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**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE FIVE EXCHANGE TRADED FUNDS NAMED BELOW**

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*If you are in any doubt about the contents of this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.*

*If you have sold or transferred all your units in Horizons S&P Asia ex JANZ Financials ETF, Horizons S&P Asia ex JANZ IT ETF, Horizons S&P Asia ex JANZ Industrials ETF, Horizons S&P Asia ex JANZ Energy ETF and/or Horizons S&P Asia ex JANZ Materials ETF, you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.*

**IMPORTANT:** *The Stock Exchange of Hong Kong Limited (the “SEHK”), the Hong Kong Exchanges and Clearing Limited, the Hong Kong Securities and Futures Commission (the “SFC”) and the Hong Kong Securities Clearing Company Limited (the “HKSCC”) take no responsibility for the contents of this Announcement and Notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Announcement and Notice.*

*Mirae Asset Global Investments (Hong Kong) Limited (the “Manager”) accepts full responsibility for the accuracy of the information contained in this Announcement and Notice as at the date of publication, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, as at the date of publication, there are no other facts the omission of which would make any statement misleading.*

*SFC authorisation is not a recommendation or an endorsement of the Trust (as defined below) and the Terminating Investment Funds (as defined below) nor does it guarantee the commercial merits of the Trust and the Terminating Investment Funds or their performance. It does not mean the Trust and the Terminating Investment Funds are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.*

**Horizons Exchange Traded Funds Series (the “Trust”)**

*(A Hong Kong umbrella unit trust authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong)*

**Horizons S&P Asia ex JANZ Financials ETF (Stock Code: 3064)**

**Horizons S&P Asia ex JANZ IT ETF (Stock Code: 3066)**

**Horizons S&P Asia ex JANZ Industrials ETF (Stock Code: 3075)**

**Horizons S&P Asia ex JANZ Energy ETF (Stock Code: 3076)**

**Horizons S&P Asia ex JANZ Materials ETF (Stock Code: 3078)**

**(each a “Terminating Investment Fund”, collectively the “Terminating Investment Funds”)**

**ANNOUNCEMENT AND NOTICE OF THE PROPOSED CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND WAIVER FROM STRICT COMPLIANCE OF CERTAIN PROVISIONS OF THE CODE**

Terms not defined in this Announcement and Notice will have the meanings as are given to such terms in the prospectus dated 19 September 2014 (as amended by the addenda thereto) (the “**Prospectus**”).

**IMPORTANT:** Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. It concerns the proposed cessation of trading, proposed termination, proposed deauthorisation and proposed delisting of (1) Horizons S&P Asia ex JANZ Financials ETF, (2) Horizons S&P Asia ex JANZ IT ETF, (3) Horizons S&P Asia ex JANZ Industrials ETF, (4) Horizons S&P Asia ex JANZ Energy ETF and (5) Horizons S&P Asia ex JANZ Materials ETF (the “**Terminating Investment Funds**”, each an Investment Fund as defined in the Prospectus) and the waivers from strict compliance of certain provisions of the Code for the period from 5 April 2016 (the “**Trading Cessation Date**”) to the date of deauthorisation (the “**Deauthorisation Date**”). In particular, investors should note that:

- taking into account the relevant factors, in particular, the relatively small net asset value (“**Net Asset Value**”) of each of the Terminating Investment Funds (see details of the factors in section 1 below), the Manager has, by means of a resolution of the board of directors of the Manager dated 26 February 2016, decided to exercise its power under Clause 27.3 of the Trust Deed and proposed to seek termination of each of the Terminating Investment Funds with effect from on or around 30 May 2016 (the “**Termination Date**”);
- the Last Trading Day (as defined in section 2.3) of the units in the Terminating Investment Funds (“**Units**”) will be 1 April 2016, i.e. the last day on which investors may buy or sell Units on the SEHK and the last day for redemption of Units in accordance with the usual trading arrangements currently in place, but no creation of Units in the primary market through a Participating Dealer will be allowed from 1 March 2016;
- the Units of the Terminating Investment Funds will cease trading as from 5 April 2016 (the “**Trading Cessation Date**”) which means it shall not be possible for investors to buy or sell Units on the SEHK and no redemption of Units will be possible from the Trading Cessation Date onwards;
- The Manager will aim to realise all of the assets of each of the Terminating Investment Funds effective from the Trading Cessation Date. Accordingly, from the Trading Cessation Date onwards, (i) there will be no further trading of Units of each of the Terminating Investment Funds and no further redemption of Units of each of the Terminating Investment Funds; (ii) the Manager will start to realise all the assets of each of the Terminating Investment Funds and each Terminating Investment Fund will therefore cease to track the respective Underlying Indices and will not be able to meet its investment objective of tracking the performance of the respective Underlying Indices; (iii) the Terminating Investment Funds will no longer be marketed to the public; (iv) the Terminating Investment Funds will mainly hold cash; and (v) the Terminating Investment Funds will only be operated in a limited manner;

- with a view to minimising further costs, fees and expenses in managing the Terminating Investment Funds following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for[, and has been granted,] a waiver from strict compliance with the following provisions of the Code for the period from the Trading Cessation Date to the Deauthorisation Date:
  - (i) Chapter 10.7 (with regard to publishing suspension announcements);
  - (ii) paragraphs 4 and 17(a) and (b) of Appendix I (with regard to providing estimated Net Asset Value or R.U.P.V. (as defined in the Code and section 5.3) and last closing Net Asset Value on a real time or near-real time basis); and
  - (iii) Chapters 6.1 and 11.1B (with regard to updating the Prospectus and the product key facts statements (“KFS”) in respect of the Terminating Investment Funds).

The details and the conditions on which such waiver is granted are as described in section 5 below;

- the Manager confirms that, save for the particular provisions of the Code set out in sections 5.2 to 5.4 below, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations until the Deauthorisation Date;
- the Manager will, after having consulted the Terminating Investment Funds’ Auditors and Cititrust Limited (“Trustee”), declare a Final Distribution (as defined in section 1.2) to the investors who remain so as at 7 April 2016 (the “Distribution Record Date”, and the Final Distribution is expected to be payable on or around 6 May 2016 (the “Final Distribution Date”));
- the Manager does not expect or anticipate there will be a further distribution after the Final Distribution. However, in the unlikely event there is a further distribution after the Final Distribution, the Manager will issue an announcement informing the investors by 16 May 2016;
- by the date the Trustee and the Manager form an opinion that the Terminating Investment Funds cease to have any outstanding contingent or actual assets or liabilities, the Trustee and the Manager will commence the completion of the termination of the Terminating Investment Funds (i.e. the Termination Date);
- during the period from the Trading Cessation Date until, at least, the Termination Date, the Terminating Investment Funds will maintain their listing status with the SEHK and authorisation status with the SFC, although the Terminating Investment Funds will be operated only in a limited manner;
- the Manager will bear all costs and expenses associated with the termination of each Terminating Investment Fund (other than normal operating expenses such as transaction costs and any taxes relating to the liquidation of assets of a Terminating Investment Fund) from the date of this Announcement and Notice up to and including the Termination Date;

- the Manager will maintain the Terminating Investment Funds' listing status, and, subject to the SEHK's approval, expects the delisting to take effect at or around the same time as the deauthorisation, which will be either on the Termination Date or immediately after the Termination Date (please note that any product documentation for the Terminating Investment Funds previously issued to investors, including the Prospectus and the KFS in respect of the Terminating Investment Funds, should be retained for personal use only and not for public circulation); and
- investors should pay attention to the risk factors as set out in section 7.1 below (including liquidity risk, Units trading at a discount or premium and market maker's inefficiency risk, tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk, Net Asset Value downward adjustment risk, failure to track the Underlying Indices risk and delay in distribution risk). Investors should exercise caution and consult their professional and financial advisers before dealings in the Units in the Terminating Investment Funds or otherwise deciding on the course of actions to be taken in relation to their Units in the Terminating Investment Funds.

**Stockbrokers and financial intermediaries are urged to:**

- forward a copy of this Announcement and Notice to their clients holding Units in any or all of the Terminating Investment Funds, and inform them of the contents of this Announcement and Notice as soon as possible;
- facilitate their clients who want to dispose of Units in any or all of the Terminating Investment Funds on or before the Last Trading Day; and
- inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units in the Terminating Investment Funds.

If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (please refer to section 9 for further information).

The Manager will, until the Last Trading Day, issue reminder announcements on a weekly basis to investors informing and reminding them of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date. Also, further announcements will be made in due course to inform the investors of the Final Distribution Date, the Termination Date, the dates for the deauthorisation and the delisting and whether there is any further distribution after the Final Distribution as and when appropriate in accordance with the applicable regulatory requirements.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice, 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.

The Manager reserves its right to terminate any Terminating Investment Fund in its absolute discretion by notice in writing to the Trustee under Clause 27.3 of the Trust Deed if the aggregate Net Asset Value of the Units of the relevant class outstanding of such Terminating Investment Fund shall be less than HK\$50,000,000.

As at 26 February 2016, the Net Asset Value of all the Units outstanding in each of the Terminating Investment Funds was less than HK\$50,000,000. The Manager therefore announces that it has, by means of a resolution of the board of directors of the Manager dated 26 February 2016, decided to terminate the Terminating Investment Funds and voluntarily seek deauthorisation and delisting. The proposed termination, deauthorisation and delisting (the “**Proposal**”) will be subject to the final approval of the SFC and the SEHK, and will only be completed after the Trustee and the Manager have formed an opinion that the Terminating Investment Funds have no outstanding contingent or actual liabilities or assets.

Before the proposed termination, deauthorisation and delisting, the Units of each of the Terminating Investment Funds will cease trading on the SEHK as from 5 April 2016, the Trading Cessation Date. Accordingly, the last day on which the Units of the Terminating Investment Funds can be traded on the SEHK will be 1 April 2016, the Last Trading Day, and from the Trading Cessation Date onwards, no trading of Units on the SEHK will be allowed. Also, while investors may continue to trade Units on the SEHK on any trading day before the Trading Cessation Date, no creation of Units in the Terminating Investment Funds in the primary market through a Participating Dealer will be allowed from 1 March 2016 following the publication of this Announcement and Notice.

By this Announcement and Notice, the Manager notifies the investors of the proposed termination of the Terminating Investment Funds. Also, as required under Chapter 11.1A of the Code and 27.4 of Trust Deed, no less than one month’s notice is hereby given to the investors, notifying them that the Terminating Investment Funds will cease to track the respective Underlying Indices, and cease trading, from the Trading Cessation Date.

The Manager will bear all costs and expenses associated with the termination of each Terminating Investment Fund (other than normal operating expenses such as transaction costs and any taxes relating to the liquidation of assets of each Terminating Investment Fund) from the date of this Announcement and Notice up to and including the Termination Date.

## **1. Proposed termination of the Terminating Investment Funds, cessation of trading and liquidation of assets**

### **1.1. Proposed termination of the Terminating Investment Funds**

According to Clause 27.3 of the Trust Deed, each Terminating Investment Fund may be terminated by the Manager in its absolute discretion by notice in writing in the event that in relation to the Trust, the aggregate Net Asset Value shall be less than HK\$50,000,000 or in relation to any Terminating Investment Fund, the aggregate Net Asset Value of the Units of the relevant class outstanding of such Terminating Investment Fund shall be less than HK\$50,000,000. According to the Trust Deed, Unitholders’ approval shall not be required for terminating one or more of the Terminating Investment Funds on the ground set out under such Clause 27.3.

As at 26 February 2016, the Net Asset Value and the Net Asset Value per Unit of each of the Terminating Investment Funds were as follows:

Name	Net Asset Value	the Net Asset Value per Unit
Horizons S&P Asia ex JANZ Financials ETF	HK\$17,338,527.22	HK\$21.6732
Horizons S&P Asia ex JANZ IT ETF	HK\$26,426,211.48	HK\$26.4263
Horizons S&P Asia ex JANZ Industrials ETF	HK\$10,686,399.61	HK\$17.8107
Horizons S&P Asia ex JANZ Energy ETF	HK\$7,306,255.28	HK\$12.1771
Horizons S&P Asia ex JANZ Materials ETF	HK\$14,488,472.36	HK\$14.4885

Having taken into account the relevant factors including interests of the investors as a whole, the current relatively small Net Asset Value of each of the Terminating Investment Fund, the Manager is of the view that the proposed termination of each of the Terminating Investment Funds would be in the best interests of the investors of the Terminating Investment Funds. Therefore, the Manager has decided to exercise its power under Clause 27.3 of the Trust Deed, and has provided written notice to the Trustee as required, to propose termination of the Terminating Investment Funds on the date on which the Trustee and the Manager form an opinion that the Terminating Investment Funds cease to have any contingent or actual assets or liabilities.

## 1.2. The proposed cessation of trading

The Manager will apply to SEHK to have the Units of the Terminating Investment Funds cease trading on the SEHK with effect from 5 April 2016, the Trading Cessation Date. The Manager will aim to realise all of the assets of each of the Terminating Investment Funds effective from the Trading Cessation Date in exercise of its investment powers under Clause 12.5 of the Trust Deed. The realisation of the assets of the Terminating Investment Funds associated with the proposed termination, deauthorisation and delisting will not incur any additional cost on each of the Terminating Investment Funds as compared to the costs associated with normal redemption of investments.

The Manager will then proceed with the final distribution of the assets (the “**Final Distribution**”) of each Terminating Investment Fund on or around 6 May 2016 (see details in section 2.2 below). This means 1 April 2016 will be the Last Trading Day when investors may buy or sell Units in the Terminating Investment Funds on the SEHK in accordance with the usual trading arrangements in place at the date of this Announcement and Notice.

If there is any change to the dates mentioned in this paragraph, the Manager will issue an announcement of the revised dates.

Further, in view of the proposed cessation of trading, no further creation of Units in the Terminating Investment Funds will be allowed from 1 March 2016. For the avoidance of doubt, redemption of Units in the Terminating Investment Funds by Participating Dealers will continue to be permitted until the Last Trading Day. However, investors should note that application for redemption of Units can only be made by Participating Dealers and the Participating Dealer may have its own

application procedures and cut-off times to the Manager which may be earlier than those set out in the Prospectus. Investors are advised to check with Participating Dealers as to the relevant timing deadlines and client acceptance procedures and requirements.

### **1.3. Impacts on the proposed liquidation of the assets of the Terminating Investment Funds**

After liquidation of all the assets of each of the Terminating Investment Funds (as described in section 1.2 above), each of the Terminating Investment Funds will only hold cash, primarily consisting of the proceeds from the liquidation of the assets of each of the Terminating Investment Funds. Following this, from the Trading Cessation Date, each of the Terminating Investment Funds will cease to track their respective Underlying Indices, and will not be able to meet their investment objective of tracking the performance of their respective Underlying Indices.

## **2. What will happen after the Trading Cessation Date?**

### **2.1 Immediately from the Trading Cessation Date**

Effective from the Trading Cessation Date, the Units of each of the Terminating Investment Funds will cease trading on the SEHK. This means investors will only be allowed to buy or sell Units of the Terminating Investment Funds on the SEHK until and inclusive of the Last Trading Day, being 1 April 2016. From the Trading Cessation Date onwards, no trading of the Units of the Terminating Investment Funds on the SEHK will be allowed.

### **2.2 During the period from the Trading Cessation Date until the Termination Date (as defined in section 2.3 below)**

After consulting the Terminating Investment Funds' Auditors and the Trustee, the Manager shall declare a Final Distribution (as defined in section 3.2 below) in respect of those investors who remain invested in the Terminating Investment Funds as of the Distribution Record Date (the "**Relevant Investors**"). Such Final Distribution will be made on or around 6 May 2016.

On or around 30 May 2016, the date where the Manager and Trustee are of the opinion that the Terminating Investment Funds cease to have any contingent or actual assets or liabilities (the "**Termination Date**"), the Manager and the Trustee will commence the completion of terminating the Terminating Investment Funds.

During the period from the Trading Cessation Date until, at least, the Termination Date, the Terminating Investment Funds will still maintain its listing status with the SEHK and remain SFC authorised, however the Terminating Investment Funds will be operated in a limited manner (as described in section 4.2 below). The Manager has therefore applied to the SFC[, and has been granted,] waivers from strict compliance of certain provisions of the Code for the period from the Trading Cessation Date to the Deauthorisation Date. The details and the conditions on which such waiver is granted are as described in section 5 below.

The deauthorisation and delisting of the Terminating Investment Funds will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and SEHK's approval respectively. The Manager expects,

subject to the SFC's and SEHK's approval, that the delisting will only take place at or around the same time of the deauthorisation.

The proposed termination, deauthorisation and delisting will be subject to the payment of all outstanding fees and expenses, discharge of all other liabilities of the Terminating Investment Funds, as well as the final approvals by the SFC and the SEHK.

Following deauthorisation, the Terminating Investment Funds will no longer be regulated by the SFC and will not be available for public distribution in Hong Kong. Any product documentation for the Terminating Investment Funds previously issued to investors, including the Prospectus and any KFS in respect of the Terminating Investment Funds, should be retained for personal use only and not for public circulation. Stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Terminating Investment Funds to the public in Hong Kong as this may be in breach of the Securities and Futures Ordinance.

## 2.3 Important dates

Subject to the SFC's and the SEHK's approvals for the proposed arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of the Terminating Investment Funds will be as follows:

Dispatch of Announcement and Notice	29 February 2016 (Monday)
No further creation of Units in each of the Terminating Investment Funds	1 March 2016 (Tuesday)
Last day for dealings in the Units of each of the Terminating Investment Funds on the SEHK and last day for redemption of Units of each of the Terminating Investment Funds (the " <b>Last Trading Day</b> ")	1 April 2016 (Friday)
Dealings in the Units on the SEHK cease and no further redemption of Units of each of the Terminating Investment Funds (the " <b>Trading Cessation Date</b> "), i.e. same date on which all the investments of the Terminating Investment Funds will start to be liquidated and each of the Terminating Investment Funds will cease to be able to track the Underlying Index	5 April 2016 (Tuesday)
The date as at which an investor needs to be recorded by HKSCC as the beneficial owner of Units which are registered in the name of HKSCC Nominees Limited and held in CCASS to be entitled to the Final Distribution and further distribution, if any (the " <b>Distribution Record Date</b> ")	7 April 2016 (Thursday)
Final Distribution, after the Manager having consulted with the Terminating Investment Fund's Auditors and the Trustee, will be paid to the investors who are still holding Units as at the Distribution Record Date (the " <b>Final Distribution</b> ")	On or around 6 May 2016 (Friday)



<b>Date”)</b>	
Termination of the Terminating Investment Funds (the “ <b>Termination Date</b> ”)	On or around 30 May 2016 (Monday), which is the date on which the Manager and the Trustee form an opinion that the Terminating Investment Funds cease to have any contingent or actual assets or liabilities
Deauthorisation and delisting of the Terminating Investment Funds	On or around 30 May 2016 (Monday) which is the date which the SFC and SEHK approve the deauthorisation and delisting respectively  The Manager expects that the deauthorisation and delisting will take place either on the Termination Date or immediately after the Termination Date

The Manager will, on a weekly basis from the date of this Announcement and Notice to the Last Trading Day, issue reminder announcements informing and reminding investors of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date. In addition, the Manager will issue further announcements in due course to inform the investors of the Final Distribution Date, the dates for the deauthorisation and delisting of the Terminating Investment Funds, as well as the Termination Date, and whether there is any further distribution after the Final Distribution, as and when appropriate in accordance with the applicable regulatory requirements before the Termination Date. If there is any change to the dates mentioned in this section, the Manager will issue an announcement to inform the investors of the revised dates.

All stockbrokers and financial intermediaries are urged to forward a copy of this Announcement and Notice, together with any further announcements, to their clients investing in the Units of any or all of the Terminating Investment Funds, and inform them of the contents of this Announcement and Notice and any further announcements, as soon as possible.

### **3. Potential actions to be taken by investors on or before the Last Trading Day**

#### **3.1 Trading on the SEHK on any trading day up to and including the Last Trading Day**

On any trading day up to and inclusive of the Last Trading Day, an investor may continue to buy or sell its Units in the Terminating Investment Funds on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices. The market maker of the Terminating Investment Funds, Commerz Securities Hong Kong Limited (the “**Market Maker**”) will continue to perform its market making functions in accordance with the trading rules of the SEHK.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units of each of the Terminating Investment Funds on the SEHK on investors, and a transaction levy (at 0.0027% of the price of the Units of each of the Terminating Investment Funds) and a trading fee (at 0.005% of the price of the Units of each of the Terminating Investment Funds) will be payable by the buyer and the seller of the Units. No stamp duty will be imposed on any sale or purchase of the Units of the Terminating Investment Funds on the SEHK.

The trading price of Units of each of the Terminating Investment Funds may be below or above the Net Asset Value per Unit.

### **3.2 Holding Units after the Last Trading Day**

For Relevant Investors who are recorded by HKSCC as the beneficial owner of Units which are registered in the name of HKSCC Nominees Limited and held in CCASS, after consulting the Terminating Investment Fund's Auditors and the Trustee, the Manager will declare a Final Distribution in respect of such Relevant Investors. Each Relevant Investor will be entitled to a Final Distribution of an amount equal to the relevant Terminating Investment Fund's then Net Asset Value in proportion to the Relevant Investor's interests in that Terminating Investment Fund as at the Distribution Record Date. The Terminating Investment Fund's then Net Asset Value will be the total value of the net proceeds from the realisation of the assets of the relevant Terminating Investment Fund as described in section 1.3 above.

The Final Distribution payable to each Relevant Investor is expected to be paid to the accounts of its financial intermediary or stockbroker maintained with CCASS on or around 6 May 2016. The Manager will issue a further announcement to inform the investors of the exact day of payment of the Final Distribution, together with the amount of Final Distribution per Unit in respect of the relevant Terminating Investment Fund, when the same are available.

The Manager does not expect or anticipate there will be a further distribution after the Final Distribution. However, in the unlikely event there is a further distribution after the Final Distribution, the Manager will issue an announcement informing the investors by 16 May 2016. If there is any change to the dates mentioned in this paragraph, the Manager will issue an announcement of the revised dates.

**IMPORTANT NOTE: Investors should pay attention to the risk factors as set out in section 7.1 below and consult their professional and financial advisers before disposing of the Units in the Terminating Investment Funds. If an investor disposes of its Units in the Terminating Investment Funds at any time on or before the Last Trading Day, such investor will not in any circumstances be entitled to any portion of the Final Distribution or any further distribution (if any) in respect of any Units so disposed. Investors should therefore exercise caution and consult their professional and financial advisers before dealing in their Units in the Terminating Investment Funds or otherwise deciding on any course of actions to be taken in relation to their Units in any of the Terminating Investment Funds.**

## **4. Consequences of the commencement of the cessation of trading**

### **4.1 Continued existence of the Terminating Investment Funds**

The Terminating Investment Funds, despite the commencement of the cessation of trading from the Trading Cessation Date, will continue to maintain their listing status on the SEHK and authorisation status with the SFC until completion of the proposed termination, deauthorisation and delisting. Delisting will follow as soon as possible after the termination of the Terminating Investment Funds.

When the Manager and Trustee form an opinion that the Terminating Investment Funds cease to have any contingent or actual assets or liabilities, the Manager and the Trustee will complete the proposed termination process, and the Manager will proceed with applying to the SFC for deauthorisation, and to the SEHK to complete the delisting.

#### **4.2 Limited operation of the Investment Fund**

During the period from the Trading Cessation Date up until deauthorisation, each of the Terminating Investment Funds will only be operated in a limited manner as there will not be any trading of Units of the Terminating Investment Funds and the Terminating Investment Funds will have no investment activities from 5 April 2016, the Trading Cessation Date onwards.

### **5. Waiver**

#### **5.1 Background**

As set out in section 2.2 above, while the Units in each of the Terminating Investment Funds will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Terminating Investment Funds, the Terminating Investment Funds will remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Terminating Investment Funds will maintain their SFC authorisation status, and the Terminating Investment Fund will maintain its SEHK listed status, until the completion of the proposed termination, deauthorisation and delisting.

However, following the date of this Announcement and Notice, there will be no further creation of Units, and from the Trading Cessation Date onwards:

- (i) there will be no further trading of Units of the Terminating Investment Funds and no further redemption of each of Units of the Terminating Investment Funds;
- (ii) the Manager will start to realise all the assets of the Terminating Investment Funds and the Terminating Investment Funds will therefore cease to track their respective Underlying Indices and will not be able to meet their investment objective of tracking the performance of the respective Underlying Indices;
- (iii) the Terminating Investment Funds will no longer be marketed to the public;
- (iv) the Terminating Investment Funds will mainly hold cash; and
- (v) the Terminating Investment Funds will only be operated in a limited manner.

Accordingly, with a view to minimising the further costs, fees and expenses in managing the Terminating Investment Funds following the Trading Cessation Date and in the best interest of investors, the Manager has applied to the SFC for[, and has been granted,] a waiver from strict compliance with certain provisions of the Code for the period from the Trading Cessation Date to the Deauthorisation Date.

The details of the waiver granted and the conditions on which such waiver was granted are set out in this section 5.

## **5.2 Publishing of the suspension of dealing**

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner (the requirements under (b) are referred to as the “**Investor Notification Requirements**”).

The Manager has applied to the SFC for[, and has been granted,] a waiver from strict compliance with the Investor Notification Requirements under Chapter 10.7 of the Code, subject to the conditions that: (a) a statement shall be posted in a prominent position of the Manager’s website from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Terminating Investment Funds have ceased trading on the SEHK from 5 April 2016, and draw investors’ attention to this Announcement and Notice and all other relevant announcements; and (b) the announcements in relation to the Terminating Investment Funds will remain published on the Manager’s website for a period of one year after the Deauthorisation Date.

Because the Terminating Investment Funds will maintain their listing status after the Last Trading Day (1 April 2016) until the Deauthorisation Date, investors may continue to access further announcements in relation to the Terminating Investment Funds via the SEHK’s website and the Manager’s website during such period. In addition, as one of the conditions of this waiver, the announcements in relation to the Terminating Investment Funds will remain published on the Manager’s website for a period of one year after the Deauthorisation Date. The Manager is of the view that one year period should be sufficient to cater for investors who may have questions about the Terminating Investment Funds after the Deauthorisation Date. Also, according to the current policy of SEHK (which may change from time to time), all announcements in relation to the Terminating Investment Funds will remain published on the SEHK’s website for a period of at least 5 years after delisting of the Terminating Investment Funds.

## **5.3 Provision of estimated Net Asset Value or R.U.P.V.<sup>1</sup> and last closing Net Asset Value on a real time or near real time basis**

Under Paragraphs 4 and 17(a) and (b) of Appendix I to the Code, the Manager is required to provide estimated Net Asset Value or R.U.P.V. and last closing Net Asset Value of the Terminating Investment Funds to the public on a real time or near-real time basis unless otherwise waived, via any suitable channels in

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<sup>1</sup> R.U.P.V stands for “Reference Underlying Portfolio Value” which is updated at 15-second intervals during trading hours.

paragraph 18 of Appendix I of the Code (which include the Terminating Investment Funds' own website).

As following the date of this Announcement and Notice, there will be no further creation of Units in the Terminating Investment Funds, and from the Trading Cessation Date onwards, there will be no further trading of Units in the Terminating Investment Funds on the SEHK and no further redemption of Units in the Terminating Investment Funds, and the Terminating Investment Funds will mainly hold cash and only be operated in a limited manner. The Manager proposes with the consent of the Trustee that the Net Asset Value per Unit of each Terminating Investment Fund will be updated on the Manager's website only when there is any event which causes the Net Asset Value to change. The Manager and the Trustee expect that the events which will cause the Net Asset Value per Unit of the Terminating Investment Funds to change are: (i) the Final Distribution (please see further in section 3.2 above); (ii) further distribution (if any); (iii) any change in the market value of any scrip dividend receivable by the Terminating Investment Funds concerned; and (iv) any deduction of fees, operating expenses or taxes related to the liquidation of the assets of each of the Terminating Investment Funds.

Accordingly, the Manager has applied to the SFC for[, and has been granted,] a waiver from strict compliance with the above-mentioned requirements under Paragraphs 4 and 17(a) and (b) of Appendix I to the Code, subject to the following conditions:

- (A) the Net Asset Value per Unit of each Terminating Investment Fund as of 5 April 2016 (i.e. the Trading Cessation Date), which will be the latest Net Asset Value per Unit of each Terminating Investment Fund, will be published on the Manager's website; and
- (B) the Manager shall update the latest available Net Asset Value per Unit of each of the Terminating Investment Funds on the Manager's website as soon as practicable should there be any other change to the Net Asset Value of each Terminating Investment Fund, including but not limited to changes arising from (i) the Final Distribution (please see further in section 3.2 above); (ii) further distribution (if any); (iii) any change in the market value of any scrip dividend receivable by the Terminating Investment Funds concerned; and (iv) any deduction of fees, operating expenses or taxes related to the liquidation of the assets of each of the Terminating Investment Funds.

#### **5.4 Updating of the Prospectus and KFS in respect of the Terminating Investment Funds**

Under Chapters 6.1 and 11.1B of the Code, the Prospectus and the KFS in respect of the Terminating Investment Funds must be up-to-date and must be updated to incorporate any relevant changes to the Terminating Investment Funds.

In view of the cessation of trading of Units of the Terminating Investment Funds from the Trading Cessation Date, and there being no further creation or redemption of Units of the Terminating Investment Funds, the Manager considers that it is not necessary to update the Prospectus and the KFS in respect of the Terminating Investment Funds (which by their nature are offering documents) to reflect any future changes to the Terminating Investment Funds prior to the Deauthorisation Date.

As such, the Manager has applied to the SFC for[, and has been granted,] a waiver from strict compliance with the above-mentioned requirements under Chapters 6.1 and 11.1B of the Code so that the Prospectus and the KFS in respect of the Terminating Investment Funds need not be updated in respect of disclosure affecting the Terminating Investment Funds only from the Trading Cessation Date.

Without prejudice to the other obligations of the Manager under Chapter 11.1B of the Code, the Manager has undertaken and confirmed with the SFC that it shall:

- (A) promptly notify investors of any changes to the Terminating Investment Funds or to the Prospectus or the KFS of the Terminating Investment Funds by means of publishing the announcement(s) on its and Hong Kong Exchanges and Clearing Limited's websites (each, a "**Relevant Future Announcement**");
- (B) ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice together with the Prospectus, the KFS of the relevant Terminating Investment Fund, and any other Relevant Future Announcement(s); and
- (C) issue an updated Prospectus on the Deauthorisation Date to remove all references to the Terminating Investment Funds.

## **5.5 Other related matter**

The Manager confirms that, save for the particular provisions of the Code set out in sections 5.2 to 5.4 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations in respect of the Terminating Investment Funds.

## **6. Costs**

As indicated in section 3.1 above, stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units of the Terminating Investment Funds on or before the Last Trading Day.

All redemption of Units of the Terminating Investment Funds by Participating Dealers will be subject to the fees and costs as set out in the Prospectus. Participating Dealers may pass on to the relevant investors such fees and costs, and may also impose fees and charges in handling redemption requests which would increase the cost of redemption. Investors are advised to check with Participating Dealers as to their relevant fees, costs and charges.

The Manager will bear all costs and expenses associated with the termination of each Terminating Investment Fund (other than normal operating expenses such as transaction costs and any taxes relating to the liquidation of assets of a Terminating Investment Fund) from the date of this Announcement and Notice up to and including the Termination Date. The Manager will continue to charge a Management Fee up to and including the Final Distribution Date.

For your information, the ongoing charges over a year\* as disclosed in the product key facts statements for the:

- Horizons S&P Asia ex JANZ Financials ETF is 1.75%;
- Horizons S&P Asia ex JANZ IT ETF is 1.40%;
- Horizons S&P Asia ex JANZ Industrials ETF is 2.18%;
- Horizons S&P Asia ex JANZ Energy ETF is 2.42%; and
- Horizons S&P Asia ex JANZ Materials ETF is 1.85%.

\* The ongoing charges figures are annualised figures based on expenses reported in each of the Terminating Investment Fund's audited financial statements for the period ended 31 March 2015, expressed as a percentage of each of the Terminating Investment Fund's average Net Asset Value over the same period.

The Manager does not expect that the termination of the Terminating Investment Funds will impact the figures disclosed above for ongoing charges. Please note for completeness the ongoing charges figures shown above are calculated in accordance with the guidance under the relevant SFC circular, and exclude the following costs and expenses associated with the termination of the Terminating Investment Funds (which are to be borne by each relevant Terminating Investment Fund): (i) normal operating expenses such as transaction costs and (ii) any taxes relating to the liquidation of assets of the Terminating Investment Funds.

Each of the Terminating Investment Funds does not have any unamortised preliminary expense or contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.

## **7. Other matters**

### **7.1 Other implications of the proposed cessation of trading, the proposed termination, deauthorisation and delisting of the Terminating Investment Funds**

In consequence of this Announcement and Notice and the proposed cessation of trading, the proposed termination of the Terminating Investment Funds and the proposed deauthorisation and delisting, investors should note and consider the following risks:

*Liquidity risk* – Trading of Units in each of the Terminating Investment Funds on the SEHK from the date of this Announcement and Notice may become less liquid;

*Units trading at a discount or premium and Market Maker's inefficiency risk* – Although up to (and including) the Last Trading Day, the Market Makers will continue to perform their market making functions in respect of the Terminating Investment Funds in accordance with the Trading Rules of the SEHK, Units in each of the Terminating Investment Funds may trade at a discount compared to their Net Asset Value in extreme market situations. This is because many investors may want to sell their Units in the Terminating Investment Funds after the Proposal has been announced but there may not be many investors in the market who are willing to purchase such Units. On the other hand, it is also possible that the Units of each of the Terminating Investment Funds may trade at a premium as there will be no creation of new Units from 1 March 2016, and consequently the divergence between the supply of and demand for the Units of the Terminating Investment Funds may be larger than usual. In particular, should there be a large demand for such Units before the Trading Cessation Date, the Market Maker may not be able to effectively perform its market making activities

to provide liquidity of the trading of Units of each Terminating Investment Fund on the SEHK in these extreme market situations. Following this, the price volatility of the Units of each Terminating Investment Fund may be higher than usual from the date of this Announcement and Notice through the Last Trading Day;

*Tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day* – It is possible that the size of the relevant Terminating Investment Funds may drop drastically before the Last Trading Day. This may impair the Manager's ability to fulfill the investment objectives of the Terminating Investment Funds and result in significant tracking error. In the extreme situation where the size of the relevant Terminating Investment Fund becomes so small that the Manager considers that it is not in the best interest of the relevant Terminating Investment Fund to continue to invest in the market, the Manager may decide to convert the whole or part of the investments of the relevant Terminating Investment Fund into cash or deposits in order to protect the interest of the investors of that Terminating Investment Fund;

*Net Asset Value downward adjustment risk* – Changes in economic environment, consumption pattern and investors' expectations may have significant impact on the value of the investments and there may be significant drop in value of the investments;

*Failure to track the Underlying Indices* – All assets of the Terminating Investment Funds will be liquidated with effect from the Trading Cessation Date. Thereafter, the entirety of the Terminating Investment Funds' assets will be cash and the Terminating Investment Funds will operate in a limited manner. Following this, from the Trading Cessation Date, each of the Terminating Investment Funds will cease to track their respective Underlying Indices, and will not be able to meet its investment objective of tracking the performance of their respective Underlying Indices; and

*Delay in distribution risk* – The Manager will aim to realise all of the assets of all the Terminating Investment Funds and then proceed with the Final Distribution as soon as practicable. However, the Manager may not be able to realise all the assets of the Terminating Investment Funds in a timely manner during certain periods of time, for example, when the trading on the relevant stock exchanges is restricted or suspended or when the official clearing and settlement depository of the relevant market is closed. In this case, the payment of the Final Distribution to the Relevant Investors may be delayed.

Investor attention is also drawn to the risks disclosed in the Prospectus of the Terminating Investment Funds.

## **7.2 Tax implications**

Based on the Manager's understanding of the law and practice in force at the date of this Announcement and Notice, as the Terminating Investment Funds are collective investment schemes authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571 Laws of Hong Kong), profits of the Terminating Investment Funds derived from realisation of its assets are exempt from Hong Kong profits tax.

No tax is expected to be payable by investors in Hong Kong in respect of the Final Distribution or further distributions (if any) to the extent of distribution of profits and/or capital of the Terminating Investment Funds. For investors carrying



on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units in the Terminating Investment Funds may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong, as well as the Units of the Terminating Investment Funds are revenue assets of the investors.

Investors should consult their professional tax advisers for tax advice.

### **7.3 Connected party transaction**

Mirae Asset Wealth Management (HK) Limited, which is a Connected Person of the Manager, currently acts as one of the Participating Dealers of the Terminating Investment Funds.

However, Mirae Asset Wealth Management (HK) Limited may decide to dispose of all or part of their Units, either by selling the Units on the SEHK or by redeeming the Units in the primary market, after being informed of the Proposal via this Announcement and Notice. Any disposal of Units by Mirae Asset Wealth Management (HK) Limited, which is beyond the control of the Manager, may reduce the size of the relevant Terminating Investment Funds and impair the Manager's ability to fulfil the investment objectives of the relevant Terminating Investment Funds and result in significant tracking error. Please refer to "Tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk" in section 7.1 above.

Subject to the above, no other connected persons of the Manager and/or the Trustee is involved in any transaction in relation to the Terminating Investment Funds, nor holds any interest in the Terminating Investment Funds.

### **8. Documents available for inspection**

Copies of the following documents are available for inspection free of charge upon request at the Manager's registered office during normal business hours:

- the Trust Deed;
- the Participation Agreements;
- the Service Agreements;
- the latest annual and semi-annual reports of the Trust and Terminating Investment Funds (if any); and
- the Prospectus.

Copies of the Trust Deed may be purchased from the Manager at a reasonable fee. Copies of the annual and the semi-annual reports and Prospectus are available from the Manager free of charge.

### **9. Enquiries**

If you have any questions in relation to the contents of this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Manager by calling (852) 2295 1500 during office hours (except Hong Kong statutory holidays), or visiting the Manager in person at Level 15, Three

Pacific Place, 1 Queen's Road East, Hong Kong, or visiting the Manager's website: <http://www.horizonsetfs.com.hk><sup>2</sup>.

The Manager accepts full responsibility for the accuracy of the contents of this Announcement and Notice, 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.

**Mirae Asset Global Investments (Hong Kong) Limited**  
as Manager of the Terminating Investment Funds

**29 February 2016**

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<sup>2</sup> The website has not been reviewed by the SFC.

**Horizons KOSPI 200 ETF (Stock Code: 2835)**  
**Horizons S&P Emerging Asia Consumer ETF (Stock Code: 3054)**  
**Horizons S&P Global Consumer Brands ETF (Stock Code: 3056)**  
**Horizons S&P Asia ex JANZ Financials ETF (Stock Code: 3064)**  
**Horizons S&P Asia ex JANZ IT ETF (Stock Code: 3066)**  
**Horizons S&P Asia ex JANZ Industrials ETF (Stock Code: 3075)**  
**Horizons S&P Asia ex JANZ Energy ETF (Stock Code: 3076)**  
**Horizons S&P Asia ex JANZ Materials ETF (Stock Code: 3078)**  
**Horizons MSCI China ETF (Stock Code: 3040)**  
**Horizons Hang Seng High Dividend Yield ETF (Stock Code: 3110)**  
**Horizons CSI 300 ETF (RMB Counter Stock Code: 83127; HKD Counter Stock Code: 03127)**  
**the sub-funds of Horizons Exchange Traded Funds Series (the “Trust”)**

*(A Hong Kong unit trust authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)<sup>1</sup>*

**Dated 30 November 2015**

**Sixth Addendum to the Prospectus of the Trust dated 19 September 2014 (the “Prospectus”)**

If you are in any doubt about the contents of this Sixth Addendum, you should consult your stockbroker, bank manager, solicitor, accountant and other financial adviser for independent financial advice.

This Sixth Addendum forms an integral part of and should be read in conjunction with the Prospectus.

The Manager accepts responsibility for the accuracy of the information contained in this Sixth Addendum as being accurate at the date hereof.

Unless otherwise defined, all capitalised terms shall have the same meaning as that in the Prospectus.

**Please note that the following changes apply to the Prospectus with immediate effect:**

1. The reference to first paragraph of the section “The Index” on page 114 is deleted in its entirety and replaced with the following:

The MSCI China Index comprises 157 constituents and its equity universe comprise H-shares, Red chips and P chips listed on The Stock Exchange of Hong Kong Limited, B-shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange and foreign listed companies (such as companies listed in NASDAQ, New York Stock Exchange and Singapore Stock Exchange). The MSCI China Index provides liquid exposure to publicly-listed companies that are in the sectors of financials, energy, telecommunication services, information technology, industrials, consumer staples, consumer discretionary, materials, utilities and health care throughout China.

2. The reference to first paragraph of the subsection headed “General Information” in the section entitled “Index Description” on pages 116 of the Prospectus is deleted in its entirety and replaced with the following:

The MSCI China Index comprises 157 constituents and its equity universe comprise H-shares, Red chips and P chips listed on The Stock Exchange of Hong Kong Limited, B-shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange and foreign listed companies (such as companies listed in NASDAQ, New York Stock Exchange and Singapore Stock Exchange). The MSCI China Index provides liquid exposure to publicly-listed companies that are in the sectors of financials, energy, telecommunication services, information technology, industrials, consumer staples, consumer discretionary, materials, utilities and health care throughout China.

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<sup>1</sup> The Hong Kong Securities and Futures Commission’s 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.

3. The reference to second paragraph of the subsection headed “Index Construction” in the section entitled “Index Description” on pages 117 of the Prospectus is deleted in its entirety and replaced with the following:

The equity universe of MSCI China Index comprises H-shares, Red chips and P chips listed on The Stock Exchange of Hong Kong Limited, B-shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange and foreign listed companies (such as companies listed in NASDAQ, New York Stock Exchange and Singapore Stock Exchange).

**Horizons KOSPI 200 ETF (Stock Code: 2835)**  
**Horizons S&P Emerging Asia Consumer ETF (Stock Code: 3054)**  
**Horizons S&P Global Consumer Brands ETF (Stock Code: 3056)**  
**Horizons S&P Asia ex JANZ Financials ETF (Stock Code: 3064)**  
**Horizons S&P Asia ex JANZ IT ETF (Stock Code: 3066)**  
**Horizons S&P Asia ex JANZ Industrials ETF (Stock Code: 3075)**  
**Horizons S&P Asia ex JANZ Energy ETF (Stock Code: 3076)**  
**Horizons S&P Asia ex JANZ Materials ETF (Stock Code: 3078)**  
**Horizons MSCI China ETF (Stock Code: 3040)**  
**Horizons Hang Seng High Dividend Yield ETF (Stock Code: 3110)**  
**Horizons CSI 300 ETF (RMB Counter Stock Code: 83127; HKD Counter Stock Code: 03127)**  
**the sub-funds of Horizons Exchange Traded Funds Series (the “Trust”)**

*(A Hong Kong unit trust authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)<sup>1</sup>*

**Dated 17 November 2015**

**Fifth Addendum to the Prospectus of the Trust dated 19 September 2014 (the “Prospectus”)**

If you are in any doubt about the contents of this Fifth Addendum, you should consult your stockbroker, bank manager, solicitor, accountant and other financial adviser for independent financial advice.

This Fifth Addendum forms an integral part of and should be read in conjunction with the Prospectus.

The Manager accepts responsibility for the accuracy of the information contained in this Fifth Addendum as being accurate at the date hereof.

Unless otherwise defined, all capitalised terms shall have the same meaning as that in the Prospectus.

Please note that the following changes apply to the Prospectus with immediate effect:

**(A) Lists of HKD Counter Market Makers, RMB Counter Market Makers, Participating Dealers and Participating Dealer Agent**

1. The reference to “Commerz Securities Hong Kong Limited<sup>Ω</sup>” under the subsection headed “HKD Counter Market Makers” in the section entitled “Parties” on page 3 is deleted and replaced with “Commerz Securities Hong Kong Limited”, following its later appointment by the Manager to act as HKD Counter Market Maker of Horizons CSI 300 ETF.
2. The following party is added in the subsection headed “RMB Counter Market Makers” in the section entitled “Parties” on page 3:  
  
“Commerz Securities Hong Kong Limited  
29/F, Two International Finance Centre  
8 Finance Street, Central  
Hong Kong”
3. The name of “Shenyin Wanguo Securities (H.K.) Limited” under the subsections headed “HKD Counter Market Makers” and “Participating Dealers” in the section entitled “Parties” on page 3 and 4 respectively is revised to “Shenwan Hongyuan Securities (H.K.) Limited”.

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<sup>1</sup> The Hong Kong Securities and Futures Commission’s 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.

4. The reference to “BNP Paribas Securities Services<sup>#</sup>” under the subsection headed “Participating Dealers” in the section entitled “Parties” on page 3 is deleted and replaced with “BNP Paribas Securities Services<sup>U</sup>”, following its later appointment by the Manager to act as Participating Dealer of Horizons CSI 300 ETF.
5. The reference to “Mirae Asset Securities (HK) Limited<sup>Ω</sup>” under the subsection headed “Participating Dealers” in the section entitled “Parties” on page 4 is deleted and replaced with “Mirae Asset Wealth Management (HK) Limited”, following its later appointment by the Manager to act as Participating Dealer of Horizons CSI 300 ETF and change of company name.
6. The reference to “Nomura International (Hong Kong) Limited<sup>+</sup>” under the subsection headed “Participating Dealers” in the section entitled “Parties” on page 4 is deleted and replaced with “Nomura International (Hong Kong) Limited<sup>&</sup>”, following its later appointment by the Manager to act as Participating Dealer of Horizons CSI 300 ETF.
7. The following party is added in the subsection headed “Participating Dealers” in the section entitled “Parties” on page 4:

“KGI Securities (Hong Kong) Limited  
41/F, Central Plaza  
18 Harbour Road, Wanchai  
Hong Kong”

8. The following new sub-section and party is added in the section entitled “Parties” on page 4:

**“Participating Dealer Agent to Barclays Bank PLC**  
BNP Paribas Securities Services  
21/F PCCW Tower  
Taikoo Place  
979 King’s Road  
Quarry Bay  
Hong Kong”

9. The definition of “Participating Dealer” on page 9 is deleted in its entirety and replaced with the following:

“Participating Dealer” means a broker or dealer who is (or who has appointed an agent or delegate who is) a participant in CCASS and to whose account any Units are for the time being credited by the HKSCC and who has entered into a Participation Agreement in form and substance acceptable to the Manager and the Trustee, and any reference in this Prospectus to the “Participating Dealer” shall include a reference to any agent or delegate so appointed by the Participating Dealer.’

10. The definition of “Participation Agreement” on page 9 is deleted in its entirety and replaced with the following:

“Participation Agreement” means an agreement entered into between, amongst others, the Trustee, the Manager and a Participating Dealer setting out, amongst other things, the arrangements in respect of the Applications. References to the Participation Agreement shall, where appropriate, mean the Participation Agreement, read together with the Operating Guidelines.’

11. The following sentence is added after the last sentence in the risk factor “Reliance on Participating Dealer(s)” on page 23:

“Where a Participating Dealer appoints an agent or delegate (who is a CCASS participant) to perform certain CCASS-related functions, if the appointment is terminated and the Participating Dealer fails to appoint an alternative agent or delegate, or if the agent or delegate ceases to be a CCASS participant, the creation or realisation of Units by such Participating Dealer may also be affected.”

12. The reference to “KGI Securities (Hong Kong) Limited” is added to the row “Participating Dealers” of the table under the section headed “Key Information” in the Appendices 1 to 11 on pages 51, 59, 67, 75, 83, 90, 98, 105, 113, 121 and 127 respectively.
13. The name of “Mirae Asset Securities (HK) Limited” in the row “Participating Dealers” of the table under the section headed “Key Information” in the Appendices 1 to 11 on pages 51, 59, 67, 75, 83, 90, 98, 105, 113, 121 and 127 respectively is revised to “Mirae Asset Wealth Management (HK) Limited”.
14. The name of “Shenyin Wanguo Securities (H.K.) Limited” in the row “Participating Dealers” of the table under the section headed “Key Information” in the Appendices 1 to 10 on pages 51, 59, 67, 75, 83, 90, 98, 105, 113 and 121 respectively is revised to “Shenwan Hongyuan Securities (H.K.) Limited”.
15. The reference to “Shenyin Wanguo Securities (H.K.) Limited” in the row “Market Makers” of the table under the section headed “Key Information” in the Appendices 9 to 10 on pages 112 and 120 respectively is deleted in its entirety and replaced with “Shenwan Hongyuan Securities (H.K.) Limited”.
16. The reference to “Commerz Securities Hong Kong Limited” is added to “RMB Counter and HKD Counter” in the row “Market Makers” of the table under the section headed “Key Information” in “Appendix 11 – Horizons CSI 300 ETF” on page 127.
17. The references to “BNP Paribas Securities Services” and “Nomura International (Hong Kong) Limited” are added to the row “Participating Dealers” of the table under the section headed “Key Information” in “Appendix 11 – Horizons CSI 300 ETF” on page 127.

**(B) Stamp Duty Waiver**

1. The second paragraph of the subsection headed “Unitholders” in the section entitled “Taxation – Hong Kong” on page 42 is deleted in its entirety and replaced with the following:

“Pursuant to the Stamp Duty (Amendment) Ordinance 2015, no stamp duty is payable on the transfer (purchase or sale) of units of all exchange traded funds on the SEHK. No stamp duty is therefore payable on the transfer of Units.”
2. The reference to “See Note 8” in the row “Stamp Duty” in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and Note 8 in the same subsection in the section entitled “Fees and Charges” in “Appendix 1 – Horizons KOSPI 200 ETF” on page 55 are deleted in their entirety.
3. The reference to “See Note 8” in the row “Stamp Duty” in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and Note 8 in the same subsection in the section entitled “Fees and Charges” in “Appendix 2 – Horizons S&P Emerging Asia Consumer ETF” on pages 62-63 are deleted in their entirety.
4. The reference to “See Note 8” in the row “Stamp Duty” in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and Note 8 in the same subsection in the section entitled “Fees and Charges” in “Appendix 3 – Horizons S&P Global Consumer Brands ETF” on pages 70-71 are deleted in their entirety.
5. The reference to “0.1% See Note 8” in the row “Stamp Duty” in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” in the section entitled “Fees and Charges” in “Appendix 4 – Horizons S&P Asia ex JANZ Financials ETF” on pages 78-79 is revised to “Nil” and Note 8 in the foresaid subsection is deleted in its entirety.

6. The reference to “See Note 8” in the row “Stamp Duty” in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and Note 8 in the same subsection in the section entitled “Fees and Charges” in “Appendix 5 – Horizons S&P Asia ex JANZ IT ETF” on page 86 are deleted in their entirety.
7. The reference to “See Note 8” in the row “Stamp Duty” in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and Note 8 in the same subsection in the section entitled “Fees and Charges” in “Appendix 6 – Horizons S&P Asia ex JANZ Industrials ETF” on page 93 are deleted in their entirety.
8. The reference to “0.1% See Note 8” in the row “Stamp Duty” in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” in the section entitled “Fees and Charges” in “Appendix 7 – Horizons S&P Asia ex JANZ Energy ETF” on page 101 is revised to “Nil” and Note 8 in the foresaid subsection is deleted in its entirety.
9. The reference to “See Note 8” in the row “Stamp Duty” in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and Note 8 in the same subsection in the section entitled “Fees and Charges” in “Appendix 8 – Horizons S&P Asia ex JANZ Materials ETF” on page 108 are deleted in their entirety.
10. The reference to “0.1% See Note 8” in the row “Stamp Duty” in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” in the section entitled “Fees and Charges” in “Appendix 9 – Horizons MSCI China ETF” on pages 115-116 is revised to “Nil” and Note 8 in the foresaid subsection is deleted in its entirety.
11. The reference to “0.1% See Note 8” in the row “Stamp Duty” in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” in the section entitled “Fees and Charges” in “Appendix 10 – Horizons Hang Seng High Dividend Yield ETF” on pages 123-124 is revised to “Nil” and Note 8 in the foresaid subsection is deleted in its entirety.
12. The reference to “See Note 8” in the row “Stamp Duty” in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and Note 8 in the same subsection in the section entitled “Fees and Charges” in “Appendix 11 – Horizons CSI 300 ETF” on pages 146-147 are deleted in their entirety.

**(C) Change in the CSI 300 Index Calculation Method**

The table and the illustrative examples under the subsection headed “Index Calculation Method” in the section entitled “Index Description” in “Appendix 11 – Horizons CSI 300 ETF” on page 148 are deleted in their entirety and replaced with the following new table:

Negotiable Market Cap Ratio (%)	≤15	(15 , 20]	(20 , 30]	(30 , 40]	(40 , 50]	(50 , 60]	(60 , 70)	(70 , 80)	>80
Inclusion Factor (%)	nearest higher percentage point	20	30	40	50	60	70	80	100

**(D) Update of the 10 largest constituent stocks of the Underlying Index in respect of each Investment Fund**

1. The last sentence in the first paragraph under the subsection headed “General Information” in the section entitled “Index Methodology” in “Appendix 1 – Horizons KOSPI 200 ETF” on page 56 is deleted in its entirety and replaced with the following:



“As at 9 November 2015, the 10 largest constituent stocks of the KOSPI 200 Index as listed below, represented 44.55% of the KOSPI 200 Index (calculated on the basis of free float shares).

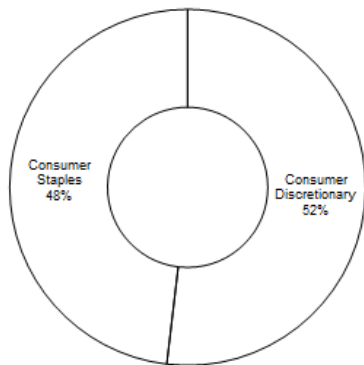
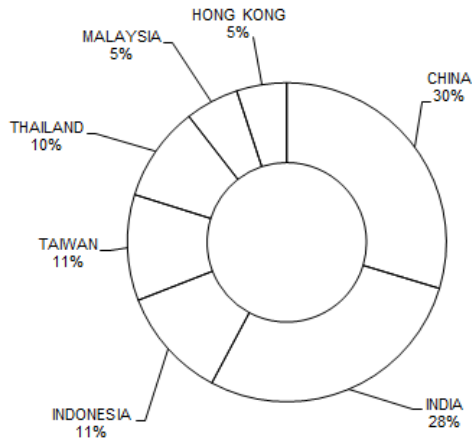
Rank	Constituent Name	Weighting
1.	SAMSUNG ELECTRONICS CO LTD	21.73%
2.	HYUNDAI MOTOR CO	3.72%
3.	SHINHAN FINANCIAL GROUP LTD	2.75%
4.	SK HYNIX INC	2.66%
5.	HYUNDAI MOBIS CO LTD	2.53%
6.	KOREA ELECTRIC POWER CORP	2.48%
7.	NAVER CORP	2.45%
8.	KIA MOTORS CORP	2.24%
9.	LG CHEM LTD	2.01%
10.	KB FINANCIAL GROUP INC	1.98%

2. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 2 – Horizons S&P Emerging Asia Consumer ETF” on pages 64-65 is deleted in its entirety and replaced with the following:

“As at 9 November 2015, the 10 largest constituent stocks of the S&P Emerging Asia Consumer Index as listed below, represented about 48.18% of the S&P Emerging Asia Consumer Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	ASTRA INTERNATIONAL TBK PT	XIDX INDONESIA STOCK EXCHANGE	7.40%
2.	ITC LTD	XBOM BOMBAY STOCK EXCHANGE	6.67%
3.	HINDUSTAN UNILEVER LTD	XBOM BOMBAY STOCK EXCHANGE	5.79%
4.	HENGAN INTL GROUP CO LTD	XHKG HONG KONG STOCK EXCHANGE	5.59%
5.	TATA MOTORS LTD	XBOM BOMBAY STOCK EXCHANGE	4.80%
6.	CP ALL PCL	XBKK STOCK EXCHANGE OF THAILAND	4.03%
7.	MARUTI SUZUKI INDIA LTD	XBOM BOMBAY STOCK EXCHANGE	3.93%
8.	BELLE INTERNATIONAL HOLDINGS	XHKG HONG KONG STOCK EXCHANGE	3.50%
9.	DONGFENG MOTOR GRP CO LTD-H	XHKG HONG KONG STOCK EXCHANGE	3.25%
10.	THAI BEVERAGE PCL	XSES SINGAPORE EXCHANGE	3.22%

Below are the charts showing the weightings in the S&P Emerging Asia Consumer Index by country and by sector as at 9 November 2015:



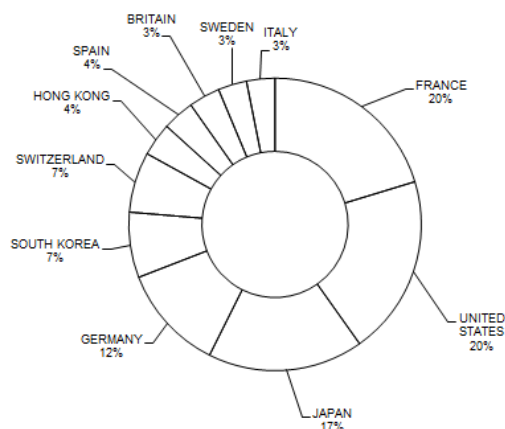
Details of the index methodology of the S&P Emerging Asia Consumer Index can be found on <http://www.standardandpoors.com>.

3. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 3 – Horizons S&P Global Consumer Brands ETF” on page 73 is deleted in its entirety and replaced with the following:

“As at 9 November 2015, the 10 largest constituent stocks of the S&P Global Consumer Enterprises Index as listed below, represented about 36.09% of the S&P Global Consumer Enterprises Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	KIA MOTORS CORP	XKRX KOREA EXCHANGE	3.78%
2.	NIKE INC -CL B	XNYS NEW YORK STOCK EXCHANGE	3.73%
3.	MCDONALD'S CORP	XNYS NEW YORK STOCK EXCHANGE	3.71%
4.	GALAXY ENTERTAINMENT GROUP L	XHKG HONG KONG STOCK EXCHANGE	3.68%
5.	NISSAN MOTOR CO LTD	XTKS TOKYO STOCK EXCHANGE	3.62%
6.	KERING	XPAR NYSE EURONEXT - EURONEXT PARIS	3.61%
7.	INDUSTRIA DE DISENO TEXTIL	XMCE MERCADO CONTINUO ESPANOL - CONTINUOUS MARKET	3.52%
8.	CIE FINANCIERE RICHEMONT-REG	XVTX SIX SWISS EXCHANGE	3.51%
9.	WPP PLC	XLON LONDON STOCK EXCHANGE	3.47%
10.	HYUNDAI MOTOR CO	XKRX KOREA EXCHANGE	3.46%

Below is the chart showing the weightings in the S&P Global Consumer Enterprises Index by country as at 9 November 2015:



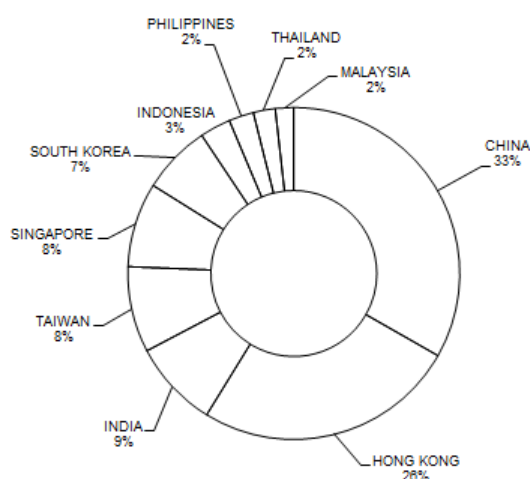
Details of the index methodology of the S&P Global Consumer Enterprises Index can be found on <http://www.standardandpoors.com>.”

4. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 4 – Horizons S&P Asia ex JANZ Financials ETF” on page 81 is deleted in its entirety and replaced with the following:

“As at 9 November 2015, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Financials Index as listed below, represented about 39.14% of the S&P Pan-Asia ex JANZ LargeCap Financials Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	AIA GROUP LTD	XHKG HONG KONG STOCK EXCHANGE	7.56%
2.	CHINA CONSTRUCTION BANK-H	XHKG HONG KONG STOCK EXCHANGE	7.16%
3.	IND & COMM BK OF CHINA-H	XHKG HONG KONG STOCK EXCHANGE	4.90%
4.	BANK OF CHINA LTD-H	XHKG HONG KONG STOCK EXCHANGE	3.54%
5.	HONG KONG EXCHANGES & CLEAR	XHKG HONG KONG STOCK EXCHANGE	3.11%
6.	PING AN INSURANCE GROUP CO-H	XHKG HONG KONG STOCK EXCHANGE	3.01%
7.	HOUSING DEVELOPMENT FINANCE	XBOM BOMBAY STOCK EXCHANGE	2.85%
8.	CHINA LIFE INSURANCE CO-H	XHKG HONG KONG STOCK EXCHANGE	2.77%
9.	DBS GROUP HOLDINGS LTD	XSES SINGAPORE EXCHANGE	2.20%
10.	UNITED OVERSEAS BANK LTD	XSES SINGAPORE EXCHANGE	2.04%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Financials Index by country as at 9 November 2015:



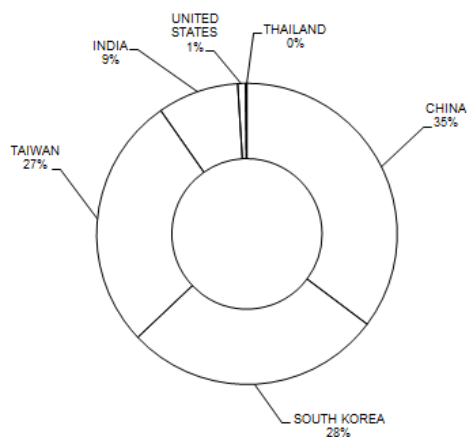
Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Financials Index can be found on <http://www.standardandpoors.com>.”

5. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 5 – Horizons S&P Asia ex JANZ IT ETF” on page 88 is deleted in its entirety and replaced with the following:

“As at 9 November 2015, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index as listed below, represented about 76.66% of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	SAMSUNG ELECTRONICS CO LTD	XKRX KOREA EXCHANGE	17.90%
2.	TENCENT HOLDINGS LTD	XHKG HONG KONG STOCK EXCHANGE	13.57%
3.	ALIBABA GROUP HOLDING-SP ADR	XNYS NEW YORK STOCK EXCHANGE	11.81%
4.	TAIWAN SEMICONDUCTOR MANUFAC	XTAI TAIWAN STOCK EXCHANGE	10.49%
5.	BAIDU INC - SPON ADR	XNAS NASDAQ STOCK MARKET	6.92%
6.	HON HAI PRECISION INDUSTRY	XTAI TAIWAN STOCK EXCHANGE	4.55%
7.	INFOSYS LTD	XBOM BOMBAY STOCK EXCHANGE	4.41%
8.	SAMSUNG ELECTRONICS-PREF	XKRX KOREA EXCHANGE	2.67%
9.	TATA CONSULTANCY SVCS LTD	XBOM BOMBAY STOCK EXCHANGE	2.26%
10.	NAVER CORP	XKRX KOREA EXCHANGE	2.08%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Information Technology Index by country as at 9 November 2015:



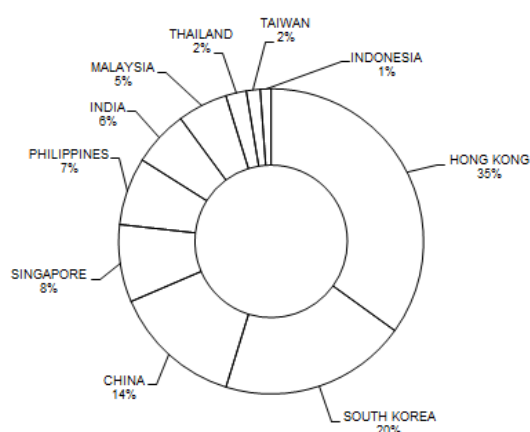
Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index can be found on <http://www.standardandpoors.com>.”

6. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 6 – Horizons S&P Asia ex JANZ Industrials ETF” on pages 95-96 is deleted in its entirety and replaced with the following:

“As at 9 November 2015, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Industrials Index as listed below, represented about 48.06% of the S&P Pan-Asia ex JANZ LargeCap Industrials Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	CK HUTCHISON HOLDINGS LTD	XHKG HONG KONG STOCK EXCHANGE	14.82%
2.	JARDINE MATHESON HLDGS LTD	XSES SINGAPORE EXCHANGE	6.28%
3.	CITIC LTD	XHKG HONG KONG STOCK EXCHANGE	4.95%
4.	SAMSUNG C&T CORP	XKRX KOREA EXCHANGE	4.93%
5.	SK HOLDINGS CO LTD	XKRX KOREA EXCHANGE	3.26%
6.	LG CORP	XKRX KOREA EXCHANGE	3.14%
7.	KEPPEL CORP LTD	XSES SINGAPORE EXCHANGE	2.98%
8.	MTR CORP	XHKG HONG KONG STOCK EXCHANGE	2.70%
9.	CHINA COMMUNICATIONS CONST-H	XHKG HONG KONG STOCK EXCHANGE	2.53%
10.	JARDINE STRATEGIC HLDGS LTD	XSES SINGAPORE EXCHANGE	2.47%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Industrials Index by country as at 9 November 2015:



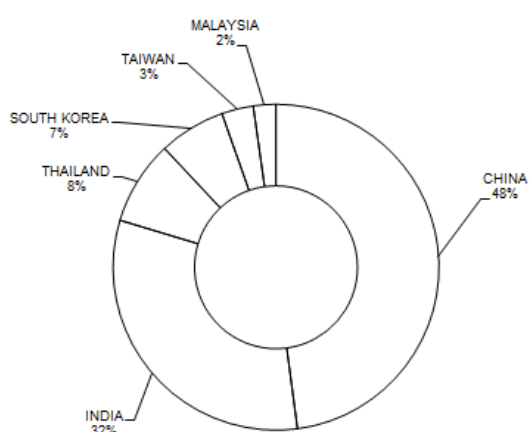
Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Industrials Index can be found on <http://www.standardandpoors.com>.”

7. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 7 – Horizons S&P Asia ex JANZ Energy ETF” on pages 103-104 is deleted in its entirety and replaced with the following:

“As at 9 November 2015, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Energy Index as listed below, represented about 85.14% of the S&P Pan-Asia ex JANZ LargeCap Energy Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	RELIANCE INDUSTRIES LTD	XBOM BOMBAY STOCK EXCHANGE	17.54%
2.	CNOOC LTD	XHKG HONG KONG STOCK EXCHANGE	13.89%
3.	CHINA PETROLEUM & CHEMICAL-H	XHKG HONG KONG STOCK EXCHANGE	13.72%
4.	PETROCHINA CO LTD-H	XHKG HONG KONG STOCK EXCHANGE	12.41%
5.	PTT PCL	XBKK STOCK EXCHANGE OF THAILAND	5.21%
6.	OIL & NATURAL GAS CORP LTD	XBOM BOMBAY STOCK EXCHANGE	5.16%
7.	COAL INDIA LTD	XBOM BOMBAY STOCK EXCHANGE	4.93%
8.	SK INNOVATION CO LTD	XKRX KOREA EXCHANGE	4.75%
9.	CHINA SHENHUA ENERGY CO-H	XHKG HONG KONG STOCK EXCHANGE	4.39%
10.	FORMOSA PETROCHEMICAL CORP	XTAI TAIWAN STOCK EXCHANGE	3.14%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Energy Index by country as at 9 November 2015:



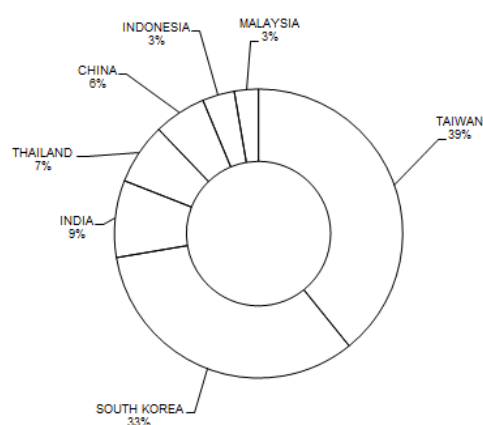
Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Energy Index can be found on <http://www.standardandpoors.com>.”

8. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 8 – Horizons S&P Asia ex JANZ Materials ETF” on pages 110-111 is deleted in its entirety and replaced with the following:

“As at 9 November 2015, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Materials Index as listed below, represented about 70.09% of the S&P Pan-Asia ex JANZ LargeCap Materials Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	POSCO	XKRX KOREA EXCHANGE	11.18%
2.	LG CHEM LTD	XKRX KOREA EXCHANGE	10.15%
3.	FORMOSA PLASTICS CORP	XTAI TAIWAN STOCK EXCHANGE	10.07%
4.	NAN YA PLASTICS CORP	XTAI TAIWAN STOCK EXCHANGE	9.19%
5.	FORMOSA CHEMICALS & FIBRE	XTAI TAIWAN STOCK EXCHANGE	7.50%
6.	CHINA STEEL CORP	XTAI TAIWAN STOCK EXCHANGE	6.85%
7.	KOREA ZINC CO LTD	XKRX KOREA EXCHANGE	4.98%
8.	SIAM CEMENT PCL/THE	XBKK STOCK EXCHANGE OF THAILAND	3.51%
9.	TAIWAN CEMENT	XTAI TAIWAN STOCK EXCHANGE	3.34%
10.	ANHUI CONCH CEMENT CO LTD-H	XHKG HONG KONG STOCK EXCHANGE	3.32%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Materials Index by country as at 9 November 2015:



Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Materials Index can be found on <http://www.standardandpoors.com>.”

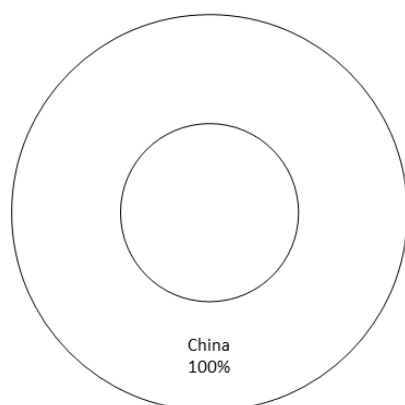


9. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 9 – Horizons MSCI China ETF” on page 118 is deleted in its entirety and replaced with the following:

“As at 9 November 2015, the 10 largest constituent stocks of the MSCI China Index as listed below, represented about 50.60% of the MSCI China Index.

<b>Rank</b>	<b>Constituent Name</b>	<b>Stock Exchange</b>	<b>Weighting</b>
1.	Tencent Holdings Ltd	XHKG HONG KONG STOCK EXCHANGE	11.90%
2.	China Mobile Ltd	XHKG HONG KONG STOCK EXCHANGE	8.51%
3.	China Construction Bank Corp	XHKG HONG KONG STOCK EXCHANGE	7.14%
4.	ICBC	XHKG HONG KONG STOCK EXCHANGE	5.47%
5.	Bank of China Ltd	XHKG HONG KONG STOCK EXCHANGE	4.32%
6.	Ping An Insurance Group Co of China Ltd	XHKG HONG KONG STOCK EXCHANGE	3.63%
7.	China Life Insurance Co Ltd	XHKG HONG KONG STOCK EXCHANGE	3.23%
8.	CNOOC Ltd	XHKG HONG KONG STOCK EXCHANGE	2.38%
9.	China Petroleum & Chemical Corp	XHKG HONG KONG STOCK EXCHANGE	2.11%
10.	PetroChina Co Ltd	XHKG HONG KONG STOCK EXCHANGE	1.91%

Below is the chart showing the weightings in the MSCI China Index by country as at 9 November 2015:



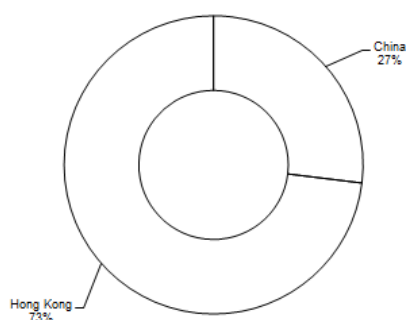
Details of the index methodology of the MSCI China Index can be found on <http://www.msci.com>.”

10. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 10 – Horizons Hang Seng High Dividend Yield ETF” on pages 125-126 is deleted in its entirety and replaced with the following:

“As at 9 November 2015, the 10 largest constituent stocks of the Hang Seng High Dividend Yield Index as listed below, represented about 33.36% of the Hang Seng High Dividend Yield Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	EVERGRANDE REAL ESTATE GROUP	XHKG HONG KONG STOCK EXCHANGE	6.86%
2.	PACIFIC TEXTILES HOLDINGS	XHKG HONG KONG STOCK EXCHANGE	4.20%
3.	LI & FUNG LTD	XHKG HONG KONG STOCK EXCHANGE	3.62%
4.	VTECH HOLDINGS LTD	XHKG HONG KONG STOCK EXCHANGE	3.23%
5.	FORTUNE REIT	XHKG HONG KONG STOCK EXCHANGE	2.99%
6.	YUE YUEN INDUSTRIAL HLDG	XHKG HONG KONG STOCK EXCHANGE	2.63%
7.	SOHO CHINA LTD	XHKG HONG KONG STOCK EXCHANGE	2.57%
8.	HSBC HOLDINGS PLC	XHKG HONG KONG STOCK EXCHANGE	2.50%
9.	LUK FOOK HOLDINGS INTL LTD	XHKG HONG KONG STOCK EXCHANGE	2.43%
10.	COUNTRY GARDEN HOLDINGS CO	XHKG HONG KONG STOCK EXCHANGE	2.33%

Below is the chart showing the weightings in the Hang Seng High Dividend Yield Index by country as at 9 November 2015:



Details of the index methodology of the Hang Seng High Dividend Yield Index can be found on <http://www.hsi.com.hk>.”

11. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 11 – Horizons CSI 300 ETF” on page 150 is deleted in its entirety and replaced with the following:

“As at 9 November 2015, the 10 largest constituent stocks of the CSI Index, represented in excess of 20.99% of the market capitalisation of the CSI 300 Index based on total shares in issue, were as follows:

<b>Rank</b>	<b>Constituent Name</b>	<b>Stock Exchange</b>	<b>Weighting</b>
1.	PING AN INSURANCE GROUP CO-A	XSHG Shanghai Stock Exchange	3.97%
2.	CHINA MERCHANTS BANK-A	XSHG Shanghai Stock Exchange	3.16%
3.	CHINA MINSHENG BANKING-A	XSHG Shanghai Stock Exchange	2.71%
4.	SHANGHAI PUDONG DEVEL BANK-A	XSHG Shanghai Stock Exchange	2.04%
5.	INDUSTRIAL BANK CO LTD -A	XSHG Shanghai Stock Exchange	1.93%
6.	CITIC SECURITIES CO-A	XSHG Shanghai Stock Exchange	1.61%
7.	HAITONG SECURITIES CO LTD-A	XSHG Shanghai Stock Exchange	1.42%
8.	CHINA VANKE CO LTD -A	XSHE Shenzhen Stock Exchange	1.40%
9.	CRRC CORP LTD-A	XSHG Shanghai Stock Exchange	1.39%
10.	BANK OF COMMUNICATIONS CO-A	XSHG Shanghai Stock Exchange	1.36%

Details of the index methodology and the latest list of constituents of the CSI 300 Index can be found on [www.csindex.com.cn](http://www.csindex.com.cn).”

**Horizons KOSPI 200 ETF (Stock Code: 2835)**  
**Horizons S&P Emerging Asia Consumer ETF (Stock Code: 3054)**  
**Horizons S&P Global Consumer Brands ETF (Stock Code: 3056)**  
**Horizons S&P Asia ex JANZ Financials ETF (Stock Code: 3064)**  
**Horizons S&P Asia ex JANZ IT ETF (Stock Code: 3066)**  
**Horizons S&P Asia ex JANZ Industrials ETF (Stock Code: 3075)**  
**Horizons S&P Asia ex JANZ Energy ETF (Stock Code: 3076)**  
**Horizons S&P Asia ex JANZ Materials ETF (Stock Code: 3078)**  
**Horizons MSCI China ETF (Stock Code: 3040)**  
**Horizons Hang Seng High Dividend Yield ETF (Stock Code: 3110)**  
**Horizons CSI 300 ETF (RMB Counter Stock Code: 83127; HKD Counter Stock Code: 03127)**  
**the sub-funds of Horizons Exchange Traded Funds Series (the “Trust”)**

*(A Hong Kong unit trust authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)<sup>1</sup>*

**Dated 22 April 2015**

**Fourth Addendum to the Prospectus of the Trust dated 19 September 2014 (the “Prospectus”)**

**If you are in any doubt about the contents of this Fourth Addendum, you should consult your stockbroker, bank manager, solicitor, accountant and other financial adviser for independent financial advice.**

**This Fourth Addendum forms an integral part of and should be read in conjunction with the Prospectus.**

**The Manager accepts responsibility for the accuracy of the information contained in this Fourth Addendum as being accurate at the date hereof.**

**Unless otherwise defined, all capitalised terms shall have the same meaning as that in the Prospectus.**

Please note that the following changes apply to the Prospectus with immediate effect:

**Update of the 10 largest constituent stocks of the Underlying Index in respect of each Investment Fund**

1. The last sentence in the first paragraph under the subsection headed “General Information” in the section entitled “Index Methodology” in “Appendix 1 – Horizons KOSPI 200 ETF” on page 56 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 8 April 2015, the 10 largest constituent stocks of the KOSPI 200 Index as listed below, represented 46.74% of the KOSPI 200 Index (calculated on the basis of free float shares).”

Rank	Constituent Name	Weighting
1.	Samsung Electronics Co Ltd	23.35%
2.	Hyundai Motor Co	3.55%
3.	SK Hynix Inc	3.55%
4.	Naver Corp	2.73%
5.	Posco	2.68%

<sup>1</sup> The Hong Kong Securities and Futures Commission’s 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.

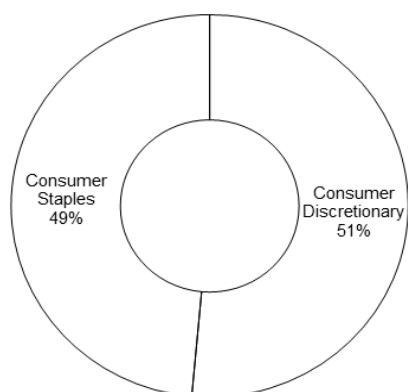
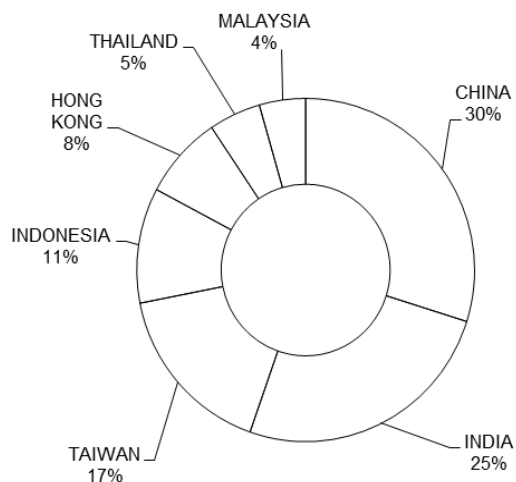
6.	Shinhan Financial Group Ltd	2.40%
7.	Hyundai Mobis Co Ltd	2.34%
8.	SK Telecom	2.16%
9.	Korea Electricity Power Corp	2.00%
10.	KB Financial Group Inc	1.98%

2. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 2 – Horizons S&P Emerging Asia Consumer ETF” on pages 64-65 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 8 April 2015, the 10 largest constituent stocks of the S&P Emerging Asia Consumer Index as listed below, represented about 49.46% of the S&P Emerging Asia Consumer Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Astra International Tbk PT	XIDX Indonesia Stock Exchange	7.30%
2.	ITC Ltd	XBOM Bombay Stock Exchange	5.94%
3.	Hengan International Group Co Ltd	XHKG Hong Kong Stock Exchange	5.61%
4.	Hindustan Unilever Ltd	XBOM Bombay Stock Exchange	5.30%
5.	Tata Motors Ltd	XBOM Bombay Stock Exchange	4.74%
6.	Uni-President Enterprises Co	XTAI Taiwan Stock Exchange	4.54%
7.	Great Wall Motor Company Limited	XHKG Hong Kong Stock Exchange	4.53%
8.	Want Want China Holdings Ltd	XHKG Hong Kong Stock Exchange	4.48%
9.	China Mengniu Dairy Co	XHKG Hong Kong Stock Exchange	3.58%
10.	Mahindra & Mahindra Ltd	XBOM Bombay Stock Exchange	3.44%

Below are the charts showing the weightings in the S&P Emerging Asia Consumer Index by country and by sector as at 8 April 2015:



Details of the index methodology of the S&P Emerging Asia Consumer Index can be found on <http://www.standardandpoors.com>.”

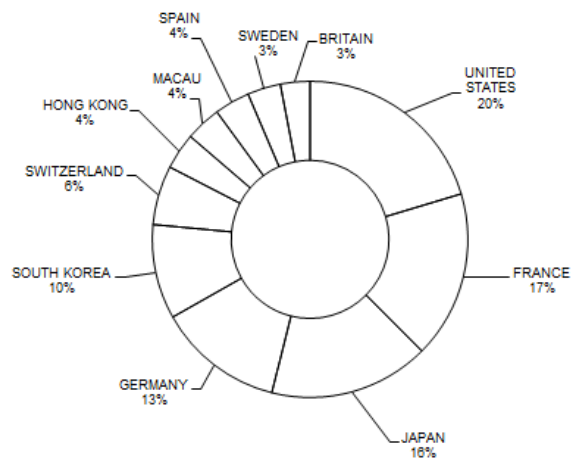
- The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 3 – Horizons S&P Global Consumer Brands ETF” on page 73 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 8 April 2015, the 10 largest constituent stocks of the S&P Global Consumer Enterprises Index as listed below, represented about 35.28% of the S&P Global Consumer Enterprises Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Hermes International	XPAR NYSE Euronext – Euronext Paris	3.80%
2.	Galaxy Entertainment Group Ltd	XHKG Hong Kong Stock Exchange	3.69%

3.	Sands China Ltd	XHKG Hong Kong Stock Exchange	3.61%
4.	Inditex SA	XMCE MERCADO CONTINUO ESPANOL - CONTINUOUS MARKET	3.61%
5.	Las Vegas Sands	XNYS New York Stock Exchange	3.55%
6.	Michelin CGDE B Brown	XPAR NYSE Euronext – Euronext Paris	3.45%
7.	Nike Inc	XNYS New York Stock Exchange	3.43%
8.	Bridgestone Corp	XTKS Tokyo Stock Exchange	3.40%
9.	Hennes & Mauritz AB	XSTO NASDAQ OMX NORDIC	3.38%
10.	The Priceline Group Inc	XNAS Nasdaq Stock Market	3.36%

Below is the chart showing the weightings in the S&P Global Consumer Enterprises Index by country as at 8 April 2015:



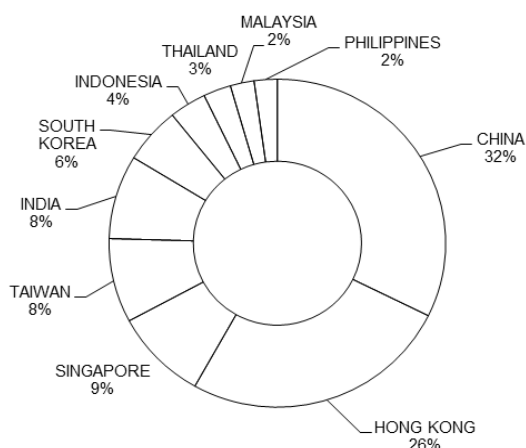
Details of the index methodology of the S&P Global Consumer Enterprises Index can be found on <http://www.standardandpoors.com>.”

- The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 4 – Horizons S&P Asia ex JANZ Financials ETF” on page 81 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 8 April 2015, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Financials Index as listed below, represented about 40.28% of the S&P Pan-Asia ex JANZ LargeCap Financials Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	AIA Group Ltd	XHKG Hong Kong Stock Exchange	7.32%
2.	China Construction Bank Corp – H	XHKG Hong Kong Stock Exchange	6.61%
3.	Industrial & Commercial Bank of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	5.79%
4.	Bank of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	3.90%
5.	China Life Insurance Co., Limited	XHKG Hong Kong Stock Exchange	3.26%
6.	Housing Development Finance Corp	XBOM Bombay Stock Exchange	2.99%
7.	Hong Kong Exchanges and Clearing Ltd	XHKG Hong Kong Stock Exchange	2.87%
8.	Ping An Insurance (Group) Co of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	2.68%
9.	CK Hutchison Holding Ltd	XHKG Hong Kong Stock Exchange	2.44%
10.	DBS Group Holdings Ltd	XSES Singapore Exchange	2.42%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Financials Index by country as at 8 April 2015:



Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Financials Index can be found on <http://www.standardandpoors.com>.”

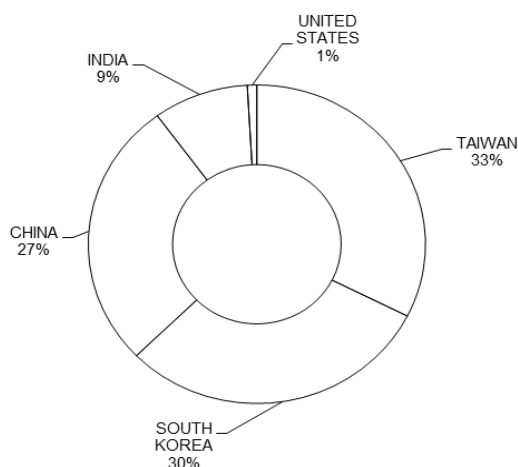
- The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 5 – Horizons S&P Asia ex JANZ IT ETF” on page 88 of the Prospectus shall be deleted in its entirety and replaced by the following:



“As at 8 April 2015, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index as listed below, represented about 72.41% of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Samsung Electronics Co Ltd	XKRX Korea Exchange	20.23%
2.	Tencent Holdings Ltd	XHKG Hong Kong Stock Exchange	13.32%
3.	Taiwan Semiconductor Manufacturing Co Ltd	XTAI Taiwan Stock Exchange	10.74%
4.	Baidu Inc – Sponsored ADR	XNAS NASDAQ Stock Market	7.27%
5.	Hon Hai Precision Industry Co Ltd	XTAI Taiwan Stock Exchange	4.79%
6.	Infosys Ltd	XBOM Bombay Stock Exchange	4.27%
7.	Alibaba Group Holding – Sponsored ADR	XNYS New York Stock Exchange	3.95%
8.	SK Hynix Inc	XKRX Korea Exchange	2.81%
9.	Mediatek Inc	XTAI Taiwan Stock Exchange	2.53%
10.	Samsung Electronics – Pref	XKRX Korea Exchange	2.50%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Information Technology Index by country as at 8 April 2015:



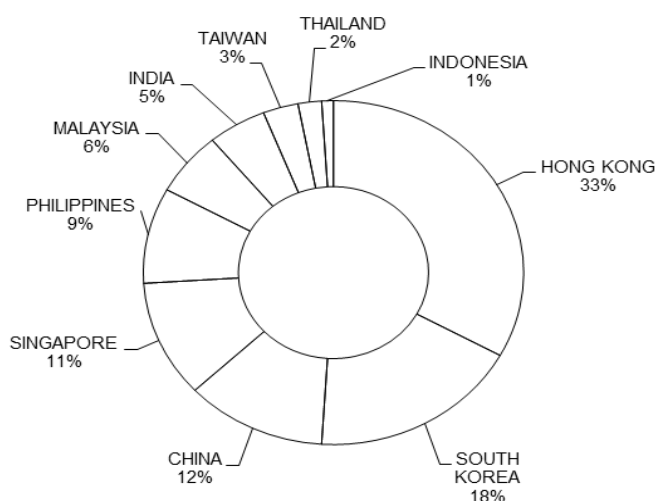
Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index can be found on <http://www.standardandpoors.com>.”

6. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 6 – Horizons S&P Asia ex JANZ Industrials ETF” on pages 95-96 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 8 April 2015, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Industrials Index as listed below, represented about 44.79% of the S&P Pan-Asia ex JANZ LargeCap Industrials Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Hutchison Whampoa Ltd	XHKG Hong Kong Stock Exchange	11.98%
2.	Jardine Matheson Holdings Ltd	XSES Singapore Exchange	6.79%
3.	CITIC Ltd	XHKG Hong Kong Stock Exchange	4.15%
4.	Keppel Corp Ltd	XSES Singapore Exchange	3.99%
5.	China Communications Construction Co Ltd	XHKG Hong Kong Stock Exchange	3.38%
6.	China Merchants Holdings	XHKG Hong Kong Stock Exchange	3.15%
7.	LG Corp	XKRX Korea Exchange	2.96%
8.	Samsung C&T Corp	XKRX Korea Exchange	2.84%
9.	MTR Corporation Ltd	XHKG Hong Kong Stock Exchange	2.81%
10.	SM Investments Corporation	XPHS Philippine Stock Exchange	2.74%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Industrials Index by country as at 8 April 2015:



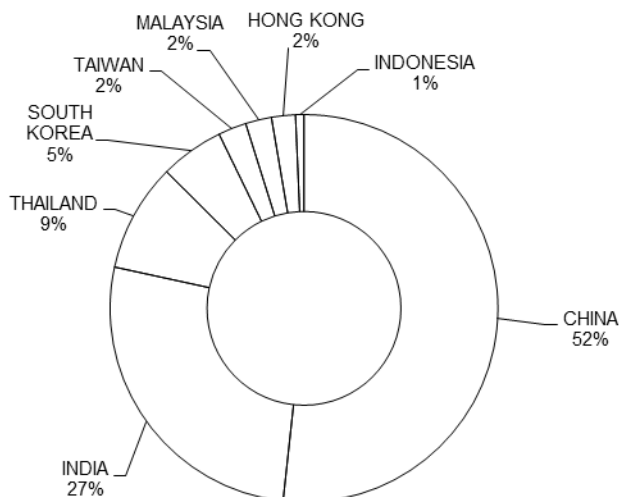
Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Industrials Index can be found on <http://www.standardandpoors.com>.”

7. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 7 – Horizons S&P Asia ex JANZ Energy ETF” on pages 103-104 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 8 April 2015, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Energy Index as listed below, represented about 82.66% of the S&P Pan-Asia ex JANZ LargeCap Energy Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	PetroChina Co Ltd – H Shares	XHKG Hong Kong Stock Exchange	15.09%
2.	CNOOC Ltd	XHKG Hong Kong Stock Exchange	14.55%
3.	Reliance Industries	XBOM Bombay Stock Exchange	13.11%
4.	China Petroleum & Chemical Corp – H Shares	XHKG Hong Kong Stock Exchange	12.55%
5.	China Shenhua Energy Co – H Shares	XHKG Hong Kong Stock Exchange	5.44%
6.	Oil & Natural Gas Corp Ltd	XBOM Bombay Stock Exchange	5.37%
7.	PTT PCL	XBKK Stock Exchange of Thailand	5.32%
8.	Coal India Ltd	XBOM Bombay Stock Exchange	4.58%
9.	SK Innovation Co Ltd	XKRX Korea Exchange	3.71%
10.	PTT Exploration and Production Public Company Limited	XBKK Stock Exchange of Thailand	2.94%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Energy Index by country as at 8 April 2015:



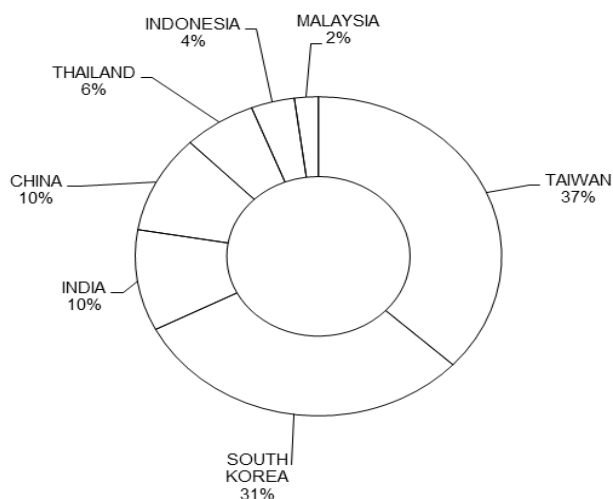
Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Energy Index can be found on <http://www.standardandpoors.com>.”

8. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 8 – Horizons S&P Asia ex JANZ Materials ETF” on pages 110-111 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 8 April 2015, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Materials Index as listed below, represented about 65.23% of the S&P Pan-Asia ex JANZ LargeCap Materials Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	POSCO	XKRX Korea Exchange	13.29%
2.	Nan Ya Plastics Corp	XTAI Taiwan Stock Exchange	8.89%
3.	Formosa Plastics Corp	XTAI Taiwan Stock Exchange	8.40%
4.	China Steel Corp	XTAI Taiwan Stock Exchange	7.30%
5.	LG Chem Ltd	XKRX Korea Exchange	6.92%
6.	Formosa Chemicals & Fibre Corporation	XTAI Taiwan Stock Exchange	6.01%
7.	Anhui Conch Cement Company Limited	XHKG Hong Kong Stock Exchange	3.70%
8.	Hyundai Steel Company	XKRX Korea Exchange	3.66%
9.	Korea Zinc Co Ltd	XKRX Korea Exchange	3.66%
10.	Siam Cement Public Company Limited	XBKK Stock Exchange of Thailand	3.40%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Materials Index by country as at 8 April 2015:



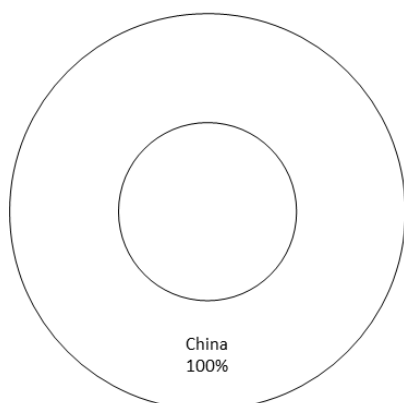
Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Materials Index can be found on <http://www.standardandpoors.com>.”

9. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 9 – Horizons MSCI China ETF” on page 118 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 8 April 2015, the 10 largest constituent stocks of the MSCI China Index as listed below, represented about 51.17% of the MSCI China Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Tencent Holdings Ltd	XHKG Hong Kong Stock Exchange	10.45%
2.	China Mobile Ltd	XHKG Hong Kong Stock Exchange	8.80%
3.	China Construction Bank Corp – H Shares	XHKG Hong Kong Stock Exchange	6.53%
4.	Industrial and Commercial Bank of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	5.86%
5.	Bank of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	5.05%
6.	China Life Insurance Co Ltd – H Shares	XHKG Hong Kong Stock Exchange	3.65%
7.	Ping An Insurance (Group) Co of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	3.33%
8.	CNOOC Ltd	XHKG Hong Kong Stock Exchange	2.77%
9.	PetroChina Co Ltd – H Shares	XHKG Hong Kong Stock Exchange	2.58%
10.	China Petroleum & Chemical Corp – H Shares	XHKG Hong Kong Stock Exchange	2.15%

Below is the chart showing the weightings in the MSCI China Index by country as at 8 April 2015:



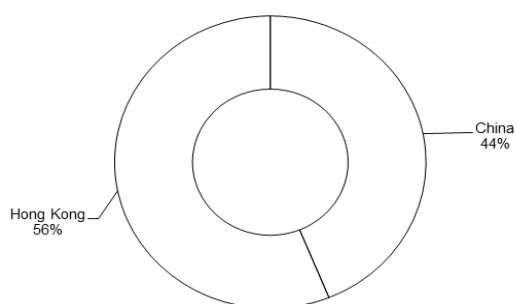
Details of the index methodology of the MSCI China Index can be found on <http://www.msci.com>.”

10. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 10 – Horizons Hang Seng High Dividend Yield ETF” on pages 125-126 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 8 April 2015, the 10 largest constituent stocks of the Hang Seng High Dividend Yield Index as listed below, represented about 32.07% of the Hang Seng High Dividend Yield Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Evergrande Real Estate Group Ltd	XHKG Hong Kong Stock Exchange	5.66%
2.	China Power International Development Ltd	XHKG Hong Kong Stock Exchange	3.24%
3.	Hopewell Highway Infrastructure Ltd	XHKG Hong Kong Stock Exchange	3.12%
4.	KWG Property Holding Ltd	XHKG Hong Kong Stock Exchange	3.11%
5.	Shenzhen Investment Ltd	XHKG Hong Kong Stock Exchange	3.08%
6.	Chongqing Rural Commercial Bank Co., Ltd Yuexiu Real Estate Investment Trust	XHKG Hong Kong Stock Exchange	2.94%
7.	Yuexiu Real Estate Investment Trust	XHKG Hong Kong Stock Exchange	2.93%
8.	China CITIC Bank Corp Ltd	XHKG Hong Kong Stock Exchange	2.81%
9.	Smartone Telecommunications Holdings Ltd	XHKG Hong Kong Stock Exchange	2.59%
10.	Bank of China Ltd	XHKG Hong Kong Stock Exchange	2.59%

Below is the chart showing the weightings in the Hang Seng High Dividend Yield Index by country as at 8 April 2015:



Details of the index methodology of the Hang Seng High Dividend Yield Index can be found on <http://www.hsi.com.hk>.”

11. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 11 – Horizons CSI 300 ETF” on page 150 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 8 April 2015, the 10 largest constituent stocks of the CSI Index, represented about 22% of the market capitalisation of the CSI 300 Index based on total shares in issue, were as follows:

Rank	Constituent Name	Stock Exchange	Weighting
1.	Ping An Insurance Group Co	XSHG Shanghai Stock Exchange	4.12%
2.	CITIC Securities Co Ltd	XSHG Shanghai Stock Exchange	2.74%
3.	China Minsheng Banking Corp Ltd	XSHG Shanghai Stock Exchange	2.65%
4.	China Merchants Bank Co Ltd	XSHG Shanghai Stock Exchange	2.50%
5.	Industrial Bank Co Ltd	XSHG Shanghai Stock Exchange	2.26%
6.	Haitong Securities Co Ltd	XSHG Shanghai Stock Exchange	2.17%
7.	Shanghai Pudong Development Bank Co Ltd	XSHG Shanghai Stock Exchange	1.84%
8.	China Vanke Co Ltd	XSHE Shenzhen Stock Exchange	1.30%
9.	China State Construction Engineering Co Ltd	XSHG Shanghai Stock Exchange	1.13%
10.	China Pacific Insurance (Group) Co Ltd	XSHG Shanghai Stock Exchange	1.08%

Details of the index methodology and the latest list of constituents of the CSI 300 Index can be found on [www.csindex.com.cn](http://www.csindex.com.cn).”

**Horizons KOSPI 200 ETF (Stock Code: 2835)**  
**Horizons S&P Emerging Asia Consumer ETF (Stock Code: 3054)**  
**Horizons S&P Global Consumer Brands ETF (Stock Code: 3056)**  
**Horizons S&P Asia ex JANZ Financials ETF (Stock Code: 3064)**  
**Horizons S&P Asia ex JANZ IT ETF (Stock Code: 3066)**  
**Horizons S&P Asia ex JANZ Industrials ETF (Stock Code: 3075)**  
**Horizons S&P Asia ex JANZ Energy ETF (Stock Code: 3076)**  
**Horizons S&P Asia ex JANZ Materials ETF (Stock Code: 3078)**  
**Horizons MSCI China ETF (Stock Code: 3040)**  
**Horizons Hang Seng High Dividend Yield ETF (Stock Code: 3110)**  
**Horizons CSI 300 ETF (RMB Counter Stock Code: 83127; HKD Counter Stock Code: 3127)**  
**the sub-funds of Horizons Exchange Traded Funds Series (the “Trust”)**

*(A Hong Kong unit trust authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)<sup>1</sup>*

**Dated 2 January 2015**

**Third Addendum to the Prospectus of the Trust dated 19 September 2014 (the “Prospectus”)**

**If you are in any doubt about the contents of this Third Addendum, you should consult your stockbroker, bank manager, solicitor, accountant and other financial adviser for independent financial advice.**

**This Third Addendum forms an integral part of and should be read in conjunction with the Prospectus.**

**The Manager accepts responsibility for the accuracy of the information contained in this Third Addendum as being accurate at the date hereof.**

**Unless otherwise defined, all capitalised terms shall have the same meaning as that in the Prospectus.**

Please note that the following changes apply to the Prospectus with immediate effect:

**(A) Change of PRC Tax**

1. The subsection headed “PRC withholding taxation risk” in the section entitled “Risk Factors Relating to the Horizons CSI 300 ETF” in “Appendix 11 – Horizons CSI 300 ETF” on pages 139 to 140 of the Prospectus shall be deleted in its entirety and replaced with the following:

**“PRC taxation risk.** By investing in A-Shares listed on the PRC stock exchanges, the Horizons CSI 300 ETF may be subject to PRC withholding income tax (“WIT”). On 14 November 2014, the Ministry of Finance of the PRC (the “MOF”), SAT and CSRC jointly issued the “Notice on the issues of temporary exemption from the imposition of corporate income tax arising from gains 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 (“Circular 79”). Circular 79 states that (i) with effect from 17 November 2014, QFIIs and RQFIIs are temporarily exempt from corporate income tax (“CIT”) in respect of capital gains derived from investments in A-Shares; (ii) capital gains derived by QFIIs and RQFIIs from equity investment assets (including PRC domestic stocks) prior to 17 November 2014 shall be subject to CIT in accordance with the PRC CIT Law; and (iii) Circular 79 applies to QFIIs and RQFIIs that do not have a place of business or establishment (“PE”) in the PRC, or QFIIs and RQFIIs that have a PE in the PRC but their gains derived from investments in A-Shares are not connected to such PE. In this connection, effective from 19 November 2014, no PRC WIT provision will be made for gross realised or unrealised capital gains derived from investments in A-Shares by the Horizons CSI 300 ETF through the Manager’s status as a RQFII.

<sup>1</sup> The Hong Kong Securities and Futures Commission’s 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.



It should be noted that the tax exemption granted under Circular 79 is temporary. As such, as and when the PRC tax authorities announce the expiry date of the tax exemption, the Horizons CSI 300 ETF 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 Horizons CSI 300 ETF.

The PRC tax rules and practices in relation to RQFII are new and their implementation has not been tested and is uncertain. The Manager reserves the right to provide for PRC WIT or other taxes on capital gains or income and withhold the tax for the account of the Horizons CSI 300 ETF if there is any future change in the PRC tax rules. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and change its tax provision policy and the tax provision amount in respect of the Horizons CSI 300 ETF accordingly. Any change to the tax provision policy or the amount of tax provision in respect of the Horizons CSI 300 ETF will be notified to the Unitholders.

If actual tax is collected by the SAT and the Horizons CSI 300 ETF is required to make payments reflecting tax liabilities for which no provision has been made, the Net Asset Value of the Horizons CSI 300 ETF may be adversely affected, as the Horizons CSI 300 ETF will ultimately have to bear the full amount of tax liabilities. In this case, the 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 Horizons CSI 300 ETF, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Horizons CSI 300 ETF.

Please refer to the section on “PRC Taxation” for further information in this regard.”

2. The subsection headed “Capital gains” in the section entitled “PRC taxation” in “Appendix 11 – Horizons CSI 300 ETF” on pages 144 to 145 of the Prospectus shall be deleted in its entirety and replaced with the following:

“On 14 November 2014, the MOF, SAT and CSRC jointly issued the “Notice on the issues of temporary exemption from the imposition of CIT arising from gains 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 (“Circular 79”). Circular 79 states that (i) with effect from 17 November 2014, QFIIs and RQFIIs are temporarily exempt from CIT in respect of capital gains derived from investments in A-Shares; (ii) capital gains derived by QFIIs and RQFIIs from equity investment assets (including PRC domestic stocks) prior to 17 November 2014 shall be subject to CIT in accordance with the PRC CIT Law; and (iii) Circular 79 applies to QFIIs and RQFIIs that do not have a PE in the PRC, or QFIIs and RQFIIs that have a PE in the PRC but their gains derived from investments in A-Shares are not connected to such PE. In this connection, effective from 19 November 2014, no PRC WIT provision will be made for gross realised or unrealised capital gains derived from investments in A-Shares by the Horizons CSI 300 ETF through the Manager’s status as a RQFII.

It should be noted that the tax exemption granted under Circular 79 is temporary. As such, as and when the PRC tax authorities announce the expiry date of the tax exemption, the Horizons CSI 300 ETF 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 Horizons CSI 300 ETF.

The PRC tax rules and practices in relation to RQFII are new and their implementation has not been tested and is uncertain. The Manager reserves the right to provide for PRC WIT or other taxes on capital gains or income and withhold the tax for the account of the Horizons CSI 300 ETF if there is any future change in the PRC tax rules. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and change its tax provision policy and the tax provision amount in respect of the Horizons CSI 300 ETF accordingly. Any change to the tax provision policy or the amount of tax provision in respect of the Horizons CSI 300 ETF will be notified to the Unitholders.

It should be noted that there is a possibility of the PRC tax rules being changed and taxes being applied retrospectively. In view of the uncertainties, investors should note that if actual tax is collected by the SAT and the Horizons CSI 300 ETF is required to make payments reflecting tax liabilities for which no provision has been made, the Net Asset Value of the Horizons CSI 300 ETF may be adversely affected, as the Horizons CSI 300 ETF will ultimately have to bear the full amount of tax liabilities. In this case, the 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 Horizons CSI 300 ETF, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Horizons CSI 300 ETF. Upon any future resolution of the above-mentioned tax exemption or further changes to the PRC tax law or policies, the Manager will, as soon as practicable, make relevant adjustments to the amount of tax provision as it considers necessary.”

**(B) Abolishment of the daily maximum exchange limit per Hong Kong resident individual for RMB**

1. The statement “When investors open the RMB bank accounts for settling RMB payments or receiving RMB distributions, they should note that the daily maximum exchange limit for RMB is RMB20,000 per Hong Kong resident individual.” in the fifth paragraph under the subsection headed “RMB Payment Procedures” in the section entitled “Exchange Listing and Trading” in “Appendix 11 – Horizons CSI 300 ETF” on page 129 of the Prospectus shall be deleted in its entirety.
2. Paragraph (a) under the subsection headed “RMB Payment Procedures” in the section entitled “Exchange Listing and Trading” in “Appendix 11 – Horizons CSI 300 ETF” on page 130 of the Prospectus shall be deleted in its entirety.
3. The wording “and for individual customers of up to RMB20,000 per Hong Kong resident individual per day” in the second paragraph under the subsection headed “Offshore RMB (“CNH”) market risk” in the section entitled “Risk Factors Relating to the Horizons CSI 300 ETF” in “Appendix 11 – Horizons CSI 300 ETF” on page 141 of the Prospectus shall be deleted in its entirety.

**(C) FATCA**

1. The statements “The United States Department of the Treasury and Hong Kong have on 9 May 2014 in substance agreed to enter into an intergovernmental agreement based on the Model 2 format (“Model 2 IGA”). According to a previous announcement of the IRS, an “agreement in substance” is considered to be effective as long as the parties sign the agreement by 31 December 2014.” in the first paragraph under the subsection headed “Risks relating to FATCA” in the section entitled “Risk Factors” on page 24 of the Prospectus and in the third paragraph under the subsection headed “FATCA and compliance with US withholding requirements” in the section entitled “Taxation” on page 42 of the Prospectus shall be deleted in their entirety and replaced with the following:

“The United States and Hong Kong have entered into an intergovernmental agreement based on the Model 2 format (“Model 2 IGA”) on 13 November 2014.”

2. The wording “there can be no assurance that a Model 2 IGA or any IGA will be entered into between Hong Kong and the United States. As such, the effects which the FATCA provisions may have on the Trust and each Investment Fund are still uncertain. Further, even if such an IGA is reached between Hong Kong and the United States,” in the third paragraph under the subsection headed “FATCA and compliance with US withholding requirements” in the section entitled “Taxation” on page 42 of the Prospectus shall be deleted in its entirety.

**(D) Total Expense Ratio**

1. Each of the rows “Estimated total expense ratio\*” in the tables “Key Information” on pages 51, 59, 67, 75, 83, 90, 98, 105, 113 and 121 of the Prospectus is deleted in its entirety.

2. Each of the notes under the tables “Key Information” on pages 51, 59, 67, 75, 83, 90, 98, 105, 113 and 121 of the Prospectus is deleted in its entirety.
3. Each of the sub-sections headed “Total Expense Ratio” pages 55, 63, 71, 79, 86, 94, 101, 109, 116 and 124 of the Prospectus is deleted in its entirety.

**(E) Update of the 10 largest constituent stocks of the Underlying Index in respect of each Investment Fund**

1. The last sentence in the first paragraph under the subsection headed “General Information” in the section entitled “Index Methodology” in “Appendix 1 – Horizons KOSPI 200 ETF” on page 56 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 18 December 2014, the 10 largest constituent stocks of the KOSPI 200 Index as listed below, represented 49.08% of the KOSPI 200 Index (calculated on the basis of free float shares).

Rank	Constituent Name	Weighting
1.	Samsung Electronics Co Ltd	21.77%
2.	SK Hynix Inc	4.32%
3.	Hyundai Motor Co	4.02%
4.	Naver Corp	3.32%
5.	Posco	3.28%
6.	Shinhan Financial Group Ltd	3.15%
7.	Hyundai Mobis Co Ltd	2.49%
8.	SK Telecom	2.40%
9.	KB Financial Group Inc	2.17%
10.	Kia Motors Corp	2.16%

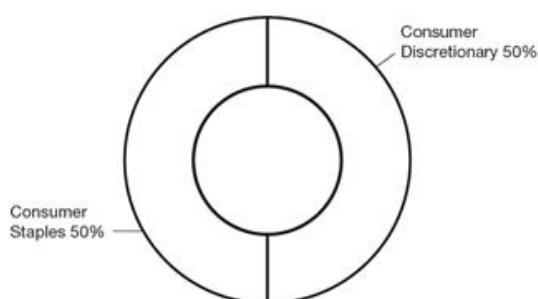
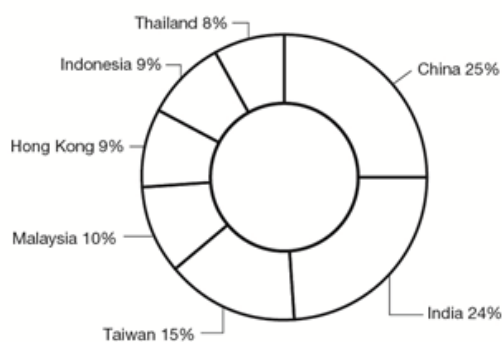
2. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 2 – Horizons S&P Emerging Asia Consumer ETF” on pages 64-65 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 18 December 2014, the 10 largest constituent stocks of the S&P Emerging Asia Consumer Index as listed below, represented about 45.22% of the S&P Emerging Asia Consumer Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Astra International Tbk PT	XIDX Indonesia Stock Exchange	7.13%
2.	ITC Ltd	XBOM Bombay Stock Exchange	6.07%
3.	Want Want China Holdings Ltd	XHKG Hong Kong Stock Exchange	4.65%
4.	Hindustan Unilever Ltd	XBOM Bombay Stock Exchange	4.64%

5.	Tata Motors Ltd	XBOM Bombay Stock Exchange	4.45%
6.	Hengan International Group Co Ltd	XHKG Hong Kong Stock Exchange	4.26%
7.	Uni-President Enterprises Co	XTAI Taiwan Stock Exchange	3.80%
8.	Mahindra & Mahindra Ltd	XBOM Bombay Stock Exchange	3.55%
9.	Genting Bhd	XKLS Bursa Malaysia	3.47%
10.	Great Wall Motor Company Limited	XHKG Hong Kong Stock Exchange	3.20%

Below are the charts showing the weightings in the S&P Emerging Asia Consumer Index by country and by sector as at 18 December 2014:



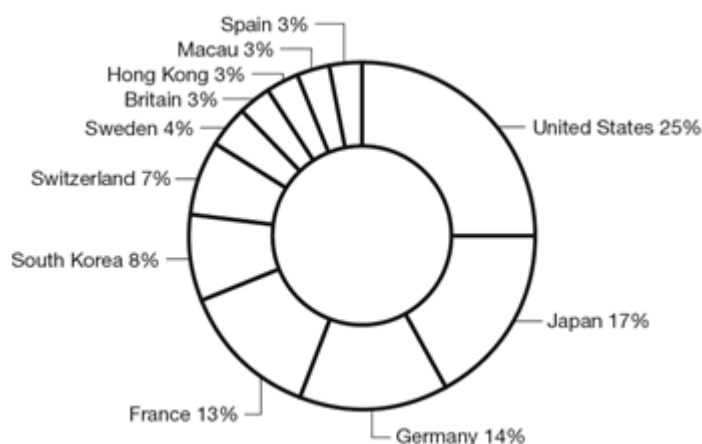
Details of the index methodology of the S&P Emerging Asia Consumer Index can be found on <http://www.standardandpoors.com>.”

- The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 3 – Horizons S&P Global Consumer Brands ETF” on page 73 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 18 December 2014, the 10 largest constituent stocks of the S&P Global Consumer Enterprises Index as listed below, represented about 36.87% of the S&P Global Consumer Enterprises Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Nike Inc	XNYS New York Stock Exchange	4.18%
2.	Twenty-First Century Fox Inc	XNAS Nasdaq Stock Market	3.80%
3.	Christian Dior	XPAR NYSE Euronext – Euronext Paris	3.71%
4.	Daimler AG	XETR XETRA	3.66%
5.	Toyota Motor Corp	XTKS Tokyo Stock Exchange	3.66%
6.	Denso Corp	XTKS Tokyo Stock Exchange	3.65%
7.	Bridgestone Corp	XTKS Tokyo Stock Exchange	3.62%
8.	McDonald’s Corp	XNYS New York Stock Exchange	3.54%
9.	Yum! Brands Inc	XNYS New York Stock Exchange	3.53%
10.	Volkswagen AG	XETR XETRA	3.52%

Below is the chart showing the weightings in the S&P Global Consumer Enterprises Index by country as at 18 December 2014:



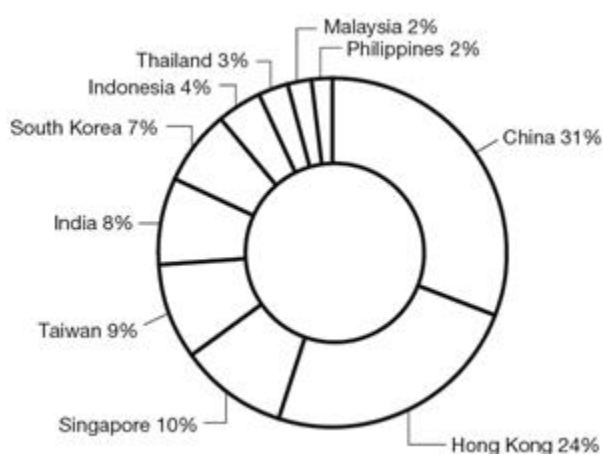
Details of the index methodology of the S&P Global Consumer Enterprises Index can be found on <http://www.standardandpoors.com>.”

- The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 4 – Horizons S&P Asia ex JANZ Financials ETF” on page 81 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 18 December 2014, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Financials Index as listed below, represented about 38.29% of the S&P Pan-Asia ex JANZ LargeCap Financials Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	China Construction Bank Corp – H Shares	XHKG Hong Kong Stock Exchange	6.57%
2.	AIA Group Ltd	XHKG Hong Kong Stock Exchange	6.56%
3.	Industrial & Commercial Bank of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	5.78%
4.	Bank of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	3.76%
5.	Housing Development Finance Corp	XBOM Bombay Stock Exchange	2.80%
6.	China Life Insurance Co., Limited	XHKG Hong Kong Stock Exchange	2.72%
7.	DBS Group Holdings Ltd	XSES Singapore Exchange	2.67%
8.	United Overseas Bank Ltd	XSES Singapore Exchange	2.56%
9.	Hong Kong Exchanges and Clearing Ltd	XHKG Hong Kong Stock Exchange	2.49%
10.	Sun Hung Kai Properties Ltd	XHKG Hong Kong Stock Exchange	2.38%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Financials Index by country as at 18 December 2014:



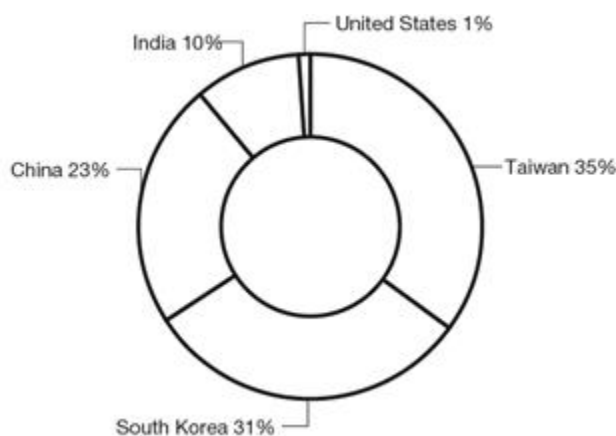
Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Financials Index can be found on <http://www.standardandpoors.com>.”

- The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 5 – Horizons S&P Asia ex JANZ IT ETF” on page 88 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 18 December 2014, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index as listed below, represented about 73.88% of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Samsung Electronics Co Ltd	XKRX Korea Exchange	20.12%
2.	Taiwan Semiconductor Manufacturing Co Ltd	XTAI Taiwan Stock Exchange	11.47%
3.	Tencent Holdings Ltd	XHKG Hong Kong Stock Exchange	11.30%
4.	Baidu Inc – Sponsored ADR	XNAS NASDAQ Stock Market	9.30%
5.	Hon Hai Precision Industry Co Ltd	XTAI Taiwan Stock Exchange	5.01%
6.	Infosys Ltd	XBOM Bombay Stock Exchange	4.41%
7.	SK Hynix Inc	XKRX Korea Exchange	3.63%
8.	Mediatek Inc	XTAI Taiwan Stock Exchange	3.11%
9.	Naver Corp	XKRX Korea Exchange	2.84%
10.	TATA Consultancy Services Ltd	XBOM Bombay Stock Exchange	2.69%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Information Technology Index by country as at 18 December 2014:



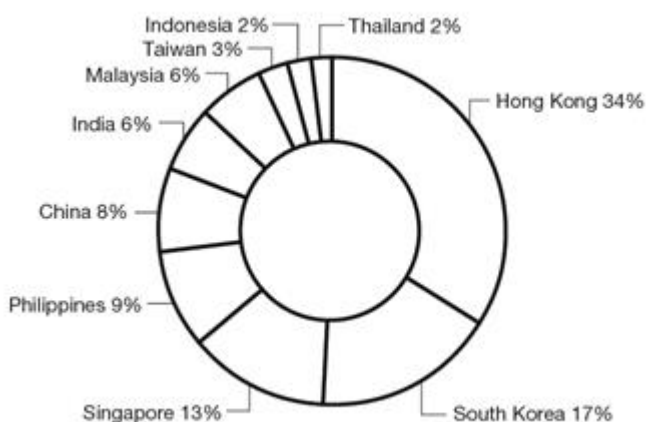
Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index can be found on <http://www.standardandpoors.com>.”

6. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 6 – Horizons S&P Asia ex JANZ Industrials ETF” on pages 95-96 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 18 December 2014, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Industrials Index as listed below, represented about 46.51% of the S&P Pan-Asia ex JANZ LargeCap Industrials Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Hutchison Whampoa Ltd	XHKG Hong Kong Stock Exchange	11.53%
2.	Jardine Matheson Holdings Ltd	XSES Singapore Exchange	7.47%
3.	Keppel Corp Ltd	XSES Singapore Exchange	4.46%
4.	CITIC Ltd	XHKG Hong Kong Stock Exchange	4.42%
5.	LG Corp	XKRX Korea Exchange	3.54%
6.	Samsung C&T Corp	XKRX Korea Exchange	3.44%
7.	Sime Darby Bhd	XKLS Bursa Malaysia	3.11%
8.	Jardine Strategic Holdings Ltd	XSES Singapore Exchange	3.06%
9.	China Merchants Holdings International Company Limited	XHKG Hong Kong Stock Exchange	2.80%
10.	SM Investments Corporation	XPHS Philippine Stock Exchange	2.68%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Industrials Index by country as at 18 December 2014:



Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Industrials Index can be found on <http://www.standardandpoors.com>."

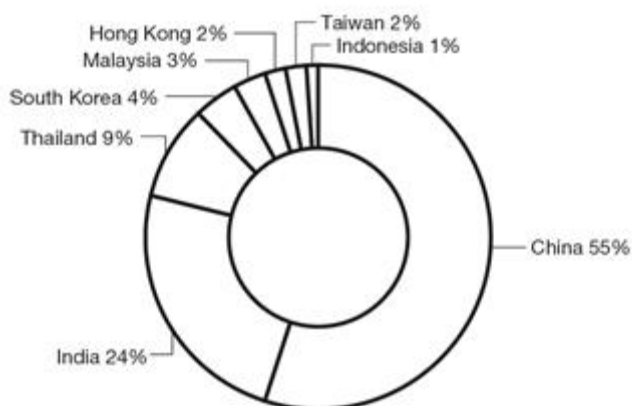
- The subsection headed "Further Information" in the section entitled "Index Description" in "Appendix 7 – Horizons S&P Asia ex JANZ Energy ETF" on pages 103-104 of the Prospectus shall be deleted in its entirety and replaced by the following:

"As at 18 December 2014, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Energy Index as listed below, represented about 83.10% of the S&P Pan-Asia ex JANZ LargeCap Energy Index.



Rank	Constituent Name	Stock Exchange	Weighting
1.	PetroChina Co Ltd – H Shares	XHKG Hong Kong Stock Exchange	14.90%
2.	Reliance Industries Ltd	XBOM Bombay Stock Exchange	14.38%
3.	CNOOC Ltd	XHKG Hong Kong Stock Exchange	13.63%
4.	China Petroleum & Chemical Corp – H Shares	XHKG Hong Kong Stock Exchange	12.96%
5.	Oil & Natural Gas Corp Ltd	XBOM Bombay Stock Exchange	6.39%
6.	China Shenhua Energy Co – H Shares	XHKG Hong Kong Stock Exchange	6.38%
7.	PTT PCL	XBKK Stock Exchange of Thailand	5.68%
8.	PTT Exploration and Production Public Company Limited	XBKK Stock Exchange of Thailand	3.23%
9.	SK Innovation Co Ltd	XKRX Korea Exchange	3.16%
10.	Coal India Ltd	XBOM Bombay Stock Exchange	2.39%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Energy Index by country as at 18 December 2014:



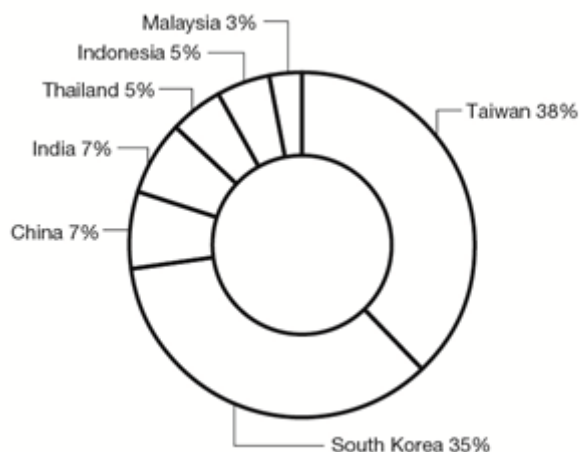
Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Energy Index can be found on <http://www.standardandpoors.com>.”

8. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 8 – Horizons S&P Asia ex JANZ Materials ETF” on pages 110-111 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 18 December 2014, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Materials Index as listed below, represented about 65.84% of the S&P Pan-Asia ex JANZ LargeCap Materials Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	POSCO	XKRX Korea Exchange	16.24%
2.	Nan Ya Plastics Corp	XTAI Taiwan Stock Exchange	8.45%
3.	China Steel Corp	XTAI Taiwan Stock Exchange	8.03%
4.	Formosa Plastics Corp	XTAI Taiwan Stock Exchange	7.98%
5.	LG Chem Ltd	XKRX Korea Exchange	6.02%
6.	Formosa Chemicals & Fibre Corporation	XTAI Taiwan Stock Exchange	5.51%
7.	Anhui Conch Cement Company Limited	XHKG Hong Kong Stock Exchange	3.49%
8.	Korea Zinc Co Ltd	XKRX Korea Exchange	3.47%
9.	Taiwan Cement Corporation	XTAI Taiwan Stock Exchange	3.37%
10.	Hyundai Steel Company	XKRX Korea Exchange	3.28%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Materials Index by country as at 18 December 2014:



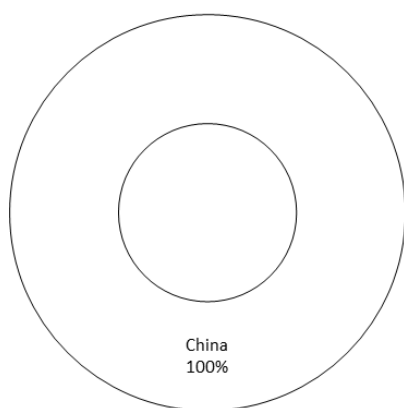
Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Materials Index can be found on <http://www.standardandpoors.com>.”

9. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 9 – Horizons MSCI China ETF” on page 118 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 18 December 2014, the 10 largest constituent stocks of the MSCI China Index as listed below, represented about 51.67% of the MSCI China Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Tencent Holdings Ltd	XHKG Hong Kong Stock Exchange	9.33%
2.	China Mobile Ltd	XHKG Hong Kong Stock Exchange	8.84%
3.	China Construction Bank Corp – H Shares	XHKG Hong Kong Stock Exchange	7.07%
4.	Industrial and Commercial Bank of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	6.38%
5.	Bank of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	5.32%
6.	China Life Insurance Co Ltd – H Shares	XHKG Hong Kong Stock Exchange	3.32%
7.	Ping An Insurance (Group) Co of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	3.12%
8.	CNOOC Ltd	XHKG Hong Kong Stock Exchange	2.92%
9.	PetroChina Co Ltd – H Shares	XHKG Hong Kong Stock Exchange	2.87%
10.	China Petroleum & Chemical Corp – H Shares	XHKG Hong Kong Stock Exchange	2.50%

Below is the chart showing the weightings in the MSCI China Index by country as at 18 December 2014:



Details of the index methodology of the MSCI China Index can be found on <http://www.msci.com>.”

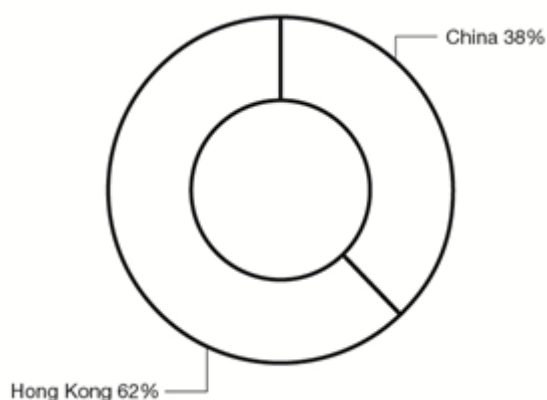
10. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 10 – Horizons Hang Seng High Dividend Yield ETF” on pages 125-126 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 18 December 2014, the 10 largest constituent stocks of the Hang Seng High Dividend Yield Index as listed below, represented about 30.35% of the Hang Seng High Dividend Yield Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Evergrande Real Estate Group Ltd	XHKG Hong Kong Stock Exchange	4.92%
2.	Hopewell Highway Infrastructure Ltd	XHKG Hong Kong Stock Exchange	3.44%

3.	China Power International Development Ltd	XHKG Hong Kong Stock Exchange	3.13%
4.	KWG Property Holding Ltd	XHKG Hong Kong Stock Exchange	2.94%
5.	China CITIC Bank Corp Ltd	XHKG Hong Kong Stock Exchange	2.85%
6.	Yuexiu Real Estate Investment Trust	XHKG Hong Kong Stock Exchange	2.81%
7.	Chongqing Rural Commercial Bank Co., Ltd	XHKG Hong Kong Stock Exchange	2.72%
8.	Bank of Communications Co	XHKG Hong Kong Stock Exchange	2.62%
9.	Huaneng Power International, Inc	XHKG Hong Kong Stock Exchange	2.47%
10.	Bank of China Ltd	XHKG Hong Kong Stock Exchange	2.45%

Below is the chart showing the weightings in the Hang Seng High Dividend Yield Index by country as at 18 December 2014:



Details of the index methodology of the Hang Seng High Dividend Yield Index can be found on <http://www.hsi.com.hk>.

11. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 11 – Horizons CSI 300 ETF” on page 150 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 18 December 2014, the 10 largest constituent stocks of the CSI Index, represented in excess of 20% of the market capitalisation of the CSI 300 Index based on total shares in issue, were as follows:

Rank	Constituent Name	Stock Exchange	Weighting
1.	Ping An Insurance Group Co	XSHG Shanghai Stock Exchange	3.44%
2.	China Merchants Bank Co Ltd	XSHG Shanghai Stock Exchange	2.98%
3.	China Minsheng Banking Corp Ltd	XSHG Shanghai Stock Exchange	2.92%
4.	Industrial Bank Co Ltd	XSHG Shanghai Stock Exchange	2.08%
5.	Shanghai Pudong Development Bank Co Ltd	XSHG Shanghai Stock Exchange	1.91%

6.	CITIC Securities Co Ltd	XSHG Shanghai Stock Exchange	1.75%
7.	China Vanke Co Ltd	XSHE Shenzhen Stock Exchange	1.52%
8.	Haitong Securities Co Ltd	XSHG Shanghai Stock Exchange	1.44%
9.	Inner Mongolia Yili Industrial Group Co., Ltd	XSHG Shanghai Stock Exchange	1.23%
10.	Kweichow Moutai Co Ltd	XSHG Shanghai Stock Exchange	1.20%

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Details of the index methodology and the latest list of constituents of the CSI 300 Index can be found on [www.csindex.com.cn](http://www.csindex.com.cn).”

Horizons KOSPI 200 ETF (Stock Code: 2835)  
Horizons S&P Emerging Asia Consumer ETF (Stock Code: 3054)  
Horizons S&P Global Consumer Brands ETF (Stock Code: 3056)  
Horizons S&P Asia ex JANZ Financials ETF (Stock Code: 3064)  
Horizons S&P Asia ex JANZ IT ETF (Stock Code: 3066)  
Horizons S&P Asia ex JANZ Industrials ETF (Stock Code: 3075)  
Horizons S&P Asia ex JANZ Energy ETF (Stock Code: 3076)  
Horizons S&P Asia ex JANZ Materials ETF (Stock Code: 3078)  
Horizons MSCI China ETF (Stock Code: 3040)  
Horizons Hang Seng High Dividend Yield ETF (Stock Code: 3110)  
Horizons CSI 300 ETF (RMB Counter Stock Code: 83127; HKD Counter Stock Code: 3127)  
the sub-funds of Horizons Exchange Traded Funds Series (the “Trust”)

*(A Hong Kong unit trust authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)<sup>1</sup>*

Dated 27 November 2014

**Second Addendum to the Prospectus of the Trust dated 19 September 2014 (the “Prospectus”)**

If you are in any doubt about the contents of this Second Addendum, you should consult your stockbroker, bank manager, solicitor, accountant and other financial adviser for independent financial advice.

This Second Addendum forms an integral part of and should be read in conjunction with the Prospectus.

The Manager accepts responsibility for the accuracy of the information contained in this Second Addendum as being accurate at the date hereof.

Unless otherwise defined, all capitalised terms shall have the same meaning as that in the Prospectus.

Please note that the following changes apply to the Prospectus:

**(A) Change in the CSI 300 Index Methodology**

Effective from 15 December 2014, the subsection headed “Index Universe” in the section entitled “Index Description” in “Appendix 11 – Horizons CSI 300 ETF” on page 149 of the Prospectus shall be deleted in its entirety and replaced with the following (which supersedes the amendment in the First Addendum to the Prospectus dated 5 November 2014):-

“The selection universe of the CSI 300 Index (the “Index Universe”) includes all the A-Shares (each a “Stock”) listed on the Shanghai Stock Exchange (the Main Board) or the Shenzhen Stock Exchange (the Main Board, the SME Board (Small and Medium Enterprise Board) and ChiNext (the board mainly for hi-tech companies)) satisfying the following conditions:

(a)

- (i) a Stock listed on the Main Board of the Shanghai Stock Exchange or the Main Board or the SME Board of the Shenzhen Stock Exchange (a “Non-ChiNext Stock”) must have a listing history of more than 3 months at the time it is considered for inclusion in the CSI 300 Index. If it has been listed for less than 3 months, it will be considered for inclusion in the Index Universe if its daily average total market value since its initial listing has ranked within the top 30 of all Non-ChiNext Stocks; or

<sup>1</sup> The Hong Kong Securities and Futures Commission’s 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.

- (ii) a Stock listed on the ChiNext of the Shenzhen Stock Exchange must have a listing history of more than 3 years at the time it is considered for inclusion in the CSI 300 Index; and
- (b) the Stock is not designated for special treatment or potential delisting by any of the CSRC, the Shanghai Stock Exchange or the Shenzhen Stock Exchange as a result of continuous financial losses.”

**(B) Reduction of Transaction Levy**

The following changes apply to the Prospectus with immediate effect.

1. The figures for the Transaction Levy in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and in Note 6 of the same subsection in the section entitled “Fees and Charges” in “Appendix 1 – Horizons KOSPI 200 ETF” on page 55 of the Prospectus are changed from “0.003%” to “0.0027%”.
2. The figures for the Transaction Levy in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and in Note 6 of the same subsection in the section entitled “Fees and Charges” in “Appendix 2 – Horizons S&P Emerging Asia Consumer ETF” on pages 62-63 of the Prospectus are changed from “0.003%” to “0.0027%”.
3. The figures for the Transaction Levy in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and in Note 6 of the same subsection in the section entitled “Fees and Charges” in “Appendix 3 – Horizons S&P Global Consumer Brands ETF” on pages 70-71 of the Prospectus are changed from “0.003%” to “0.0027%”.
4. The figures for the Transaction Levy in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and in Note 6 of the same subsection in the section entitled “Fees and Charges” in “Appendix 4 – Horizons S&P Asia ex JANZ Financials ETF” on pages 78-79 of the Prospectus are changed from “0.003%” to “0.0027%”.
5. The figures for the Transaction Levy in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and in Note 6 of the same subsection in the section entitled “Fees and Charges” in “Appendix 5 – Horizons S&P Asia ex JANZ IT ETF” on page 86 of the Prospectus are changed from “0.003%” to “0.0027%”.
6. The figures for the Transaction Levy in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and in Note 6 of the same subsection in the section entitled “Fees and Charges” in “Appendix 6 – Horizons S&P Asia ex JANZ Industrials ETF” on page 93 of the Prospectus are changed from “0.003%” to “0.0027%”.
7. The figures for the Transaction Levy in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and in Note 6 of the same subsection in the section entitled “Fees and Charges” in “Appendix 7 – Horizons S&P Asia ex JANZ Energy ETF” on page 101 of the Prospectus are changed from “0.003%” to “0.0027%”.
8. The figures for the Transaction Levy in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and in Note 6 of the same subsection in the section entitled “Fees and Charges” in “Appendix 8 – Horizons S&P Asia ex JANZ Materials ETF” on page 108 of the Prospectus are changed from “0.003%” to “0.0027%”.
9. The figures for the Transaction Levy in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and in Note 6 of the same subsection in the section entitled “Fees and

Charges” in “Appendix 9 – Horizons MSCI China ETF” on pages 115-116 of the Prospectus are changed from “0.003%” to “0.0027%”.

10. The figures for the Transaction Levy in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and in Note 6 of the same subsection in the section entitled “Fees and Charges” in “Appendix 10 – Horizons Hang Seng High Dividend Yield ETF” on pages 123-124 of the Prospectus are changed from “0.003%” to “0.0027%”.
11. The figures for the Transaction Levy in the table under the subsection “Fees Payable by Retail Investors Dealing in Units on the SEHK” and in Note 6 of the same subsection in the section entitled “Fees and Charges” in “Appendix 11 – Horizons CSI 300 ETF” on pages 146-147 of the Prospectus are changed from “0.003%” to “0.0027%”.

**(C) Cessation of Citigroup Global Markets Asia Limited to act as Market Maker**

The following changes apply to the Prospectus with effect from 8 December 2014.

1. The reference to “Citigroup Global Markets Asia Limited” under the subsection headed “HKD Counter Market Makers” in the section entitled “Parties” on page 2 of the Prospectus shall be deleted in its entirety.
2. The reference to “Citigroup Global Markets Asia Limited” in the row “Market Makers” of the table under the section headed “Key Information” in “Appendix 1 – Horizons KOSPI 200 ETF” on page 51 of the Prospectus shall be deleted in its entirety.
3. The reference to “Citigroup Global Markets Asia Limited” in the row “Market Makers” of the table under the section headed “Key Information” in “Appendix 2 – Horizons S&P Emerging Asia Consumer ETF” on page 59 of the Prospectus shall be deleted in its entirety.
4. The reference to “Citigroup Global Markets Asia Limited” in the row “Market Makers” of the table under the section headed “Key Information” in “Appendix 3 – Horizons S&P Global Consumer Brands ETF” on page 67 of the Prospectus shall be deleted in its entirety.
5. The reference to “Citigroup Global Markets Asia Limited” in the row “Market Makers” of the table under the section headed “Key Information” in “Appendix 4 – Horizons S&P Asia ex JANZ Financials ETF ” on page 75 of the Prospectus shall be deleted in its entirety.
6. The reference to “Citigroup Global Markets Asia Limited” in the row “Market Makers” of the table under the section headed “Key Information” in “Appendix 5 – Horizons S&P Asia ex JANZ IT ETF” on page 83 of the Prospectus shall be deleted in its entirety.
7. The reference to “Citigroup Global Markets Asia Limited” in the row “Market Makers” of the table under the section headed “Key Information” in “Appendix 6 – Horizons S&P Asia ex JANZ Industrials ETF ” on page 90 of the Prospectus shall be deleted in its entirety.
8. The reference to “Citigroup Global Markets Asia Limited” in the row “Market Makers” of the table under the section headed “Key Information” in “Appendix 7 – Horizons S&P Asia ex JANZ Energy ETF” on page 98 of the Prospectus shall be deleted in its entirety.
9. The reference to “Citigroup Global Markets Asia Limited” in the row “Market Makers” of the table under the section headed “Key Information” in “Appendix 8 – Horizons S&P Asia ex JANZ Materials ETF” on page 105 of the Prospectus shall be deleted in its entirety.



**(D) Update of the ten largest constituent stocks of the underlying indices of respective Sub-Funds**

The following changes apply to the Prospectus with immediate effect.

1. The last sentence in the first paragraph under the subsection headed “General Information” in the section entitled “Index Methodology” in “Appendix 1 – Horizons KOSPI 200 ETF” on page 56 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 31 October 2014, the 10 largest constituent stocks of the KOSPI 200 Index as listed below, represented 48.63% of the KOSPI 200 Index (calculated on the basis of free float shares).

Rank	Constituent Name	Weighting
1.	Samsung Electronics Co Ltd	20.87%
2.	SK Hynix Inc	4.20%
3.	Hyundai Motor Co	3.98%
4.	Posco	3.44%
5.	Naver Corp	3.40%
6.	Shinhan Financial Group Ltd	3.26%
7.	Hyundai Mobis Co Ltd	2.59%
8.	KB Financial Group Inc	2.34%
9.	SK Telecom	2.29%
10.	Korea Electric Power Corp	2.26%

2. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 2 – Horizons S&P Emerging Asia Consumer ETF” on pages 64-65 of the Prospectus shall be deleted in its entirety and replaced by the following:

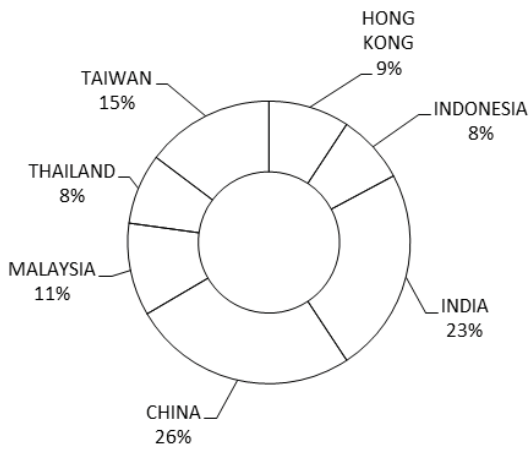
“As at 31 October 2014, the 10 largest constituent stocks of the S&P Emerging Asia Consumer Index as listed below, represented about 44.61% of the S&P Emerging Asia Consumer Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Astra International Tbk PT	XIDX Indonesia Stock Exchange	6.49%
2.	ITC Ltd	XBOM Bombay Stock Exchange	5.52%
3.	Tata Motors Ltd	XBOM Bombay Stock Exchange	4.71%
4.	Want Want China Holdings Ltd	XHKG Hong Kong Stock Exchange	4.68%
5.	Hindustan Unilever Ltd	XBOM Bombay Stock Exchange	4.29%
6.	Hengan International Group Co Ltd	XHKG Hong Kong Stock Exchange	4.08%

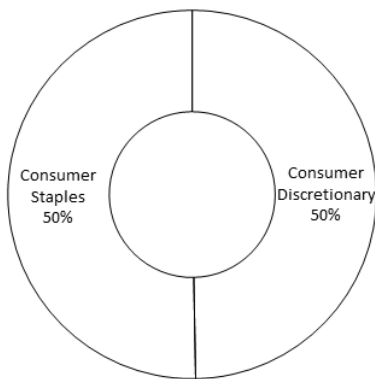
7.	Uni-President Enterprises Co	XTAI Taiwan Stock Exchange	4.03%
8.	Genting Bhd	XKLS Bursa Malaysia	3.78%
9.	Mahindra & Mahindra Ltd	XBOM Bombay Stock Exchange	3.65%
10.	Belle International Holdings	XHKG Hong Kong Stock Exchange	3.38%

Below are the charts showing the weightings in the S&P Emerging Asia Consumer Index by country and by sector as at 31 October 2014:

**Country Allocation of the Index**



**Sector Allocation of the Index**



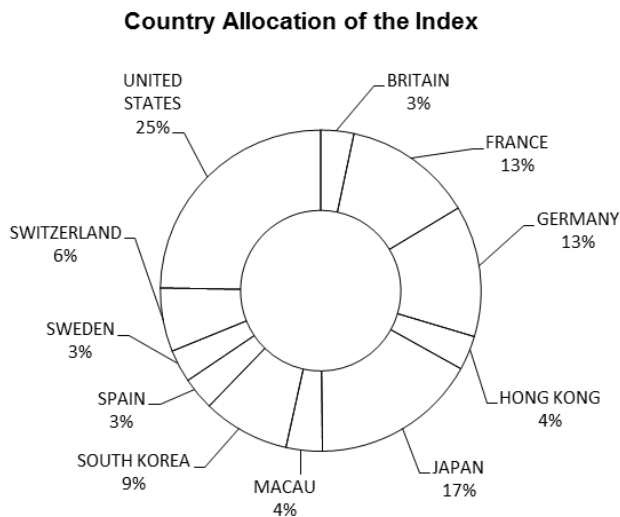
Details of the index methodology of the S&P Emerging Asia Consumer Index can be found on <http://www.standardandpoors.com>."

- The subsection headed "Further Information" in the section entitled "Index Description" in "Appendix 3 – Horizons S&P Global Consumer Brands ETF" on page 73 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 31 October 2014, the 10 largest constituent stocks of the S&P Global Consumer Enterprises Index as listed below, represented about 35.86% of the S&P Global Consumer Enterprises Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Nike Inc	XNYS New York Stock Exchange	4.01%
2.	Priceline Group Inc/ The	XNAS Nasdaq Stock Exchange	3.66%
3.	Sands China Ltd	XHKG Hong Kong Stock Exchange	3.66%
4.	McDonald’s Corp	XNYS New York Stock Exchange	3.55%
5.	Yum! Brands Inc	XNYS New York Stock Exchange	3.55%
6.	Denso Corp	XTKS Tokyo Stock Exchange	3.52%
7.	Toyota Motor Corp	XTKS Tokyo Stock Exchange	3.49%
8.	Las Vegas Sands Corp	XNYS New York Stock Exchange	3.48%
9.	Twenty-First Century Fox Inc	XNAS Nasdaq Stock Exchange	3.48%
10.	Galaxy Entertainment Group Ltd	XHKG Hong Kong Stock Exchange	3.46%

Below is the chart showing the weightings in the S&P Global Consumer Enterprises Index by country as at 31 October 2014:



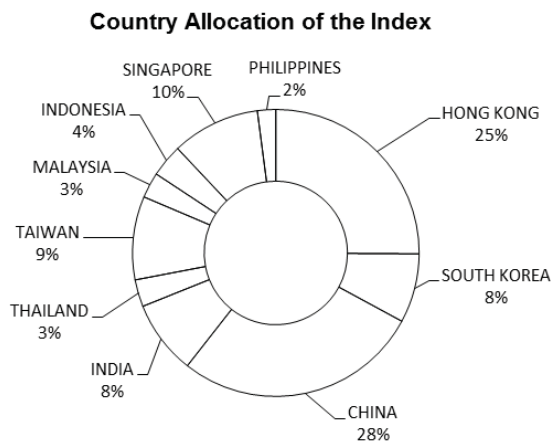
Details of the index methodology of the S&P Global Consumer Enterprises Index can be found on <http://www.standardandpoors.com>.”

- The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 4 – Horizons S&P Asia ex JANZ Financials ETF” on page 81 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 31 October 2014, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Financials Index as listed below, represented about 37.50% of the S&P Pan-Asia ex JANZ LargeCap Financials Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	AIA Group Ltd	XHKG Hong Kong Stock Exchange	6.90%
2.	China Construction Bank Corp – H Shares	XHKG Hong Kong Stock Exchange	6.26%
3.	Industrial & Commercial Bank of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	5.54%
4.	Bank of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	3.37%
5.	Housing Development Finance Corp	XBOM Bombay Stock Exchange	2.90%
6.	DBS Group Holdings Ltd	XSES Singapore Exchange	2.58%
7.	United Overseas Bank Ltd	XSES Singapore Exchange	2.56%
8.	Hong Kong Exchanges and Clearing Ltd	XHKG Hong Kong Stock Exchange	2.52%
9.	Sun Hung Kai Properties Ltd	XHKG Hong Kong Stock Exchange	2.46%
10.	Cheung Kong Holdings Ltd	XHKG Hong Kong Stock Exchange	2.41%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Financials Index by country as at 31 October 2014:



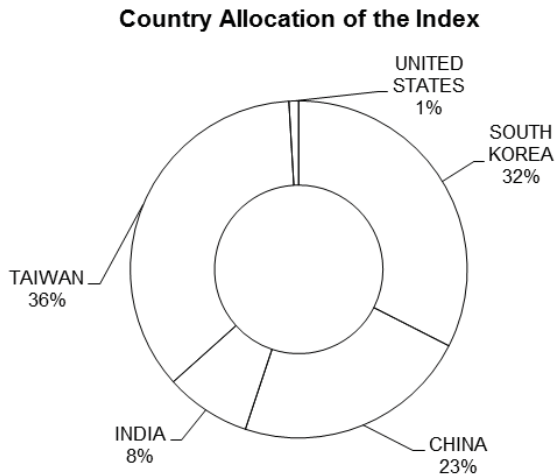
Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Financials Index can be found on <http://www.standardandpoors.com>.”

- The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 5 – Horizons S&P Asia ex JANZ IT ETF” on page 88 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 31 October 2014, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index as listed below, represented about 74.30% of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Samsung Electronics Co Ltd	XKRX Korea Exchange	19.53%
2.	Tencent Holdings Ltd	XHKG Hong Kong Stock Exchange	11.96%
3.	Taiwan Semiconductor Manufacturing Co Ltd	XTAI Taiwan Stock Exchange	11.26%
4.	Baidu Inc – Sponsored ADR	XNAS NASDAQ Stock Market	9.17%
5.	Hon Hai Precision Industry Co Ltd	XTAI Taiwan Stock Exchange	5.61%
6.	Infosys Ltd	XBOM Bombay Stock Exchange	4.48%
7.	SK Hynix Inc	XKRX Korea Exchange	3.56%
8.	Mediatek Inc	XTAI Taiwan Stock Exchange	2.99%
9.	Naver Corp	XKRX Korea Exchange	2.94%
10.	TATA Consultancy Services Ltd	XBOM Bombay Stock Exchange	2.80%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Information Technology Index by country as at 31 October 2014:



Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index can be found on <http://www.standardandpoors.com>.”

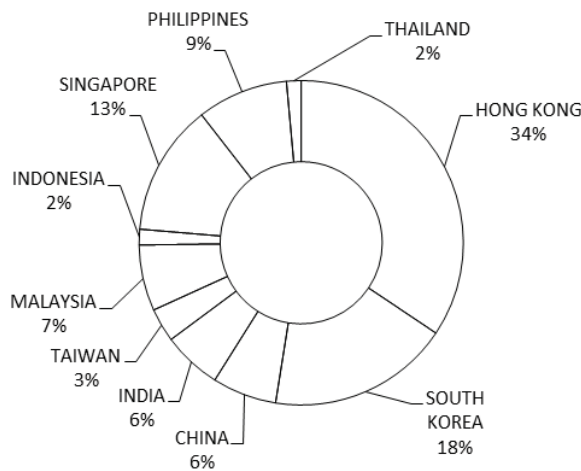
- The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 6 – Horizons S&P Asia ex JANZ Industrials ETF” on pages 95-96 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 31 October 2014, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Industrials Index as listed below, represented about 48.45% of the S&P Pan-Asia ex JANZ LargeCap Industrials Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Hutchison Whampoa Ltd	XHKG Hong Kong Stock Exchange	12.39%
2.	Jardine Matheson Holdings Ltd	XSES Singapore Exchange	7.37%
3.	Keppel Corp Ltd	XSES Singapore Exchange	4.90%
4.	CITIC Ltd	XHKG Hong Kong Stock Exchange	4.40%
5.	Samsung C&T Corp	XKRX Korea Exchange	3.98%
6.	LG Corp	XKRX Korea Exchange	3.58%
7.	Sime Darby Bhd	XKLS Bursa Malaysia	3.36%
8.	Jardine Strategic Holdings Ltd	XSES Singapore Exchange	3.11%
9.	Larsen & Toubro Ltd	XBOM Bombay Stock Exchange	2.75%
10.	MTR Corp	XHKG Hong Kong Stock Exchange	2.61%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Industrials Index by country as at 31 October 2014:

**Country Allocation of the Index**



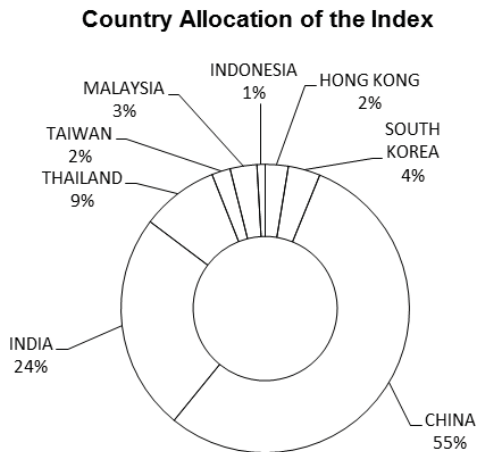
Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Industrials Index can be found on <http://www.standardandpoors.com>.”

- The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 7 – Horizons S&P Asia ex JANZ Energy ETF” on pages 103-104 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 31 October 2014, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Energy Index as listed below, represented about 82.71% of the S&P Pan-Asia ex JANZ LargeCap Energy Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	PetroChina Co Ltd – H Shares	XHKG Hong Kong Stock Exchange	14.95%
2.	Reliance Industries Ltd	XBOM Bombay Stock Exchange	14.59%
3.	CNOOC Ltd	XHKG Hong Kong Stock Exchange	14.28%
4.	China Petroleum & Chemical Corp – H Shares	XHKG Hong Kong Stock Exchange	12.51%
5.	Oil & Natural Gas Corp Ltd	XBOM Bombay Stock Exchange	6.71%
6.	PTT PCL	XBKK Stock Exchange of Thailand	5.48%
7.	China Shenhua Energy Co – H Shares	XHKG Hong Kong Stock Exchange	5.42%
8.	PTT Exploration & Production PCL	XBKK Stock Exchange of Thailand	3.54%
9.	SK Innovation Co Ltd	XKRX Korea Exchange	2.87%
10.	Kunlun Energy Co Ltd	XHKG Hong Kong Stock Exchange	2.36%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Energy Index by country as at 31 October 2014:



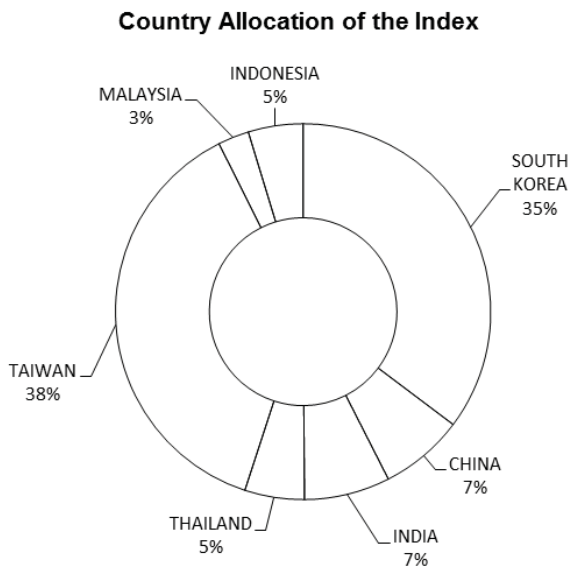
Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Energy Index can be found on <http://www.standardandpoors.com>.”

- The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 8 – Horizons S&P Asia ex JANZ Materials ETF” on pages 110-111 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 31 October 2014, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Materials Index as listed below, represented about 66.42% of the S&P Pan-Asia ex JANZ LargeCap Materials Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	POSCO	XKRX Korea Exchange	16.58%
2.	Nan Ya Plastics Corp	XTAI Taiwan Stock Exchange	8.41%
3.	Formosa Plastics Corp	XTAI Taiwan Stock Exchange	8.06%
4.	China Steel Corp	XTAI Taiwan Stock Exchange	7.73%
5.	Formosa Chemicals & Fibre	XTAI Taiwan Stock Exchange	5.91%
6.	LG Chem Ltd	XKRX Korea Exchange	5.91%
7.	Sesa Sterlite Ltd	XBOM Bombay Stock Exchange	3.57%
8.	Taiwan Cement	XTAI Taiwan Stock Exchange	3.54%
9.	Korea Zinc Co Ltd	XKRX Korea Exchange	3.44%
10.	Hyundai Steel Co	XKRX Korea Exchange	3.27%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Materials Index by country as at 31 October 2014:



Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Materials Index can be found on <http://www.standardandpoors.com>.”

- The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 9 – Horizons MSCI China ETF” on page 118 of the Prospectus shall be deleted in its entirety and replaced by the following:

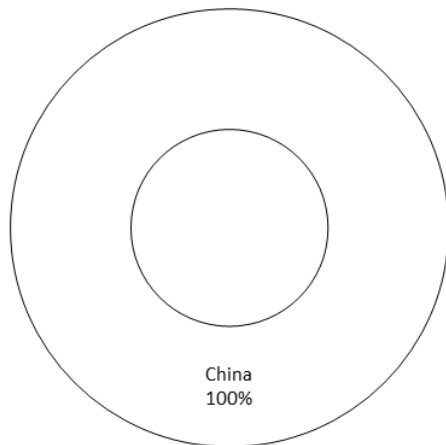


“As at 31 October 2014, the 10 largest constituent stocks of the MSCI China Index as listed below, represented about 52.18% of the MSCI China Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Tencent Holdings Ltd	XHKG Hong Kong Stock Exchange	10.31%
2.	China Mobile Ltd	XHKG Hong Kong Stock Exchange	9.56%
3.	China Construction Bank Corp – H Shares	XHKG Hong Kong Stock Exchange	6.78%
4.	Industrial and Commercial Bank of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	6.16%
5.	Bank of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	4.80%
6.	CNOOC Ltd	XHKG Hong Kong Stock Exchange	3.54%
7.	PetroChina Co Ltd – H Shares	XHKG Hong Kong Stock Exchange	3.33%
8.	China Life Insurance Co Ltd – H Shares	XHKG Hong Kong Stock Exchange	2.81%
9.	China Petroleum & Chemical Corp – H Shares	XHKG Hong Kong Stock Exchange	2.79%
10.	Ping An Insurance (Group) Co of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	2.10%

Below is the chart showing the weightings in the MSCI China Index by country as at 31 October 2014:

**Country Allocation of the Index**



Details of the index methodology of the MSCI China Index can be found on <http://www.msci.com>.”

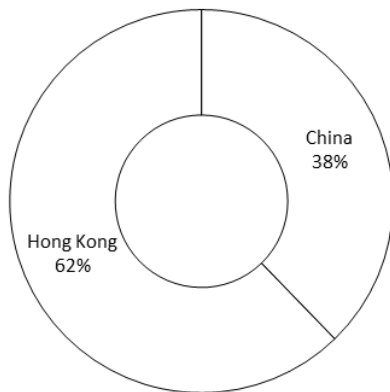
10. The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 10 – Horizons Hang Seng High Dividend Yield ETF” on pages 125-126 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 31 October 2014, the 10 largest constituent stocks of the Hang Seng High Dividend Yield Index as listed below, represented about 29.18% of the Hang Seng High Dividend Yield Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Evergrande Real Estate Group Ltd	XHKG Hong Kong Stock Exchange	4.77%
2.	Hopewell Highway Infrastructure Ltd	XHKG Hong Kong Stock Exchange	3.37%
3.	KWG Property Holding Ltd	XHKG Hong Kong Stock Exchange	3.05%
4.	China Power International Development Ltd	XHKG Hong Kong Stock Exchange	3.04%
5.	Yuexiu Real Estate Investment	XHKG Hong Kong Stock Exchange	2.81%
6.	Bosideng International Holdings Ltd	XHKG Hong Kong Stock Exchange	2.59%
7.	China CITIC Bank Corp Ltd	XHKG Hong Kong Stock Exchange	2.48%
8.	Shenzhen Investment Ltd	XHKG Hong Kong Stock Exchange	2.39%
9.	Huaneng Power International Inc	XHKG Hong Kong Stock Exchange	2.37%
10.	Bank of Communications Co	XHKG Hong Kong Stock Exchange	2.31%

Below is the chart showing the weightings in the Hang Seng High Dividend Yield Index by country as at 31 October 2014:

**Country Allocation of the Index**



Details of the index methodology of the Hang Seng High Dividend Yield Index can be found on <http://www.hsi.com.hk>.”

- The subsection headed “Further Information” in the section entitled “Index Description” in “Appendix 11 – Horizons CSI 300 ETF” on page 150 of the Prospectus shall be deleted in its entirety and replaced by the following:

“As at 31 October 2014, the 10 largest constituent stocks of the CSI Index, represented in excess of 21% of the market capitalisation of the CSI 300 Index based on total shares in issue, were as follows:

<b>Rank</b>	<b>Constituent Name</b>	<b>Stock Exchange</b>	<b>Weighting</b>
1.	Ping An Insurance Group Co	XSHG Shanghai Stock Exchange	3.55%
2.	China Merchants Bank Co Ltd	XSHG Shanghai Stock Exchange	3.08%
3.	China Minsheng Banking Corp Ltd	XSHG Shanghai Stock Exchange	3.01%
4.	Industrial Bank Co Ltd	XSHG Shanghai Stock Exchange	2.14%
5.	Shanghai Pudong Development Bank Co Ltd	XSHG Shanghai Stock Exchange	1.97%
6.	CITIC Securities Co Ltd	XSHG Shanghai Stock Exchange	1.80%
7.	China Vanke Co Ltd	XSHE Shenzhen Stock Exchange	1.57%
8.	Haitong Securities Co Ltd	XSHG Shanghai Stock Exchange	1.49%
9.	Kweichow Moutai Co Ltd	XSHG Shanghai Stock Exchange	1.24%
10.	Bank of Communications Co Ltd	XSHG Shanghai Stock Exchange	1.20%

Details of the index methodology and the latest list of constituents of the CSI 300 Index can be found on [www.csindex.com.cn](http://www.csindex.com.cn).”

Horizons KOSPI 200 ETF (Stock Code: 2835)  
Horizons S&P Emerging Asia Consumer ETF (Stock Code: 3054)  
Horizons S&P Global Consumer Brands ETF (Stock Code: 3056)  
Horizons S&P Asia ex JANZ Financials ETF (Stock Code: 3064)  
Horizons S&P Asia ex JANZ IT ETF (Stock Code: 3066)  
Horizons S&P Asia ex JANZ Industrials ETF (Stock Code: 3075)  
Horizons S&P Asia ex JANZ Energy ETF (Stock Code: 3076)  
Horizons S&P Asia ex JANZ Materials ETF (Stock Code: 3078)  
Horizons MSCI China ETF (Stock Code: 3040)  
Horizons Hang Seng High Dividend Yield ETF (Stock Code: 3110)  
Horizons CSI 300 ETF (RMB Counter Stock Code: 83127; HKD Counter Stock Code: 3127)  
the sub-funds of Horizons Exchange Traded Funds Series (the “Trust”)

*(A Hong Kong unit trust authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)<sup>1</sup>*

Dated 5 November 2014

**First Addendum to the Prospectus of the Trust dated 19 September 2014 (the “Prospectus”)**

If you are in any doubt about the contents of this First Addendum, you should consult your stockbroker, bank manager, solicitor, accountant and other financial adviser for independent financial advice.

This First Addendum forms an integral part of and should be read in conjunction with the Prospectus.

The Manager accepts responsibility for the accuracy of the information contained in this First Addendum as being accurate at the date hereof.

Unless otherwise defined, all capitalised terms shall have the same meaning as that in the Prospectus.

Please note that the following changes apply to the Prospectus with immediate effect:

**(A) Cessation of China International Capital Corporation Hong Kong Securities Limited to act as Market Maker**

1. The reference to “China International Capital Corporation Hong Kong Securities Limited” under the subsection headed “HKD Counter Market Makers” in the section entitled “Parties” on page 2 of the Prospectus shall be deleted in its entirety;
2. The reference to “China International Capital Corporation Hong Kong Securities Limited” in the row “Market Makers” of the table under the section headed “Key Information” in “Appendix 9 – Horizons MSCI China ETF” on page 112 of the Prospectus shall be deleted in its entirety; and
3. The reference to “China International Capital Corporation Hong Kong Securities Limited” in the row “Market Makers” of the table under the section headed “Key Information” in “Appendix 10 – Horizons Hang Seng High Dividend Yield ETF” on page 120 of the Prospectus shall be deleted in its entirety.

**(B) Cessation of Citigroup Global Markets Asia Limited to act as Participating Dealer**

1. The reference to “Citigroup Global Markets Asia Limited” under the subsection headed “Participating Dealers” in the section entitled “Parties” on page 3 of the Prospectus shall be deleted in its entirety;

<sup>1</sup> The Hong Kong Securities and Futures Commission’s 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.

2. The reference to “Citigroup Global Markets Asia Limited” in the row “Participating Dealers” of the table under the section headed “Key Information” in “Appendix 1 – Horizons KOSPI 200 ETF” on page 51 of the Prospectus shall be deleted in its entirety;
3. The reference to “Citigroup Global Markets Asia Limited” in the row “Participating Dealers” of the table under the section headed “Key Information” in “Appendix 2 – Horizons S&P Emerging Asia Consumer ETF” on page 59 of the Prospectus shall be deleted in its entirety;
4. The reference to “Citigroup Global Markets Asia Limited” in the row “Participating Dealers” of the table under the section headed “Key Information” in “Appendix 3 – Horizons S&P Global Consumer Brands ETF” on page 67 of the Prospectus shall be deleted in its entirety;
5. The reference to “Citigroup Global Markets Asia Limited” in the row “Participating Dealers” of the table under the section headed “Key Information” in “Appendix 4 – Horizons S&P Asia ex JANZ Financials ETF” on page 75 of the Prospectus shall be deleted in its entirety;
6. The reference to “Citigroup Global Markets Asia Limited” in the row “Participating Dealers” of the table under the section headed “Key Information” in “Appendix 5 – Horizons S&P Asia ex JANZ IT ETF” on page 83 of the Prospectus shall be deleted in its entirety;
7. The reference to “Citigroup Global Markets Asia Limited” in the row “Participating Dealers” of the table under the section headed “Key Information” in “Appendix 6 – Horizons S&P Asia ex JANZ Industrials ETF” on page 90 of the Prospectus shall be deleted in its entirety;
8. The reference to “Citigroup Global Markets Asia Limited” in the row “Participating Dealers” of the table under the section headed “Key Information” in “Appendix 7 – Horizons S&P Asia ex JANZ Energy ETF” on page 98 of the Prospectus shall be deleted in its entirety; and
9. The reference to “Citigroup Global Markets Asia Limited” in the row “Participating Dealers” of the table under the section headed “Key Information” in “Appendix 8 – Horizons S&P Asia ex JANZ Materials ETF” on page 105 of the Prospectus shall be deleted in its entirety.

**(C) Appointment of UBS Securities Hong Kong Limited as Participating Dealer of Horizons CSI 300 ETF**

1. The reference to “UBS Securities Hong Kong Limited<sup>+</sup>” under the subsection headed “Participating Dealers” in the section entitled “Parties” on page 3 of the Prospectus shall be deleted and replaced with “UBS Securities Hong Kong Limited<sup>&</sup>”; and
2. The reference to “UBS Securities Hong Kong Limited” shall be added to the row “Participating Dealers” of the table under the section headed “Key Information” in “Appendix 11 – Horizons CSI 300 ETF” on page 127 of the Prospectus.

**(D) Rectification of Typo on the Management Fee of Horizons CSI 300 ETF**

The first sentence under the subsection headed “Management Fees and Servicing Fees” in the section entitled “Fees and Charges” in “Appendix 11 – Horizons CSI 300 ETF” on page 146 of the Prospectus shall be deleted in its entirety and replaced with the following:-

“The Manager is entitled to receive a management fee, currently at the rate of 0.25% per annum of the Net Asset Value of the Horizons CSI 300 ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears.”

**(E) Change in the CSI 300 Index Methodology**

The point (a) under the subsection headed “Index Universe” in the section entitled “Index Description” in “Appendix 11 – Horizons CSI 300 ETF” on page 149 of the Prospectus shall be deleted in its entirety and replaced with the following:-

“(a) For non-ChiNext stock, the stock has been listed for more than three months at the time it is considered for inclusion in the CSI 300 Index. If it has been listed for less than 3 months, it will be considered for inclusion in the Index Universe if its daily average total market value since its initial listing has ranked within the top 30 companies in all the A-Shares; or

For ChiNext stock, the stock has been listed for more than 3 years at the time it is considered for inclusion in the CSI 300 Index; and”

**(F) Change in the CSI 300 Index Periodical Review**

The first sentence of the first paragraph under the subsection headed “Index Periodical Review” in the section entitled “Index Description” in “Appendix 11 – Horizons CSI 300 ETF” on page 149 of the Prospectus shall be deleted in its entirety and replaced by the following:-

“The constituents of the CSI 300 Index (each an “Index Constituent”) are reviewed every 6 months by the Index Advisory Committee, which usually meets in the end of May and November every year.”

**IMPORTANT:** If you are in any doubt about the contents of this prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser for independent financial advice.

# PROSPECTUS

## HORIZONS EXCHANGE TRADED FUNDS SERIES

*A Hong Kong unit trust authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong*

Horizons KOSPI 200 ETF (Stock Code: 2835)

Horizons S&P Emerging Asia Consumer ETF (Stock Code: 3054)

Horizons S&P Global Consumer Brands ETF (Stock Code: 3056)

Horizons S&P Asia ex JANZ Financials ETF (Stock Code: 3064)

Horizons S&P Asia ex JANZ IT ETF (Stock Code: 3066)

Horizons S&P Asia ex JANZ Industrials ETF (Stock Code: 3075)

Horizons S&P Asia ex JANZ Energy ETF (Stock Code: 3076)

Horizons S&P Asia ex JANZ Materials ETF (Stock Code: 3078)

Horizons MSCI China ETF (Stock Code: 3040)

Horizons Hang Seng High Dividend Yield ETF (Stock Code: 3110)

Horizons CSI 300 ETF (RMB Counter Stock Code: 83127 HKD Counter Stock Code: 03127)

19 September 2014

The Stock Exchange of Hong Kong Limited, Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission (the "Commission") take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus. The Commission's 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.



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# Parties

## **Manager**

Mirae Asset Global Investments (Hong Kong) Limited  
Level 15, Three Pacific Place  
1 Queen's Road East  
Hong Kong

## **Trustee**

Cititrust Limited  
50/F, Citibank Tower, Citibank Plaza  
3 Garden Road, Central  
Hong Kong

## **PRC Custodian®**

Industrial and Commercial Bank of China Limited  
55 Fuxingmennei Street,  
Xicheng District  
Beijing  
China P.C:100140

## **Custodian**

Citibank, N.A.  
50/F, Citibank Tower  
Citibank Plaza, 3 Garden Road  
Central, Hong Kong

## **Administrator**

Citibank, N.A., Hong Kong Branch  
50/F, Citibank Tower  
Citibank Plaza, 3 Garden Road  
Central, Hong Kong

## **Directors of the Manager**

Park, Hyeon Joo  
Rhee, Jung Ho  
Cho, Wan Youn  
Kim, Byung Ha

## **Service Agent**

HK Conversion Agency Services Limited  
2nd Floor, Infinitus Plaza  
199 Des Voeux Road Central  
Hong Kong

## **Listing Agent®**

KGI Capital Asia Limited  
41/F, Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

## **Registrar**

Computershare Hong Kong Investor Services Limited  
46/F, Hopewell Centre  
183 Queen's Road East, Wanchai  
Hong Kong

## **HKD Counter Market Makers\***

Bluefin HK Limited<sup>u</sup>  
8/F, Two Exchange Square  
8 Connaught Place, Central  
Hong Kong

BNP Paribas Securities (Asia) Limited<sup>#</sup>  
59/F-63/F, Two International Finance Centre  
8 Finance Street, Central  
Hong Kong

China International Capital Corporation Hong Kong  
Securities Limited<sup>#</sup>  
29/F, One International Finance Centre  
1 Harbour View Street, Central  
Hong Kong

Citigroup Global Markets Asia Limited<sup>o</sup>  
50/F, Citibank Tower  
Citibank Plaza, 3 Garden Road  
Central  
Hong Kong

Commerz Securities Hong Kong Limited<sup>□</sup>  
29/F, Two International Finance Centre  
8 Finance Street, Central  
Hong Kong

Merrill Lynch Far East Limited<sup>+</sup>  
15/F, Citibank Tower  
3 Garden Road, Central  
Hong Kong

Nomura International (Hong Kong) Limited<sup>#</sup>  
30/F, Two International Finance Centre  
8 Finance Street, Central  
Hong Kong

SG Securities (HK) Limited<sup>β</sup>  
38/F, Three Pacific Place  
1 Queen's Road East  
Hong Kong

Shenyin Wanguo Securities (H.K.) Limited<sup>#</sup>  
Level 19  
28 Hennessy Road  
Hong Kong

UBS Securities Hong Kong Limited<sup>#</sup>  
46-52/F, Two International Finance Centre  
8 Finance Street, Central  
Hong Kong

**RMB Counter Market Makers<sup>\*@</sup>**  
Bluefin HK Limited  
8/F, Two Exchange Square  
8 Connaught Place, Central  
Hong Kong

**Participating Dealers<sup>\*</sup>**

ABN AMRO Clearing Hong Kong Limited  
70/F, International Commerce Centre  
1 Austin Road West, Kowloon  
Hong Kong

Barclays Bank PLC<sup>□</sup>  
41/F Cheung Kong Center  
2 Queen's Road Central, Central  
Hong Kong

BNP Paribas Securities Services<sup>#</sup>  
21-23/F, PCCW Tower  
Taikoo Place  
979 King's Road, Quarry Bay,  
Hong Kong

China International Capital Corporation Hong Kong  
Securities Limited<sup>□</sup>  
29/F, One International Finance Centre  
1 Harbour View Street, Central  
Hong Kong

CIMB Securities Limited<sup>□</sup>  
Unit 7706-8, Level 77  
International Commerce Centre  
1 Austin Road West, Kowloon  
Hong Kong

Citigroup Global Markets Asia Limited<sup>°</sup>  
50/F, Citibank Tower  
Citibank Plaza, 3 Garden Road, Central  
Hong Kong

Credit Suisse Securities (Hong Kong) Limited<sup>°</sup>  
88/F, International Commerce Centre  
1 Austin Road West, Kowloon  
Hong Kong

Goldman Sachs (Asia) Securities Limited  
68/F, Cheung Kong Center  
2 Queen's Road, Central  
Hong Kong

Macquarie Bank Limited<sup>#</sup>  
18/F, One International Finance Centre  
1 Harbour View Street, Central  
Hong Kong

Merrill Lynch Far East Limited<sup>+</sup>  
15/F, Citibank Tower  
3 Garden Road, Central  
Hong Kong

Mirae Asset Securities (HK) Limited<sup>ⓐ</sup>  
Suite 1502, Level 15  
Three Pacific Place, 1 Queen's Road East  
Hong Kong

Nomura International (Hong Kong) Limited<sup>+</sup>  
30/F, Two International Finance Centre  
8 Finance Street, Central  
Hong Kong

SG Securities (HK) Limited<sup>Ⓢ</sup>  
38/F, Three Pacific Place  
1 Queen's Road East  
Hong Kong

Shenyin Wanguo Securities (H.K.) Limited<sup>ⓐ</sup>  
Level 19  
28 Hennessy Road  
Hong Kong

UBS Securities Hong Kong Limited<sup>+</sup>  
46-52/F, Two International Finance Centre  
8 Finance Street, Central  
Hong Kong

**Legal Adviser to the Manager**

Simmons & Simmons  
13/F, One Pacific Place  
88 Queensway  
Hong Kong

**Auditors**

Ernst & Young  
22/F, CITIC Tower  
1 Tim Mei Avenue, Central  
Hong Kong

**Tax Adviser to the Manager (PRC tax)**

Ernst & Young Tax Services Limited  
22/F, CITIC Tower  
1 Tim Mei Avenue, Central  
Hong Kong

**Tax Adviser to the Manager (FATCA)**

Deloitte Touche Tohmatsu  
35/F, One Pacific Place  
88 Queensway  
Hong Kong

<sup>ⓐ</sup> In respect of Horizons CSI 300 ETF only.

<sup>\*</sup> Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers.

<sup>+</sup> In respect of Horizons KOSPI 200 ETF, Horizons MSCI China ETF and Horizons Hang Seng High Dividend Yield ETF only.

<sup>#</sup> In respect of Horizons MSCI China ETF and Horizons Hang Seng High Dividend Yield ETF only.

<sup>Ⓜ</sup> In respect of Horizons MSCI China ETF, Horizons Hang Seng High Dividend Yield ETF and Horizons CSI 300 ETF only.

<sup>Ⓢ</sup> In respect of Horizons KOSPI 200 ETF, Horizons S&P Emerging Asia Consumer ETF, Horizons S&P Global Consumer Brands ETF, Horizons S&P Asia ex JANZ Financials ETF, Horizons S&P Asia ex JANZ IT ETF, Horizons S&P Asia ex JANZ Industrials ETF, Horizons S&P Asia ex JANZ Energy ETF and Horizons S&P Asia ex JANZ Materials ETF only.

<sup>ⓐ</sup> In respect of Horizons MSCI China ETF only.

<sup>ⓐ</sup> In respect of Horizons KOSPI 200 ETF, Horizons S&P Emerging Asia Consumer ETF, Horizons S&P Global Consumer Brands ETF, Horizons S&P Asia ex JANZ Financials ETF, Horizons S&P Asia ex JANZ IT ETF, Horizons S&P Asia ex JANZ Industrials ETF, Horizons S&P Asia ex JANZ Energy ETF and Horizons S&P Asia ex JANZ Materials ETF, Horizons MSCI China ETF and Horizons Hang Seng High Dividend Yield ETF only.

<sup>Ⓜ</sup> In respect of Horizons MSCI China ETF and Horizons CSI 300 ETF only.

<sup>Ⓢ</sup> In respect of Horizons KOSPI 200 ETF, Horizons MSCI China ETF, Horizons Hang Seng High Dividend Yield ETF and Horizons CSI 300 ETF only.

# Preliminary

This Prospectus has been prepared in connection with the offer in Hong Kong of Units in the Investment Funds, each being sub-funds of Horizons Exchange Traded Funds Series (formerly known as Mirae Asset TIGER ETF Series) (the “**Trust**”), an umbrella unit trust established under Hong Kong law by a trust deed dated on 23 December 2010 as amended by supplemental deeds dated 23 December 2011, 5 November 2012, 14 May 2013 and 3 September 2014 respectively, between Mirae Asset Global Investments (Hong Kong) Limited (the “**Manager**”) and Cititrust Limited (the “**Trustee**”).

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus and confirm, 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 and that this Prospectus includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**SEHK**”), the Code on Unit Trusts and Mutual Funds (the “**Code**”) and the “Overarching Principles” of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products for the purposes of giving information with regard to the units of the Investment Funds; any inferences that might reasonably be drawn from any statement in the Prospectus are true and are not misleading; and all opinions and intents expressed in this Prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable. The Trustee is not responsible for the preparation of this Prospectus and is therefore not responsible for its contents, apart from descriptions of or relating to Cititrust Limited as the Trustee on page 14 of this Prospectus.

Applicants for Units should consult their financial advisers and take legal advice as appropriate as to whether any governmental or other consents are required, or other formalities need to be observed, to enable them to acquire Units and as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable.

The Units of Investment Funds (except for the Units for the Horizons CSI 300 ETF) are listed on the SEHK. The Units of Investment Funds (except for the Units for the Horizons CSI 300 ETF) have been accepted as eligible securities by Hong Kong Securities Clearing Company Limited (“**HKSCC**”) for deposit, clearing and settlement in the Central Clearing and Settlement System (“**CCASS**”).

Application has been made to the Listing Committee of the SEHK for listing of, and permission to deal in, the Units (in each relevant counter) of the Horizons CSI 300 ETF on the SEHK. Subject to compliance with the admission

requirements of HKSCC and the granting of listing of, and permission to deal in, the Units of the Horizons CSI 300 ETF on the SEHK, the Units (in each relevant counter) of the Horizons CSI 300 ETF will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Units of the Horizons CSI 300 ETF on the SEHK or such other date as may be determined by HKSCC.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No action has been taken to permit an offering of Units or the distribution of this Prospectus in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Prospectus 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 authorized. Distribution of this Prospectus shall not be permitted unless it is accompanied by a copy of the latest annual report and accounts of the Trust (where existing) and, if later, its most recent interim report, which form a part of this Prospectus.

The Trust is not registered as an investment company with the United States Securities and Exchange Commission. Units have not been, and will not be, registered under the United States Securities Act of 1933 or any other United States Federal or State law and accordingly Units are not offered to, and may not be transferred to or acquired by, US persons (including without limitation US citizens and residents as well as business entities organized under United States’ law), except under any relevant exemption.

The Manager shall have the power to impose such restrictions as the Manager may think necessary for the purpose of ensuring that no Units in any Investment Fund are acquired or held by an Unqualified Person (as defined in the “Definitions” section).

