PRODUCT KEY FACTS

Harvest CSI Smallcap 500 Index ETF

A sub-fund established under the Harvest Funds (Hong Kong) ETF

Issuer: Harvest Global Investments Limited

嘉實國際資產管理
Harvest Global Investments

21 February 2017

This is an exchange traded fund.

This statement provides you with key information about this product.

This statement is a part of the Prospectus.

You should not invest in this product based on this statement alone.

Quick facts

Stock code:	83150 - RMB counter 03150 - HKD counter
Trading lot size:	200 Units- RMB counter 200 Units – HKD counter
Manager:	Harvest Global Investments Limited
Trustee and Registrar:	HSBC Institutional Trust Services (Asia) Limited
Custodian:	The Hongkong and Shanghai Banking Corporation Limited
PRC Custodian:	HSBC Bank (China) Company Limited
Ongoing charges over a year[#]:	Maximum 0.60% p.a.
Tracking difference of the last calendar year [##]:	-2.6%
Underlying Index:	CSI Smallcap 500 Index
Base currency:	Renminbi (RMB)
Trading currency:	Renminbi (RMB) – RMB counter Hong Kong dollars (HKD) – HKD counter
Dividend policy:	The Manager intends to distribute income to Unitholders at least annually (in October each year beginning 2015) having regard to the Sub-Fund's net income after fees and costs. Distributions on all Units (whether traded in HKD or RMB counter) will be in RMB only.
Financial year end of this fund:	31 December
ETF Website:	http://etf.harvestglobal.com.hk/hgicsi500

[#] The ongoing charges figure represents the ongoing expenses expressed as a percentage of the Sub-Fund's average net asset value over the same period. The Manager will, until 31 December 2017, cap the ongoing charges figure for the Sub-Fund at a maximum of 0.60% p.a. ("OCF Cap"). This means that any expense of the Sub-Fund (falling within the scope of ongoing expenses) incurred during this period will be borne by the Manager and will not be charged to the Sub-Fund if such expense would result in the ongoing charges figure

exceeding the OCF Cap. This figure does not represent tracking error.

This is the actual tracking difference of the calendar year ended 31 December 2016. Investors should refer to the website of the Sub-Fund for more up-to-date information on actual tracking difference.

What is this product?

- Harvest CSI Smallcap 500 Index ETF (the "**Sub-Fund**") is a sub-fund of Harvest Funds (Hong Kong) ETF, an umbrella unit trust established under Hong Kong law. The Sub-Fund is a passively-managed ETF falling within Chapter 8.6 and Appendix I of the Code on Unit Trusts and Mutual Funds issued by the SFC. Units of the Sub-Fund (the "**Units**") are traded on The Stock Exchange of Hong Kong Limited (the "**SEHK**") like stocks.
- The Sub-Fund is a physical ETF which invests directly in the PRC's domestic securities markets through the Manager's status as a renminbi qualified foreign institutional investor ("**RQFII**").

Objective and Investment Strategy

Objective

The investment objective is to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI Smallcap 500 Index (the "**Index**").

Strategy

In seeking to achieve the Sub-Fund's investment objective, the Manager will use a full replication strategy through investing directly in securities included in the Index in substantially the same weightings in which they are included in the Index, through the RQFII investment quota granted to the Manager by the State Administration of Foreign Exchange of the PRC and the Shanghai-Hong Kong Stock Connect. The Manager may invest up to 100% of the Sub-Fund's NAV through either RQFII and/or the Shanghai-Hong Kong Stock Connect. The Manager will not adopt a representative sampling strategy.

The Sub-Fund may also invest in money market funds and in cash deposits for cash management purposes although such investments are not anticipated to exceed 5% of the Sub-Fund's NAV.

Currently the Manager has no intention to invest the Sub-Fund in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes. The Manager will seek the prior approval of the SFC and provide at least one month's prior notice to Unitholders before the Manager engages in any such investments.

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

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

There is no current intention for the Sub-Fund to engage in securities lending, repurchase transaction or other similar over-the-counter transactions, but this may change in light of market circumstances and where the Sub-Fund does engage in these types of transactions, prior approval shall be obtained from the SFC and no less than one month's prior notice will be given to the Unitholders.

Index

The Index is a free float adjusted, category-weighted index which measures the performance of A-Shares traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange. The Index consists of the 500 stocks after the largest 300 stocks in terms of market capitalisation and liquidity from the entire universe of listed A-Shares companies in the PRC. The Index is calculated and disseminated in RMB on a real-time basis and is maintained by China Securities Index Co., Ltd ("**CSI**"). The Index is quoted in RMB. The Index was launched on 15 January 2007 and had a base level of 1,000 on 31 December 2004.

