PRODUCT KEY FACTS

GFIIM RMB SERIES
GFIIM CHINA RQFII BOND FUND

June 2016

GF International Investment Management Limited
(廣發國際資產管理有限公司)

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the fund's Explanatory Memorandum.***
- ***You should not invest in this product based on this statement alone.***

Quick facts

Manager:	GF International Investment Management Limited
Trustee:	ICBC (Asia) Trustee Company Limited
PRC Custodian:	Industrial and Commercial Bank of China Limited
Dealing frequency:	Daily
Base currency:	RMB
Dividend policy:	Discretionary dividend (if any) The Manager currently intends to make distribution on a semi-annual basis (in June and December each year) and to distribute not less than 50% of the coupon duly received by the Sub-Fund in the relevant period at its own discretion. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed. All distributions declared on the Sub-Fund (if any) will be automatically reinvested unless otherwise elected by the Unitholders, in which case the relevant proceeds will be paid to the Unitholders accordingly. The Manager may, at its discretion, pay dividend out of gross income while charging/paying all or part of the Sub-Fund's fees and expenses to/out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividend out of capital. Payment of dividends effectively out of capital may result in an immediate reduction of the Net Asset Value per Unit. Please refer to "Distributions payable effectively out of capital risk" on page 5 below.
Financial year end of this fund:	31 December
Minimum initial investment:	Class A Units: RMB10,000 Class I Units: RMB10,000,000
Minimum subsequent investment:	Class A Units: RMB5,000 Class I Units: RMB1,000,000

Minimum holding:	Class A Units: RMB10,000 Class I Units: RMB10,000,000
Minimum redemption amount:	Class A Units: RMB10,000 Class I Units: RMB1,000,000
Ongoing charges over a year#:	Class A Units: 1.51% Class I Units: 1.01%

#The ongoing charges figure is based on the annualised expenses for the year ended 31 December 2015 and may vary from year to year.

What is this product?

- The GFIIM China RQFII Bond Fund (the "Sub-Fund") is a sub-fund of GFIIM RMB Series which is a unit trust established by a trust deed dated 10 October 2013 as an umbrella fund under the laws of Hong Kong.
- The Sub-Fund invests its assets primarily in RMB-denominated fixed income securities. All investments of the Sub-Fund will be denominated and settled in RMB. Subscription moneys and redemption proceeds must be paid in RMB.
- The Sub-Fund will invest directly in the PRC's domestic securities markets through the Manager's status as a renminbi qualified foreign institutional investor ("RQFII"). The Manager has been granted RQFII quota for public fund and will allocate certain amount of quota to the Sub-Fund at its own discretion for the Sub-Fund's direct investment into the PRC.

Objectives and Investment Strategy

Objective

The investment objective of the Sub-Fund is to achieve a steady rate of return through investing principally in onshore fixed income securities available in the PRC (which excludes, for the purposes of interpretation of this statement only, Hong Kong, Macau and Taiwan) by virtue of the Manager's quota and capacity under the RQFII framework.

Strategy

The Sub-Fund seeks to achieve its investment objective by investing in:

(a) RMB-denominated and settled debt instruments within the PRC that are traded on the interbank bond market or the listed bond markets issued by governments, quasi-government organisations, multinational organisations, financial institutions and other corporations, including fixed rate or floating rate debt securities, commercial papers, short term bills and notes;

(b) RMB-denominated money market instruments or certificates of deposit traded on the interbank bond market, cash and cash equivalents; and

(c) RMB-denominated fixed income funds or money market funds authorised by the CSRC for offer to the retail public in the PRC.

These investments will be onshore investments in the PRC.

The Manager will adopt a pure fixed income strategy. The Sub-Fund will not seek to have any exposure to equity or convertible securities.

(a) At least 60% of the Net Asset Value of the Sub-Fund will be invested in RMB-denominated and settled debt instruments within the PRC that are traded on the inter-bank bond market or the listed bond markets issued by governments, quasi-government organisations, multinational organisations, financial institutions and other corporations.

At least 70% of the debt instruments invested by the Sub-Fund will (i) be issued by governments or quasi-government organisations, or (ii) have a minimum credit rating of AA as rated by a Local Credit Rating Agency at the time when the relevant investment is made. Debt instruments issued by the

PRC government or quasi-government organisations in the PRC do not currently have credit ratings. Please refer to "Risks associated with local PRC credit ratings" below.