Potential applicants for Units in the Investment Funds 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 in the Investment Funds.

Investors should note that any amendment or addendum to this Prospectus will only be posted on the Manager’s website ([www.horizonsetfs.com.hk](http://www.horizonsetfs.com.hk))<sup>1</sup>.

<sup>1</sup> The contents of this website and any other websites referred to in this Prospectus have not been reviewed by the Commission.

# Definitions

In this Prospectus, unless the context requires otherwise, the following expressions have the meanings set out below.

**“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 RMB and available for investment by domestic investors, QFIs and RQFIs.

**“Administrator”**

means Citibank, N.A., Hong Kong Branch, appointed by the Trustee.

**“Application”**

means, in respect of an Investment Fund, a Creation Application or a Realisation Application.

**“Application Basket Value”**

means, in respect of an Investment Fund, the aggregate value of the Index Securities fixed by the Manager for the relevant Investment Fund at the start of business on the relevant Dealing Day for the purpose of the creation and realisation of Units in an Application Unit size, notified on the relevant date by the Manager to Participating Dealers for the relevant Investment Fund.

**“Application Cancellation Fee”**

means the fee payable by a Participating Dealer in respect of cancellation of an Application as set out in the Trust Deed, the rate of which is set out in the prospectus of the relevant Investment Fund.

**“Application Unit”**

means, in relation to each Investment Fund, such number of Units of a class or whole multiples thereof as specified in the prospectus for the relevant Investment Fund or such other multiple of Units of a class from time to time determined by the Manager and the Trustee and notified to the Participating Dealers, either generally or for a particular class or classes of Units.

**“Auditors”**

means the auditor or auditors of the Investment Funds and the Trust from time to time appointed by the Manager with the prior approval of the Trustee pursuant to the provisions of the Trust Deed.

**“Base Currency”**

means the currency of account of an Investment Fund as specified by the Manager with the approval of the Trustee from time to time.

**“Basket”**

means, in respect of an Investment Fund, a portfolio of Index Securities, which seeks to benchmark the Underlying Index by replication strategy or otherwise provided that such portfolio shall comprise only whole numbers of Index Securities and no fraction or, if the Manager determines, shall comprise only round lots and not odd lots.

**“Business Day”**

means, unless the Manager and the Trustee otherwise agree, a day on which (a) (i) the SEHK is open for normal trading; and (ii) the relevant securities market on which the Index Securities are traded is open for normal trading; or (iii) if there are more than one (1) such securities markets, the securities market designated by the Manager is open for normal trading, and (b) the Underlying Index is compiled and published, or such other day or days as the Manager and the Trustee may agree from time to time provided that if on any such day, the period during which the relevant securities market is open for normal trading is reduced as a result of a Number 8 Typhoon Signal, Black Rainstorm warning or other similar event, such day shall not be a Business Day unless the Manager and the Trustee otherwise agree.

**“Cancellation Compensation”**

means an amount payable by a Participating Dealer in respect of cancellation of an Application pursuant to the Trust Deed.

**“Cash Component”**

means the aggregate Net Asset Value of all the Units in connection with an Application less the Application Basket Value.

**“CCASS”**

means the Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors.

**“CCASS Operational Procedures”**

means the CCASS Operational Procedures as amended from time to time.

**“Code”**

means the Code on Unit Trusts and Mutual Funds issued by the Commission, as may be amended from time to time.

**“Commission”**

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

**“Connected Person”**

in relation to a company, means:

- (a) any person or company beneficially owning, directly or indirectly, twenty% (20%) or more of the ordinary share capital of that company or able to exercise, directly or indirectly, twenty% (20%) or more of the total votes in that company;
- (b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a) above;
- (c) any member of the group of which that company forms part; or
- (d) any director or other officer of that company or of any of its Connected Persons as defined in (a), (b) or (c) above;

**“Creation Application”**

means an application by a Participating Dealer for the creation of Units of an Investment Fund in Application Unit size (or whole multiples thereof) in accordance with the relevant procedures set out in the Trust Deed, and the relevant Participation Agreement.

**“CSDCC”**

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

**“CSRC”**

means the China Securities Regulatory Commission.

**“Custodian”**

means Citibank, N.A., appointed by the Trustee.

**“Dealing Day”**

means each Business Day or such other day or days as the Manager may from time to time, with the approval of the Trustee, determine either generally or in respect of a particular class or classes of Units, provided that if any recognised commodities market or recognised securities market on which, in the opinion of the Manager, all or part of the Index Securities of any Investment Fund are quoted, listed or dealt in is on any day not open for trading, the Manager may, without notice to the Unitholders of such Investment Fund determine that such day shall not be a Dealing Day in relation to such Investment Fund.

**“Dealing Deadline”**

in relation to any Dealing Day, shall be such time or times as the Manager may from time to time with the approval of the Trustee determine generally or in relation to a particular class or classes of Units or any particular place for submission of Application(s) by a Participating Dealer.

**“Deposited Property”**

means, in respect of each Investment Fund, all the assets (including cash) received or receivable by the Trustee for the time being held or deemed to be held upon the trusts of the Trust Deed for the account of the relevant Investment Fund excluding (i) the Income Property and (ii) any amount for the time being standing to the credit of the Distribution Account (as defined in the Trust Deed).

**“Dual Counter”**

means the facility by which the Units of an Investment Fund traded in RMB and traded in HKD are each assigned separate stock codes on the SEHK and are accepted for deposit, clearing and settlement in CCASS in more than one eligible currency (RMB or HKD) as described in the relevant Appendix of this Prospectus.

**“Extension Fee”**

means any fee payable by a Participating Dealer in accordance with the Operating Guidelines in connection with an extension of the settlement period to facilitate the making of an Application by such Participating Dealer.

**“HKEx”**

means Hong Kong Exchanges and Clearing Limited or its successors.

**“HKSCC”**

means the Hong Kong Securities Clearing Company Limited or its successors.

**“Hong Kong”**

means the Hong Kong Special Administrative Region of the People’s Republic of China.

**“Hong Kong dollar”, “HKD” or “HK\$”**

mean the lawful currency for the time being and from time to time of Hong Kong.

**“Income Property”**

means, in respect of each Investment Fund, (a) all interest, dividends and other sums deemed by the Manager, (after consulting the Auditors either on a general or case by case basis), to be in the nature of income (including taxation repayments, if any) received or receivable by the Trustee in respect of the Deposited Property of the relevant Investment Fund (whether in cash or, without limitation, by warrant, cheque, money, credit or otherwise or the proceeds of sale of any Income Property received in a form other than cash); (b) all Cash Component payments received or receivable by the Trustee for the account of the relevant Investment Fund; and (c) all Cancellation Compensation received by the Trustee for the account of the relevant Investment Fund; (d) all interest and other sums received or receivable by the Trustee in respect of (a), (b) or (c) of this definition, but excluding (i) the Deposited Property of the relevant Investment Fund; (ii) any amount for the time being standing to the credit of the Distribution Account (as defined in the Trust Deed) for the account of the relevant Investment Fund or previously distributed to Unitholders; (iii) gains for the account of the relevant Investment Fund arising from the realisation of Securities; and (iv) any sums applied towards payment of the fees, costs and expenses payable by the Trust from the Income Property of the relevant Investment Fund.

**“Index Provider”**

means, in respect of each Investment Fund, the person responsible for compiling the Underlying Index against which the relevant Investment Fund benchmarks its investments and who holds the right to licence the use of such Underlying Index to the relevant Investment Fund.

**“Index Securities”**

means shares of those companies which are at the relevant time the constituent companies of the relevant Underlying Index, any Securities used to track the performance of such shares of the companies constituting the relevant Underlying Index at the relevant time or such other securities designated by the Manager.

**“Investment Fund”**

means a segregated pool of assets and liabilities established under the Trust.

**“Issue Price”**

means, in respect of each Investment Fund, the issue price per Unit calculated pursuant to the Trust Deed at which Units are from time to time issued or to be issued.

**“Korean won” or “KRW”**

means the lawful currency for the time being and from time to time of South Korea.

**“KRX”**

means the Korea Exchange or its successors.

**“Listing Agent”**

means KGI Capital Asia Limited or its successors.

**“Manager”**

means Mirae Asset Global Investments (Hong Kong) Limited or any other person (or persons) who for the time being is duly appointed as manager (or managers) of the Trust and being approved by the Commission as qualified to act as such for the purposes of the Code.

**“Net Asset Value”**

means the net asset value of an Investment Fund or, as the context may require, of a Unit calculated pursuant to the Trust Deed.

**“Operating Guidelines”**

means in relation to an Investment Fund, the operating guidelines governing the Participating Dealers, including without limitation, the procedures for creation and realisation of Units.



**“Participating Dealer”**

means, in respect of an Investment Fund, a broker or dealer (licensed for Type 1 regulated activity under the Securities and Futures Ordinance) which has entered into a Participation Agreement in form and substance acceptable to the Manager and the Trustee.

**“Participation Agreement”**

means an agreement entered into between the Trustee, the Manager and a Participating Dealer setting out, amongst other things, the arrangements in respect of the Applications. References to the Participation Agreement shall, where appropriate, mean the Participation Agreement, read together with the Operating Guidelines.

**“PBOC”**

means the People’s Bank of China.

**“PRC”**

means the People’s Republic of China, excluding for the purposes of interpretation of this Prospectus only, Hong Kong, Macau and Taiwan.

**“PRC Custodian”**

means Industrial and Commercial Bank of China Limited or such other person (or persons) who for the time being is duly appointed to be the PRC custodian for Investment Funds which invest directly in A-Shares.

**“PRC Custody Agreement”**

means the custodian agreement entered into between the Manager and the PRC Custodian, as amended from time to time.

**“PRC Participation Agreement”**

means the participation agreement entered into between the Trustee, the Manager and the PRC Custodian, as amended from time to time.

**“Primary Market Investor”**

means an investor who makes a request to a Participating Dealer to effect an Application on his behalf.

**“QFII”**

means a qualified foreign institutional investor approved pursuant to the relevant PRC regulations (as amended from time to time).

**“Realisation Application”**

means, in respect of an Investment Fund, an application by a Participating Dealer for the realisation of Units in Application Unit size (or whole multiples thereof) in accordance with the relevant procedures set out in the Trust Deed and the relevant Participation Agreement.

**“Realisation Price”**

means, in respect of a Unit of an Investment Fund, the Realisation price per Unit of a particular class calculated in accordance with the Trust Deed at which Units are from time to time realised.

**“Register”**

the register of Unitholders to be kept pursuant to the Trust Deed.

**“Registrar”**

means, such person as may from time to time be appointed by the Manager to keep the Register.

**“RMB” or “Renminbi”**

means Renminbi Yuan, the lawful currency of the PRC.

**“RQFII”**

means a Renminbi qualified foreign institutional investor approved pursuant to the relevant PRC regulations (as amended from time to time).

**“RQFII Regulations”**

is as defined in Appendix 11 of this Prospectus.

**“SAFE”**

means the State Administration of Foreign Exchange of the PRC.

**“SAT”**

means the State Administration of Taxation of the PRC.

**“Securities”**

has the meaning given to such term in Section 1 of Part I of Schedule 1 of the Securities and Futures Ordinance.

**“SEHK”**

means The Stock Exchange of Hong Kong Limited or its successors.

**“Securities and Futures Ordinance”**

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

**“Service Agent”**

means HK Conversion Agency Services Limited or such other person as may from time to time be appointed to act as service agent in relation to an Investment Fund.

**“Service Agreement”**

means each agreement by which the Service Agent agrees with the Manager and the Trustee to provide its services entered amongst the Trustee, the Manager, the Registrar, the Participating Dealer, the Service Agent and Hong Kong Securities Clearing Company Limited.

**“Settlement Day”**

means the Business Day which is two Business Days after the relevant Dealing Day (or such later Business Day as is permitted in relation to such Dealing Day pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as the Manager and the Trustee may from time to time agree and notify to the relevant Participating Dealers, either generally or for a particular class or classes of Units.

**“Transaction Fee”**

means, in respect of an Investment Fund, the fee which may at the discretion of the Manager be charged to each Participating Dealer under the Trust Deed for the benefit of the Trustee, the maximum level of which shall be determined by the Manager from time to time and set out in the prospectus of the relevant Investment Fund.

**“Trust”**

means the unit trust constituted by the Trust Deed and to be collectively called Horizons Exchange Traded Funds Series (formerly known as Mirae Asset TIGER ETF Series) or such other name as the Trustee and the Manager may from time to time determine.

**“Trust Deed”**

means the trust deed dated 23 December 2010 as amended by supplemental deeds dated 23 December 2011, 5 November 2012, 14 May 2013 and 3 September 2014 respectively, between the Manager and the Trustee, as amended.

**“Trustee”**

means Cititrust Limited or such other person (or persons) who for the time being is duly appointed to be trustee (or trustees) of the Trust.

**“Underlying Index”**

means, in respect of an Investment Fund, the index against which the relevant Investment Fund is benchmarked.

**“Unit”**

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

**“Unitholder”**

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

**“US dollar” or “US\$”**

means the lawful currency for the time being and from time to time of the United States of America.

**“Unqualified Person”**

means:

- (a) a person who by virtue of any law or requirement of any country or governmental authority is not qualified to hold a Unit or who would be in breach of any such law or regulation in acquiring or holding a Unit or if, in the opinion of the Manager, the holding of a Unit by such person might result in the Trust incurring any liability to taxation or suffering a pecuniary disadvantage which the Trust might not otherwise have incurred or suffered, or might result in the Trust, the Manager or the Trustee or any of their Connected Persons being exposed to any liability, penalty or regulatory action; or
- (b) any person if the holding of a Unit by such person might, due to any circumstances whether directly affecting such person and whether relating to such person alone or to any other person in conjunction therewith (whether such persons are connected or not), in the opinion of the Manager, result in the Trust incurring any liability to taxation or suffering a pecuniary disadvantage which the Trust might not otherwise have incurred or suffered, or in the Trust, the Manager or the Trustee or any of their Connected Persons being exposed to any liability, penalty or regulatory action.

**“Valuation Day”**

means each Business Day on which the Net Asset Value of an Investment Fund and the Net Asset Value of a Unit falls to be calculated and, subject as provided below, in relation to each Dealing Day of any class or classes of Unit means either such Dealing Day or such Business Day succeeding such Dealing Day, as the Manager may from time to time determine in its absolute discretion (and until otherwise determined the Valuation Day in relation to each Dealing Day shall be such Dealing Day) provided that not less than one calendar month’s prior notice shall have been given to the Unitholders of the relevant class or classes of Units before any change in the Manager’s determination shall become effective Provided Always that:

- (a) if in the opinion of the Manager it would for whatsoever reason it may in its absolute discretion thinks fit (including without prejudice to the generality of the foregoing any change in local, national, international, economic, political, financial or market conditions) be desirable in the interests of the Unitholders of any class or classes so to determine, the Manager may determine that the Valuation Day shall fall on another day;
- (b) a determination under the provision (a) above shall be evidenced in writing and shall be at the absolute discretion of the Manager who will give notice of the determination to the Trustee. Such determination shall take effect notwithstanding that the Manager may have published or given notice of a valuation as calculated on the original Valuation Day in relation to such Dealing Day; and
- (c) where there is more than one class of Units in issue relating to an Investment Fund, the Valuation Day in respect of each such class shall be the same.

**“Valuation Point”**

in respect of an Investment Fund, the official closing of trading on: (i) the securities market on which the Index Securities, or the Securities to which the Index Securities are linked, are listed; or (ii) the commodities market on which any commodities held by an Investment Fund (if any) are traded, on each Valuation Day, and in case there are more than one (1) such securities or commodities markets, the official close of trading on the last relevant securities or commodities market to close, or such other time or times as determined by the Trustee and the Manager from time to time provided that there shall always be a Valuation Point on each Valuation Day other than where there is a suspension of determination of the Net Asset Value of the relevant Investment Fund pursuant to the provisions of the Trust Deed.

# Part 1 – General Information Relating to the Trust

This Prospectus provides the information you need to make an informed decision about investing in an Investment Fund. It contains important facts about the Trust as a whole and

each Investment Fund. Part 1 of this Prospectus includes general information concerning the Trust and its Investment Funds. Part 2 of this Prospectus includes specific information relevant to each Investment Fund.

## The Trust

This Prospectus relates to the Trust, under which each Investment Fund is an exchange traded fund managed by the Manager and authorized as a collective investment scheme by the Commission under Chapter 8.6 and Appendix I of the Code. The Commission's authorisation is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. The Trust is an umbrella unit trust constituted by way of a trust deed dated 23 December 2010 as amended by supplemental deeds dated 23 December 2011, 5 November 2012, 14 May 2013 and 3 September 2014 respectively, between Mirae Asset Global Investments (Hong Kong) Limited as Manager and Cititrust Limited as Trustee. The terms of the Trust Deed is governed by the laws of Hong Kong.

The Trust may issue different classes of Units and the Trustee shall establish a separate pool of assets within the Trust (each such separate pool of assets an "Investment Fund") for each class of Units. The assets of an Investment Fund will be invested and administered separately from the other assets of the Trust. The Manager reserves the right to establish other Investment Funds and to issue further classes of Units in the future. Where indicated in the relevant Appendix, Units in an Investment Fund may be available for trading on the SEHK using a Dual Counter.

This Prospectus relates to the following Investment Funds:

1. Horizons KOSPI 200 ETF (formerly known as Mirae Asset TIGER KOSPI 200 ETF);
2. Horizons S&P Emerging Asia Consumer ETF (formerly known as Mirae Asset TIGER S&P Emerging Asia Consumer ETF);
3. Horizons S&P Global Consumer Brands ETF (formerly known as Mirae Asset TIGER S&P Global Consumer Brands ETF);
4. Horizons S&P Asia ex JANZ Financials ETF (formerly known as Mirae Asset TIGER S&P Asia ex JANZ Financials ETF);
5. Horizons S&P Asia ex JANZ IT ETF (formerly known as Mirae Asset TIGER S&P Asia ex JANZ IT ETF);
6. Horizons S&P Asia ex JANZ Industrials ETF (formerly known as Mirae Asset TIGER S&P Asia ex JANZ Industrials ETF);
7. Horizons S&P Asia ex JANZ Energy ETF (formerly known as Mirae Asset TIGER S&P Asia ex JANZ Energy ETF);
8. Horizons S&P Asia ex JANZ Materials ETF (formerly known as Mirae Asset TIGER S&P Asia ex JANZ Materials ETF);
9. Horizons MSCI China ETF;
10. Horizons Hang Seng High Dividend Yield ETF; and
11. Horizons CSI 300 ETF.

## Management and Administration

### Manager

The Manager of the Trust is Mirae Asset Global Investments (Hong Kong) Limited, a company incorporated in 2003 under the laws of Hong Kong and licensed by the Commission to carry on Types 1 (dealing in securities), 4 (advising on securities) and 9 (asset management) regulated activities

in Hong Kong under the Securities and Futures Ordinance. The Manager is part of the Mirae Asset Global Investments Group, which was the first to open up the mutual fund market in Korea in 1998. Currently, Mirae Asset Global Investments Group has a presence in Hong Kong (as its global headquarter), Australia, Brazil, Canada, China, India, Taiwan, United Kingdom, USA and Vietnam in addition to its

home office in Korea. The Mirae Asset Global Investments Group includes one of the largest team of investment professionals globally dedicated to asset management in Asia and other emerging markets.

The Manager may appoint additional sub-managers or investment advisers in relation to specific Investment Funds. The Manager shall be responsible for paying the fees of any additional sub-managers or investment advisers appointed by the Manager.

### **Directors of the Manager**

The directors of the Manager are as follows:

#### *Park, Hyeon Joo*

Mr. Hyeon Joo Park is the founder and Chairman of Mirae Asset Financial Group (the "Group"), one of the leading independent financial services groups in Asia. He had the vision to establish the Group in 1997 amidst the Asian Financial crisis and was the first to launch retail mutual funds in South Korea in 1998. Mirae Asset Global Investments Group ("Mirae Asset"), the asset management arm of the Group, is one of the market leaders in the Korean mutual fund industry today, and Chairman Park has built Mirae Asset into one of the largest investors in emerging market equities.

Mr. Park has a Bachelor of Business Administration degree from Korea University and attended the Advanced Management Program at Harvard Business School in 2002. Numerous awards and honors have been bestowed on Chairman Park such as "Best Entrepreneur in 2013" by Luxman Magazine of Maeil Economic Daily; "Best Financial Investor in 2011" by the Korea Financial Investment Association; "Master Entrepreneur of the Year in 2009" by Ernst & Young; "The Most Respectable CEO in 2008" by Korea Management Association; and "The Leading CEO in Korean Financial Industry in 2008" by Maeil Economic Daily.

#### *Rhee, Jung Ho*

Mr. Jung Ho Rhee is the Chief Executive Officer of Mirae Asset Global Investments (Hong Kong) Limited, overseeing the investment and business development strategies of the firm. Prior to his current role as CEO, Mr Rhee served as a Senior Executive Director of Mirae Asset Global Investments (Hong Kong) Limited and headed Global Asset Allocation for Mirae Asset. Previously, he worked at Mirae Asset Securities (HK) Limited initially as Managing Director of Global Research and later as the Chief Financial Officer.

Before relocating to Hong Kong, Mr Rhee worked at Mirae Asset Securities Co., Ltd in Seoul as Head of Investment Strategy and later as Head of Asia Pacific Research. Before that, Mr Rhee worked as a Korea Market Strategist for Daewoo Securities Co., Ltd. He earned his Master of Economics from the University of Hong Kong and his Bachelor of Economics from Yonsei University in Seoul. He is also a CFA charterholder.

#### *Cho, Wan Youn*

Mr. Wan Youn Cho is the Chief Operating Officer and Head of ETF Division for Mirae Asset Global Investments (Hong Kong) Limited, and is responsible for the entire Operations Unit. He also leads the Horizons Exchange Traded Funds business in Hong Kong and oversees the firm's business strategic functions, and is a key contributor to the development of Mirae Asset Group corporate systematic processes. Wan Youn is a board member of Mirae Asset Global Discovery Fund. Prior to joining the Hong Kong office, Wan Youn worked at Mirae Asset Global Investments (India) Pvt. Ltd. where he helped set up branch offices across the nation as well as oversaw its overall strategic business plan, group coordination and budget controls as Chief Financial Officer. He has also worked for Mirae Asset Securities Co., Ltd in Seoul, where he was responsible for the Trust Investment, Wrap Account and Strategy Planning divisions. Before joining Mirae Asset, Wan Youn worked in the Wealth Management and Product Development divisions of Samsung Securities Co, Ltd. Wan Youn has a Bachelor of Business Administration degree from Sogang University in South Korea.

#### *Kim, Byung Ha*

Mr. Byung Ha Kim is the Co-Chief Investment Officer of Mirae Asset Global Investments (Hong Kong) Limited. Apart from his general duties in co-managing the entire Investment Unit at the Hong Kong office, he is a key member of the Investment Committee and helps in formulating and enhancing the Mirae Asset's investment policies and processes. Byung Ha oversees the Greater China market and is responsible for managing several of Mirae Asset's flagship China equity portfolios. He has over 15 years of experience in capital markets and fund management from his career based in South Korea and Hong Kong. He began his professional career as an analyst and managed Korean funds as a portfolio manager, also having served as a strategist for an in-house research entity for 2 years. Byung Ha graduated with a Bachelor of Business Administration degree from Seoul National University.

### **Listing Agent**

KGI Capital Asia Limited has been appointed by the Manager as the Listing Agent for Horizons CSI 300 ETF. The Listing Agent is licensed by the Commission to carry on Types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) regulated activities in Hong Kong under the Securities and Futures Ordinance.

### **Trustee**

The Trustee of the Trust is Cititrust Limited, which is a registered trust company in Hong Kong. Cititrust Limited is a wholly-owned subsidiary of Citigroup Inc. ("Citigroup"). As a global financial services group, Citigroup and its subsidiaries provide a broad range of financial products and services, including consumer banking, corporate and investment banking, securities brokerage and wealth management to consumers, corporations, governments and institutions.

Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Trust, and such assets will be dealt with as the Trustee may think proper for this purpose. The Trustee may, from time to time and as the Trustee thinks fit, appoint (or, in the case of the PRC Custodian, agree in writing to the appointment by the Manager and the Trustee of) such person or persons as it thinks fit (including a Connected Person) to hold, as custodian, nominee, agent or delegate, the whole or any part of the assets of an Investment Fund and may empower any such person to appoint, with the prior consent in writing of the Trustee, co-custodians, sub-custodians and/or delegates (each such custodian, nominee, agent, co-custodian, sub-custodian and delegate a "Correspondent"). The Trustee is required to (a) exercise reasonable care and diligence in the selection, appointment and ongoing monitoring of the Correspondents and (b) be satisfied that Correspondents retained remain suitably qualified and competent to provide the relevant services to the Investment Fund, having regard to the market or markets for which such Correspondent is appointed. The Trustee shall be responsible for the acts and omissions of any Correspondent which is a Connected Person of the Trustee as if the same were the acts or omissions of the Trustee. Provided that the Trustee has discharged its obligations set out in (a) and (b) as set out in this paragraph, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent which is not a Connected Person of the Trustee. For the purpose of the foregoing "Correspondent" shall include the PRC Custodian. The Trustee has appointed Citibank, N.A. and Citibank, N.A., Hong Kong Branch as the Custodian and the Administrator of the Trust respectively.

The PRC Custodian is not a Connected Person of the Trustee. Where agreed by the Trustee and the Manager, the fees and expenses of any Correspondent shall be paid out of the assets of the relevant Investment Fund. The Manager and the Trustee will take reasonable care to ensure that such fees are reasonable and aligned with prevailing market rates as and when such appointment is necessary.

In respect of an Investment Fund which is authorized by the Commission, the Trustee will take reasonable care to ensure that any reporting requirements (including the preparation of an annual report) in relation to each Investment Fund or any conditions under which an Investment Fund is authorized by the Commission, will be duly complied with.

The Trustee will also take reasonable care to ensure that in respect of each Investment Fund (which is authorized by the Commission): (a) the issue, realisation and cancellation of units are carried out in accordance with the provisions of the Trust Deed; (b) the methods adopted by the Manager in calculating the value of Units are adequate to ensure that the Issue Price and Realisation Price are calculated in accordance with the provisions of the Trust Deed; (c) the instructions of the Manager in respect of investments are carried out unless they are in conflict with the provisions of the Trust Deed or the Code; (d) the investment and borrowing limitations set out in the Trust Deed are complied with; and (e) such other relevant and applicable obligations, functions and duties imposed on the Trustee by all applicable law and regulations are complied with.

In respect of an Investment Fund which invests directly into the PRC's securities markets pursuant to the RQFII regime, the Trustee has put in place proper arrangements to ensure that:

- (a) the Trustee takes into its custody or under its control the assets of the Investment Fund, including onshore PRC assets which will be maintained by the PRC Custodian in electronic form via securities account(s) with the CSDCC and any assets deposited in cash account(s) with the PRC Custodian ("Onshore PRC Assets"), and holds the same in trust for the relevant Unitholders;
- (b) cash and registrable assets of the Investment Fund, including Onshore PRC Assets, are registered in the name of or to the order of the Trustee; and
- (c) the PRC Custodian will look to the Trustee for instructions and solely act in accordance with the Trustee's instructions as provided under the PRC Participation Agreement.

The Trustee will remain as the trustee of the Trust until the Trustee retires or is removed. The circumstances under which the Trustee may retire or be removed are set out in the Trust Deed. Any change in the Trustee is subject to the Commission's prior approval if any Investment Fund is authorised pursuant to section 104 of the Securities and Future Ordinance, and the Trustee will remain as the trustee of the Trust until a new trustee is appointed in accordance with the provisions set out in the Trust Deed. Unitholders will be duly notified of any such changes in accordance with the requirements prescribed by the Commission. For the avoidance of doubt, the Trustee shall only retire upon the appointment of a new Trustee and subject to the prior approval of the Commission.

The Trustee is not responsible for the preparation of this Prospectus and therefore accepts no responsibility for the information contained in it, other than information relating specifically to the Trustee and its affiliates.

### **Registrar**

Computershare Hong Kong Investor Services Limited acts as the registrar of each Investment Fund under the terms of the Trust Deed. The registrar provides services in respect of the establishment and maintenance of the Register of the Unitholders of the Investment Funds.

### **Custodian**

The Trustee has appointed Citibank, N.A. as the Custodian of the Trust.

The Custodian has been a provider of custodial and settlement services to domestic and international clients since its establishment in the United States of America in 1814. The Custodian's global custodial network covers all mature and major emerging markets. The Custodian began offering securities services in Hong Kong in the mid-1970s and developed a full-blown capability by the mid 1980s.

### **The PRC Custodian**

In respect of each Investment Fund which invests directly in A-Shares, the Industrial and Commercial Bank of China Limited ("ICBC") has been appointed by the Manager to act as the PRC Custodian under the PRC Custody Agreement with the agreement in writing of the Trustee. The PRC Custodian will be responsible for the safe custody of the assets managed by the Manager in connection with its RQFII quota within the PRC under the RQFII scheme in accordance with the PRC Custody Agreement and the PRC Participation Agreement.

ICBC, formerly known as Industrial and Commercial Bank of China, was established on 1 January 1984. On 28 October 2005, ICBC was wholly restructured to a joint-stock limited company. On 27 October 2006, ICBC was listed on both Shanghai Stock Exchange and the SEHK. ICBC has its presence in six continents, and its overseas network has expanded to 39 countries and regions.

### **Market Makers**

A market maker is a broker or a dealer permitted by the SEHK to act as such by making a market for the Units in the secondary market on the SEHK. A market maker's obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for Units on the SEHK. Market makers accordingly facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required in accordance with the market making requirements of the SEHK.

Subject to applicable regulatory requirements, the Manager intends to ensure that there is at least one market maker for each Investment Fund and, for each Investment Fund with a Dual Counter, one market maker for Units traded in HKD and one market maker for Units traded in RMB, to facilitate efficient trading. If the SEHK withdraws its permit to the existing market maker(s), the Manager will endeavour to ensure that there is at least one other market maker to facilitate the efficient trading of Units of the Investment Fund, or for an Investment Fund with a Dual Counter, the Manager will endeavour to ensure that there is at least one other market maker to facilitate the efficient trading of Units in each counter (which may be the same market maker) to facilitate the efficient trading of Units in RMB and in HKD. The Manager will also seek to ensure that at least one market maker (or for an Investment Fund with a Dual Counter, at least one market maker per counter) gives not less than 3 months notice prior to terminating market making under the relevant market making agreement. The list of market makers in respect of each Investment Fund from time to time will be displayed on [www.hkex.com.hk](http://www.hkex.com.hk).

### **Participating Dealers**

The role of the Participating Dealers is to apply to create and realise Units in the Investment Fund from time to time. Under the terms of each Participation Agreement, the Participating Dealer may only apply to create Units on the presentation of (a) a Basket by it comprising Index Securities constituting the Underlying Index or (b) a cash payment equivalent to the relevant Application Basket Value.

The Manager has the right to appoint the Participating Dealers for each Investment Fund. The criteria for the eligibility and selection of Participating Dealers by the Manager is as follows: (i) the Participating Dealer must be licensed for at least Type 1 regulated activity in Hong Kong under the Securities and Futures Ordinance with a business presence in Hong Kong; (ii) the Participating Dealer must undertake to buy and sell Units as envisaged by this Prospectus on an ongoing basis; and (iii) the Participating Dealer must be acceptable to the Trustee.

The Participating Dealers for each Investment Fund as of the date of this Prospectus are as set out in Part 2 of this Prospectus relating to the relevant Investment Fund.

The Manager will use its reasonable endeavours to appoint additional Participating Dealers. In the event that additional Participating Dealers are appointed, the Manager will notify Unitholders by way of an announcement. The list of Participating Dealers is also available on [www.horizonsetfs.com.hk/en/horizons\\_etf/products/overview.jsp](http://www.horizonsetfs.com.hk/en/horizons_etf/products/overview.jsp). The Participating Dealers are not responsible for the preparation of this Prospectus and shall not be held liable to any person for any information disclosed in this Prospectus.

### **Service Agent**

HK Conversion Agency Services Limited will act as Service Agent under the terms of the Service Agreement entered into among the Manager, the Trustee, HK Conversion Agency Services Limited, HKSCC, the Registrar and the relevant Participating Dealer. The Service Agent will perform, through HKSCC, certain of its services in connection with the creation and realisation of Units in the Investment Funds by the Participating Dealers.

### **Auditors**

The auditors of the Investment Funds is Ernst & Young.

## **Investment Objectives and Policies**

The investment objective of each Investment Fund (more specifically described in Part 2 of this Prospectus) is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Underlying Index relevant to the Investment Fund by investing all, or substantially all, of the assets of such Investment Fund in Index Securities in substantially the same weightings as constituted in the Underlying Index.

For the avoidance of doubt, none of the Investment Funds will invest in derivative instruments (including structured products or instruments) for tracking the performance of the Underlying Index.

However, certain Investment Funds may adopt other strategies and invest in non-constituent shares or deviate from the weightings of the constituent shares. Investment Funds may deviate from their investment strategies in limited circumstances, please refer to the section headed, "Investment and Allocation of Assets" for further details.

An Underlying Index is a group of Index Securities which an Index Provider selects as representative of a market, market segment or specific industry sector. The Index Provider determines the relative weightings of the Index Securities in the index and publishes information regarding the market value of the Underlying Index.

There is no assurance that an Investment Fund will achieve its investment objective.

### **Investment Policies**

#### *Indexing Investment Approach*

Investment Funds are passively managed and do not require the Manager to actively buy and sell Securities based on the Manager's judgment derived from research, analysis or otherwise. Unlike a more "traditional" actively managed investment fund the Investment Funds do not attempt to outperform the market, the relevant Underlying Indices or



some other benchmarks. Instead, the passive indexing investment approach of the Manager aims to deliver an investment performance which closely corresponds, before the deduction of fees and expenses, to the performance of the relevant Underlying Index.

The passive indexing approach of the Manager will involve the use of either a replication strategy and/or a representative sampling strategy as described below. The use of a passive indexing investment approach may reduce some of the risks of active management, such as poor investment decisions, but may potentially involve other risks. An indexing investment approach may also help increase after-cost performance by keeping portfolio turnover low in comparison to actively managed investment funds.

The Trust is designed for investors who want a relatively inexpensive passive approach to investing in a (generally diversified) portfolio that is based on the relevant Underlying Index. In some cases, the relevant Investment Fund may also invest in certain Index Securities that may be difficult to purchase or hold, or may otherwise be unavailable to retail investors.

The Trust offers investors a convenient way to obtain index-based exposure to the relevant Underlying Index. However, movements in the prices of Units may be volatile. Therefore, if you purchase Units, you should be able to tolerate sudden, or even drastic, changes in the value of your investment. The Manager cannot assure that any Investment Fund will achieve its investment objective.

The Manager generally seeks to achieve the objective of each Investment Fund primarily by investing in Index Securities comprised in the relevant Underlying Index. Each Investment Fund operates as an index fund and will not be actively managed; as such, adverse performance of an Index Security from an Investment Fund's portfolio will ordinarily not result in the elimination of the Index Security from an Investment Fund's portfolio. An Investment Fund may not invest in all of the Index Securities of its Underlying Index. Some Investment Funds may, if in the Manager's opinion it is in the interest of such Investment Fund and will assist such Investment Fund to achieve its investment objectives, even invest in Securities that are not in their Underlying Indices (subject to the applicable investment restrictions). Investment Funds may deviate from their investment strategies in limited circumstances, please refer to the section headed, "Investment and Allocation of Assets" for further details.

#### *Replication Strategy*

Where an index-tracking fund adopts the replication strategy as its indexing strategy, it will invest in all the Index Securities constituting the Underlying Index in substantially the same weightings (i.e. proportions) as these Index Securities have in the Underlying Index. When an Index Security ceases to be a constituent of the Underlying Index, rebalancing occurs which involves, inter alia, selling the outgoing Security and using the proceeds to invest in the incoming Security.

#### *Representative Sampling Strategy*

Where an index-tracking fund adopts the representative sampling strategy as its indexing strategy, it will invest in a representative sample of the Index Securities of the Underlying Index selected by the Manager using quantitative analytical models in a technique known as "portfolio optimisation", under which each Index Security is considered for inclusion in the index-tracking fund based on its capitalisation, industry and/or fundamental investment characteristics. Under the representative sampling strategy, an Investment Fund may not, at a given time, hold all of the Index Securities constituting the relevant Underlying Index and may overweight the holding of certain Index Securities relative to such Index Securities' weightings in the relevant Underlying Index on the condition that the maximum extra weighting in any Index Security will not exceed 3% under normal circumstances or such other percentages as determined by the Manager after consultation with the Commission. The Manager seeks to construct the portfolio of the index-tracking fund so that, its overall capitalisation, industry and fundamental investment characteristics are like those of the Underlying Index.

Over time, the Manager may alter (or "rebalance") the portfolio composition of an index-tracking fund to reflect changes in the characteristics of its Underlying Index or to bring the performance and characteristics of an index-tracking fund more in line with that of its Underlying Index. The Manager may review each index-tracking fund regularly and may adjust the relevant Investment Fund's portfolio to conform to changes in the composition of the Underlying Index.

These rebalancings will require an index-tracking fund to incur transaction costs and other expenses.

### *Switching between the Strategies*

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

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

### **Investment and Allocation of Assets**

Each Investment Fund has a policy to remain as fully invested as practicable. Each Investment Fund will normally have at least 95% of its total assets invested in Index Securities comprised in the Underlying Index, based on

either the replication strategy or the representative sampling strategy described above, except, in limited circumstances, to help meet Realisation Applications.

To manage corporate actions and index changes in smaller markets, some Investment Funds will at all times have at least 80% of their total assets invested in Index Securities comprised in the Underlying Index, based on either the representative sampling strategy or the replication strategy, and at least half of the remaining 20% of their total assets invested in such Index Securities or in Securities included in the relevant market, but not in the relevant Underlying Index.

The Manager may invest an Investment Fund's remaining assets in money market instruments or funds that invest exclusively in money market instruments, in stocks that are in the relevant market but not the Investment Fund's Underlying Index that are intended to help an Investment Fund achieve its investment objective.

### **Future Developments**

The Manager may, in the future, invest an Investment Fund in securities contracts and investments other than those listed herein, provided they are consistent with the Investment Fund's investment objective and do not violate any investment restrictions or policies. Any change in investment objective and policy of an Investment Fund is subject to prior approval of the Commission and not less than one month's prior notice (or such other notice period as agreed with the Commission) will be given to Unitholders.

## Risk Factors

Investments involve risks. Each Investment Fund is subject to market fluctuations and to the risks inherent in all investments. The price of Units of each Investment Fund and the income from them may go down as well as up and an investor may not get back part or all of the entire amount they invest.

The performance of each Investment Fund will be affected by a number of risk factors, including those set out below. Some or all of the risk factors may adversely affect an Investment Fund's Net Asset Value, yield, total return and/or its ability to achieve its investment objective. There is no assurance that an Investment Fund will achieve its investment objective. Investors should carefully consider the risks of investing in an Investment Fund in light of their

financial circumstances, knowledge, experience and other circumstances, and should seek independent professional advice as appropriate. Additional risks associated with the relevant Investment Fund are further discussed in Part 2 of this Prospectus relating to the relevant Investment Fund.

### **Principal Risk Factors Common to All Investment Funds**

**General risks involved in investing in an Investment Fund.** An investment in Units of an Investment Fund also involves risks similar to those of investing in a broad-based portfolio of equity securities traded on exchanges in the relevant overseas securities market, including market fluctuations caused by factors such as economic

and political developments, changes in interest rates and perceived trends in stock prices. The principal risk factors, which could decrease the value of your investment, are listed and described below:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the expatriation of funds or other assets of an Investment Fund;
- higher transaction and custody costs and delays and risks of loss attendant in settlement procedures;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation; and
- greater social, economic, and political uncertainty and the risk of nationalization or expropriation of assets and risk of war or terrorism.

**Investment risk.** The Investment Funds are not principal guaranteed and the purchase of their Units is not the same as investing directly in the Index Securities comprised in the Underlying Index.

**Operating risk.** There is no assurance that the performance of each Investment Fund will be identical to the performance of the respective Underlying Index. The level of fees and expenses payable by the Investment Funds will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the Investment Funds can be estimated, the growth rate of the Investment Funds, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the Investment Funds or the actual level of their expenses. Under the terms of the Trust Deed and as

summarised under the section headed “Termination of the Trust or an Investment Fund” of Part 1 of this Prospectus, the Manager may terminate any Investment Fund. On the termination of an Investment Fund, the Investment Fund will be liquidated and investors will receive distributions of cash although the Manager has the power to decide to make distributions in specie.

**Market Risk.** Market risk includes such factors as changes in economic environment, consumption pattern, lack of publicly available information of investments and their issuers and investors’ expectations, etc. which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Any options, warrants and derivatives in an Investment Fund may also expose the Investment Fund significantly to the fluctuations in the market. Market movements may therefore result in substantial fluctuations in the Net Asset Value per unit of the Investment Fund. The price of Units and the income from them may go down as well as up.

**Asset Class Risk.** Although the Manager is responsible for the continuous supervision of the investment portfolio of each Investment Fund, the returns from the types of Securities in which an Investment Fund invests may underperform returns from other securities markets or from investment in other assets. Different types of Securities tend to go through cycles of out-performance and underperformance when compared with other general securities markets.

**Tracking Error Risk.** An Investment Fund’s returns may deviate from the Underlying Index due to a number of factors. For example, the fees and expenses of an Investment Fund, liquidity of the market, imperfect correlation of returns between an Investment Fund’s assets and the Securities constituting its Underlying Index, rounding of share prices, foreign exchange costs, changes to the Underlying Indices and regulatory policies may affect the Manager’s ability to achieve close correlation with the Underlying Index of each Investment Fund. Further, an Investment Fund may receive income (such as interests and dividends) from its assets while the Underlying Index does not have such sources of income. There is no guarantee or assurance of exact or identical replication at any time of the performance of the relevant Underlying Index, nor is there any guarantee or assurance that the use of representative sampling strategy would help avoid the tracking error and each Investment Fund’s returns may therefore deviate from its Underlying Index.

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

**Concentration Risk.** If the Underlying Index of an Investment Fund is concentrated in a particular stock or group of stocks of a particular industry or group of industries, that Investment Fund may be adversely affected by or depend heavily on the performance of those stocks and be subject to price volatility. In addition, the Manager may invest a significant percentage or all of the assets of an Investment Fund in a single stock, group of stocks, industry or group of industries, and the performance of the Investment Fund could be closely tied to that stock, group of stocks, industry or group of industries and could be more volatile than the performance of other more diversified funds, and be more susceptible to any single economic, market, political or regulatory occurrence.

**Single Country Risk.** The investments of an Investment Fund which invest in a single country, are not as diversified as regional funds or global funds. This means that such Investment Funds tend to be more volatile than other mutual funds and its portfolio value can be exposed to country specific risks.

**Futures Options and Other Derivatives.** A derivative is a financial contract the value of which depends on, or is derived from, the value of an underlying asset such as a security or an index. Each Investment Fund may invest in stock index future contracts and other derivatives unless otherwise stated. Compared to conventional securities, derivatives can be more sensitive to changes in interest rates or to sudden fluctuations in market prices due to both the low margin deposits required, and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a futures contract may result in immediate and substantial loss (or gain) to the Investment Fund. Thus an Investment Fund's losses may be greater if it invests in derivatives than if it invests only in conventional securities.

**Foreign Exchange Risk.** If an Investment Fund's assets are generally invested in non-Hong Kong Securities, and if a substantial portion of the revenue and income of an Investment Fund is received in a currency other than Hong Kong dollars, any fluctuation in the exchange rate of the Hong Kong dollar relative to the relevant foreign currency will affect the Net Asset Value of an Investment Fund denominated in the Hong Kong dollar regardless of

the performance of its underlying portfolio. If the relevant Investment Fund's Net Asset Value is determined on the basis of the Hong Kong dollar, you may lose money if you invest in any Investment Fund if the local currency of a foreign market depreciates against the Hong Kong dollar, even if the local currency value of an Investment Fund's holdings goes up.

**Emerging Market Risk.** Some overseas markets in which Investment Funds may invest are considered to be emerging market countries. Investment in these countries subjects an Investment Fund to a greater risk of loss than investments in a developed country. This is due to, among other things, greater market volatility, lower trading volume, political, social and economic instability, the risk of nationalization or expropriation of assets, settlement risk including higher transaction and custody costs and delays and risks of loss attendant in settlement procedures, unsophisticated laws, regulations and legal system which may affect the enforceability of the underlying investments, greater risk of market shut down and more governmental limitations on foreign investment than those typically found in a developed market.

**Foreign Security Risk.** An Investment Fund may invest entirely within or may relate to the equity markets of a single country or region. These markets may be subject to special risks associated with foreign investment including market fluctuations caused by factors affected by political and economic development. Investing in the Securities of non-Hong Kong companies involves special risks and considerations not typically associated with investing in Hong Kong companies. These include differences in accounting, disclosure, auditing and financial reporting standards, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations, the imposition of restrictions on the expatriation of funds or other assets of an Investment Fund, political instability which could affect local investments in foreign countries, and potential restrictions on the flow of international capital. Non-Hong Kong companies may be subject to less governmental regulation than Hong Kong companies. Moreover, individual foreign economies may differ favourably or unfavourably from the Hong Kong economy in such respects as growth of gross domestic product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payment positions.

**Trading Risk.** While the creation/realisation feature of the Trust is designed to make it more likely that Units will trade close to their Net Asset Value, disruptions to creations and realisations (for example, as a result of imposition of capital

controls by a foreign government) may result in trading prices that differ significantly from Net Asset Value. Also, there can be no assurance that an active trading market will exist or maintain for Units of an Investment Fund on any securities exchange on which Units may trade.

The Net Asset Value of Units of an Investment Fund will also fluctuate with changes in the market value of an Investment Fund's holdings of Securities and changes in the exchange rate between the Hong Kong dollar and the subject foreign currency. The market prices of Units will fluctuate in accordance with changes in Net Asset Value and supply and demand on any exchange on which Units are listed. The Manager cannot predict whether Units will trade below, at or above their Net Asset Value. Price differences may be due, in large part, to the fact that supply and demand forces in the secondary trading market for Units will be closely related, but not identical, to the same forces influencing the prices of the Index Securities trading individually or in the aggregate at any point in time. Given, however, that Units must be created and realised in Application Unit aggregations (unlike shares of many closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their Net Asset Value), the Manager believes that ordinarily large discounts or premiums to the Net Asset Value of Units should not be sustained. In the event that the Manager suspends creations and/or realisations of Units of an Investment Fund, the Manager expects larger discounts or premiums.

There is no certain basis for predicting the sizes in which the Units in the Investment Fund may trade. There can be no assurance that the Units in the Investment Fund will experience trading or pricing patterns similar to those of other exchange traded funds which are issued by investment companies in other jurisdictions or are traded on the SEHK.

**Foreign Exchange Transaction Risk.** Foreign exchange transactions involve a significant degree of risk and the markets in which foreign exchange transactions are effected are highly volatile, highly specialised and highly technical. Significant changes, including changes in liquidity, may occur in such markets within very short periods of time, often within minutes.

Foreign exchange transaction risks include, but are not limited to:

- exchange rate risk;

- maturity gaps (i.e., the potential changes in value to underlying investments that are affected by exchange rate fluctuations over a relevant period of time);
- interest rate risk; and
- potential interference by government intervention through regulation of local exchange markets, foreign investment or particular transactions in foreign currency.

If the Manager utilises foreign exchange transactions at an inappropriate time or judges market conditions, trends or correlations incorrectly, foreign exchange transactions may not serve their intended purpose of improving the correlation of an Investment Fund's return with the performance of the Underlying Index and may lower the Investment Fund's return. The Investment Fund may experience losses if the values of its currency forwards and futures positions were poorly correlated with its other investments or if it could not close out its positions because of an illiquid market. In addition, each Investment Fund may incur transaction costs, including trading commissions, in connection with certain of its foreign exchange transactions.

**Liquidity Risk.** The price at which Securities may be purchased or sold by an Investment Fund upon any rebalancing activities or otherwise and the value of the Units will be adversely affected if trading markets for the Investment Fund's portfolio securities are limited, inefficient or absent or if bid-offer spreads are wide.

**Passive Investments.** The Investment Funds are not actively managed. Each Investment Fund invests in the Securities included in or reflecting its Underlying Index regardless of their investment merit. The Manager does not attempt to select stocks individually or to take defensive positions in declining markets. Accordingly, the lack of discretion to adapt to market changes due to the inherent investment nature of each Investment Fund means that falls in the related Underlying Index are expected to result in a corresponding fall in the value of the relevant Investment Fund.

**Management Risk.** Because an Investment Fund may not fully replicate its Underlying Index and may hold non-index Securities, it is subject to management risk. This is the risk that the Manager's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. In addition, in the interest of the Investment Fund, the Manager has absolute discretion to exercise shareholders' rights with respect to Securities comprising

the Investment Fund. There can be no guarantee that the exercise of such discretion will result in the investment objective of the Investment Fund being achieved. Investors should also note that in certain cases, none of the Manager, the Investment Fund or the Unitholders has any voting rights with respect to Securities comprising the Investment Fund.

**Restrictions on creation and realisation of Units.**

Investors should note that an Investment Fund is not like a typical retail investment fund offered to the public in Hong Kong (for which units can generally be purchased and realised directly from the manager). Units of the Investment Fund may only be created and realised in Application Unit sizes directly by Participating Dealers from the Manager and may not be created or realised directly by other investors from the Manager. Such other investors may only make a request (and if such investor is a retail investor, through a stockbroker which has opened an account with a Participating Dealer) to create or realise Units in Application Unit sizes through a Participating Dealer which reserves the right to refuse to accept a request from an investor to create or realise Units under certain circumstances. Alternatively, investors may realize the value of their Units by selling their Units through an intermediary such as a stockbroker on the SEHK, although there is a risk that dealings on the SEHK may be suspended. Please refer the sections Rejection of Creation of Units and Realisation of Units for details in relation to the circumstances under which creation and realisation applications can be rejected.

**Units may trade at prices other than NAV.** The Net Asset Value (“NAV”) of an Investment Fund represents the fair price for buying or selling Units. As with any listed fund, the market price of Units may sometimes trade above or below this NAV. There is a risk, therefore, that Unitholders may not be able to buy or sell at a price close to this NAV. The deviation from NAV is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for Index Securities or the index futures (as the case may be). The “bid/ask” spread (being the difference between the prices being bid by potential purchasers and the prices being asked by potential sellers) is another source of deviation from NAV. The bid/ask spread can widen during periods of market volatility or market uncertainty, thereby increasing the deviation from NAV. Investors should also note that the fact that you purchase the Units from the secondary market with premium does not mean that you are guaranteed of the return of the premium you pay. In the event that you are unable to get back the premium you pay, you will suffer loss when selling the Units.

**Accounting Standards and Disclosure.** The accounting, auditing and financial reporting standards in the countries that the portfolios of the Investment Funds may be exposed to may be different from international requirements, and investors should take this in account when making investment decisions.

**Risk of Withdrawal of Authorization.** Each Investment Fund seeks to provide investment results that closely correspond with the performance of the relevant Underlying Index. Each Investment Fund has been authorized as a collective investment scheme under the Code by the Commission pursuant to section 104 of the Securities and Futures Ordinance. However, the Commission reserves the right to withdraw the authorization of the Investment Fund, for example, if the Commission considers the relevant Underlying Index is no longer considered acceptable to the Commission.

**Risk of Early Termination.** Under the terms of the Trust Deed and as summarised under the section headed “Termination of the Trust or an Investment Fund” of this Prospectus, the Manager may terminate the Trust or an Investment Fund under certain circumstances.

In the event of the early termination of an Investment Fund, the Investment Fund would have to distribute to the Unitholders their pro rata interest in the assets of the Investment Fund in accordance with the Trust Deed. It is possible that at the time of such sale or distribution, certain investments held by the Investment Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the Unitholders. Moreover, any organisational expenses with regard to the Investment Fund that had not yet become fully amortised would be debited against Investment Fund’s net assets at that time. Any amount distributed to the Unitholders may be more or less than the capital invested by the Unitholders.

**Risk relating to Listing.** The SEHK imposes certain requirements for the continued listing of Securities, including the Units, on the SEHK. Investors cannot be assured that the Investment Funds will continue to meet the requirements necessary to maintain the listing of Units on the SEHK or that the SEHK will not change the listing requirements. If the Units are delisted from the SEHK, the Manager may, in consultation with the Trustee, seek the Commission’s prior approval to operate the Investment Fund as an unlisted Investment Fund (subject to any necessary amendments to the rules of the Investment Fund) or terminate the Investment Fund and will notify investors accordingly.

**Risk of suspension of trading on the SEHK.** If trading of the Units of an Investment Fund on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

**Risks related to restrictions on foreign investors.** Asian stock exchanges may require prior governmental approvals or impose limits on the amount or types of securities or companies in which foreigners may invest. These restrictions may limit the Investment Fund's investment in certain countries, increase its costs and impact its ability to accurately match the Underlying Index.

**Market interventions by governments and regulators.** 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. The operation and market making activities in respect of an Investment Fund may be affected by such market interventions. Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of the relevant Underlying Index and as a result the performance of the Investment Fund.

**Reliance on Participating Dealer(s).** The issuance and realisation of Units may only be effected through Participating Dealer(s). A Participating Dealer may charge a fee for providing this service. Participating Dealer(s) will not be able to issue or realise Units during any period when, amongst other things, settlement or clearing of Securities through the CCASS is disrupted or the Underlying Index(ices) is/are not compiled or published. In addition, Participating Dealer(s) will not be able to issue or realise Units if some other event occurs which impedes the calculation of the NAV of an Investment Fund or disposal of an Investment Fund's portfolio securities cannot be effected. Since the number of Participating Dealers at any given time will be limited, and there may even be only one Participating Dealer at any given time, there is a risk that investors may not always be able to create or realise Units freely.

**Reliance on Market Makers.** Investors should note that liquidity in the market for the Units may be adversely affected if there is no market maker for an Investment Fund, or, where there is a Dual Counter, if there is no market maker for the HKD traded Units or no market maker for the RMB Traded Units of the relevant Investment Fund. It is the Manager's intention that there will always be at least one market maker in respect of the Units or for the Units traded in each counter (where there is a Dual Counter) and the

Manager will seek to ensure that at least one market maker for the Units of the relevant Investment Fund or for the Units traded in each counter (where there is a Dual Counter) gives not less than 3 months notice prior to terminating market making under the relevant market making agreement. There may be less interest by potential market makers in making a market in Units denominated or traded in RMB. Furthermore, any disruption to the availability of RMB may adversely affect the capability of market makers in providing liquidity for RMB traded Units. It is possible that there is only one SEHK market maker to an Investment Fund or to a counter of an Investment Fund and therefore it may not be practical for an Investment Fund to remove the only market maker to the Investment Fund (or to a counter) even if the market maker fails to discharge its duties as the sole market maker.

**Licence to use the Underlying Index may be terminated.** The Manager has been granted a licence by each of the Index Providers to use the relevant Underlying Index in order to create an Investment Fund based on the relevant Underlying Index and to use certain trade marks and any copyright in the relevant Underlying Index. Each licence agreement contains provisions for the indemnification of the Index Providers. An Investment Fund may not be able to fulfil its objective and may be terminated if the index licence agreement between the Manager and the relevant Index Provider is terminated. An Investment Fund may also be terminated if the relevant Underlying Index ceases to be compiled or published and there is no replacement Underlying Index using the same or substantially similar formula for the method of calculation as used in calculating the relevant Underlying Index.

**Compilation of Underlying Index.** Each Investment Fund is not sponsored, endorsed, sold or promoted by the relevant Index Provider. Each Index Provider makes no representation or warranty, express or implied, to investors in the relevant Investment Fund or other persons regarding the advisability of investing in Securities or futures generally or in the relevant Investment Fund particularly. Each Index Provider has no obligation to take the needs of the Manager or investors in the relevant Investment Fund into consideration in determining, composing or calculating the relevant Underlying Index. There is no assurance that the Index Provider will compile the relevant Underlying Index accurately, or that the relevant Underlying Index will be determined, composed or calculated accurately, and consequently there can be no guarantees that its actions will not prejudice the interests of the relevant Investment Fund, the Manager or investors.

**Composition of the Underlying Index may change.**

The composition of the Index Securities constituting the relevant Underlying Index will change as the Index Securities may be delisted, or as new Securities or futures are included in the relevant Underlying Index. When this happens the weightings or composition of the Securities owned by an Investment Fund would be changed as considered appropriate by the Manager in order to achieve the investment objective. Thus, an investment in Units will generally reflect the relevant Underlying Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units.

**Computation basis of the Underlying Index may change.**

The process and the basis of computing and compiling the Underlying Index and any of its related formulae, constituent companies and factors may also be changed or altered by the Index Provider at any time without notice. There is also no warranty, representation or guarantee given to the investors as to the accuracy or completeness of the Underlying Indices, their computation or any information related thereto.

**Risk of War or Terrorist Attacks.** There can be no assurance that there will not be any terrorist attacks which could have direct or indirect effect on the markets in which investments of an Investment Fund may be located and the corresponding political and/or economic effects arising therefrom if any, may in turn adversely affect the operation and profitability of the Investment Fund.

**Contagion across Investment Funds risk.** The Trust Deed allows the Trustee and the Manager to issue Units in separate Investment Funds as separate trusts. The Trust Deed provides for the manner in which the liabilities are to be attributed across the various Investment Funds under the Trust (liabilities are to be attributed to the specific Investment Fund in respect of which the liability was incurred). A person to whom such a liability is owed has no direct recourse against the assets of the relevant Investment Fund (in the absence of the Trustee granting that person a security interest). However, the Trustee will have a right of reimbursement and indemnity out of the assets of the Trust as a whole or any part thereof, against any action, costs, claims, damages, expenses or demands relating to the Trust as a whole, which may result in Unitholders of one Investment Fund being compelled to bear the liabilities incurred in respect of other Investment Fund in which such Unitholders do not themselves own units, if there are insufficient assets in that other Investment Fund to satisfy the amount due to the Trustee. Accordingly, there is a risk that liabilities of one Investment Fund may not be limited to

that particular Investment Fund and may be required to be paid out of one or more other Investment Funds.

**Non-recognition of Investment Fund segregation risk.** The assets and liabilities of each of the Investment Funds under the Trust will be tracked, for book keeping purposes, separately from the assets and liabilities of any other Investment Funds, and the Trust Deed provides that the assets of each of the Investment Funds should be segregated as separate trusts from each other. There is no guarantee that the courts of any jurisdiction outside Hong Kong will respect the limitations on liability and that the assets of any particular Investment Fund will not be used to satisfy the liabilities of any other Investment Fund.

**Risks relating to FATCA.** The US Foreign Account Tax Compliance Act (“**FATCA**”) imposes a 30% withholding tax on certain U.S. source withholdable payments to foreign financial institutions (“**FFIs**”) (such as the Trust and each Investment Fund) that are not FATCA compliant. The US Internal Revenue Service (the “**IRS**”) has released regulations and other guidance that provide for the phased implementation of FATCA, whereby an FFI that is not otherwise exempt or treated as deemed-compliant should register with the IRS, perform due diligence, withholding and reporting obligations with respect to financial accounts maintained by the FFI. The United States Department of the Treasury and Hong Kong have on 9 May 2014, in substance agreed to enter into an intergovernmental agreement based on the Model 2 format (“**Model 2 IGA**”). According to a previous announcement of the IRS, an “agreement in substance” is considered to be effective as long as the parties sign the agreement by 31 December 2014. In order to comply with FATCA and to avoid the above-mentioned withholding tax, the Trust has registered with the IRS as Single Foreign Financial Institution with Global Intermediary Identification Number (“**GIIN**”) of E3XTGZ.99999.SL.344. Under the Model 2 IGA, the Trust and the Investment Funds will, with the consent from the Unitholders, provide the IRS with information on the identity, account balance and income received by Unitholders that are specified US persons (within the meaning of the Internal Revenue Code) (“**Specified US Persons**”) or, in case of a Non-US entity that is classified as passive nonfinancial foreign entity (“**Passive NFFE**”), on information of any controlling persons that are specified US persons. Please note that Unitholders that are found reportable but do not provide consent to the Trust and the Investment Funds would still be reported to the IRS under pool reporting. Although the Trust and the Investment Funds will attempt to satisfy any obligations imposed on them to avoid the imposition of FATCA withholding tax, no assurance can be given that the Trust and the Investment Funds will



be able to fully satisfy these obligations. If the Trust and any Investment Fund becomes subject to a withholding tax as a result of FATCA, the Net Asset Value of such Investment Fund may be adversely affected and such Investment Fund and its Unitholders may suffer material loss.

