription, redemption and switching of certain classes below the applicable minimum amounts.

DEALING DAY AND DEALING DEADLINE

The Manager may from time to time with the approval of the Trustee determine generally or in relation to any particular jurisdiction the time on such Dealing Day or on such other Business Day (on which Units may from time to time be sold) prior to which instructions for subscriptions, redemptions or switching are to be received in order to be dealt with on a particular Dealing Day. The Dealing Days and the relevant Dealing Deadlines for each Sub-Fund are set out in the relevant Appendix.

Subscription, switching and redemption of Units may also be placed through Authorised Distributor(s) or through other authorised and/or electronic means as from time to time determined by the Manager. Investors should note that applications made through such means may involve different dealing procedures. Further, the Authorised Distributor(s) may impose an earlier cut-off time before the Dealing Deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should confirm with the Authorised

Distributor(s) concerned on the arrangements and dealing procedures that are applicable to them.

PURCHASE OF UNITS

Initial Offer

Details of the initial offer of Units are set forth in the Appendix relating to the relevant Sub-Fund.

Subsequent Subscription

Following the close of the initial offer period, Units will be issued at the prevailing Issue Price per Unit. The Issue Price on any Dealing Day will be the Net Asset Value of the relevant class of Units of the Sub-Fund as at the Valuation Point in respect of the Dealing Day divided by the number of such class of Units then in issue, rounded down to 3 decimal places. Any rounding adjustment shall be retained for the benefit of the relevant Sub-Fund. In calculating the Issue Price, the Manager may impose surcharges to compensate for the difference between the price at which assets of the relevant Sub-Fund are to be valued and the total cost of acquiring such assets including other relevant expenses such as taxes, governmental charges, brokerages, etc.

Unless otherwise disclosed in the Appendix of a Sub-Fund, applications for subscription of any class of Units in a Sub-Fund (together with application moneys in cleared funds), if received prior to the Dealing Deadline and accepted by the Manager, will be dealt with on that Dealing Day. Applications received after the Dealing Deadline in relation to a Dealing Day will be held over until the next Dealing Day.

Units may not be issued during the period of any suspension of the determination of the Net Asset Value relating to such class of Units of a Sub-Fund (for details see the section below headed "Suspension of Calculation of Net Asset Value").

Application Procedure

To purchase Units an investor should complete the application form, which may be obtained from the Manager or Authorised Distributors (the "**Application Form**"), and return the Application Form to the Trustee or Authorised Distributors (details of which as set out in the Application Form).

Applications will generally be accepted on a Dealing Day only if cleared funds have been received on or prior to such Dealing Day in relation to which Units are to be issued. Notwithstanding the above, a Sub-Fund may rely upon application orders received, even prior to receipt of application moneys, and may issue Units to investors according to such orders and invest the expected application amounts. If payment is not cleared within 7 Business Days following the relevant Dealing Day (or such other date as the Manager with the approval of the Trustee shall determine and notify the relevant applicant at the time of receipt of the application), the Manager reserves the right to cancel the transaction. In such circumstances, an investor may be required to settle the difference between the prices at issue and at cancellation of the Units concerned and in addition the appropriate cancellation fees and charges.

The Application Form may be sent by facsimile or other means from time to time determined by the Manager or the Trustee, unless the original is required by the Manager or the Trustee. Investors should be reminded that if they choose to send the Application Forms by facsimile, they bear their own risk of such applications not being received. Investors should note that the Fund, the Sub-Funds, the Manager, the Trustee and their respective agents and delegates accept no responsibility for any loss caused as a result of non-receipt or illegibility of any application sent by facsimile or for any loss caused in respect of any action taken as a consequence of such facsimile instructions believed in good faith to have originated from properly authorised persons. This is notwithstanding the fact that a facsimile transmission report produced by the originator of such transmission discloses that such transmission was sent. Investors should therefore for their own benefit confirm with the Manager safe receipt of an application.

Each applicant whose application is accepted will be sent a contract note confirming details of the purchase of Units.

No certificates will be issued.

The Manager, at its discretion, is entitled to impose a preliminary charge of up to 8% on the total subscription amount received in relation to an application, and the current rates are described in the relevant Appendix for each Sub-Fund. The Manager may retain the benefit of such charge or may re-allow or pay all or part of the preliminary charge (and any other fees received) to intermediaries or such other persons as the Manager may at its absolute discretion determine. The Manager also has discretion to waive the preliminary charge in whole or in part in relation to any subscription for Units whether generally or in a particular case.

Investment Minima

Details of the minimum initial subscription, minimum holding, minimum subsequent subscription and minimum redemption amounts applicable to each class of Units in each Sub-Fund are set out in the relevant Appendix.

The Manager has the discretion to waive, change or accept an amount lower than the above amounts, whether generally or in a particular case.

Payment Procedure

Subscription moneys should normally be paid in the relevant base currency or the class currency of such class of Units as determined by the Manager or the Trustee and disclosed in the relevant Appendix. Unless otherwise specified in the relevant Appendix relating to a Sub-Fund and subject to the agreement of the Trustee or the Manager, and to applicable limits on foreign exchange, arrangements can be made for applicants to pay for Units in most other major currencies and in such cases, the cost of currency conversion will be borne by the applicant.

All payments should be made by cheque, direct transfer, telegraphic transfer or banker's draft. Cheques and banker's drafts should be crossed "a/c payee only, not negotiable" and made payable to "BOCI-Prudential Trustee Limited – Harvest Funds (Hong Kong)", stating the name of the relevant Sub-Fund to be subscribed, and sent with the Application Form. Payment by cheque is likely to cause delay in receipt of cleared funds and Units generally will not be issued until the cheque is cleared. Any costs of transfer of application moneys to a Sub-Fund will be payable by the applicant. Currency conversion will be subject to availability of the currency concerned.

Details of payments by telegraphic transfer are set out in the Application Form.

All application moneys must originate from an account held in the name of the applicant. No third party payments shall be accepted. The applicant should provide sufficient evidence of the source of payment.

No money should be paid to any intermediary in Hong Kong who is not licensed by or registered with the SFC to conduct Type 1 (Dealing in Securities) regulated activity under Part V of the SFO.

General

All holdings will be registered and certificates are not issued. Evidence of title will be the entry on the register of Unitholders. Unitholders should therefore be aware of the importance of ensuring that the Manager and the Trustee are informed of any change to the registered details.

Fractions of Units may be issued rounded down to 3 decimal places. Application moneys representing smaller fractions of a Unit will be retained by the relevant Sub-Fund. The Manager reserves the right to reject any application in whole or in part. In the event that an application is rejected, application moneys will be returned without interest by cheque through the post or by telegraphic transfer to the bank account from which the moneys originated at the risk and expense of the applicants (or in such other manner determined by the Manager and the Trustee). A maximum of 4 persons may be registered as joint Unitholders.

REDEMPTION OF UNITS

Redemption Procedure

Unitholders who wish to redeem their Units may do so on any Dealing Day by submitting a redemption request to the Trustee or Authorised Distributors before the Dealing Deadline for the relevant Sub-Fund, as defined in the relevant Appendix. Unless otherwise stated in the Appendix of the relevant Sub-Fund, redemption requests received after the Dealing Deadline will be carried forward and dealt with on the next Dealing Day.

Partial redemptions may be effected subject to any minimum redemption amount for each class of Units of a Sub-Fund as disclosed in the relevant Appendix or as the Manager may determine from time to time whether generally or in a particular case.

If a request for redemption will result in a Unitholder holding Units in a class to the value of less than the minimum holding amount of that class as set out in the relevant Appendix of a Sub-Fund, the Manager may deem such request to have been made in respect of all the Units of that class held by that Unitholder. The Manager has the discretion to waive the requirement for a minimum holding of Units, whether generally or in a particular case.

A redemption request may be sent by facsimile or other means from time to time determined by the Manager or the Trustee, unless the original is required by the Manager or the Trustee,

and must specify (i) the name of the Sub-Fund and the value or number of Units to be redeemed; (ii) the relevant class of Units to be redeemed; (iii) the name(s) of the registered holder(s); and (iv) the payment instructions for the redemption proceeds. Investors should be reminded that if they choose to send redemption requests by facsimile, they bear their own risk of the requests not being received or being illegible. Investors should note that the Fund, the Sub-Funds, the Manager, the Trustee and their respective agents and delegates accept no responsibility for any loss caused as a result of non-receipt or illegibility of any redemption request sent by facsimile or for any loss caused in respect of any action taken as a consequence of such facsimile instructions believed in good faith to have originated from properly authorised persons. This is notwithstanding the fact that a facsimile transmission report produced by the originator of such transmission discloses that such transmission was sent. Investors should therefore for their own benefit confirm with the Manager safe receipt of a request.

A request for redemption once given cannot be revoked without the consent of the Manager.

Payment of Redemption Proceeds

The Redemption Price on any Dealing Day shall be the price per Unit ascertained by dividing the Net Asset Value of the relevant class of the Sub-Fund as at the Valuation Point in respect of the Dealing Day by the number of such class of Units then in issue rounded down to 3 decimal places. Any rounding adjustment shall be retained by the relevant Sub-Fund. Such price shall be calculated in the base currency of the relevant Sub-Fund and quoted by the Manager in such base currency and in such other currency or currencies at the Manager's discretion (with prior notice to the Trustee) by converting such price to its equivalent in such other currency or currencies at the same rate as the Manager shall apply in calculating the Net Asset Value as at the Valuation Point. In calculating the Redemption Price, the Manager may impose deductions to compensate for the difference between the price at which assets of the relevant Sub-Fund are to be valued and the net proceeds which would be received on sale of such assets and for the relevant expenses such as taxes, governmental charges, brokerages, etc.

The Manager may at its option impose a redemption charge of up to 5% of the Redemption Price of the relevant class of Units to be redeemed. The redemption charge, if any, is described in the relevant Appendix. The Manager may on any day in its sole and absolute discretion differentiate between Unitholders as to the amount of the redemption charge to be imposed (within the permitted limit).

From the time of the calculation of the Redemption Price to the time at which redemption moneys are converted out of any other currency into the base currency of the relevant Sub-Fund, if there is an officially announced devaluation or depreciation of that other currency, the amount which would otherwise be payable to the redeeming Unitholder shall be reduced as the Manager considers appropriate to take account of the effect of that devaluation or depreciation.

The amount due to a Unitholder on the redemption of a Unit pursuant to the paragraphs above shall be the Redemption Price per Unit, less any redemption charge and any rounding adjustment in respect thereof. The rounding adjustment aforesaid in relation to the redemption of any Units shall be retained as part of the relevant Sub-Fund. The redemption charge shall be retained by the Manager for its own use and benefit.

Redemption proceeds will not be paid to any redeeming Unitholder until (a) if required by the Trustee, the written original of the redemption request (in the required form) duly signed by the Unitholder has been received and (b) where redemption proceeds are to be paid by telegraphic transfer, the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Trustee.

The Manager or the Trustee, as the case may be, may, in its absolute discretion, refuse to make a redemption payment to a Unitholder if (i) the Manager or the Trustee, as the case may be, suspects or is advised that the payment of any redemption proceeds to such Unitholder may result in a breach or violation of any anti-money laundering law by any person in any relevant jurisdiction or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Fund, the Manager, the Trustee or its other service providers with any such laws or regulations in any relevant jurisdiction; or (ii) there is a delay or failure by the redeeming Unitholder in producing any information or documentation required by the Trustee and/or the Manager or their respective duly authorised agents for the purpose of verification of identity.

In the event that there is a delay in receipt by the Manager or the Trustee of the proceeds of realisation of the investments of the relevant Sub-Fund to meet redemption requests, the Manager or the Trustee may delay the payment of the relevant portion of the amount due on the redemption of Units. If the Manager or the Trustee is required by the laws of any relevant jurisdiction to make a withholding from any redemption moneys payable to the holder of a Unit the amount of such withholding shall be deducted from the redemption moneys otherwise payable to such person.

Subject as mentioned above and so long as relevant account details have been provided, redemption proceeds will be paid in the base currency or the class currency of the relevant class of Units by direct transfer or telegraphic transfer, normally within 7 Business Days after the relevant Dealing Day (or as otherwise specified in the Appendix of the relevant Sub-Fund) and in any event within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for redemption of Units, unless the market(s) in which a substantial portion of investments is made is subject to legal or regulatory requirements (such as foreign currency controls), rendering the payment of the redemption money within the aforesaid time period not practicable. In such case, and subject to prior approval of the SFC, payment of redemption proceeds may be deferred, but the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant market(s).

Unless the Manager and the Trustee otherwise agree, redemption proceeds will only be paid to a bank account that bears the name of the redeeming Unitholder. If relevant account details are not provided, redemption proceeds will be paid to the redeeming Unitholder (or to the first-named of joint Unitholders) at the Unitholder's risk by cheque, usually in the base currency or the class currency of the relevant class of Units and sent to the redeeming Unitholder at the last known address held in the records of the Registrar.

Unless otherwise specified in the relevant Appendix relating to a Sub-Fund and subject to the agreement of the Trustee or the Manager, and to applicable limits on foreign exchange, redemption proceeds can be paid in a currency other than the base currency or the class currency of a Unit at the request and expense of the Unitholder. In such circumstances, the Trustee or the Manager shall use such currency exchange rates as it may from time to time determine. Currency conversion will be subject to availability of the currency concerned. None of the Manager, the Trustee or their respective agents or delegates will be liable to any Unitholder for any loss suffered by any person arising from the said currency conversion.

The Trust Deed also provides for payment of redemption proceeds in specie with the consent of the relevant Unitholder.

SWITCHING BETWEEN CLASSES

Unitholders have the right (subject to such limitations as the Manager after consulting with the Trustee may impose) to switch all or part of their Units of any class into Units of any other class by giving notice in writing to the Trustee or Authorised Distributors. A request for switching will not be effected if as a result the relevant holder would hold less than the

minimum holding of Units of the relevant class prescribed by, or is prohibited from holding Units of the relevant class under, the relevant Appendix.

Unless the Manager otherwise agrees, Units of a class can only be switched into Units of the same class of another Sub-Fund.

Units shall not be switched during any period when the determination of the Net Asset Value of any relevant Sub-Fund is suspended.

Requests for switching received prior to the Dealing Deadline for a Dealing Day will be dealt with on that Dealing Day. Neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of a request for switching or any amendment to a request for switching prior to receipt. Notices to switch may not be withdrawn without the consent of the Manager.

The rate at which the whole or any part of a holding of Units of a class (the "**Existing Class**") will be switched to Units of another class (the "**New Class**") will be determined in accordance with the following formula:

$$N = \frac{(E \times R \times F - SF)}{S}$$

Where:

N is the number of Units of the New Class to be issued.

E is the number of Units of the Existing Class to be switched.

F is the currency conversion factor determined by the Manager for the relevant Dealing Day as representing the effective rate of exchange between the class currency of Units of the Existing Class and the class currency of Units of the New Class.

R is the Redemption Price per Unit of the Existing Class applicable on the relevant Dealing Day less any redemption charge imposed by the Manager.

S is the Issue Price per Unit for the New Class applicable on the Dealing Day of the New Class or immediately following the relevant Dealing Day PROVIDED THAT where the issue of Units of the New Class is subject to the satisfaction of any conditions precedent to such issue then S shall be the Issue Price per Unit of the New Class

applicable on the first Dealing Day for the New Class falling on or after the satisfaction of such conditions.

SF is a switching charge (if any).

The Manager has a right to impose a switching charge of up to 2% of the total amount being switched out of the Existing Class in relation to the switching of Units and the current rates are set out in the relevant Appendix.

Depending on the Valuation Point of the relevant Sub-Fund and the time required to remit the switching money, the day on which investments are switched into the New Class may be later than the day on which investments in the Existing Class are switched out or the day on which the instruction to switch is given.

If there is, at any time during the period from the time as at which the Redemption Price per Unit of the Existing Class is calculated and the time at which any necessary transfer of funds from the Sub-Fund to which the Existing Class relates to the Sub-Fund to which the New Class relates, a devaluation or depreciation of any currency in which any investment of the original Sub-Fund is denominated or normally traded, the Redemption Price per Unit of the Existing Class shall be reduced as the Manager considers appropriate to take account of the effect of that devaluation or depreciation and the number of Units of the New Class which will arise from that switching shall be recalculated as if that reduced Redemption Price had been the Redemption Price ruling for redemption of Units in the Existing Class on the relevant Dealing Day.

Restrictions on redemption and switching

The Manager may suspend the redemption or switching of Units or delay the payment of redemption proceeds during any periods in which the determination of the Net Asset Value of the relevant Sub-Fund is suspended (for details see "Suspension of Calculation of Net Asset Value" below).

Any Unitholder may at any time after such a suspension has been declared and before lifting of such suspension withdraw any request for the redemption of Units of such class by notice in writing to the Trustee or Authorised Distributors.

With a view to protecting the interests of Unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of Units of any Sub-Fund redeemed on any

Dealing Day (whether by sale to the Manager or by cancellation of Units) to 10% of the total number of Units of the relevant Sub-Fund in issue. In this event, the limitation will apply pro rata so that all Unitholders of the relevant Sub-Fund who have validly requested to redeem Units of the same Sub-Fund on that Dealing Day will redeem the same proportion of such Units of that Sub-Fund provided that any holdings so requested to be redeemed being in aggregate of not more than 1% of the total number of Units of any Sub-Fund in issue may be redeemed in full if in the opinion of the Manager with the Trustee's approval the application of such limitation would be unduly onerous or unfair to the Unitholder or Unitholders concerned. Any Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, and will have priority on the next succeeding Dealing Day and all following Dealing Days (in relation to which the Manager has the same power) until the original request has been satisfied in full. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned within 7 days of such Dealing Day.

The Manager does not authorise practices connected to market timing and it reserves the right to reject any applications for subscriptions, redemptions or switching of Units from a Unitholder which it suspects to use such practices and take, the case be, the necessary measures to protect the Unitholders of the Sub-Funds.

Market timing is to be understood as an arbitrage method through which a Unitholder systematically subscribes, redeems or switches Units within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of the concerned Sub-Funds.

VALUATION

The value of the net assets of each Sub-Fund will be determined as at each Valuation Point in accordance with the Trust Deed. The Trust Deed provides (inter alia) that:-

(a) except in the case of any interest in a collective investment scheme to which paragraph (b) applies or a commodity, and subject as provided in paragraph (g) below, all calculations based on the value of investments quoted, listed or dealt in on any stock exchange, over-the-counter market or securities market ("**Securities Market**") shall be made by reference to the last traded price on the principal Securities Market for such investments, at or immediately preceding the Valuation Point, provided that if the Manager considers that the prices ruling on a Securities Market other than the principal Securities Market provide in all the circumstances a fairer criterion of value

in relation to any such investment, it may adopt such prices after consultation with the Trustee; and in determining such prices the Manager and the Trustee shall be entitled to use and rely on without verification electronic price feeds from such source or sources as they may from time to time determine notwithstanding the prices used are not the last traded prices;

(b) subject as provided in paragraphs (c) and (g) below, the value of each interest in any collective investment scheme shall be the net asset value per unit or share as at the same day, or if such collective investment scheme is not valued as at the same day, the last published net asset value per unit or share in such collective investment scheme (where available) or (if the same is not available) the last published redemption or bid price for such Unit or share at or immediately preceding the Valuation Point;

(c) if no net asset value, bid and offer prices or price quotations are available as provided in paragraph (b) above, the value of the relevant investment shall be determined from time to time in such manner as the Manager shall determine with the approval of the Trustee;

(d) the value of any investment which is not quoted, listed or normally dealt in on a market shall be the initial value thereof equal to the amount expended out of the 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 with the approval of the Trustee and shall at the request of the Trustee cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investment;

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

(f) the value of futures contracts will be determined with reference to the contract value of the relevant futures contract, the amount required to close the relevant contract and the amount expended out of the relevant Sub-Fund in entering into the relevant contract;

(g) notwithstanding the foregoing, the Manager may with the consent of the Trustee adjust the value of any investment or permit some other method of valuation to be used if, having regard to relevant circumstances, the Manager considers that such adjustment or use of such other method is required to reflect the fair value of the investment; and

(h) the value (whether of a borrowing or other liability, an investment or cash) otherwise than in the base currency of a Sub-Fund shall be converted into the base currency at the rate (whether official or otherwise) which the Manager or the Trustee shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange.

Suspension of Calculation of Net Asset Value

The Manager may, after giving notice to the Trustee, declare a suspension of the determination of the Net Asset Value of a Sub-Fund for the whole or any part of any period during which:

(a) there is a closure of or the restriction or suspension of trading on any commodities market or securities market on which a substantial part of the investments of the relevant Sub-Fund is normally traded or a breakdown in any of the means normally employed by the Manager or the Trustee (as the case may be) in ascertaining the prices of investments or the Net Asset Value of the relevant Sub-Fund or the Issue Price or Redemption Price per Unit; or

(b) for any other reason the prices of a substantial part of the investments held or contracted for by the Manager for the account of that Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly or fairly be ascertained; or

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

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

(e) when a breakdown in the systems and/or means of communication usually employed in ascertaining the value of a substantial part of the investments or other assets of that Sub-Fund or the Net Asset Value of that Sub-Fund or the Issue Price or Redemption Price per Unit takes place or when for any other reason the value of a substantial part

of the investments or other assets of that Sub-Fund or the Net Asset Value of that Sub-Fund or the Issue Price or Redemption Price per Unit cannot in the opinion of the Manager reasonably or fairly be ascertained or cannot be ascertained in a prompt or accurate manner; or

(f) when, in the opinion of the Manager, such suspension is required by law or applicable legal process; or

(g) where that Sub-Fund is invested in one or more collective investment schemes and the redemption of interests in any relevant collective investment scheme(s) (representing a substantial portion of the assets of the Sub-Fund) is suspended or restricted; or

(h) when the business operations of the Manager, the Trustee or any of their delegates in relation to the operations of that Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God; or

(i) when the Unitholders or the Manager have resolved or given notice to terminate that Sub-Fund.

Such suspension shall take effect forthwith upon the declaration thereof and thereafter there shall be no determination of the Net Asset Value of the relevant Sub-Fund until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business 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 shall exist.

Whenever the Manager declares such a suspension it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish on the Manager's website, www.harvestglobal.com.hk, or in any other appropriate manner that such suspension has been made. Please note that the aforesaid website has not been reviewed by the SFC.

No Units in the relevant Sub-Fund may be issued, redeemed or switched during such a period of suspension.

INVESTMENT AND BORROWING RESTRICTIONS

The Trust Deed sets out restrictions and prohibitions on the acquisition of certain investments by the Manager. Unless otherwise disclosed in the Appendix for each Sub-Fund, each of the Sub-Fund(s) is subject to the following principal investment restrictions:-

(a) not more than 10% of the Net Asset Value of a Sub-Fund may consist of securities (other than Government and other public securities) issued by a single issuer;

(b) a Sub-Fund may not hold more than 10% (when aggregated with the holdings of all the other Sub-Funds) of any ordinary shares issued by any single issuer;

(c) not more than 15% of the Net Asset Value of a Sub-Fund may consist of securities of any company not listed, quoted or dealt in on a stock exchange, over-the-counter market or other organised securities market;

(d) not more than 15% of the Net Asset Value of a Sub-Fund may consist of warrants and options (in terms of the total amount of premium paid), other than warrants and options held for hedging purposes;

(e) (i) not more than 10% of the Net Asset Value of a Sub-Fund may consist of shares or units in other unit trusts or mutual funds ("**managed funds**") which are non-recognised jurisdiction schemes (as permitted under the Code on Unit Trusts and Mutual Funds, or the "**Code**") and not authorised by the SFC; (ii) not more than 30% of the Net Asset Value of a Sub-Fund may consist of shares or units in a managed fund which is a recognised jurisdiction scheme (as permitted under the Code) or an SFC-authorised scheme; provided that:

(1) no investment may be made in a managed fund the investment objective of which is to invest primarily in any investment prohibited under this section;

(2) where the investment objective of such managed fund is to invest primarily in investments restricted under this section, such holdings may not be in contravention of the relevant limitation;

(3) all initial charges on the managed fund must be waived if the managed fund is managed by the Manager or any of its connected persons; and

(4) the Manager may not obtain a rebate on any fees or charges levied by such managed fund or its manager;

(f) not more than 20% of the Net Asset Value of a Sub-Fund may consist of physical commodities (including gold, silver, platinum or other bullion) and commodity based investments (other than shares in companies engaged in producing, processing or trading in commodities);

(g) the net aggregate value of futures contract prices, whether payable to or by a Sub-Fund (other than futures contracts entered into for hedging purposes), together with the aggregate value of investments falling within paragraph (f) above held by that Sub-Fund, may not exceed 20% of the Net Asset Value of that Sub-Fund;

(h) not more than 30% of the Net Asset Value of a Sub-Fund may consist of Government and other public securities of the same issue; and

(i) subject to paragraph (h) above, a Sub-Fund may be fully invested in Government and other public securities issued by a single issuer provided that it holds Government and other public securities of at least six different issues.

For the purpose of this section, "Government and other public securities" means any investment issued by, or the payment of principal and interest on, which is guaranteed by the government of any member state of the Organisation for Economic Co-operation and Development ("**OECD**") or any fixed interest investment issued in any OECD country by a public or local authority or nationalised industry of any OECD country or anywhere in the world by any other body which is, in the opinion of the Trustee, of similar standing.