(b) Not more than 30% of the Net Asset Value of the Sub-Fund will be invested in RMB-denominated money market instruments or certificates of deposit traded on the interbank bond market, cash and cash equivalents.

(c) Not more than 10% of the Net Asset Value of the Sub-Fund will be invested in RMB-denominated fixed income funds or money market funds authorised by the CSRC for offer to the retail public in the PRC. For the avoidance of doubt, the Sub-Fund will not invest in any investment funds managed by GF Fund Management, the parent company of the Manager, in the PRC.

(d) Up to 60% of the Net Asset Value of the Sub-Fund will be invested in Urban Investment Bonds (城投債), which are debt instruments issued by local government financing vehicles ("LGFVs") in the PRC listed 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 public welfare investments or infrastructure projects.

(e) The Sub-fund will not invest in debt securities that are rated BB+ or below by major local credit rating agencies or unrated.

A "Local Credit Rating Agency" is one of Pengyuan Credit Rating Co., Ltd, Shanghai Brilliance Credit Rating & Investors Service Co., Ltd., China LianHe Credit Rating Co., Ltd., China Chengxin Security Rating Co. Ltd. and Dagong Global Credit Rating Co., Ltd or one of their respective successors (if any).

The rating of each bond should be the credit rating of the bond itself. If the bond itself does not have a credit rating, the manager may look at the credit rating of the issuer. If both the bond and the bond issuer are not rated, the bond is classified as unrated.

Currently the Sub-Fund has no intention to invest in structured deposits, structured products, financial derivative instruments, short positions or leverage for hedging or non-hedging purposes, or asset-backed securities (including mortgage-backed securities) or asset-backed commercial papers, and the Manager will not enter into any securities lending, repurchase or reverse-repurchase transactions in respect of the Sub-Fund. If this changes in the future, prior approval of the SFC will be sought and not less than one month's notice will be provided to Unitholders before the Sub-Fund enters into any such transaction.

The Manager's process for selecting debt instruments relies on management of the duration and term of debt instruments, sector allocation, fundamental and credit analysis, etc.. It will adopt one or more of the following strategies: duration strategy, term structure strategy, sector allocation strategy and product selection strategy.

What are the key risks?

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

1. Investment and concentration risks

- You should be aware that investment in the Sub-Fund is subject to normal market fluctuations and other risks inherent in the Sub-Fund's assets. Accordingly, there is a risk that you may not recoup the original amount invested in the Sub-Fund or may lose a substantial part or all of your investment.
- The Sub-Fund's exposure to a single country (i.e. the PRC) subjects it to greater concentration risk. The Sub-Fund is likely to be more volatile than a broadly-based fund such as global or regional investment fund as it is more susceptible to fluctuation in value resulting from adverse conditions in a single country.

2. Risks associated with fixed income instruments

Interest rate risk

- Generally, the value of fixed income instruments is expected to be inversely correlated with changes in interest rates. Any increase in interest rates or changes in macro-economic policies in the PRC (including monetary policy and fiscal policy) may adversely impact the value of the Sub-Fund's fixed income portfolio.

Credit risk

- Investment in fixed income instruments, which are typically unsecured debt obligations and not supported by collateral, is subject to the credit risk of the issuers which may be unable or unwilling to make timely payments of principal and/or interest. In the event of a default or credit rating downgrading of the issuers of the fixed income instruments held by the Sub-Fund, valuation of the Sub-Fund's portfolio may become more difficult, 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 the issuers who will generally be incorporated in the PRC and therefore not subject to the laws of Hong Kong.
- Changing market conditions or other significant events, such as credit rating downgrades affecting issuers or major financial institutions, may pose valuation risk as in such circumstances, valuation of the Sub-Fund's investments may involve uncertainties and judgemental determinations as there is a possibility that independent pricing information may at times be unavailable. If such valuations should prove to be incorrect, the Net Asset Value of the Sub-Fund may need to be adjusted and may be adversely affected. Such events or credit rating downgrades may also subject the Sub-Fund to increased liquidity risk as it may become more difficult for the Sub-Fund to dispose of its holdings of bonds at a reasonable price or at all.

Risks of investing in PRC bond markets and of unrated or lower rated bonds

- The financial market of the PRC is at an early stage of development, and some of the bonds held by the Sub-Fund may be lower rated or may not be rated by any rating agency of an international standard. Such instruments are generally subject to a higher degree of credit risk and a lower degree of liquidity, which may result in greater fluctuations in value. The value of these instruments may also be more difficult to ascertain and thus the Net Asset Value of the Sub-Fund may be more volatile.