The Trust and the Investment Funds' ability to comply with FATCA will depend on each Unitholder providing the Trust with information that the Trust requests concerning the Unitholder. In case there are US withholdable payments made by the Trust and the Investment Funds to the Unitholder, the Unitholder might also be required to provide the Trust with information with respect to the underlying beneficial owners for whom the Unitholder is acting as an intermediary. As at the date of this Prospectus, all Units in the Investment Funds are registered in the name of HKSCC Nominees Limited. It is the Manager's understanding that HKSCC Nominees Limited is registered as a reporting FFI under the Model 2 IGA.

Please also refer to the sub-section entitled "FATCA and compliance with US withholding requirements" under the section headed "Taxation" in this Prospectus for further details on FATCA and related risks.

All prospective investors and Unitholders should consult with their own legal or tax advisors regarding the potential implications of FATCA and the tax consequences on their investments in an Investment Fund. Unitholders who hold their Units through intermediaries should also confirm the FATCA compliance status of those intermediaries.

### **Risk Factors relating to the PRC**

**World Trade Organisation (the "WTO") increases competition for PRC companies.** Mainland China's accession to the WTO occurred on 11 December 2001. As a member of the WTO, Mainland China is required to significantly reduce the trade barriers for imports that have historically existed and that currently exist in Mainland China, such as: reducing restrictions on trading for certain kinds of products on foreign companies; lifting prohibitions, quantitative restrictions or other measures maintained against imports over time and significantly reducing tariffs. Any present or future increase in foreign competition may have a material adverse effect on PRC companies and their business operations.

**PRC economic, political and social conditions as well as government policies.** The economy of Mainland China, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources.

Although the majority of productive assets in Mainland China are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of Mainland China and a high level of management autonomy. The economy of Mainland China has experienced significant growth in the past 20 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than 20 years, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities market in the PRC as well as the Index Securities of the Investment Fund. Further, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may also have an adverse impact on the capital growth and performance of the Investment Fund.

Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the property held by the underlying issuers of the A Shares in the Underlying Index.

**PRC government control of currency conversion and future movements in exchange rates.** Various PRC companies derive their revenues in RMB but have requirements for foreign currency, including for the import of materials, debt service on foreign currency denominated

debt; purchases of imported equipment and payment of any cash dividends declared in respect of e.g. H shares.

The existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. However, the Manager cannot predict whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency.

Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of the State Administration for Foreign Exchange. Since 1994, the conversion of RMB into Hong Kong dollars and United States dollars has been based on rates set by the People's Bank of China, which are set daily based on the previous day's PRC interbank foreign exchange market rate. The Manager cannot predict nor give any assurance of any future stability of the RMB to Hong Kong dollar exchange rate. Fluctuations in exchange rates may adversely affect the Investment Fund's Net Asset Value and any declared dividends.

**PRC laws and regulations.** The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have no precedent value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce taxation and trade. Two examples are the promulgation of the Contract Law of the PRC to unify the various economic contract laws into a single code, which went into effect on 1 October 1999, and the Securities Law of the PRC, which went into effect on 1 July 1999. However, because these laws and regulations affecting securities markets are relatively new and evolving, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

**Restricted market risk.** An Investment Fund may invest in Securities in respect of which the PRC imposes limitations or restrictions on foreign ownership or holdings. Such legal and regulatory restrictions or limitations may have adverse effects on the liquidity and performance of such Investment Fund holdings as compared to the performance of the relevant Underlying Index. This may increase the risk of tracking error and, at the worst, an Investment Fund may not be able to achieve its investment objective.

**Accounting and Reporting Standards.** Accounting, auditing and financial reporting standards and practices applicable to PRC companies may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

**Taxation in the PRC.** The PRC government has implemented a number of tax reform policies in recent years. The current tax laws and regulations may be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of PRC companies and foreign investors in such companies.

10% withholding tax has been enforced on payment of dividends and interest to foreign investors from offshore listed PRC companies. However, the PRC tax authorities have not sought to collect such withholding tax to date on capital gains realised by foreign investors on buying and selling of offshore listed PRC company shares (such as H shares and B shares), notwithstanding the strict technical position that withholding tax is legally applicable to such capital gains under the CIT Law.

There is a risk the PRC tax authorities would seek to collect this tax on capital gains realised by foreign investors on sale of H shares and B shares without giving any prior warning (possibly on a retrospective basis). If such tax is collected, the tax liability will be payable by the relevant Investment Fund.

To ensure fairness to all Unitholders, the Investment Fund reserves the right to make any provision for taxes or to deduct or to withhold an amount on account of taxes (which may be payable by the Investment Fund to the PRC tax authorities in respect of its investments in the relevant shares) from assets of the Investment Fund. As of the date of this prospectus, no provision has been made in respect of such potential tax.

For Investment Fund(s) which invest in onshore PRC securities (such as A-Shares), please refer to the relevant Appendix for further information with respect to their PRC tax provisioning policy and PRC taxation risks.

Furthermore, there is a possibility that the current tax laws, rules, regulations and practice in the PRC and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Investment Fund could become subject to additional taxation that is not anticipated as of the date hereof or when the relevant investments are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the relevant investments in the Investment Fund.

Any provision for taxes made by the Investment Fund may be more than or less than the actual PRC tax liabilities of the Investment Fund. In case of a shortfall in the provision for taxes of the Investment Fund, the relevant amounts

shall be debited from the assets of the Investment Fund to meet its actual PRC tax liabilities. This would result in a reduction of the Net Asset Value of the Investment Fund, and such reduction would be borne by all remaining Unitholders of the Investment Fund at the relevant time. Conversely, in the case of a surplus in the provision for taxes of the Investment Fund, the excess amounts above its actual PRC tax liabilities will be credited to the account of the Investment Fund and be reflected in the Net Asset Value of the Investment Fund, and Unitholders who have already redeemed their Units at the relevant time shall have no right to claim or demand distribution of any part of such excess provision for PRC taxes. The impact (whether beneficial or adverse) or degree of impact on individual Unitholders of the Investment Fund may vary, depending on factors such as the level of the provision for taxes of the Investment Fund and the amount of the shortfall or surplus at the relevant time and when the relevant Unitholders subscribed for (or purchased) and/or redeemed (or disposed of) their Units in the Investment Fund.

## Investment and Borrowing Restrictions

### Investment Restrictions

The Trust Deed sets out restrictions and prohibitions on the acquisition of certain investments by the Manager. Unless otherwise disclosed in the section headed "Investment Objectives and Policies" section for the relevant Investment Fund and/or agreed/waived by the Commission in writing, each of the Investment Fund(s) is subject to the following principal investment restrictions:—

(a) not more than 10% of the Net Asset Value of an Investment Fund may consist of Securities (other than Government and other public securities) issued by any one company or body, unless:—

(1) it is limited to any Securities constituting the Underlying Index ("**constituent securities**") that each accounts for more than 10% of the weighting of the Underlying Index and unless otherwise approved by the Commission, the Investment Fund's holding of any such constituent securities may not exceed their respective weightings in the Underlying Index, except where the weightings are exceeded as a result of changes in the composition of the Underlying Index and the excess is only transitional and temporary in nature; or

(2) where an Investment Fund adopts a representative sampling strategy which does not involve the full replication of the constituent securities of the Underlying Index in the exact weightings of the Underlying Index, the Investment Fund may overweight holdings of the Index Securities relative to the respective weightings of the constituent securities in the Underlying Index provided that any such excess of weightings is subject to a maximum limit of 3% under normal circumstances or such other percentages as determined by the Manager after consultation with the Commission having regard to the characteristics of the constituent securities, their weightings, the investment objectives of the relevant Investment Fund and any other suitable factors and as set out in the section headed "Investment Objectives and Policies" in respect of the relevant Investment Fund; or

(3) otherwise approved by the Commission;

(b) an Investment Fund (when aggregated with the holdings of all the other Investment Funds) may not hold more than 10% of any one class in any company or body of the total nominal amount of all the issued Securities of that class;

- (c) not more than 15% of the Net Asset Value of an Investment Fund may consist of Securities 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 an Investment Fund (in terms of total amount of the premium paid) may consist of warrants and options, other than warrants and options held for hedging purposes;
  - (e) (i) not more than 10% of the Net Asset Value of an Investment Fund may consist of shares or units in other collective investment schemes (“**managed funds**”) which are non-recognised jurisdiction schemes (as defined under the Code on Unit Trusts and Mutual Funds, or the “**Code**”) and not authorised by the Commission; (ii) not more than 30% of the Net Asset Value of an Investment Fund may consist of shares or units in a managed fund which is either a recognised jurisdiction scheme (as defined under the Code) or an Commission-authorized scheme unless the managed fund is authorised by the Commission and the relevant disclosure requirements in the Code are complied with, provided that:–
    - (1) no investment may be made in a managed fund, the investment objective of which is to invest primarily in any investments prohibited by the Commission for the purposes of investment by managed funds authorised by the Commission, and where such managed fund’s investment objective is to invest primarily in investments restricted by chapter 7 of the Code, such holdings may not be in contravention of the relevant limitations;
    - (2) where an Investment Fund invests in any managed funds managed by the Manager or its Connected Persons, all initial charges on the managed funds must be waived (or refunded, if paid); and
    - (3) the Manager may not obtain a rebate on any fees or charges levied by a managed fund or the managed fund’s management company.
  - (f) not more than 20% of the Net Asset Value of an Investment 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 an Investment 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 Investment Fund, may not exceed 20% of the Net Asset Value of that Investment Fund;
  - (h) except as permitted by Chapter 8.6(i) of the Code, not more than 30% of the Net Asset Value of an Investment Fund may consist of Government and other public securities of a single issue;
  - (i) subject to paragraph (h) above and except as permitted by Chapter 8.6(i) of the Code, an Investment 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; and
  - (j) If and for so long as an Investment Fund is authorised pursuant to section 104 of the Securities and Futures Ordinance any investment made for the account of that Investment Fund in any Collective Investment Scheme shall comply with the applicable restrictions under the Code.
- 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 Investment Fund(s):
- (i) invest in a security of any class in any company or body if any director or officer of the Manager individually own more than 0.5% of the total nominal amount of all the issued Securities of that class or the directors and officers of the Manager collectively 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 result such Investment Fund would be required to deliver Securities would exceed 10% of the Net Asset Value of such Investment Fund or if the security which is to be sold short is not actively traded on a market where short selling activity is permitted;
- (iv) write uncovered options;
- (v) write a call option if the aggregate of the exercise prices of such call option and of all other call options written for the account of such Investment Fund would exceed 25% of the Net Asset Value of that Investment Fund;
- (vi) make a loan out of the assets of that Investment 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 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 an Investment Fund or acquire any asset for the account of that Investment Fund which involves the assumption of any liability which is unlimited; or
- (ix) apply any part of an Investment 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 for any sum unpaid on such investments unless such call could be met in full out of cash or near cash forming part of such Investment Fund which has not been appropriated and set aside for any other purposes (including (v) above) and shall not be entitled without the consent of the Trustee to apply any part of the relevant Investment 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).

Any additional investment restrictions applicable to a particular Investment Fund will be specified in Part 2 of this Prospectus relating to the relevant Investment Fund.

### **Borrowing Restrictions**

Unless otherwise disclosed below or in the section headed “Investment Objectives and Policies” for the relevant Investment Fund, the Manager may borrow up to 25% of the latest available Net Asset Value of an Investment Fund to acquire investments, to realise Units or to pay expenses relating to the relevant Investment Fund. For this purpose, back-to-back loans do not count as borrowing. The assets of an Investment Fund may be charged, pledged or otherwise encumbered in any manner 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. The Manager is not immediately required to sell applicable investments if any of the investment restrictions are exceeded as a result of changes in the value of the Investment Fund’s investments, reconstructions or amalgamations, payments out of the assets of the Investment Fund or realisation of Units but for so long as such limits are exceeded, the Manager shall not acquire any further investments which would result in such limit being further breached.

### **Securities lending**

Subject to the provisions of the Trust Deed, the Trustee may at the request of the Manager arrange for any Securities for the time being comprised in the Trust to be loaned by the Trust through the agency of or directly with any person acceptable to the Trustee (including the Manager or the Trustee or any Connected Person of either of them). The Manager currently does not intend to enter into any securities lending or repurchase transactions or other similar over-the-counter transactions in respect of any of the Investment Funds. Any change in the Manager’s intention to enter into any securities lending or repurchase transactions in respect of an Investment Fund is subject to prior approval of the Commission and not less than one month’s prior notice (or such other notice period as agreed with the Commission) will be given to Unitholders should there be a change in such intention.

# Creation and Realisation of Application Units

## Introduction

There are two types of investor in the Investment Funds, and two corresponding methods of investment in the Units and the realisation of an investment in the Units. The first type of investor is a Participating Dealer (or a Primary Market Investor who wishes to create or realise Units through a Participating Dealer), and the second type of investor is any person (other than the above) who buys and sells the Units on the SEHK.

This section of the Prospectus describes the first method of investment and should be read in conjunction with the Operating Guidelines and the Trust Deed. The section titled “Trading of Units on the SEHK” relates to the second method of investment.

## Creation of Units through Participating Dealer

It should be noted that only Participating Dealers may create or realise Units in the Trust.

The Manager expects that Participating Dealers will generally, in the primary market, accept and submit creation requests received from a Primary Market Investor, subject to the exceptional circumstances referred to in the “Rejection of Creation of Units” section below. However, please note that neither the Trustee nor the Manager is empowered to compel the Participating Dealer to accept a creation request from a Primary Market Investor. Primary Market Investors who are retail investors may only submit a creation request through a stockbroker who has opened an account with a Participating Dealer.

## Creation of Units

Unless otherwise determined by the Manager with the approval of the Trustee, a Creation Application shall only be made by a Participating Dealer in accordance with the terms of the Trust Deed and the relevant Participation Agreement on a Dealing Day in respect of Units constituting an Application Unit size or whole multiples thereof.

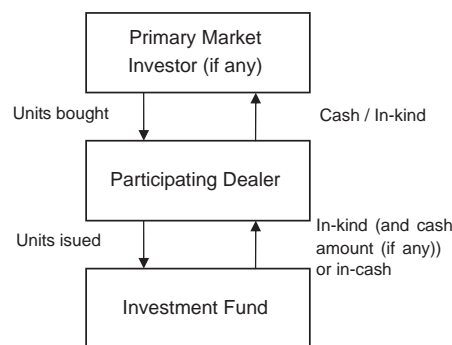
The dealing period on each Dealing Day for a Creation Application commences at 8:00 am (Hong Kong time) and ends at the Dealing Deadline at 11:00 am (Hong Kong time), as may be revised by the Manager from time to time. Any Creation Application received after the Dealing Deadline will be considered as received on the next Dealing Day unless otherwise determined by the Manager. Please note that the Participating Dealers may impose different cut-off

times for the dealing period for the Primary Market Investor. A Creation Application once given cannot be revoked or withdrawn without the consent of the Manager.

Participating Dealers may impose fees and charges in handling any creation requests which would increase the cost of investment. Investors are advised to check with the Participating Dealers as to the relevant fees and charges.

Unless otherwise specified in the relevant Appendix in respect of an Investment Fund, cash creation and in-kind creation are available to Participating Dealers in respect of all Investment Funds.

The following illustrates the process of the creation and issue of Units.



## Procedures for Creation of Units

To be effective, a Creation Application must comply with the requirements in respect of creation of Units set out in the Trust Deed and the relevant Participation Agreement and be accompanied by such certifications and legal opinions as the Trustee and the Manager may require. Pursuant to a valid Creation Application being accepted by the Manager, the Manager and/or any person duly appointed by the Manager for such purpose shall have the exclusive right to instruct the Trustee to create for the account of the Trust Units in a class in Application Unit size or whole multiples thereof in exchange for the delivery by the relevant Participating Dealer, to or for the account of the Trustee, of:

- (a) in the Manager’s discretion,
  - (i) Index Securities constituting a Basket for the relevant Units and a cash amount equivalent to any duties and charges payable; or

(ii) a cash payment equivalent to the relevant Application Basket Value (which shall be accounted for as Deposited Property), which the Manager shall use to purchase the Index Securities to benchmark, by way of replication strategy or representative sampling strategy or otherwise, the Underlying Index applicable to that Investment Fund, provided that the Manager shall be entitled in its absolute discretion to charge (for the account of the relevant Investment Fund) to each Participating Dealer in relation to any Units for which cash is paid in lieu of delivering any Index Securities an additional sum which represents the appropriate provision for duties and charges (which may include, but is not limited to, a provision for stamp duties and other transaction charges or taxes applicable to the purchase (or estimated to be applicable to the future purchase) of the relevant Index Securities); or

(iii) a combination of (i) and (ii) above;

plus,

(b) if the Cash Component is a positive value, a cash payment equivalent to the amount of the Cash Component; if the Cash Component is a negative value, the Trustee shall be required to make a cash payment equivalent to the amount of the Cash Component (expressed as a positive figure) to the relevant Participating Dealer. If the relevant Investment Fund has insufficient cash required to pay any Cash Component payable by the relevant Investment Fund, the Manager may instruct the Trustee to sell the Deposited Property of the relevant Investment Fund, or to borrow moneys to provide the cash required.

In relation to cash creation of Units as described in (a) (ii) above, the Manager reserves the right to require the Participating Dealer to pay an additional sum for the purpose of compensating or reimbursing the Trust for the difference between:

(x) the prices used when valuing the Securities of the Trust for the purpose of such issue of Units; and

(y) the prices which would be used when acquiring the same Securities if they were acquired by the Trust with the amount of cash received by the Trust upon such issue of Units.

The Participating Dealer may pass on to the relevant investor such additional sum.

Units are denominated in the Base Currency of the relevant Investment Fund (unless otherwise determined by the Manager) and no fractions of a Unit shall be created or issued by the Trustee. Once Units are created, the Manager shall instruct the Trustee to issue, for the account of the relevant Investment Fund, the Units to the relevant Participating Dealer in accordance with the Operating Guidelines.

Participating Dealers may impose fees and charges in handling any creation request which would increase the cost of investment and investors are advised to check with the Participating Dealers as to the relevant fees and charges. Subject to agreement as to fees and completion of client acceptance procedures, the Participating Dealers will generally accept requests received from Primary Market Investors under normal market conditions to create Units on behalf of such Primary Market Investors. Primary Market Investors should contact the relevant Participating Dealer for further details before submitting an application to the relevant Participating Dealer to create Units on their behalf. Primary Market Investors should note that although the Manager has a duty to closely monitor the operations of the Trust, neither the Manager nor the Trustee is empowered to compel any Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager or the Trustee. Under exceptional circumstances, the Participating Dealer may not be able to accept application requests received from Primary Market Investors. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by Participating Dealer.

The Issue Price of a Unit of any class in the relevant Investment Fund shall be the Net Asset Value per Unit of the relevant class calculated as at the Valuation Point in respect of the relevant Valuation Day rounded up to the nearest fourth (4th) decimal place.

Any commission, remuneration or other sums payable by the Manager to any agent or other person in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid by the Trust.

Where a Creation Application is received or deemed to be received and accepted before the Dealing Deadline on a Dealing Day, the creation and issue of Units pursuant to that Creation Application shall be effected on that Dealing Day, but:

- (a) for valuation purposes only, Units shall be deemed to be created and issued after the Valuation Point on the relevant Valuation Day relating to that Dealing Day; and
- (b) the Register shall be updated on the Settlement Day or (if the settlement period is extended) the Dealing Day immediately following the Settlement Day provided that the Trustee shall be entitled to refuse to enter (or allow to be entered) Units in the Register if at any time the Trustee is of the opinion that the issue of Units does not comply with the provisions of the Trust Deed.

Where a Creation Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Creation Application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that Creation Application.

In respect of each Creation Application, the Manager shall be entitled to charge a Transaction Fee, which shall be paid by or on behalf of the relevant Participating Dealer and may be set off and deducted against any Cash Component due to the relevant Participating Dealer in respect of such Creation Application. The Manager shall have the right to revise the amount of the Transaction Fee it charges provided that the level of Transaction Fee charged by the Manager to all Participating Dealers is the same in respect of the same Investment Fund. Other fees and charges which are applicable to a Creation Application in relation to an Investment Fund are set out in Part 2 of this Prospectus relating to the relevant Investment Fund.

### Rejection of Creation of Units

Provided that the Manager acts reasonably and in good faith, the Manager has an absolute discretion to reject a Creation Application under exceptional circumstances, including but not limited to the following situations:

- (a) dealing or determination of the Net Asset Value of the relevant Investment Fund has been suspended pursuant to the provisions in the Trust Deed;
- (b) in the opinion of the Manager, acceptance of the Creation Application will have an adverse effect or adverse tax consequences on the Trust or the relevant Investment Fund or is unlawful or will have an adverse effect on the interests of the Unitholders;

- (c) processing of the Creation Application is not possible due to exceptional circumstances outside the control of the Manager (such as market disruptions or circumstances under which acceptance of the Creation Application will have a material adverse impact on the relevant Investment Fund); or
- (d) the Creation Application is not submitted in the form and manner set out in the provisions of the Trust Deed.

### Certificates

No certificates will be issued in respect of the Units of the Trust. All Units of the Trust will be registered in the name of the HKSCC Nominees Limited by the Registrar on the Register of Unitholders of the relevant Investment Fund, which is the evidence of ownership of Units. Beneficial interest of retail investors in the Units of the Trust will be established through an account with a participant in CCASS.

### Cancellation of Creation Applications and Extension of Settlement Period for Creation Applications

The Trustee shall cancel Units created and issued in respect of a Creation Application under the following circumstances:

- (a) if the title to any of the Index Securities constituting the Basket (and/or cash payment, as the case may be) deposited for exchange of Units has not been fully vested upon trust hereof in the Trustee or to the Trustee's satisfaction, or evidence of title and instruments of transfer satisfactory to the Trustee have not been produced to or to the order of the Trustee by or on the relevant Settlement Day; or
- (b) the full amount of the Cash Component (if applicable) and any duties, fees and charges payable in respect of the Creation Application have not been received in cleared funds by or on behalf of the Trustee by such time on the Settlement Day as prescribed in the Operating Guidelines,

provided that the Manager may in its discretion, with the approval of the Trustee, extend the settlement period on such terms and conditions as the Manager may determine (including as to, but not limited to, the payment of an Extension Fee) or partially settle the Creation Application on such terms and conditions as the Manager may determine (including as to, but not limited to, the terms of any extension of the settlement period for the outstanding Index Securities or cash).



Upon cancellation of any Units created pursuant to a Creation Application as mentioned above or if a Participating Dealer withdraws a Creation Application other than in the circumstances contemplated in the Trust Deed, such Units shall be deemed for all purposes never to have been created and the relevant Participating Dealer shall have no right or claim against the Manager or the Trustee in respect of such cancellation provided that:

- (a) any Index Securities constituting the Basket deposited for exchange (or equivalent Index Securities) fully vested in the Trustee and any cash received by or on behalf of the Trustee in respect of such cancelled Units shall be redelivered to the Participating Dealer;
- (b) the Manager shall be entitled to charge the Participating Dealer for the account and benefit of the Trustee an Application Cancellation Fee;
- (c) the Manager may at its absolute discretion require the Participating Dealer to pay to the Trustee for the account of the relevant Investment Fund in respect of each cancelled Unit Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Realisation Price which would have applied in relation to each such Unit if a Participating Dealer had, on the date on which such Units are cancelled, made a Realisation Application;
- (d) the Trustee shall for its own benefit be entitled to the Transaction Fee payable in respect of the Creation Application; and
- (e) no previous valuations of the assets in respect of an Investment Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

### Realisation of Units

Unless otherwise determined by the Manager and the Trustee, a Realisation Application shall only be made by a Participating Dealer in accordance with the terms of the Trust Deed and the relevant Participation Agreement on a Dealing Day in respect of Units constituting an Application Unit size or whole multiples thereof. The dealing period for a Realisation Application on each Dealing Day for a Realisation Application commences at 8:00 a.m. (Hong Kong time) and ends at the Dealing Deadline at 11:00 a.m. (Hong Kong time), as may be revised by the Manager from time to time. Please note that the Participating Dealers may impose different cut-off times for the dealing period for the Primary

Market Investor. Any Realisation Application received after the Dealing Deadline will be considered as received on the next Dealing Day unless otherwise determined by the Manager. Subject to the discretion of the Manager, Participating Dealers may request to receive the realization proceeds in cash or in kind. A Realisation Application once given cannot be revoked or withdrawn without the consent of the Manager, except in circumstances where there is a suspension in dealing.

Unless otherwise specified in the relevant Appendix in respect of an Investment Fund, cash realisation and in-kind realisation are available to Participating Dealers in respect of all Investment Funds.

To be effective, a Realisation Application must comply with the requirements in respect of realisation of Units set out in the Trust Deed and the relevant Participation Agreement and be accompanied by such certifications and legal opinions as the Trustee and the Manager may require. Pursuant to a valid Realisation Application accepted by the Manager, the Manager shall instruct the Trustee to realise and cancel the relevant Units on the Settlement Day in accordance with the Operating Guidelines and:

- (a) (i) to transfer the Participating Dealer the realisation proceeds in cash (if the Participating Dealer selects to receive the realisation proceeds in cash subject to the Manager's discretion) provided that the Manager shall be entitled in its absolute discretion to charge (for the account of the Investment Fund) to each Participating Dealer an additional sum which represents the appropriate provision for duties and charges (which may include, but is not limited to, a provision for stamp duties and other transaction charges or taxes applicable to the sale (or estimated to be applicable to the future sale) of the relevant Index Securities); or
- (ii) (if the Participating Dealer selects to receive the realisation proceeds in kind) to transfer to the Participating Dealer the relevant Index Securities constituting the Basket (as the Manager considers appropriate) in respect of such Units,

plus,

- (b) where the Cash Component is a positive value, a cash payment equivalent to the amount of the Cash Component.

In relation to cash redemption of Units as described in (a) (i) above, the Manager reserves the right to require the Participating Dealer to pay an additional sum for the purpose of compensating or reimbursing the Trust for the difference between:

- (x) the prices used when valuing the Securities of the Trust for the purpose of such redemption of Units; and
- (y) the prices which would be used when selling the same Securities if they were sold by the Trust in order to realise the amount of cash required to be paid out of the Trust upon such redemption of Units.

The Participating Dealer may pass on to the relevant investor such additional sum.

If the relevant Investment Fund has insufficient cash to pay any Cash Component payable by the Investment Fund, the Manager may instruct the Trustee to sell the Deposited Property of the relevant Investment Fund, or to borrow moneys, to provide the cash required. If the Cash Component is a negative value, the Participating Dealer shall be required to make a cash payment equivalent to the amount of the Cash Component (expressed as a positive figure) to or to the order of the Trustee.

The Realisation Price of Units realised shall be the Net Asset Value per Unit of the relevant class calculated as at the Valuation Point of the relevant Valuation Day rounded up to the nearest fourth (4th) decimal place. Should the Manager be in any doubt as to the Realisation Price in connection with any realisation of Units, the Manager shall request an independent third party to check the Realisation Price.

The maximum interval between (i) the receipt of a properly documented Realisation Application and (ii) payment of realisation proceeds (either in cash or in kind) to the relevant investor may not exceed one (1) calendar month from the relevant Dealing Day.

The Manager reserves the right to reject a Realisation Application under exceptional circumstances, including but not limited to the following situations:

- (a) dealing or the determination of Net Asset Value of the relevant Investment Fund has been suspended pursuant to the provisions of the Trust Deed;
- (b) in the reasonable opinion of the Manager, acceptance of the Realisation Application will have an adverse effect on

the Trust or the relevant Investment Fund or is unlawful or will have an adverse effect on the interests of the Unitholders;

- (c) processing of the Realisation Application is not possible due to exceptional circumstances outside the control of the Manager (such as market disruptions or circumstances under which acceptance of the Realisation Application will have a material adverse impact on the relevant Investment Fund); or
- (d) the Realisation Application is not submitted in the form and manner set out in the provisions of the Trust Deed.

provided that the Manager must act reasonably and in good faith and will take into account the interests of all Unitholders of the Trust and/or the relevant Investment Fund to ensure that the interests of all Unitholders will not be materially adversely affected. Participating Dealers may impose fees and charges in handling any redemption request which would increase the cost of investment and/or reduce the redemption proceeds and Primary Market Investors are advised to check with the Participating Dealers as to the relevant fees and costs. Under exceptional circumstances, the Participating Dealer may not be able to accept requests for realisation received from Primary Market Investors.

Where a Realisation Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Realisation Application shall unless otherwise determined by the Manager be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Realisation Application. For valuation purposes, the relevant Valuation Point shall be the Valuation Point for the relevant Valuation Day relating to the Dealing Day on which the Realisation Application is deemed to be received.

In respect of each Realisation Application, the Manager shall be entitled to charge a Transaction Fee which shall be paid by the relevant Participating Dealer and may be set off and deducted against any Cash Component due to the relevant Participating Dealer in respect of such Realisation Application. The Manager shall have the right to revise the amount of the Transaction Fee it charges provided that the level of Transaction Fee charged by the Manager to all Participating Dealers is the same in respect of the same Investment Fund. Other fees and charges which are applicable to a Realisation Application in relation to an Investment Fund are set out in Part 2 of this Prospectus relating to the relevant Investment Fund.

The Manager shall be entitled to deduct from and set off against any Cash Component payable to a Participating Dealer on the realisation of Units a sum (if any) which represents the appropriate provision for duties and charges, the Transaction Fee and any other fees payable by the Participating Dealer. If the Cash Component is insufficient to pay such duties and charges, the Transaction Fee and any other fees payable on such realisation, the Participating Dealer shall promptly pay the shortfall to or to the order of the Trustee, and until such shortfall and any Cash Component, Transaction Fee and any fees and charges payable by the Participating Dealer are paid in full in cleared funds to or to the order of the Trustee, the Trustee shall not be obliged to deliver (and shall have a general lien over) the relevant Index Securities to be transferred or to transfer the redemption proceeds in respect of the relevant Realisation Application.

Upon realisation of Units pursuant to a valid Realisation Application,

(a) the funds of the relevant Investment Fund shall be deemed to be reduced by the cancellation of such Units and, for valuation purposes, such Units shall be deemed to have been realised and cancelled after the Valuation Point for the Valuation Day relating to the Dealing Day on which the Realisation Application is or is deemed to be received; and

(b) the name of the Unitholder of such Units shall be removed from the Register on the relevant Settlement Day.

In respect of a Realisation Application, unless the requisite documents in respect of the relevant Units have been delivered to the Manager by such time on the Settlement Day as prescribed in the Operating Guidelines, the Realisation Application shall be deemed never to have been made except that the Transaction Fee in respect of such Realisation Application shall remain due and payable and once paid, shall be retained by and for the benefit of the Trustee, and in such circumstances:

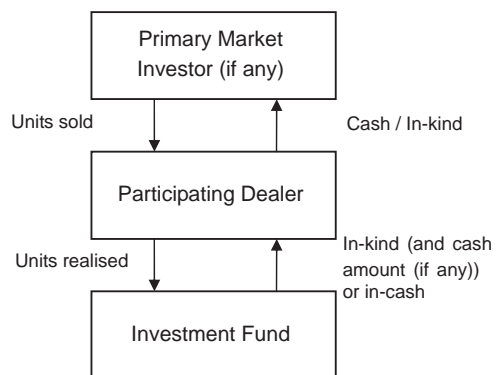
(a) the Manager shall be entitled to charge the relevant Participating Dealer for the account and benefit of the Trustee an Application Cancellation Fee;

(b) the Manager may at its absolute discretion require the relevant Participating Dealer to pay to the Trustee, for the account of the relevant Investment Fund, Cancellation Compensation in respect of each Unit, being the amount (if any) by which the Realisation Price of each Unit is less than the Issue Price which would have applied in relation to each Unit if a Participating Dealer had, on the final day permitted for delivery of the requisite documents in respect of the Units which are the subject of the Realisation Application, made a Creation Application; and

(c) no previous valuations of the relevant Investment Fund shall be re-opened or invalidated as a result of an unsuccessful Realisation Application,

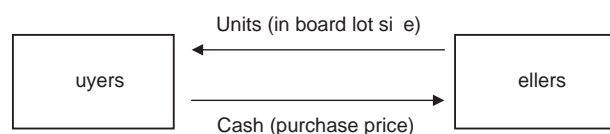
provided that the Manager, with the approval of the Trustee, may at its discretion extend the settlement period on such terms and conditions as the Manager may determine (including as to, but not limited to, the payment of an Extension Fee).

The following illustrates the process of realisation of Units.



## Trading of Units on the SEHK

An investor can buy or sell the Units through his stockbroker on the SEHK. The diagram below illustrates the trading of Units on the SEHK:



**No money should be paid to any intermediary in Hong Kong which is not licensed or registered to carry on Type 1 regulated activity under Part V of the Securities and Futures Ordinance.**

Retail investors may place an order with a broker to sell their Units on the SEHK at any time during the trading day. To sell Units – or to buy new ones – a retail investor will need to use an intermediary such as a stockbroker or any of the share dealing services offered by banks or other financial advisers.

The trading price of Units of an Investment Fund on the SEHK may differ from the Net Asset Value per Unit and there can be no assurance that a liquid secondary market will exist for the Units.

Brokerage, stamp duty and other fees may be payable when selling (and purchasing) Units. Please see the section headed “Fees Payable by Retail Investors Dealing in Units on the SEHK” below.

Subject to applicable regulatory requirements, the Manager intends to ensure that there is at least one market maker for each Investment Fund to facilitate efficient trading. Where a Dual Counter has been adopted in respect of an Investment Fund, the Manager intends to ensure that there is at least one market maker for RMB counter and one market maker for HKD counter although these market makers may be the same entity.

## Determination of Net Asset Value

The Net Asset Value of the relevant Investment Fund shall be determined at the Valuation Point on the relevant Valuation Day in respect of each Dealing Day for Units of the relevant class (or at such other time as the Manager and the Trustee may determine) by valuing the assets of the relevant Investment Fund and deducting the liabilities attributable to the Fund in accordance with the terms of the Trust Deed.

A summary of the applicable Trust Deed provisions relating to the determination of the value of investments in the Trust is set out as follows:

(a) the value of any investment quoted, listed or normally dealt in on a securities market (other than an interest in a collective investment scheme) shall be calculated by reference to the price appearing to the Manager to be the last traded price or last bid price or midway between the latest available market dealing offered price and the latest available market dealing bid price on the securities market on which the investment is quoted, listed or normally dealt in for such amount of such investment as the Manager may consider in the circumstances to provide a fair criterion, provided that:

- (i) if an investment is quoted, listed or normally dealt in on more than one securities market, the Manager shall adopt the price or, as the case may be, last traded price on the securities market which, in their opinion, provides the principal market for such investment;
- (ii) in the case of any investment which is quoted, listed or normally dealt in on a securities market but in respect of which, for any reason, prices on that securities market may not be available at any relevant time, the value thereof shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager, or, if the Trustee so requires, by the Manager after consultation with the Trustee;
- (iii) there shall be taken into account interest accrued on interest-bearing investments up to (and including) the date as at which the valuation is made, unless such interest is included in the quoted or listed price;

and for the purpose of the foregoing provisions the Manager and the Trustee shall be entitled to use and to rely upon electronic transmitted information from such

source or sources as they may from time to time think fit with regard to the pricing of the investments on any securities market and the prices derived therefrom shall be deemed to be the last traded prices;

(b) the value of any investment which is not quoted, listed or normally dealt in on a securities market (other than an interest in a collective investment scheme) shall be the initial value thereof ascertained as hereinafter provided or the value thereof as assessed on the latest revaluation thereof made in accordance with the provisions hereinafter provided. For this purpose:

(i) the initial value of an unquoted investment shall be the amount expended out of the relevant Investment Fund in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other expenses incurred in the acquisition thereof and the vesting thereof in the Trustee for the purposes of the Trust Deed);

(ii) the Manager may at any time with the approval of the Trustee and shall at such times or at such intervals as the Trustee may request, cause a revaluation to be made of any unquoted investment by a professional person approved by the Trustee as qualified to value such unquoted investment;

notwithstanding the above, the Manager may determine to value on a straight line basis investments in debt instruments acquired as a discount to their face value.

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

(d) the value of each unit, share or other interest in any collective investment scheme shall be the last available net asset value per unit, share or other interest in such collective investment scheme or, shall be determined from time to time in such manner as the Manager shall determine;

(e) 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 currency, applicable rate of interest, maturity, marketability and other considerations the Manager deems relevant, the Manager considers that such adjustment or use of such other method is required to reflect the fair value thereof. The Manager shall, at such times as the Trustee may require, cause an independent valuation to be made by a person approved by the Trustee. The Trustee may rely upon financial data furnished to it by third parties including the relevant calculation agent, automatic processing services, brokers, market makers or intermediaries, the Manager, and any administrator or valuations agent of other collective investments into which an Investment Fund may invest. If and to the extent that the Manager is responsible for or otherwise involved in the pricing of an Investment Fund's assets, the Trustee may accept, use and rely on such prices in determining the Net Asset Value of an Investment Fund; and

(f) the value of any investment (whether of a Security or cash) otherwise than in the Base Currency shall be converted into the Base Currency at the rate (whether official or otherwise) which the Manager shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange.

## Suspension of Dealing or Determination 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 an Investment Fund for the whole or any part of any period during which:

(a) there is a closure of or the restriction or disruption or suspension of trading on any commodities market or

securities market on which a substantial part of the investments of the Investment 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 determining the Net Asset Value of the Investment Fund or the Net Asset Value per Unit of the relevant class;

- (b) for any other reason, the prices of investments held or contracted for by the Manager for the account of the Investment Fund cannot, in the reasonable opinion of the Manager, reasonably, promptly or fairly be ascertained;
- (c) circumstances exist as a result of which, in the reasonable opinion of the Manager, it is not reasonably practicable to realize any investments held or contracted for the account of the Investment Fund or it is not possible to do so without seriously prejudicing the interests of Unitholders of the relevant class;
- (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 Investment Fund or the subscription or realisation of Units of the relevant class is prohibited, restricted, delayed or cannot, in the reasonable opinion of the Manager, be carried out promptly at normal exchange rates;
- (e) the relevant Underlying Index is not compiled or published;
- (f) a breakdown occurs in any of the systems and/or means of communication normally employed in ascertaining the Net Asset Value of the relevant Investment Fund or the Net Asset Value per Unit, Issue Price or Realisation Price of the relevant class, or when for any other reason the Net Asset Value of the relevant class cannot be ascertained in a prompt or accurate manner;
- (g) the existence of any state of affairs as a result of which delivery of Index Securities comprised in a Basket or disposal of investments for the time being comprised in the Investment Fund's assets cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders;
- (h) any period when the dealing of Units is suspended pursuant to any order or direction issued by the Commission; or
- (i) any period when the business operations of the Manager or the Trustee in relation to the operation of the Trust are substantially interrupted or closed as a result of arising from pestilence, acts of war, terrorism, insurrection, revolution civil unrest, riots, strikes or acts of God.

Upon declaration of the suspension by the Manager, the suspension shall take effect. During the suspension:

- (a) there shall be no determination of the Net Asset Value of the relevant Investment Fund or the Issue Price or the realisation price of Units in the relevant class;
- (b) no Application shall be made by any of the Participating Dealers and in the event any Application is received in respect of any Dealing Day falling within such period of suspension (that has not been otherwise withdrawn), such Application shall be deemed as having been received immediately following the termination of the suspension;
- (c) the Manager shall be under no obligation to rebalance the Deposited Property of the Investment Fund; and
- (d) no Units shall be created and issued or realised for the account of the Investment Fund.

The suspension shall terminate (a) when the Manager, with the approval of the Trustee, declares the suspension at an end, or (b) in any event on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist; and no other condition under which suspension shall be declared exists.

The Manager shall notify the Commission if dealing in Units is suspended and publish a notice of suspension immediately following such suspension and, at least once a month during the period of suspension, on its website at [www.horizonsetfs.com.hk](http://www.horizonsetfs.com.hk) or in such publications as the Manager decides. As soon as reasonably practicable after the termination of suspension, the Manager shall publish a notice of such termination on the website maintained by the Manager for the Investment Fund or through such other means as the Manager considers appropriate.

A Participating Dealer may at any time after a suspension has been declared and before termination of such suspension withdraw an Application submitted prior to such suspension by notice in writing to the Manager and the Manager shall promptly notify the Trustee accordingly. If the Manager has not received any such notification of withdrawal of such Application before termination of such suspension, the Trustee shall, subject to and in accordance with the provisions of the Trust Deed, create and issue Units or realise Units in respect of such Application and such Application shall be deemed to be received immediately following the termination of such suspension.

# Suspension of Dealing in Units on the SEHK

Dealing in Units on the SEHK, or trading on the SEHK generally, may at any time be suspended by the SEHK subject to any conditions imposed by the SEHK if the SEHK

considers it necessary for the protection of investors or for the maintenance of an orderly market or in such other circumstances as the SEHK may consider appropriate.

## Distribution Policy

The Manager may at its absolute discretion declare distributions for the relevant Investment Fund to Unitholders at such times as it may determine in each financial year in May. The amount to be distributed to Unitholders will be derived from the net income of such Investment Fund. Distribution will not be paid out of or effectively out of capital of an Investment Fund, meaning that distribution will not be paid out of gross income of an Investment Fund while all or part of such Investment Fund's fees and expenses is charged to or paid out of capital of such Investment Fund.

Should there be any change in any Investment Fund's distribution policy in relation to payment out of or effectively out of capital, the Manager will seek the prior approval of the Commission and provide at least one month's prior notice to Unitholders.

On a distribution from the Investment Fund, the Trustee, in accordance with the instructions of the Manager, will allocate the amounts available for distribution between Unitholders and will pay such amounts to Unitholders.

## Fees and Charges

For details of the amount of fees and charges currently applicable to an Investment Fund, please refer to Part 2 of this Prospectus relating to the relevant Investment Fund.

### **Management Fees and Servicing Fee**

Under the terms of the Trust Deed, the Manager may, on giving not less than one month's written notice to the relevant Unitholders, increase each of the rate of the management fee or servicing fee payable in respect of an Investment Fund up to or towards its maximum rate of 2% per annum of the Net Asset Value of the Investment Fund accrued daily and calculated as at each Dealing Day and payable monthly in arrears, or such higher percentage as may be approved by the relevant Unitholders in accordance with the terms of the Trust Deed. Please refer to Part 2 of this Prospectus for further details.

The Manager shall be responsible for paying the fees of any additional sub-managers or investment advisers appointed by the Manager.

### **Trustee Fee**

Under the terms of the Trust Deed, the Trustee may, after consulting the Manager, on giving not less than one month's written notice to the relevant Unitholders, increase the rate of the trustee fee payable in respect of an Investment Fund up to or towards the maximum rate of 1% per annum of the Net Asset Value of the Investment Fund accrued daily and calculated as at each Dealing Day and payable monthly in arrears, or such higher percentage as may be approved by the relevant Unitholders in accordance with the terms of the Trust Deed. Please refer to Part 2 of this Prospectus for further details.

In respect of each Investment Fund which invests directly in A-Shares, the Trustee Fee will be inclusive of the fee payable to the PRC Custodian.

### **Registrar's Fee**

The Registrar may charge an initial placing fee per Investment Fund and an ongoing registry service fee in

respect of each Investment Fund. The rate of the Registrar's fee in respect of an Investment Fund is set out in Part 2 of this Prospectus relating to the relevant Investment Fund.

In addition, the Registrar will be reimbursed for all of its out-of-pocket expenses incurred in connection with performing its services.

### **Service Agent's Fee**

The Service Agent will charge such fees and expenses as are set out in Part 2 of this Prospectus relating to the relevant Investment Fund.

### **Other Charges and Expenses**

The relevant Investment 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 the Investment Fund, the Manager with the approval of the Trustee shall determine how such costs are to be allocated. Such costs may include but are not limited to 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 as may be agreed by the Manager in relation to transactions involving the whole or any part of the relevant Investment Fund, 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, the Registrar and Service Agent (if applicable), (c) fees charged by the Trustee in connection with valuing the assets of the Trust or any part thereof, calculating the issue and realisation prices of Units, (d) all legal charges incurred by the Manager and/or the Trustee in connection with the Trust, (e) out-of-pocket expenses incurred by the Trustee and the Manager wholly and exclusively in the performance of its duties (including obtaining collateral, credit support or implementing other measures or arrangements in mitigating the counterparty risk or other exposure of the relevant Investment Fund), (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 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 Trust or an Investment Fund or in complying with any undertaking given, or agreement entered into in connection with, or any rules governing such listing approval or authorisation, (i) any licence fees and expenses payable to the owner of an index for the use of such index, (j) without prejudice to the generality of the foregoing, all costs incurred in publishing the issue and realisation prices of Units, all costs of preparing, printing and distributing all statements, accounts and reports pursuant to the provisions of the Trust Deed (including the Auditors' fees), the expenses of preparing and printing any Prospectus, 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, (k) all other reasonable costs, charges and expenses which in the opinion of the Trustee and the Manager are properly incurred in the administration of the Trust pursuant to the performance of their respective duties, (l) all fees and expenses incurred in connection with the retirement or removal of the Manager, the Trustee, the Auditors or any entity providing services to the Trust, or the appointment of a new manager, a new trustee, new auditors or other new service providers providing services to the Trust, and (m) all such charges, costs, expenses and disbursements as under the general law the Trustee is entitled to charge to the Trust.

The costs and expenses incurred by the Manager and the Trustee in establishing the Trust and Horizons KOSPI 200 ETF were borne by Horizons KOSPI 200 ETF and amortised over the first 3 financial years of the Trust (unless the Manager decides a shorter period is appropriate).

The establishment costs of all other Investment Funds except for the Horizons KOSPI 200 ETF were or will be borne by the respective Investment Fund and amortised over the first 3 financial years of the relevant Investment Fund (unless the Manager decides a shorter period is appropriate).

The costs of establishing the Horizons CSI 300 ETF are approximately HK\$1,400,000.

### **Broker Commissions**

It is expected that brokerage or other agency transactions for the account of the Trust may be executed through affiliates of the Manager. In effecting transactions for the account of an Investment Fund which is for the time being authorised pursuant to section 104 of the Securities and Futures Ordinance with persons connected to the Manager,



the Manager shall ensure that it complies with the following requirements:

- (a) such transactions should be on arm's length terms;
- (b) the Manager must use due care in the selection of brokers or dealers and ensure that they are suitably qualified in the circumstances;
- (c) transaction execution must be consistent with applicable best execution standards;
- (d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;
- (e) the Manager must monitor such transactions to ensure compliance with its obligations; and
- (f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the annual report of the Trust.

### **Soft Dollar Benefits**

Any cash commissions received by the Manager or any appointed investment adviser or any of their Connected Persons arising out of the sale and purchase of investments for the Trust will not be retained for their own use but will

be credited to the relevant Investment Fund. However, the Manager, any appointed investment adviser and any of their Connected Persons may receive, and are entitled to retain, goods and services and other soft dollar benefits which are of demonstrable benefit to the Unitholders (as may be permitted under relevant regulations including, but not limited to, the Code) from brokers and other persons through whom the investment transactions are carried out. These goods and services include, but are not limited to, qualifying research services, computer hardware and software obtained to enhance investment decision making, and appropriate order execution services.

In all cases where such goods and services and other soft dollar benefits are retained by the Manager, any appointed investment adviser or any of their Connected Persons, such person shall ensure that transaction execution is consistent with best execution standards and that any brokerage borne by the relevant Investment Fund does not exceed customary institutional full service brokerage rates for such transactions.

Neither the Manager nor its Connected Persons will receive cash or other rebates from brokers or dealers in respect of transactions for the account of the Trust. However, the Manager and its Connected Persons may enter into soft commission arrangements with brokers or dealers for the provision to the Manager or its connected persons of goods and services which are of demonstrable benefit to Unitholders. Execution of transactions for the Trust will be consistent with best execution standards.

## Taxation

### **Hong Kong**

#### *The Investment Fund*

The Investment Funds are not expected to be subject to Hong Kong tax in respect of any of their authorized activities.

Pursuant to a remission order issued by the Secretary for Treasury on 20 October 1999, Hong Kong stamp duty payable on the transfer of Hong Kong stocks by an investor to the relevant Investment Fund in respect of allotment of Units, or by an Investment Fund to an investor upon realisation of Units, will be remitted or refunded. Apart from the above, the sale and purchase of Hong Kong stocks by an Investment Fund will be subject to stamp duty in Hong Kong at the current rate of 0.2% of the price of Hong Kong

stocks being sold and purchased. The relevant Investment Fund will normally be liable to one half of such Hong Kong stamp duty.

No Hong Kong stamp duty is payable by the relevant Investment Fund on issue or realisation of Units.

#### *Unitholders*

No tax will be payable by Unitholders in Hong Kong in respect of income distributions of an Investment Fund or in respect of any capital gains arising on a sale, realisation or other disposal of Units, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

Hong Kong stamp duty (currently at rate of 0.2% of the price of the Units being sold or purchased) shall be payable in respect of the sale or purchase of Units, whether on or off the SEHK, with one half payable by the seller and another half payable by the purchaser. Where applicable, approval will be sought from the Financial Services and the Treasury Bureau of Hong Kong for remission or refund in full of stamp duty payable or paid in respect of any contract notes or instruments of transfer relating to transactions in Units in an Investment Fund where the Investment Fund invests exclusively in non-Hong Kong stocks. In such circumstances, the seller and the purchaser of the Units shall not be liable for Hong Kong stamp duty upon such transfer. However, nominal stamp duty may still be payable on any instruments of transfer relating to transactions in Units in an Investment Fund. Please refer to Part 2 of this Prospectus relating to the relevant Investment Fund.

### **FATCA and compliance with US withholding requirements**

The US Hiring Incentives to Restore Employment Act (the “**HIRE Act**”) was signed into US law in March 2010 and includes provisions commonly referred to as the “Foreign Account Tax Compliance Act” or “**FATCA**”. Broadly, the FATCA provisions are set out in sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**Revenue Code**”), which impose a new reporting regime with respect to financial accounts held by Specified U.S. persons with FFIs, such as the Trust and each Investment Fund. US source withholdable payments, including U.S. sourced interests and dividends paid from securities of U.S. issuers and gross proceeds from the sale of such securities, made to a financial account may be subject to withholding at a rate of 30%, unless the account holders provide sufficient information to the financial institutions to enable the financial institutions to identify such account holder’s FATCA classification. To avoid such withholding on payments received, FFIs (including banks, brokers, custodians and investment funds), such as the Trust and each Investment Fund, located in jurisdictions that have not signed intergovernmental agreements for implementation of FATCA (each an “**IGA**”), will be required to register and enter into an agreement (an “**FFI Agreement**”) with the IRS to be treated as a participating FFI (but see paragraph below regarding IGA status of Hong Kong). Participating FFIs are required to identify all investors that are Specified US Persons and report certain information concerning such Specified US Persons to the IRS. The FFI Agreement will also generally require that a participating FFI deduct and withhold 30% from US source withholdable payments made by the

participating FFI to investors who fail to cooperate with certain information requests made by the participating FFI (such withholding is not applicable under IGA) or investors that are non-participating FFIs (“**FATCA Withholding**”).

FATCA Withholding applies to (i) payments of US source FDAP (fixed, determinable, annual or periodical) income, including US source dividends and interest, made after 30 June 2014; and (ii) payments of gross proceeds of sale or other disposal of property that can produce US source FDAP income after 31 December 2016. The 30% withholding could also apply to payments otherwise attributable to US source income (also known as “**foreign passthru payments**”). Withholding agents (which includes participating FFIs) will generally be required to begin withholding on US withholdable payments made after 30 June 2014. The first reporting deadline for information on relevant financial accounts (e.g. account held by Specified U.S. persons) for FFIs that have entered into the FFI Agreement will be 31 March 2015 with respect to information relating to the 2014 calendar year.

The United States and a number of other jurisdictions have entered into IGAs. The United States Department of the Treasury and Hong Kong have on 9 May 2014 in substance agreed to enter into an intergovernmental agreement based on the Model 2 format (“**Model 2 IGA**”). According to a previous announcement of the IRS, an “agreement in substance” is considered to be effective as long as the parties sign the agreement by 31 December 2014. The Model 2 IGA modifies the foregoing requirements but generally requires similar information to be disclosed to the IRS. However, there can be no assurance that a Model 2 IGA or any IGA will be entered into between Hong Kong and the United States. As such, the effects which the FATCA provisions may have on the Trust and each Investment Fund are still uncertain. Further, even if such an IGA is reached between Hong Kong and the United States, withholding may continue to apply to US source withholdable payments if the Trust and each Investment Fund cannot satisfy the applicable requirements and is determined to be non-FATCA compliant.

The Trust has been registered with the IRS as a Single Foreign Financial Institution with Global Intermediary Identification Number of E3XTGZ.99999.SL.344. In order to protect Unitholders’ interests in the Trust and avoid being subject to FATCA Withholding, it is the Manager’s and the Trustee’s intention to endeavour to satisfy the requirements imposed under FATCA. Hence it is possible that this may require the Trust (through its agents or service providers) as far as legally

permitted, to report information on the holdings or investment returns of Unitholders that are identified as Specified US Persons to the IRS or the local authorities pursuant to the terms of an applicable IGA (as the case may be), including certain Unitholders who fail to provide relevant information and documents required to identify their FATCA status or fail to provide consent to the Trust to report. Reporting and FATCA Withholding may also be required on Unitholders that are identified as non-FATCA compliant financial institutions (i.e., non-participating FFIs). As at the date of this Prospectus, all Units in the Investment Funds are registered in the name of HKSCC Nominees Limited. It is the Manager's understanding that HKSCC Nominees Limited is registered as a reporting foreign financial institution under the Model 2 IGA.

Although the Trust and the Investment Funds will attempt to satisfy any obligations imposed on them to avoid the imposition of FATCA withholding tax, no assurance can be given that the Trust and the Investment Funds will be able to fully satisfy these obligations. If any Investment Fund becomes subject to a withholding tax as a result of FATCA, the Net Asset Value of such Investment Fund may be adversely affected and such Investment Fund and its Unitholders may suffer material loss.

**The FATCA provisions are complex and certain implications may be uncertain at this time. The above description is provided based in part on regulations, official guidance and model IGAs currently available, all of which are subject to change or may be implemented in a materially different form. Nothing in this section constitutes or purports to constitute tax advice and Unitholders should not rely on any information set out in this section for the purposes of making any investment decision, tax decision or otherwise. All Unitholders should therefore consult their own tax and professional advisors regarding the FATCA requirements, possible implications and related tax consequences with respect to their own situation. In particular, Unitholders who hold their Units through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer the above mentioned withholding tax on their investment returns.**

#### **General**

Investors should consult their professional financial advisers on the consequences to them of acquiring, holding, realizing, transferring or selling Units under the relevant laws of the jurisdictions to which they are subject, including the tax consequences, stamping and denoting requirements and any exchange control requirements. These consequences, including the availability of, and the value of, tax relief to investors will vary with the law and practice of the investors' country of citizenship, residence, domicile or incorporation and their personal circumstances.

## Other Important Information

#### **Reports and Accounts**

The Trust's year end is 31 March in each year. Audited accounts will be made available to Unitholders as soon as practicable through the website [www.horizonsetfs.com.hk](http://www.horizonsetfs.com.hk) and in any event not more than four months after the conclusion of each financial year. Half-yearly unaudited reports will also be prepared up to the last Dealing Day in September each year and will be made available to Unitholders via the above website within two months after the end of the relevant period. Such reports will contain a statement of the value of the net assets of the relevant Investment Fund and the investments comprising its portfolio.

The annual audited reports and the half-yearly unaudited reports are published in English only and hard copies are available free of charge upon request at the registered office of the Manager which is located at Level 15, Three Pacific Place, 1 Queen's Road East, Hong Kong. Unitholders will be notified when the Trust's annual audited reports and half-yearly unaudited reports are available.

Unitholders will be given at least one month's prior notice of any change to the mode of delivery of the Trust's annual audited reports and half-yearly unaudited reports.

### **Publication of Information Relating to the Investment Funds**

The Manager shall publish the estimated Net Asset Value per Unit (in the relevant Base Currency, or if there is a Dual Counter, in RMB and in HKD) on its website (www.horizonsetfs.com.hk) on each Dealing Day.

The Manager shall also publish the following information in both English and Chinese languages in respect of the Investment Funds on its website, including:

- this Prospectus and the product key facts statement in respect of each Investment Fund (as amended and supplemented from time to time);
- the latest annual and semi-annual financial reports of the Investment Funds in English;
- any notices for material alterations or additions to the Prospectus or the Investment Funds' constitutive documents;
- any public announcements made by an Investment Fund, including information in relation to an Investment Fund and its Underlying Index, notices of the suspension of the calculation of Net Asset Value, changes in fees and charges and the suspension and resumption of trading of Units;
- holdings of the Investment Funds which will be updated on a daily basis;
- the last closing Net Asset Value (in the relevant Base Currency, or if there is a Dual Counter, in RMB only) and Net Asset Value per Unit (in the relevant Base Currency, or if there is a Dual Counter, in RMB and in HKD), available at around 9:00 a.m. on the Valuation Day (on which such value is calculated) immediately following the relevant Dealing Day under normal circumstances;
- list of Participating Dealers and market makers; and
- real time or near-real time estimated Net Asset Value per Unit (in the relevant Base Currency, or if there is a Dual Counter, in RMB and in HKD).

For an Investment Fund with a Dual Counter, the near real time estimated Net Asset Value per Unit in HKD is indicative and is for reference only. This is updated during SEHK trading hours. The near real time estimated Net Asset Value per Unit in HKD does not use a real time HKD: RMB

foreign exchange rate – it is calculated using the estimated net asset value per Unit in RMB multiplied by an assumed foreign exchange rate using mid rate for offshore RMB (CNH) quoted by Bloomberg at 2:00pm Hong Kong time on the previous SEHK trading day. Since the estimated Net Asset Value per Unit in RMB will not be updated when the underlying A-Shares market is closed, the change to the estimated Net Asset Value per Unit in HKD (if any) during such period is solely due to the change in the foreign exchange rate.

For an Investment Fund with a Dual Counter, the last closing Net Asset Value per Unit in HKD is indicative, is for reference only and is calculated using the last closing Net Asset Value per Unit in RMB multiplied by an assumed foreign exchange rate using mid rate for offshore RMB (CNH) quoted by Bloomberg at 2:00pm Hong Kong time as of the same Dealing Day (i.e. any day on which the SEHK, the Shanghai Stock Exchange and the Shenzhen Stock Exchange are open for normal trading). When the underlying A-Shares market is closed, the official last closing net asset value per Unit in RMB and the indicative last closing Net Asset Value per Unit in HKD will not be updated.

### **Material Changes to the Underlying Index**

The Commission should be consulted on any events that may affect the acceptability of any Underlying Index. Significant events relating to an Underlying Index will be notified to the Unitholders as soon as practicable. These may include a change in the methodology/rules for compiling or calculating any Underlying Index, or a change in the objective or characteristics of an Underlying Index.