The Manager shall not on behalf of any Sub-Fund(s):-

(i) invest in a security of any class in any company or body if any director or officer of the Manager individually owns more than 1/2% of the total nominal amount of all the issued securities of that class or collectively the directors and the officers of the Manager own more than 5% of those securities;

(ii) 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 or interests in REITs);

(iii) make short sales if as a consequence the liability of such Sub-Fund to deliver securities would exceed 10% of the Net Asset Value of such Sub-Fund (and for this purpose securities sold short must be actively traded on a market where short selling is permitted);

(iv) write uncovered options;

(v) write a call option if the aggregate of the exercise prices of all call options written on behalf of the relevant Sub-Fund would exceed 25% of the Net Asset Value of that Sub-Fund;

(vi) make a loan out of that Sub-Fund without the prior written consent of the Trustee except to the extent that the acquisition of an investment or the making of a deposit (within applicable investment restrictions) might constitute a loan;

(vii) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person without the prior written consent of the Trustee;

(viii) enter into any obligation on behalf of a Sub-Fund or acquire any asset for the account of that Sub-Fund which involves the assumption of any liability which is unlimited; or

(ix) 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 due to be made unless such call could be met in full out of cash or near cash forming part of such Sub-Fund which has not been appropriated and set aside for any other purposes and shall not be entitled without the consent of the Trustee to apply any part of the relevant Sub-Fund in the acquisition of any other investment which is in the opinion of the Trustee likely to involve the Trustee in any liability (contingent or otherwise).

Unless otherwise disclosed below or in the relevant Appendix, the Manager may borrow up to 25% of the latest available Net Asset Value of a Sub-Fund to acquire investments, to redeem Units or to pay expenses relating to the relevant Sub-Fund. For this purpose, back-to-back loans do not count as borrowing. The assets of a Sub-Fund may be charged or pledged as security for any such borrowings.

If the investment and borrowing restrictions set out above are breached, the Manager shall as a priority objective take all steps necessary within a reasonable period of time to remedy the situation, having due regard to the interests of Unitholders.

Securities Lending and Repurchase Transactions

The Manager currently does not intend to enter into any securities lending, repurchase or reverse repurchase transactions or similar over-the-counter transactions in respect of any of the Sub-Funds. Prior approval will be sought from the SFC and at least one month's prior notice will be given to Unitholders should there be a change in such intention.

RISK FACTORS

Investors should consider the following risks and any additional risk(s) relating to any specific Sub-Fund, contained in the relevant Appendix, before investing in any of the Sub-Funds. Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not a Sub-Fund is suitable for them, they should obtain independent professional advice.

Each Sub-Fund is subject to market fluctuations and to the risks inherent in all investments. The price of Units of any Sub-Fund and the income from them may go down as well as up. There is no assurance that the investment objective of the respective Sub-Fund will be achieved.

(i) ***Market risk*** - The value of investments and the income derived from such investments may fall as well as rise and investors may not recoup the original amount invested in the Sub-Funds. In particular, the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies. In falling equity markets there may be increased volatility. Market prices in such circumstances may defy rational analysis or expectation for prolonged periods of time, and can be influenced by movements of large funds as a result of short-term factors, counter-speculative measures or other reasons.

(ii) ***China market risk*** - Investing in the China market is subject to the risks of investing in emerging markets generally and the risks specific to the China market.

Since 1978, the PRC government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of

the Chinese economy, moving from the previous planned economy system. However, many of the economic measures are experimental or unprecedented and may be subject to adjustment and modification. Any significant change in PRC's political, social or economic policies may have a negative impact on investments in the China market.

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. Chinese accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency.

Investments in equity interests of Chinese companies may be made through China A-Shares, B-Shares (i.e. shares issued by companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in foreign currencies and available for investment by domestic (Chinese) investors and foreign investors) and H-Shares (i.e. shares issued by companies incorporated in the PRC and listed on the Stock Exchange of Hong Kong and traded in Hong Kong dollars). The PRC stock market has in the past experienced substantial price volatility, and there is no assurance that such volatility will not occur in future. Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange. In particular, trading band limits are imposed by the stock exchanges in the PRC on China A-Shares, where trading in any China A-Share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. In addition, it is possible that the PRC government, relevant PRC stock exchanges and/or relevant regulatory authorities may from time to time introduce new measures to control the risk of substantial fluctuations in the China A-Share market, such as a circuit breaker mechanism whereby the trading on the stock exchanges in China may be suspended if the daily trading limit of the relevant benchmark index reaches a specified threshold value under the circuit breaker mechanism.

Investment in RMB denominated bonds may be made in or outside the PRC. As the number of these securities and their combined total market value are relatively small compared to more developed markets, investments in these securities may be subject to increased price volatility and lower liquidity.

Investors should also be aware that changes in the PRC taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the relevant Sub-Fund. Laws governing taxation will continue to change and may contain conflicts and ambiguities.

(iii) ***Foreign exchange control risk*** - The Renminbi is not currently a freely convertible currency and is subject to exchange control imposed by the Chinese government. Such control of currency conversion and movements in the Renminbi exchange rates may adversely affect the operations and financial results of companies in the PRC. Insofar as a Sub-Fund's assets are invested in the PRC, it will be subject to the risk of the PRC government's imposition of restrictions on the repatriation of funds or other assets out of the country, limiting the ability of the relevant Sub-Fund to satisfy payments to investors.

(iv) ***Renminbi currency risk*** - Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the relevant Sub-Fund. Investors whose base currency is not the Renminbi may be adversely affected by changes in the exchange rates of the Renminbi. Further, the PRC government's imposition of restrictions on the repatriation of Renminbi out of China may limit the depth of the Renminbi market in Hong Kong and reduce the liquidity of the relevant Sub-Fund. The Chinese government's policies on exchange control and repatriation restrictions are subject to change, and the Sub-Fund's or the investors' position may be adversely affected.

(v) ***Emerging markets risk*** - Various countries in which a Sub-Fund may invest are considered as emerging markets. Investments in emerging markets will be sensitive to

any change in political, social or economic development in the region. Many emerging countries have historically been subject to political instability which may affect the value of securities in emerging markets to a significant extent. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of market risk. The securities markets of some of the emerging countries in which a Sub-Fund's assets may be invested are not yet fully developed which may, in some circumstances, lead to a potential lack of liquidity. The securities markets of developing countries are not as large as the more established securities markets and have a substantially lower trading volume. Investment in such markets will be subject to risks such as market suspension, restrictions on foreign investment and control on repatriation of capital. There are also possibilities of nationalisation, expropriation or confiscatory taxation, foreign exchange control, political changes, government regulation, social instability or diplomatic developments which could affect adversely the economies of emerging markets or the value of the Sub-Funds' investments. Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to some countries in which a Sub-Fund may invest may differ from those applicable in developed countries, for example, less information is available to investors and such information may be out of date.

(vi) ***Settlement risk*** - Settlement procedures in emerging countries are frequently less developed and less reliable and may involve the Fund's delivery of securities, or transfer of title to securities, before receipt of payment for their sale. A Sub-Fund may be subject to a risk of substantial loss if a securities firm defaults in the performance of its responsibilities. The Sub-Fund may incur substantial losses if its counterparty fails to pay for securities the Sub-Fund has delivered, or for any reason fails to complete its contractual obligations owed to the Sub-Fund. On the other hand, significant delays in settlement may occur in certain markets in registering the transfer of securities. Such delays could result in substantial losses for a Sub-Fund if investment opportunities are missed or if a Sub-Fund is unable to acquire or dispose of a security as a result.

(vii) ***Currency risk*** - Certain Sub-Funds may be invested in part in assets quoted in currencies other than its base currency. The performance of such Sub-Funds will therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the base currency of the Sub-Funds. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The movement in currency exchange rates can be volatile at times. Since the Manager aims

to maximise returns for such Sub-Funds in terms of their base currency, investors in these Sub-Funds may be exposed to additional currency risk.

(viii) ***Interest rates risk*** - Changes in interest rates may affect the value of a security as well as the financial markets in general. Debt securities (such as bonds) are more susceptible to fluctuation in interest rates and may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes. If the debt securities held by a Sub-Fund fall in value, the Sub-Fund's value will also be adversely affected.

(ix) ***Credit rating downgrading risk*** - The credit ratings of debt securities by credit rating agencies are a generally accepted barometer of credit risk. They are, however, subject to certain limitations. For example, the rating of an issuer is heavily weighted by past developments and does not necessarily reflect probable future conditions. There is often a time lag in updating the credit ratings in response to recent credit events.

Debt securities are subject to the risk of being downgraded. Insofar as a Sub-Fund invests in investment grade securities, such securities may be subject to the risk of being downgraded to below investment grade securities. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, a Sub-Fund's investment value in such security may be adversely affected. Downgrading may lower the liquidity of the relevant securities, and it may be more difficult for the Manager to sell such securities at a favourable price. If securities in a Sub-Fund's portfolio are downgraded, the Manager may or may not dispose of the securities, subject to the investment objectives of the relevant Sub-Fund. In the event of investment grade securities being downgraded to below investment grade securities, the Sub-Fund will also be subject to the below investment grade securities risk outlined in the following paragraph.

(x) ***Below investment grade and unrated securities risk*** - A Sub-Fund may invest in securities which are below investment grade or which are unrated. Investors should note that such securities would generally be considered to have a higher degree of counterparty risk, credit risk and liquidity risk than higher rated, lower yielding securities. The ability of the issuer to make timely interest and principal payments will be especially susceptible to uncertainties and adverse changes in its financial conditions. If the issuer of securities default, or such securities cannot be realised, or perform badly, investors may suffer substantial losses. Further, the market for these securities may be less active, making it more difficult to sell the securities at a price or

time that the Sub-Fund wishes to do so. Valuation of these securities is more difficult. The values of these securities tend to be more volatile and sensitive to individual issuer developments and general economic conditions than the values of higher rated securities. As a result, the relevant Sub-Fund's prices may be more volatile.

(xi) ***Credit risk*** - An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security or its issuer may also affect the security's liquidity, making it more difficult to sell. A Sub-Fund's investment is also subject to the risk that issuers may not make payments on the securities they issue. If the issuers of any of the securities in which the Sub-Fund's assets are invested default, the performance of the Sub-Fund will be adversely affected.

(xii) ***Sovereign Risk -*** Certain developing countries and certain developed countries are especially large debtors to commercial banks and foreign governments. Investment in debt obligations issued or guaranteed by governments or their agencies of such countries may involve a high degree of risk. The willingness or ability of a governmental entity to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due and the relative size of the debt service burden to the economy as a whole.

Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others agencies abroad to reduce principal and arrearage on their debts. However, failure to implement economic reforms or achieve a required level of economic performance or repay debts when due may result in the cancellation of these third parties' commitments to continuously lend funds to a governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis.

In case of default, holders of sovereign debts (including a Sub-Fund) may be requested to participate in the rescheduling of such debt and to extend further loans to the relevant governmental entities. In addition, a Sub-Fund may invest in securities issued or guaranteed by the government of a country with a sovereign credit rating below investment grade. The performance and value of the Sub-Fund could deteriorate should there be any adverse credit events in the sovereign, in particular if there is downgrading of the sovereign credit rating or a default or bankruptcy of a sovereign

occurs. There are no bankruptcy proceedings by which sovereign debt on which a governmental entity has defaulted may be recovered in whole or in part.

(xiii) ***Over-the-counter markets risk*** - Over-the-counter (OTC) markets are subject to less governmental regulation and supervision of transactions (in which many different kinds of financial derivative instruments and structured products are generally traded) than organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with transactions carried out on OTC markets. Therefore, a Sub-Fund entering into transactions on OTC markets will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that a Sub-Fund will sustain substantial losses as a result.

In addition, certain instruments traded on the OTC markets (such as customised financial derivatives and structured products) can be illiquid. The market for relatively illiquid investments tends to be more volatile than the market for more liquid investments.

(xiv) ***Concentration risk*** - Certain Sub-Funds may invest only in a specific country/region/sector. Each Sub-Fund's portfolio may not be well diversified in terms of the number of holdings and the number of issuers of securities that the Sub-Fund may invest in. Investors should also be aware that such Sub-Funds are likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as they are more susceptible to fluctuations in value resulting from limited number of holdings or from adverse conditions in their respective countries.

(xv) ***Hedging risk*** - The Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve their desired result.

(xvi) ***Liquidity risk*** - Some of the markets in which a Sub-Fund invests may be less liquid and more volatile than the world's leading stock markets and this may result in the fluctuation in the price of securities traded on such markets. Certain securities may be difficult or impossible to sell, and this would affect the Sub-Fund's ability to acquire or dispose of such securities at their intrinsic value.

(xvii) ***Volatility risk*** - Prices of securities may be volatile. Price movements of securities are difficult to predict and are influenced by, among other things, changing supply and

demand relationships, governmental trade, fiscal, monetary and exchange control policies, national and international political and economic events, and the inherent volatility of the market place. A Sub-Fund's value will be affected by such price movements and could be volatile, especially in the short-term.

(xviii) ***Difficulties in valuation of investments*** - Securities acquired on behalf of the 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 Fund's portfolio securities is available (for example, when the secondary markets on which a security is traded has become illiquid) the Manager may apply valuation methods to ascertain the fair value of such securities, pursuant to the Trust Deed.

In addition, market volatility may result in a discrepancy between the latest available issue and redemption prices for the Fund and the fair value of the Fund's assets. To protect the interest of investors, the Manager may, with the consent of the Trustee, adjust the net asset value of the Fund or the Units, if in the circumstances it considers that such adjustment is required to reflect more accurately the fair value of the Fund's assets, pursuant to the Trust Deed.

(xix) ***Small and medium-sized companies risk*** − The stock prices of small and medium-sized companies tend to be more volatile than those of large-sized companies due to a lower degree of liquidity, greater sensitivity to changes market conditions and higher uncertainty over future growth prospects.

(xx) ***Derivative and structured product risk*** - The Sub-Funds may invest in derivatives such as options, futures and convertible securities, and in depositary receipts, participation rights and potentially through other instruments which are linked to the performance of securities or indices such as participation notes, equity swaps and equity linked notes, which are sometimes referred to as "structured products". Investment in these instruments can be illiquid, if there is no active market in these instruments. Such instruments are complex in nature. Therefore there are risks of mispricing or improper valuation and possibilities that these instruments do not always perfectly track the value of the securities, rates or indices they are designed to track. Improper valuations can result in increased payments to counterparties or a loss in the value of the relevant Sub-Funds. The instruments will also be subject to insolvency or default risk of the issuers or counterparties. In addition, investment through structured products may lead to a dilution of performance of such Sub-Funds when compared to

a fund investing directly in similar assets. Besides, many derivative and structured products involve an embedded leverage. This is because such instruments provide significantly larger market exposure than the money paid or deposited when the transaction is entered into, so a relatively small adverse market movement could expose the relevant Sub-Funds to the possibility of a loss exceeding the original amount invested.

(xxi) ***Restricted markets risk*** - The Sub-Funds may invest in securities in jurisdictions (including China) which impose limitations or restrictions on foreign ownership or holdings. In such circumstances, the Sub-Funds may be required to make investments in the relevant markets directly or indirectly. In either case, legal and regulatory restrictions or limitations may have adverse effect on the liquidity and performance of such investments due to factors such as limitations on fund repatriation, dealing restrictions, adverse tax treatments, higher commission costs, regulatory reporting requirements and reliance on services of local custodians and service providers.

(xxii) ***PRC tax considerations*** -

PRC Securities:

By investing in China A-Shares, Renminbi denominated corporate and government bonds, securities investment fund and warrants listed on the PRC stock exchanges (together "PRC Securities") or Renminbi denominated corporate and government bonds issued outside the PRC by PRC tax residents, a Sub-Fund may be subject to taxes imposed by the PRC.

Corporate Income Tax:

In general, if the Fund or the relevant Sub-Fund is considered as a tax resident enterprise of the PRC, it will be subject to PRC Corporate Income Tax ("CIT") at 25% on its worldwide taxable income. If the Fund or the relevant Sub-Fund is considered as non- PRC tax resident enterprise with an establishment or place of business ("PE") in the PRC, the profits attributable to that PE would be subject to PRC CIT at 25%. If the Fund or the relevant Sub-Fund is a non-PRC tax resident without a PE in the PRC, the income derived by it from the investment in PRC Securities would in general be subject to 10% PRC withholding income tax ("WIT") in the PRC, unless exempt or reduced under specific tax circulars or relevant tax treaty.

It is the intention of the Manager to manage and operate the affairs of the Manager as a RQFII and the relevant Sub-Fund such that they should not be treated as PRC tax resident enterprises or non-tax resident enterprises with a PE in the PRC for PRC CIT purposes, although this cannot be guaranteed. Any PRC WIT imposed on a RQFII in respect of the PRC Securities invested by the relevant Sub-Fund will be passed on to the Sub-Fund and the asset value of the Sub-Fund will be reduced accordingly.

(i) Dividend and Interest

Currently, a 10% PRC WIT is payable on interests derived from RMB denominated corporate bonds and dividends derived from PRC Securities by a foreign investor which is deemed as a non-tax resident enterprise without a PE in China for PRC CIT purposes. The entity distributing such dividend or interests is required to withhold WIT. If the RQFII or foreign corporate investor is a tax resident of a tax treaty country, it may apply for the reduced PRC WIT rate under the relevant tax treaty. Under the avoidance of double taxation arrangements between China and Hong Kong (the "Arrangements"), the WIT charged on interests received by the non-resident holders of debt instruments (including enterprises and individuals) will be 7% of the gross amount of the interests, if the Hong Kong tax residents are the beneficial owners under the Arrangements, subject to the approval of the PRC tax authorities. However, there are still uncertainties as to how the PRC tax authorities will assess the beneficial ownership for investment fund cases; it is uncertain whether the relevant Sub-Fund can obtain approval from the PRC tax authorities for this preferential rate. In order to qualify for this preferential rate, the Manager will further assess and seek to apply for approval from the PRC tax authorities in relation to the relevant Sub-Fund, although this cannot be guaranteed. If the relevant approval is not obtained, the general WIT rate of 10% will be applicable to the relevant Sub-Fund on interests.

On the other hand, interests derived from government bonds issued by the in-charge Finance Bureau of the State Council and/or local government bonds approved by the State Council are exempt from PRC CIT under the PRC CIT Law.

(ii) Capital Gains

Trading of PRC equity investments (including China A-Shares)

The Ministry of Finance of the PRC (the "**MoF**"), the State Administration of Taxation of the PRC ("**SAT**") and the China Securities Regulatory Commission (the

"**CSRC**") issued the "*Notice on temporary exemption of Corporate Income Tax on capital gains derived from the transfer of equity investment assets such as PRC domestic stocks by QFII and RQFII*" "關於 QFII 和 RQFII 取得中國境內的股票等權益性投資資產轉讓所得暫免徵收企業所得稅問題的通知") Caishui [2014] No.79 (the "**Notice 79**") on 14 November 2014.

The Notice 79 states that:

1) PRC corporate income tax will be imposed on gains obtained by RQFIIs from the transfer of PRC equity investment assets (including China A-Shares) derived prior to 17 November 2014 in accordance with laws;
2) RQFIIs, which do not have an establishment or place of business in the PRC or have an establishment or place in the PRC but the income so derived in China is not effectively connected with such establishment, will be temporarily exempt from corporate income tax on gains derived from the transfer of PRC equity investment assets (including China A-Shares) effective from 17 November 2014.

Trading of PRC Securities other than equity investments

Specific rules governing taxes on capital gains derived by RQFIIs from the trading of PRC securities other than equity investments have yet to be announced.

In the absence of specific taxation rule, the tax treatment for investment in these securities is governed by the general taxing provisions of the CIT Law. For an enterprise that is not a tax resident enterprise and has no PE in the PRC for CIT purpose, a 10% PRC WIT would potentially, subject to exemptions under relevant laws and regulations or applicable tax treaty, apply to PRC-sourced capital gains derived from the disposal of PRC Securities. It is uncertain as to the PRC tax authorities' position on whether gain on disposal of debt instruments is PRC sourced and hence subject to PRC WIT. However, in practice, the PRC tax authorities have not strictly enforced the collection of PRC WIT in respect of gains derived by non-PRC tax resident enterprises from the trading of RMB denominated debt instruments issued by PRC tax resident enterprises.

The PRC tax rules and practices in relation to RQFII are new and tax treatment on capital gains derived by RQFIIs from trading of PRC Securities other than equity investment assets could be uncertain. The potential application of tax treaties is uncertain. There are risks and uncertainties associated with the current PRC tax laws,

regulations and practice, and the potential application of tax treaties in respect of capital gains realised by the Sub-Funds on their investments in A-Shares prior to 17 November 2014. As such, there is a risk that any tax provision made by the Manager in respect of the Sub-Funds may be more than or less than the Sub-Funds' respective actual tax liabilities, which may potentially cause substantial loss to the Sub-Funds. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and adjust the withholding policy of the Sub-Funds accordingly, taking into account independent professional tax advice.

If the amount of tax provision is more than or less than the Sub-Funds' actual tax liabilities, Unitholders may be disadvantaged or advantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units. If the actual tax levied by the PRC tax authorities is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the relevant Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund. On the other hand, the actual tax liabilities may be lower than the tax provision made, in which case only the then existing Unitholders will benefit from a return of the extra tax provision. Those persons who have already redeemed their Units before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision.

The Manager's current policy on tax provisions is set out in the Appendix for the relevant Sub-Fund.

Business Tax ("BT"):

The revised PRC Provisional Regulations of BT ("BT Law"), which came into effect on 1 January 2009, stipulates that gain derived by taxpayers from the trading of marketable securities would be subject to BT at 5%.

Caishui [2005] 155 states that gains derived by QFIIs from the trading of marketable securities (including A-Shares and other PRC listed securities) are exempt from BT. The BT Law which came into effect on 1 January 2009, has not changed this

exemption treatment at the time of this Explanatory Memorandum. However, it is not guaranteed whether similar exemptions would be extended to RQFIIs.

For marketable securities other than those trading under QFII, the new BT Law provides that BT at 5% shall be levied on the difference between the selling and buying prices of those marketable securities. However, capital gains derived from trading of offshore PRC marketable securities (e.g. H-Shares) are not subject to BT.

The new BT Law does not specifically exempt BT on interest earned by non-financial institution. Hence, interest on both government and corporate bonds in theory should be subject to 5% BT.

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

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

Stamp duty:

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

General:

Various tax reform policies have been implemented by the PRC 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 the PRC will be changed with retrospective effect in the future and any such change may have an adverse effect on the asset value of the relevant 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 the PRC which a Sub-Fund invests in, thereby reducing the income from, and/or value of the Units.

Unitholders should seek their own tax advice on their tax position with regard to their investment in any Sub-Fund.

(xxiii) ***Legal, tax and regulatory risk*** - Legal, tax and regulatory changes could occur in the future. For example, the regulatory or tax environment for derivative instruments is evolving, and changes in their regulation or taxation may adversely affect the value of derivative instruments. Changes to the current laws and regulations will lead to changes in the legal requirements to which the Fund may be subject, and may adversely affect the Fund and the investors.

(xxiv) ***Custodial risk*** - Custodians or sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where a Sub-Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund may be exposed to custodial risk. In case of the liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Sub-Fund may take a longer time to recover its assets. In circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Sub-Fund may even be unable to recover all of its assets. The costs borne by a Sub-Fund in investing and holding investments in such markets will be generally higher than in organised securities markets.

(xxv) ***Counterparty risk*** - Counterparty risk involves the risk that a counterparty or third party will not fulfil its obligations to a Sub-Fund. A Sub-Fund may be exposed to the risk of a counterparty through investments such as bonds, futures and options. To the extent that a counterparty defaults on its obligations and a Sub-Fund is prevented from exercising its rights with respect to the investment in its portfolio, a Sub-Fund may experience a decline in the value and incur costs associated with its rights attached to the security. The Sub-Fund may sustain substantial losses as a result. In particular:

Cash and deposits: A Sub-Fund may hold cash and deposits in banks or other financial institutions and the extent of governmental and regulatory supervision may vary. The Sub-Fund might suffer a significant or even total loss in the event of insolvency of the banks or financial institutions.

Debt securities: There is no assurance that losses will not occur with respect to investment in debt securities. A default on interest or principal by the counterparty may adversely affect the performance of the relevant Sub-Fund.

(xxvi) ***Risk of termination*** - A Sub-Fund may be terminated in certain circumstances which are summarised under the section "Termination of the Fund or any Sub-Fund". In the event of the termination of a Sub-Fund, such Sub-Fund would have to distribute to the Unitholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the relevant Sub-Fund will be worth less than the initial cost of acquiring such investments, resulting in a loss to the Unitholders. Moreover, any organisational expenses (such as establishment costs) with regard to the relevant Sub-Fund that had not yet been fully amortised would be debited against the Sub-Fund's assets at that time.

(xxvii) ***Risks of investing in IPO securities*** - The prices of securities involved in IPOs are often subject to greater and more unpredictable price changes than more established securities. There is the risk that there are inadequate trading opportunities generally or allocations for IPOs which the Manager wishes or is able to participate in. Furthermore, the liquidity and volatility risks associated with investments or potential investments in IPO securities may be difficult to assess, due to the lack of trading history of such IPO securities.

(xxviii)***Distribution out of capital -*** Subject to the disclosure in the relevant Appendix, dividends/distributions may be paid out of the capital of a Sub-Fund. The Manager may distribute out of the capital of a Sub-Fund if the income generated from the relevant Sub-Fund's investments attributable to the relevant class of Units during the relevant period is insufficient to pay distributions as declared. Investors should note that the payment of distributions out of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that amount. Distributions will result in an immediate decrease in the Net Asset Value of the relevant Units.

(xxix) ***Foreign Account Tax Compliance -*** Sections 1471 – 1474 (referred to as "FATCA") of the U.S. Internal Revenue Code of 1986, as amended ("IRS Code") impose new rules with respect to certain payments to non-United States persons, such as the Fund and/or the Sub-Funds, including interest and dividends from securities of U.S. issuers and gross proceeds from the sale of such securities. All such payments may be subject to withholding at a 30% rate. To avoid such withholding on payments made to it, a

foreign financial institution (an "FFI"), such as the Fund and/or the Sub-Funds (and other investment funds organised outside the U.S.), generally will be required to enter into an agreement (an "FFI Agreement") with the U.S. Internal Revenue Service ("U.S. IRS") under which it will agree to identify its direct or indirect owners who are United States persons and report certain information concerning such United States person owners to the U.S. IRS.