The Index is a price return index. A price return index calculates the performance of the Index constituents on the basis that any dividends or distributions are not reinvested.

As of 24 January 2017, the Index had a total free-float market capitalisation of approximately RMB3,883 billion and 500 constituents.

Top 10 constituents

As at 24 January 2017, the 10 largest constituents of the Index, representing approximately 4.82% of the market capitalisation of the Index based on total shares in issue, were as follows:

Rank	Constituent Name	Weighting
1.	Jinke Property Group Co Ltd	0.54%
2.	Jiangsu Zhongtian Technologies Co Ltd	0.53%
3.	Shanghai AJ Group Co Ltd	0.50%
4.	Jinyu Bio-Technology Co Ltd	0.49%
5.	Changyuan Group Ltd.	0.48%
6.	Shandong Nanshan Aluminium Co Ltd	0.48%
7.	Nanjing Xinjiekou Department Store Co Ltd	0.47%
8.	China Greatwall Computer Shenzhen Co Ltd	0.47%
9.	Shenzhen Sunway Communication Co Ltd	0.46%
10.	Jiangsu Changjiang Electronics Technology Co Ltd	0.45%

You can obtain the most updated list of the constituents of the Index and additional information of the Index from the website of CSI at http://www.csindex.com.cn.

Index codes

Shanghai Stock Exchange Quote System Code: 000905
Shenzhen Stock Exchange Quote System Code: 399905
Bloomberg Code: SH000905
Reuters Code: .CSI500

What are the key risks?

Investment involves risks. Please refer to the Prospectus for details including the risk factors.

1. Investment risks

- The Sub-Fund is an investment fund. There is no guarantee of the repayment of principal. Therefore your investment in the Sub-Fund may suffer losses.
- The Sub-Fund is a physical RQFII, RMB denominated exchange traded fund investing directly in A-Shares. The novelty and relatively untested nature of RQFII and the fact that the Sub-Fund is one of the first of its kind makes the Sub-Fund riskier than traditional exchange traded funds investing in markets other than the PRC.

2. Concentration risks

- The Sub-Fund is subject to concentration risk as a result of tracking the performance of a single geographical region (the PRC), and may likely be more volatile than a broad-based fund, such as a global equity fund, as it is more susceptible to fluctuations in value of the Index resulting from adverse conditions in the PRC.

3. Small capitalisation companies risks

- The Sub-Fund invests in the 500 stocks after the largest 300 stocks in term of market capitalisation and liquidity from the universe of listed A-Shares companies in the PRC. The stocks of these small capitalisation companies may have lower liquidity and are typically more volatile and more vulnerable to adverse business or economic developments than those of larger capitalisation companies. Lower liquidity increases the risk that securities may be sold at a loss, and may impair the ability of the Sub-Fund to accurately track the Index.

- Small capitalisation companies generally have less diverse product lines than large capitalisation companies and thus are more susceptible to adverse developments concerning their products, as well as the markets and sectors in which they operate. Small capitalisation companies may be less financially secure than larger and more established companies, and they are more vulnerable to loss of key personnel.

4. RQFII regime related risks

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

- The RQFII policy and rules are new and there may be uncertainty to its implementation and such policy and rules are subject to change. The uncertainty and change of the laws and regulations in the PRC (including the RQFII policy and rules) may adversely impact the Sub-Fund and such changes may also have potential retrospective effect.

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

- The Sub-Fund will utilize the Manager's RQFII quota which is limited and may be used up. Furthermore, the Manager has the flexibility to allocate its RQFII quota across different public fund products under its management from time to time. As such, the Sub-Fund will not have exclusive use of a specified amount of RQFII investment quota and will rely on the Manager's management and allocation of such quota between different public fund products. In the event the Manager is unable to obtain or allocate sufficient RQFII quota to the Sub-Fund, the Manager may suspend creations of Units. In such event the trading price of a Unit will be at a significant premium to the NAV of each Unit.

5. Risks associated with the Shanghai-Hong Kong Stock Connect ("Stock Connect")

- The Sub-Fund may invest via the Stock Connect, a securities trading and clearing linked programme with an aim to achieve mutual stock market access between mainland China and Hong Kong. The Stock Connect is novel in nature. The relevant regulations are untested and subject to change. There is no certainty as to how they will be applied.