The Manager reserves the right with the prior approval of the Commission and provided that in its opinion the interests of the Unitholders would not be adversely affected, to replace the Underlying Index with another Underlying Index. The circumstances under which any such replacement might occur include but are not limited to the following events:

- (a) the Underlying Index ceasing to exist;
- (b) the licence to use the Underlying Index being terminated;
- (c) a new index becoming available that supersedes the existing Underlying Index;
- (d) a new index becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the Unitholders than the existing Underlying Index;

- (e) investing in the Securities comprised within the Underlying Index becomes difficult;
- (f) the Index Provider increasing its licence fees to a level considered too high by the Manager;
- (g) the quality (including accuracy and availability of the data) of the Underlying Index having in the opinion of the Manager, deteriorated;
- (h) a significant modification of the formula or calculation method of the Underlying Index rendering that index unacceptable in the opinion of the Manager; and
- (i) the instruments and techniques used for efficient portfolio management not being available.

#### **Removal and Retirement of the Manager**

The Manager shall be subject to removal by not more than one month's notice in writing given by the Trustee in any of the following events:

- (a) if the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of its assets;
- (b) if for good and sufficient reason the Trustee is of the opinion and so states in writing to the Manager that a change of Manager is desirable in the interests of the Unitholders;
- (c) if the Unitholders of not less than 50% in value of the Units for the time being outstanding deliver to the Trustee in writing a request that the Manager should retire;
- (d) following a material breach of the Manager's obligations under the Trust Deed which, if the breach is capable of remedy, the Manager fails to remedy within 60 days of being specifically required in writing to do so by the Trustee, and the Trustee is of the opinion and so states in writing to the Manager that a change of Manager is desirable and in the best interests of Unitholders as a whole; or
- (e) if the Commission withdraws its approval of the Manager.

The Manager shall have power to retire in favour of some other qualified manager in accordance with the provisions

of the Trust Deed. In particular, the Manager shall give all Unitholders in the relevant Investment Fund written notice in accordance with the provisions of the Trust Deed.

#### **Removal and Retirement of the Trustee**

The Trustee shall be subject to removal by not less than 3 months' notice in writing given by the Manager (or such shorter period of notice as the parties may agree). Notwithstanding the foregoing, the Manager may by notice remove the Trustee in any of the following events:

- (a) if the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Trustee (or any such analogous process occurs or any analogous person is appointed in respect of the Trustee);
- (b) if the Trustee ceases to carry on business;
- (c) if the Manager acting in good faith and in the best interests of Unitholders, wishes to remove the Trustee;
- (d) if the Unitholders of not less than 50% in value of the Units for the time being outstanding (for which purpose Units held or deemed to be held by the Trustee shall not be regarded as being outstanding) shall deliver in writing a request that the Trustee should retire;
- (e) if the Commission withdraws its approval of the Trustee as trustee of the Trust; or
- (f) following a material breach of the Trustee's obligations under the Trust Deed which, if the breach is capable of remedy, the Trustee fails to remedy within 60 days of being specifically required in writing so to do by the Manager, and the Manager is of the opinion and so states in writing to the Trustee that a change of Trustee is desirable and in the best interests of Unitholders as a whole.

Notwithstanding such notice, the Trustee shall not be removed or cease to act as such unless and until the Manager shall, subject to the prior approval of the Commission if the Investment Fund is authorised pursuant to section 104 of the Securities and Futures Ordinance, have appointed a qualified corporation under any applicable law to be the trustee in place of the removed Trustee.

The Trustee shall be entitled to retire voluntarily. In the event of the Trustee desiring to retire the Manager shall find within 60 days from the date the Trustee notifies the Manager of such desire a new trustee who is a qualified corporation under any applicable law to act as trustee and the Manager shall appoint such new trustee to be the Trustee in the place of the retiring Trustee in accordance with the provisions of the Trust Deed and subject to the prior approval of the Commission if the Investment Fund is authorised pursuant to section 104 of the Securities and Futures Ordinance. For the avoidance of doubt, the Trustee shall only retire upon the appointment of a new Trustee and subject to the prior approval of the Commission.

#### **Termination of the Trust or an Investment Fund**

An Investment Fund shall terminate upon the termination of the Trust. The Trust shall continue until it is terminated in one of the following ways set out below provided that the Trust will automatically terminate on the date falling 80 years after the date of the Trust Deed.

A summary of the circumstances under which the Trust may be terminated by the Trustee by notice in writing is set out as follows:

- (a) if the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of their assets and not discharged within 90 days;
- (b) if in the reasonable opinion of the Trustee, the Manager shall be incapable of performing or shall in fact fail to perform its duties satisfactorily or shall do any other thing which in the opinion of the Trustee is calculated to bring the Trust into disrepute or to be harmful to the interests of the Unitholders;
- (c) if the Trust shall cease to be authorized pursuant to the Securities and Futures Ordinance or if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Trust;
- (d) if the Manager shall have ceased to be the Manager and, within a period of 90 days thereafter, no other qualified corporation shall have been appointed by the Trustee as a successor Manager or if the Trustee wishes to retire and no replacement is made within 90 days; and

- (e) if the Trustee shall have notified the Manager of its desire to retire as Trustee and the Manager shall fail to find a qualified corporation to act as a trustee in place of the Trustee within 60 days therefrom.

A summary of the circumstances under which the Trust and/or an Investment Fund and/or any classes of Units relating to an Investment Fund (as the case may be) may be terminated by the Manager in its absolute discretion by notice in writing is set out as follows:

- (a) if on any date, in relation to the Trust, the aggregate Net Asset Value of all Units shall be less than HK\$50,000,000 or in relation to an Investment Fund, the aggregate Net Asset Value of the Units of the relevant classes outstanding hereunder shall be less than HK\$50,000,000;
- (b) if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Trust and/or the relevant Investment Fund;
- (c) if the Trust and/or the relevant Investment Fund shall cease to be authorized pursuant to the Securities and Futures Ordinance or listed on the SEHK or other recognized securities markets;
- (d) if the Underlying Index of the relevant Investment Fund is no longer available for benchmarking, unless the Manager and the Trustee agree that it is possible, feasible, practicable and in the best interests of the Unitholders to substitute another index for the Underlying Index; or
- (e) if the Trust and/or the relevant Investment Fund ceases to have any Participating Dealer.

In cases of termination of the Trust or an Investment Fund under the above circumstances, no less than one month's notice will be given to Unitholders.

#### **Trust Deed**

The Trust was established under Hong Kong law by a trust deed dated 23 December 2010 as amended by supplemental deeds dated 23 December 2011, 5 November 2012, 14 May 2013 and 3 September 2014 respectively (as may be amended, modified or supplemented from time to time). All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

### **Indemnification and Limitation of Liability**

The Trust Deed contains provisions for the indemnification of the Trustee and the Manager and their relief from liability in certain circumstances. Nothing in any of the provisions of the Trust Deed shall exempt the Trustee or the Manager (as the case may be) from or indemnify them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any fraud, wilful default or negligence of which they may be liable in relation to their duties and neither the Trustee nor the Manager may 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 for the details.

### **Modification of Trust Deed**

Subject to the prior approval of the Commission if any Investment Fund is authorised pursuant to section 104 of the Securities and Futures Ordinance, the Trustee and the Manager may agree to modify the Trust Deed by supplemental deed provided that in the opinion of the Trustee such modification (i) is not materially prejudicial to the interests of Unitholders, does not operate to release to any material extent the Trustee, the Manager or any other person from any responsibility to the Unitholders and will not result in any increase in the amount of costs and charges payable out of the assets of the Trust or (ii) is necessary in order to comply with any fiscal, statutory or official requirement or (iii) is made to correct a manifest error.

In all other cases modifications require the sanction of an extraordinary resolution of the Unitholders affected.

### **Meetings of Unitholders**

The Trust Deed contains detailed provisions for meetings of Unitholders. Meetings may be convened by the Trustee, the Manager or the Unitholders of at least 10% in value of the Units in issue, on not less than 21 days' notice. Notice of meetings will be posted to Unitholders. Unitholders may appoint proxies, who need not themselves be Unitholders. The quorum for a meeting to pass an ordinary resolution will be Unitholders present in person or by proxy registered as holding not less than 10% of the Units for the time being in issue. The quorum for a meeting to pass an extraordinary resolution will be Unitholders present in person or by proxy registered as holding not less than 25% of the Units for the time being in issue or, for an adjourned meeting, Unitholders present in person or by proxy whatever their number or the

number of Units held by them. 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.

An ordinary resolution is a resolution proposed as such and passed by a majority of 50% of the total number of votes cast. An extraordinary resolution is a resolution proposed as such and passed by a majority of 75% of the total number of votes cast.

The Trust Deed contains provisions for the holding of separate meetings of Unitholders in different Investment Funds and different classes where only the interests of Unitholders in a particular Investment Fund or class are affected.

### **Voting Rights**

The Trust Deed provides that at any meeting of Unitholders, every Unitholder who is present as aforesaid or by proxy shall have one vote for every Unit of which he is the holder.

Where a Unitholder is a recognised clearing house (within the meaning of the Securities and Futures Ordinance) (or is its nominee(s)), it may authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any meetings of Unitholders or any meetings of any class of Unitholders provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of Units in respect of which each such person is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarized authorisation and/or further evidence for substantiating the facts that it is duly authorised (save that the Trustee shall be entitled to request for evidence from such person to prove his/her identity) and will be entitled to exercise the same power on behalf of the recognized clearing house as that clearing house or its nominee(s) could exercise if it were an individual Unitholder of the Trust. For the avoidance of doubt, a Unitholder who is a recognised clearing house (or its nominee(s)) shall exercise its voting rights in compliance with the applicable CCASS rules and/or operational procedures.

### **Documents Available for Inspection**

Copies of the Trust Deed, Service Agreement, Participation Agreements and the latest annual and semi-annual reports

(if any) are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager at Level 15, Three Pacific Place, 1 Queen's Road East, Hong Kong. Copies of the Trust Deed can be purchased from the Manager on payment of a reasonable fee.

### Anti-Money Laundering Regulations

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

- (i) the applicant makes the payment from an account held in the applicant's name at a recognized financial institution; or
- (ii) the application is made through a recognized intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognized as having sufficient anti-money laundering regulations.

Each of the Trustee and the Manager reserve the right to request such information as is necessary to verify the identity of an applicant and the source of the payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Trustee and/or the Manager may refuse to accept the application and the application moneys relating thereto.

### Conflicts of Interest

The Manager or other investment advisers as may be appointed by the Manager from time to time may, in the course of their business, have potential conflicts of interests in relation to the Trust and may promote, manage, advise or otherwise be involved in any other funds or investment companies while they act as the Manager or investment adviser of the Trust. For instance, associated companies or directors of the Manager or such other investment advisers appointed from time to time (if any) may act as underwriter(s) for Securities sold to the Trust or provide investment management and/or advisory services to other clients (including other funds).

The Manager, any appointed investment advisers or their respective associated companies or any director will be free to render services similar to those which the Manager or any appointed investment advisers is providing to the Trust to other clients (including other funds). Further, the Manager, any appointed investment advisers or their respective associated companies may receive commission, brokerage and other charges in relation to the sale or purchase of any investment by the Trust.

It is, therefore, possible that any of the Manager or any appointed investment advisers or their Connected Persons may, in the course of business, have potential conflicts of interest with the Trust or any Investment Fund. Each will, at all times, have regard in such event to its obligations to the Trust pursuant to the Trust Deed and to Unitholders and will endeavour to ensure that such conflicts are resolved fairly and act in the best interest of the Trust and the Unitholders.

The Trustee and any of its respective Connected Persons may:

- (a) contract or enter into any financial, banking, brokerage, insurance or other financial services transaction with the Trust; and
- (b) invest in and deal with Securities or any property of the kind included in the property of the Trust for its individual account or for the account of a third party.

Neither the Trustee nor the Manager may act as principal to buy or sell investments from or to the Trustee for the account of the Trust or otherwise deal as principal with the Trust. However, with the prior written consent of the Trustee, any connected person of the Manager may deal as agent or principal in the sale or purchase of Securities and other investments to or from the Trust. There will be no obligation on the part of such connected person to account to the Trust or to Unitholders for any benefits so arising and any such benefits may be retained by the relevant party, provided that such transactions are entered into on an arm's length basis and at the best price available to the Trust having regard to the kind, size and time of the transaction.

Any cash of the Trust may be deposited with any connected person of the Trustee or the Manager or invested in certificates of deposit or banking investments issued by any such connected person provided that interest received on any such deposits or banking instruments shall be kept at a rate not lower than the prevailing commercial rate for a



deposit of that size and term. Banking or similar transactions may also be undertaken with or through a connected person.

With the prior written consent of the Trustee, the Manager may effect transactions by or through the agency of another person for the account of the Trust with whom the Manager or any of its Connected Persons have an arrangement for the supply of goods, services or other benefits.

In respect of voting rights where the Manager would face a conflict between its own interest and that of the Unitholders, the Manager shall cause such voting rights to be exercised according to the discretion of the Trustee.

#### **Website Information**

The offer of the Units is made solely on the basis of information contained in this Prospectus. All references in this Prospectus to other websites and sources where further information may be obtained are merely intended to assist you to access further information relating to the subject matter indicated and such information does not form part of

this Prospectus. None of the Listing Agent, the Manager or the Trustee accepts any responsibility for ensuring that the information contained in such other websites and sources, if available, is accurate, complete and/or up-to-date, and no liability is accepted by the Listing Agent, the Manager and the Trustee in relation to any person's use of or reliance on the information contained in these other websites and sources save, in respect of the Manager and the respective website [www.horizonsetfs.com.hk](http://www.horizonsetfs.com.hk)<sup>2</sup>. You should exercise an appropriate degree of caution when assessing the value of such information.

#### **Complaints and Enquiries**

Investors may contact the complaint officer of the Manager if they have any complaints or enquiries in respect of the Trust or an Investment Fund and its compartments. Depending on the subject matter of the complaints or enquiries, these will be dealt with either by the Manager directly, or referred to the relevant parties for further handling. The Manager will revert and address the investor's complaints and enquiries as soon as possible and in any event within one month upon receipt of the complaints or enquiries by phone at its number: +852 2295 1500 or in writing. Complaints should be addressed to the Manager at Level 15, Three Pacific Place, 1 Queen's Road East, Hong Kong.

<sup>2</sup> The website has not been reviewed by the commission.

## Part 2 – Information Relating to the Investment Funds

This part of the Prospectus sets out specific information applicable to each Investment Fund.

## Appendix 1 – Horizons KOSPI 200 ETF

This part of the Prospectus sets out specific information applicable to the Horizons KOSPI 200 ETF (formerly known

as Mirae Asset TIGER KOSPI 200 ETF). Prospective investors' attention is drawn to "Risk Factors relating to the Horizons KOSPI 200 ETF" below.

### Key Information

The following table is a summary of key information in respect of the Horizons KOSPI 200 ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("ETF")
Tracked Index	KOSPI 200 Index Inception Date: 15 June 1994 Number of constituents: 200 Base Currency of Index: Korean won
Listing Date	17 January 2011
Exchange Listing	SEHK – Main Board
Stock Code	2835
Trade Lot Size	500 Units
Base Currency/Trading Currency	Hong Kong dollars (HK\$)
Dividend Policy	Annually (if any) (May in each year)
Application Unit Size for Creation/Realisation by Participating Dealers	Minimum 500,000 Units (or multiples thereof)
Method(s) of Creation/Realisation available (through Participating Dealer)	In-Kind or in Cash
Investment Adviser	No investment adviser has been appointed
Market Makers	Citigroup Global Markets Asia Limited Commerz Securities Hong Kong Limited Merrill Lynch Far East Limited
Participating Dealers	ABN AMRO Clearing Hong Kong Limited Barclays Bank PLC Citigroup Global Markets Asia Limited Credit Suisse Securities (Hong Kong) Limited Goldman Sachs (Asia) Securities Limited Merrill Lynch Far East Limited Mirae Asset Securities (HK) Limited Nomura International (Hong Kong) Limited SG Securities (HK) Limited Shenyin Wanguo Securities (H.K.) Limited UBS Securities Hong Kong Limited
Financial Year	Ending 31 March each year
Management Fee	Up to 0.05% per annum of the NAV accrued daily and calculated as at each Dealing Day
Estimated total expense ratio*	0.29% per annum (including the management fee, the trustee's fee and other charges) of the NAV
Website	<a href="http://www.horizonsetfs.com.hk/en/etf/2835">http://www.horizonsetfs.com.hk/en/etf/2835</a>

\* The estimated total expense ratio does not represent the estimated tracking error of the Horizons KOSPI 200 ETF.

## Exchange Listing and Trading

Currently, Units are listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges.

If trading of the Units of the Horizons KOSPI 200 ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

## Investment Objective and Strategy

The Horizons KOSPI 200 ETF seeks to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the KOSPI 200 Index.

The Manager intends to adopt the replication strategy to achieve the investment objective of the Horizons KOSPI 200 ETF. The Manager may however, in the appropriate circumstances, choose to use a representative sampling strategy. Please refer to the section "Investment Policies" in Part 1 of this Prospectus for an explanation on these two strategies.

Investors should note that the Manager may switch between the replication strategy and the representation sampling strategy without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the Horizons KOSPI 200 ETF by tracking the KOSPI 200 Index as closely (or efficiently) as possible for the benefit of investors.

The Horizons KOSPI 200 ETF will not invest in physical commodities (including gold, silver, platinum or other bullion).

## Distribution Policy

Net income earned by the Horizons KOSPI 200 ETF will, at the discretion of the Manager, be distributed by way of annual cash distribution (if any) and details of the distribution

declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website <http://www.horizonsetfs.com.hk>. There can be no assurance that a distribution will be paid.

## The Index

The Underlying Index in respect of the Horizons KOSPI 200 ETF, being the KOSPI 200 Index, is a free float-adjusted market capitalization weighted index based on 200 blue chip companies listed on the Korea Stock Market, which are selected on the basis of such factors as their market and sector representation and liquidity. The KOSPI 200 Index is compiled and managed by the Korea Exchange ("**KRX**"). The Manager (and each of its Connected Persons) is independent of KRX.

All common stocks listed on the Korea Stock Market (excluding the KOSDAQ Market) are included in the KOSPI 200 universe. However, administrative issues, issues of liquidation sale, real estate investment funds, ship investment funds and issues that have not passed one year since their initial listing are excluded. Please refer to the section "Index Methodology" for detailed information on the KOSPI 200 Index.

KRX or its affiliates are the proprietors and absolute owners of the KOSPI 200 Index and the designations KRX, "KOSPI" and "KOSDAQ". KRX has granted to the Manager, by way of a licence, subject to the terms of an index licence agreement between them, among other things the non-transferable

and non-exclusive right to use the Index as the basis for determining the composition of the Underlying Index in respect of the Horizons KOSPI 200 ETF and to sponsor, issue, establish, market, list and distribute the Horizons KOSPI 200 ETF.

## Risk Factors Relating to the Horizons KOSPI 200 ETF

In addition to the principal risk factors common to all Investment Funds set out in Part 1 of this Prospectus, investors should also consider the potential risks associated with investing in the Horizons KOSPI 200 ETF including those set out below. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Horizons KOSPI 200 ETF. The Commission's authorisation is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

**Risk of war.** North and South Korea each have substantial military capabilities, and historical tensions between the two present the ongoing risk of war. Any outbreak of hostilities between the two countries could have a severe adverse effect on the South Korean economy and its securities markets.

**Foreign exchange risk.** The majority of the Horizons KOSPI 200 ETF's assets will be invested in Securities that are denominated in KRW. Also, currency hedging will not be undertaken to reduce the Horizons KOSPI 200 ETF's exposure to the fluctuations of KRW against the Base Currency. Accordingly, the Horizons KOSPI 200 ETF may be subject to exchange rate fluctuations between Hong Kong dollar and KRW given that the Horizons KOSPI 200 ETF is denominated in Hong Kong dollar. As the Horizons KOSPI 200 ETF's Net Asset Value is determined on the basis of the Hong Kong dollar, you may lose money if the KRW depreciates against the Hong Kong dollar, even if the KRW value of the Horizons KOSPI 200 ETF's holdings goes up.

**Political and economic risk.** Uncertainty in any change to social conditions, government policies or legislation in Korea in which the Horizons KOSPI 200 ETF invests may adversely affect the political or economic stability of Korea. The value of the assets of the Horizons KOSPI 200 ETF may be affected by uncertainties such as international political developments, changes in social conditions, changes in government policies, taxation, restrictions on foreign investments and currency repatriation, currency fluctuations, and other developments in the legal, regulatory and political climate in the countries in which investments may be made, which may or may not occur without prior notice. Any such changes or developments may affect the value and marketability of the Horizons KOSPI 200 ETF's investments.

**Risks associated with investments in South Korea.** The Horizons KOSPI 200 ETF invests in South Korea should be regarded as having higher concentration risks than a fund following a more diversified policy. Investments in South Korea may involve risks associated with the restrictions imposed on foreign investors, potential intervention by the South Korean government on foreign exchange rates, counterparty risks, a more volatile market and the risk that some assets in the portfolio have a limited liquidity.

**Risk relating to taxation of income in South Korea.** Currently, income from the portfolio investment of a foreign investor like the Horizons KOSPI 200 ETF is subject to the withholding tax. Interests and dividends sourced from South Korea received by such a foreign investor are taxed at a withholding tax rate of 22%. On the other hand, capital gains from the sale of shares which are listed and traded on the KRX are not taxed at all in accordance with "Income Tax Law" and "Corporate Tax Law" of South Korea. However, it is unsure as to whether the Korean government will increase the withholding tax rate and whether the Korean government

will in the future impose any additional taxation such as capital gains tax on purchase or sale of shares listed and traded on the KRX in particular on the purchase or sale executed by foreign investors or collective investment schemes domiciled in other jurisdictions.

**Trading hour's difference.** The unavailability of market prices of the index constituents of Horizons 200 Index arising from differences in trading sessions between the SEHK and KRX may result in deviations of the Horizons KOSPI 200 ETF's trading price from its Net Asset Value.

**Trading risk.** Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, retail investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

## Fees and Charges

### Management Fees and Servicing Fees

The Manager is entitled to receive a management fee, currently at the rate up to 0.05% per annum of the Net Asset Value of the Horizons KOSPI 200 ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The Manager is also entitled to receive a servicing fee but currently intends to waive the servicing fee.

### Trustee's Fee

The Trustee is entitled to receive a trustee fee of up to 1% per annum of the Net Asset Value of Horizons KOSPI 200 ETF. The Trustee receives out of the assets of the Horizons KOSPI 200 ETF a monthly trustee's fee, payable in arrears, accrue daily and calculated as at each Dealing Day at the following percentages of the Net Asset Value of the Horizons KOSPI 200 ETF: 0.12% if the Net Asset Value equals or is less than US\$200 million, 0.08% if the Net Asset Value is between US\$200 million and US\$500 million, and 0.06% if the Net Asset Value exceeds US\$500 million, subject to a minimum fee of US\$6,000 per month. These fees are payable out of the assets of Horizons KOSPI 200 ETF.

The Trustee shall also be entitled to be reimbursed out of the assets of the Horizons KOSPI 200 ETF all out-of-pocket expenses incurred.

### Registrar's Fee

The Registrar is entitled to receive an ongoing registry service fee of HK\$96,000 per annum in respect of Horizons KOSPI 200 ETF. These fees are payable out of the assets of Horizons KOSPI 200 ETF.

The Registrar shall also be entitled to be reimbursed out of the assets of Horizons KOSPI 200 ETF all out-of-pocket expenses incurred.

### Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the Horizons KOSPI 200 ETF are summarized in the table below:

#### Creation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges incurred by the Trustee or the Manager in connection with the creation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5

#### Realisation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges incurred by the Trustee or the Manager in connection with the realisation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5

#### Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the Horizons KOSPI 200 ETF on the SEHK are summarized in the table below:

Brokerage	Market rates
Transaction Levy	0.003%. See Note 6.
Trading Fee	0.005%. See Note 7.
Stamp Duty	Nil See Note 8.

#### Notes

1. A Transaction Fee of HK\$15,000 per Application is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.
2. A service agent fee of HK\$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction. A monthly reconciliation fee of HK\$5,000 is payable by the Manager to the Service Agent. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.
3. An Extension Fee is payable to the Trustee for the benefit of the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement or partial delivery in respect of a Creation or Realisation Application.

4. An Application Cancellation Fee is payable to, and for the account and benefit of, the Trustee in respect of either a withdrawn or failed Creation or Realisation Application.
5. The Duties and Charges applicable to an in-kind Creation Application may be higher or lower than the Duties and Charges applicable to an in-cash Creation Application. Similarly, the Duties and Charges applicable to an in-kind Realisation Application may be higher or lower than the Duties and Charges applicable to an in-cash Realisation Application. Participating Dealers may apply to the Manager for further details, although it should be noted that the actual Duties and Charges can only be determined only after the relevant Applications have been effected.
6. A Transaction Levy of 0.003% of the price of the Units, payable by each of the buyer and the seller.
7. A Trading Fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.
8. Stamp duty of 0.1% of the price of the Units, payable by each of the buyer and seller, except in respect of qualifying market maker transactions. Approval has been given by the Financial Services and the Treasury Bureau of Hong Kong for remission or refund in full of stamp duty payable or paid in respect of any contract notes or instruments of transfer relating to transactions in Units in the Horizons KOSPI 200 ETF. Therefore, the seller and the purchaser of the Units shall not be liable for Hong Kong stamp duty upon such transfer. However, nominal stamp duty may still be payable on any instruments of transfer relating to transactions in Units in the Horizons KOSPI 200 ETF.

#### Total Expense Ratio

The total expense ratio ("TER") of the Horizons KOSPI 200 ETF is estimated to be 0.29% per annum. TER is the sum of anticipated charges to the Horizons KOSPI 200 ETF (including the management fee, the trustee's fee and other charges) expressed as a percentage of the Net Asset Value of the Horizons KOSPI 200 ETF.

# Index Methodology

## General Information

The KOSPI 200 Index comprised 200 stocks selected from all issues listed on the KRX-Stock Market Constituents that are chosen based on factors such as liquidity and how well such stocks represent their respective markets and industries. The companies are classified into 8 industry sectors (namely, fisheries, mining, electricity and gas, construction, service, communication, financial and manufacturing). The KOSPI 200 Index has been calculated and published since 15 June, 1994 with a base index of 100 set on 3 January 1990. As at 29 August 2014, the 10 largest constituent stocks of the KOSPI 200 Index as listed below, represented 47.97% of the KOSPI 200 Index (calculated on the basis of free float shares).

Rank	Constituent Name	Weighting
1.	Samsung Electronics Co Ltd	19.50%
2.	Hyundai Motor Co Co	5.14%
3.	SK Hynix Inc	3.75%
4.	Posco	3.54%
5.	Naver Corp	3.26%
6.	Shinhan Financial Group Ltd	3.21%
7.	Hyundai Mobis Co Ltd	2.87%
8.	Kia Motors Corpoproration	2.31%
9.	SK Telecom	2.21%
10.	KB Financial Group Inc	2.18%

The realignment for the KOSPI 200 Index constituents is divided into two types: regular realignment and special realignment. Regular realignment takes place regularly on an annual basis, so that the index can be calculated on the basis of the constituents realigned on the trading day after the last trading day for June contracts in the futures and options markets. Special realignment occurs at any time when constituent issues are conceived to be inadequate for the KOSPI 200 Index as a result of delisting, designation as administrative stocks, merger and so forth.

The accuracy and completeness of the calculation of the KOSPI 200 Index may be affected if there is any problem with the system for the computation and/or compilation of the KOSPI 200 Index.

## Selection Criteria

The KOSPI 200 Index is compiled and calculated by the KRX in the following manner:

<b>Step 1</b>	Identification of index universe	Among the common stocks listed on the Korea Stock Market (excluding preferred stocks), KRX weeds out the stocks that are not suitable as the constituent of KOSPI 200. Index Securities are selected first from the non-manufacturing industry group and the rest is chosen from the manufacturing industry.
<b>Step 2</b>	Classification of industry sector	Sort out the stocks eligible as a constituent into 8 industry sectors (namely, fisheries, mining, electricity and gas, construction, service, communication, financial and manufacturing).
<b>Step 3</b>	Selection based on the market and industry representation	For each industry sector, the stocks are selected until the accumulated market capitalization of selected stocks reaches 70% of total market capitalization of the sector.
<b>Step 4</b>	Exclusion of stocks that do not satisfy the liquidity requirement	Among the stocks meeting the market and industry representation requirements, the stocks of which the trading value is not in the top 85% are excluded.
<b>Step 5</b>	Finalization of KOSPI 200 constituents	The Index Committee finalizes the list of KOSPI 200 constituents after the committee deliberation.
<b>Step 6</b>	Calculation of KOSPI 200	KOSPI 200 is calculated using the number of free floats, to which the public float of individual constituent is applied



## Calculation

- The KOSPI 200 Index is a market capitalization weighted index and is calculated in the formula below. Market capitalization, treatment of preferred stocks, etc. are calculated as the same way as for KOSPI.
- The KOSPI 200 Index is calculated as follows with Current Market Capitalization (=market capitalization at the time of comparison) as the numerator and Base Market Capitalization (=market capitalization as at 3 January 1990) as the denominator.

The calculation formula is as follows:

$$\text{KOSPI} = \frac{\text{Current Market Capitalisation}}{\text{Base Market Capitalisation}} \times 100$$

## Index Universe

All common stocks (excluding preferred stocks) listed on the Korean Stock Market (excluding the KOSDAQ Market) are included in the KOSPI 200 universe. However, administrative issues, issues of liquidation sale, real estate investment funds, ship investment funds and issues that have not passed one year since their initial listing are excluded. Index Securities are selected first from the non-manufacturing industry group based on market capitalization and trading value and the rest is chosen from the manufacturing industry based on the trading value.

## Constituent Selection Criteria

*Market and Industry Representation: Within the top 70% of total market capitalization of the sector.*

The stocks in the index universe are first classified into eight industry sectors and the constituents are selected for each industry sector. Specifically, the selection is made in descending order of market capitalization, until the accumulated market capitalization of selected stocks reaches 70% of the market capitalization of the industry sector.

*Market liquidity: The trading value must be ranked at the top 85%*

Among the stocks meeting the market and industry representation criteria, those stocks, of which the trading value is ranked at the top 85% in the industry sector, are selected.

*Regular rebalancing: Once a year (in June)*

The stocks in the index universe are reviewed annually to ensure that adequate market capitalization and liquidity are maintained and the constituents are rebalanced when necessary. The change takes effect on the trading day after the last trading day of June contracts of KOSPI 200 futures and options.

Details of the index methodology of the KOSPI 200 can be found on <http://eng.krx.co.kr>.

*Special changes*

Special changes of constituents take place when a constituent is judged to be disqualified as a result of being delisted, designated as an administrative issue, merged into another company, etc. In such case, the concerned constituent is replaced by a stock on the top of the replacement list, which has been prepared in advance at the time of regular rebalancing.

*Special inclusion of initially listed stocks*

In general, the initially listed stocks are eligible to become a constituent of KOSPI 200 only after one year has elapsed since the initial listing. However, an exception is made if the issuer is a large corporation and the issue has abundant liquidity. Such special inclusion is made on the trading day after the last trading day of quarterly contract month (March, June, September and December) contracts of KOSPI 200 futures.

*Index Committee*

The Index Committee, which is composed of the researchers and specialists in the securities and accounting fields, deliberates all important matters concerning the calculation and management of KOSPI 200. With the use of the Committee, the KRX ensures the fair and rational index management.

## KOSPI 200 is a Free Float Weighted Index

*Free Float Shares*

KOSPI 200 is calculated on the basis of 'free-float shares', excluding the shares that are not freely traded.

Free-float shares = Shares issued – Non-floating shares\*

- \* Non-floating shares mean the shares held by the largest shareholder and its affiliated persons + shares held by the government + treasury shares (including funds) + shares held by the employee stock ownership association etc.

*Minimum free-float share requirement: Free-float factor must be at least 10%*

Stocks with less than 10% of 'free-float factor' are ineligible to be a constituent of KOSPI 200.

Free-float factor =  $1 - \frac{\text{Number of non-floating shares}}{\text{Total number of shares issued}}$

#### *Free Float-adjusted Method*

The number of free float shares is calculated on the basis of the banded ratio, which is obtained by up-adjusting the free-float factor to a higher multiple of 5% interval. For example: When the actual free-float factor is 67% of total shares issued, the number of free-float shares is calculated by rounding off 67% to 70%, which is the higher multiple of 5% interval.

*Adjustment of number of free-float shares: Once a year*

Although the free-float factor changes from time to time because the stocks are continuously traded in the market, the free-float factor is adjusted once a year at the time of regular rebalancing of index constituents. This is to facilitate a stable operation of index products.

#### **Index Disclaimer**

1. KRX does not guarantee the accuracy and/or the completeness of the KRX indexes or any data included therein and KRX shall have no liability for any errors, omissions, or interruptions therein.
2. KRX does not guarantee the accuracy and/or the completeness of the KRX indexes or any data included therein to licensees, purchasers of the financial products linked to KRX indexes, or any other person or entity that uses the KRX indexes or any data included therein.
3. KRX makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the KRX indexes or any data included therein.

4. Without limiting any of the foregoing, in no event shall KRX have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.
5. KRX makes no representation or warranty, express or implied, to the owners of the financial products linked to KRX indexes or any member of the public regarding the advisability of investing in securities generally or in the products particularly or the ability of the KRX indexes to track general stock market performance (profitability).
6. KRX's only relationship to the licensee is the licensing of certain trademarks and trade names of KRX and of the KRX indexes which is determined, composed and calculated by KRX without regard to the licensee or the content of the product.
7. KRX has no obligation to take the needs of the licensee or the owners of the financial products linked to KRX indexes into consideration in determining, composing or calculating the KRX indexes. KRX is not responsible for and has not participated in the determination of the timing of the issuance or sale of the derivative products linked to KRX indexes or in the determination or calculation of the equation by which the derivative products linked to KRX indexes is to be converted into cash.
8. KRX has no obligation or liability to the owners of the financial products linked to KRX indexes in connection with the administration, marketing or trading of the Product.
9. The disclaimers of KRX under this section shall continue to be effective even after the termination of the Index license agreement.

#### **Index Licence**

The initial term of the licence of the KOSPI 200 Index commenced on 14 June 2010 and continued until 14 June 2011 on which date the licence has been automatically renewed for one year and should be continually renewed for successive terms of one year unless either party to the licence agreement serves a written notice of termination of at least 30 days prior to the end of the then current term to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

## Appendix 2 – Horizons S&P Emerging Asia Consumer ETF

This part of the Prospectus sets out specific information applicable to the Horizons S&P Emerging Asia Consumer ETF (formerly known as Mirae Asset TIGER S&P Emerging

Asia Consumer ETF). Prospective investors' attention is drawn to "Risk Factors relating to the Horizons S&P Emerging Asia Consumer ETF" below.

### Key Information

The following table is a summary of key information in respect of the Horizons S&P Emerging Asia Consumer ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("ETF")
Tracked Index	S&P Emerging Asia Consumer Index Inception Date: 6 May 2011 Number of constituents: 40 Base Currency of Index: US dollars (US\$)
Listing Date	27 January 2012
Exchange Listing	SEHK – Main Board
Stock Code	3054
Trade Lot Size	500 Units
Base Currency / Trading Currency	Hong Kong dollars (HK\$)
Dividend Policy	Annually (if any) (May in each year)
Application Unit Size for Creation/Realisation by Participating Dealers	Minimum 200,000 Units (or multiples thereof)
Method(s) of Creation/Realisation Available (through Participating Dealer)	In-Kind or in Cash
Investment Adviser	No investment adviser has been appointed
Market Makers	Citigroup Global Markets Asia Limited Commerz Securities Hong Kong Limited
Participating Dealers	ABN AMRO Clearing Hong Kong Limited Barclays Bank PLC Citigroup Global Markets Asia Limited Credit Suisse Securities (Hong Kong) Limited Goldman Sachs (Asia) Securities Limited Mirae Asset Securities (HK) Limited Shenyin Wanguo Securities (H.K.) Limited
Financial Year	Ending 31 March each year
Management Fee	Up to 0.45% per annum of the NAV accrued daily and calculated as at each Dealing Day
Estimated Total Expense Ratio*	0.75% per annum (including the management fee) of the NAV
Website	<a href="http://www.horizonsetfs.com.hk/en/etf/3054">http://www.horizonsetfs.com.hk/en/etf/3054</a>

\* The estimated total expense ratio does not represent the estimated tracking error of the Horizons S&P Emerging Asia Consumer ETF.

## Exchange Listing and Trading

Currently, Units are listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges.

If trading of the Units of the Horizons S&P Emerging Asia Consumer ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

## Investment Objective and Strategy

The Horizons S&P Emerging Asia Consumer ETF seeks to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the S&P Emerging Asia Consumer Index.

The Manager intends to adopt the replication strategy to achieve the investment objective of the Horizons S&P Emerging Asia Consumer ETF. The Manager may however, in the appropriate circumstances, choose to use a representative sampling strategy. Please refer to the section "Investment Policies" in Part 1 of this Prospectus for an explanation on these two strategies.

Investors should note that the Manager may switch between the replication strategy and the representation sampling strategy without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the Horizons S&P Emerging Asia Consumer ETF by tracking the S&P Emerging Asia Consumer Index as closely (or efficiently) as possible for the benefit of investors.

The Horizons S&P Emerging Asia Consumer ETF will not invest in A-shares.

## Distribution Policy

Net income earned by the Horizons S&P Emerging Asia Consumer ETF will, at the discretion of the Manager, be distributed by way of annual cash distribution (if any) and details of the distribution declaration dates, distribution

amounts and ex-dividend payment dates will be published on the Manager's website <http://www.horizonsetfs.com.hk>. There can be no assurance that a distribution will be paid.

## The Index

The Underlying Index in respect of the Horizons S&P Emerging Asia Consumer ETF, being the S&P Emerging Asia Consumer Index, comprises the 40 largest publicly-listed companies from consumer related businesses across emerging markets in Asia. The Underlying Index provides liquid exposure to publicly-listed emerging market companies throughout Asia that are classified by the Global Industry Classification Standard (GICS®) as companies in the Consumer Discretionary and the Consumer Staple sectors.

The S&P Emerging Asia Consumer Index is compiled and managed by Standard & Poor's ("**S&P**"). Please refer to the section "Index Description" for detailed information on the S&P Emerging Asia Consumer Index.

# Risk Factors Relating to the Horizons S&P Emerging Asia Consumer ETF

In addition to the principal risk factors common to all Investment Funds set out in Part 1 of this Prospectus, investors should also consider the potential risks associated with investing in the Horizons S&P Emerging Asia Consumer ETF including those set out below. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Horizons S&P Emerging Asia Consumer ETF.

**Consumer Discretionary Sector Risk.** The performance of Asian emerging market companies active in the consumer discretionary sector are correlated to the growth rate of the Asian emerging consumer market, individual income levels and their impact on levels of domestic consumer spending in the Asian emerging markets, which in turn depend on the worldwide economic conditions, which have recently deteriorated significantly in many countries and regions and may remain depressed for the foreseeable future. There are many factors affecting the level of consumer spending, including but not limited to interest rates, currency exchange rates, economic growth rate, inflation, deflation, political uncertainty, taxation, stock market performance, unemployment level and general consumer confidence. There can be no assurance that historical growth rates of the Asian emerging markets economy and the Asian emerging consumer market will continue. Any future slowdowns or declines in the Asian emerging markets economy or consumer spending may materially and adversely affect the business of the companies in the consumer discretionary sector and as a result the performance of the Horizons S&P Emerging Asia Consumer ETF.

**Consumer Staples Sector Risk.** Companies in the consumer staples sector are subject to government regulation affecting the permissibility of using various food additives and production methods, which regulations could affect company profitability. The success of food, beverage, household and personal products companies may be strongly affected by marketing campaigns, performance of the overall domestic and international economy, interest rates, competition and consumer confidence and spending. There are many factors affecting the level of consumer spending, including but not limited to interest rates, currency exchange rates, economic growth rate, inflation, deflation, political uncertainty, taxation,

stock market performance, unemployment level and general consumer confidence. There can be no assurance that historical growth rates of the Asian emerging markets economy and the Asian emerging consumer market will continue. Any future slowdowns or declines in the Asian emerging markets economy or consumer spending may materially and adversely affect the business of the companies in the consumer staples sector and as a result the performance of the Horizons S&P Emerging Asia Consumer ETF.

**Asian Market Concentration Risk.** The Horizons S&P Emerging Asia Consumer ETF is subject to concentration risk as a result of tracking the performance of a single geographical region (Asia). The Horizons S&P Emerging Asia Consumer ETF 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 Underlying Index resulting from adverse conditions in Asia.

**Trading Hour's Difference.** As stock exchanges established outside of Hong Kong may be open when Units in the Horizons S&P Emerging Asia Consumer ETF are not priced, the value of the securities in the Horizons S&P Emerging Asia Consumer ETF's portfolio may change on days when investors will not be able to purchase or sell Units of the Horizons S&P Emerging Asia Consumer ETF. Furthermore, the market prices of underlying securities listed on stock exchanges which are established outside Hong Kong may not be available during part of all of the SEHK trading sessions due to trading hour differences which may result in the trading price deviating away from the Net Asset Value.

**Trading Risk.** Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, retail investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

# Fees and Charges

## Management Fees and Servicing Fees

The Manager is entitled to receive a management fee, currently at the rate up to 0.45% per annum of the Net Asset Value of the Horizons S&P Emerging Asia Consumer ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The Manager is also entitled to receive a servicing fee but currently intends to waive the servicing fee.

## Trustee's Fee

The Trustee receives out of the assets of the Horizons S&P Emerging Asia Consumer ETF a monthly trustee's fee, payable in arrears, accrue daily and calculated as at each Dealing Day at the following percentages of the Net Asset Value of the Horizons S&P Emerging Asia Consumer ETF: 0.12% if the Net Asset Value equals or is less than US\$200 million, 0.08% if the Net Asset Value is between US\$200 million and US\$500 million, and 0.06% if the Net Asset Value exceeds US\$500 million, subject to a minimum fee of US\$6,000 per month.

The Trustee shall also be entitled to be reimbursed out of the assets of the Horizons S&P Emerging Asia Consumer ETF all out-of-pocket expenses incurred.

## Registrar's Fee

The Registrar is entitled to receive an ongoing registry service fee of HK\$96,000 per annum in respect of Horizons S&P Emerging Asia Consumer ETF. These fees are payable out of the assets of Horizons S&P Emerging Asia Consumer ETF.

The Registrar shall also be entitled to be reimbursed out of the assets of Horizons S&P Emerging Asia Consumer ETF all out-of-pocket expenses incurred.

## Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the Horizons S&P Emerging Asia Consumer ETF are summarized in the table below:

## Creation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges with the Creation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5.

## Realisation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges with the Realisation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5.

## Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the Horizons S&P Emerging Asia Consumer ETF on the SEHK are summarized in the table below:

Brokerage	Market rates
Transaction Levy	0.003%. See Note 6.
Trading Fee	0.005%. See Note 7.
Stamp Duty	Nil. See Note 8.

## Notes

1. A Transaction Fee of HK\$15,000 per Application is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.
2. A service agent fee of HK\$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction. A monthly reconciliation fee of HK\$5,000 is payable by the Manager to the Service Agent. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.
3. An Extension Fee is payable to the Trustee for the benefit of the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement or partial delivery in respect of a Creation or Realisation Application.
4. An Application Cancellation Fee is payable to, and for the account and benefit of, the Trustee in respect of either a withdrawn or failed Creation or Realisation Application.
5. The Duties and Charges applicable to an in-kind Creation Application may be higher or lower than the Duties and Charges applicable to an in-cash Creation Application. Similarly, the Duties and Charges applicable to an in-kind Realisation Application may be higher or lower than the Duties and Charges applicable to an in-cash Realisation Application. Participating Dealers may apply to the Manager for further details, although it should be noted that the actual Duties and Charges can only be determined only after the relevant Applications have been effected.
6. A Transaction Levy of 0.003% of the price of the Units, payable by each of the buyer and the seller.
7. A Trading Fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.
8. Stamp duty of 0.1% of the price of the Units, payable by each of the buyer and seller, except in respect of qualifying market maker transactions. Approval has been given by the Financial Services and the Treasury Bureau of Hong Kong for remission or refund in full of stamp duty payable or paid in respect of any contract notes or instruments of transfer relating to transactions in Units in the Horizons S&P Emerging Asia Consumer ETF. Therefore, the seller and the buyer of the Units shall not be liable for Hong Kong stamp duty upon such transfer. However, nominal stamp duty may still be payable on any instruments of transfer relating to transactions in Units in the Horizons S&P Emerging Asia Consumer ETF.

### Total Expense Ratio

The total expense ratio (“**TER**”) of the Horizons S&P Emerging Asia Consumer ETF is estimated to be 0.75% per annum. TER is the sum of anticipated fees and charges to the Horizons S&P Emerging Asia Consumer ETF (including the management fee) expressed as a percentage of the Net Asset Value of the Horizons S&P Emerging Asia Consumer ETF. The estimated TER does not represent the estimated tracking error and excludes any establishment costs of the Horizons S&P Emerging Asia Consumer ETF and certain extraordinary expenses<sup>1</sup> which will be paid separately out of the assets of the Horizons S&P Emerging Asia Consumer ETF.

# Index Description

## General Information

The S&P Emerging Asia Consumer Index comprises the 40 largest publicly-listed companies from consumer related businesses across emerging markets in Asia. The S&P Emerging Asia Consumer Index provides liquid exposure to publicly-listed emerging market companies throughout Asia that are classified by the Global Industry Classification Standard (GICS®) as companies in the Consumer Discretionary and the Consumer Staple sectors.

The GICS® methodology was developed jointly by MSCI Inc and S&P in 1999 and has been widely accepted as an industry analysis framework for investment research, portfolio management and asset allocation. The GICS® classification system consists of: 10 sectors, 24 industry groups, 68 industries and 154 sub-industries. The GICS® sectors are: Energy, Materials, Industrials, Consumer Discretionary, Consumer Staples, Health Care, Financials, Information Technology, Telecommunication Services and Utilities.

<sup>1</sup> Extraordinary expenses means expenses relating to litigation costs as well as any tax, levy, duty or similar charge imposed on the Horizons S&P Emerging Asia Consumer ETF or its assets that would otherwise not qualify as ordinary expenses.

According to the S&P Global Equity Indices methodology, the following markets in the Asia are classified as emerging markets in Asia: China, India, Indonesia, Malaysia, Philippines, Taiwan and Thailand.

The S&P Emerging Asia Consumer Index is a net total return index. A net total return index calculates the performance of the index constituents on the basis that any dividends or distributions are reinvested after the deduction of any withholding taxes that may apply.

### Index Construction

Securities of companies that are part of the S&P Asia Pacific Emerging Broad Market Index (“**BMI**”) excluding Philippines and American Depository Receipts and which are classified as stocks in the Consumer Discretionary and Consumer Staple sectors by GICS® are eligible to be included in the S&P Emerging Asia Consumer Index.

The Consumer Discretionary sector as defined by GICS® includes companies from the Automobiles & Components, Consumer Durables & Apparel, Consumer Services, Media, and Retailing industries.

The Consumer Staples sector as defined by GICS® includes companies from the Food & Staples Retailing, Food, Beverage & Tobacco, and Household & Personal Products industries.

The GICS® Map file provides a full listing and descriptions of the hierarchy of industries included in each sector. A copy of such file can be downloaded from:

<http://www.standardandpoors.com/indices/gics/en/us>

The S&P Asia Pacific Emerging BMI Index is constructed on a bottom-up basis, capturing all companies with a minimum float-adjusted market cap of US\$100 million and a minimum annual dollar value traded of US\$50 million from all those countries in the Asia region classified as emerging markets according to the S&P Global Equity Indices methodology.

Stocks with 3-month average daily value traded of US\$1 million or more and positive earnings growth over the last fiscal year in both the Consumer Discretionary and Consumer Staples sectors are each ranked by float-adjusted market capitalization, and the following rules are then utilized to select stocks from each Consumer Discretionary and Consumer Staples sector respectively.

The S&P Emerging Asia Consumer Index is calculated and maintained by S&P. The Manager (and each of its Connected Persons) is independent of S&P.

The S&P Emerging Asia Consumer Index was launched on 21 July 2011 and has a base date of 29 June 2007. As at 29 August 2014, it had a total market capitalisation of US\$263,574 million and 40 constituents.

The top 10 stocks based on float-adjusted market capitalization are selected from each Consumer Discretionary and Consumer Staples sectors. Current index constituents whose float-adjusted market capitalization rank between 11th and 30th largest are then selected for each respective sector until the 20-stock count is reached. If the 20-stock count has still not been reached, then non-index constituent stocks whose float-adjusted market capitalization ranks between the 11th and 30th place are then selected for each respective sector until the 20 stock-count has been satisfied.

For this purpose:

“**Positive earnings growth over the last fiscal year**” means earnings per share growth of a company which is larger than 0% over the latest full year where fiscal data is available.

Stocks in the S&P Emerging Asia Consumer Index are weighted by the free-float adjusted market capitalisation within their sector. Each sector is then equally weighted to 50% of the index weight and a maximum stock weight is capped at 10% at the semi-annual index rebalance.

### Index Review

Stocks are rebalanced semi-annually on the third Friday of January and July of each year.

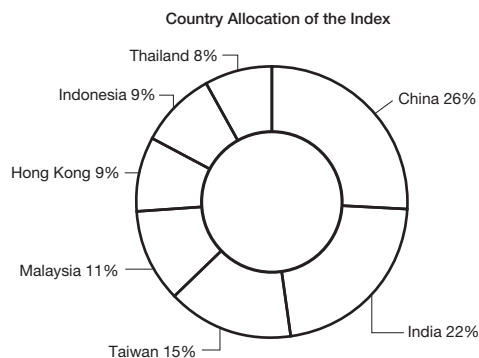
### Further Information

As at 29 August 2014, the 10 largest constituent stocks of the S&P Emerging Asia Consumer Index as listed below, represented about 44.60% of the S&P Emerging Asia Consumer Index.

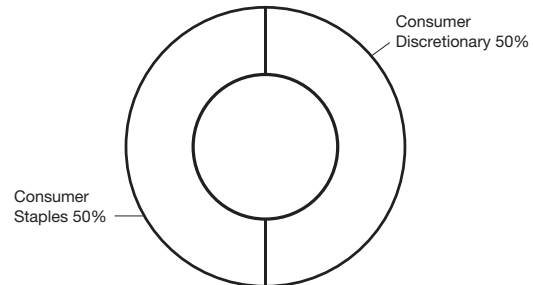


Rank	Constituent Name	Stock Exchange	Weighting
1.	Astra International Tbk PT	XIDX Indonesia Stock Exchange	7.26%
2.	ITC Ltd	XBOM Bombay Stock Exchange	5.40%
3.	Tata Motors Ltd	XBOM Bombay Stock Exchange	4.52%
4.	Hindustan Unilever Ltd	XBOM Bombay Stock Exchange	4.22%
5.	Uni-President Enterprises Co	XTAI Taiwan Stock Exchange	4.16%
6.	Want Want China Holdings Ltd	XHKG Hong Kong Stock Exchange	4.12%
7.	Hengan International Group Co Ltd	XHKG Hong Kong Stock Exchange	4.00%
8.	Mahindra & Mahindra Ltd	XBOM Bombay Stock Exchange	3.87%
9.	Genting Bhd	XKLS Bursa Malaysia	3.76%
10.	Belle International Holdings Ltd	XHKG Hong Kong Stock Exchange	3.29%

Below are the charts showing the weightings in the S&P Emerging Asia Consumer Index by country and by sector as at 29 August 2014:



Sector Allocation of the Index



Details of the index methodology of the S&P Emerging Asia Consumer Index can be found on <http://www.standardandpoors.com>.

#### Index Licence

The initial term of the licence agreement of the S&P Emerging Asia Consumer Index commenced on 3 May 2011 and should continue for 5 years. Upon the expiration of the initial five years term, the licence agreement should renew automatically for three years. At any time during the term of the licence agreement, either party may terminate the licence agreement by giving the other party 90 days prior written notice. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

#### Index Disclaimer

The Horizons S&P Emerging Asia Consumer ETF is not sponsored, endorsed, sold or promoted by Standard & Poor's and its affiliates ("S&P"). S&P makes no representation, condition or warranty, express or implied, to the owners of the Horizons S&P Emerging Asia Consumer ETF or any member of the public regarding the advisability of investing in securities generally or in the Horizons S&P Emerging Asia Consumer ETF particularly or the ability of the S&P Emerging Asia Consumer Index to track the performance of certain financial markets and/or sections thereof and/or of groups of assets or asset classes. S&P's only relationship to Mirae Asset Global Investments (Hong Kong) Limited is the licensing of certain trademarks and trade names and of the S&P Emerging Asia Consumer Index which is determined, composed and calculated by S&P without regard to Mirae Asset Global Investments (Hong Kong) Limited or the Horizons S&P Emerging Asia Consumer ETF. S&P has no obligation to take the needs of Mirae Asset Global Investments (Hong Kong) Limited or the owners of the Horizons S&P Emerging Asia Consumer ETF into consideration in determining, composing or calculating the S&P Emerging Asia Consumer Index. S&P is not responsible for and has not participated in the determination of the prices and amount of the Horizons S&P Emerging Asia Consumer ETF or the timing of the issuance

or sale of the Horizons S&P Emerging Asia Consumer ETF or in the determination or calculation of the equation by which the Horizons S&P Emerging Asia Consumer ETF units are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing, or trading of the Horizons S&P Emerging Asia Consumer ETF.

S&P does not guarantee the accuracy and/or the completeness of the S&P Emerging Asia Consumer Index or any data included therein and S&P shall have no liability for any errors, omissions, or interruptions therein. S&P makes no warranty, condition or representation, express or implied, as to results to be obtained by Mirae Asset Global Investments (Hong Kong) Limited, owners of the Horizons S&P Emerging Asia Consumer ETF, or any other person or entity from the use of the S&P Emerging Asia Consumer Index or any data included therein. S&P makes no express or implied warranties, representations or conditions, and expressly disclaims all warranties or conditions of merchantability or fitness for a particular purpose or use and any other express or implied warranty or condition with respect to the S&P Emerging Asia Consumer Index or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect, or consequential damages (including lost profits) resulting from the use of the S&P Emerging Asia Consumer Index or any data included therein, even if notified of the possibility of such damages.

## Appendix 3 – Horizons S&P Global Consumer Brands ETF

This part of the Prospectus sets out specific information applicable to the Horizons S&P Global Consumer Brands ETF (formerly known as Mirae Asset TIGER S&P Global

Consumer Brands ETF). Prospective investors' attention is drawn to "Risk Factors relating to the Horizons S&P Global Consumer Brands ETF" below.

### Key Information

The following table is a summary of key information in respect of the Horizons S&P Global Consumer Brands ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("ETF")
Tracked Index	S&P Global Consumer Enterprises Index Inception Date: 6 May 2011 Number of constituents: 30 Base Currency of Index: US dollars (US\$)
Listing Date	27 January 2012
Exchange Listing	SEHK – Main Board
Stock Code	3056
Trade Lot Size	500 Units
Base Currency / Trading Currency	Hong Kong dollars (HK\$)
Dividend Policy	Annually (if any) (May in each year)
Application Unit Size for Creation/Realisation by Participating Dealers	Minimum 200,000 Units (or multiples thereof)
Method(s) of Creation/Realisation Available (through Participating Dealer)	In-Kind or in Cash
Investment Adviser	No investment adviser has been appointed
Market Makers	Citigroup Global Markets Asia Limited Commerz Securities Hong Kong Limited
Participating Dealers	ABN AMRO Clearing Hong Kong Limited Barclays Bank PLC Citigroup Global Markets Asia Limited Credit Suisse Securities (Hong Kong) Limited Goldman Sachs (Asia) Securities Limited Mirae Asset Securities (HK) Limited Shenyin Wanguo Securities (H.K.) Limited
Financial Year	Ending 31 March each year
Management Fee	Up to 0.45% per annum of the NAV accrued daily and calculated as at each Dealing Day
Estimated Total Expense Ratio*	0.75% per annum (including the management fee) of the NAV
Website	<a href="http://www.horizonsetfs.com.hk/en/etf/3056">http://www.horizonsetfs.com.hk/en/etf/3056</a>

\* The estimated total expense ratio does not represent the estimated tracking error of the Horizons S&P Global Consumer Brands ETF.

## Exchange Listing and Trading

Currently, Units are listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges.

If trading of the Units of the Horizons S&P Global Consumer Brands ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

## Investment Objective and Strategy

The Horizons S&P Global Consumer Brands ETF seeks to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the S&P Global Consumer Enterprises Index.

The Manager intends to adopt the replication strategy to achieve the investment objective of the Horizons S&P Global Consumer Brands ETF. The Manager may however, in the appropriate circumstances, choose to use a representative sampling strategy. Please refer to the section "Investment Policies" in Part 1 of this Prospectus for an explanation on these two strategies.

Investors should note that the Manager may switch between the replication strategy and the representation sampling strategy without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the Horizons S&P Global Consumer Brands ETF by tracking the S&P Global Consumer Enterprises Index as closely (or efficiently) as possible for the benefit of investors.

The Horizons S&P Global Consumer Brands ETF will not invest in A-shares.

## Distribution Policy

Net income earned by the Horizons S&P Global Consumer Brands ETF will, at the discretion of the Manager, be distributed by way of annual cash distribution (if any) and details of the distribution declaration dates, distribution

amounts and ex-dividend payment dates will be published on the Manager's website <http://www.horizonsetfs.com.hk>. There can be no assurance that a distribution will be paid.

## The Index

The Underlying Index in respect of the Horizons S&P Global Consumer Brands ETF, being the S&P Global Consumer Enterprises Index, is a selection of the 30 largest stocks with positive earnings growth belonging to the Consumer Discretionary Global Industry Classification Standard (GICS®) Sector, listed across global developed markets.

The S&P Global Consumer Enterprises Index is compiled and managed by Standard & Poor's ("S&P"). Please refer to the section "Index Description" for detailed information on the S&P Global Consumer Enterprises Index.

# Risk Factors Relating to the Horizons S&P Global Consumer Brands ETF

In addition to the principal risk factors common to all Investment Funds set out in Part 1 of this Prospectus, investors should also consider the potential risks associated with investing in the Horizons S&P Global Consumer Brands ETF including those set out below. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Horizons S&P Global Consumer Brands ETF.

**Consumer Discretionary Sector Risk.** The performance of companies active in the consumer discretionary sector are correlated to the growth rate of the global market, individual income levels and their impact on levels of domestic consumer spending in the global markets, which in turn depend on the worldwide economic conditions, which have recently deteriorated significantly in many countries and regions and may remain depressed for the foreseeable future. There are many factors affecting the level of consumer spending, including but not limited to interest rates, currency exchange rates, economic growth rate, inflation, deflation, political uncertainty, taxation, stock market performance, unemployment level and general consumer confidence. Any slowdowns or declines in the global markets economy or consumer spending may materially and adversely affect the business of the companies in the consumer discretionary sector and as a result the performance of the Horizons S&P Global Consumer Brands ETF.

**Trading Hour's Difference.** As stock exchanges established outside of Hong Kong may be open when Units in the Horizons S&P Global Consumer Brands ETF are not priced, the value of the securities in the Horizons S&P Global Consumer Brands ETF's portfolio may change on days when investors will not be able to purchase or sell Units of the Horizons S&P Global Consumer Brands ETF. Furthermore, the market prices of underlying securities listed on stock exchanges which are established outside Hong Kong may not be available during part of all of the SEHK trading sessions due to trading hour differences which may result in the trading price deviating away from the Net Asset Value.

**Trading Risk.** Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, retail investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

# Fees and Charges

## Management Fees and Servicing Fees

The Manager is entitled to receive a management fee, currently at the rate up to 0.45% per annum of the Net Asset Value of the Horizons S&P Global Consumer Brands ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The Manager is also entitled to receive a servicing fee but currently intends to waive the servicing fee.