In general, an FFI which does not sign an FFI Agreement and is not otherwise exempt will face a punitive 30% withholding tax on "withholdable payments", initially including dividends, interest and certain derivative payments derived from U.S. sources made on or after 1 July 2014. In addition, starting from 1 January 2017, gross proceeds such as sales proceeds and returns of principal derived from stocks and debt obligations generating U.S. source dividends or interest will be treated as "withholdable payments".

The Hong Kong government has entered into an intergovernmental agreement with the U.S. ("IGA") for the implementation of FATCA, adopting a "Model 2" IGA arrangement. Under this "Model 2" IGA arrangement, FFIs in Hong Kong (such as the Fund and/or the Sub-Funds) are required to register with the U.S. IRS and comply with the terms of an FFI Agreement. Otherwise they will be subject to the 30% withholding tax on relevant U.S.-sourced payments and other "withholdable payments" paid to them as described above.

FFIs in Hong Kong (such as the Fund and/or the Sub-Funds) 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 to non-consenting U.S. accounts (i.e. certain accounts of which the holders do not consent to FATCA reporting and disclosure to the U.S. IRS) or close those non-consenting U.S. accounts (provided that information regarding such non-consenting account holders is reported to the U.S. IRS), but may be required to withhold tax on payments made to non-compliant FFIs. In order to comply with their FATCA obligations, the Fund and/or the Sub-Funds and/or the Manager will be required to obtain certain information from the Unitholders so as to ascertain the U.S. tax status of the Unitholders. If the Unitholder is a specified U.S. person, certain U.S. owned non-U.S. entity or non-participating FFI, or does not provide the requisite documentation, the Fund, the Sub-Funds or its "sponsoring entity" may need to report information on these Unitholders to the appropriate tax authority, as far as legally permitted.

In cases where Unitholders invest in a Sub-Fund through an intermediary, Unitholders are reminded to check whether such intermediary is FATCA compliant. If Unitholders are in any doubt, they should consult their tax advisor, stockbroker, bank manager, solicitor, accountant or other financial adviser regarding the possible implications of FATCA on an investment in a Sub-Fund.

As at the date of the Explanatory Memorandum, the Manager has registered as a "sponsoring entity" and agreed to perform, on behalf of the sponsored investment entities (including the Fund and/or its Sub-Funds), all due diligence, reporting and other relevant FATCA requirements. The Manager has a Global Intermediary Identification Number of ILEIIQ.00000.SP.344. The Fund and/or each Sub-Fund will be classified as a "sponsored investment entity" and will be a non-reporting financial institution treated as a registered deemed-compliant FFI. The Manager, the Fund and/or each Sub-Fund will endeavour to satisfy the requirements imposed under FATCA and the terms of an FFI Agreement to avoid any withholding tax. In the event that the Manager, the Fund or any Sub-Fund is not able to comply with the requirements imposed by FATCA or the terms of the FFI Agreement and the Fund or such Sub-Fund does suffer U.S. withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Fund or that Sub-Fund may be adversely affected and the Fund or such Sub-Fund may suffer significant loss as a result.

Even if the Fund or the Sub-Funds or the Manager on behalf of the Funds and/or the Sub-Funds are able to comply with the requirements under the FATCA rules, Unitholders that fail to comply with information requests (including information requests from certain non-US entities through which payments from the Sub-Funds may be made) or otherwise comply with the requirements of the FATCA rules may be subject to a 30% withholding tax on payments (that are subject to withholding) made by the Sub-Funds. Additionally, the Sub-Funds may be required to withhold tax on payments (that are subject to withholding) made by the Sub-Funds to certain non-US entities (for example, a Unitholder's Hong Kong investment dealer) that are not in compliance with the FATCA rules, including certain non-US financial institutions through which distributions on the Units may be made.

The imposition of the 30% withholding tax under the FATCA rules could result in materially reduced investment returns for the Unitholders, including in circumstances where the withholding tax is imposed on payments (that are subject to withholding) received by the Sub-Funds from the portfolio. The administrative costs arising from compliance with the FATCA rules may also cause an increase in the operating expenses of the Sub-Funds, thereby further reducing returns to Unitholders.

In the event a Unitholder does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Fund or the relevant Sub-Fund, or a risk of the Fund or the relevant Sub-Fund being subject to withholding tax under FATCA, the Manager on behalf of the Fund and each of such relevant Sub-Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, (i) reporting the relevant information of such Unitholder to the U.S. IRS to the extent permitted by applicable laws and regulations; (ii) withholding or deducting from such Unitholder's redemption proceeds or distributions, or otherwise collecting any such tax liability from such Unitholder to the extent permitted by applicable laws and regulations; (iii) deeming such Unitholder to have given notice to redeem all his Units in the relevant Sub-Fund; and/or (iv) bringing legal action against such Unitholder for losses suffered by the Fund or the relevant Sub-Fund as a result of such withholding tax. The Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds.

Additional information may be required by the Fund and/or the Sub-Funds, the Manager or any other service provider from certain Unitholders in order to comply with their obligations under FATCA or under the IGA. The scope and application of FATCA withholding and information reporting pursuant to the terms of FATCA and the IGA is subject to change. Each Unitholder and prospective investor should consult with his own tax advisor as to the potential impact of FATCA in its own tax situation.

In view of the above, investment in any Sub-Fund should be regarded as long term in nature. The Sub-Funds are, therefore, only suitable for investors who can afford the risks involved.

Investors should refer to the relevant Appendix for details of any additional risks specific to a Sub-Fund.

EXPENSES AND CHARGES

Management Fee

The Manager is entitled to receive a management fee accrued daily and payable monthly in arrears out of each Sub-Fund as a percentage of the Net Asset Value of each class of Unit in a Sub-Fund as at each Valuation Day at the rates set out in the Appendix for the relevant Sub-Fund subject to a maximum fee of 3% per annum.

The Manager shall pay the fees of any sub-investment manager and investment adviser which it has appointed. Any such sub-investment managers and investment adviser will not receive any remuneration directly from any Sub-Fund.

Unitholders shall be given not less than one month's prior notice should there be any increase of the management fee from the current level to the maximum level.

Trustee Fee

The Trustee is entitled to a Trustee Fee, payable out of the assets of each Sub-Fund based on the Net Asset Value of the relevant Sub-Fund at the rate set out in relevant Appendix for the Sub-Fund subject to a maximum fee of 0.5% per annum. The Trustee's fee is accrued daily and is payable monthly in arrears.

The Trustee also acts as the Registrar of the Fund.

Unitholders shall be given not less than one month's prior notice should there be any increase of the Trustee Fee from the current level up to the maximum level.

Custodian Fee

The Custodian is entitled to (among others) transaction charges at customary market rates and custody fees at different rates, largely depending on the markets where the Custodian is required to hold the Sub-Fund's assets. Such charges and fees will be calculated monthly and will be paid monthly in arrears, out of the assets of each Sub-Fund. Such charges and fees to the Custodian will also cover those incurred by the RQFII Custodian. Both the Custodian and the RQFII Custodian will be entitled to reimbursement by the Sub-Fund for any out-of-pocket expenses incurred in the course of their duties.

The current rate of the custody fees set out in the Appendix for the relevant Sub-Fund represents the maximum of such custody fees payable by the Sub-Fund.

Establishment Costs

The establishment costs of the Fund and the initial Sub-Fund (i.e. Harvest RMB Fixed Income Fund) will be borne by the initial Sub-Fund. Such costs amount to approximately RMB1.5 million, and will be amortised over a period of three Accounting Periods (or such other period as determined by the Manager after consultation with the Auditors). Where subsequent Sub-

Funds are established in the future, the Manager and the Trustee may determine that the unamortised establishment costs of the Fund or a part thereof may be re-allocated to such subsequent Sub-Funds.

The establishment costs and payments incurred in the establishment of subsequent Sub-Funds are to be borne by the Sub-Fund to which such costs and payments relate and amortised over a period of three Accounting Periods (or such other period as determined by the Manager after consultation with the Auditors). Please refer to the relevant Appendix for the establishment costs in relation to each Sub-Fund.

It should be noted that the proposed treatment of amortising the establishment costs over 36 months is not in accordance with the requirements of International Financial Reporting Standards (IFRS), under which the establishment costs should be expensed as incurred. The Manager believes that such treatment is more equitable to the initial investors than expensing the entire amount as they are incurred and is of the opinion that the departure is unlikely to be material to the Fund's financial statements. However, if the amounts involved are material to the Fund's financial statements the Manager may be required to make adjustments in the annual financial statements of the Fund in order to comply with IFRS, and if relevant will include a reconciliation note in the annual financial statements of the Fund to reconcile amounts shown in the annual financial statements determined under IFRS to those arrived at by applying the amortisation basis to the Fund's establishment costs.

General

Each Sub-Fund will bear the costs set out in the Trust Deed which are directly attributable to it. Where such costs are not directly attributable to a Sub-Fund, such costs will be allocated amongst the Sub-Funds in proportion to the respective Net Asset Value of all the Sub-Funds.

Each Sub-Fund will bear the cost of (a) all stamp and other duties, taxes, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges, transfer fees and expenses, registration fees and expenses, transaction fees of the Trustee, custodian or sub-custodian and proxy fees and expenses, collection fees and expenses, insurance and security costs, and any other costs, charges or expenses payable in respect of the acquisition, holding and realisation of any investment or other property or any cash, deposit or loan (including the claiming or collection of income or other rights in respect thereof and including any fees or expenses charged or incurred by the Trustee or the Manager or any connected person in the event of the Trustee or the Manager or such connected person rendering services or effecting transactions giving rise to such fees or expenses), (b) the fees and expenses of the Auditors and the Registrar, (c) fees charged by the Trustee in connection with valuing the assets of the Sub-

Fund or any part thereof, calculating the issue and redemption prices of Units of the Sub-Fund and preparing financial statements, (d) all legal charges incurred by the Manager or the Trustee in connection with the Sub-Fund, (e) out-of-pocket expenses incurred by the Trustee wholly and exclusively in the performance of its duties, (f) the expenses of or incidental to the preparation of deeds supplemental to the Trust Deed, (g) the expenses of holding meetings of Unitholders and of giving notices to Unitholders, (h) the costs and expenses of obtaining and maintaining a listing for the Units of the Sub-Fund on any stock exchange or exchanges selected by the Manager and approved by the Trustee and/or in obtaining and maintaining any approval or authorisation of the Sub-Fund or in complying with any undertaking given, or agreement entered into in connection with, or any rules governing such listing, approval or authorisation, and (i) without prejudice to the generality of the foregoing, all costs incurred in publishing the issue and redemption prices of Units of the Sub-Fund, all costs of preparing, printing and distributing all statements, accounts and reports pursuant to the provisions of the Trust Deed (including the Auditors' fees and Trustee's fee), the expenses of preparing and printing any explanatory memorandum, and any other expenses, deemed by the Manager, after consulting the Trustee, to have been incurred in compliance with or in connection with any change in or introduction of any law or regulation or directive (whether or not having the force of law) of any governmental or other regulatory authority or with the provisions of any code relating to unit trusts.

For so long as the Fund and such Sub-Funds are authorised by the SFC, no advertising or promotional expenses shall be charged to the Sub-Funds so authorised.

Transactions with Connected Persons, Cash Rebates and Soft Commissions

Any transaction with a connected person will be conducted in compliance with the requirements under the SFC's Code on Unit Trusts and Mutual Funds.

Neither the Manager nor any of its connected persons will retain cash or other rebates from brokers or dealers in consideration of directing transactions for a Sub-Fund to such brokers or dealers, save that goods and services (soft commissions) may be retained if, such goods and services are of demonstrable benefit to the Unitholders, and the transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates. Any such cash commission or rebates received from any such brokers or dealers shall be for the account of the relevant Sub-Fund. Details of any such commissions will be disclosed in the annual and semi-annual report and accounts of the relevant Sub-Fund.

The Manager and/or any of its connected person reserves the right to effect transactions by or through the agency of another person with whom the Manager and/or any of its connected

person has an arrangement under which that party will from time to time provide to or procure for the Manager and/or any of its connected person 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 relevant Sub-Fund as a whole and may contribute to an improvement in the performance of the relevant Sub-Fund or of the Manager and/or any of its connected person in providing services to the relevant Sub-Fund and for which no direct payment is made but instead the Manager and/or any of its connected person undertakes to place business with that party. 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.

TAXATION

Each prospective Unitholder should consult his own professional advisors on the possible tax consequences applicable to the acquisition, holding and redemption of Units by him under the laws of the places of his citizenship, residence and domicile. Neither the Manager, the Trustee nor any of their respective affiliates accepts any responsibility for providing tax advice to any prospective Unitholder.

Hong Kong

Taxation of the Fund and its Sub-Funds

Profits Tax: During such period as the Fund and any of its Sub-Funds are authorised by the SFC as a collective investment scheme pursuant to section 104 of the SFO then, under present Hong Kong law and practice, the Fund and the Sub-Funds will be exempted from profits tax in Hong Kong in respect of any of its authorised activities.

Stamp Duty: Hong Kong stamp duty is ordinarily payable on the sale, purchase, and transfer Hong Kong stock. "Hong Kong stock" is defined as "stock" the transfer of which is required to be registered in Hong Kong. Hence, the Fund and the Sub-Funds will be subject to Hong Kong stamp duty if it invests in Hong Kong stocks.

Taxation of Unitholders and its Sub-Funds

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

For Unitholders carrying on business in Hong Kong and also investing in securities for trading purpose (e.g. dealers in securities, financial institutions, insurance companies), gains arising from the sale or other disposal or redemption of the Units in the Sub-Funds may be considered to be part of the Unitholder's normal business profits and in such circumstances may be subject to Hong Kong profits tax (which is currently charged at the rate of 16.5% in the case of corporations, and 15% in the case of individuals) if the gains in question arise in or are derived from Hong Kong.

Distributions by the Sub-Funds should generally not be subject to Hong Kong profits tax in the hands of Unitholders (whether by way of withholding or otherwise).

Stamp Duty

Allotment of Units in the Sub-Funds is not subject to stamp duty in Hong Kong.

No Hong Kong stamp duty is payable by a Unitholder in relation to an issue or on the redemption of Units. No Hong Kong stamp duty is payable where the sale is effected by transferring the Units back to the Manager, who then either extinguishes the Units or resell the Units to another person within two months thereof. Hong Kong stamp duty payable on the delivery of Hong Kong stocks by a Unitholder to a Sub-Fund as consideration for an allotment of Units, or by a Sub-Fund to a Unitholder upon redemption of such Units will be remitted, subject to application, upon Section 52 of the Stamp Duty Ordinance.

Other types of purchase or sale or transfer of the Units should be subject to Hong Kong stamp duty at 0.1% of the higher of the considerations or market value of the Units (to be borne by each of the buyer and seller).

China

Investors should also refer to the "PRC tax considerations" under the section headed "Risk Factors" to inform themselves of the possible tax consequences under PRC laws.

REPORTS AND ACCOUNTS

The Fund's financial year end is on 31 December in each year. The Manager will notify Unitholders when the annual report and audited accounts (in English only) are published (in printed and electronic forms) within four months after the end of the financial year, and when

the unaudited semi-annual reports (in English only) are published (in printed and electronic forms) within two months after 30 June in each year. Printed copies of the annual and semi-annual reports will be available at the Manager's office upon request and electronic reports will be available at the Manager's website www.harvestglobal.com.hk. Please note that the aforesaid website has not been reviewed by the SFC.

DISTRIBUTION OF INCOME

Unless otherwise described in the relevant Appendix, the Manager does not intend to make any distribution of income.

Distributions (if any) declared in respect of an interim accounting period or an Accounting Period, as described in the relevant Appendix, shall be distributed among the Unitholders of the relevant classes of Units rateably in accordance with the number of Units held by them on the record date in respect of such interim accounting period or Accounting Period, as the case may be. For the avoidance of doubt, only Unitholders whose names are entered on the register of Unitholders on such record date shall be entitled to the distribution declared in respect of the corresponding interim accounting period or Accounting Period, as the case maybe.

Any payment of distributions will be made in the base currency or class currency of the relevant classes (as determined by the Manager or the Trustee) by direct transfer into the appropriate bank account or by cheque at the risk of the Unitholders (or in such other manner as may be agreed with the Manager and the Trustee). Any distribution which is not claimed for six years will be forfeited and become part of the assets of the relevant Sub-Fund.

VOTING RIGHTS

Meetings of Unitholders may be convened by the Manager or the Trustee, and the Unitholders of 10% or more in value of the Units in issue may require a meeting to be convened. Unitholders will be given not less than 21 days' notice of any meeting.

The quorum for all meetings is Unitholders present in person or by proxy representing 10% of the Units for the time being in issue except for the purpose of passing an extraordinary resolution. The quorum for passing an extraordinary resolution shall be Unitholders present in person or by proxy representing 25% or more of the Units in issue. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting should be adjourned for not less than 15 days. In the case of an adjourned meeting of which separate notice will be given, such Unitholders as are present in person or by proxy will form a

quorum. On a show of hands, every individual Unitholder present in person or by representative has one vote; on a poll every Unitholder present in person, by proxy or by representative has one vote for every Unit of which he is the holder. In the case of joint Unitholders the senior of those who tenders a vote (in person or by proxy) will be accepted and seniority is determined by the order in which the names appear on the Register of Unitholders. A poll may be demanded by the Chairman or one or more Unitholders present in person or by proxy.

PUBLICATION OF PRICES

The Net Asset Value per Unit of each Sub-Fund at each Valuation Day will be published on each Business Day on the Manager's website, www.harvestglobal.com.hk, or in any other appropriate manner. Please note that the aforesaid website has not been reviewed by the SFC.

TRANSFER OF UNITS

Subject as provided below, Units may be transferred by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee and duly stamped with adequate stamp duty before the form is passed to the Registrar. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of such Units.

Each instrument of transfer must relate to a single class of Units only. No Units may be transferred if, as a result, either the transferor or the transferee would hold Units having a value less than the minimum holding (if any) of the relevant class as set out in the relevant Appendix.

COMPULSORY REDEMPTION OR TRANSFER OF UNITS

The Manager or the Trustee may require a Unitholder to transfer the Unitholder's Units or may redeem such units in accordance with the Trust Deed if it shall come to the notice of the Manager or the Trustee that the Unitholder holds such Units (a) in breach of the law or requirements of any country, any governmental authority or any stock exchange on which such Units are listed or (b) in circumstances (whether directly or indirectly affecting such Unitholder and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager or the Trustee to be relevant) which, in the opinion of the Manager or the Trustee, might result in the Fund and/or any Sub-Fund in relation to such class of Units incurring any liability to taxation or suffering any other

pecuniary disadvantage which the Fund or the Sub-Fund might not otherwise have incurred or suffered.

TRUST DEED

The Fund was established under the laws of Hong Kong by a Trust Deed dated 4 January 2012 made between Harvest Global Investments Limited as Manager and BOCI-Prudential Trustee Limited as Trustee.

The Trust Deed contains provisions for the indemnification of the parties and their exculpation from liability in certain circumstances. However, the Trustee and the Manager shall not be exempted from any liability to Unitholders imposed under Hong Kong law or breaches of trust through fraud or negligence, nor may they be indemnified against such liability by Unitholders or at Unitholders' expense. Unitholders and intending applicants are advised to consult the terms of the Trust Deed.

Copies of the Trust Deed (together with any supplemental deeds) may be obtained from the Manager on payment of a reasonable fee and may be inspected during normal working hours at the offices of the Manager free of charge.

TERMINATION OF THE FUND OR ANY SUB-FUND

The Fund shall continue for a period of 80 years from the date of the Trust Deed or until it is terminated in one of the ways set out below.

The Fund may be terminated by the Trustee on notice in writing, provided that the Trustee shall certify that in its opinion the proposed termination is in the interest of Unitholders,

(a) if the Manager goes into liquidation, becomes bankrupt or if a receiver is appointed over any of their assets and not discharged within 60 days; or

(b) if in the opinion of the Trustee, the Manager is incapable of performing or fails to perform its duties satisfactorily or shall do any other thing which in the opinion of the Trustee is calculated to bring the Fund into disrepute or to be harmful to the interests of the Unitholders; or

(c) if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable in consultation with the relevant regulatory agencies (the

SFC in Hong Kong) to continue the Fund; or

(d) within 30 days of the Manager leaving office, no new manager is appointed; or

(e) no new trustee is appointed within six months of the Trustee giving notice of its desire to retire.

The Fund and/or any of the Sub-Fund or the class of Units of a Sub-Fund may be terminated by the Manager on notice in writing if:

(a) on any date, in relation to the Fund, the aggregate Net Asset Value of all Units outstanding thereunder shall be less than RMB300 million or in relation to a Sub-Fund, the aggregate Net Asset Value of the Units of the relevant class outstanding thereunder shall be less than RMB60 million (or other amounts disclosed in the Appendix); or

(b) in the opinion of the Manager, it is impracticable or inadvisable to continue a Sub-Fund and/or any class of Units of a Sub-Fund (as the case may be) (including without limitation, a situation where it is no longer economically viable to operate the Sub-Fund); or

(c) any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable in consultation with the relevant regulatory agencies (the SFC in Hong Kong) to continue the Fund or a Sub-Fund.

In cases of termination on notice, no less than one month's notice will be given to Unitholders.

Further, the Sub-Fund or a class or classes of the Sub-Fund may be terminated by an extraordinary resolution of the Unitholders of the Sub-Fund or the Unitholders of the relevant class or classes (as the case may be) on such date as the extraordinary resolution may provide.

ANTI-MONEY LAUNDERING REGULATIONS

As part of the Manager's and the Trustee's responsibility for the prevention of money laundering, the Manager/Trustee may require a detailed verification of an investor's identity and the source of payment of application moneys. Depending on the circumstances of each application, a detailed verification might not be required where:-

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

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

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised as having sufficient anti-money laundering regulations. The Manager and the Trustee nevertheless reserve the right to request such information as is necessary to verify the identity of an applicant and the source of payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Manager or the Trustee may refuse to accept the application and the subscription moneys relating thereto and refuse to pay any redemption proceeds if an applicant for Units delays in producing or fails to produce any information required for the purposes of verification of identity or source of fund.

CONFLICTS OF INTEREST

The Manager and the Trustee 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 of them may, in the course of business, have potential conflicts of interest with the Fund. Each will, at all times, have regard in such event to its obligations to the Fund and will endeavour to ensure that such conflicts are resolved fairly. Compliance procedures and measures such as segregation of duties and responsibilities together with different reporting lines and "Chinese walls" have been put in place to minimise potential conflicts of interest. In any event, the Manager shall ensure that all investment opportunities will be fairly allocated.

GENERAL INFORMATION

Certification for Compliance with FATCA or Other Applicable Laws

Each investor (i) shall be required to, upon demand by the Trustee or the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Trustee or the Manager that is necessary for the Fund or a Sub-Fund (A) to prevent 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 Fund or the relevant Sub-Fund receives payments and/or (B) to satisfy reporting or other obligations under IRS Code and the United States Treasury Regulations promulgated under the IRS Code, or to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments, and (iii) will otherwise comply with any reporting obligations imposed by the United States, Hong Kong or any other jurisdiction, including reporting obligations that may be imposed by future legislation.

Power to Disclose Information to Tax Authorities

Subject to applicable laws and regulations in Hong Kong, the Fund, the relevant Sub-Fund, the Trustee or the Manager or any of their authorised person(s) (as permissible under applicable law or regulation) may be required to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdictions (including but not limited to the U.S. IRS), certain information in relation to a Unitholder, including but not limited to the Unitholder's name, address, taxpayer identification number (if any) and certain information relating to the Unitholder's holdings, to enable the Fund or the relevant Sub-Fund 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 FATCA).

Subject to compliance with any applicable laws and regulations, the Manager, the Trustee or any of their affiliates may also provide such information to any custodian, prime broker, distributor of Units or other person receiving payments from or for the account of, or making payments to or for the account of, the Trust, any Sub-Fund or any Unitholder (each such custodian, prime broker, distributor and other Persons, a "relevant party"), if the Manager, Trustee or any of their affiliates reasonably determines that any such action is required by, or would mitigate an adverse result under, any applicable law, regulation or any agreement with any tax or fiscal authority (including, without limitation, the application of a withholding or the reporting of information).

Personal Data

Pursuant to the provisions of the Personal Data (Privacy) Ordinance as amended from time to time (Chapter 486 of the Laws of Hong Kong, "PDPO"), the Fund, the Trustee, the Manager, the Investment Adviser or any of their respective delegates (each a "Data User"), and/or their respective service providers (including the Custodian, the RQFII Custodian and the Registrar in their respective capacities as such) and/or data processors, as the case may be, may collect, hold, use and/or transfer personal data of individual investors in relation to the Fund and/or

the relevant Sub-Fund(s) only for the purposes for which such data was collected and shall otherwise comply with applicable personal data protection principles, applicable laws and requirements under the PDPO and all other applicable regulations and rules governing personal data collection, use and/or transfer in Hong Kong from time to time. In particular, each Data User shall take all practicable steps to ensure that relevant personal data collected, held, transferred, used and/or otherwise processed by them are protected against unauthorized or accidental access, processing, erasure or other use.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal working hours at the offices of the Manager free of charge and copies thereof may be obtained from the Manager upon payment of a reasonable fee:-

(a) the Trust Deed, and any supplemental deeds;

(b) all material contracts (as specified in the relevant Appendix); and

(c) the latest financial reports of the Fund.

APPENDIX I - Harvest RMB Fixed Income Fund

This Appendix comprises information in relation to Harvest RMB Fixed Income Fund, a Sub-Fund of the Fund.

Definitions

For this Sub-Fund, "**HK & PRC Business Day**" shall mean a day (other than a Saturday) on which banks and stock exchanges in Hong Kong and the PRC are open for normal business or such other day or days as the Manager and the Trustee may agree from time to time.