- The Stock Connect is subject to quota limitations which may restrict the Sub-Fund's ability to invest in A-Shares through the programme on a timely basis. Where a suspension in the trading through the programme is effected, the Sub-Fund's ability to access the PRC market through the programme will be adversely affected. The programme requires the development of new information technology systems on the part of the stock exchanges and exchange participants and may be subject to operational risk. In the event that the Sub-Fund's ability to invest in A-Shares through the Stock Connect on a timely basis is adversely affected, the Manager will only be able to rely on RQFII investments to achieve the Sub-Fund's investment objective.

6. RMB trading and settlement of Units risks

- The Units in the RMB counter are RMB denominated securities traded on the SEHK and settled in CCASS. The Units have a dual counter (i.e. HKD traded Units and RMB traded Units) traded on the SEHK and settled in CCASS.

- Not all stockbrokers or custodians may be ready and able to carry out trading and settlement of the RMB traded Units.

- After listing, the trading price of the Units on the SEHK will be subject to market forces and may trade at a substantial premium or discount to their NAV, and may deviate significantly from the NAV per Unit.

- The limited availability of RMB outside the PRC may also affect the liquidity and trading price of the RMB traded Units.

7. Dual counter risks

- The Sub-Fund has dual counter traded Units which are traded and settled in both RMB and HKD. The SEHK's dual counter model in Hong Kong is relatively new. It may bring additional risks for investing in the Sub-Fund.
- If there is a suspension of the inter-counter transfer of Units between the HKD counter and the RMB counter for any reason, Unitholders will only be able to trade their Units in the relevant counter on the SEHK.
- The market price on the SEHK of Units traded in HKD and of Units traded in RMB may deviate significantly due to different factors such as market liquidity, supply and demand in each counter and the exchange rate between the RMB and the HKD (in both the onshore and the offshore markets). As such investors may pay more or receive less when buying or selling Units traded in HKD on the SEHK than in respect of Units traded in RMB and vice versa.
- Investors without RMB accounts may buy and sell HKD traded Units only. Such investors will not be able to buy or sell RMB traded Units and should note that distributions are made in RMB only. As such, investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their dividend.
- Not all brokers and CCASS participants may be familiar with and able to buy Units in one counter and to sell Units in the other or to carry out inter-counter transfers of Units or to trade both counters at the same time. This may inhibit or delay an investor dealing in both HKD traded Units and RMB traded Units and may mean an investor can only trade in one currency.

8. PRC related risks

- Given that the A-Share market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the creation and redemption of Units may also be disrupted. A Participating Dealer is unlikely to redeem or create Units if it considers that A-Shares may not be available.
- Investing in emerging markets, such as in the PRC and in PRC related companies, involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity, legal and regulatory risks.
- The PRC imposes restrictions on foreign ownership or holdings of A-Shares. If applicable to constituents of the Index, this may cause tracking error, and at worst, the Sub-Fund may not be able to achieve its investment objective.

9. PRC tax risk

- No withholding income tax provision is made for gross realised or unrealised capital gains derived from trading of A-Shares (either via Stock Connect or RQFII).
- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised via RQFII quota or Stock Connect on its investments in the PRC (which may have retrospective effect). It is possible that the applicable tax laws, regulations and practice may be changed. The Sub-Fund may have tax liabilities in the PRC for which no provision was made. Any such tax liabilities for which no provision was made, which will be debited from the Sub-Fund's assets, will cause the Sub-Fund's NAV to be adversely affected. In this case, existing and subsequent investors will be disadvantaged as they will bear for a disproportionately higher amount of tax liabilities as compared to the liability at the time of investment in the Sub-Fund.

10. RMB currency risks

- The Sub-Fund is denominated in RMB. RMB is currently not freely convertible and is subject to exchange controls and restrictions.
- The base currency of the Sub-Fund is RMB. Non-RMB based investors in Units are therefore

exposed to foreign exchange risk as a result of fluctuations in the RMB exchange rate against their base currencies. There is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. If investors wish or intend to convert the redemption proceeds (in RMB on both HKD traded Units and RMB traded Units) or dividends (in RMB on both HKD traded Units and RMB traded Units) paid by the Sub-Fund or sale proceeds (in RMB on RMB traded Units) into a different currency, they are subject to the relevant foreign exchange risk and may incur loss from such conversion as well as associated fees and charges.