## Trustee's Fee

The Trustee receives out of the assets of the Horizons S&P Global Consumer Brands ETF a monthly trustee's fee, payable in arrears, accrue daily and calculated as at each Dealing Day at the following percentages of the Net Asset Value of the Horizons S&P Global Consumer Brands ETF: 0.12% if the Net Asset Value equals or is less than US\$200 million, 0.08% if the Net Asset Value is between US\$200 million and US\$500 million, and 0.06% if the Net Asset Value exceeds US\$500 million, subject to a minimum fee of US\$6,000 per month.

The Trustee shall also be entitled to be reimbursed out of the assets of the Horizons S&P Global Consumer Brands ETF all out-of-pocket expenses incurred.

## Registrar's Fee

The Registrar is entitled to receive an ongoing registry service fee of HK\$96,000 per annum in respect of Horizons S&P Global Consumer Brands ETF. These fees are payable out of the assets of Horizons S&P Global Consumer Brands ETF.

The Registrar shall also be entitled to be reimbursed out of the assets of Horizons S&P Global Consumer Brands ETF all out-of-pocket expenses incurred.

## Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the Horizons S&P Global Consumer Brands ETF are summarized in the table below:

## Creation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	\$10,000 per Application. See Note 3.
Application Cancellation Fee	\$10,000 per Application. See Note 4.
All other Duties and Charges with the Creation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5.

## Realisation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges with the Realisation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5.

## Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the Horizons S&P Global Consumer Brands ETF on the SEHK are summarized in the table below:

Brokerage	Market rates
Transaction Levy	0.003% See Note 6.
Trading Fee	0.005% See Note 7.
Stamp Duty	Nil See Note 8.

Notes

1. A Transaction Fee of HK\$15,000 per Application is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.
2. A service agent fee of HK\$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction. A monthly reconciliation fee of HK\$5,000 is payable by the Manager to the Service Agent. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.
3. An Extension Fee is payable to the Trustee for the benefit of the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement or partial delivery in respect of a Creation or Realisation Application.
4. An Application Cancellation Fee is payable to, and for the account and benefit of, the Trustee in respect of either a withdrawn or failed Creation or Realisation Application.
5. The Duties and Charges applicable to an in-kind Creation Application may be higher or lower than the Duties and Charges applicable to an in-cash Creation Application. Similarly, the Duties and Charges applicable to an in-kind Realisation Application may be higher or lower than the Duties and Charges applicable to an in-cash Realisation Application. Participating Dealers may apply to the Manager for further details, although it should be noted that the actual Duties and Charges can only be determined only after the relevant Applications have been effected.
6. A Transaction Levy of 0.003% of the price of the Units, payable by each of the buyer and the seller.
7. A Trading Fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.
8. Stamp duty of 0.1% of the price of the Units, payable by each of the buyer and seller, except in respect of qualifying market maker transactions. Approval has been given by the Financial Services and the Treasury Bureau of Hong Kong for remission or refund in full of stamp duty payable or paid in respect of any contract notes or instruments of transfer relating to transactions in Units in the Horizons S&P Global Consumer Brands ETF. Therefore, the seller and the buyer of the Units shall not be liable for Hong Kong stamp duty upon such transfer. However, nominal stamp duty may still be payable on any instruments of transfer relating to transactions in Units in the Horizons S&P Global Consumer Brands ETF.

**Total Expense Ratio**

The total expense ratio ("TER") of the Horizons S&P Global Consumer Brands ETF is estimated to be 0.75% per annum. TER is the sum of anticipated fees and charges to the Horizons S&P Global Consumer Brands ETF (including the management fee) expressed as a percentage of the Net Asset Value of the Horizons S&P Global Consumer Brands ETF. The estimated TER does not represent the estimated tracking error and excludes any establishment costs of the Horizons S&P Global Consumer Brands ETF and certain extraordinary expenses<sup>1</sup> which will be paid separately out of the assets of the Horizons S&P Global Consumer Brands ETF.

<sup>1</sup> Extraordinary expenses means expenses relating to litigation costs as well as any tax, levy, duty or similar charge imposed on the HORIZONS S&P GLOBAL CONSUMER BRANDS ETF or its assets that would otherwise not qualify as ordinary expenses.

# Index Description

## General Information

The S&P Global Consumer Enterprises Index is a selection of the 30 stocks belonging to the Consumer Discretionary GICS® Sector, listed across global developed markets and has demonstrated positive earnings growth in the latest fiscal year.

The GICS® methodology was developed jointly by MSCI Inc and S&P in 1999 and has been widely accepted as an industry analysis framework for investment research, portfolio management and asset allocation. The GICS® classification system consists of: 10 sectors, 24 industry groups, 68 industries and 154 sub-industries. The GICS® sectors are: Energy, Materials, Industrials, Consumer Discretionary, Consumer Staples, Health Care, Financials, Information Technology, Telecommunication Services and Utilities.

According to the S&P Global Equity Indices methodology, the following markets are classified as developed markets: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, United Kingdom and United States.

The S&P Global Consumer Enterprises Index is a net total return index. A net total return index calculates the performance of the index constituents on the basis that any dividends or distributions are reinvested after the deduction of any withholding taxes that may apply.

The S&P Global Consumer Enterprises Index is calculated and maintained by S&P. The Manager (and each of its Connected Persons) is independent of S&P.

The S&P Global Consumer Enterprises Index was launched on 21 July 2011 and has a base date of 30 March 2007. As at 29 August 2014, it had a total market capitalisation of US\$974 million and 30 constituents.

## Index Construction

Securities of companies that are part of the S&P Global Developed Broad Market Index (the “**S&P Developed BMI Index**”) and are classified as stocks in the Consumer Discretionary sector by GICS® are eligible to be included in the S&P Global Consumer Enterprises Index.

The Consumer Discretionary sector as defined by GICS® includes companies from the Automobiles & Components, Consumer Durables & Apparel, Consumer Services, Media, and Retailing industries.

The GICS® Map file provides a full listing and descriptions of the hierarchy of industries included in each sector. A copy of such file can be downloaded from:

<http://www.standardandpoors.com/indices/gics/en/us>

The S&P Developed BMI Index is constructed on a bottom-up basis, capturing all companies with a minimum float-adjusted market cap of US\$100 million and a minimum annual dollar value traded of US\$50 million from all those countries classified as developed markets according to the S&P Global Equity Indices methodology.

From the stock selection universe, the 30 stocks with the largest market capitalisation from the Consumer Discretionary sector, with 3-month average daily value traded of US\$10 million or more, a minimum of 40% of their total revenue derived from international markets and positive earnings growth over the last fiscal year will be included in the S&P Global Consumer Enterprises Index.

For this purpose:

“**International markets**” means foreign countries which are outside the country of incorporation or domicile of a company; and

“**Positive earnings growth over the last fiscal year**” means earnings per share growth of a company which is larger than 0% over the latest full year where fiscal data is available.

The 30 constituent stocks are equally weighted.

The international markets revenue exposure data as well as earnings growth data of companies are compiled by Capital IQ. Capital IQ, a Standard & Poor’s business, specializes in providing comprehensive fundamental and quantitative research to global financial professionals.

## Index Review

Stocks are rebalanced semi-annually on the third Friday of March and September.

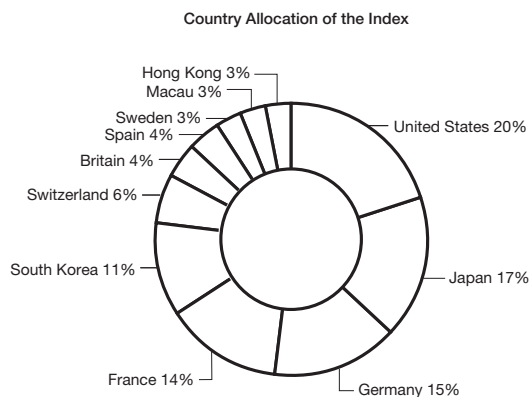


### Further Information

As at 29 August 2014, the 10 largest constituent stocks of the S&P Global Consumer Enterprises Index as listed below, represented about 37.26% of the S&P Global Consumer Enterprises Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Kia Motors Corporation	XKRX Korea Exchange	4.04%
2.	Ford Motor Co	XNYS New York Stock Exchange	3.95%
3.	Nissan Motor Co Ltd	XTKS Tokyo Stock Exchange	3.91%
4.	Kering	XPAR NYSE Euronext – Euronext Paris	3.80%
5.	Hyundai Motor Co	XKRX Korea Exchange	3.68%
6.	Bayerische Motoren Werke AG	XETR XETRA	3.62%
7.	Hyundai Mobis Co Ltd	XKRX Korea Exchange	3.60%
8.	WPP plc	XLON London Stock Exchange	3.58%
9.	Toyota Motor Corp	XTKS Tokyo Stock Exchange	3.57%
10.	Inditex	XMCE Mercado Continuo Espanol – Continuous Market	3.51%

Below is the chart showing the weightings in the S&P Global Consumer Enterprises Index by country as at 29 August 2014:



Details of the index methodology of the S&P Global Consumer Enterprises Index can be found on <http://www.standardandpoors.com>.

### Index Licence

The initial term of the licence agreement of the S&P Global Consumer Enterprises Index commenced on 3 May 2011 and should continue for 5 years. Upon the expiration of the initial five years term, the licence agreement should renew automatically for three years. At any time during the term of the licence agreement, either party may terminate the licence agreement by giving the other party 90 days prior written notice. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

### Index Disclaimer

The Horizons S&P Global Consumer Brands ETF is not sponsored, endorsed, sold or promoted by Standard & Poor's and its affiliates ("S&P"). S&P makes no representation, condition or warranty, express or implied, to the owners of the Horizons S&P Global Consumer Brands ETF or any member of the public regarding the advisability of investing in securities generally or in the Horizons S&P Global Consumer Brands ETF particularly or the ability of the S&P Global Consumer Enterprises Index to track the performance of certain financial markets and/or sections thereof and/or of groups of assets or asset classes. S&P's only relationship to Mirae Asset Global Investments (Hong Kong) Limited is the licensing of certain trademarks and trade names and of the S&P Global Consumer Enterprises Index which is determined, composed and calculated by S&P without regard to Mirae Asset Global Investments (Hong Kong) Limited or the Horizons S&P Global Consumer Brands ETF. S&P has no obligation to take the needs of Mirae Asset Global Investments (Hong Kong) Limited or the owners of the Horizons S&P Global Consumer Brands ETF into consideration in determining, composing or calculating the S&P Global Consumer Enterprises Index. S&P is not responsible for and has not participated in the determination of the prices and amount of the Horizons S&P Global Consumer Brands ETF or the timing of the issuance or sale of the Horizons S&P Global Consumer Brands ETF or in the determination or calculation of the equation by which the Horizons S&P Global Consumer Brands ETF units are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing, or trading of the Horizons S&P Global Consumer Brands ETF.

S&P does not guarantee the accuracy and/or the completeness of the S&P Global Consumer Enterprises Index or any data included therein and S&P shall have no liability for any errors, omissions, or interruptions therein. S&P makes no warranty, condition or representation, express or implied, as to results to be obtained by Mirae Asset Global Investments (Hong Kong) Limited, owners of the Horizons S&P Global Consumer Brands ETF, or any other person or entity from the use of the S&P Global Consumer Enterprises Index or any data included therein. S&P makes no express or implied warranties, representations or conditions, and expressly disclaims all warranties or conditions of merchantability or fitness for a particular purpose or use and any other express or implied warranty or condition with respect to the S&P Global Consumer Enterprises Index or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect, or consequential damages (including lost profits) resulting from the use of the S&P Global Consumer Enterprises Index or any data included therein, even if notified of the possibility of such damages.

# Appendix 4 – Horizons S&P Asia ex JANZ Financials ETF

This part of the Prospectus sets out specific information applicable to the Horizons S&P Asia ex JANZ Financials ETF (formerly known as Mirae Asset TIGER S&P Asia ex JANZ

Financials ETF). Prospective investors' attention is drawn to "Risk Factors relating to the Horizons S&P Asia ex JANZ Financials ETF" below.

## Key Information

The following table is a summary of key information in respect of the Horizons S&P Asia ex JANZ Financials ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("ETF")
Tracked Index	S&P Pan-Asia ex JANZ LargeCap Financials Index Inception Date: 6 May 2011 Number of constituents: 102 Base Currency of Index: US dollars (US\$)
Listing Date	27 January 2012
Exchange Listing	SEHK – Main Board
Stock Code	3064
Trade Lot Size	500 Units
Base Currency / Trading Currency	Hong Kong dollars (HK\$)
Dividend Policy	Annually (if any) (May in each year)
Application Unit Size for Creation/Realisation by Participating Dealers	Minimum 200,000 Units (or multiples thereof)
Method(s) of Creation/Realisation Available (through Participating Dealer)	In-Kind or in Cash
Investment Adviser	No investment adviser has been appointed
Market Makers	Citigroup Global Markets Asia Limited Commerz Securities Hong Kong Limited
Participating Dealers	ABN AMRO Clearing Hong Kong Limited Barclays Bank PLC Citigroup Global Markets Asia Limited Credit Suisse Securities (Hong Kong) Limited Goldman Sachs (Asia) Securities Limited Mirae Asset Securities (HK) Limited Shenyin Wanguo Securities (H.K.) Limited
Financial Year	Ending 31 March each year
Management Fee	Up to 0.45% per annum of the NAV accrued daily and calculated as at each Dealing Day
Estimated Total Expense Ratio*	0.75% per annum (including the management fee) of the NAV
Website	<a href="http://www.horizonsetfs.com.hk/en/etf/3064">http://www.horizonsetfs.com.hk/en/etf/3064</a>

\* The estimated total expense ratio does not represent the estimated tracking error of the Horizons S&P Asia ex JANZ Financials ETF.

## Exchange Listing and Trading

Currently, Units are listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges.

If trading of the Units of the Horizons S&P Asia ex JANZ Financials ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

## Investment Objective and Strategy

The Horizons S&P Asia ex JANZ Financials ETF seeks to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the S&P Pan-Asia ex JANZ LargeCap Financials Index.

The Manager intends to adopt the replication strategy to achieve the investment objective of the Horizons S&P Asia ex JANZ Financials ETF. The Manager may however, in the appropriate circumstances, choose to use a representative sampling strategy. Please refer to the section “Investment Policies” in Part 1 of this Prospectus for an explanation on these two strategies.

Investors should note that the Manager may switch between the replication strategy and the representation sampling strategy without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the Horizons S&P Asia ex JANZ Financials ETF by tracking the S&P Pan-Asia ex JANZ LargeCap Financials Index as closely (or efficiently) as possible for the benefit of investors.

The Horizons S&P Asia ex JANZ Financials ETF will not invest in A-shares.

## Distribution Policy

Net income earned by the Horizons S&P Asia ex JANZ Financials ETF will, at the discretion of the Manager, be distributed by way of annual cash distribution (if any) and details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published

on the Manager’s website <http://www.horizonsetfs.com.hk>. There can be no assurance that a distribution will be paid.

## The Index

The S&P Pan-Asia ex JANZ LargeCap Financials Index is a sub index of the broader S&P Global Broad Market Index (the “**S&P Global BMI Index**”). It is a float-adjusted market capitalisation weighted index which comprises of stocks that are classified in the financials sector according to the Global Industry Classification Standard (GICS®). The S&P Pan-Asia ex JANZ LargeCap Financials Index aims to track the performance of large cap financials stocks from the developed and emerging markets of Asia, excluding those domiciled in Japan, Australia and New Zealand.

The S&P Pan-Asia ex JANZ LargeCap Financials Index is compiled and managed by Standard & Poor’s (“**S&P**”). Please refer to the section “Index Description” for detailed information on the S&P Pan-Asia ex JANZ LargeCap Financials Index.

# Risk Factors Relating to the Horizons S&P Asia ex JANZ Financials ETF

In addition to the principal risk factors common to all Investment Funds set out in Part 1 of this Prospectus, investors should also consider the potential risks associated with investing in the Horizons S&P Asia ex JANZ Financials ETF including those set out below. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Horizons S&P Asia ex JANZ Financials ETF.

**Risks Associated with the Financials Sector.** Under normal market conditions, the results of companies in the financial services sector may be adversely affected by increases in interest rates, loan default rates and decreases in the liquidity of financial markets. The current international crisis affects a wide range of financial services and credit institutions worldwide. The recent instability in the international financial markets has resulted in significant losses for most companies active in this sector, and bankruptcies of major historical international players. Some financial services companies have experienced a drastic decline in the valuations of their assets and have had to take remedial action and raise capital in unfavourable market circumstances. In addition, financial services companies in some countries in Asia are subject to extensive governmental regulation, which may change frequently and have a cumulative adverse affect on their profitability and the scope of their business activities.

**Asian Market Concentration Risk.** The Horizons S&P Asia ex JANZ Financials ETF is subject to concentration risk as a result of tracking the performance of a single geographical region (Asia). The Horizons S&P Asia ex JANZ Financials

ETF 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 Underlying Index resulting from adverse conditions in Asia.

**Trading Hour's Difference.** As stock exchanges established outside of Hong Kong may be open when Units in the Horizons S&P Asia ex JANZ Financials ETF are not priced, the value of the securities in the Horizons S&P Asia ex JANZ Financials ETF's portfolio may change on days when investors will not be able to purchase or sell Units of the Horizons S&P Asia ex JANZ Financials ETF. Furthermore, the market prices of underlying securities listed on stock exchanges which are established outside Hong Kong may not be available during part of all of the SEHK trading sessions due to trading hour differences which may result in the trading price deviating away from the Net Asset Value.

**Trading Risk.** Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, retail investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

# Fees and Charges

## Management Fees and Servicing Fees

The Manager is entitled to receive a management fee, currently at the rate up to 0.45% per annum of the Net Asset Value of the Horizons S&P Asia ex JANZ Financials ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The Manager is also entitled to receive a servicing fee but currently intends to waive the servicing fee.

## Trustee's Fee

The Trustee receives out of the assets of the Horizons S&P Asia ex JANZ Financials ETF a monthly trustee's fee, payable in arrears, accrue daily and calculated as at each Dealing Day at the following percentages of the Net Asset Value of the Horizons S&P Asia ex JANZ Financials ETF: 0.12% if the Net Asset Value equals or is less than US\$200 million, 0.08% if the Net Asset Value is between US\$200 million and US\$500 million, and 0.06% if the Net Asset Value exceeds US\$500 million, subject to a minimum fee of US\$6,000 per month.

The Trustee shall also be entitled to be reimbursed out of the assets of the Horizons S&P Asia ex JANZ Financials ETF all out-of-pocket expenses incurred.

## Registrar's Fee

The Registrar is entitled to receive an ongoing registry service fee of HK\$96,000 per annum in respect of Horizons S&P Asia ex JANZ Financials ETF. These fees are payable out of the assets of Horizons S&P Asia ex JANZ Financials ETF.

The Registrar shall also be entitled to be reimbursed out of the assets of Horizons S&P Asia ex JANZ Financials ETF all out-of-pocket expenses incurred.

## Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the Horizons S&P Asia ex JANZ Financials ETF are summarized in the table below:

## Creation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges with the Creation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5.

## Realisation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges with the Realisation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5.

## Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the Horizons S&P Asia ex JANZ Financials ETF on the SEHK are summarized in the table below:

Brokerage	Market rates
Transaction Levy	0.003% See Note 6.
Trading Fee	0.005% See Note 7.
Stamp Duty	0.1% See Note 8.

## Notes

1. A Transaction Fee of HK\$15,000 per Application is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.

2. A service agent fee of HK\$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction. A monthly reconciliation fee of HK\$5,000 is payable by the Manager to the Service Agent. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.
3. An Extension Fee is payable to the Trustee for the benefit of the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement or partial delivery in respect of a Creation or Realisation Application.
4. An Application Cancellation Fee is payable to, and for the account and benefit of, the Trustee in respect of either a withdrawn or failed Creation or Realisation Application.
5. The Duties and Charges applicable to an in-kind Creation Application may be higher or lower than the Duties and Charges applicable to an in-cash Creation Application. Similarly, the Duties and Charges applicable to an in-kind Realisation Application may be higher or lower than the Duties and Charges applicable to an in-cash Realisation Application. Participating Dealers may apply to the Manager for further details, although it should be noted that the actual Duties and Charges can only be determined only after the relevant Applications have been effected.
6. A Transaction Levy of 0.003% of the price of the Units, payable by each of the buyer and the seller.
7. A Trading Fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.
8. Stamp duty of 0.1% of the price of the Units, payable by each of the buyer and seller, except in respect of qualifying market maker transactions.

### Total Expense Ratio

The total expense ratio ("TER") of the Horizons S&P Asia ex JANZ Financials ETF is estimated to be 0.75% per annum. TER is the sum of anticipated fees and charges to the Horizons S&P Asia ex JANZ Financials ETF (including the management fee) expressed as a percentage of the Net Asset Value of the Horizons S&P Asia ex JANZ Financials ETF. The estimated TER does not represent the estimated tracking error and excludes any establishment costs of the Horizons S&P Asia ex JANZ Financials ETF and certain extraordinary expenses<sup>1</sup> which will be paid separately out of the assets of the Horizons S&P Asia ex JANZ Financials ETF.

## Index Description

### General Information

The S&P Pan-Asia ex JANZ LargeCap Financials Index is a sub index of the broader S&P Global Broad Market Index. It is a float-adjusted market capitalisation weighted index which comprises of stocks that are classified in the financials sector according to the Global Industry Classification Standard (GICS®). The S&P Pan-Asia ex JANZ LargeCap Financials Index aims to track the performance of large cap financials stocks from the developed and emerging markets of Asia, excluding those domiciled in Japan, Australia and New Zealand.

The GICS® methodology was developed jointly by MSCI Inc and S&P in 1999 and has been widely accepted as an industry analysis framework for investment research, portfolio management and asset allocation. The GICS® classification system consists of: 10 sectors, 24 industry groups, 68 industries and 154 sub-industries. The GICS® sectors are: Energy, Materials, Industrials, Consumer Discretionary, Consumer Staples, Health Care, Financials, Information Technology, Telecommunication Services and Utilities.

<sup>1</sup> Extraordinary expenses means expenses relating to litigation costs as well as any tax, levy, duty or similar charge imposed on the Horizons S&P Asia ex JANZ Financials ETF or its assets that would otherwise not qualify as ordinary expenses.

According to the S&P Global Equity Indices methodology, the following markets are classified as developed markets in the Asia ex Jpn, Aus, NZ region: Hong Kong, Korea and Singapore; and the following markets are classified as emerging markets in the Asia ex Jpn, Aus, NZ region: China, India, Indonesia, Malaysia, Philippines, Taiwan and Thailand.

The S&P Pan-Asia ex JANZ LargeCap Financials Index is a net total return index. A net total return index calculates the performance of the index constituents on the basis that any dividends or distributions are reinvested after the deduction of any withholding taxes that may apply.

The S&P Pan-Asia ex JANZ LargeCap Financials Index is calculated and maintained by S&P. The Manager (and each of its Connected Persons) is independent of S&P.

The S&P Pan-Asia ex JANZ LargeCap Financials Index was launched on 21 July 2011 and has a base date of 29 December 2000. As at 29 August 2014, it had a total market capitalisation of US\$950,430 million and 102 constituents.

### Index Construction

The S&P Global BMI Index is constructed on a bottom-up basis, capturing all companies with a minimum float-adjusted market cap of US\$100 million and a minimum annual dollar value traded of US\$50 million from all those countries deemed investable according to the S&P Global Equity Indices methodology.

The following shares are not eligible for inclusion in the S&P Global BMI Index: fixed-dividend shares, investment trusts, unit trusts, mutual fund shares, closed-end funds, convertible bonds, equity warrants and limited partnerships.

For each country, S&P also sub-divides the Broad Market Index into size benchmark indices. The indices consist of three basic components: large cap, mid cap, and small cap.

The splits are based on the cumulative market capitalisation of each country's Broad Market Index. The companies are first ranked by their total market capitalisation, which is considered to be a better reflection of the economic significance of the company in the economy. Then the cumulative coverage of the total float market capitalisation of the Broad Market Index is calculated at each company starting from the top ranked company.

For example, if a country's Broad Market Index has a total float market capitalisation of US\$10 billion, and the top ranked company has a float market capitalisation of US\$1 billion, the cumulative float market capitalisation at the first company will be 10%. If the second company has a float

market capitalisation of US\$0.5 billion, the cumulative float market capitalisation at the second company will be 15% (15% = (US\$1 billion + US\$0.5 billion) / US\$10 billion).

When the cumulative float market capitalisation reaches a coverage of 70% of the Broad Market Index, the companies falling within the top 70% will be defined as the large cap segment of the Broad Market Index. The top 85% coverage of the float market cap of the Broad Market Index will be the LargeMidCap segment. What is in the LargeMidCap segment but not in the large cap segment are assigned to the mid cap segment. The remaining stocks in the Broad Market Index which is not part of the LargeMidCap segment are assigned to the small cap segment (the last 15% of the cumulative float market cap of the market). The following diagram illustrates how a country's Broad Market Index is subdivided into the various size-segment indices.

Broad Market Index	LargeMidCap 85%	Large Cap 70%
		Mid Cap 15%
	Small Cap 15%	Small Cap 15%

For the S&P Pan-Asia ex JANZ LargeCap Financials Index, the large cap country indices in the Asia ex Japan region will be selected. The markets include developed markets such as Hong Kong, Singapore and South Korea and emerging markets such as China, India, Indonesia, Malaysia, Philippines, Taiwan and Thailand. The developed market and emerging market status are based on S&P's classification. Securities of companies in the large cap country indices of the Asia Pacific ex JANZ region that are classified by the GICS® as being in the financials sector will be selected to form the S&P Pan-Asia ex JANZ LargeCap Financials Index.

### Index Review

Index reconstitutions are done annually on a country by country basis. Data used for the index reconstitution are as of the close of the last business day of July and the reconstitution is effective at the close of the third Friday of September.

At the annual reconstitution, index constituents are removed if their float adjusted market capitalisation falls below US\$75 million or if their liquidity falls below US\$35 million during the previous 12 months.



The classification of stocks by size segment within a country's S&P Global BMI Index and GICS® sectors are all reviewed as part of the annual reconstitution process.

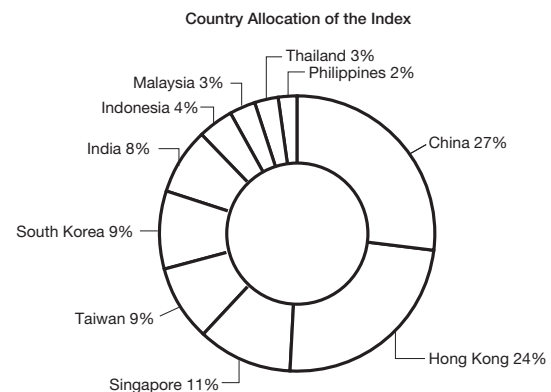
The constituents' Investable Weight Factor (IWF) which define the available float for a stock and are used to calculate the float-adjusted market capitalisation, are reviewed as part of the annual reconstitution process.

### Further Information

As at 29 August 2014, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Financials Index as listed below, represented about 36.69% of the S&P Pan-Asia ex JANZ LargeCap Financials Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	China Construction Bank Corp – H Shares	XHKG Hong Kong Stock Exchange	6.39%
2.	Industrial & Commercial Bank of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	5.69%
3.	AIA Group Ltd	XHKG Hong Kong Stock Exchange	5.33%
4.	Bank of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	3.35%
5.	Housing Development Finance Corp	XBOM Bombay Stock Exchange	2.90%
6.	Hong Kong Exchanges and Clearing Ltd	XHKG Hong Kong Stock Exchange	2.65%
7.	United Overseas Bank Ltd	XSES Singapore Exchange	2.65%
8.	DBS Group Holdings Ltd	XSES Singapore Exchange	2.62%
9.	Shinhan Financial Group Ltd	XKRX Korea Exchange	2.58%
10.	Cheung Kong Holdings Ltd	XHKG Hong Kong Stock Exchange	2.53%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Financials Index by country as at 29 August 2014:



Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Financials Index can be found on <http://www.standardandpoors.com>.

### Index Licence

The initial term of the licence agreement of the S&P Pan-Asia ex JANZ LargeCap Financials Index commenced on 3 May 2011 and should continue for 5 years. Upon the expiration of the initial five years term, the licence agreement should renew automatically for three years. At any time during the term of the licence agreement, either party may terminate the licence agreement by giving the other party 90 days prior written notice. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

### Index Disclaimer

The Horizons S&P Asia ex JANZ Financials ETF is not sponsored, endorsed, sold or promoted by Standard & Poor's and its affiliates ("S&P"). S&P makes no representation, condition or warranty, express or implied, to the owners of the Horizons S&P Asia ex JANZ Financials ETF or any member of the public regarding the advisability of investing in securities generally or in the Horizons S&P Asia ex JANZ Financials ETF particularly or the ability of the S&P Pan-Asia ex JANZ LargeCap Financials Index to track the performance of certain financial markets and/or sections thereof and/or of groups of assets or asset classes. S&P's only relationship to

Mirae Asset Global Investments (Hong Kong) Limited is the licensing of certain trademarks and trade names and of the S&P Pan-Asia ex JANZ LargeCap Financials Index which is determined, composed and calculated by S&P without regard to Mirae Asset Global Investments (Hong Kong) Limited or the Horizons S&P Asia ex JANZ Financials ETF. S&P has no obligation to take the needs of Mirae Asset Global Investments (Hong Kong) Limited or the owners of the Horizons S&P Asia ex JANZ Financials ETF into consideration in determining, composing or calculating the S&P Pan-Asia ex JANZ LargeCap Financials Index. S&P is not responsible for and has not participated in the determination of the prices and amount of the Horizons S&P Asia ex JANZ Financials ETF or the timing of the issuance or sale of the Horizons S&P Asia ex JANZ Financials ETF or in the determination or calculation of the equation by which the Horizons S&P Asia ex JANZ Financials ETF units are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing, or trading of the Horizons S&P Asia ex JANZ Financials ETF.

S&P does not guarantee the accuracy and/or the completeness of the S&P Pan-Asia ex JANZ LargeCap Financials Index or any data included therein and S&P shall have no liability for any errors, omissions, or interruptions therein. S&P makes no warranty, condition or representation, express or implied, as to results to be obtained by Mirae Asset Global Investments (Hong Kong) Limited, owners of the Horizons S&P Asia ex JANZ Financials ETF, or any other person or entity from the use of the S&P Pan-Asia ex JANZ LargeCap Financials Index or any data included therein. S&P makes no express or implied warranties, representations or conditions, and expressly disclaims all warranties or conditions of merchantability or fitness for a particular purpose or use and any other express or implied warranty or condition with respect to the S&P Pan-Asia ex JANZ LargeCap Financials Index or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect, or consequential damages (including lost profits) resulting from the use of the S&P Pan-Asia ex JANZ LargeCap Financials Index or any data included therein, even if notified of the possibility of such damages.

## Appendix 5 – Horizons S&P Asia ex JANZ IT ETF

This part of the Prospectus sets out specific information applicable to the Horizons S&P Asia ex JANZ IT ETF (formerly known as Mirae Asset TIGER S&P Asia ex JANZ

IT ETF). Prospective investors' attention is drawn to "Risk Factors relating to the Horizons S&P Asia ex JANZ IT ETF" below.

### Key Information

The following table is a summary of key information in respect of the Horizons S&P Asia ex JANZ IT ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("ETF")
Tracked Index	S&P Pan-Asia ex JANZ LargeCap Information Technology Index Inception Date: 6 May 2011 Number of constituents: 47 Base Currency of Index: US dollars (US\$)
Listing Date	27 January 2012
Exchange Listing	SEHK – Main Board
Stock Code	3066
Trade Lot Size	500 Units
Base Currency / Trading Currency	Hong Kong dollars (HK\$)
Dividend Policy	Annually (if any) (May in each year)
Application Unit Size for Creation/Realisation by Participating Dealers	Minimum 200,000 Units (or multiples thereof)
Method(s) of Creation/Realisation Available (through Participating Dealer)	In-Kind or in Cash
Investment Adviser	No investment adviser has been appointed
Market Makers	Citigroup Global Markets Asia Limited Commerz Securities Hong Kong Limited
Participating Dealers	ABN AMRO Clearing Hong Kong Limited Barclays Bank PLC Citigroup Global Markets Asia Limited Credit Suisse Securities (Hong Kong) Limited Goldman Sachs (Asia) Securities Limited Mirae Asset Securities (HK) Limited Shenyin Wanguo Securities (H.K.) Limited
Financial Year	Ending 31 March each year
Management Fee	Up to 0.45% per annum of the NAV accrued daily and calculated as at each Dealing Day
Estimated Total Expense Ratio*	0.75% per annum (including the management fee) of the NAV
Website	<a href="http://www.horizonsetfs.com.hk/en/etf/3066">http://www.horizonsetfs.com.hk/en/etf/3066</a>

\* The estimated total expense ratio does not represent the estimated tracking error of the Horizons S&P Asia ex JANZ IT ETF.

## Exchange Listing and Trading

Currently, Units are listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges.

If trading of the Units of the Horizons S&P Asia ex JANZ IT ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

## Investment Objective and Strategy

The Horizons S&P Asia ex JANZ IT ETF seeks to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index.

The Manager intends to adopt the replication strategy to achieve the investment objective of the Horizons S&P Asia ex JANZ IT ETF. The Manager may however, in the appropriate circumstances, choose to use a representative sampling strategy. Please refer to the section "Investment Policies" in Part 1 of this Prospectus for an explanation on these two strategies.

Investors should note that the Manager may switch between the replication strategy and the representation sampling strategy without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the Horizons S&P Asia ex JANZ IT ETF by tracking the S&P Pan-Asia ex JANZ LargeCap Information Technology Index as closely (or efficiently) as possible for the benefit of investors.

The Horizons S&P Asia ex JANZ IT ETF will not invest in A-shares.

## Distribution Policy

Net income earned by the Horizons S&P Asia ex JANZ IT ETF will, at the discretion of the Manager, be distributed by way of annual cash distribution (if any) and details of the distribution declaration dates, distribution amounts and ex-

dividend payment dates will be published on the Manager's website <http://www.horizonsetfs.com.hk>. There can be no assurance that a distribution will be paid.

## The Index

The S&P Pan-Asia ex JANZ LargeCap Information Technology Index is a sub index of the broader S&P Global Broad Market Index (the "**S&P Global BMI Index**"). It is a float-adjusted market capitalization weighted index which comprises of stocks that are classified in the information technology sector according to the Global Industry Classification Standard (GICS®). The S&P Pan-Asia ex JANZ LargeCap Information Technology Index aims to track the performance of large cap information technology stocks from the developed and emerging markets of Asia, excluding those domiciled in Japan, Australia and New Zealand.

The S&P Pan-Asia ex JANZ LargeCap Information Technology Index is compiled and managed by Standard & Poor's ("**S&P**"). Please refer to the section "Index Description" for detailed information on the S&P Pan-Asia ex JANZ LargeCap Information Technology Index.

# Risk Factors Relating to the Horizons S&P Asia ex JANZ IT ETF

In addition to the principal risk factors common to all Investment Funds set out in Part 1 of this Prospectus, investors should also consider the potential risks associated with investing in the Horizons S&P Asia ex JANZ IT ETF including those set out below. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Horizons S&P Asia ex JANZ IT ETF.

**Risks Associated with the Information Technology Sector.** Investment in securities of technology related companies present certain risks that may not exist to the same degree as in other types of investments and tend to be relatively more volatile. Such companies may have limited product lines, markets or financial resources, or may depend on a limited management group. The companies in which the Horizons S&P Asia ex JANZ IT ETF may invest are also strongly affected by worldwide scientific or technological developments, and their products rapidly falls into obsolescence. Investment in technology companies by the Horizons S&P Asia ex JANZ IT ETF may therefore be considered speculative.

**Asian Market Concentration Risk.** The Horizons S&P Asia ex JANZ IT ETF is subject to concentration risk as a result of tracking the performance of a single geographical region (Asia). The Horizons S&P Asia ex JANZ IT ETF 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 Underlying Index resulting from adverse conditions in Asia.

**Trading Hour's Difference.** As stock exchanges established outside of Hong Kong may be open when Units in the Horizons S&P Asia ex JANZ IT ETF are not priced, the value of the securities in the Horizons S&P Asia ex JANZ IT ETF's portfolio may change on days when investors will not be able to purchase or sell Units of the Horizons S&P Asia ex JANZ IT ETF. Furthermore, the market prices of underlying securities listed on stock exchanges which are established outside Hong Kong may not be available during part of all of the SEHK trading sessions due to trading hour differences which may result in the trading price deviating away from the Net Asset Value.

**Trading Risk.** Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, retail investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

## Fees and Charges

### Management Fees and Servicing Fees

The Manager is entitled to receive a management fee, currently at the rate up to 0.45% per annum of the Net Asset Value of the Horizons S&P Asia ex JANZ IT ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The Manager is also entitled to receive a servicing fee but currently intends to waive the servicing fee.

### Trustee's Fee

The Trustee receives out of the assets of the Horizons S&P Asia ex JANZ IT ETF a monthly trustee's fee, payable in arrears, accrue daily and calculated as at each Dealing Day at the following percentages of the Net Asset Value of the Horizons S&P Asia ex JANZ IT ETF: 0.12% if the Net Asset Value equals or is less than US\$200 million, 0.08% if the Net Asset Value is between US\$200 million and US\$500 million, and 0.06% if the Net Asset Value exceeds US\$500 million, subject to a minimum fixed fee of US\$6,000 per month.

The Trustee shall also be entitled to be reimbursed out of the assets of the Horizons S&P Asia ex JANZ IT ETF all out-of-pocket expenses incurred.

### Registrar's Fee

The Registrar is entitled to receive an ongoing registry service fee of HK\$96,000 per annum in respect of Horizons S&P Asia ex JANZ IT ETF. These fees are payable out of the assets of Horizons S&P Asia ex JANZ IT ETF.

The Registrar shall also be entitled to be reimbursed out of the assets of Horizons S&P Asia ex JANZ IT ETF all out-of-pocket expenses incurred.

### Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the Horizons S&P Asia ex JANZ IT ETF are summarized in the table below:

**Creation of Units**

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges incurred by the Trustee or the Manager in connection with the Creation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5.

**Realisation of Units**

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges incurred by the Trustee or the Manager in connection with the Realisation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5.

**Fees Payable by Retail Investors Dealing in Units on the SEHK**

The fees payable by retail investors dealing in Units in the Horizons S&P Asia ex JANZ IT ETF on the SEHK are summarized in the table below:

Brokerage	Market rates
Transaction Levy	0.003% See Note 6.
Trading Fee	0.005% See Note 7.
Stamp Duty	Nil See Note 8.

**Notes**

1. A Transaction Fee of HK\$15,000 per Application is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.
2. A service agent fee of HK\$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction. A monthly reconciliation fee of HK\$5,000 is payable by the Manager to the Service Agent. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.

3. An Extension Fee is payable to the Trustee for the benefit of the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement or partial delivery in respect of a Creation or Realisation Application.
4. An Application Cancellation Fee is payable to, and for the account and benefit of, the Trustee in respect of either a withdrawn or failed Creation or Realisation Application.
5. The Duties and Charges applicable to an in-kind Creation Application may be higher or lower than the Duties and Charges applicable to an in-cash Creation Application. Similarly, the Duties and Charges applicable to an in-kind Realisation Application may be higher or lower than the Duties and Charges applicable to an in-cash Realisation Application. Participating Dealers may apply to the Manager for further details, although it should be noted that the actual Duties and Charges can only be determined only after the relevant Applications have been effected.
6. A Transaction Levy of 0.003% of the price of the Units, payable by each of the buyer and the seller.
7. A Trading Fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.
8. Stamp duty of 0.1% of the price of the Units, payable by each of the buyer and seller, except in respect of qualifying market maker transactions. Approval has been given by the Financial Services and the Treasury Bureau of Hong Kong for remission or refund in full of stamp duty payable or paid in respect of any contract notes or instruments of transfer relating to transactions in Units in the Horizons S&P Asia ex JANZ IT ETF. Therefore, the seller and the buyer of the Units shall not be liable for Hong Kong stamp duty upon such transfer. However, nominal stamp duty may still be payable on any instruments of transfer relating to transactions in Units in the Horizons S&P Asia ex JANZ IT ETF.

**Total Expense Ratio**

The total expense ratio ("TER") of the Horizons S&P Asia ex JANZ IT ETF is estimated to be 0.75% per annum. TER is the sum of anticipated fees and charges to the Horizons S&P Asia ex JANZ IT ETF (including the management fee) expressed as a percentage of the Net Asset Value of the Horizons S&P Asia ex JANZ IT ETF. The estimated TER does not represent the estimated tracking error and excludes any establishment costs of the Horizons S&P Asia ex JANZ IT ETF and certain extraordinary expenses<sup>1</sup> which will be paid separately out of the assets of the Horizons S&P Asia ex JANZ IT ETF.

<sup>1</sup> Extraordinary expenses means expenses relating to litigation costs as well as any tax, levy, duty or similar charge imposed on the Horizons S&P Asia ex JANZ IT ETF or its assets that would otherwise not qualify as ordinary expenses.

# Index Description

## General Information

The S&P Pan-Asia ex JANZ LargeCap Information Technology Index is a sub index of the broader S&P Global Broad Market Index. It is a float-adjusted market capitalization weighted index which comprises of stocks that are classified in the information technology sector according to the Global Industry Classification Standard (GICS®). The S&P Pan-Asia ex JANZ LargeCap Information Technology Index aims to track the performance of large cap information technology stocks from the developed and emerging markets of Asia, excluding those domiciled in Japan, Australia and New Zealand.

The GICS® methodology was developed jointly by MSCI Inc and S&P in 1999 and has been widely accepted as an industry analysis framework for investment research, portfolio management and asset allocation. The GICS® classification system consists of: 10 sectors, 24 industry groups, 68 industries and 154 sub-industries. The GICS® sectors are: Energy, Materials, Industrials, Consumer Discretionary, Consumer Staples, Health Care, Financials, Information Technology, Telecommunication Services and Utilities.

According to the S&P Global Equity Indices methodology, the following markets are classified as developed markets in the Asia ex Jpn, Aus, NZ region: Hong Kong, Korea and Singapore; the following markets are classified as emerging markets in the Asia ex Jpn, Aus, NZ region: China, India, Indonesia, Malaysia, Philippines, Taiwan and Thailand.

The S&P Pan-Asia ex JANZ LargeCap Information Technology Index is a net total return index. A net total return index calculates the performance of the index constituents on the basis that any dividends or distributions are reinvested after the deduction of any withholding taxes that may apply.

The S&P Pan-Asia ex JANZ LargeCap Information Technology Index is calculated and maintained by S&P. The Manager (and each of its Connected Persons) is independent of S&P.

The S&P Pan-Asia ex JANZ LargeCap Information Technology Index was launched on 21 July 2011 and has a base date of 29 December 2000. As at 29 August 2014, it had a total market capitalisation of US\$718,693 million and 47 constituents.

## Index Construction

The S&P Global BMI Index is constructed on a bottom-up basis, capturing all companies with a minimum float-adjusted market cap of US\$100 million and a minimum annual dollar value traded of US\$50 million from all those countries deemed investable according to the S&P Global Equity Indices methodology.

The following shares are not eligible for inclusion in the S&P Global BMI Index: fixed-dividend shares, investment trusts, unit trusts, mutual fund shares, closed-end funds, convertible bonds, equity warrants and limited partnerships.

For each country, S&P also sub-divides the Broad Market Index into size benchmark indices. The indices consist of three basic components: large cap, mid cap, and small cap.

The splits are based on the cumulative market capitalisation of each country's Broad Market Index. The companies are first ranked by their total market capitalisation, which is considered to be a better reflection of the economic significance of the company in the economy. Then the cumulative coverage of the total float market capitalisation of the Broad Market Index is calculated at each company starting from the top ranked company.

For example, if a country's Broad Market Index has a total float market capitalisation of US\$10 billion, and the top ranked company has a float market capitalisation of US\$1 billion, the cumulative float market capitalisation at the first company will be 10%. If the second company has a float market capitalisation of US\$0.5 billion, the cumulative float market capitalisation at the second company will be 15% ( $15\% = (\text{US\$1 billion} + \text{US\$0.5 billion}) / \text{US\$10 billion}$ ).

When the cumulative float market capitalisation reaches a coverage of 70% of the Broad Market Index, the companies falling within the top 70% will be defined as the large cap segment of the Broad Market Index. The top 85% coverage of the float market cap of the Broad Market Index will be the LargeMidCap segment. What is in the LargeMidCap segment but not in the large cap segment are assigned to the mid cap segment. The remaining stocks in the Broad Market Index which is not part of the LargeMidCap segment are assigned to the small cap segment (the last 15% of the cumulative float market cap of the market). The following diagram illustrates how a country's Broad Market Index is subdivided into the various size-segment indices.

Broad Market Index	Large Mid Cap	Large Cap
		Mid Cap
	Small Cap	Small Cap

For the S&P Pan-Asia ex JANZ LargeCap Information Technology Index, the large cap country indices in the Asia ex Japan region will be selected. The markets include developed markets such as Hong Kong, Singapore and South Korea and emerging markets such as China, India, Indonesia, Malaysia, Philippines, Taiwan and Thailand. The developed market and emerging market status are based on S&P's classification. Securities of companies in the large cap country indices of the Asia Pacific ex JANZ region that are classified by the GICS® as being in the information technology sector will be selected to form the S&P Pan-Asia ex JANZ LargeCap Information Technology Index.

### Index Review

Index reconstitutions are done annually on a country by country basis. Data used for the index reconstitution are as of the close of the last business day of July and the reconstitution is effective at the close of the third Friday of September.

At the annual reconstitution, index constituents are removed if their float adjusted market capitalisation falls below US\$75 million or if their liquidity falls below US\$35 million during the previous 12 months.

The classification of stocks by size segment within a country's S&P Global BMI Index and GICS® sectors are all reviewed as part of the annual reconstitution process.

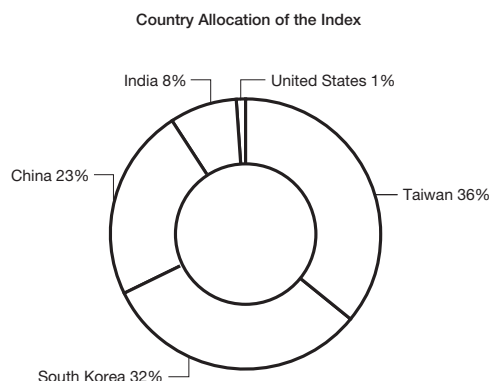
The constituents' Investable Weight Factor (IWF) which define the available float for a stock and are used to calculate the float-adjusted market capitalization, are reviewed as part of the annual reconstitution process.

### Further Information

As at 29 August 2014, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index as listed below, represented about 74.32% of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Samsung Electronics Co Ltd	XKRX Korea Exchange	20.45%
2.	Tencent Holdings Ltd	XHKG Hong Kong Stock Exchange	11.86%
3.	Taiwan Semiconductor Manufacturing Co Ltd	XTAI Taiwan Stock Exchange	10.63%
4.	Baidu Inc – Sponsored ADR	XNAS NASDAQ Stock Market	8.15%
5.	Hon Hai Precision Industry Co Ltd	XTAI Taiwan Stock Exchange	6.00%
6.	Infosys Ltd	XBOM Bombay Stock Exchange	3.97%
7.	SK Hynix Inc	XKRX Korea Exchange	3.50%
8.	Mediatek Inc	XTAI Taiwan Stock Exchange	3.43%
9.	Samsung Electronics – Pref	XKRX Korea Exchange	3.20%
10.	Naver Corp	XKRX Korea Exchange	3.13%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Information Technology Index by country as at 29 August 2014:



Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index can be found on <http://www.standardandpoors.com>.



### **Index Licence**

The initial term of the licence agreement of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index commenced on 3 May 2011 and should continue for 5 years. Upon the expiration of the initial five years term, the licence agreement should renew automatically for three years. At any time during the term of the licence agreement, either party may terminate the licence agreement by giving the other party 90 days prior written notice. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

### **Index Disclaimer**

The Horizons S&P Asia ex JANZ IT ETF is not sponsored, endorsed, sold or promoted by Standard & Poor's and its affiliates ("S&P"). S&P makes no representation, condition or warranty, express or implied, to the owners of the Horizons S&P Asia ex JANZ IT ETF or any member of the public regarding the advisability of investing in securities generally or in the Horizons S&P Asia ex JANZ IT ETF particularly or the ability of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index to track the performance of certain financial markets and/or sections thereof and/or of groups of assets or asset classes. S&P's only relationship to Mirae Asset Global Investments (Hong Kong) Limited is the licensing of certain trademarks and trade names and of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index which is determined, composed and calculated by S&P without regard to Mirae Asset Global Investments (Hong Kong) Limited or the Horizons S&P Asia ex JANZ IT ETF. S&P has no obligation to take the needs of Mirae Asset Global Investments (Hong Kong) Limited or the owners of the Horizons S&P Asia ex JANZ IT ETF into consideration in determining, composing or calculating the S&P Pan-Asia ex JANZ LargeCap Information Technology Index. S&P is not responsible for and has not participated in the determination of the prices and amount of the Horizons S&P Asia ex JANZ IT ETF or the timing of the issuance or sale of the Horizons S&P Asia ex JANZ IT ETF or in the determination or calculation of the equation by which the Horizons S&P Asia ex JANZ IT ETF units are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing, or trading of the Horizons S&P Asia ex JANZ IT ETF.

S&P does not guarantee the accuracy and/or the completeness of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index or any data included therein and S&P shall have no liability for any errors, omissions, or interruptions therein. S&P makes no warranty, condition or representation, express or implied, as to results to be obtained by Mirae Asset Global Investments (Hong Kong) Limited, owners of the Horizons S&P Asia ex JANZ IT ETF, or any other person or entity from the use of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index or any data included therein. S&P makes no express or implied warranties, representations or conditions, and expressly disclaims all warranties or conditions of merchantability or fitness for a particular purpose or use and any other express or implied warranty or condition with respect to the S&P Pan-Asia ex JANZ LargeCap Information Technology Index or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect, or consequential damages (including lost profits) resulting from the use of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index or any data included therein, even if notified of the possibility of such damages.

# Appendix 6 – Horizons S&P Asia ex JANZ Industrials ETF

This part of the Prospectus sets out specific information applicable to the Horizons S&P Asia ex JANZ Industrials ETF (formerly known as Mirae Asset TIGER S&P Asia ex JANZ

Industrials ETF). Prospective investors' attention is drawn to "Risk Factors relating to the Horizons S&P Asia ex JANZ Industrials ETF" below.

## Key Information

The following table is a summary of key information in respect of the Horizons S&P Asia ex JANZ Industrials ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("ETF")
Tracked Index	S&P Pan-Asia ex JANZ LargeCap Industrials Index Inception Date: 6 May 2011 Number of constituents: 46 Base Currency of Index: US dollars (US\$)
Listing Date	27 January 2012
Exchange Listing	SEHK – Main Board
Stock Code	3075
Trade Lot Size	500 Units
Base Currency / Trading Currency	Hong Kong dollars (HK\$)
Dividend Policy	Annually (if any) (May in each year)
Application Unit Size for Creation/Realisation by Participating Dealers	Minimum 200,000 Units (or multiples thereof)
Method(s) of Creation/Realisation Available (through Participating Dealer)	In-Kind or in Cash
Investment Adviser	No investment adviser has been appointed
Market Makers	Citigroup Global Markets Asia Limited Commerz Securities Hong Kong Limited
Participating Dealers	ABN AMRO Clearing Hong Kong Limited Barclays Bank PLC Citigroup Global Markets Asia Limited Credit Suisse Securities (Hong Kong) Limited Goldman Sachs (Asia) Securities Limited Mirae Asset Securities (HK) Limited Shenyin Wanguo Securities (H.K.) Limited
Financial Year	Ending 31 March each year
Management Fee	Up to 0.45% per annum of the NAV accrued daily and calculated as at each Dealing Day
Estimated Total Expense Ratio*	0.75% per annum (including the management fee) of the NAV
Website	<a href="http://www.horizonsetfs.com.hk/en/etf/3075">http://www.horizonsetfs.com.hk/en/etf/3075</a>

\* The estimated total expense ratio does not represent the estimated tracking error of the Horizons S&P Asia ex JANZ Industrials ETF.

## Exchange Listing and Trading

Currently, Units are listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges.

If trading of the Units of the Horizons S&P Asia ex JANZ Industrials ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

## Investment Objective and Strategy

The Horizons S&P Asia ex JANZ Industrials ETF seeks to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the S&P Pan-Asia ex JANZ LargeCap Industrials Index.

The Manager intends to adopt the replication strategy to achieve the investment objective of the Horizons S&P Asia ex JANZ Industrials ETF. The Manager may however, in the appropriate circumstances, choose to use a representative sampling strategy. Please refer to the section "Investment Policies" in Part 1 of this Prospectus for an explanation on these two strategies.

Investors should note that the Manager may switch between the replication strategy and the representation sampling strategy without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the Horizons S&P Asia ex JANZ Industrials ETF by tracking the S&P Pan-Asia ex JANZ LargeCap Industrials Index as closely (or efficiently) as possible for the benefit of investors.

The Horizons S&P Asia ex JANZ Industrials ETF will not invest in A-shares.

## Distribution Policy

Net income earned by the Horizons S&P Asia ex JANZ Industrials ETF will, at the discretion of the Manager, be distributed by way of annual cash distribution (if any) and details of the distribution declaration dates, distribution

amounts and ex-dividend payment dates will be published on the Manager's website <http://www.horizonsetfs.com.hk>. There can be no assurance that a distribution will be paid.

## The Index

The S&P Pan-Asia ex JANZ LargeCap Industrials Index is a sub index of the broader S&P Global Broad Market Index (the "**S&P Global BMI Index**"). It is a float-adjusted market capitalization weighted index which comprises of stocks that are classified in the industrials sector according to the Global Industry Classification Standard (GICS®). The S&P Pan-Asia ex JANZ LargeCap Industrials Index aims to track the performance of large cap industrials stocks from the developed and emerging markets of Asia, excluding those domiciled in Japan, Australia and New Zealand.

The S&P Pan-Asia ex JANZ LargeCap Industrials Index is compiled and managed by Standard & Poor's ("**S&P**"). Please refer to the section "Index Description" for detailed information on the S&P Pan-Asia ex JANZ LargeCap Industrials Index.

# Risk Factors Relating to the Horizons S&P Asia ex JANZ Industrials ETF

In addition to the principal risk factors common to all Investment Funds set out in Part 1 of this Prospectus, investors should also consider the potential risks associated with investing in the Horizons S&P Asia ex JANZ Industrials ETF including those set out below. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Horizons S&P Asia ex JANZ Industrials ETF.

**Risks Associated with the Industrials Sector.** Investors should note that the performance of the Underlying Index which the Horizons S&P Asia ex JANZ Industrials ETF will track is related to the industrials sector, including aerospace and defence, building products, construction and engineering, electrical equipment, machinery, industrial conglomerates, trading companies and distributors, commercial services and supplies, air freight and logistics, airlines, marine, road and rail and transportation infrastructure. The price of shares issued by companies active in the industrials sector can be adversely affected by a variety of sub-sector specific factors but in particular the industrials sector as a whole is sensitive to changes in the economies of Asian countries overall, falls in consumer demand and economic activity in the Asian countries and major export markets, increasing oil prices, labour relations, export quotas, tariffs on imports and insurance costs.

**Asian Market Concentration Risk.** The Horizons S&P Asia ex JANZ Industrials ETF is subject to concentration risk as a result of tracking the performance of a single geographical

region (Asia). The Horizons S&P Asia ex JANZ Industrials ETF 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 Underlying Index resulting from adverse conditions in Asia.

**Trading Hour's Difference.** As stock exchanges established outside of Hong Kong may be open when Units in the Horizons S&P Asia ex JANZ Industrials ETF are not priced, the value of the securities in the Horizons S&P Asia ex JANZ Industrials ETF's portfolio may change on days when investors will not be able to purchase or sell Units of the Horizons S&P Asia ex JANZ Industrials ETF. Furthermore, the market prices of underlying securities listed on stock exchanges which are established outside Hong Kong may not be available during part of all of the SEHK trading sessions due to trading hour differences which may result in the trading price deviating away from the Net Asset Value.

**Trading Risk.** Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, retail investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

## Fees and Charges

### Management Fees and Servicing Fees

The Manager is entitled to receive a management fee, currently at the rate up to 0.45% per annum of the Net Asset Value of the Horizons S&P Asia ex JANZ Industrials ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The Manager is also entitled to receive a servicing fee but currently intends to waive the servicing fee.

### Trustee's Fee

The Trustee receives out of the assets of the Horizons S&P Asia ex JANZ Industrials ETF a monthly trustee's fee, payable in arrears, accrue daily and calculated as at each Dealing Day at the following percentages of the Net Asset Value of

the Horizons S&P Asia ex JANZ Industrials ETF: 0.12% if the Net Asset Value equals or is less than US\$200 million, 0.08% if the Net Asset Value is between US\$200 million and US\$500 million, and 0.06% if the Net Asset Value exceeds US\$500 million, subject to a minimum fee of US\$6,000 per month.

The Trustee shall also be entitled to be reimbursed out of the assets of the Horizons S&P Asia ex JANZ Industrials ETF all out-of-pocket expenses incurred.

### Registrar's Fee

The Registrar is entitled to receive an ongoing registry service fee of HK\$96,000 per annum in respect of Horizons S&P Asia ex JANZ Industrials ETF. These fees are payable out of the assets of Horizons S&P Asia ex JANZ Industrials ETF.

The Registrar shall also be entitled to be reimbursed out of the assets of Horizons S&P Asia ex JANZ Industrials ETF all out-of-pocket expenses incurred.

### Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the Horizons S&P Asia ex JANZ Industrials ETF are summarized in the table below:

#### Creation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges with the Creation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5.

#### Realisation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges with the Realisation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5.

### Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the Horizons S&P Asia ex JANZ Industrials ETF on the SEHK are summarized in the table below:

Brokerage	Market rates
Transaction Levy	0.003% See Note 6.
Trading Fee	0.005% See Note 7.
Stamp Duty	Nil See Note 8.

#### Notes

1. A Transaction Fee of HK\$15,000 per Application is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.
2. A service agent fee of HK\$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction. A monthly reconciliation fee of HK\$5,000 is payable by the Manager to the Service Agent. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.
3. An Extension Fee is payable to the Trustee for the benefit of the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement or partial delivery in respect of a Creation or Realisation Application.
4. An Application Cancellation Fee is payable to, and for the account and benefit of, the Trustee in respect of either a withdrawn or failed Creation or Realisation Application.
5. The Duties and Charges applicable to an in-kind Creation Application may be higher or lower than the Duties and Charges applicable to an in-cash Creation Application. Similarly, the Duties and Charges applicable to an in-kind Realisation Application may be higher or lower than the Duties and Charges applicable to an in-cash Realisation Application. Participating Dealers may apply to the Manager for further details, although it should be noted that the actual Duties and Charges can only be determined only after the relevant Applications have been effected.
6. A Transaction Levy of 0.003% of the price of the Units, payable by each of the buyer and the seller.

7. A Trading Fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.
8. Stamp duty of 0.1% of the price of the Units, payable by each of the buyer and seller, except in respect of qualifying market maker transactions. Approval has been given by the Financial Services and the Treasury Bureau of Hong Kong for remission or refund in full of stamp duty payable or paid in respect of any contract notes or instruments of transfer relating to transactions in Units in Horizons S&P Asia ex JANZ Industrials ETF. Therefore, the seller and the buyer of the Units shall not be liable for Hong Kong stamp duty upon such transfer. However, nominal stamp duty may still be payable on any instruments of transfer relating to transactions in Units in the Horizons S&P Asia ex JANZ Industrials ETF.

## Index Description

### General Information

The S&P Pan-Asia ex JANZ LargeCap Industrials Index is a sub index of the broader S&P Global Broad Market Index. It is a float-adjusted market capitalization weighted index which comprises of stocks that are classified in the industrials sector according to the Global Industry Classification Standard (GICS®). The S&P Pan-Asia ex JANZ LargeCap Industrials Index aims to track the performance of large cap industrials stocks from the developed and emerging markets of Asia, excluding those domiciled in Japan, Australia and New Zealand.