Application Moneys / Redemption Proceeds

Applicants for Units should note that application moneys for this Sub-Fund must be paid in RMB. Where Unitholders redeem their Units, redemption proceeds will be paid to the relevant Unitholders in RMB only.

Base Currency

The base currency of the Sub-Fund is RMB.

Investment Objective and Policy

Harvest RMB Fixed Income Fund seeks to provide investors with long-term capital growth in RMB terms by investing primarily in a managed portfolio of debt securities and money market instruments denominated and settled in RMB issued or listed in the PRC, including but not limited to fixed rate or floating rate debt securities, convertible bonds, commercial papers and certificates of deposit. These instruments may be traded or dealt in the mainland exchange market or interbank bond market. These instruments may be issued by the Chinese governments (including municipal bonds issued by local governments), quasi-government organisations, banks, financial institutions and other corporate entities.

The Sub-Fund may invest in urban investment bonds (i.e. debt instruments issued by local government financing vehicles ("LGFVs") and traded in the PRC exchange-traded bond markets and inter-bank bond market). These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for local development, public welfare investment and infrastructure projects. The exposure to urban investment bonds may be up to 70% of the Sub-Fund's Net Asset Value.

The Sub-Fund may also invest in collective investment schemes which primarily invest in fixed income securities, including exchange traded funds.

Investment in debt securities, money market instruments and the abovementioned collective investment schemes shall be no less than 80% of the Net Asset Value of the Sub-Fund.

The Sub-Fund may also invest up to 20% of its Net Asset Value in China A-Shares listed on the Shanghai and Shenzhen Stock Exchanges (including initial public offerings) and collective investment schemes which primarily invest in equity securities, including exchange traded funds, issued or listed in the PRC.

The Sub-Fund will only invest in collective investment schemes that have been authorised by the China Securities Regulatory Commission ("CSRC") for investment by the retail public, and such investment will not in aggregate exceed 10% of the Net Asset Value.

Exposure to securities issued within mainland China will be through the RQFII quotas of the Manager. The Sub-Fund will not invest in any securities issued outside mainland China.

The Sub-Fund will not invest in any structured deposits, structured products or derivative instruments for hedging or non-hedging purposes. The Sub-Fund will not invest in asset backed securities (including asset backed commercial papers).

The Manager currently does not intend to enter into any securities lending, repurchase or reverse repurchase transactions or similar over-the-counter transactions in respect of the Sub-Fund. Prior approval will be sought from the SFC and at least one month's prior notice will be given to Unitholders should there be a change in such intention.

Investment Strategy

The Sub-Fund will invest in debt securities or money market instruments that have a minimum credit rating of BBB (including BBB+ but not BBB-) or above, as rated by any PRC local credit rating agency[•]. When investing in such instruments, the Manager will first consider the credit rating of the instrument itself and only if such credit rating is unavailable, the Manager will then consider the credit rating of the issuer of the relevant instrument, which will become the implied rating of the instrument.

[•] The PRC local credit rating agencies are set out under the heading "PRC Credit Rating Agencies" in Annex A of this Explanatory Memorandum.

The Sub-Fund may invest up to 20% of its Net Asset Value in unrated debt securities and money market instruments. For this purpose, an unrated debt security or an unrated money market instrument refer to an instrument which neither the instrument itself nor its issuer has a credit rating.

The Manager will adopt the following strategies in the selection of different kinds of securities:

- Debt Securities / Money Market Instruments

  Debt securities and money market instruments will be selected using a top down approach to allocate assets among different types of instruments based on in-depth analysis on macroeconomic environment, monetary and fiscal policies, supply-demand dynamics and related business cycle. The Manager will consider the optimal duration target and term structure, with an aim to achieve higher returns.

  In terms of individual securities selection, a bottom up approach will be adopted via analysis on credit spread, corporate earnings, relative value and volatilities of the issues to identify under-valued securities.

- Convertible Bonds

  The Manager will consider the credit quality of the issuers in securities selection. Convertible bond price premium over related straight corporate bond, yield to maturity yield, delta of convertibles and convertible bond price premium over its par value are all taken into consideration during the investment process. Straight bond strategy will be adopted if the convertible bond market data shows similar pattern as straight bond. Otherwise, the convertible bond will be managed as equity.

- Equity Securities

  While investment in equity securities will not focus on any specific sector, the fundamentals of the relevant companies, including valuation of the stocks and corporate governance of the relevant companies, will be analysed and considered. The Manager will leverage on insights from the investment adviser, Harvest Fund Management Co., Ltd. to subscribe for securities in initial public offerings, based on various factors such as potential lock-up periods and oversubscription situation.

In case of investment in listed securities, a bottom up approach will be used for stock selection facilitated by top down sector allocation. The Sub-Fund will primarily invest in sectors with good prospects and reasonable valuations. In terms of stock selection, corporate governance, management incentive, business model and valuation level will be assessed to identify securities that are undervalued.

- Collective Investment Schemes

  To enhance the total return, the Manager may also invest in collective investment schemes including exchange traded funds.

Overview of the Debt Securities Market

Please refer to Annex A of this Explanatory Memorandum for an overview of the debt securities market in the PRC.

Renminbi Qualified Foreign Institutional Investor ("RQFII")

Currently it is intended that the Sub-Fund will obtain exposure to securities and instruments issued or distributed in the PRC by using the RQFII quotas of the Manager, which has obtained RQFII status in China.

The Manager (as RQFII holder) may from time to time make available RQFII quota for the purpose of the Sub-Fund's direct investment into the PRC. Under the RQFII quota administration policy of the State Administration of Foreign Exchange ("SAFE"), the Manager has the flexibility to allocate its RQFII quota across different public fund products under the Manager's management, or, subject to SAFE's approval, to products and/or accounts that are not public fund products (but are under the Manager's management). The Manager may therefore allocate additional RQFII quota to the Sub-Fund, or allocate RQFII quota which may otherwise be available to the Sub-Fund to other public fund products under the Manager's management. Subject to SAFE's approval, the Manager may also allocate RQFII quotas to other non-public fund products and/or accounts. The Manager may also apply to SAFE for additional RQFII quota which may be utilised by the Sub-Fund, other clients of the Manager or other products managed by the Manager. However, there is no assurance that the Manager will make available RQFII quota that is sufficient for the Sub-Fund's investment at all times.

The Custodian has been appointed by the Trustee to hold the assets of the Sub-Fund. The Manager, in its capacity as a RQFII, and the Custodian have appointed Bank of China Limited

as the RQFII Custodian in respect of the RQFII securities, pursuant to relevant laws and regulations.

Securities and instruments issued or distributed within the PRC will be maintained by the RQFII Custodian pursuant to PRC regulations through securities accounts with the relevant PRC securities depositaries in such name as may be permitted or required in accordance with PRC law.

Investors should pay attention to the sections headed "RQFII risk" and "PRC brokerage risk" under the "Specific Risk Factors" section. The Manager has obtained an opinion from PRC legal counsel to the effect that, as a matter of PRC laws:

(a) securities account(s) and RMB cash accounts with the RQFII Custodian (respectively, the "securities account(s)" and the "cash accounts") shall be opened for the sole benefit and use of the Sub-Fund in accordance with all applicable laws and regulations of the PRC and with approval from all competent authorities in the PRC;

(b) the assets held/credited in the securities account(s) (i) belong solely to the Sub-Fund, and (ii) are segregated and independent from the proprietary assets of the Manager (as RQFII holder), the RQFII Custodian and any PRC Broker(s) and from the assets of other clients of the Manager (as RQFII holder), the RQFII Custodian and any PRC Broker(s);

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

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

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

(f) if the RQFII 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 RQFII

Custodian in liquidation in the PRC, and (ii) the assets contained in the cash accounts of the Sub-Fund will form part of the liquidation assets of the RQFII Custodian in liquidation in the PRC and the Sub-Fund will become an unsecured creditor for the amount deposited in the cash accounts.

Further, the Trustee has put in place proper arrangements to ensure that:

(i) the Trustee takes into its custody or under its control the assets of the Sub-Fund, including assets deposited in the securities account(s) and cash accounts with the RQFII Custodian, and holds the same in trust for the Unitholders;

(ii) the Trustee registers the assets of the Sub-Fund, including assets deposited in the securities account(s) and cash accounts with the RQFII Custodian, to the order of the Trustee; and

(iii) the RQFII Custodian will look to the Trustee for instructions (through the Custodian) and solely act in accordance with such instructions, save as otherwise required under applicable regulations.

The Manager will assume dual roles as the Manager of the Sub-Fund and the holder of RQFII quotas for the Sub-Fund. The Manager will be responsible for ensuring that all transactions and dealings will be dealt with in compliance with the Trust Deed (where applicable) as well as the relevant laws and regulations applicable to the Manager as a RQFII. If any conflicts of interest arise, the Manager will have regard in such event to its obligations to the Sub-Fund and will endeavour to ensure that such conflicts are resolved fairly.

PRC Tax Provisions

For further details relating to PRC taxes and the associated risks, please refer to the risk factor headed "PRC tax considerations" under the "Risk Factors" section in the main part of the Explanatory Memorandum.

Pursuant to the Notice 79, the Manager, having taken independent and considered professional tax advice, will at present implement tax provisioning policy of WIT in respect of capital gains on the Sub-Fund as follows:

(a) Due to the absence of specific administrative rules and the limited extent of clarification provided in the Notice 79, the Manager, acting in the best interest of the Unitholders, takes a prudent approach that the Sub-Fund will retain the provision for WIT on

capital gains of the Sub-Fund's respective gross realised capital gains derived from trading of PRC equity investment assets (including China A-Shares) prior to 17 November 2014;

(b) The Sub-Fund will reverse the provision for WIT on capital gains made prior to 17 November 2014 on the Sub-Fund's respective gross unrealised capital gains derived from trading of PRC equity investment assets (including China A-Shares);

(c) The Sub-Fund will not make WIT provision for gross realised or unrealised capital gains derived from trading of PRC equity investment assets (including China A-Shares) from 17 November 2014 onwards.

The Manager will take a prudent approach and withhold 10% of the Sub-Fund's gross realised and unrealised capital gains derived from trading of PRC Securities other than equity investments. The Manager will also make a provision of 10% on dividend from China A-Shares and interest from Renminbi denominated bonds issued by PRC tax resident enterprises if the WIT is not withheld at source.

It is also noted that the Notice 79 states that the corporate income tax exemption effective from 17 November 2014 is temporary. As such, as and when the PRC authorities announce the expiry date of the exemption, the Sub-Fund may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of the Sub-Fund.

The PRC tax rules and practices in relation to RQFII are new and tax treatment on capital gains derived by RQFIIs from trading of PRC Securities other than equity investment assets could be uncertain. The potential application of tax treaties is uncertain. There are also risks and uncertainties associated with the current PRC tax law, regulations and practice, and the potential application of tax treaties in respect of capital gains realised by the Sub-Fund on its investments in China A-Shares prior to 17 November 2014. As such, there is a risk that any tax provision made by the Manager in respect of the Sub-Fund may be more than or less than the Sub-Fund's respective actual tax liabilities, which may potentially cause substantial loss to the Sub-Fund. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and adjust the withholding policy of the Sub-Fund accordingly, taking into account independent professional tax advice.

If the amount of tax provision is more than or less than the Sub-Fund's actual tax liabilities, Unitholders may be disadvantaged or advantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units. If the actual tax levied by the PRC tax authorities is higher than that provided for by the Manager so that there

is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund. On the other hand, the actual tax liabilities may be lower than the tax provision made, in which case only the then existing Unitholders will benefit from a return of the extra tax provision. Those persons who have already redeemed their Units before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision.

Specific Risk Factors

Investors should refer to the relevant risks under the section headed "Risk Factors" in the main part of the Explanatory Memorandum. The following risks are in particular relevant to the Sub-Fund: "China market risk", "Concentration risk", "Renminbi currency risk", "Below investment grade and unrated securities risk", "Credit rating downgrading risk", "Liquidity risk", "Interest rates risk" and "PRC tax considerations".

Investors should further refer to the following specific risk disclosures for the Sub-Fund:

Investment risk - The Sub-Fund mainly invests in RMB denominated debt securities and these instruments may fall in value. There is also no guarantee of regular distribution payments during the period you hold the Units of the Sub-Fund. Investors may suffer losses as a result. The Sub-Fund is not principal guaranteed and the purchase of its Units is not the same as investing directly in debt securities.

China market / Single country investment - Insofar as the Sub-Fund invests substantially in securities issued in mainland China, it will be subject to risks inherent in the China market and additional concentration risks. Please refer to the risk factors headed "China market risk" and "Concentration risk" in the main part of the Explanatory Memorandum.

PRC tax risks – Investors should note the relevant PRC tax considerations that apply to the Sub-Fund. Investors should refer to the relevant risk factor headed "PRC tax considerations" in the main part of the Explanatory Memorandum.

Renminbi currency risk - Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government. If such policies change in future, the Sub-Fund's or the investors' position may be adversely affected. Please refer to the risk factor headed "Renminbi currency risk" in the main part of the Explanatory Memorandum.

Investors may subscribe for Units and receive redemption proceeds in RMB. There is no assurance that RMB will not be subject to devaluation, in which case the value of their investments will be adversely affected. If investors convert Hong Kong Dollar or any other currency into RMB so as to invest in the Sub-Fund and subsequently convert the RMB redemption proceeds back into Hong Kong Dollar or any other currency, they may suffer a loss if RMB depreciates against Hong Kong Dollar or such other currency.

RQFII risk - The Sub-Fund is not a RQFII but may obtain access to securities issued within China directly using RQFII quotas of a RQFII. The Sub-Fund may invest directly in RQFII eligible securities investment via the RQFII status of the Manager.

The Manager may decide to close the Sub-Fund to further subscriptions without any prior or further notice if the total subscription amount reaches the amount of RQFII quota allocated to the Sub-Fund by the Manager. The Sub-Fund may not have exclusive use of the entire RQFII quota granted by SAFE to the RQFII (i.e. the Manager), as the RQFII may in its discretion allocate RQFII quota which may otherwise be available to the Sub-Fund to public fund products under the Manager's management. There can be no assurance that the RQFII can allocate sufficient RQFII quota to the Sub-Fund to meet all applications for subscription of Units in the Sub-Fund.

Investors should note that RQFII status could be suspended or revoked, which may have an adverse effect on the Sub-Fund's performance as the Sub-Fund may be required to dispose of its securities holdings.

In addition, certain restrictions imposed by the Chinese government on RQFIIs may have an adverse effect on the Sub-Fund's liquidity and performance. The State Administration of Foreign Exchange ("SAFE") regulates and monitors the repatriation of funds out of the PRC by the RQFII pursuant to the "Circular on Issues Related to the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" (國家外匯管理局關於人民幣合格境外機構投資者境內證券投資試點有關問題的通知) (the "RQFII Measures"). Repatriations by RQFIIs in respect of an open-ended RQFII fund (such as the Sub-Fund) conducted in RMB are currently not subject to repatriation restrictions or prior

approval, although authenticity and compliance reviews will be conducted, and monthly reports on remittances and repatriations will be submitted to SAFE by the RQFII Custodian. 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 from the Unitholders. Furthermore, as the RQFII Custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the RQFII Custodian in case of non-compliance with the RQFII rules and regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming Unitholder as soon as practicable and after the completion of the repatriation of funds concerned. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Manager's control.

The current RQFII regulations include rules and restrictions on investments being made by a RQFII which may be amended from time to time. Investors should also note that a RQFII's domestic investment is currently subject to the following investment restrictions:

(a) shares held by a single foreign investor in one company listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange should not exceed 10% of the total outstanding shares of the listed company.

(b) aggregate China A-Shares held by all foreign investors in one company listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange shall not exceed 30% of total outstanding shares of the listed company.

The restrictions specified in paragraphs (a) and (b) above do not apply to the shareholdings acquired on Strategic Investments in Listed Companies by Offshore Investors (as defined in the "Implementation Rules for the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" (關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》的規定)).

RQFII quotas are generally granted to a RQFII. The rules and restrictions under RQFII regulations generally apply to the RQFII as a whole and not simply to the investments made by the Sub-Fund. It is provided in the RQFII Measures that the size of the quota may be reduced or cancelled by the SAFE if the RQFII is unable to use its RQFII quota effectively within one year since the quota is granted. If SAFE reduces the RQFII's quota, it may affect the Manager's ability to effectively pursue the investment strategy of the Sub-Fund. On the other hand, the SAFE is vested with the power to impose regulatory sanctions if the RQFII or the RQFII Custodian violates any provision of the RQFII Measures. Any violations could

result in the revocation of the RQFII's quota or other regulatory sanctions and may adversely impact on the portion of the RQFII's quota made available for investment by the Sub-Fund.

Investors should note that there can be no assurance that a RQFII will continue to maintain its RQFII status or to make available its RQFII quota, or the Sub-Fund will be allocated a sufficient portion of RQFII quotas from a RQFII to meet all applications for subscription to the Sub-Fund, or that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations. Such restrictions may respectively result in a rejection of applications and a suspension of dealings of the Sub-Fund. In extreme circumstances, the Sub-Fund may incur significant losses due to insufficiency of RQFII quota, limited investment capabilities, or may not be able to fully implement or pursue its investment objective or strategy, due to RQFII investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution of trades or in settlement of trades.

The current RQFII laws, rules and regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the RQFII laws, rules and regulations will not be abolished. The Sub-Fund, which invests in the PRC markets through a RQFII, may be adversely affected as a result of such changes.

Cash deposited with the RQFII Custodian - Investors should note that cash deposited in the cash accounts of the Sub-Fund with the RQFII Custodian will not be segregated but will be a debt owing from the RQFII Custodian to the Sub-Fund as a depositor. Such cash will be co-mingled with cash that belongs to other clients or creditors of the RQFII Custodian. In the event of bankruptcy or liquidation of the RQFII Custodian, the Sub-Fund will not have any proprietary rights to the cash deposited in such cash accounts, and the Sub-Fund will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the RQFII 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.

Application of RQFII rules – The RQFII rules described under "RQFII risk" are relatively new, and enable Renminbi to be remitted into and repatriated out of the PRC. Application of the rules may depend on the interpretation given by the relevant Chinese authorities. Any changes to the relevant rules may have an adverse impact on investors' investment in the Sub-Fund. In the worst scenario, the Manager may determine that the Sub-Fund shall be terminated if it is not legal or viable to operate the Sub-Fund because of changes to the application of the relevant rules.

Credit risk of issuers / counterparties – Investment in RMB denominated debt securities is subject to the counterparty risk of the issuers which may be unable or unwilling to make timely payments on principal and/or interest. Some of the RMB denominated debt securities that the Sub-Fund invests may be unrated. In general, debt securities that have a lower credit rating or that are unrated will be more susceptible to the credit risk of the issuers. Please refer to the risk factor headed "Below investment grade and unrated securities risk" in the main part of the Explanatory Memorandum. In the event of a default or credit rating downgrading of the issuers, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result. The Sub-Fund may also encounter difficulties or delays in enforcing its rights against such issuers as they may be incorporated outside Hong Kong and subject to foreign laws.

The market for lower rated and unrated securities may be less active. A lowering of the credit rating of a security or its issuer may affect the security's liquidity, making it more difficult for the Sub-Fund to sell such security at a price or time that the Sub-Fund wishes to do so. Investment of the Sub-Fund's assets in relatively illiquid investments may restrict the ability of the Sub-Fund to dispose of its investments at a price and time that it wishes to do so. This may result in a loss to the Sub-Fund.

Investors should note the limitations of credit ratings set out under the risk factor headed "Credit rating downgrading risk" in the main part of the Explanatory Memorandum. In addition, the Sub-Fund may invest in securities the credit ratings of which are assigned by the Chinese local credit rating agencies. However, the rating criteria and methodology used by such agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies.

RMB denominated debt securities are offered on an unsecured basis without collateral, and will rank equally with other unsecured debts of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of the debt securities only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

Counterparty and settlement risk – Investment in debt securities will expose the Sub-Fund to counterparty default risks. Exchange traded debt securities may be subject to counterparty risk, although such risk is mitigated by a centralised clearing system. On the other hand, the degree of counterparty risk may be higher in the interbank bond market (a quote-driven over-the-

counter (OTC) market), where deals are negotiated between two counterparties through a trading system. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

There are various transaction settlement methods in the interbank bond market, such as the delivery of security by the counterparty after receipt of payment by the Sub-Fund; payment by the Sub-Fund after delivery of security by the counterparty; or simultaneous delivery of security and payment by each party. Although the Manager may endeavour to negotiate terms which are favourable to the Sub-Fund (e.g. requiring simultaneous delivery of security and payment), there is no assurance that settlement risks can be eliminated. Where its counterparty does not perform its obligations under a transaction, the Sub-Fund will sustain losses.

Liquidity risk – The RMB denominated debt securities market is at a developing stage and the market capitalisation and trading volume may be lower than those of the more developed markets. Please refer to the risk factor headed "Liquidity risk" in the main part of the Explanatory Memorandum. Market volatility and potential lack of liquidity due to low trading volume in the RMB denominated debt securities market may result in prices of debt securities traded on such markets fluctuating significantly and may affect the volatility of the Sub-Fund's Net Asset Value.

The debt securities in which the Sub-Fund invests may not be listed on a stock exchange or a securities market where trading is conducted on a regular basis. Even if the debt securities are listed, the market for such securities may be inactive and the trading volume may be low. In the absence of an active secondary market, the Sub-Fund may need to hold the debt securities until their maturity date. If sizeable redemption requests are received, the Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Sub-Fund may suffer losses in trading such securities.

The price at which the debt securities are traded may be higher or lower than the initial subscription price due to many factors including the prevailing interest rates. Further, the bid and offer spreads of the price of debt securities in which the Sub-Fund invests may be high, and the Sub-Fund may therefore incur significant trading costs and may even suffer losses when selling such investments.

Interest rates – Debt securities are sensitive to changes in interest rates. Interest rates are subject to fluctuations. Any such fluctuations may have a direct effect on the income received

by the Sub-Fund and its capital value. Please refer to the relevant risk factor headed "Interest rates risk" in the main part of the Explanatory Memorandum.

In particular, the Chinese government's macro-economic policies and controls (including its monetary and fiscal policies) will have significant influence over the capital markets in China. Changes in fiscal policies, such as interest rates policies, may have an adverse impact on the pricing of debt securities held by the Sub-Fund. The return of the Sub-Fund will be adversely affected as a result.

Valuation risk – Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the Net Asset Value of the Sub-Fund may be adversely affected.

The value of debt securities may be affected by changing market conditions or other significant market events affecting valuation. For example, in the event of downgrading of an issuer, the value of the relevant debt securities may decline rapidly.

In particular, the value of lower-rated or unrated corporate bonds is affected by investors' perceptions. When economic conditions appear to be deteriorating, or where an adverse event happens to the issuer, lower rated or unrated corporate bonds may decline in market value due to investors' heightened concerns and perceptions over credit quality.

Municipal bond risk – The State Council has recently approved municipal debt issuance on a pilot basis covering a number of local governments. However, local governments have also taken on debt in other forms, including through the urban development investment vehicles. Recent events have highlighted the risk of possible defaults by such urban development investment vehicles. Investors should note that RMB debt instruments may not be guaranteed by the Chinese government.

Risk associated with urban investment bonds – In view of limitations on directly raising funds, local governments in the PRC have set up numerous entities known as "Local Government Financing Vehicles" (LGFVs) to borrow and fund local development, public welfare investment and infrastructure projects. Urban investment bonds are issued by LGFVs. Local governments may be seen to be closely connected to urban investment bonds, as they are shareholders of the LGFVs issuing such bonds. However, urban investment bonds are typically not guaranteed by the relevant local governments or the central government of the PRC. As such, local governments or the central government of the PRC are not obliged to

support any LGFVs in default. The LGFVs' ability to repay debts depends on various factors, including the nature of the business of such LGFVs, the financial strength of such LGFVs and the extent to which the relevant local governments are prepared to support such LGFVs (although the local governments are not strictly obliged to support such LGFVs). Slower revenue growth at some local governments may constrain their capacity to provide support, while regulatory constraints may also limit local governments' ability to inject land reserves into LGFVs. Further, local governments have taken on debt in various other forms, and recent analyses show that increased financing activities have posed a risk to local government finances. If a LGFV encounters financial difficulties, there is a risk of possible defaults by the LGFV. This could result in substantial losses in the Sub-Fund's investments in debts issued by such LGFV, and as a result, the Sub-Fund's Net Asset Value will be adversely affected.

PRC brokerage risk – The execution and settlement of transactions or the transfer of any funds or securities may be conducted by brokers ("PRC Brokers") appointed by the RQFII. There is a risk that the Sub-Fund may suffer losses from the default, bankruptcy or disqualification of the PRC Brokers. In such event, the Sub-Fund may be adversely affected in the execution or settlement of any transaction or in the transfer of any funds or securities.

In selection of PRC Brokers, the RQFII will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. If the RQFII considers appropriate, it is possible that a single PRC Broker will be appointed and the Sub-Fund may not necessarily pay the lowest commission available in the market.

Risks of investing in other funds – The Sub-Fund may invest in bond funds or equity funds which are authorised by the CSRC for investment by the retail public in mainland China. Investors should note that such investment may involve another layer of fees charged at the underlying fund level. This is because, in addition to the expenses and charges payable by the Sub-Fund as disclosed in this Explanatory Memorandum, the Sub-Fund will bear indirectly the fees charged by the managers and other service providers of the underlying funds, or will incur charges in subscribing for or redeeming shares in the underlying funds.

The Manager will consider various factors in selecting the underlying funds, for example, the investment objective and strategy, level of fees and charges, the redemption frequency and liquidity of such funds. However, there is no assurance that the investment objective or strategy of an underlying fund will be successfully achieved.