11. Government intervention and restrictions risks

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

- Furthermore, such market interventions may have a negative impact on market sentiment which may in turn affect the performance of the Index and as a result the performance of the Sub-Fund.

12. Trading differences risks

- As the Shanghai Stock Exchange ("SSE") and the Shenzhen Stock Exchange ("SZSE") may be open when Units in the Sub-Fund are not priced, the value of the securities in the Sub-Fund's portfolio may change on days when investors will not be able to purchase or sell the Sub-Fund's Units.

- Differences in trading hours between PRC stock exchanges (e.g. SSE and SZSE) and the SEHK may increase the level of premium or discount of the Unit price to its NAV because if a PRC stock exchange is closed while the SEHK is open, the Index level may not be available.

- A-Shares are subject to trading bands which restrict increase and decrease in the trading price. Units listed on the SEHK are not. This difference may also increase the level of premium discount of the Unit price to its NAV.

13. Passive investments risks

- The Sub-Fund is not "actively managed" and therefore, when there is a decline in the Index, the Sub-Fund will also decrease in value.

- The Manager will not adopt any temporary defensive position against any market downturn. Investors may lose part or all of their investment.

14. Reliance on Investment Adviser and new Manager risk

- The Manager has limited experience of managing ETFs. It will substantially make use of and rely on the expertise and systems of the Investment Adviser to support the Sub-Fund's investments in the A-Share market. Any disruption in the communication with or the provision of assistance by the Investment Adviser may adversely affect the operations of the Sub-Fund.

15. Trading risks

- Generally, retail investors can only buy or sell Units of the Sub-Fund on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as the demand and supply of the Units. Therefore, the Units may trade at a substantial premium or discount to the Sub-Fund's NAV.

- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, investors may pay more than the NAV per Unit when buying Units on the SEHK, and may receive less than the NAV per Unit when selling Units on the SEHK.

- The Manager appoints broker(s) in the PRC for each market (SSE and SZSE). In the event that the Manager appoints only one broker (the same broker for both markets) or two brokers (one broker in each market), and should, for any reason, the Manager be unable to use the relevant broker, the operation of the Sub-Fund would be adversely affected and may cause Units to trade at a premium or discount to the Sub-Fund's NAV or the Sub-Fund may be unable to track the Index.

16. Tracking error risk

- Due to fees and expenses of the Sub-Fund, liquidity of the market and different investment strategies adopted by the Manager, the Sub-Fund's return may deviate from that of the Index.

17. Reliance on market maker risks

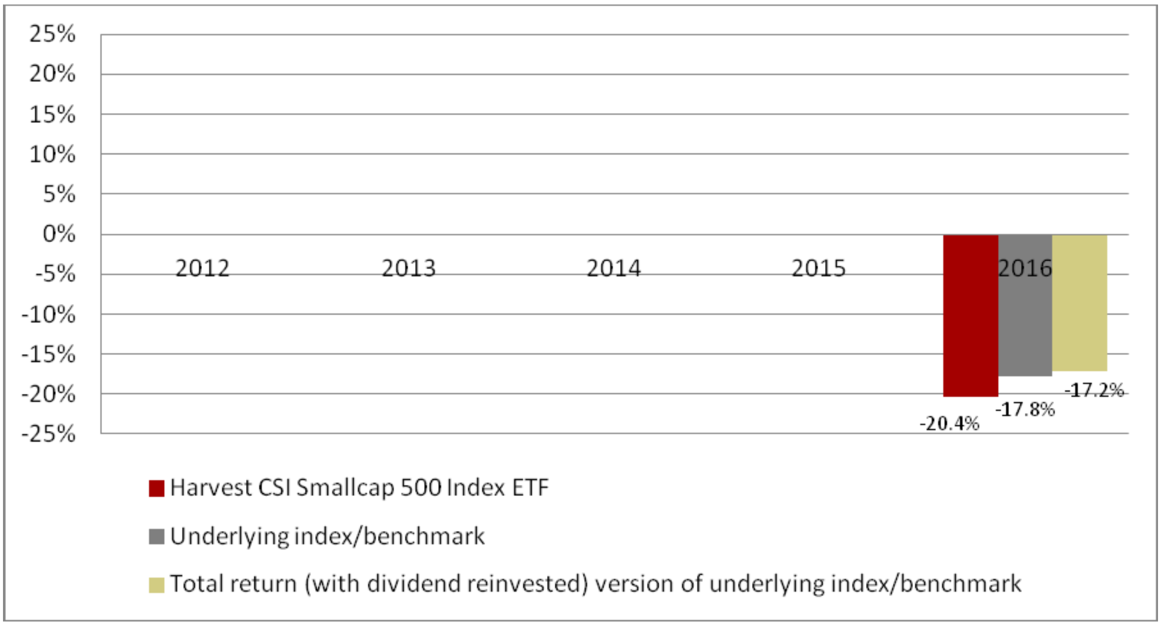
- Although the Manager will ensure that at least one market maker will maintain a market for the Units traded in each counter and that at least one market maker to each counter gives not less than 3 months notice prior to terminating market making arrangement under the relevant market maker agreement, liquidity in the market for the Units may be adversely affected if there is no market maker for the RMB or HKD traded Units. It is possible that there is only one SEHK market maker to each counter or the Manager may not be able to engage a substitute market maker within the termination notice period of a market maker, and there is also no guarantee that any market making activity will be effective.

