PRODUCT KEY FACTS
Harvest Funds (Hong Kong) - Harvest China Income Fund

August 2022

嘉實國際資產管理
Harvest Global Investments

- ***This statement provides you with key information about Harvest China 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:	Harvest Global Investments Limited
Trustee:	BOCI-Prudential Trustee Limited
Custodian:	Bank of China (Hong Kong) Limited
Ongoing charges over a year:	**Class A (USD):** 2.68%[#] **Class A (USD Acc):** 2.68%^ **Class A (HKD):** 2.67%[#] **Class A (HKD Acc):** 2.67%^ **Class A (RMB):** 2.67%^
Dealing frequency:	Daily on each Business Day*
Base currency:	USD
Dividend policy:	Accumulation classes: no dividend distributions, income and gains (if any) will be reinvested. Distribution classes: currently on a monthly basis at the end of each month (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 (USD) and Class A (USD Acc):** US$1,000 initial, US$100 additional **Class A (HKD) and Class A (HKD Acc):** HK$10,000 initial, HK$1,000 additional **Class A (RMB):** RMB10,000 initial, RMB1,000 additional
Min. holding:	**Class A (USD) and Class A (USD Acc):** US$1,000 **Class A (HKD) and Class A (HKD Acc):** HK$10,000 **Class A (RMB):** RMB10,000
Min. redemption:	**Class A (USD) and Class A (USD Acc):** US$1,000 **Class A (HKD) and Class A (HKD Acc):** HK$5,000 **Class A (RMB):** RMB1,000

[#] The ongoing charges figures for Class A (USD) and Class A (HKD) represent the ongoing expenses of the respective classes of Units calculated based on the Sub-Fund's ongoing charges during the 12-month period ended 30 June 2022 expressed as a percentage of their respective average net asset values for the same period. These figures are based on the ongoing charges during the 12-month period ended 30 June 2022 due to a variation of the ongoing charges figures from the previously disclosed figures (which were calculated based on the ongoing charges for the 12-month period ended 28 February 2022). It is believed that the variation is due to a decrease in the average net asset value of the Sub-Fund during the relevant period. This figure may vary from year to year.

^ The ongoing charges figures for Class A (USD Acc), Class A (HKD Acc) and Class A (RMB) Units are

estimates only and represent the sum of the estimated ongoing expenses chargeable to the respective classes of Units over a 12-month period expressed as a percentage of their estimated average net asset values. The actual figure may be different upon actual operation of each class and the figure may vary from year to year.
*a day (other than a Saturday) on which banks in Hong Kong are open for normal banking business

What is this product?

Harvest China 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.

Objectives and Investment Strategy

Objectives

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 issuers domiciled in China or Hong Kong or those 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.

In addition, the Sub-Fund may have exposure to fixed income and debt instruments issued or guaranteed by issuers domiciled in or exercising the predominant part of their economic activities in the Asian region (including but not limited to Indonesia, India, Malaysia, the Philippines, Thailand, Singapore, South Korea and Vietnam) or a member country of the Organisation for Economic Co-operation and Development ("**OECD**"). Such exposure will be less than 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). The Sub-Fund may invest in: (1) RMB denominated fixed income and debt instruments issued or distributed in mainland China ("**Onshore RMB Bonds**") through direct investment 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, and indirectly through investment in other collective investment schemes (including exchange traded funds); and (2) RMB denominated fixed income and debt instruments issued or distributed outside mainland China ("**Offshore RMB Bonds**") through direct investment. Direct and indirect exposure to Onshore RMB Bonds will be less than 20% of the Sub-Fund's Net Asset Value.

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.

The Sub-Fund may invest less than 30% of its Net Asset Value in debt instruments with loss-absorption features ("LAP") (e.g. contingent convertible bonds issued by financial institutions, non-preferred senior debt instruments and certain Additional Tier 1 and Tier 2 capital instruments). LAP is intended to capture debt instruments with features of contingent write-down or contingent conversion to ordinary shares on the occurrence of (a) when a financial institution is near or at the point of non-viability or (b) when the capital ratio of a financial institution falls to meet a specified level.

The Sub-Fund may seek exposure to other assets 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) (which will not in aggregate exceed 10% of the Sub-Fund's Net Asset Value) and may also hold cash and cash based instruments and money market instruments as considered appropriate by the Manager.

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.

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 financing 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 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.