If the Sub-Fund invests in an underlying fund managed by the Manager or a connected person of the Manager, all initial charges on such underlying fund will be waived. The Manager may not obtain a rebate on any fees or charges levied by such underlying fund or its manager. Where potential conflicts of interest arise, the Manager will endeavour to ensure that such conflicts are resolved fairly. Please refer to the section headed "Conflicts of Interest" in the main part of the Explanatory Memorandum.

Available Classes

Class A Units are available for sale to the retail public.

Class I, Class P and Class S Units are offered to private bank or institutional investors or other investors determined by the Manager. Class S will only be made available with the Manager's agreement in writing.

Investment Minima

	Class A	**Class I**	**Class P**	**Class S**
Minimum Subscription Amount	RMB10,000	RMB30 million	RMB500,000	RMB30 million (or such other amount as the Manager may from time to time approve)
Minimum Subsequent Subscription Amount	RMB1,000	RMB50,000	RMB5,000	RMB50,000
Minimum Holding	RMB10,000	RMB30 million	RMB500,000	RMB30 million (or such other amount as the Manager may from time to time determine)
Minimum Redemption Amount	RMB1,000	RMB50,000	RMB5,000	RMB50,000

Fees

	Class A	Class I	Class P	Class S
Fees payable by investors				
Preliminary Charge (% of total subscription amount)	up to 5%	up to 5%	up to 5%	up to 5%
Redemption Charge (% of Redemption Price)	Nil	Nil	Nil	Nil
Switching Charge (% of total amount being switched out of the Existing Class)	up to 1%	Nil	up to 1%	Nil
Fees payable by the Sub-Fund				
Management Fee (% Net Asset Value of the Sub-Fund)	1.2% p.a.	0.6% p.a.	1% p.a.	0%
Trustee Fee (% Net Asset Value of the Sub-Fund)	up to 0.15% p.a., subject to a minimum monthly fee of RMB35,000.			
Custody Fees (% Net Asset Value of the Sub-Fund)	up to 0.1% p.a.			

Establishment Costs

The costs of establishment of Harvest Funds (Hong Kong) and Harvest RMB Fixed Income Fund have been described in the main part of the Explanatory Memorandum.

Dealing Day

Every HK & PRC Business Day.

Dealing Deadline

5 p.m. (Hong Kong time) on the relevant Dealing Day.

The Authorised Distributor(s) may impose an earlier cut-off time before the Dealing Deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should confirm with the Authorised Distributor(s) concerned on the arrangements and dealing procedures that are applicable to them.

Subscription, Redemption and Switching of Units

For details regarding the procedures for subscription, redemption and switching, see the main part of the Explanatory Memorandum under "Purchase of Units", "Redemption of Units" and "Switching between Classes".

Distributions

The Manager has discretion as to whether or not to make any distribution of dividends, the frequency of distribution and amount of dividends. It is currently intended that distributions will be declared on a semi-annual basis (i.e. in June and December each year, if applicable) and payable in RMB. There is no guarantee of regular distribution and if distribution is made the amount being distributed. It is the current intention of the Manager that only the net income (the income net of expenses) for the Unit may be distributed. No distribution will be paid out of the Sub-Fund's capital.

Valuation

Valuation Day will be the relevant Dealing Day and the Valuation Point is the close of business in the last relevant market to close on each Valuation Day.

Documents Available for Inspection

Please refer to the section headed "Documents Available for Inspection" in the main part of the Explanatory Memorandum and the following are the material contracts in respect of this Sub-Fund:

(i) the RQFII Custodian Agreement between the Manager, the Custodian and the RQFII Custodian; and

(ii) the Participation Agreement between the Manager, the Trustee, the Custodian and the RQFII Custodian.

APPENDIX II - Harvest China Income Fund

This Appendix comprises information in relation to Harvest China Income Fund, a Sub-Fund of the Fund.

Application Moneys / Redemption Proceeds

Applicants for Units should note that application moneys for this Sub-Fund will be in the class currency of the relevant class of Units. Where Unitholders redeem their Units, redemption proceeds will be paid in the relevant class currency only.

Base Currency

The base currency of the Sub-Fund is USD.

Two different currencies of denomination (i.e. the class currencies) are offered: USD and HKD. The class currency will be indicated in the name of the relevant class, as follows:

For Class A (USD), Class A (USD hedged), Class I (USD), Class I (USD hedged), Class I (USD Acc), Class I (USD hedged Acc), Class P (USD), Class P (USD hedged), Class S (USD): USD
For Class A (HKD), Class A (HKD hedged), Class I (HKD), Class I (HKD hedged), Class I (HKD hedged Acc), Class P (HKD), Class P (HKD hedged), Class S (HKD): HKD

Initial Offer

Class A (USD hedged), Class I (USD hedged), Class I (USD Acc), Class I (USD hedged Acc), Class P (USD hedged), Class A (HKD hedged), Class I (HKD hedged), Class I (HKD hedged Acc) and Class P (HKD hedged) Units will be available for subscription during the period commencing 9:00 a.m. (Hong Kong time) on 10 November 2015 to 5:00 p.m. (Hong Kong time) on 10 November 2015 (or such other dates as the Manager and the Trustee may determine). For the avoidance of doubt, the initial offer period for any of these classes may be extended until such time as an investor subscribes into the relevant class without separate notification. Following the close of the initial offer period, Units of the relevant class will be issued at the prevailing Issue Price.

The initial offer price per Class A (USD hedged), Class I (USD hedged), Class I (USD Acc), Class I (USD hedged Acc) and Class P (USD hedged) Unit (exclusive of preliminary charge) is US$10.

The initial offer price per Class A (HKD hedged), Class I (HKD hedged), Class I (HKD hedged Acc) and Class P (HKD hedged) Unit (exclusive of preliminary charge) is HKD$100.

The Manager is entitled to charge a preliminary charge of up to 5% of the total subscription amount received.

The above classes of Units will be issued on the second Business Day following the last day of the initial offer period in respect of applications (together with cleared funds) received prior to 5:00 p.m. (Hong Kong time) on the last day of the initial offer period and accepted by the Manager. If applications and/or cleared funds are received after that time, such applications shall be carried forward to the next Dealing Day.

Investment Objective and Policy

Harvest China Income Fund seeks to maximise long term total return in terms of both income and capital by investing primarily in a portfolio of fixed income and debt instruments denominated in USD, RMB or any other currencies.

The Sub-Fund seeks exposure to fixed income and debt instruments issued or guaranteed by governments, government agencies, supranationals and companies domiciled in China or Hong Kong or governments, government agencies, supranationals and companies domiciled outside of China but whose predominant business will benefit from or is related to the economic growth in China for at least 70% of the Net Asset Value of the Sub-Fund. The business of an entity will be considered to benefit from or be related to the economic growth in China if:

- it is organised under the laws of, or has its principal office in China or Hong Kong; or
- the securities or instruments that it issues are primarily traded in the China or Hong Kong market; or
- it has substantial business dealings with entities from, or derives substantial revenue from, or whose subsidiaries, related or associated corporations derive substantial revenue from China or Hong Kong; or
- the relevant securities or instruments are denominated in Renminbi.

In addition, the Sub-Fund may have exposure to fixed income and debt instruments issued or guaranteed by governments, government agencies, supranationals and companies domiciled in or exercising the predominant part of their economic activities in the Asian region. For this purpose, the Asian region includes, but is not limited to, Indonesia, India, Malaysia, the Philippines, Thailand, Singapore, South Korea and Vietnam. Such exposure will be limited to 30% of the Net Asset Value of the Sub-Fund.

Exposure to fixed income and debt instruments may be through direct investments or investments in other collective investment schemes (including exchange traded funds). In particular, for RMB denominated securities and instruments:

Securities issued within mainland China

The Sub-Fund currently may not invest directly in RMB denominated fixed income and debt instruments issued or distributed in mainland China ("**Onshore RMB Bonds**"). However, exposure to such securities may be achieved through other collective investment schemes (including exchange traded funds) that are eligible to invest directly in such securities (QFII or RQFII schemes). It is expected that not more than 30% of the Sub-Fund's Net Asset Value will be invested in other collective investment schemes (including exchange traded funds) to obtain exposure to Onshore RMB Bonds.

Securities issued outside mainland China

The Sub-Fund may invest directly in RMB denominated fixed income and debt instruments issued or distributed outside mainland China ("**Offshore RMB Bonds**"). Such Offshore RMB Bonds may be settled in a non-RMB currency (e.g. HKD or USD). It is expected that not more than 70% of the Sub-Fund's Net Asset Value will be invested in Offshore RMB Bonds.

The Sub-Fund's investments may include, but are not limited to, bonds, convertible bonds, commercial paper, medium term notes, floating rate notes, money market instruments, certificates of deposits, bank deposits and negotiated term deposits.

If the Manager considers fit, the Sub-Fund may seek exposure to other asset classes that may generate additional income for the Sub-Fund, including but not limited to real estate investment trusts (REITs). These instruments will not in aggregate exceed 10% of the Sub-Fund's Net Asset Value.

The Sub-Fund may also hold cash and cash based instruments and money market instruments as considered appropriate by the Manager.

The Sub-Fund may use deliverable or non-deliverable forwards, currency options and currency futures for the purpose of currency hedging only (against the Sub-Fund's Base Currency or the class currency of the relevant class of Units); credit default swaps for the purpose of credit hedging only; and bond futures, US treasury futures and interest rate swaps for the purpose of interest rate hedging only.

The Manager currently does not intend to invest in structured deposits or products or financial derivative instruments (other than those set out above for hedging only), or enter into any securities lending, repurchase or reverse repurchase transactions or similar over-the-counter transactions in respect of the Sub-Fund. Prior approval will be sought from the SFC and at least one month's prior notice will be given to Unitholders should there be a change in such intention.

Investment Strategy

The portfolio of the Sub-Fund will primarily comprise securities issued by entities which are considered by the Manager to be able to benefit from or related to the economic growth of China.

The Manager adopts a combined top-down and bottom-up investment approach. In the top-down approach, economic data on a global, regional and local basis are taken into consideration (e.g. economic growth, monetary and fiscal policies and interest rate cycles) in order to identify longer-term macro trends and current themes which are likely to impact markets. Central to the Manager's bottom-up approach is a proprietary internal rating methodology which is then incorporated with the Manager's sector views and strategies from the top-down approach.

Throughout the investment process, the Manager determines the portfolio's investment universe based on three core strategies as follows:-

- *Interest Rate Strategy* - The Manager seeks opportunities from duration and curve management of interest rate risk, and relative value opportunities. The Manager's primary approach to interest rate risk management is to take strategic positions in a security based on forecasts of the fair value of such security. Strategic positions are implemented when market prices of a security do not reflect its fair value based on the Manager's medium to long term analysis on the relevant economic fundamentals. The

Manager may also take tactical positions to take advantage of short term factors when the Manager foresees that there will be short term price movements, usually driven by technical factors such as market momentum, funds flow and release of information or data concerning a specific issuer or the market in general. For example, if interest rates are expected to fall, the Sub-Fund will increase the average duration of the Sub-Fund's portfolio to better benefit from the potential of capital gains from lower yield, and vice versa.

- *Currency Strategy* - The Manager identifies fundamental, technical and behavioural factors which drive the movements of currencies in the medium term. Within Asia, the themes identified in the global and regional macro analysis form the basis for the Manager's currency outlook. The global factor analysis approach is modified to cater for the most relevant drivers in each regional currency. The strategy intends to protect the Sub-Fund's portfolio against adverse currency effects and/or to seek currency investment opportunities based on the risk and return outlook of different currencies.

- *Credit Strategy* - The development of credit strategies is a combination of top-down analysis (i.e. an approach that focuses on the broader economic factors and their impact on securities prices) and bottom-up analysis (i.e. an approach that selects securities by looking at specific company-level characteristics). The evaluation results from both top-down analysis and bottom up analysis have a direct input into allocation of the Sub-Fund's portfolio into different sectors and credit selection at the portfolio construction stage to seek better tax-adjusted and risk-adjusted returns among various investment instruments.

There is no requirement on minimum credit rating of the securities that the Sub-Fund may invest in. The Sub-Fund will not invest more than 10% of its Net Asset Value in securities issued by and/or guaranteed by any single sovereign issuer that is rated non-investment grade (including its government and a public or local authority of that country). Non-investment grade refers to a credit rating of BB+ or below from Standard & Poor's, Ba1 or below from Moody's or an equivalent rating from an internationally recognised rating agency.

Additional Investment Restrictions

The Manager may borrow up to 10% of the latest available Net Asset Value of the Sub-Fund to acquire investments, to redeem Units or to pay expenses relating to the Sub-Fund.

Specific Risk Factors

Investors should refer to the relevant risks under the section headed "Risk Factors" in the main part of the Explanatory Memorandum. The following risks are in particular relevant to the Sub-Fund: "China market risk", "Concentration risk", "Emerging markets risk", "Currency risk", "Liquidity risk", "Credit risk", "Below investment grade and unrated securities risk", "Sovereign risk", "Credit rating downgrading risk", "Interest rates risk", "Renminbi currency risk", "Counterparty risk", "Over-the-counter markets risk", "Derivative and structured product risk", "Hedging risk", "Distribution out of capital" and "PRC tax considerations".

Investors should further refer to the following specific risk disclosures for the Sub-Fund:

Investment risk – The Sub-Fund mainly invests in fixed income and debt instruments and these instruments may fall in value. There is also no guarantee of regular distribution payments during the period you hold the Units of the Sub-Fund. Investors may suffer losses as a result. The Sub-Fund is not principal guaranteed and the purchase of its Units is not the same as investing directly in debt securities.

China market / emerging market risks – Insofar as the Sub-Fund invests substantially in securities related to the China market, it will be subject to risks inherent in the China market and additional concentration risks. Please refer to the risk factors headed "China market risk" and "Concentration risk" in the main part of the Explanatory Memorandum.

Some of the markets in which the Sub-Fund may invest are emerging markets. Investment in emerging markets is subject to additional political, social and economic risks and the prices of emerging market securities may be more volatile. Please refer to the relevant risk factor headed "Emerging markets risk" in the main part of the Explanatory Memorandum.

PRC tax risks – Investors should note the relevant PRC tax considerations that apply to the Sub-Fund. Investors should refer to the relevant risk factor headed "PRC tax considerations" in the main part of the Explanatory Memorandum.

Liquidity risk – Some of the Sub-Fund's investments may be subject to higher liquidity risk. Lower liquidity may arise from a low trading volume of securities, or if trading restrictions or temporary suspensions on trading are imposed. Investment in securities that have lower liquidity may reduce returns for or result in substantial losses to the Sub-Fund if the Sub-Fund is unable to sell such securities at the time or price that is desirable. Liquidity could be

reduced within a very short period of time especially during a financial market crisis. Please refer to the risk factor headed "Liquidity risk" in the main part of the Explanatory Memorandum.

Risks relating to debt securities – The following risk factors are relevant to debt securities:

Credit risk: Investment in debt securities is subject to the counterparty risk of the issuers which may be unable or unwilling to make timely payments on principal and/or interest. The entire amount of investment in the debt securities is at risk of loss if there is no recovery after default of the issuer.

High yield securities: The Sub-Fund may invest in higher yielding debt securities where the level of income may be relatively high (compared to investment grade debt securities). However, investors should note that a higher distribution yield does not imply a positive or high return on the total investment. For high yield debt securities, there is a significantly higher risk of a fall in value of such securities (and therefore a loss in the investment amount) than investment grade securities. As high yield securities typically have lower credit ratings or are unrated, they are often subject to a higher risk of issuer default. These securities are more vulnerable to adverse economic conditions and their prices are more volatile (i.e. they typically fall more in value than investment grade debt securities as investors become more risk averse as default risk rises).

Lower rated, below investment grade or unrated securities: Some of the securities that the Sub-Fund invests in may be rated below-investment grade or unrated. In general, debt securities that have a lower credit rating or that are unrated will be more susceptible to the credit risk of the issuers. Please refer to the relevant risk factors headed "Credit risk" and "Below investment grade and unrated securities risk" in the main part of the Explanatory Memorandum. The Sub-Fund may also encounter difficulties or delays in enforcing its rights against such issuers as they may be incorporated outside Hong Kong and subject to foreign laws.

The market for non-investment grade and unrated securities may be less active. A lowering of the credit rating of a security or its issuer may affect the security's liquidity, making it more difficult for the Sub-Fund to sell such security at a price or time that the Sub-Fund wishes to do so. Investment of the Sub-Fund's assets in relatively illiquid investments may restrict the ability of the Sub-Fund to dispose of its investments at a price and time that it wishes to do so. This may result in a loss to the Sub-Fund.

Sovereign risk: Investment in debt securities issued or guaranteed by sovereign entities may be subject to the risk that the sovereign entity may not be able or willing to repay its debts when they fall due. The risks may be higher where the issuer is an especially large debtor to commercial banks and foreign governments. Further, if there are credit events leading to the downgrade of a sovereign entity, the Sub-Fund's investment value in the securities it issues may be reduced and the Sub-Fund may suffer substantial losses as a result. Please refer to the relevant risk factor headed "Sovereign risk" in the main part of the Explanatory Memorandum.

Downgrading: Investment grade securities may be subject to downgrading risk. Please refer to the relevant risk factor headed "Credit rating downgrading risk" in the main part of the Explanatory Memorandum.

Interest rates: Debt securities are sensitive to changes in interest rates. Interest rates are subject to fluctuations. Any such fluctuations may have a direct effect on the income received by the Sub-Fund and its capital value. Please refer to the relevant risk factor headed "Interest rates risk" in the main part of the Explanatory Memorandum.

Valuation risk: Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the Net Asset Value of the Sub-Fund may be adversely affected.

The value of debt securities may be affected by changing market conditions or other significant market events affecting valuation. For example, in the event of downgrading of an issuer, the value of the relevant debt securities may decline rapidly.

In particular, the value of lower-rated or unrated corporate bonds is affected by investors' perceptions. When economic conditions appear to be deteriorating, or where an adverse event happens to the issuer, lower rated or unrated corporate bonds may decline in market value due to investors' heightened concerns and perceptions over credit quality.

Renminbi currency risk – Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government. If such policies change in future, the Sub-Fund's or the investors' position may be adversely affected. Please refer to the risk factor headed "Renminbi currency risk" in the main part of the Explanatory Memorandum.

Investors should note that RMB is the only official currency of the PRC. While both onshore RMB (CNY) and offshore RMB (CNH) are the same currency, they are traded in different and separated markets. Since the two RMB markets operate independently where the flow between them is highly restricted, CNY and CNH are traded at different rates and their movement may not be in the same direction. The CNH rate may be at a premium or discount to the exchange rate for CNY rate. There may be significant bid and offer spreads, which may affect the value of the Sub-Fund.

Risks relating to Onshore RMB Bonds – The Sub-Fund may obtain exposure to Onshore RMB Bonds through investment in other collective investment schemes (**"QFII / RQFII Schemes"**). These schemes invest directly in Onshore RMB Bonds using QFII or RQFII investment quotas. Investors should note the following:

QFII / RQFII risks: Investment by QFII / RQFII Schemes is limited by investment quotas and there can be no assurance that sufficient quotas will be available to the relevant QFII / RQFII Schemes to meet all applications for subscription to those schemes. The ability of a QFII / RQFII Scheme to fully implement or pursue its investment objective or strategy is dependent on the available investment quotas, and the relevant schemes may suffer losses due to insufficiency of QFII / RQFII quotas.

The QFII regime is currently subject to repatriation restrictions. Repatriations by RQFIIs in respect of an open-ended RQFII fund conducted in RMB are currently not subject to repatriation restrictions or prior approval, but there is no guarantee that restrictions will not be imposed in future. Any restrictions on repatriation of the invested capital and net profits out of China may impact on a QFII / RQFII Scheme's ability to meet redemption requests from the Sub-Fund. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Manager's control. Therefore, the Sub-Fund may be subject to liquidity risk.

Investment via the QFII and RQFII regimes will be subject to regulatory risks in China. The Chinese authorities may impose sanctions for violations of applicable laws and regulations, and this might result in the revocation of the QFII's or RQFII's quota or other regulatory sanctions. Investors should also note that the QFII / RQFII status could be suspended or revoked, which may have an adverse effect on the relevant QFII / RQFII Schemes' performance.

The current QFII and RQFII laws, rules and regulations are subject to change. Any changes to the relevant laws and rules may have an adverse impact on the investment in the QFII / RQFII

Schemes (and thus the Sub-Fund's performance). In the worst case, the QFII / RQFII Schemes may be terminated if it is not legal or viable to operate because of changes to the application of the relevant rules. The Sub-Fund's holdings in the relevant the QFII / RQFII Schemes will be realised in case of such termination and the Sub-Fund may suffer losses in its initial investment in such schemes.

The China debt securities market is at a developing stage and the market capitalisation and trading volume may be lower than those of the more developed markets. Market volatility and potential lack of liquidity due to low trading volume may result in prices of debt securities traded on such markets fluctuating significantly. The Sub-Fund's investment in the China debt securities market (through QFII / RQFII Schemes) is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of Onshore RMB Bonds may be large, and the relevant QFII / RQFII Schemes may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

Risks of investing in other funds: Investment in QFII / RQFII Schemes may involve another layer of fees charged at the QFII / RQFII Schemes' level. This is because, in addition to the expenses and charges payable by the Sub-Fund as disclosed in this Explanatory Memorandum, the Sub-Fund will bear indirectly the fees charged by the managers and other service providers of the QFII / RQFII Schemes, or will incur charges in subscribing for or redeeming shares in the QFII / RQFII Schemes.

The Manager will consider various factors in selecting the QFII / RQFII Schemes, for example, the investment objective and strategy, level of fees and charges, the redemption frequency and liquidity of such funds. However, there is no assurance that the investment objective or strategy of a QFII / RQFII Scheme will be successfully achieved.

If the Sub-Fund invests in a QFII / RQFII Scheme managed by the Manager or a connected person of the Manager, all initial charges on such QFII / RQFII Scheme will be waived. The Manager may not obtain a rebate on any fees or charges levied by such QFII / RQFII Scheme or its manager. Where potential conflicts of interest arise, the Manager will endeavour to ensure that such conflicts are resolved fairly. Please refer to the section headed "Conflicts of Interest" in the main part of the Explanatory Memorandum.

Risks relating to Offshore RMB Bonds – Offshore RMB Bonds are not normally listed on a stock exchange or a securities market where trading is conducted on a regular basis and may be subject to additional liquidity risk. In the absence of an active secondary market, the Sub-Fund may need to hold its Offshore RMB Bonds until their maturity date. Further, the bid and

offer spreads of the price of Offshore RMB Bonds may be large, leading to significant trading costs in trading such securities.

Offshore RMB Bonds are typically offered on an unsecured basis without collateral, and will rank equally with other unsecured debts of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of the relevant securities only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

Risks relating to REITs – The Sub-Fund may invest in REITs which may not necessarily be authorised by the SFC.

The prices of REITs are affected by changes in the value of the underlying properties owned by the REITs. Investment in REITs may therefore subject the Sub-Fund to risks similar to those from direct ownership of real property.

Real estate investments are relatively illiquid and may affect the ability of a REIT to vary its investment portfolio or liquidate part of its assets in response to changes in economic conditions, international securities markets, foreign exchange rates, interest rates, real estate markets or other conditions. Adverse global economic conditions could adversely affect the business, financial condition and results of operations of REITs. REITs may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than other securities.

Further, returns from REITs are dependent on management skills in managing the underlying properties. Investments made by REITs generally may not be diversified. In addition, certain REITs in which the Sub-Fund may invest may have their assets concentrated in specific real property sectors, and are therefore subject to the risks associated with adverse developments in these sectors.

REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. Further, borrowers under mortgages held by REITs or lessees of property that REITs own may be unable to meet their obligations to the REITs. On the other hand, if the key tenants experience a downturn in their businesses or their financial condition, they may fail to make timely rental payments or default under their leases. Tenants in a particular industry might also be affected by any adverse downturn in that industry and this may result in their failure to make timely rental payments or to default under the leases. In the event of a

default, a REIT may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments. The REITs may suffer losses as a result.

REITs may have limited financial resources and may be subject to borrowing limits. Consequently, REITs may need to rely on external sources of funding to expand their portfolios, which may not be available on commercially acceptable terms or at all. If a REIT cannot obtain capital from external sources, it may not be able to acquire properties when strategic opportunities exist.

Any due diligence exercise conducted by REITs on buildings and equipment may not have identified all material defects, breaches of laws and regulations and other deficiencies. Losses or liabilities from latent building or equipment defects may adversely affect earnings and cash flow of the REITs.

Risks relating to derivative / hedging – Insofar as the Sub-Fund acquires derivative instruments for currency and interest rate hedging, it will be subject to additional risks. There can be no assurance that any hedging techniques will fully and effectively eliminate the risk exposure of the Sub-Fund. Derivative instruments may be illiquid and are complex in nature. In adverse situations, the Sub-Fund's use of derivatives for hedging may become ineffective and the Sub-Fund may suffer significant losses. The price of a derivative instrument can be very volatile which may result in losses in excess of the amount invested in the derivative instruments by the Sub-Fund.

Derivative instruments are subject to the risk that the counterparty of the instrument will not fulfil its obligations to the Sub-Fund. The Sub-Fund is therefore subject to risks relating to the financial soundness and credit worthiness of the counterparty and may suffer substantial losses in its investment in derivative instruments if the counterparty defaults. Settlement risk exists when such instruments are not settled in a timely manner, thereby increasing counterparty credit risk prior to settlement and potentially incurring funding costs for the Sub-Fund.

Over-the-counter derivatives are not guaranteed by an exchange or clearing house and may not be regulated by any governmental authority. It may not be possible to dispose of or close out a derivative position without the consent of the counterparty, and the Sub-Fund may not be able to enter into an offsetting contract in order to cover this risk.

Please refer to the relevant risk factors "Counterparty risk", "Over-the-counter markets risk", "Derivative and structured product risk", and "Hedging risk" under the section headed "Risk Factors" in the main part of the Explanatory Memorandum.