- RMB traded Units of the Sub-Fund are traded and settled in RMB. There may be less interest by potential market makers making a market in Units denominated and traded in RMB. Furthermore, any disruption to the availability of RMB may adversely affect the capability of market makers in providing liquidity for the Units.

18. Termination risk

- The Sub-Fund may be terminated early under certain circumstances, for example, where the Index is no longer available for benchmarking or if the size of the Sub-Fund falls below RMB180 million. Investors should refer to the section "Termination" in the Prospectus for further details. Investors may suffer a loss when the Sub-Fund is terminated.

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 dividends reinvested.

- These figures show by how much the Sub-Fund increased or decreased in value during the calendar year shown. Performance data is calculated in RMB including ongoing charges and excluding your trading costs on the SEHK.

- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Underlying Index: CSI Smallcap 500 Index

Fund launch date: 21 May 2015

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 incurred by you when trading the Sub-Fund on the SEHK

Fees	What you pay
Brokerage fee	Market rates
Transaction levy	0.0027%[1]
SEHK trading fee	0.005%[2]
Stamp duty	Nil
Inter-counter transfers	HKD5[3]

1. *Transaction levy of 0.0027% of the trading price of the Units, payable by each of the buyer and the seller.*
2. *Trading fee of 0.005% of the trading price of the Units, payable by each of the buyer and the seller.*
3. *HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer from one counter to another counter. Investors should check with their brokers regarding any additional fees.*

Ongoing fees payable by the Sub-Fund

The following expenses will be paid out of the Sub-Fund. They affect you because they reduce the NAV of the Sub-Fund which may affect the trading price.

	Annual rate (as a % NAV)
Management fee* The Sub-Fund pays a management fee to the Manager.	0.60%
Trustee's and Registrar's fee* The Sub-Fund pays a trustee's fee to the Trustee (out of which the Trustee pays the Custodian and PRC Custodian).	0.10%
Performance fee	Nil
Administration fee	Nil

** Please note that these fees may be increased up to a permitted maximum on giving 1 month's notice to unitholders. Please refer to the section of the Prospectus entitled "Fees and Expenses" for further details of the fees and charges payable and the permitted maximum of such fees allowed as well as other ongoing expenses that may be borne by the Sub-Fund.*

Other fees

You may have to pay other fees when dealing in the Units of the Sub-Fund. Please refer to the Prospectus for details.

Additional information

The Manager will publish important news and information with respect to the Sub-Fund (including in respect of the Index), both in the English and in the Chinese languages, on the Manager's website at http://etf.harvestglobal.com.hk/hgicsi500 including:

(a) the Prospectus and this statement (as revised from time to time);

(b) the latest annual and semi-annual financial reports (in English only);

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

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

(e) the near real time estimated NAV per Unit throughout each dealing day in RMB and HKD;

(f) the last closing NAV of the Sub-Fund in RMB only and last closing NAV per Unit in RMB and in HKD;

(g) the composition of the Sub-Fund (updated on a daily basis); and

(h) the latest list of the participating dealers and market makers.

The near real time estimated NAV per Unit in HKD and the last closing NAV per unit in HKD are for reference only. The near real time estimated NAV per Unit in HKD is calculated using the estimated NAV per Unit in RMB multiplied by the near real time Bloomberg CNH rate (Tokyo Composite). The last closing NAV per Unit in HKD is calculated using the last closing NAV per Unit in RMB multiplied by the foreign exchange rate (Tokyo Composite) quoted by Bloomberg for offshore RMB (CNH) at 2:00 pm (Hong Kong time) on that Dealing Day. Please refer to the Prospectus for details.

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.