The core strategies used by the Manager are: Interest Rate Strategy, Currency Strategy and Credit Strategy. For details please refer to the "Investment Strategy" section in Appendix II of the Explanatory Memorandum.

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).

Use of Derivatives / Investment in Derivatives

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

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.

Liquidity risk

- Some of the Sub-Fund's investments may be subject to higher liquidity risk. 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.

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.
- *Lower rated, below investment grade and unrated securities risk* - The Sub-Fund may invest in lower rated, 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.
- *High yield securities risk* - 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).

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);

  (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 not make WIT provision for interest received during the period between 7 November 2018 to 6 November 2021 from Renminbi denominated bonds issued by PRC tax resident enterprises;

(d) The Sub-Fund will make a WIT provision of 10% on interest received before 7 November 2018 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, on dividend from China A-Shares, on dividend from securities investment funds and on interest from RMB bank deposits, if the WIT is not withheld at source; and

(e) The Sub-Fund will make a provision of 6.72% of the bond coupon interest derived by the Sub-Fund from PRC onshore non-government bonds, except bond coupon interest received from 7 November 2018 to 6 November 2021 from investments in the China bond market.

- 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.

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.

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 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.
- Under the scenario where RMB appreciates against the currencies of the underlying investments and/or the base currency of the Sub-Fund (i.e. USD), 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. 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 due to the exchange controls and restrictions applicable to RMB.

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. 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. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

Risks relating to derivative / hedging

- Risks associated with derivative instruments include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. 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.

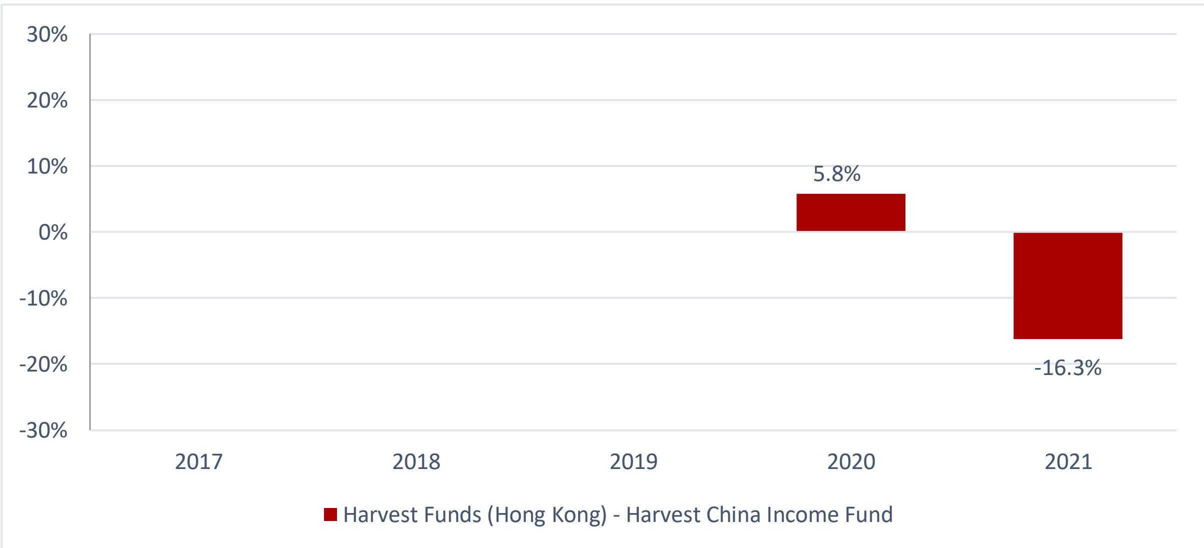
Distribution from capital

- 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.

Is there any guarantee?

The Sub-Fund does not have any guarantees. You may not get back the full amount of money you invest.

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 (USD) Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD 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 (USD) Unit is selected as representative unit class as it is the retail unit class denominated in the base currency of the Sub-Fund.
- Sub-Fund launch date: 9 December 2019
- Class A (USD) Unit launch date: 9 December 2019

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 US$6,000*
Custody Fees	Class A: up to 0.075% p.a.
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 Business Day and the price of units is published each Business Day on the Manager's website, www.harvestglobal.com.hk[2].

- Investors may obtain the past performance information of other unit classes offered to Hong Kong retail investors from www.harvestglobal.com.hk[2].

- 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[2].

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.

[2] The website has not been reviewed by the SFC.