Currency risk and currency hedging risks –

Currency movements and asset values:

Assets of the Sub-Fund may be denominated in a currency other than the base currency of the Sub-Fund or the currency of denomination of a class of Units of the Sub-Fund (if different from the base currency). Any income or capital received by the Sub-Fund from these investments may be denominated in the local currency denomination of the relevant asset, whereas the Sub-Fund is denominated in the base currency and the class of Units may be designated in a currency other than the base currency of the Sub-Fund.

Accordingly:-

(i) changes in the exchange rate between the base currency and the currency denomination of an asset may lead to a depreciation of the value of such asset; and

(ii) changes in the exchange rate between the base currency and the currency of denomination of a class (i.e. class currency) may lead to a depreciation of the value of Units of such class as expressed in the class currency.

Please also refer to the risk factor headed "Currency risk" in the main part of the Explanatory Memorandum.

Risks concerning Asian currencies:

Insofar as the Sub-Fund invests in Asian Region fixed income and debt instruments denominated in the relevant local currency, the Sub-Fund may be subject to additional exchange rate risks. Emerging markets may be subject to additional political, social, economic, regulatory and settlement risks, these factors may adversely affect the exchange rates of emerging market currencies and hence the value of the securities held by the Sub-Fund. Adverse economic developments (such as trade barriers, exchange controls, managed adjustments in relative currency and other protectionist measures imposed or negotiated by the countries with which they trade) and/or political events (including changes in foreign exchange policies), may result in substantial depreciation in currency exchange rates or

unstable currency fluctuations. As a result, currencies of emerging markets may be more volatile than major world currencies such as USD, Euro or British Pound.

Risks relating to currency hedging:

The Sub-Fund may use techniques and instruments to seek to hedge against exchange rate risks and protect against fluctuations in the relative value of its portfolio positions. However, it may not be possible or practical to hedge against such risks at all times. These hedging transactions may, on the other hand, limit any potential gain that might be realised should the value of the hedged currency increase. There is no guarantee that hedging techniques will achieve their desired result and a hedged strategy may not be able to match exactly the profile of the investments of the Sub-Fund. The abovementioned hedging transactions may become ineffective and the Sub-Fund may suffer a substantial loss.

The Sub-Fund offers hedged classes of Units. Where hedging is undertaken at class level, then such transactions will each be solely attributable to the relevant class and any gains or losses will be borne by such class accordingly. The gains or losses for class specific hedging will be reflected in the prices of the hedged classes of Units and, as a result, Unitholders in hedged classes of Units may be adversely affected by the class hedging strategies. The use of class hedging strategies may also substantially limit Unitholders of the hedged class from benefiting if the class currency falls against the currency in which the assets of the relevant Sub-Fund are denominated.

Risks relating to distributions from capital – The Manager may in its discretion distribute dividends out of capital of the Sub-Fund. Please note the relevant risk associated with distributions out of capital set out in the risk factor "Distribution out of capital" in the main part of the Explanatory Memorandum and further disclosures set out under the heading "Distribution" below.

Available Classes

Class A Units are available for sale to the retail public.

Class I, Class P and Class S Units are offered to private bank or institutional investors or other investors determined by the Manager. Class S will only be made available with the Manager's agreement in writing.

For the Sub-Fund, the following hedged classes are offered:

Class A (USD hedged), Class I (USD hedged), Class I (USD hedged Acc), Class P (USD hedged)
Class A (HKD hedged), Class I (HKD hedged), Class I (HKD hedged Acc), Class P (HKD hedged)

For the hedged classes, the term "hedged" is placed after the currency of denomination (or class currency) of the relevant class, e.g. for hedged Class A Units of the Sub-Fund denominated in USD: Class A (USD hedged).

In relation to the hedged classes, the Manager may enter into certain currency related transactions in order to hedge the currency exposure of the assets of the Sub-Fund attributable to the relevant hedged class of Units into the currency of denomination of the hedged class of Units and/or hedge against the exchange rate fluctuation risks between the relevant class currency and the base currency of the Sub-Fund.

There is no guarantee that hedging techniques will achieve their desired result. Investors should pay attention to the heading "Risks relating to currency hedging" under the section headed "Currency risk and currency hedging risks" in the "Specific Risk Factors" for the Sub-Fund.

Investment Minima

	Class A	**Class I**	**Class P**	**Class S**
Minimum Subscription Amount	For USD denominated classes: US$1,000 For HKD denominated classes: HK$10,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30 million	For USD denominated classes: US$100,000 For HKD denominated classes: HK$500,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30 million

Minimum Subsequent Subscription Amount	For USD denominated classes: US$100 For HKD denominated classes: HK$1,000	For USD denominated classes: US$10,000 For HKD denominated classes: HK$50,000	For USD denominated classes: US$1,000 For HKD denominated classes: HK$5,000	For USD denominated classes: US$10,000 For HKD denominated classes: HK$50,000
Minimum Holding	For USD denominated classes: US$1,000 For HKD denominated classes: HK$10,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30 million	For USD denominated classes: US$100,000 For HKD denominated classes: HK$500,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30 million
Minimum Redemption Amount	For USD denominated classes: US$1,000 For HKD denominated classes: HK$5,000	For USD denominated classes: US$10,000 For HKD denominated classes: HK$50,000	For USD denominated classes: US$1,000 For HKD denominated classes: HK$5,000	For USD denominated classes: US$10,000 For HKD denominated classes: HK$50,000

Fees

	Class A	Class I	Class P	Class S
Fees payable by investors				
Preliminary Charge (% of total subscription amount)	up to 5%	up to 5%	up to 5%	up to 5%
Redemption Charge (% of Redemption Price)	Nil	Nil	Nil	Nil
Switching Charge (% of total amount being switched out of the Existing Class)	up to 1%	Nil	up to 1%	Nil
Fees payable by the Sub-Fund				
Management Fee (% Net Asset Value of the Sub-Fund)	1.2% p.a.	0.6% p.a.	0.8% p.a.	0%
Trustee Fee (% Net Asset Value of the Sub-Fund)	up to 0.15% p.a., subject to a minimum monthly fee of US$6,000.			
Custody Fees (% Net Asset Value of the Sub-Fund)	up to 0.075% p.a.			

Establishment Costs

The costs of establishment of Harvest China Income Fund amount to approximately US$150,000 and such amount will be amortised over a period of three Accounting Periods of the Sub-Fund.

Dealing Day

Every Business Day.

Dealing Deadline

5 p.m. (Hong Kong time) on the relevant Dealing Day.

The Authorised Distributor(s) may impose an earlier cut-off time before the Dealing Deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should confirm with the Authorised Distributor(s) concerned on the arrangements and dealing procedures that are applicable to them.

Subscription, Redemption and Switching of Units

Class A (USD), Class I (USD), Class P (USD), Class S (USD)[1] are available for subscription at US$10 per Unit (exclusive of preliminary charge) and Class A (HKD), Class I (HKD), Class P (HKD), Class S (HKD)[1] are available for subscription at HK$100 per Unit (exclusive of preliminary charge) until such time an investor invests into such class of Unit or as otherwise agreed between the Trustee and the Manager. Following such subscription, Units of the relevant class will be issued at the prevailing Issue Price.

For details regarding the procedures for subscription, redemption and switching, see the main part of the Explanatory Memorandum under "Purchase of Units", "Redemption of Units" and "Switching between Classes".

Distributions

The Manager has discretion as to whether or not to make any distribution of dividends, the frequency of distribution and amount of dividends.

For Class I (HKD hedged Acc), Class I (USD Acc) and Class I (USD hedged Acc):

The Manager does not currently intend to make any distribution (whether out of income or capital) but instead intends to reinvest all income and gains (if any).

[1] Class S will only be made available with the Manager's agreement in writing.

For Class A (HKD), Class A (HKD hedged), Class A (USD), Class A (USD hedged), Class I (HKD), Class I (HKD hedged), Class I (USD), Class I (USD hedged), Class P (HKD), Class P (HKD hedged), Class P (USD), Class P (USD hedged), Class S (HKD), Class S (USD):

It is currently intended that distributions will be declared on a monthly basis (at the end of each month) and payable in the relevant class currency. There is no guarantee of regular distribution and if distribution is made the amount being distributed.

Dividends, if any, may be paid from income and/or capital of the Sub-Fund at the Manager's discretion. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Sub-Fund's capital may result in an immediate reduction of the Net Asset Value per Unit. Compositions of the dividend distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months will be available from the Manager upon request and on the website of the Manager www.harvestglobal.com.hk on a regular basis. Please note that the aforesaid website has not been reviewed by the SFC. Please refer to the risk factor headed "Distribution out of Capital" in the section headed "Risk Factors" in the main part of the Explanatory Memorandum for the relevant risks.

The Manager may change the distribution policy subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Valuation

Valuation Day will be the relevant Dealing Day and the Valuation Point is the close of business in the last relevant market to close on each Valuation Day.

APPENDIX III - Harvest China A Research Select Fund

This Appendix comprises information in relation to Harvest China A Research Select Fund, a Sub-Fund of the Fund.

Definitions

For this Sub-Fund, "**HK & PRC Business Day**" shall mean a day (other than a Saturday) on which banks and stock exchanges in Hong Kong and the PRC are open for normal business or such other day or days as the Manager and the Trustee may agree from time to time.

Application Moneys / Redemption Proceeds

Applicants for Units should note that application moneys for this Sub-Fund will be in the class currency of the relevant class of Units. Where Unitholders redeem their Units, redemption proceeds will be paid in the relevant class currency only.

Base Currency

The base currency of the Sub-Fund is RMB.

Five different currencies of denomination (i.e. the class currencies) are offered: RMB, USD, EUR, HKD and JPY. The class currency will be indicated in the name of the relevant class, as follows:

For Class A (RMB), Class I (RMB), Class P (RMB), Class S (RMB): RMB
For Class A (HKD), Class I (HKD), Class P (HKD), Class S (HKD): Hong Kong Dollars
For Class A (USD), Class I (USD), Class P (USD), Class S (USD): U.S. Dollars
For Class A (EUR), Class I (EUR), Class P (EUR), Class S (EUR): Euro
For Class J (JPY): Japanese Yen

Investors in Class J (JPY) Units should pay attention to the terms applicable to dealing in such class of Units. Please refer to further information set out under the heading "Subscription, Redemption and Switching of Units" below.

Investment Objective and Policy

Harvest China A Research Select Fund seeks to achieve long-term capital growth by investing primarily in China A-Shares listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange.

The Sub-Fund invests primarily in China A-Shares (including initial public offerings) listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange through the RQFII quotas of the Manager.

The Sub-Fund may invest in equity of companies of any capital size, including small and mid-cap companies. It does not have an investment focus on any particular sector or industry.

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 the PRC, securities investment funds (including exchange traded funds) and other instruments from time to time approved by the China Securities Regulatory Commission ("CSRC") for investment by a RQFII.

The Sub-Fund may use deliverable or non-deliverable forwards, currency options and currency futures (which are traded offshore outside the PRC) for the purpose of currency hedging only. The Sub-Fund may also acquire stock index futures traded in the PRC or in offshore markets for equity market hedging only. The Manager currently does not intend to invest in other derivatives (save for the aforementioned derivatives). The Sub-Fund's total exposure to investments issued or traded offshore outside the PRC (such as equities, collective investment schemes, ETFs and real estate investment trusts ("REITs")) will in aggregate be up to 30% of its Net Asset Value.

The Manager currently does not intend to:

(i) invest in debt securities including urban investment bonds issued in the PRC (i.e. bonds issued by PRC local government financing vehicles);

(ii) invest in structured deposits or products (including asset backed securities, mortgage backed securities and asset backed commercial papers or similar structured products);

(iii) enter into any securities lending, repurchase or reverse repurchase transactions or similar over-the-counter transactions in respect of the Sub-Fund,

and prior approval will be sought from the SFC and at least one month's prior notice will be given to Unitholders should there be a change in such intention.

Investment Strategy

The portfolio of the Sub-Fund will primarily comprise securities issued by entities which are considered by the Manager to be able to benefit from or related to the economic growth of China.

The Sub-Fund adopts a Growth at a Reasonable Price ("GARP") strategy. The GARP strategy combines both value and growth investing principles with the aim to identify undervalued companies with sustainable growth potential. The strategy includes both top-down industry selection and bottom-up stock picking approach. In the top-down approach, the Manager identifies focus sectors by observing current economic cycle, policy and structural reform trends, gross margin change of different industries and other relative factors to determine industries experiencing high growth or industries with growth momentum. In the bottom-up approach, the Manager places emphasis on business models, earning results, good corporate governance, financial statements, competitor analysis as well as long-term growth drivers and short term catalysts.

The investment process is research driven wherein the Manager will utilise its internal research infrastructure and platform as well as a combination of different research methodologies for example company visits, independent verification and financial model analysis. It will perform research on companies based on both qualitative and quantitative analysis to find out the long term potential value in the relevant stocks.

The selection criteria comprise four tiers of analysis -

Macro and sector analysis: This includes analysis on areas including the macro-economic environment, fiscal and monetary policy trends and effects as well as sector dynamics. The Manager will consider the upstream and downstream supply chain, supply-demand factors and competition within the industry. Through macro and sector analysis, the Manager aims to identify leading enterprises in a sector which demonstrate good growth prospects and investment value.

Market/ business model analysis: The Manager's analysis will encompass all aspects of a company including in-depth research on the comparative advantage and disadvantage of the company, its business opportunities and growth catalysts, changes that the company faces or may face, the business model, corporate governance and transparency of information. The

Manager conducts this qualitative analysis by way of on-site company visits, off-site meetings, conferences and research publications as well as independent verification of information obtained from companies.

Financial analysis: This involves looking at the financial reports (including profitability and cash-flow) of the relevant company as well as the company's past financial performance. During analysis, the Manager mainly focuses on areas such as consistency of earnings growth, consensus estimates, historical revisions and comparable analysis with peers.

Valuation analysis: The Manager will utilise its in-house financial model to value stocks in the watch list. At the same time, reality checks are performed by making references to other conventional valuations such as price-to-earnings ratio ("P/E"), price-to-book ratio ("P/B"), dividend yield, price/earnings to growth ratio ("PEG"), net asset value ("NAV"), sum-of-the-parts analysis ("SOTP") and discounted cash flow model ("DCF"). The Manager will select the appropriate valuation method and determine whether there is a premium or discount to the company's reasonable valuation and its target valuation.

Renminbi Qualified Foreign Institutional Investor ("RQFII")

Currently it is intended that the Sub-Fund will obtain exposure to securities and instruments issued or distributed in the PRC by using the RQFII quotas of the Manager, which has obtained RQFII status in China.

The Manager (as RQFII holder) may from time to time make available RQFII quota for the purpose of the Sub-Fund's direct investment into the PRC. Under the RQFII quota administration policy of the State Administration of Foreign Exchange ("SAFE"), the Manager has the flexibility to allocate its RQFII quota across different public fund products under the Manager's management, or, subject to SAFE's approval, to products and/or accounts that are not public fund products (but are under the Manager's management). The Manager may therefore allocate additional RQFII quota to the Sub-Fund, or allocate RQFII quota which may otherwise be available to the Sub-Fund to other public fund products under the Manager's management. Subject to SAFE's approval, the Manager may also allocate RQFII quotas to other non-public fund products and/or accounts. The Manager may also apply to SAFE for additional RQFII quota which may be utilised by the Sub-Fund, other clients of the Manager or other products managed by the Manager. However, there is no assurance that the Manager will make available RQFII quota that is sufficient for the Sub-Fund's investment at all times.

The Custodian has been appointed by the Trustee to hold the assets of the Sub-Fund. The Manager, in its capacity as a RQFII, and the Custodian have appointed Bank of China Limited as the RQFII Custodian in respect of the RQFII securities, pursuant to relevant laws and regulations.

Securities and instruments issued or distributed within the PRC will be maintained by the RQFII Custodian pursuant to PRC regulations through securities accounts with the relevant PRC securities depositaries in such name as may be permitted or required in accordance with PRC law.

Investors should pay attention to the sections headed "RQFII risk" and "PRC brokerage risk" under the "Specific Risk Factors" section. The Manager has obtained an opinion from PRC legal counsel to the effect that, as a matter of PRC laws:

(a) securities account(s) with relevant depositories and maintained by the RQFII Custodian and RMB special deposit account(s) with the RQFII Custodian (respectively, the "securities account(s)" and the "cash account(s)") shall be opened in the joint names of the Manager (as RQFII holder) and the Sub-Fund and for the sole benefit and use of the Sub-Fund in accordance with all applicable laws and regulations of the PRC and with approval from all competent authorities in the PRC;

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

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

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

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

(f) if the RQFII 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 RQFII 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 RQFII Custodian in liquidation in the PRC and the Sub-Fund will become an unsecured creditor for the amount deposited in the cash account.

Further, the Trustee has put in place proper arrangements to ensure that:

(i) the Trustee takes into its custody or under its control the assets of the Sub-Fund, including assets deposited in the securities account(s) and cash accounts with the RQFII Custodian, and holds the same in trust for the Unitholders;

(ii) the Trustee registers the assets of the Sub-Fund, including assets deposited in the securities account(s) and cash accounts with the RQFII Custodian, to the order of the Trustee; and

(iii) the RQFII Custodian will look to the Trustee for instructions (through the Custodian) and solely act in accordance with such instructions, save as otherwise required under applicable regulations.

The Manager will assume dual roles as the Manager of the Sub-Fund and the holder of RQFII quotas for the Sub-Fund. The Manager will be responsible for ensuring that all transactions and dealings will be dealt with in compliance with the Trust Deed (where applicable) as well as the relevant laws and regulations applicable to the Manager as a RQFII. If any conflicts of interest arise, the Manager will have regard in such event to its obligations to the Sub-Fund and will endeavour to ensure that such conflicts are resolved fairly.

PRC Tax Provisions

For further details relating to PRC taxes and the associated risks, please refer to the risk factor headed "PRC tax considerations" under the "Risk Factors" section in the main part of the Explanatory Memorandum.

Pursuant to the Notice 79, the Manager, having taken independent and considered professional tax advice, will at present implement tax provisioning policy of WIT in respect of capital gains on the Sub-Fund as follows:

(a) Due to the absence of specific administrative rules and the limited extent of clarification provided in the Notice 79, the Manager, acting in the best interest of the Unitholders, takes a prudent approach that the Sub-Fund will retain the provision for WIT on capital gains of the Sub-Fund's respective gross realised capital gains derived from trading of PRC equity investment assets (including China A-Shares) prior to 17 November 2014;

(b) The Sub-Fund will reverse the provision for WIT on capital gains made prior to 17 November 2014 on the Sub-Fund's respective gross unrealised capital gains derived from trading of PRC equity investment assets (including China A-Shares);

(c) The Sub-Fund will not make WIT provision for gross realised or unrealised capital gains derived from trading of PRC equity investment assets (including China A-Shares) from 17 November 2014 onwards.

The Manager will take a prudent approach and withhold 10% of the Sub-Fund's gross realised and unrealised capital gains derived from trading of PRC Securities other than equity investments. The Manager will also make a provision of 10% on dividend from China A-Shares and interest from Renminbi denominated bonds issued by PRC tax resident enterprises if the WIT is not withheld at source.

It is also noted that the Notice 79 states that the corporate income tax exemption effective from 17 November 2014 is temporary. As such, as and when the PRC authorities announce the expiry date of the exemption, the Sub-Fund may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of the Sub-Fund.

The PRC tax rules and practices in relation to RQFII are new and tax treatment on capital gains derived by RQFIIs from trading of PRC Securities other than equity investment assets could be uncertain. The potential application of tax treaties is uncertain. There are also risks and uncertainties associated with the current PRC tax law, regulations and practice, and the potential application of tax treaties in respect of capital gains realised by the Sub-Fund on its investments in China A-Shares prior to 17 November 2014. As such, there is a risk that any tax provision made by the Manager in respect of the Sub-Fund may be more than or less than the Sub-Fund's respective actual tax liabilities, which may potentially cause substantial loss to the Sub-Fund. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and adjust the withholding policy of the Sub-Fund accordingly, taking into account independent professional tax advice.

If the amount of tax provision is more than or less than the Sub-Fund's actual tax liabilities, Unitholders may be disadvantaged or advantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units. If the actual tax levied by the PRC tax authorities is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund. On the other hand, the actual tax liabilities may be lower than the tax provision made, in which case only the then existing Unitholders will benefit from a return of the extra tax provision. Those persons who have already redeemed their Units before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision.

Additional Borrowing Restrictions

Notwithstanding the provisions under the section headed "Investment and Borrowing Restrictions" in the main part of the Explanatory Memorandum, the Manager may borrow up to 10% of the latest available Net Asset Value of the Sub-Fund to acquire investments, to redeem Units or to pay expenses relating to the Sub-Fund. For this purpose, back-to-back loans do not count as borrowing. The assets of the Sub-Fund may be charged or pledged as security for any such borrowings.

Specific Risk Factors

Investors should refer to the relevant risks under the section headed "Risk Factors" in the main part of the Explanatory Memorandum. The following risks are in particular relevant to the Sub-Fund: "China market risk", "Concentration risk", "Emerging markets risk", "Liquidity risk", "Renminbi currency risk", "Volatility risk", "Small and medium-sized companies risk", "Counterparty risk", "Over-the-counter markets risk", "Derivative and structured product risk", and "Hedging risk" and "PRC tax considerations".

Investors should further refer to the following specific risk disclosures for the Sub-Fund:

Investment risk – The Sub-Fund mainly invests in equity securities and such securities may fall in value. Investors may suffer losses as a result. The Sub-Fund is not principal guaranteed and the purchase of its Units is not the same as investing directly in equity securities.

Risks relating to equity securities - Investment in equity securities is subject to market risk and the prices of such securities may be volatile. Factors affecting the stock values are numerous, including but not limited to changes in investment sentiment, political environment, economic environment, regional or global economic instability, currency and interest rate fluctuations. If the market value of equity securities in which the Sub-Fund invests goes down, its Net Asset Value may be adversely affected, and investors may suffer substantial losses. Please refer to the risk factor headed "Volatility risk" in the main part of the Explanatory Memorandum.

The Sub-Fund may have exposure to equities of smaller sized companies and the prices of such equities may be more volatile. Please refer to the risk factor headed "Small and medium-sized companies risk" in the main part of the Explanatory Memorandum.

China market / Single country investment – Insofar as the Sub-Fund invests substantially in securities issued in mainland China, it will be subject to risks inherent in the China market and additional concentration risks. Please refer to the risk factors headed "China market risk" and "Concentration risk" in the main part of the Explanatory Memorandum.

PRC tax risks – Investors should note the relevant PRC tax considerations that apply to the Sub-Fund. Investors should refer to the relevant risk factor headed "PRC tax considerations" in the main part of the Explanatory Memorandum.

Risks relating to China A-Shares market - The existence of a liquid trading market for China A-Shares may depend on whether there is supply of, and demand for, such China A-Shares. The price at which securities may be purchased or sold by the Sub-Fund and the Net Asset Value of the Sub-Fund may be adversely affected if trading markets for China A-Shares are limited or absent. The China A-Share market may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention). Market volatility and settlement difficulties in the China A-Share markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may affect the value of the Sub-Fund.

Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange. In particular, trading band limits are imposed by the stock exchanges in China on China A-Shares, where trading in any China A-Share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. A suspension will render it impossible for the Manager to liquidate positions and can thereby expose the Sub-Fund to

significant losses. Further, when the suspension is subsequently lifted, it may not be possible for the Manager to liquidate positions at a favourable price.

Liquidity risk – Some of the Sub-Fund's investments (such as investment in small/mid-cap companies) may be subject to higher liquidity risk. Lower liquidity may arise from a low trading volume of securities, or if trading restrictions or temporary suspensions on trading are imposed. Investment in securities that have lower liquidity may reduce returns for or result in substantial losses to the Sub-Fund if the Sub-Fund is unable to sell such securities at the time or price that is desirable. Liquidity could be reduced within a very short period of time especially during a financial market crisis. Please refer to the risk factor headed "Liquidity risk" in the main part of the Explanatory Memorandum.

Renminbi currency risk / currency conversion risk – Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government. If such policies change in future, the Sub-Fund's or the investors' position may be adversely affected. Please refer to the risk factor headed "Renminbi currency risk" in the main part of the Explanatory Memorandum.

Further, investors may be adversely affected by movements of exchange rates between the RMB and the class currency of the Units they invest in. All or part of the subscription monies of investors in a non-RMB denominated class of Units will be converted into RMB for investment in underlying securities, while realisation proceeds in RMB will be converted to the relevant class currency for payment of redemption proceeds. Currency conversion may affect the Sub-Fund's ability to meet redemption requests from Unitholders or may delay the payment of redemption proceeds. Investors will also be exposed to foreign exchange fluctuations between RMB and the relevant class currency and may suffer losses arising from such fluctuations.

Investors whose assets and liabilities are predominantly in a currency other than the RMB should take into account the potential risk of loss arising from fluctuations in value between such currency and the RMB. There is no guarantee that RMB will appreciate in value against the relevant class currency, or that the strength of the RMB may not weaken. In such case an investor may enjoy a gain in RMB terms but suffer a loss when converting funds between RMB and their own currency.

Investors should note that RMB is the only official currency of the PRC. While both onshore RMB (CNY) and offshore RMB (CNH) are the same currency, they are traded in different and separated markets. Since the two RMB markets operate independently where the flow

between them is highly restricted, CNY and CNH are traded at different rates and their movement may not be in the same direction. The CNH rate may be at a premium or discount to the exchange rate for CNY rate. In calculating the value of non-RMB denominated assets and the prices of non-RMB denominated classes of Units, the Manager will apply the CNH exchange rate. The fluctuation in the CNH/CNY exchange rate could therefore have an impact on the valuation of the Sub-Fund's assets and investors of non-RMB denominated classes of Units. In particular, where the CNH rate is at a premium, an investor in a non-RMB class of Units may incur additional costs when investing in such Units (since the currency conversion into RMB will be made at the prevailing CNH rate).