Risk of credit rating downgrades

- Credit rating of issuers of fixed income instruments and credit ratings of securities may be downgraded, thus adversely affecting the value and performance of the Sub-Fund.

Risk of credit rating not the only selection criterion

- The credit rating of a bond is not the only selection criterion for investment by the Sub-Fund. Investors should therefore note that even if all the bonds the Sub-Fund invests in a higher rating as of the date of this Explanatory Memorandum, there is no assurance that (a) such bonds will continue to have such rating, (b) the Sub-Fund will not invest in bonds that do not have such rating in future; (c) such bonds will continue to be rated, and/or (d) the Sub-Fund will not invest in non-rated bonds in future. Moreover, the Manager may or may not, in its sole discretion, dispose of debt instruments that fall below a minimum credit rating of AA. The Manager will take into account factors including liquidity and maturity date of the relevant debt instrument and market sentiment towards the debt instrument at the relevant time to determine whether (and when) disposing of a debt instrument that falls below a credit rating of AA is in the financial interest of the Sub-Fund.

Risks associated with local PRC credit ratings

- Some of the bonds held by the Sub-Fund may have been assigned a rating of BBB (including BBB+ and BBB-) by a local credit rating agency in the PRC. Local credit rating agencies must be approved by the relevant PRC authorities to conduct ratings business and are also subject to industry self-regulation. However, the local PRC rating process may lack transparency and the rating standards may be significantly different from that adopted by internationally recognised credit rating agencies. There is little assurance that credit ratings are independent, objective and of adequate quality. In selecting the Sub-Fund's bond portfolio, the Manager may refer to credit ratings given by Local Credit Rating Agencies for reference but will primarily rely on its own internal analysis to evaluate each bond independently. Investors should also exercise caution before relying on any local credit ratings.

Risk associated with Urban Investment Bonds (城投債)

- The Sub-Fund may invest up to 60% of its Net Asset Value in Urban Investment Bonds (城投債). Although these Urban Investment Bonds, which are issued by LGFVs, may appear to be connected with local government bodies, they are typically not guaranteed by such local government bodies or the central government of the PRC. As such, local government bodies or the central government of the PRC are not obligated to support any LGFVs in default. In the event that the LGFVs default on payment of principal or interest on the Urban Investment Bonds, the Sub-Fund could suffer very significant loss and the Net Asset Value of the Sub-Fund could be adversely affected.

3. Risk relating to the RQFII regime

- In the event of any default of either a PRC broker or the PRC Custodian 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 impact the net asset value of the

Sub-Fund.

- 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 not subject to any restrictions, 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 from Unitholders.

4. Risks relating to the PRC

- Investing in emerging markets, such as the PRC, involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- Investing in PRC-related companies and in the PRC markets involve certain risks and special considerations not typically associated with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity, legal and regulatory risk.
- The concentration of the Sub-Fund's investments in PRC-related companies may result in greater volatility than portfolios which comprise broad-based global investments.
- There are risks and uncertainties associated with the current Chinese tax laws, regulations and practice in respect of capital gains realised by RQFIIs on its investments in the PRC (which may have retrospective effect). The Manager will at present make a provision of 10% for the account of the Sub-Fund in respect of any potential tax liability on capital gains. Such provision, however, may be excessive or inadequate to meet final PRC tax liabilities. In case of any shortfall between the provision and actual tax liabilities, which will be debited from the Sub-Fund's assets, the Sub-Fund's asset value will be adversely affected.

5. Liquidity risk

- China's bond market is still in a stage of development and the bid and offer spread of RMB bonds, whether traded on the inter-bank or listed bond market, may be high and the Sub-Fund may therefore incur significant trading costs and may even suffer losses when selling such investments.
- In the absence of a regular and active secondary market, the Sub-Fund may not be able to sell its bond holdings at prices the Manager considers advantageous and may need to hold the bonds until their maturity date. If sizeable redemption requests are received, the Sub-Fund may need to liquidate its listed bonds at a discount in order to satisfy such requests and the Sub-Fund may suffer losses.

6. RMB currency risk

- This Sub-Fund is denominated in RMB and all subscription moneys and redemption proceeds will be payable in RMB. There is no guarantee that RMB will not depreciate. Investors whose assets and liabilities are predominantly in Hong Kong dollars or in currencies other than RMB (being the currency in which the Units are denominated) should take into account the potential risk of loss arising from fluctuations in value between the such currencies and the RMB.

7. Dividends risk / Distributions payable effectively out of capital risk

- There is no assurance that the Sub-Fund will declare to pay dividends or distributions. Investors may not receive any distributions.
- The Manager may, at its discretion, pay dividend out of gross income while charging all or part of the Sub-Fund's fees and expenses to the capital of the Sub-Fund, such dividend may be treated as being effectively paid out of capital of the Sub-Fund. Payment of dividends effectively 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. Payment of dividends effectively out of capital may result in an immediate decrease of the Net Asset Value per Unit. The Manager may amend the policy regarding paying dividends effectively out of capital subject to the SFC's prior approval and by giving not less than one month's advance notice to Unitholders.

Is there any guarantee?

This 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
Subscription fee	Up to 3% of the subscription price
Switching fee (i.e. conversion fee)	Nil*
Redemption fee	Nil*

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 return you get on your investments.

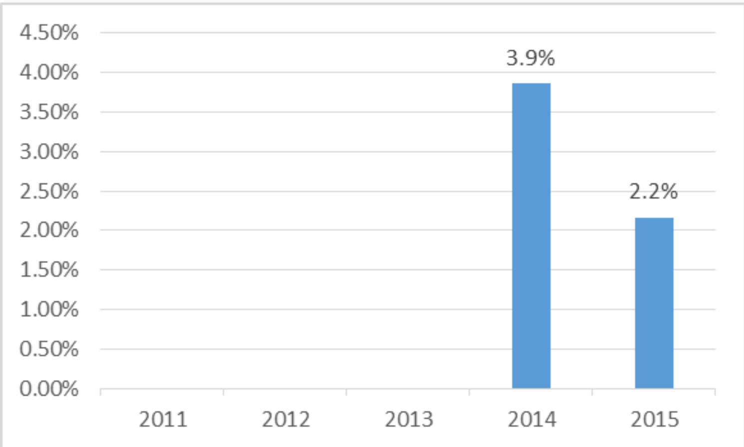
	Annual rate (as a % of the Sub-Fund's Net Asset Value)
Management fee	Class A Units: 1.25%* Class I Units: 0.75%*
Performance fee	Nil
Trustee fee	0.18%* for the amount of Net Asset Value of the Sub-Fund Subject to a minimum monthly fee of RMB36,000 (inclusive of fees payable to the Custodian, the Registrar and the PRC Custodian)

Other fees

The Sub-Fund may have to pay other fees when dealing in the investments of the Sub-Fund.

* You should note that some fees may be increased, up to a specified permitted maximum, by giving affected unitholders at least one month's prior notice. For details please refer to the section headed "Expenses and Charges" in the Explanatory Memorandum.

Past performance



- 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, without any dividend payout since launch.
- These figures show by how much the share class 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
- Fund launch date: 2013
- Representative Share Class (Class A) launch date: 2013
- For details of the remaining share class (Class I)'s past performance, please refer to the Sub-Fund's website at http://www.gffunds.com.hk/en/jjcp/gmjj/201307/t20130730_32469.html.

Additional information & other RQFII information

- You should note that the RQFII quota available to the Sub-Fund will be allocated by the Manager at its own discretion. There can be no assurance that sufficient RQFII quota will be allocated to the Sub-Fund to fully satisfy subscription requests. *This may result in a need for the Manager to close the Sub-Fund to further subscriptions.*

- You generally buy and redeem units at the Sub-Fund's NAV which is determined on the dealing day on which your request is received in good order at or before 4:00 pm (Hong Kong time), being the Sub-Fund's dealing cut-off time. Before placing your subscription orders or redemption request, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the Sub-Fund's dealing cut-off time).
- The Sub-Fund's NAV and the latest subscription and redemption prices of units are available on the Manager's website www.gffunds.com.hk (this website has not been reviewed by the SFC) and will be published daily in the South China Morning Post and the Hong Kong Economic Times.
- The compositions of the dividends (i.e. the relative amounts paid from income and capital) for the last 12 months (a rolling 12-month period starting from the date on which payment of dividends is being made effectively out of capital) will be available from the Manager on request and on the Manager's website.

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.