RQFII risk - The Sub-Fund is not a RQFII but may obtain access to securities issued within China directly using RQFII quotas of a RQFII. The Sub-Fund may invest directly in RQFII eligible securities investment via the RQFII status of the Manager.

The Manager may decide to close the Sub-Fund to further subscriptions without any prior or further notice if the total subscription amount reaches the amount of RQFII quota allocated to the Sub-Fund by the Manager. The Sub-Fund may not have exclusive use of the entire RQFII quota granted by SAFE to the RQFII (i.e. the Manager), as the RQFII may in its discretion allocate RQFII quota which may otherwise be available to the Sub-Fund to public fund products under the Manager's management. There can be no assurance that the RQFII can allocate sufficient RQFII quota to the Sub-Fund to meet all applications for subscription of Units in the Sub-Fund.

Investors should note that RQFII status could be suspended or revoked, which may have an adverse effect on the Sub-Fund's performance as the Sub-Fund may be required to dispose of its securities holdings.

In addition, certain restrictions imposed by the Chinese government on RQFIIs may have an adverse effect on the Sub-Fund's liquidity and performance. The State Administration of Foreign Exchange ("SAFE") regulates and monitors the repatriation of funds out of the PRC by the RQFII pursuant to the "Circular on Issues Related to the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" (國家外匯管理局關於人民幣合格境外機構投資者境內證券投資試點有關問題的通知) (the "RQFII Measures"). Repatriations by RQFIIs in respect of an open-ended RQFII fund (such as the Sub-Fund) conducted in RMB are currently not subject to repatriation restrictions or prior approval, although authenticity and compliance reviews will be conducted, and monthly reports on remittances and repatriations will be submitted to SAFE by the RQFII Custodian. 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 from the Unitholders. Furthermore, as the RQFII Custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the RQFII Custodian in case of non-compliance with the RQFII rules and regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming Unitholder as soon as practicable and after the completion of the repatriation of funds concerned. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Manager's control.

The current RQFII regulations include rules and restrictions on investments being made by a RQFII which may be amended from time to time. Investors should also note that a RQFII's domestic investment is currently subject to the following investment restrictions:

(a) shares held by a single foreign investor in one company listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange should not exceed 10% of the total outstanding shares of the listed company.

(b) aggregate China A-Shares held by all foreign investors in one company listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange shall not exceed 30% of total outstanding shares of the listed company.

The restrictions specified in paragraphs (a) and (b) above do not apply to the shareholdings acquired on Strategic Investments in Listed Companies by Offshore Investors (as defined in the "Implementation Rules for the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" (關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》的規定)).

RQFII quotas are generally granted to a RQFII. The rules and restrictions under RQFII regulations generally apply to the RQFII as a whole and not simply to the investments made by the Sub-Fund. It is provided in the RQFII Measures that the size of the quota may be reduced or cancelled by the SAFE if the RQFII is unable to use its RQFII quota effectively within one year since the quota is granted. If SAFE reduces the RQFII's quota, it may affect the Manager's ability to effectively pursue the investment strategy of the Sub-Fund. On the other hand, the SAFE is vested with the power to impose regulatory sanctions if the RQFII or the RQFII Custodian violates any provision of the RQFII Measures. Any violations could result in the revocation of the RQFII's quota or other regulatory sanctions and may adversely impact on the portion of the RQFII's quota made available for investment by the Sub-Fund.

Investors should note that there can be no assurance that a RQFII will continue to maintain its RQFII status or to make available its RQFII quota, or the Sub-Fund will be allocated a sufficient portion of RQFII quotas from a RQFII to meet all applications for subscription to the Sub-Fund, or that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations. Such restrictions may respectively result in a rejection of applications and a suspension of dealings of the Sub-Fund. In extreme circumstances, the Sub-Fund may incur significant losses due to insufficiency of RQFII quota, limited investment capabilities, or may not be able to fully implement or pursue its investment objective or strategy, due to RQFII investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution of trades or in settlement of trades.

The current RQFII laws, rules and regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the RQFII laws, rules and regulations will not be abolished. The Sub-Fund, which invests in the PRC markets through a RQFII, may be adversely affected as a result of such changes.

Cash deposited with the RQFII Custodian – Investors should note that cash deposited in the cash accounts of the Sub-Fund with the RQFII Custodian will not be segregated but will be a debt owing from the RQFII Custodian to the Sub-Fund as a depositor. Such cash will be co-mingled with cash that belongs to other clients or creditors of the RQFII Custodian. In the event of bankruptcy or liquidation of the RQFII Custodian, the Sub-Fund will not have any proprietary rights to the cash deposited in such cash accounts, and the Sub-Fund will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the RQFII 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.

Application of RQFII rules – The RQFII rules described under "RQFII risk" are relatively new, and enable Renminbi to be remitted into and repatriated out of the PRC. Application of the rules may depend on the interpretation given by the relevant Chinese authorities. Any changes to the relevant rules may have an adverse impact on investors' investment in the Sub-Fund. In the worst scenario, the Manager may determine that the Sub-Fund shall be terminated if it is not legal or viable to operate the Sub-Fund because of changes to the application of the relevant rules.

PRC brokerage risk – The execution and settlement of transactions or the transfer of any funds or securities may be conducted by brokers ("PRC Brokers") appointed by the RQFII. There is a risk that the Sub-Fund may suffer losses from the default, bankruptcy or

disqualification of the PRC Brokers. In such event, the Sub-Fund may be adversely affected in the execution or settlement of any transaction or in the transfer of any funds or securities.

In selection of PRC Brokers, the RQFII will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. If the RQFII considers appropriate, it is possible that a single PRC Broker will be appointed and the Sub-Fund may not necessarily pay the lowest commission available in the market

Risks of investing in other funds – The Sub-Fund may invest in bond funds or equity funds which are authorised by the CSRC for investment by the retail public in China. Investors should note that such investment may involve another layer of fees charged at the underlying fund level. This is because, in addition to the expenses and charges payable by the Sub-Fund as disclosed in this Explanatory Memorandum, the Sub-Fund will bear indirectly the fees charged by the managers and other service providers of the underlying funds, or will incur charges in subscribing for or redeeming shares in the underlying funds.

The Manager will consider various factors in selecting the underlying funds, for example, the investment objective and strategy, level of fees and charges, the redemption frequency and liquidity of such funds. However, there is no assurance that the investment objective or strategy of an underlying fund will be successfully achieved.

If the Sub-Fund invests in an underlying fund managed by the Manager or a connected person of the Manager, all initial charges on such underlying fund will be waived. The Manager may not obtain a rebate on any fees or charges levied by such underlying fund or its manager. Where potential conflicts of interest arise, the Manager will endeavour to ensure that such conflicts are resolved fairly. Please refer to the section headed "Conflicts of Interest" in the main part of the Explanatory Memorandum.

Risks relating to REITs – The Sub-Fund may invest in REITs which may not necessarily be authorised by the SFC.

The prices of REITs are affected by changes in the value of the underlying properties owned by the REITs. Investment in REITs may therefore subject the Sub-Fund to risks similar to those from direct ownership of real property.

Real estate investments are relatively illiquid and may affect the ability of a REIT to vary its investment portfolio or liquidate part of its assets in response to changes in economic conditions, international securities markets, foreign exchange rates, interest rates, real estate

markets or other conditions. Adverse global economic conditions could adversely affect the business, financial condition and results of operations of REITs. REITs may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than other securities.

Further, returns from REITs are dependent on management skills in managing the underlying properties. Investments made by REITs generally may not be diversified. In addition, certain REITs in which the Sub-Fund may invest may have their assets concentrated in specific real property sectors, and are therefore subject to the risks associated with adverse developments in these sectors.

REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. Further, borrowers under mortgages held by REITs or lessees of property that REITs own may be unable to meet their obligations to the REITs. On the other hand, if the key tenants experience a downturn in their businesses or their financial condition, they may fail to make timely rental payments or default under their leases. Tenants in a particular industry might also be affected by any adverse downturn in that industry and this may result in their failure to make timely rental payments or to default under the leases. In the event of a default, a REIT may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments. The REITs may suffer losses as a result.

REITs may have limited financial resources and may be subject to borrowing limits. Consequently, REITs may need to rely on external sources of funding to expand their portfolios, which may not be available on commercially acceptable terms or at all. If a REIT cannot obtain capital from external sources, it may not be able to acquire properties when strategic opportunities exist.

Any due diligence exercise conducted by REITs on buildings and equipment may not have identified all material defects, breaches of laws and regulations and other deficiencies. Losses or liabilities from latent building or equipment defects may adversely affect earnings and cash flow of the REITs.

Risks relating to derivative / hedging – Insofar as the Sub-Fund acquires derivative instruments for hedging, it will be subject to additional risks. There can be no assurance that any hedging techniques will fully and effectively eliminate the risk exposure of the Sub-Fund. Derivative instruments may be illiquid and are complex in nature. In adverse situations, the Sub-Fund's use of derivatives for hedging may become ineffective and the Sub-Fund may

suffer significant losses. The price of a derivative instrument can be very volatile which may result in losses in excess of the amount invested in the derivative instruments by the Sub-Fund.

Derivative instruments are subject to the risk that the counterparty of the instrument will not fulfil its obligations to the Sub-Fund. The Sub-Fund is therefore subject to risks relating to the financial soundness and credit worthiness of the counterparty and may suffer substantial losses in its investment in derivative instruments if the counterparty defaults. Settlement risk exists when such instruments are not settled in a timely manner, thereby increasing counterparty credit risk prior to settlement and potentially incurring funding costs for the Sub-Fund.

Over-the-counter derivatives are not guaranteed by an exchange or clearing house and may not be regulated by any governmental authority. It may not be possible to dispose of or close out a derivative position without the consent of the counterparty, and the Sub-Fund may not be able to enter into an offsetting contract in order to cover this risk.

Please refer to the relevant risk factors "Counterparty risk", "Over-the-counter markets risk", "Derivative and structured product risk", and "Hedging risk" under the section headed "Risk Factors" in the main part of the Explanatory Memorandum.

Available Classes

Class A Units are available for sale to the retail public.

Class I, Class P and Class S Units are offered to private bank or institutional investors or other investors determined by the Manager. Class S Units will only be made available with the Manager's agreement in writing.

Class J Units will only be offered to and can only be acquired by investors that are established as "Fund of Funds" type of investment vehicles as defined from time to time in the Regulations on Management of Investment Trust etc. of the Investment Trusts Association of Japan, regardless of whether it is resident or established in Japan or elsewhere or by such other investors as agreed by the Manager in writing.

Investment Minima

	Class A	**Class I**	**Class P**	**Class S**	**Class J**
Minimum Subscription Amount	Class A (RMB): RMB 10,000 Class A (HKD): HK$10,000Class A (USD): US$ 1,000 Class A (EUR): EUR 1,000	Class I (RMB): RMB 30 million Class I (HKD): HK$30 million Class I (USD): US$5 million Class I (EUR): EUR3 million	Class P (RMB): RMB500,000 Class P (HKD): HK$500,000 Class P (USD): US$100,000 Class P (EUR): EUR 100,000	Class S (RMB): RMB30 million Class S (HKD): HK$30 million Class S (USD): US$5 million Class S (EUR): EUR 3 million (or such other amount as the Manager may from time to time approve)	Class J (JPY): JPY 300 million
Minimum Subsequent Subscription Amount	Class A (RMB): RMB 1,000 Class A (HKD): HK$1,000Class A (USD): US$100 Class A (EUR): EUR100	Class I (RMB): RMB 50,000 Class I (HKD): HK$50,000Class I (USD): US$10,000 Class I (EUR): EUR10,000	Class P (RMB): RMB5,000 Class P (HKD): HK$5,000 Class P (USD): US$1,000 Class P (EUR): EUR 1,000	Class S (RMB): RMB50,000 Class S (HKD): HK$50,000 Class S (USD): US$10,000 Class S (EUR): EUR 10,000	Class J (JPY): JPY 50,000
Minimum Holding	Class A (RMB): RMB10,000 Class A (HKD): HK$10,000Class A (USD): US$1,000 Class A (EUR): EUR1,000	Class I (RMB): RMB 30 million Class I (HKD): HK$30 million Class I (USD): US$5 million Class I (EUR): EUR3 million	Class P (RMB): RMB500,000 Class P (HKD): HK$500,000 Class P (USD): US$100,000 Class P (EUR): EUR 100,000	Class S (RMB): RMB30 million Class S (HKD): HK$30 million Class S (USD): US$5 million Class S (EUR): EUR 3 million (or such other amount as the Manager may	Class J (JPY): JPY 300 million

				from time to time approve)	
Minimum Redemption Amount	Class A (RMB): RMB 1,000 Class A (HKD): HK$5,000Class A (USD): US$1,000 Class A (EUR): EUR1,000	Class I (RMB): RMB 50,000 Class I (HKD): HK$50,000Class I (USD): US$10,000 Class I (EUR): EUR10,000	Class P (RMB): RMB5,000 Class P (HKD): HK$5,000 Class P (USD): US$1,000 Class P (EUR): EUR 1,000	Class S (RMB): RMB50,000 Class S (HKD): HK$50,000 Class S (USD): US$10,000 Class S (EUR): EUR10,000	Class J (JPY): JPY 50,000

Fees

	Class A	**Class I**	**Class P**	**Class S**	**Class J**
Fees payable by investors					
Preliminary Charge (% of total subscription amount)	up to 5%	up to 5%	up to 5%	up to 5%	up to 5%
Redemption Charge (% of Redemption Price)	Nil	Nil	Nil	Nil	Nil
Switching Charge (% of total amount being switched out of the Existing Class)	up to 1%	Nil	up to 1%	Nil	Nil
Fees payable by the Sub-Fund					
Management Fee (% Net Asset Value of the Sub-Fund)	up to 1.8% p.a.	up to 0.90% p.a.	up to 1.20% p.a.	0%	up to 0.9% p.a.

Trustee Fee (% Net Asset Value of the Sub-Fund)	up to 0.15% p.a., subject to a minimum monthly fee of RMB35,000.
Custody Fees (% Net Asset Value of the Sub-Fund)	up to 0.10% p.a. (inclusive of custody fees payable to the RQFII Custodian)

Establishment Costs

The costs of establishment of Harvest China A Research Select Fund amount to approximately RMB800,000 and such amount will be amortised over a period of three Accounting Periods of the Sub-Fund.

Dealing Day

Every HK & PRC Business Day.

Dealing Deadline

5 p.m. (Hong Kong time) on the relevant Dealing Day.

The Authorised Distributor(s) may impose an earlier cut-off time before the Dealing Deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should confirm with the Authorised Distributor(s) concerned on the arrangements and dealing procedures that are applicable to them.

Subscription, Redemption and Switching of Units

For details regarding the procedures for subscription, redemption and switching, see the main part of the Explanatory Memorandum under "Purchase of Units", "Redemption of Units" and "Switching between Classes".

Unitholders of Class J (JPY) Units should note that generally, the Manager will not consent to the conversion of Class J (JPY) Units into other classes of Units in the Sub-Fund and nor may Units of other classes be converted into Class J (JPY) Units.

Distributions

The Manager has discretion as to whether or not to make any distribution of dividends, the frequency of distribution and amount of dividends. The Manager does not currently intend to make any distribution (whether out of income or capital) but instead intends to reinvest all of the Sub-Fund's income and gains (if any). Should the Manager decides to change its distribution policy and make distributions in the future, prior approval from the SFC will be obtained and not less than one month's notice will be given to Unitholders.

Valuation

Valuation Day will be the relevant Dealing Day and the Valuation Point is the close of business in the last relevant market to close on each Valuation Day.

Documents Available for Inspection

Please refer to the section headed "Documents Available for Inspection" in the main part of the Explanatory Memorandum and the following are the material contracts in respect of this Sub-Fund:

(i) the RQFII Custodian Agreement between the Manager, the Custodian and the RQFII Custodian; and
(ii) the Participation Agreement between the Manager, the Trustee, the Custodian and the RQFII Custodian.

APPENDIX IV - Harvest Asia Dividend Equity Fund

This Appendix comprises information in relation to Harvest Asia Dividend Equity Fund, a Sub-Fund of the Fund.

Application Moneys / Redemption Proceeds

Applicants for Units should note that application moneys for this Sub-Fund will be in the class currency of the relevant class of Units. Where Unitholders redeem their Units, redemption proceeds will be paid in the relevant class currency only.

Base Currency

The base currency of the Sub-Fund is USD.

Two different currencies of denomination (i.e. the class currencies) are offered: USD and HKD. The class currency will be indicated in the name of the relevant class, as follows:

For Class A (USD), Class I (USD), Class I (USD Acc), Class P (USD), Class S (USD): USD
For Class A (HKD), Class I (HKD), Class P (HKD), Class S (HKD): HKD

Initial Offer

Class I (USD Acc) Units will be available for subscription during the period commencing 9:00 a.m. (Hong Kong time) on 10 November 2015 to 5:00 p.m. (Hong Kong time) on 10 November 2015 (or such other dates as the Manager and the Trustee may determine). For the avoidance of doubt, the initial offer period may be extended until such time as an investor subscribes into Class I (USD Acc) without separate notification. Following the close of the initial offer period, Class I (USD Acc) Units will be issued at the prevailing Issue Price.

The initial offer price per Class I (USD Acc) Unit (exclusive of preliminary charge) is US$10.

The Manager is entitled to charge a preliminary charge of up to 5% of the total subscription amount received.

Class I (USD Acc) Units will be issued on the second Business Day following the last day of the initial offer period in respect of applications (together with cleared funds) received prior to

5:00 p.m. (Hong Kong time) on the last day of the initial offer period and accepted by the Manager. If applications and/or cleared funds are received after that time, such applications shall be carried forward to the next Dealing Day.

Investment Objective and Policy

Harvest Asia Dividend Equity Fund aims to provide an income stream over the medium term and potential capital appreciation over the long term. The Sub-Fund invests at least 70% in equities or equity-related securities of companies which are expected to pay dividends (as assessed by the Manager) and which are incorporated, or conduct their primary business activity, in the Asia ex-Japan Region and real estate investment trusts (REITs) which underlying properties are primarily located in the Asia ex-Japan Region.

The Sub-Fund may also invest in debt securities issued by government or corporate entities in the Asia ex-Japan Region, denominated in the relevant local currency or in US dollars. These investments will not in aggregate exceed 30% of the Sub-Fund's Net Asset Value. There is no requirement on minimum credit rating of the debt securities or of the issuers of such debt securities that the Sub-Fund may invest in. However, the Sub-Fund will not invest more than 10% of its Net Asset Value in securities issued by or guaranteed by any single country (including its government and a public or local authority of that country) that is rated non-investment grade[*].

The Manager currently does not intend to:

(i) invest in asset backed securities (including mortgage backed securities and asset backed commercial papers), structured deposits or products or financial derivative instruments;

(ii) invest in equity and/or debt securities issued in or distributed within the PRC, including urban investment bonds issued in the PRC (i.e. bonds issued by PRC local government financing vehicles);

(iii) enter into any securities lending, repurchase or reverse repurchase transactions or similar over-the-counter transactions in respect of the Sub-Fund;

and prior approval will be sought from the SFC and at least one month's prior notice will be given to Unitholders should there be a change in such intention.

[*] The credit rating of a sovereign issue generally refers to the prevailing official credit rating of the sovereign issuer assigned by an internationally recognised credit agency. In the event of spilt ratings among such credit agencies, the highest credit rating accredited to the relevant sovereign issuer shall be deemed the reference credit rating. Non-investment grade refers to a credit rating of BB+ or below from Standard & Poor's, Ba1 or below from Moody's or an equivalent rating from an internationally recognised rating agency.

The Sub-Fund may also hold cash and cash based instruments and money market instruments as considered appropriate by the Manager. The Sub-Fund may hold substantial cash and cash equivalents in adverse market conditions in order to protect the capital of the Sub-Fund.

Investment Strategy

The Sub-Fund adopts a Growth at a Reasonable Price ("GARP") strategy. The GARP strategy combines both value and growth investing principles with the aim to identify undervalued companies with sustainable growth potential. Macro and thematic trends will lay the basis of the Manager's strategy. The investment process is built upon fundamental analysis of companies, after taking reference on the Manager's macro and thematic views, and is based on the central belief that cash-flow and cash-flow return on investment (CFROI) will ultimately determine share prices over the medium and long term. The Manager focuses on identifying growth opportunities at reasonable valuations. The Manager seeks to capitalise on pricing inefficiencies identified through analysing cash-flow drivers. Reality checks are performed by making references to other conventional valuations like price-to-earnings ratio (P/E) and EV/EBITDA ratio. The Sub-Fund aims to invest in companies with sustainable CFROI, low financial gearing, pro-dividend commitment, steady dividend income and good corporate governance.

The Manager will focus on 4 key attributes of companies:

- Business model
- Management and shareholding
- Valuations
- Catalysts

Specific Risk Factors

Investors should refer to the relevant risks under the section headed "Risk Factors" in the main part of the Explanatory Memorandum. The following risks are in particular relevant to the Sub-Fund: "Concentration risk", "Emerging markets risk", "Liquidity risk", "Volatility risk", "Credit risk", "Credit rating downgrading risk", "Below investment grade and unrated securities risk", "Interest rates risk", "Currency risk" and "Distribution out of capital".

Investors should further refer to the following specific risk disclosures for the Sub-Fund:

Investment risk – The Sub-Fund mainly invests in equity and debt securities and these instruments may fall in value. There is also no guarantee of regular distribution payments

during the period you hold the Units of the Sub-Fund. Investors may suffer losses as a result. The Sub-Fund is not principal guaranteed and the purchase of its Units is not the same as investing directly in debt securities.

Concentration risk / emerging market risks – The Sub-Fund invests primarily in Asia and will be subject to additional concentration risks. Please refer to the risk factor headed "Concentration risk" in the main part of the Explanatory Memorandum.

Some of the markets in which the Sub-Fund may invest are emerging markets. Investment in emerging markets is subject to additional political, social and economic risks and the prices of emerging market securities may be more volatile. Please refer to the relevant risk factor headed "Emerging markets risk" in the main part of the Explanatory Memorandum.

Liquidity risk – Some of the Sub-Fund's investments may be subject to higher liquidity risk. Lower liquidity may arise from a low trading volume of securities, or if trading restrictions or temporary suspensions on trading are imposed. Investment in securities that have lower liquidity may reduce returns for or result in substantial losses to the Sub-Fund if the Sub-Fund is unable to sell such securities at the time or price that is desirable. Liquidity could be reduced within a very short period of time especially during a financial market crisis. Please refer to the risk factor headed "Liquidity risk" in the main part of the Explanatory Memorandum.

Risks relating to equity securities – Investment in equity securities is subject to market risk and the prices of such securities may be volatile. Factors affecting the stock values are numerous, including but not limited to changes in investment sentiment, political environment, economic environment, regional or global economic instability, currency and interest rate fluctuations. If the market value of equity securities in which the Sub-Fund invests goes down, its Net Asset Value may be adversely affected, and investors may suffer substantial losses. Please refer to the risk factor headed "Volatility risk" in the main part of the Explanatory Memorandum.

The Sub-Fund may have exposure to equities of smaller sized companies and the prices of such equities may be more volatile. Please refer to the risk factor headed "Small and medium-sized companies risk" in the main part of the Explanatory Memorandum.

Risks relating to REITs – The Sub-Fund may invest in REITs which may not necessarily be authorised by the SFC.

The prices of REITs are affected by changes in the value of the underlying properties owned by the REITs. Investment in REITs may therefore subject the Sub-Fund to risks similar to those from direct ownership of real property.

Real estate investments are relatively illiquid and may affect the ability of a REIT to vary its investment portfolio or liquidate part of its assets in response to changes in economic conditions, international securities markets, foreign exchange rates, interest rates, real estate markets or other conditions. Adverse global economic conditions could adversely affect the business, financial condition and results of operations of REITs. REITs may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than other securities.

Further, returns from REITs are dependent on management skills in managing the underlying properties. Investments made by REITs generally may not be diversified. In addition, certain REITs in which the Sub-Fund may invest may have their assets concentrated in specific real property sectors, and are therefore subject to the risks associated with adverse developments in these sectors.

REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. Further, borrowers under mortgages held by REITs or lessees of property that REITs own may be unable to meet their obligations to the REITs. On the other hand, if the key tenants experience a downturn in their businesses or their financial condition, they may fail to make timely rental payments or default under their leases. Tenants in a particular industry might also be affected by any adverse downturn in that industry and this may result in their failure to make timely rental payments or to default under the leases. In the event of a default, a REIT may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments. The REITs may suffer losses as a result.

REITs may have limited financial resources and may be subject to borrowing limits. Consequently, REITs may need to rely on external sources of funding to expand their portfolios, which may not be available on commercially acceptable terms or at all. If a REIT cannot obtain capital from external sources, it may not be able to acquire properties when strategic opportunities exist.

Any due diligence exercise conducted by REITs on buildings and equipment may not have identified all material defects, breaches of laws and regulations and other deficiencies. Losses

or liabilities from latent building or equipment defects may adversely affect earnings and cash flow of the REITs.

Risks relating to debt securities – Investment in debt securities is subject to the credit risk of the issuers which may be unable or unwilling to make timely payments on principal and/or interest. The entire amount of investment in the debt securities is at risk of loss if there is no recovery after default of the issuer. Some of the securities that the Sub-Fund invests in may be rated below-investment grade or unrated. In general, debt securities that have a lower credit rating or that are unrated will be more susceptible to the credit risk of the issuers. Please refer to the relevant risk factors headed "Credit risk" and "Below investment grade and unrated securities risk" in the main part of the Explanatory Memorandum.

The Sub-Fund may invest in higher yielding debt securities where the level of income may be relatively high (compared to investment grade debt securities). However, investors should note that a higher distribution yield does not imply a positive or high return on the total investment. For high yield debt securities, there is a significantly higher risk of a fall in value of such securities (and therefore a loss in the investment amount) than investment grade securities. As high yield securities typically have lower credit ratings or are unrated, they are often subject to a higher risk of issuer default. These securities are more vulnerable to adverse economic conditions and their prices are more volatile (i.e. they typically fall more in value than investment grade debt securities as investors become more risk averse as default risk rises).

Investment grade securities may be subject to downgrading risk. Please refer to the relevant risk factor headed "Credit rating downgrading risk" in the main part of the Explanatory Memorandum.

Debt securities are sensitive to changes in interest rates. Interest rates are subject to fluctuations. Any such fluctuations may have a direct effect on the income received by the Sub-Fund and its capital value. Please refer to the relevant risk factor headed "Interest rates risk" in the main part of the Explanatory Memorandum.

Currency risk - Underlying investments of the Sub-Fund may be denominated in currencies different from that in which the Sub-Fund is denominated. This means currency movements in such underlying investments may significantly / adversely affect the Net Asset Value of Sub-Fund. Please refer to the risk factor headed "Currency risk" in the main part of the Explanatory Memorandum.

Dividend Risk – There is no assurance that dividends will be declared and paid in respect of the securities held by the Sub-Fund. The rates of dividend payment in respect of such securities will depend on the performance of the relevant companies or REITs as well as other factors beyond the control of the Manager, including but not limited to the dividend policy of the relevant companies or REITs.

In addition, whether or not distributions will be made by the Sub-Fund is at the discretion of the Manager taking into account various factors. There can be no assurance that the distribution yield of the Sub-Fund is the same as that of the underlying securities.

Risks relating to distributions from capital – The Manager may in its discretion distribute dividends out of capital of the Sub-Fund. Please note the relevant risk associated with distributions out of capital set out in the risk factor "Distribution out of capital" in the main part of the Explanatory Memorandum and further disclosures set out under the heading "Distribution" below.

Available Classes

Class A Units are available for sale to the retail public.

Class I, Class P and Class S Units are offered to private bank or institutional investors or other investors determined by the Manager. Class S will only be made available with the Manager's agreement in writing.

Investment Minima

	Class A	**Class I**	**Class P**	**Class S**
Minimum Subscription Amount	For USD denominated classes: US$1,000 For HKD denominated classes: HK$10,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30 million	For USD denominated classes: US$100,000 For HKD denominated classes: HK$500,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30 million
Minimum Subsequent Subscription Amount	For USD	For USD	For USD	For USD

	denominated classes: US$100 For HKD denominated classes: HK$1,000	denominated classes: US$10,000 For HKD denominated classes: HK$50,000	denominated classes: US$1,000 For HKD denominated classes: HK$5,000	denominated classes: US$10,000 For HKD denominated classes: HK$50,000
Minimum Holding	For USD denominated classes: US$1,000 For HKD denominated classes: HK$10,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30 million	For USD denominated classes: US$100,000 For HKD denominated classes: HK$500,000	For USD denominated classes: US$5 million For HKD denominated classes: HK$30 million
Minimum Redemption Amount	For USD denominated classes: US$1,000 For HKD denominated classes: HK$5,000	For USD denominated classes: US$10,000 For HKD denominated classes: HK$50,000	For USD denominated classes: US$1,000 For HKD denominated classes: HK$5,000	For USD denominated classes: US$10,000 For HKD denominated classes: HK$50,000

Fees

	Class A	**Class I**	**Class P**	**Class S**
Fees payable by investors				
Preliminary Charge (% of total subscription amount)	up to 5%	up to 5%	up to 5%	up to 5%
Redemption Charge (% of Redemption Price)	Nil	Nil	Nil	Nil

Switching Charge (% of total amount being switched out of the Existing Class)	up to 1%	Nil	up to 1%	Nil
Fees payable by the Sub-Fund				
Management Fee (% Net Asset Value of the Sub-Fund)	up to 1.5% p.a.	up to 0.75% p.a.	up to 1.2% p.a.	0%
Trustee Fee (% Net Asset Value of the Sub-Fund)	up to 0.15% p.a., subject to a minimum monthly fee of US$6,000.			
Custody Fees (% Net Asset Value of the Sub-Fund)	up to 0.075% p.a.			

Establishment Costs

The costs of establishment of Harvest Asia Dividend Equity Fund amount to approximately US$150,000 and such amount will be amortised over a period of three Accounting Periods of the Sub-Fund.

Dealing Day

Every Business Day.

Dealing Deadline

5 p.m. (Hong Kong time) on the relevant Dealing Day.

The Authorised Distributor(s) may impose an earlier cut-off time before the Dealing Deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should confirm with the Authorised Distributor(s) concerned on the arrangements and dealing procedures that are applicable to them.

Subscription, Redemption and Switching of Units

Class A (USD), Class I (USD), Class P (USD), Class S (USD)[2] are available for subscription at US$10 per Unit (exclusive of preliminary charge) and Class A (HKD), Class I (HKD), Class P (HKD), Class S (HKD)[2] are available for subscription at HK$100 per Unit (exclusive of preliminary charge) until such time an investor invests into such class of Unit or as otherwise agreed between the Trustee and the Manager. Following such subscription, Units of the relevant class will be issued at the prevailing Issue Price.

For details regarding the procedures for subscription, redemption and switching, see the main part of the Explanatory Memorandum under "Purchase of Units", "Redemption of Units" and "Switching between Classes".

Distributions

The Manager has discretion as to whether or not to make any distribution of dividends, the frequency of distribution and amount of dividends.

For Class I (USD Acc):

The Manager does not currently intend to make any distribution (whether out of income or capital) but instead intends to reinvest all income and gains (if any).

For Classes other than Class I (USD Acc):

It is currently intended that no dividend will be paid during the first year after the launch of the Sub-Fund. Thereafter, distributions will be declared on a semi-annual basis (i.e. in June and December each year, if applicable) and payable in the relevant class currency. There is no guarantee of regular distribution and if distribution is made the amount being distributed.

Dividends, if any, may be paid from income and/or capital of the Sub-Fund at the Manager's discretion. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment.

[2] Class S will only be made available with the Manager's agreement in writing.

Any distributions involving payment of dividends out of the Sub-Fund's capital may result in an immediate reduction of the Net Asset Value per Unit. Compositions of the dividend distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months will be available from the Manager upon request and on the website of the Manager www.harvestglobal.com.hk on a regular basis. Please note that the aforesaid website has not been reviewed by the SFC. Please refer to the risk factor headed "Distribution out of Capital" in the section headed "Risk Factors" in the main part of the Explanatory Memorandum for the relevant risks.

The Manager may change the distribution policy subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Valuation

Valuation Day will be the relevant Dealing Day and the Valuation Point is the close of business in the last relevant market to close on each Valuation Day.

ANNEX A - OVERVIEW OF THE PRC DEBT SECURITIES MARKET

The PRC bond market consists of three markets: (i) the interbank bond market regulated by the People's Bank of China and functions as a wholesale market for institutional investors; (ii) the exchange bond market regulated by the China Securities Regulatory Commission and targets non-bank institutions and individuals investors; and (iii) the bank over-the-counter market regulated by the People's Bank of China and targets non-financial institutions and individual investors. However, the current size and trading volume of the bank over-the-counter market is much smaller than the interbank bond market and the exchange bond market.

The China Central Depository & Clearing Co., Ltd ("CCDC") acts as the central custodian of all marketable RMB bonds. For the exchange bond market, it adopts a two-level custody system, with the CCDC acting as the primary custodian and the China Securities Depository and Clearing Corporation Limited ("CSDCCL") acting as the secondary custodian.

The main features of the different PRC bond markets are set out in the table below.

	Interbank Bond Market	**Exchange Bond Market**
Size	As of 30 September 2015, 81.63% of all bond transactions (Data source: WIND)	As of 30 September 2015, 18.37% of all bond transactions (Data source: WIND)
Major types of products being traded	Government bonds, central bank bills, financial bonds, enterprise bonds, commercial papers, mid-term notes, asset backed securities, panda bonds (i.e. RMB-denominated bonds issued by international financial institutions within the boundaries of China)	Government bonds, listed company bonds, enterprise bonds, convertible bonds, asset backed securities
Key market participants	Institutional investors (such as commercial banks, securities firms, funds and trust investment companies), QFIIs, RQFIIs	Individuals and non-bank institutions (such as insurance companies and funds), QFIIs, RQFIIs
Trading and settlement mechanism	Trades through bilateral negotiation and settle trade-for-trade; settlement cycle: T+0 or T+1, depending on the bilateral negotiation.	Centralised trade matching with netting settlement; settlement cycle: T+1

Regulator(s)	People's Bank of China	China Securities Regulatory Commission
Counterparty	The trading counterparty	China Securities Depository and Clearing Corporation Limited acting as the central counterparty to all securities transactions on the Shanghai and Shenzhen Stock Exchanges
Central Clearing Entity (if any)	China Central Depository & Clearing Co., Ltd or Shanghai Clearing House, depending on the type of securities	China Securities Depository and Clearing Corporation Limited
Liquidity of Market	High	Medium to low
Associated Risks	Counterparty risk Credit risk of bond issuers Liquidity risk	Counterparty risk Credit risk of bond issuers Liquidity risk
Minimum rating requirements (if any)	No minimum rating requirement	AA for the exchange trading platform which is accessible by QFIIs and RQFIIs; no minimum rating requirement for the electronic trading platform

The common types of debt securities and their issuers are set out below.

Type	**Sector**	**Issuer**	**Market**	**Regulator**
Government Securities	Treasury	PRC Government	Interbank/Exchange	PRC Government/China Securities Regulatory Commission

	Central Bank Bill	PRC Central Bank	Interbank	People's Bank of China
	Municipal Bond	Municipal Government	Interbank/Exchange	PRC Government/China Securities Regulatory Commission
	Agency Bond	Policy Banks & Central Huijin Investment Ltd.	Interbank	People's Bank of China
Corporate Securities	Financial Bond	Financial Institution	Interbank	People's Bank of China
	Structure Bond	Bank/Motor Credit Company	Interbank	People's Bank of China /China Securities Regulatory Commission/China Banking Regulatory Commission
	Commercial Paper (Maturity < 1 year)	Non-Financial Enterprise	Interbank	People's Bank of China
	Mid Term Note (Maturity > 1 year)	Non-Financial Enterprise	Interbank	People's Bank of China
	Enterprise Bond	Enterprise (Mostly unlisted)	Interbank/Exchange	National Development and Reform Commission/ China Securities Regulatory Commission

	Corporate Bond	Corporate (Mostly listed)	Exchange	China Securities Regulatory Commission/ National Development and Reform Commission
	Convertible Bond	Listed Corporate	Exchange	China Securities Regulatory Commission

The yield of the major RMB denominated instruments issued in the PRC was in the range of 2.3748% to 2.7139% for government bonds (tenor 1-3 years) and 2.6052% to 2.7274% for AAA corporate bonds (tenor 1-3 years), as at 27 October 2015 (Source: WIND). However, investors should note that this is not an indication of the expected return of the Sub-Fund. There is no assurance that the Sub-Fund's return will be correlated with the expected yield of its underlying investments.

PRC Credit Rating Agencies

Some global rating agencies (such as Moody's, Standard & Poor's and Fitch) assign ratings to Chinese treasury bonds and non-treasury bonds denominated in foreign currencies.

The major domestic credit rating agencies in China include:

- Dagong Global Credit Rating Co., Ltd;
- China Chengxin International Credit Rating Co., Ltd (in partnership with Moody's);
- China Chengxin Security Rating Co., Ltd;
- China Lianhe Credit Rating Co., Ltd (in partnership with Fitch Ratings);
- Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.

The domestic ratings agencies mainly provide credit ratings to publicly listed and interbank market bonds. The definition and methodology of ratings vary among domestic credit agencies.

In relation to the exchange bond market, the China Securities Regulatory Commission ("CSRC") and its agencies regulate securities rating business activities according to law. The People's Bank of China ("PBOC") has issued guidance notes in relation to recognition of credit rating agencies in the interbank bond market. As with other global rating agencies, they apply quantitative method and qualitative methods in their rating. Such credit ratings are subject to the credit rating agency's evaluation of the likelihood that the issuer will fulfil its repayment obligations. In contrast with

international rating agencies, domestic credit rating agencies may take into account additional factors such as the importance of the corporate to the PRC central and local government and the potential support from the government. Rating information and reports are available on the websites of the relevant credit rating agencies and other financial data providers.

PRODUCT KEY FACTS
Harvest Funds (Hong Kong) -
Harvest RMB Fixed Income Fund

16 December 2016

嘉實國際資產管理
Harvest Global Investments

- ***This statement provides you with key information about Harvest RMB Fixed Income Fund.***
- ***This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum of Harvest Funds (Hong Kong).***
- ***You should not invest in this product based on this statement alone.***

Quick facts

Manager and RQFII Holder:	Harvest Global Investments Limited
Trustee:	BOCI-Prudential Trustee Limited
Custodian:	Bank of China (Hong Kong) Limited
RQFII Custodian:	Bank of China Limited
Ongoing charges over a year#:	**Class A:** 4.16%
Dealing frequency:	Daily on each HK & PRC Business Day*
Base currency:	RMB
Dividend policy:	Currently on a semi-annual basis (i.e. in June and December each year), subject to the Manager's discretion and dividends may be paid out of capital
Financial year end of this fund:	31 December
Min. investment:	**Class A:** RMB10,000 initial, RMB1,000 additional
Min. holding:	**Class A:** RMB10,000
Min. redemption:	**Class A:** RMB1,000

The ongoing charges figure is calculated based on the ongoing expenses of Class A Units between 1 December 2015 and 30 November 2016 expressed as a percentage of the average net asset value of Class A Units of the Sub-Fund over the same period. It is believed that the variation of the ongoing charges figure from the previously disclosed figure is due to adverse market environment and sentiment. This figure may vary from year to year.
*****a day (other than a Saturday) on which banks and stock exchanges in Hong Kong and the PRC are open for normal business.

What is this product?

Harvest RMB Fixed Income Fund (the "**Sub-Fund**") is a sub-fund of Harvest Funds (Hong Kong) which is a Hong Kong domiciled umbrella structure unit trust established by a trust deed dated 4 January 2012. It is governed by the laws of Hong Kong.

The Sub-Fund invests primarily in RMB denominated and settled debt instruments issued within mainland China through the RQFII quota of the Manager. Subscription moneys and redemption proceeds must be paid in RMB.

Objectives and Investment Strategy

Objectives

Harvest RMB Fixed Income Fund seeks to provide investors with long-term capital growth in RMB terms by investing primarily in a managed portfolio of debt securities and money market instruments denominated and settled in RMB issued or listed in the PRC, including but not limited to fixed rate or floating rate debt securities, convertible bonds, commercial papers and certificates of deposit. These instruments may be traded or dealt in the mainland exchange market or interbank bond market. These instruments may be issued by the Chinese governments (including municipal bonds issued by local governments), quasi-government organisations, banks, financial institutions and other corporate entities.

The Sub-Fund may invest in urban investment bonds (i.e. debt instruments issued by local government financing vehicles ("LGFVs") and traded in the PRC exchange-traded bond markets and inter-bank bond market). These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for local development, public welfare investment and infrastructure projects. The exposure to urban investment bonds may be up to 70% of the Sub-Fund's Net Asset Value.

The Sub-Fund may also invest in collective investment schemes which primarily invest in fixed income securities, including exchange traded funds.

Investment in debt securities, money market instruments and the abovementioned collective investment schemes shall be no less than 80% of the Net Asset Value of the Sub-Fund.

The Sub-Fund may also invest up to 20% of its Net Asset Value in China A-Shares listed on the Shanghai and Shenzhen Stock Exchanges (including initial public offerings) and collective investment schemes which primarily invest in equity securities, including exchange traded funds, issued or listed in the PRC.

The Sub-Fund will only invest in collective investment schemes that have been authorised by the China Securities Regulatory Commission ("CSRC") for investment by the retail public, and such investment will not in aggregate exceed 10% of the Net Asset Value.

Exposure to securities issued within mainland China will be through the RQFII quotas of the Manager. The Sub-Fund will not invest in any securities issued outside mainland China.

The Sub-Fund will not invest in any structured deposits, structured products or derivative instruments for hedging or non-hedging purposes. The Sub-Fund will not invest in asset backed securities (including asset backed commercial papers).

The Manager currently does not intend to enter into any securities lending, repurchase or reverse repurchase transactions or similar over-the-counter transactions in respect of the Sub-Fund. Prior approval will be sought from the SFC and at least one month's prior notice will be given to Unitholders should there be a change in such intention.

Strategy

The Sub-Fund will invest in debt securities or money market instruments that have a minimum credit rating of BBB (including BBB+ but not BBB-) or above (rated by any PRC local credit rating agency•). When investing in such instruments, the Manager will first consider the credit rating of the instrument itself and only if such credit rating is unavailable, the Manager will then consider the credit rating of the issuer of the relevant instrument, which

will become the implied rating of the instrument.

The Sub-Fund may invest up to 20% of its Net Asset Value in unrated debt securities and money market instruments. For this purpose, an unrated debt security or an unrated money market instrument refer to an instrument which neither the instrument itself nor its issuer has a credit rating.

The Manager will adopt various strategies in selection of different types of securities including debt securities, money market instruments, convertible bonds, equity securities and collective investment schemes. For example, debt securities and money market instruments will be selected using a top down approach, based on analysis on macroeconomic environment and monetary policies, etc. For equity securities, the fundamentals of the relevant companies will be analysed and considered.

• The PRC local credit rating agencies are set out under the heading "PRC Credit Rating Agencies" in Annex A of the Explanatory Memorandum.

What are the key risks?

Investment involves risks. Please refer to the offering document for details including the risk factors.

Investment risk

- The Sub-Fund is an investment fund. There is no guarantee of the repayment of principal. There is also no guarantee of regular distribution payments during the period you hold the units of the Sub-Fund. The instruments invested by the Sub-Fund may fall in value and therefore your investment in the Sub-Fund may suffer losses.

Concentration risk

- The Sub-Fund's investments are concentrated in the PRC. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting the PRC.

Emerging market risk

- The Sub-Fund invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

PRC tax risk

- The Sub-Fund may be subject to the risks associated with changes in the PRC laws and regulations, including PRC tax laws, and such changes may have retrospective effect and may adversely affect the Sub-Fund. The Manager, having taken independent professional tax advice and acting in accordance with such advice, will at present implement tax provisioning policy as follows:

  (a) The Sub-Fund will not make PRC withholding income tax (WIT) provision for gross realised and unrealised capital gains derived from trading of PRC equity investment assets (including China A-Shares) from 17 November 2014 onwards;
  (b) The Sub-Fund will not make WIT provision for gross realised and unrealised

capital gains derived from trading of PRC debt securities;

(c) The Sub-Fund will make a provision of 10% on dividend from China A-Shares, interest from Renminbi denominated bonds (except PRC government bonds which are State treasury bonds issued by the in-charge finance department of the State Council of the People's Republic of China) issued by PRC tax resident enterprises, dividend from securities investment funds and interest from RMB bank deposits if the WIT is not withheld at source.

- Such provisions may be excessive or inadequate to meet the actual tax liabilities, as PRC tax rules and practices are subject to uncertainties. In case of any shortfall between the provisions and actual tax liabilities, which will be debited from the Sub-Fund's assets, the asset value of the Sub-Fund will be adversely affected.

RQFII risk

- The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.
- The Sub-Fund may suffer substantial losses if there is insufficient RQFII quota allocated for the Sub-Fund to make investments, the approval of the RQFII is being revoked/terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, or if any of the key operators or parties (including RQFII custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

RMB currency risk

- Renminbi (RMB) is currently not freely convertible and is subject to exchange controls and restrictions.
- Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies will not depreciate. Any depreciation of RMB could adversely affect the value of investors' investments in the Sub-Fund.
- Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.
- Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

Risks relating to debt securities

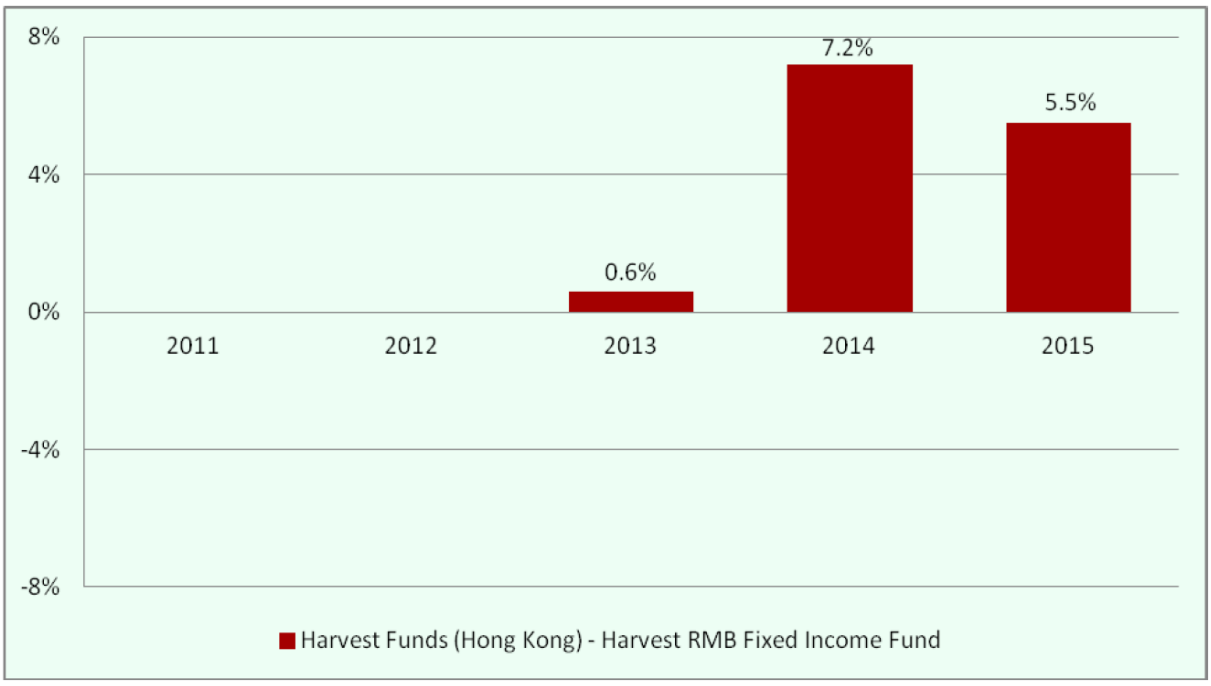
- *Credit / counterparty risk* - The Sub-Fund is exposed to the credit/default risk of issuers of the debt securities that the Sub-Fund may invest in.
- *Interest rate risk* - Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- *Credit rating downgrading risk* - The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.
- *Below investment grade and unrated securities risk* - The Sub-Fund may invest in below investment grade or unrated securities. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

- *Sovereign debt risk* - The Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.
- *Valuation risk* - Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the calculation of the Sub-Fund's Net Asset Value.
- *Credit rating risk* - Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the securities and/or issuers at all times.
- *Credit rating agency risk* - The credit appraisal system in China and the rating methodologies employed in China may be different from those employed in other markets. Credit ratings given by Chinese rating agencies may therefore not be directly comparable with those given by other international rating agencies.
- *Risk associated with Urban Investment Bonds* - Urban investment bonds are issued by local government financing vehicles ("LGFVs"), such bonds are typically not guaranteed by local governments or the central government of China. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the Net Asset Value of the Sub-Fund could be adversely affected.

Distribution from capital

- The Manager may pay distributions out of the capital of the Sub-Fund. The payment of distributions out of capital represents a return or a withdrawal of part of the amount an investor originally invested or capital gains attributable to that amount. Distributions will result in an immediate decrease in the Net Asset Value of the relevant Units.

How has the fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV,

with dividend reinvested.

- These figures show by how much the Class A increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Class A is selected as representative unit class as it is the unit class that is offered to the retail public of Hong Kong.
- Sub-Fund launch date: 21 Feb 2012
- Class A launch date: 21 Feb 2012

Is there any guarantee?

The Sub-Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Sub-Fund.

Fee	What you pay
Preliminary Charge (% of total subscription amount)	Class A: up to 5%*
Redemption Charge (% of Redemption Price)	Class A: Nil*
Switching Charge (% of total amount being switched out of the existing class)	Class A: up to 1%*

Ongoing fees payable by the Sub-Fund

The following fees will be paid out of the Sub-Fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the Sub-Fund's net asset value)
Management Fee	Class A: 1.2% p.a.*
Trustee Fee	Class A: up to 0.15% p.a., subject to a minimum monthly fee of RMB35,000*
Custody Fees	Class A: Up to 0.1% p.a. (inclusive of custody fees payable to the RQFII Custodian)
Performance Fee	Class A: Nil

Other fees

You may have to pay other fees and charges when dealing in the units of the Sub-Fund. The Sub-Fund will also bear the costs which are directly attributable to it, as set out in the offering

document.

*You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least one month's prior notice. For details please refer to the section headed "Expenses and Charges" in the Explanatory Memorandum.

Additional Information

- You generally buy and redeem units at the Sub-Fund's next-determined net asset value (NAV) after the Trustee or an Authorised Distributor receives your request in good order on or before 5p.m. (Hong Kong time) on the relevant Dealing Day[1].

- The net asset value per Unit of this Sub-Fund is calculated every HK & PRC Business Day and the price of units is published each Business Day on the Manager's website, www.harvestglobal.com.hk.

- The composition of the latest dividend distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months is available from the Manager on request and on the Manager's website www.harvestglobal.com.hk.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

[1]The Authorised Distributor(s) may impose an earlier cut-off time before the dealing deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should confirm the arrangements with the Authorised Distributor(s) concerned.