The GICS® methodology was developed jointly by MSCI Inc and S&P in 1999 and has been widely accepted as an industry analysis framework for investment research, portfolio management and asset allocation. The GICS® classification system consists of: 10 sectors, 24 industry groups, 68 industries and 154 sub-industries. The GICS® sectors are: Energy, Materials, Industrials, Consumer Discretionary, Consumer Staples, Health Care, Financials, Information Technology, Telecommunication Services and Utilities.

According to the S&P Global Equity Indices methodology, the following markets are classified as developed markets in the Asia ex Jpn, Aus, NZ region: Hong Kong, Korea and Singapore; and the following markets are classified as emerging markets in the Asia ex Jpn, Aus, NZ region: China, India, Indonesia, Malaysia, Philippines, Taiwan and Thailand.

### Total Expense Ratio

The total expense ratio (“TER”) of the Horizons S&P Asia ex JANZ Industrials ETF is estimated to be 0.75% per annum. TER is the sum of anticipated fees and charges to the Horizons S&P Asia ex JANZ Industrials ETF (including the management fee) expressed as a percentage of the Net Asset Value of the Horizons S&P Asia ex JANZ Industrials ETF. The estimated TER does not represent the estimated tracking error and excludes any establishment costs of the Horizons S&P Asia ex JANZ Industrials ETF and certain extraordinary expenses<sup>1</sup> which will be paid separately out of the assets of the Horizons S&P Asia ex JANZ Industrials ETF.

The S&P Pan-Asia ex JANZ LargeCap Industrials Index is a net total return index. A net total return index calculates the performance of the index constituents on the basis that any dividends or distributions are reinvested after the deduction of any withholding taxes that may apply.

The S&P Pan-Asia ex JANZ LargeCap Industrials Index is calculated and maintained by S&P. The Manager (and each of its Connected Persons) is independent of S&P.

The S&P Pan-Asia ex JANZ LargeCap Industrials Index was launched on 21 July 2011 and has a base date of 29 December 2000. As at 29 August 2014, it had a total market capitalisation of US\$203,455 million and 46 constituents.

### Index Construction

The S&P Global BMI Index is constructed on a bottom-up basis, capturing all companies with a minimum float-adjusted market cap of US\$100 million and a minimum annual dollar value traded of US\$50 million from all those countries deemed investable according to the S&P Global Equity Indices methodology.

The following shares are not eligible for inclusion in the S&P Global BMI Index: fixed-dividend shares, investment trusts, unit trusts, mutual fund shares, closed-end funds, convertible bonds, equity warrants and limited partnerships.

<sup>1</sup> Extraordinary expenses means expenses relating to litigation costs as well as any tax, levy, duty or similar charge imposed on the Horizons S&P Asia ex JANZ Industrials ETF for its assets that would otherwise not qualify as ordinary expenses.

For each country, S&P also sub-divides the Broad Market Index into size benchmark indices. The indices consist of three basic components: large cap, mid cap, and small cap.

The splits are based on the cumulative market capitalisation of each country's Broad Market Index. The companies are first ranked by their total market capitalisation, which is considered to be a better reflection of the economic significance of the company in the economy. Then the cumulative coverage of the total float market capitalisation of the Broad Market Index is calculated at each company starting from the top ranked company.

For example, if a country's Broad Market Index has a total float market capitalisation of US\$10 billion, and the top ranked company has a float market capitalisation of US\$1 billion, the cumulative float market capitalisation at the first company will be 10%. If the second company has a float market capitalisation of US\$0.5 billion, the cumulative float market capitalisation at the second company will be 15% (15% = (US\$1 billion + US\$0.5 billion) / US\$10 billion).

When the cumulative float market capitalisation reaches a coverage of 70% of the Broad Market Index, the companies falling within the top 70% will be defined as the large cap segment of the Broad Market Index. The top 85% coverage of the float market cap of the Broad Market Index will be the LargeMidCap segment. What is in the LargeMidCap segment but not in the large cap segment are assigned to the mid cap segment. The remaining stocks in the Broad Market Index which is not part of the LargeMidCap segment are assigned to the small cap segment (the last 15% of the cumulative float market cap of the market). The following diagram illustrates how a country's Broad Market Index is subdivided into the various size-segment indices.

Broad Market Index	LargeMidCap	Large Cap
		Mid Cap
	Small Cap	Small Cap

For the S&P Pan-Asia ex JANZ LargeCap Industrials Index, the large cap country indices in the Asia ex Japan region will be selected. The markets include developed markets such as Hong Kong, Singapore and South Korea and emerging markets such as China, India, Indonesia, Malaysia, Philippines, Taiwan and Thailand. The developed market and emerging market status are based on S&P's classification. Securities of companies in the large cap country indices of the Asia Pacific ex JANZ region that are classified by the GICS® as being in the industrials sector will be selected to form the S&P Pan-Asia ex JANZ LargeCap Industrials Index.

### Index Review

Index reconstitutions are done annually on a country by country basis. Data used for the index reconstitution are as of the close of the last business day of July and the reconstitution is effective at the close of the third Friday of September.

At the annual reconstitution, index constituents are removed if their float adjusted market capitalisation falls below US\$75 million or if their liquidity falls below US\$35 million during the previous 12 months.

The classification of stocks by size segment within a country's S&P Global BMI Index and GICS® sectors are all reviewed as part of the annual reconstitution process.

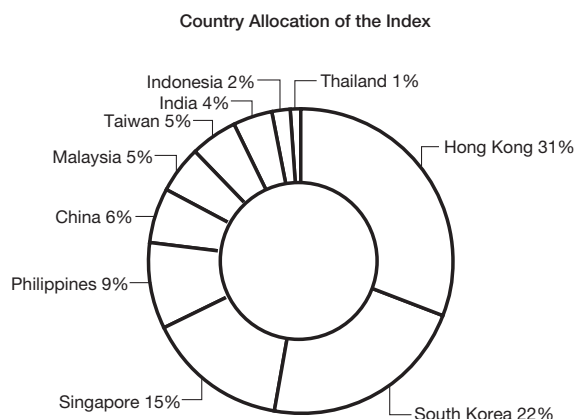
The constituents' Investable Weight Factor (IWF) which define the available float for a stock and are used to calculate the float-adjusted market capitalization, are reviewed as part of the annual reconstitution process.

### Further Information

As at 29 August 2014, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Industrials Index as listed below, represented about 51.90% of the S&P Pan-Asia ex JANZ LargeCap Industrials Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Hutchison Whampoa Ltd	XHKG Hong Kong Stock Exchange	14.67%
2.	Keppel Corp Ltd	XSES Singapore Exchange	6.16%
3.	Jardine Matheson Holdings Ltd	XSES Singapore Exchange	5.70%
4.	Samsung C&T Corp	XKRX Korea Exchange	4.63%
5.	LG Corp	XKRX Korea Exchange	4.51%
6.	Sime Darby Bhd	XKLS Bursa Malaysia	3.76%
7.	Jardine Strategic Holdings Ltd	XSES Singapore Exchange	3.61%
8.	Hyundai Heavy Industries Co	XKRX Korea Exchange	3.34%
9.	SM Investments Corp	XPHS Philippine Stock Exchange	2.77%
10.	Larsen & Toubro Ltd	XBOM Bombay Stock Exchange	2.75%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Industrials Index by country as at 29 August 2014:



Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Industrials Index can be found on <http://www.standardandpoors.com>.

### Index Licence

The initial term of the licence agreement of the S&P Pan-Asia ex JANZ LargeCap Industrials Index commenced on 3 May 2011 and should continue for 5 years. Upon the expiration of the initial five years term, the licence agreement should renew automatically for three years. At any time during the term of the licence agreement, either party may terminate the licence agreement by giving the other party 90 days prior written notice. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

### Index Disclaimer

The Horizons S&P Asia ex JANZ Industrials ETF is not sponsored, endorsed, sold or promoted by Standard & Poor's and its affiliates ("S&P"). S&P makes no representation, condition or warranty, express or implied, to the owners of the Horizons S&P Asia ex JANZ Industrials ETF or any member of the public regarding the advisability of investing in securities generally or in the Horizons S&P Asia ex JANZ Industrials ETF particularly or the ability of the S&P Pan-Asia ex JANZ LargeCap Industrials Index to track the performance of certain financial markets and/or sections thereof and/or of groups of assets or asset classes. S&P's only relationship to Mirae Asset Global Investments (Hong Kong) Limited is the licensing of certain trademarks and trade names and of the S&P Pan-Asia ex JANZ LargeCap Industrials Index which is determined, composed and calculated by S&P without regard to Mirae Asset Global Investments (Hong Kong) Limited or the Horizons S&P Asia ex JANZ Industrials ETF. S&P has no obligation to take the needs of Mirae Asset Global Investments (Hong Kong) Limited or the owners of the Horizons S&P Asia ex JANZ Industrials ETF into consideration in determining, composing or calculating the S&P Pan-Asia ex JANZ LargeCap Industrials Index. S&P is not responsible for and has not participated in the determination of the prices and amount of the Horizons S&P Asia ex JANZ Industrials ETF or the timing of the issuance or sale of the Horizons S&P Asia ex JANZ Industrials ETF or in the determination or calculation of the equation by which the Horizons S&P Asia ex JANZ Industrials ETF units are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing, or trading of the Horizons S&P Asia ex JANZ Industrials ETF.



S&P does not guarantee the accuracy and/or the completeness of the S&P Pan-Asia ex JANZ LargeCap Industrials Index or any data included therein and S&P shall have no liability for any errors, omissions, or interruptions therein. S&P makes no warranty, condition or representation, express or implied, as to results to be obtained by Mirae Asset Global Investments (Hong Kong) Limited, owners of the Horizons S&P Asia ex JANZ Industrials ETF, or any other person or entity from the use of the S&P Pan-Asia ex JANZ LargeCap Industrials Index or any data included therein. S&P makes no express or implied warranties, representations or conditions, and expressly disclaims all warranties or conditions of merchantability or fitness for a particular purpose or use and any other express or implied warranty or condition with respect to the S&P Pan-Asia ex JANZ LargeCap Industrials Index or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect, or consequential damages (including lost profits) resulting from the use of the S&P Pan-Asia ex JANZ LargeCap Industrials Index or any data included therein, even if notified of the possibility of such damages.

# Appendix 7 – Horizons S&P Asia ex JANZ Energy ETF

This part of the Prospectus sets out specific information applicable to the Horizons S&P Asia ex JANZ Energy ETF (formerly known as Mirae Asset TIGER S&P Asia ex JANZ

Energy ETF. Prospective investors' attention is drawn to "Risk Factors relating to the Horizons S&P Asia ex JANZ Energy ETF" below.

## Key Information

The following table is a summary of key information in respect of the Horizons S&P Asia ex JANZ Energy ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("ETF")
Tracked Index	S&P Pan-Asia ex JANZ LargeCap Energy Index Inception Date: 6 May 2011 Number of constituents: 24 Base Currency of Index: US dollars (US\$)
Listing Date	27 January 2012
Exchange Listing	SEHK – Main Board
Stock Code	3076
Trade Lot Size	500 Units
Base Currency / Trading Currency	Hong Kong dollars (HK\$)
Dividend Policy	Annually (if any) (May in each year)
Application Unit Size for Creation/Realisation by Participating Dealers	Minimum 200,000 Units (or multiples thereof)
Method(s) of Creation/Realisation Available (through Participating Dealer)	In-Kind or in Cash
Investment Adviser	No investment adviser has been appointed
Market Makers	Citigroup Global Markets Asia Limited Commerz Securities Hong Kong Limited
Participating Dealers	ABN AMRO Clearing Hong Kong Limited Barclays Bank PLC Citigroup Global Markets Asia Limited Credit Suisse Securities (Hong Kong) Limited Goldman Sachs (Asia) Securities Limited Mirae Asset Securities (HK) Limited Shenyin Wanguo Securities (H.K.) Limited
Financial Year	Ending 31 March each year
Management Fee	Up to 0.45% per annum of the NAV accrued daily and calculated as at each Dealing Day
Estimated Total Expense Ratio*	0.75% per annum (including the management fee) of the NAV
Website	<a href="http://www.horizonsetfs.com.hk/en/etf/3076">http://www.horizonsetfs.com.hk/en/etf/3076</a>

\* The estimated total expense ratio does not represent the estimated tracking error of the Horizons S&P Asia ex JANZ Energy ETF.

## Exchange Listing and Trading

Currently, Units are expected to be listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges.

If trading of the Units of the Horizons S&P Asia ex JANZ Energy ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

## Investment Objective and Strategy

The Horizons S&P Asia ex JANZ Energy ETF seeks to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the S&P Pan-Asia ex JANZ LargeCap Energy Index.

The Manager intends to adopt the replication strategy to achieve the investment objective of the Horizons S&P Asia ex JANZ Energy ETF. The Manager may however, in the appropriate circumstances, choose to use a representative sampling strategy. Please refer to the section "Investment Policies" in Part 1 of this Prospectus for an explanation on these two strategies.

Investors should note that the Manager may switch between the replication strategy and the representation sampling strategy without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the Horizons S&P Asia ex JANZ Energy ETF by tracking the S&P Pan-Asia ex JANZ LargeCap Energy Index as closely (or efficiently) as possible for the benefit of investors.

The Horizons S&P Asia ex JANZ Energy ETF will not invest in A-shares.

## Distribution Policy

Net income earned by the Horizons S&P Asia ex JANZ Energy ETF will, at the discretion of the Manager, be distributed by way of annual cash distribution (if any) and details of the distribution declaration dates, distribution amounts and ex-

dividend payment dates will be published on the Manager's website <http://www.horizonsetfs.com.hk>. There can be no assurance that a distribution will be paid.

## The Index

The S&P Pan-Asia ex JANZ LargeCap Energy Index is a sub index of the broader S&P Global Broad Market Index (the "**S&P Global BMI Index**"). It is a float-adjusted market capitalization weighted index which comprises of stocks that are classified in the energy sector according to the Global Industry Classification Standard (GICS®). The S&P Pan-Asia ex JANZ LargeCap Energy Index aims to track the performance of large cap energy stocks from the developed and emerging markets of Asia, excluding those domiciled in Japan, Australia and New Zealand.

The S&P Pan-Asia ex JANZ LargeCap Energy Index is compiled and managed by Standard & Poor's ("**S&P**"). Please refer to the section "Index Description" for detailed information on the S&P Pan-Asia ex JANZ LargeCap Energy Index.

# Risk Factors Relating to the Horizons S&P Asia ex JANZ Energy ETF

In addition to the principal risk factors common to all Investment Funds set out in Part 1 of this Prospectus, investors should also consider the potential risks associated with investing in the Horizons S&P Asia ex JANZ Energy ETF including those set out below. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Horizons S&P Asia ex JANZ Energy ETF.

**Risks Associated with the Energy Sector.** The performance of companies principally engaged in the energy sector may be adversely impacted by changes in oil prices, increase in production costs resulting from the growing impact of environmental and safety regulations and governmental policies on energy conservation, disruptions in the supply chain due to natural or man-made disasters and accelerated obsolescence of production techniques.

**Asian Market Concentration Risk.** The Horizons S&P Asia ex JANZ Energy ETF is subject to concentration risk as a result of tracking the performance of a single geographical region (Asia). The Horizons S&P Asia ex JANZ Energy ETF 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 Underlying Index resulting from adverse conditions in Asia.

**Trading Hour's Difference.** As stock exchanges established outside of Hong Kong may be open when Units in the Horizons S&P Asia ex JANZ Energy ETF are not priced, the value of the securities in the Horizons S&P Asia ex JANZ Energy ETF's portfolio may change on days when investors will not be able to purchase or sell Units of the Horizons S&P Asia ex JANZ Energy ETF. Furthermore, the market prices of underlying securities listed on stock exchanges which are established outside Hong Kong may not be available during part of all of the SEHK trading sessions due to trading hour differences which may result in the trading price deviating away from the Net Asset Value.

**Trading Risk.** Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, retail investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

## Fees and Charges

### Management Fees and Servicing Fees

The Manager is entitled to receive a management fee, currently at the rate up to 0.45% per annum of the Net Asset Value of the Horizons S&P Asia ex JANZ Energy ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The Manager is also entitled to receive a servicing fee but currently intends to waive the servicing fee.

### Trustee's Fee

The Trustee receives out of the assets of the Horizons S&P Asia ex JANZ Energy ETF a monthly trustee's fee, payable in arrears, accrue daily and calculated as at each Dealing Day at the following percentages of the Net Asset Value of the Horizons S&P Asia ex JANZ Energy ETF: 0.12% if the Net Asset Value equals or is less than US\$200 million, 0.08% if the Net Asset Value is between US\$200 million and US\$500 million, and 0.06% if the Net Asset Value exceeds US\$500 million, subject to a minimum fee of US\$6,000 per month.

The Trustee shall also be entitled to be reimbursed out of the assets of the Horizons S&P Asia ex JANZ Energy ETF all out-of-pocket expenses incurred.

### Registrar's Fee

The Registrar is entitled to receive an ongoing registry service fee of HK\$96,000 per annum in respect of Horizons S&P Asia ex JANZ Energy ETF. These fees are payable out of the assets of Horizons S&P Asia ex JANZ Energy ETF.

The Registrar shall also be entitled to be reimbursed out of the assets of Horizons S&P Asia ex JANZ Energy ETF all out-of-pocket expenses incurred.

### Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the Horizons S&P Asia ex JANZ Energy ETF are summarized in the table below:

#### Creation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges incurred by the Trustee or the Manager in connection with the Creation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5.

#### Realisation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges incurred by the Trustee or the Manager in connection with the Realisation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5.

### Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the Horizons S&P Asia ex JANZ Energy ETF on the SEHK are summarized in the table below:

Brokerage	Market rates
Transaction Levy	0.003% See Note 6.
Trading Fee	0.005% See Note 7.
Stamp Duty	0.1% See Note 8.

#### Notes

1. A Transaction Fee of HK\$15,000 per Application is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.

2. A service agent fee of HK\$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction. A monthly reconciliation fee of HK\$5,000 is payable by the Manager to the Service Agent. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.
3. An Extension Fee is payable to the Trustee for the benefit of the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement or partial delivery in respect of a Creation or Realisation Application.
4. An Application Cancellation Fee is payable to, and for the account and benefit of, the Trustee in respect of either a withdrawn or failed Creation or Realisation Application.
5. The Duties and Charges applicable to an in-kind Creation Application may be higher or lower than the Duties and Charges applicable to an in-cash Creation Application. Similarly, the Duties and Charges applicable to an in-kind Realisation Application may be higher or lower than the Duties and Charges applicable to an in-cash Realisation Application. Participating Dealers may apply to the Manager for further details, although it should be noted that the actual Duties and Charges can only be determined only after the relevant Applications have been effected.
6. A Transaction Levy of 0.003% of the price of the Units, payable by each of the buyer and the seller.
7. A Trading Fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.
8. Stamp duty of 0.1% of the price of the Units, payable by each of the buyer and seller, except in respect of qualifying market maker transactions.

### Total Expense Ratio

The total expense ratio ("TER") of the Horizons S&P Asia ex JANZ Energy ETF is estimated to be 0.75% per annum. TER is the sum of anticipated fees and charges to the Horizons S&P Asia ex JANZ Energy ETF (including the management fee) expressed as a percentage of the Net Asset Value of the Horizons S&P Asia ex JANZ Energy ETF. The estimated TER does not represent the estimated tracking error and excludes any establishment costs of the Horizons S&P Asia ex JANZ Energy ETF and certain extraordinary expenses<sup>1</sup> which will be paid separately out of the assets of the Horizons S&P Asia ex JANZ Energy ETF.

<sup>1</sup> Extraordinary expenses means expenses relating to litigation costs as well as any tax, levy, duty or similar charge imposed on the Horizons S&P Asia ex JANZ Energy ETF or its assets that would otherwise not qualify as ordinary expenses.

# Index Description

## General Information

The S&P Pan-Asia ex JANZ LargeCap Energy Index is a sub index of the broader S&P Global Broad Market Index. It is a float-adjusted market capitalization weighted index which comprises of stocks that are classified in the energy sector according to the Global Industry Classification Standard (GICS®). The S&P Pan-Asia ex JANZ LargeCap Energy Index aims to track the performance of large cap energy stocks from the developed and emerging markets of Asia, excluding those domiciled in Japan, Australia and New Zealand.

The GICS® methodology was developed jointly by MSCI Inc and S&P in 1999 and has been widely accepted as an industry analysis framework for investment research, portfolio management and asset allocation. The GICS® classification system consists of: 10 sectors, 24 industry groups, 68 industries and 154 sub-industries. The GICS® sectors are: Energy, Materials, Industrials, Consumer Discretionary, Consumer Staples, Health Care, Financials, Information Technology, Telecommunication Services and Utilities.

According to the S&P Global Equity Indices methodology, the following markets are classified as developed markets in the Asia ex Jpn, Aus, NZ region: Hong Kong, Korea and Singapore; and the following markets are classified as emerging markets in the Asia ex Jpn, Aus, NZ region: China, India, Indonesia, Malaysia, Philippines, Taiwan and Thailand.

The S&P Pan-Asia ex JANZ LargeCap Energy Index is a net total return index. A net total return index calculates the performance of the index constituents on the basis that any dividends or distributions are reinvested after the deduction of any withholding taxes that may apply.

The S&P Pan-Asia ex JANZ LargeCap Energy Index is calculated and maintained by S&P. The Manager (and each of its Connected Persons) is independent of S&P.

The S&P Pan-Asia ex JANZ LargeCap Energy Index was launched on 21 July 2011 and has a base date of 29 December 2000. As at 29 August 2014, it had a total market capitalisation of US\$196,438 million and 24 constituents.

## Index Construction

The S&P Global BMI Index is constructed on a bottom-up basis, capturing all companies with a minimum float-adjusted market cap of US\$100 million and a minimum annual dollar value traded of US\$50 million from all those countries deemed investable according to the S&P Global Equity Indices methodology.

The following shares are not eligible for inclusion in the S&P Global BMI Index: fixed-dividend shares, investment trusts, unit trusts, mutual fund shares, closed-end funds, convertible bonds, equity warrants and limited partnerships.

For each country, S&P also sub-divides the Broad Market Index into size benchmark indices. The indices consist of three basic components: large cap, mid cap, and small cap.

The splits are based on the cumulative market capitalisation of each country's Broad Market Index. The companies are first ranked by their total market capitalisation, which is considered to be a better reflection of the economic significance of the company in the economy. Then the cumulative coverage of the total float market capitalisation of the Broad Market Index is calculated at each company starting from the top ranked company.

For example, if a country's Broad Market Index has a total float market capitalisation of US\$10 billion, and the top ranked company has a float market capitalisation of US\$1 billion, the cumulative float market capitalisation at the first company will be 10%. If the second company has a float market capitalisation of US\$0.5 billion, the cumulative float market capitalisation at the second company will be 15% ( $15\% = (\text{US\$1 billion} + \text{US\$0.5 billion}) / \text{US\$10 billion}$ ).

When the cumulative float market capitalisation reaches a coverage of 70% of the Broad Market Index, the companies falling within the top 70% will be defined as the large cap segment of the Broad Market Index. The top 85% coverage of the float market cap of the Broad Market Index will be the LargeMidCap segment. What is in the LargeMidCap segment but not in the large cap segment are assigned to the mid cap segment. The remaining stocks in the Broad Market Index which is not part of the LargeMidCap segment are assigned to the small cap segment (the last 15% of the cumulative float market cap of the market). The following diagram illustrates how a country's Broad Market Index is subdivided into the various size-segment indices.

road Market Inde	argeMidCap	arge Cap
		Mid Cap
	mall Cap	mall Cap

For the S&P Pan-Asia ex JANZ LargeCap Energy Index, the large cap country indices in the Asia ex Japan region will be selected. The markets include developed markets such as Hong Kong, Singapore and South Korea and emerging markets such as China, India, Indonesia, Malaysia, Philippines, Taiwan and Thailand. The developed market and emerging market status are based on S&P's classification. Securities of companies in the large cap country indices of the Asia Pacific ex JANZ region that are classified by the GICS® as being in the energy sector will be selected to form the S&P Pan-Asia ex JANZ LargeCap Energy Index.

### Index Review

Index reconstitutions are done annually on a country by country basis. Data used for the index reconstitution are as of the close of the last business day of July and the reconstitution is effective at the close of the third Friday of September.

At the annual reconstitution, index constituents are removed if their float adjusted market capitalisation falls below US\$75 million or if their liquidity falls below US\$35 million during the previous 12 months.

The classification of stocks by size segment within a country's S&P Global BMI Index and GICS® sectors are all reviewed as part of the annual reconstitution process.

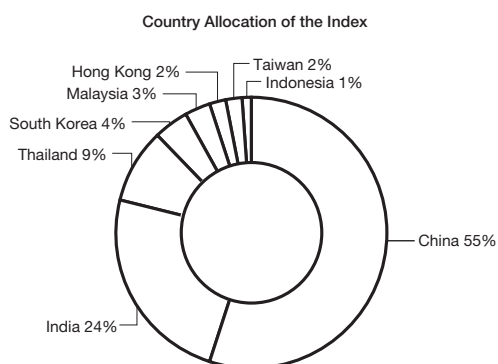
The constituents' Investable Weight Factor (IWF) which define the available float for a stock and are used to calculate the float-adjusted market capitalization, are reviewed as part of the annual reconstitution process.

### Further Information

As at 29 August 2014, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Energy Index as listed below, represented about 83.04% of the S&P Pan-Asia ex JANZ LargeCap Energy Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	CNOOC Ltd	XHKG Hong Kong Stock Exchange	16.45%
2.	PetroChina Co Ltd – H Shares	XHKG Hong Kong Stock Exchange	15.24%
3.	Reliance Industries Ltd	XBOM Bombay Stock Exchange	13.26%
4.	China Petroleum & Chemical Corp – H Shares	XHKG Hong Kong Stock Exchange	13.17%
5.	Oil & Natural Gas Corp Ltd	XBOM Bombay Stock Exchange	6.56%
6.	China Shenhua Energy Co – H Shares	XHKG Hong Kong Stock Exchange	4.99%
7.	PTT PCL	XBKK Stock Exchange of Thailand	4.38%
8.	PTT Exploration & Production PCL	XBKK Stock Exchange of Thailand	3.64%
9.	China Oilfield Services Ltd – H Shares	XHKG Hong Kong Stock Exchange	2.73%
10.	SK Innovation Co Ltd	XKRX Korea Exchange	2.62%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Energy Index by country as at 29 August 2014:



Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Energy Index can be found on <http://www.standardandpoors.com>.

### Index Licence

The initial term of the licence agreement of the S&P Pan-Asia ex JANZ LargeCap Energy Index commenced on 3 May 2011 and should continue for 5 years. Upon the expiration of the initial five years term, the licence agreement should renew automatically for three years. At any time during the term of the licence agreement, either party may terminate the licence agreement by giving the other party 90 days prior written notice. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

### Index Disclaimer

The Horizons S&P Asia ex JANZ Energy ETF is not sponsored, endorsed, sold or promoted by Standard & Poor's and its affiliates ("**S&P**"). S&P makes no representation, condition or warranty, express or implied, to the owners of the Horizons S&P Asia ex JANZ Energy ETF or any member of the public regarding the advisability of investing in securities generally or in the Horizons S&P Asia ex JANZ Energy ETF particularly or the ability of the S&P Pan-Asia ex JANZ LargeCap Energy Index to track the performance of certain financial markets and/or sections thereof and/or of groups of assets or asset classes. S&P's only relationship to Mirae Asset Global Investments (Hong Kong) Limited is the licensing of certain trademarks and trade names and of the S&P Pan-Asia ex JANZ LargeCap Energy Index which is determined, composed and calculated by S&P without regard to Mirae Asset Global Investments (Hong Kong) Limited or the Horizons S&P Asia ex JANZ Energy ETF. S&P has no obligation to take the needs of Mirae Asset Global Investments (Hong Kong) Limited or the owners of the Horizons S&P Asia ex JANZ Energy ETF into consideration

in determining, composing or calculating the S&P Pan-Asia ex JANZ LargeCap Energy Index. S&P is not responsible for and has not participated in the determination of the prices and amount of the Horizons S&P Asia ex JANZ Energy ETF or the timing of the issuance or sale of the Horizons S&P Asia ex JANZ Energy ETF or in the determination or calculation of the equation by which the Horizons S&P Asia ex JANZ Energy ETF units are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing, or trading of the Horizons S&P Asia ex JANZ Energy ETF.

S&P does not guarantee the accuracy and/or the completeness of the S&P Pan-Asia ex JANZ LargeCap Energy Index or any data included therein and S&P shall have no liability for any errors, omissions, or interruptions therein. S&P makes no warranty, condition or representation, express or implied, as to results to be obtained by Mirae Asset Global Investments (Hong Kong) Limited, owners of the Horizons S&P Asia ex JANZ Energy ETF, or any other person or entity from the use of the S&P Pan-Asia ex JANZ LargeCap Energy Index or any data included therein. S&P makes no express or implied warranties, representations or conditions, and expressly disclaims all warranties or conditions of merchantability or fitness for a particular purpose or use and any other express or implied warranty or condition with respect to the S&P Pan-Asia ex JANZ LargeCap Energy Index or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect, or consequential damages (including lost profits) resulting from the use of the S&P Pan-Asia ex JANZ LargeCap Energy Index or any data included therein, even if notified of the possibility of such damages.



# Appendix 8 – Horizons S&P Asia ex JANZ Materials ETF

This part of the Prospectus sets out specific information applicable to the Horizons S&P Asia ex JANZ Materials ETF (formerly known as Mirae Asset TIGER S&P Asia ex JANZ

Materials ETF. Prospective investors' attention is drawn to "Risk Factors relating to the Horizons S&P Asia ex JANZ Materials ETF" below.

## Key Information

The following table is a summary of key information in respect of the Horizons S&P Asia ex JANZ Materials ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("ETF")
Tracked Index	S&P Pan-Asia ex JANZ LargeCap Materials Index Inception Date: 6 May 2011 Number of constituents: 27 Base Currency of Index: US dollars (US\$)
Listing Date	27 January 2012
Exchange Listing	SEHK – Main Board
Stock Code	3078
Trade Lot Size	500 Units
Base Currency / Trading Currency	Hong Kong dollars (HK\$)
Dividend Policy	Annually (if any) (May in each year)
Application Unit Size for Creation/Realisation by Participating Dealers	Minimum 200,000 Units (or multiples thereof)
Method(s) of Creation/Realisation Available (through Participating Dealer)	In-Kind or in Cash
Investment Adviser	No investment adviser has been appointed
Market Makers	Citigroup Global Markets Asia Limited Commerz Securities Hong Kong Limited
Participating Dealers	ABN AMRO Clearing Hong Kong Limited Barclays Bank PLC Citigroup Global Markets Asia Limited Credit Suisse Securities (Hong Kong) Limited Goldman Sachs (Asia) Securities Limited Mirae Asset Securities (HK) Limited Shenyin Wanguo Securities (H.K.) Limited
Financial Year	Ending 31 March each year
Management Fee	Up to 0.45% per annum of the NAV accrued daily and calculated as at each Dealing Day
Estimated Total Expense Ratio*	0.75% per annum (including the management fee) of the NAV
Website	<a href="http://www.horizonsetfs.com.hk/en/etf/3078">http://www.horizonsetfs.com.hk/en/etf/3078</a>

\* The estimated total expense ratio does not represent the estimated tracking error of the Horizons S&P Asia ex JANZ Materials ETF.

## Exchange Listing and Trading

Currently, Units are listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges.

If trading of the Units of the Horizons S&P Asia ex JANZ Materials ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

## Investment Objective and Strategy

The Horizons S&P Asia ex JANZ Materials ETF seeks to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the S&P Pan-Asia ex JANZ LargeCap Materials Index.

The Manager intends to adopt the replication strategy to achieve the investment objective of the Horizons S&P Asia ex JANZ Materials ETF. The Manager may however, in the appropriate circumstances, choose to use a representative sampling strategy. Please refer to the section "Investment Policies" in Part 1 of this Prospectus for an explanation on these two strategies.

Investors should note that the Manager may switch between the replication strategy and the representation sampling strategy without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the Horizons S&P Asia ex JANZ Materials ETF by tracking the S&P Pan-Asia ex JANZ LargeCap Materials Index as closely (or efficiently) as possible for the benefit of investors.

The Horizons S&P Asia ex JANZ Materials ETF will not invest in A-shares.

## Distribution Policy

Net income earned by the Horizons S&P Asia ex JANZ Materials ETF will, at the discretion of the Manager, be distributed by way of annual cash distribution (if any) and details of the distribution declaration dates, distribution

amounts and ex-dividend payment dates will be published on the Manager's website <http://www.horizonsetfs.com.hk>. There can be no assurance that a distribution will be paid.

## The Index

The S&P Pan-Asia ex JANZ LargeCap Materials Index is a sub index of the broader S&P Global Broad Market Index (the "**S&P Global BMI Index**"). It is a float-adjusted market capitalization weighted index which comprises of stocks that are classified in the materials sector according to the Global Industry Classification Standard (GICS®). The S&P Pan-Asia ex JANZ LargeCap Materials Index aims to track the performance of large cap materials stocks from the developed and emerging markets of Asia, excluding those domiciled in Japan, Australia and New Zealand.

The S&P Pan-Asia ex JANZ LargeCap Materials Index is compiled and managed by Standard & Poor's ("**S&P**"). Please refer to the section "Index Description" for detailed information on the S&P Pan-Asia ex JANZ LargeCap Materials Index.

# Risk Factors Relating to the Horizons S&P Asia ex JANZ Materials ETF

In addition to the principal risk factors common to all Investment Funds set out in Part 1 of this Prospectus, investors should also consider the potential risks associated with investing in the Horizons S&P Asia ex JANZ Materials ETF including those set out below. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Horizons S&P Asia ex JANZ Materials ETF.

**Risks Associated with the Materials Sector.** The price of securities of companies principally engaged in the materials sector could be adversely affected by the volatility of commodity prices, exchange rates, import controls and increased competition. The offer of materials may exceed the demand as a result economic downturns, leading to an increase in stored inventory and a decrease in prices. Companies in the materials sector are at risk for environmental damage and product liability claims and may also be adversely affected by the depletion of resources, technological obsolescence and the increase of government regulations.

**Asian Market Concentration Risk.** The Horizons S&P Asia ex JANZ Materials ETF is subject to concentration risk as a result of tracking the performance of a single geographical region (Asia). The Horizons S&P Asia ex JANZ Materials ETF 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 Underlying Index resulting from adverse conditions in Asia.

**Trading Hour's Difference.** As stock exchanges established outside of Hong Kong may be open when Units in the Horizons S&P Asia ex JANZ Materials ETF are not priced, the value of the securities in the Horizons S&P Asia ex JANZ Materials ETF's portfolio may change on days when investors will not be able to purchase or sell Units of the Horizons S&P Asia ex JANZ Materials ETF. Furthermore, the market prices of underlying securities listed on stock exchanges which are established outside Hong Kong may not be available during part of all of the SEHK trading sessions due to trading hour differences which may result in the trading price deviating away from the Net Asset Value.

**Trading Risk.** Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, retail investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

## Fees and Charges

### Management Fees and Servicing Fees

The Manager is entitled to receive a management fee, currently at the rate up to 0.45% per annum of the Net Asset Value of the Horizons S&P Asia ex JANZ Materials ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The Manager is also entitled to receive a servicing fee but currently intends to waive the servicing fee.

### Trustee's Fee

The Trustee receives out of the assets of the Horizons S&P Asia ex JANZ Materials ETF a monthly trustee's fee, payable in arrears, accrue daily and calculated as at each Dealing Day at the following percentages of the Net Asset Value of the Horizons S&P Asia ex JANZ Materials ETF: 0.12% if the Net Asset Value equals or is less than US\$200 million, 0.08% if the Net Asset Value is between US\$200 million and US\$500 million, and 0.06% if the Net Asset Value exceeds US\$500 million, subject to a minimum fee of US\$6,000 per month.

The Trustee shall also be entitled to be reimbursed out of the assets of Horizons S&P Asia ex JANZ Materials ETF all out-of-pocket expenses incurred.

### Registrar's Fee

The Registrar is entitled to receive an ongoing registry service fee of HK\$96,000 per annum in respect of Horizons S&P Asia ex JANZ Materials ETF. These fees are payable out of the assets of Horizons S&P Asia ex JANZ Materials ETF.

The Registrar shall also be entitled to be reimbursed out of the assets of Horizons S&P Asia ex JANZ Materials ETF all out-of-pocket expenses incurred.

### Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the Horizons S&P Asia ex JANZ Materials ETF are summarized in the table below:

### Creation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges incurred by the Trustee or the Manager in connection with the Creation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5.

### Realisation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges incurred by the Trustee or the Manager in connection with the Realisation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5.

### Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the Horizons S&P Asia ex JANZ Materials ETF on the SEHK are summarized in the table below:

Brokerage	Market rates
Transaction Levy	0.003% See Note 6.
Trading Fee	0.005% See Note 7.
Stamp Duty	Nil See Note 8.

#### Notes

1. A Transaction Fee of HK\$15,000 per Application is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.

2. A service agent fee of HK\$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction. A monthly reconciliation fee of HK\$5,000 is payable by the Manager to the Service Agent. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.
3. An Extension Fee is payable to the Trustee for the benefit of the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement or partial delivery in respect of a Creation or Realisation Application.
4. An Application Cancellation Fee is payable to, and for the account and benefit of, the Trustee in respect of either a withdrawn or failed Creation or Realisation Application.
5. The Duties and Charges applicable to an in-kind Creation Application may be higher or lower than the Duties and Charges applicable to an in-cash Creation Application. Similarly, the Duties and Charges applicable to an in-kind Realisation Application may be higher or lower than the Duties and Charges applicable to an in-cash Realisation Application. Participating Dealers may apply to the Manager for further details, although it should be noted that the actual Duties and Charges can only be determined only after the relevant Applications have been effected.
6. A Transaction Levy of 0.003% of the price of the Units, payable by each of the buyer and the seller.
7. A Trading Fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.
8. Stamp duty of 0.1% of the price of the Units, payable by each of the buyer and seller, except in respect of qualifying market maker transactions. Approval has been given by the Financial Services and the Treasury Bureau of Hong Kong for remission or refund in full of stamp duty payable or paid in respect of any contract notes or instruments of transfer relating to transactions in Units in the Horizons S&P Asia ex JANZ Materials ETF. Therefore, the seller and the buyer of the Units shall not be liable for Hong Kong stamp duty upon such transfer. However, nominal stamp duty may still be payable on any instruments of transfer relating to transactions in Units in the Horizons S&P Asia ex JANZ Materials ETF.

## Total Expense Ratio

The total expense ratio (“TER”) of the Horizons S&P Asia ex JANZ Materials ETF is estimated to be 0.75% per annum. TER is the sum of anticipated fees and charges to the Horizons S&P Asia ex JANZ Materials ETF (including the management fee) expressed as a percentage of the Net Asset Value of the

Horizons S&P Asia ex JANZ Materials ETF. The estimated TER does not represent the estimated tracking error and excludes any establishment costs of the Horizons S&P Asia ex JANZ Materials ETF and certain extraordinary expenses<sup>1</sup> which will be paid separately out of the assets of the Horizons S&P Asia ex JANZ Materials ETF.

# Index Description

## General Information

The S&P Pan-Asia ex JANZ LargeCap Materials Index is a sub index of the broader S&P Global Broad Market Index. It is a float-adjusted market capitalization weighted index which comprises of stocks that are classified in the materials sector according to the Global Industry Classification Standard (GICS®). The S&P Pan-Asia ex JANZ LargeCap Materials Index aims to track the performance of large cap materials stocks from the developed and emerging markets of Asia, excluding those domiciled in Japan, Australia and New Zealand.

The GICS® methodology was developed jointly by MSCI Inc and S&P in 1999 and has been widely accepted as an industry analysis framework for investment research, portfolio management and asset allocation. The GICS® classification system consists of: 10 sectors, 24 industry groups, 68 industries and 154 sub-industries. The GICS® sectors are: Energy, Materials, Industrials, Consumer Discretionary, Consumer Staples, Health Care, Financials, Information Technology, Telecommunication Services and Utilities.

According to the S&P Global Equity Indices methodology, the following markets are classified as developed markets in the Asia ex Jpn, Aus, NZ region: Hong Kong, Korea and Singapore; and the following markets are classified as emerging markets in the Asia ex Jpn, Aus, NZ region: China, India, Indonesia, Malaysia, Philippines, Taiwan and Thailand.

The S&P Pan-Asia ex JANZ LargeCap Materials Index is a net total return index. A net total return index calculates the performance of the index constituents on the basis that any dividends or distributions are reinvested after the deduction of any withholding taxes that may apply.

The S&P Pan-Asia ex JANZ LargeCap Materials Index is calculated and maintained by S&P. The Manager (and each of its Connected Persons) is independent of S&P.

The S&P Pan-Asia ex JANZ LargeCap Materials Index was launched on 21 July 2011 and has a base date of 29 December 2000. As at 29 August 2014, it had a total market capitalisation of US\$143,359 million and 27 constituents.

## Index Construction

The S&P Global BMI Index is constructed on a bottom-up basis, capturing all companies with a minimum float-adjusted market cap of US\$100 million and a minimum annual dollar value traded of US\$50 million from all those countries deemed investable according to the S&P Global Equity Indices methodology.

The following shares are not eligible for inclusion in the S&P Global BMI Index: fixed-dividend shares, investment trusts, unit trusts, mutual fund shares, closed-end funds, convertible bonds, equity warrants and limited partnerships.

For each country, S&P also sub-divides the Broad Market Index into size benchmark indices. The indices consist of three basic components: large cap, mid cap, and small cap.

The splits are based on the cumulative market capitalisation of each country’s Broad Market Index. The companies are first ranked by their total market capitalisation, which is considered to be a better reflection of the economic significance of the company in the economy. Then the cumulative coverage of the total float market capitalisation of the Broad Market Index is calculated at each company starting from the top ranked company.

<sup>1</sup> Extraordinary expenses means expenses relating to litigation costs as well as any tax, levy, duty or similar charge imposed on the Horizons S&P Asia ex JANZ Materials ETF or its assets that would otherwise not qualify as ordinary expenses.

For example, if a country's Broad Market Index has a total float market capitalisation of US\$10 billion, and the top ranked company has a float market capitalisation of US\$1 billion, the cumulative float market capitalisation at the first company will be 10%. If the second company has a float market capitalisation of US\$0.5 billion, the cumulative float market capitalisation at the second company will be 15% (15% = (US\$1 billion + US\$0.5 billion) / US\$10 billion).

When the cumulative float market capitalisation reaches a coverage of 70% of the Broad Market Index, the companies falling within the top 70% will be defined as the large cap segment of the Broad Market Index. The top 85% coverage of the float market cap of the Broad Market Index will be the LargeMidCap segment. What is in the LargeMidCap segment but not in the large cap segment are assigned to the mid cap segment. The remaining stocks in the Broad Market Index which is not part of the LargeMidCap segment are assigned to the small cap segment (the last 15% of the cumulative float market cap of the market). The following diagram illustrates how a country's Broad Market Index is subdivided into the various size-segment indices.

Broad Market Index	LargeMidCap	Large Cap
		Mid Cap
	Small Cap	Small Cap

For the S&P Pan-Asia ex JANZ LargeCap Materials Index, the large cap country indices in the Asia ex Japan region will be selected. The markets include developed markets such as Hong Kong, Singapore and South Korea and emerging markets such as China, India, Indonesia, Malaysia, Philippines, Taiwan and Thailand. The developed market and emerging market status are based on S&P's classification. Securities of companies in the large cap country indices of the Asia Pacific ex JANZ region that are classified by the GICS® as being in the materials sector will be selected to form the S&P Pan-Asia ex JANZ LargeCap Materials Index.

## Index Review

Index reconstitutions are done annually on a country by country basis. Data used for the index reconstitution are as of the close of the last business day of July and the reconstitution is effective at the close of the third Friday of September.

At the annual reconstitution, index constituents are removed if their float adjusted market capitalisation falls below US\$75 million or if their liquidity falls below US\$35 million during the previous 12 months.

The classification of stocks by size segment within a country's S&P Global BMI Index and GICS® sectors are all reviewed as part of the annual reconstitution process.

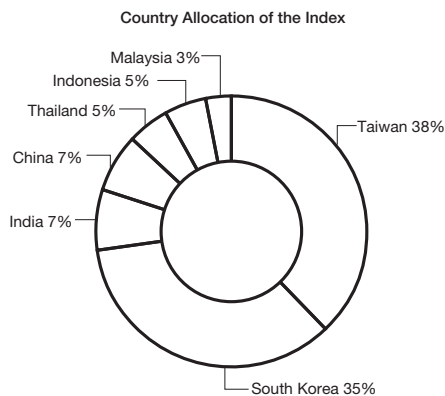
The constituents' Investable Weight Factor (IWF) which define the available float for a stock and are used to calculate the float-adjusted market capitalization, are reviewed as part of the annual reconstitution process.

## Further Information

As at 29 August 2014, the 10 largest constituent stocks of the S&P Pan-Asia ex JANZ LargeCap Materials Index as listed below, represented about 70.21% of the S&P Pan-Asia ex JANZ LargeCap Materials Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	POSCO	XKRX Korea Exchange	17.83%
2.	Formosa Plastics Corp	XTAI Taiwan Stock Exchange	8.75%
3.	Nan Ya Plastics Corp	XTAI Taiwan Stock Exchange	8.61%
4.	LG Chem Ltd	XKRX Korea Exchange	8.11%
5.	Chin Steel Corp	XTAI Taiwan Stock Exchange	7.39%
6.	Formosa Chemicals & Fibre	XTAI Taiwan Stock Exchange	6.11%
7.	Korea Zinc Co Ltd	XKRX Korea Exchange	3.66%
8.	Taiwan Cement	XTAI Taiwan Stock Exchange	3.56%
9.	Anhui Conch Cement Co Ltd – H Shares	XHKG Hong Kong Stock Exchange	3.28%
10.	Hyundai Steel Co	XKRX Korea Exchange	2.91%

Below is the chart showing the weightings in the S&P Pan-Asia ex JANZ LargeCap Materials Index by country as at 29 August 2014:



Details of the index methodology of the S&P Pan-Asia ex JANZ LargeCap Materials Index can be found on <http://www.standardandpoors.com>.

#### *Index Licence*

The initial term of the licence agreement of the S&P Asia ex JANZ Materials Index commenced on 3 May 2011 and should continue for 5 years. Upon the expiration of the initial five years term, the licence agreement should renew automatically for three years. At any time during the term of the licence agreement, either party may terminate the licence agreement by giving the other party 90 days prior written notice. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

#### *Index Disclaimer*

The Horizons S&P Asia ex JANZ Materials ETF is not sponsored, endorsed, sold or promoted by Standard & Poor's and its affiliates ("**S&P**"). S&P makes no representation, condition or warranty, express or implied, to the owners of the Horizons S&P Asia ex JANZ Materials ETF or any member of the public regarding the advisability of investing in securities generally or in the Horizons S&P Asia ex JANZ Materials ETF particularly or the ability of the S&P Pan-Asia ex JANZ LargeCap Materials Index to track the performance of certain financial markets and/or sections thereof and/or of groups of assets or asset classes. S&P's only relationship to Mirae Asset Global Investments (Hong Kong) Limited is the licensing of certain trademarks and trade names and of the S&P Pan-Asia ex JANZ LargeCap Materials Index which is determined, composed and calculated by S&P without regard to Mirae Asset Global Investments (Hong Kong) Limited or the Horizons S&P Asia ex JANZ Materials ETF. S&P has no obligation to take the needs of Mirae Asset

Global Investments (Hong Kong) Limited or the owners of the Horizons S&P Asia ex JANZ Materials ETF into consideration in determining, composing or calculating the S&P Pan-Asia ex JANZ LargeCap Materials Index. S&P is not responsible for and has not participated in the determination of the prices and amount of the Horizons S&P Asia ex JANZ Materials ETF or the timing of the issuance or sale of the Horizons S&P Asia ex JANZ Materials ETF or in the determination or calculation of the equation by which the Horizons S&P Asia ex JANZ Materials ETF units are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing, or trading of the Horizons S&P Asia ex JANZ Materials ETF.

S&P does not guarantee the accuracy and/or the completeness of the S&P Pan-Asia ex JANZ LargeCap Materials Index or any data included therein and S&P shall have no liability for any errors, omissions, or interruptions therein. S&P makes no warranty, condition or representation, express or implied, as to results to be obtained by Mirae Asset Global Investments (Hong Kong) Limited, owners of the Horizons S&P Asia ex JANZ Materials ETF, or any other person or entity from the use of the S&P Pan-Asia ex JANZ LargeCap Materials Index or any data included therein. S&P makes no express or implied warranties, representations or conditions, and expressly disclaims all warranties or conditions of merchantability or fitness for a particular purpose or use and any other express or implied warranty or condition with respect to the S&P Pan-Asia ex JANZ LargeCap Materials Index or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect, or consequential damages (including lost profits) resulting from the use of the S&P Pan-Asia ex JANZ LargeCap Materials Index or any data included therein, even if notified of the possibility of such damages.

## APPENDIX 9 – Horizons Msci China ETF

This part of the Prospectus sets out specific information applicable to the Horizons MSCI China ETF. Prospective

investors' attention is drawn to "Risk Factors relating to the Horizons MSCI China ETF" below.

### Key Information

The following table is a summary of key information in respect of the Horizons MSCI China ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("ETF")
Tracked Index	MSCI China Index (net total return)
	Inception Date: 31 December 1992 Number of constituents: 141 Base Currency of Index: US dollars (US\$)
Listing Date	17 June 2013
Exchange Listing	SEHK – Main Board
Stock Code	3040
Trade Lot Size	100 Units
Base Currency / Trading Currency	Hong Kong dollars (HK\$)
Dividend Policy	Annually (if any) (May in each year)
Application Unit Size for Creation/Realisation by Participating Dealers	Minimum 200,000 Units (or multiples thereof)
Method(s) of Creation/Realisation Available (through Participating Dealer)	In-Kind or in Cash
Investment Adviser	No investment adviser has been appointed
Market Makers	Bluefin HK Limited BNP Paribas Securities (Asia) Limited China International Capital Corporation Hong Kong Securities Limited Commerz Securities Hong Kong Limited Merrill Lynch Far East Limited Nomura International (Hong Kong) Limited SG Securities (HK) Limited Shenyin Wanguo Securities (H.K.) Limited UBS Securities Hong Kong Limited



Participating Dealers	ABN AMRO Clearing Hong Kong Limited Barclays Bank PLC BNP Paribas Securities Services China International Capital Corporation Hong Kong Securities Limited CIMB Securities Limited Goldman Sachs (Asia) Securities Limited Macquarie Bank Limited Merrill Lynch Far East Limited Mirae Asset Securities (HK) Limited Nomura International (Hong Kong) Limited SG Securities (HK) Limited Shenyin Wanguo Securities (H.K.) Limited UBS Securities Hong Kong Limited
Financial Year	Ending 31 March each year
Management Fee	Up to 0.049% per annum of the NAV accrued daily and calculated as at each Dealing Day
Estimated Total Expense Ratio*	0.25% per annum (including the management fee) of the NAV
Website	<a href="http://www.horizonsetfs.com.hk/en/etf/3040">http://www.horizonsetfs.com.hk/en/etf/3040</a>

\* The estimated total expense ratio does not represent the estimated tracking error of the Horizons MSCI China ETF.

## Exchange Listing and Trading

Currently, Units are listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges.

If trading of the Units of the Horizons MSCI China ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

## Investment Objective and Strategy

The Horizons MSCI China ETF seeks to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the MSCI China Index.

The Manager intends to adopt a replication or representative sampling strategy to achieve the investment objective of the Horizons MSCI China ETF. Please refer to the section "Investment Policies" in Part 1 of this Prospectus for an explanation on these two strategies.

Investors should note that the Manager may switch between the replication strategy and the representative sampling strategy without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the Horizons MSCI China ETF by tracking the MSCI China Index as closely (or efficiently) as possible for the benefit of investors.

The Horizons MSCI China ETF will not invest in A-shares.

## Distribution Policy

Net income earned by the Horizons MSCI China ETF will, at the discretion of the Manager, be distributed by way of annual cash distribution (if any) and details of the distribution declaration dates, distribution amounts and ex-dividend

payment dates will be published on the Manager's website <http://www.horizonsetfs.com.hk>. There can be no assurance that a distribution will be paid.

## The Index

The MSCI China Index comprises 138 constituents and its equity universe comprises H-shares, Red chips and P chips listed on the SEHK and B-shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange. The MSCI China Index provides liquid exposure to publicly-listed companies that are in the sectors of financials, energy, telecommunication services, information technology,

industrials, consumer staples, consumer discretionary, materials, utilities and health care throughout China.

The MSCI China Index is constructed based on the MSCI Global Investable Market Indices Methodology. Please refer to the section "Index Description" for detailed information on the MSCI China Index.

## Risk Factors Relating to the Horizons MSCI China ETF

In addition to the principal risk factors common to all Investment Funds set out in Part 1 of this Prospectus, investors should also consider the potential risks associated with investing in the Horizons MSCI China ETF including those set out below. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Horizons MSCI China ETF.

**Risk Relating to the PRC.** Investment in the Horizons MSCI China ETF is subject to the risks associated with investment in the PRC markets. Prospective investors should therefore refer to such specific risks that are specifically identified in the sub-section of this prospectus titled "Risk Factors" – "Risks Factors relating to the PRC".

**Concentration Risk.** The weighting of the MSCI China Index is concentrated on a small number of constituents of the MSCI China Index, in which case, the MSCI China Index would be more easily affected by the price movements of a small number of index constituents than an index which is more broadly based.

**Trading Hour's Difference risk.** As the Shenzhen Stock Exchange and Shanghai Stock Exchange may be open when Units in the Horizons MSCI China ETF are not priced, the value of the securities in the Horizons MSCI China ETF's portfolio may change on days when investors will not be able to purchase or sell the Horizons MSCI China ETF's Units. Furthermore, the market prices of underlying securities listed on the above stock exchanges which are established outside Hong Kong may not be available during part of all of the SEHK trading sessions due to trading hour differences which may result in the trading price of the Horizons MSCI China ETF deviating away from NAV.

**Trading Risk.** Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, retail investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

# Fees and Charges

## Management Fees and Servicing Fees

The Manager is entitled to receive a management fee, currently at the rate of 0.049% per annum of the Net Asset Value of the Horizons MSCI China ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The Manager is also entitled to receive a servicing fee but currently intends to waive the servicing fee.

## Trustee's Fee

The Trustee receives out of the assets of the Horizons MSCI China ETF a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day at the following percentages of the Net Asset Value of the Horizons MSCI China ETF: 0.10% if the Net Asset Value equals or is less than US\$200 million, 0.08% if the Net Asset Value is between US\$200 million and US\$500 million, and 0.06% if the Net Asset Value exceeds US\$500 million, subject to a minimum fee of US\$6,000 per month.

The Trustee shall also be entitled to be reimbursed out of the assets of the Horizons MSCI China ETF all out-of-pocket expenses incurred.

## Registrar's Fee

The Registrar is entitled to receive an ongoing registry service fee of HK\$96,000 per annum in respect of Horizons MSCI China ETF. These fees are payable out of the assets of Horizons MSCI China ETF.

The Registrar shall also be entitled to be reimbursed out of the assets of Horizons MSCI China ETF all out-of-pocket expenses incurred.

## Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the Horizons MSCI China ETF are summarised in the table below:

## Creation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges incurred by the Trustee or the Manager in connection with the creation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5

## Realisation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges incurred by the Trustee or the Manager in connection with the realisation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5

## Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the Horizons MSCI China ETF on the SEHK are summarised in the table below:

Brokerage	Market rates
Transaction Levy	0.003% See Note 6.
Trading Fee	0.005% See Note 7.
Stamp Duty	0.1% See Note 8.

## Notes

1. A Transaction Fee of HK\$15,000 per Application is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.
2. A service agent fee of HK\$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction. A monthly reconciliation fee of HK\$5,000 is payable by the Manager to the Service Agent. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.
3. An Extension Fee is payable to the Trustee for the benefit of the Trustee on each occasion the Manager grants the Participating Dealer's request for extended settlement or partial delivery in respect of a Creation or Realisation Application.
4. An Application Cancellation Fee is payable to, and for the account and benefit of, the Trustee in respect of either a withdrawn or failed Creation or Realisation Application.
5. The Duties and Charges applicable to an in-kind Creation Application may be higher or lower than the Duties and Charges applicable to an in-cash Creation Application. Similarly, the Duties and Charges applicable to an in-

kind Realisation Application may be higher or lower than the Duties and Charges applicable to an in-cash Realisation Application. Participating Dealers may apply to the Manager for further details, although it should be noted that the actual Duties and Charges can only be determined only after the relevant Applications have been effected.

6. A Transaction Levy of 0.003% of the price of the Units, payable by each of the buyer and the seller.
7. A Trading Fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.
8. Stamp duty of 0.1% of the price of the Units, payable by each of the buyer and seller, except in respect of qualifying market maker transactions.

## Total Expense Ratio

The total expense ratio ("TER") of the Horizons MSCI China ETF is estimated to be 0.25% per annum. TER is the sum of anticipated fees and charges to the Horizons MSCI China ETF (including the management fee) expressed as a percentage of the Net Asset Value of the Horizons MSCI China ETF. The estimated TER does not represent the estimated tracking error and excludes any establishment costs of the Horizons MSCI China ETF and certain extraordinary expenses which will be paid separately out of the assets of the Horizons MSCI China ETF.

# Index Description

## General Information

The MSCI China Index comprises 141 constituents and its equity universe comprises H-shares, Red chips and P chips listed on the SEHK and B-shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange. The MSCI China Index provides liquid exposure to publicly-listed companies that are in the sectors of financials, energy, telecommunication services, information technology, industrials, consumer staples, consumer discretionary, materials, utilities and health care throughout China.

The MSCI China Index is constructed based on the MSCI Global Investable Market Indices (GIMI) Methodology targeting a free float-market capitalisation coverage of 85%.

The GIMI Methodology uses (i) a building block approach to permit the creation and calculation of composite indices, (ii) the Global Industry Classification Standard (GICS®) to create sector and industry indices, (iii) the MSCI Global Value and Growth Methodology to construct Value and Growth Indices, (iv) minimum free float requirements for eligibility and free float-adjusted capitalisation weighting to appropriately reflect the size of each investment opportunity and facilitate the replicability of the Indices, (v) timely and consistent treatment of corporate events and synchronised rebalancings, globally.

<sup>1</sup> Extraordinary expenses means expenses relating to litigation costs as well as any tax, levy, duty or similar charge imposed on the Horizons MSCI China ETF or its assets that would otherwise not qualify as ordinary expenses.

The MSCI China Index is a net total return index. A net total return index calculates the performance of the index constituents on the basis that any dividends or distributions are reinvested after the deduction of any withholding taxes that may apply.

### Index Construction

The MSCI China Index is constructed based on the MSCI Global Investable Market Indices Methodology targeting a free float-market capitalisation coverage of 85%.

The equity universe of MSCI China Index comprises H shares, Red chips and P chips listed on the SEHK and B shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange.

A market investable equity universe of the MSCI China Index is derived by applying investability screens to individual companies and securities in the equity universe. The investability screens used to determine the market investable equity universe of the MSCI China Index are:

- equity universe minimum size requirement;
- equity universe minimum free-floated market capitalisation;
- minimum liquidity;
- length of trading; and
- foreign inclusion factor.

#### (i) *Equity universe minimum size requirement*

Equity universe minimum size requirement is an investability screen applied at the company level. The equity universe minimum size requirement is the minimum full market capitalisation a company must have to be a part of a market investable equity universe.

As of May 2014, the equity universe minimum size requirement is USD196 million. The equity universe minimum size requirement is reviewed and, if necessary revised, at semi-annual index reviews.

The MSCI China Index is calculated and maintained by MSCI. The Manager (and each of its Connected Persons) is independent of MSCI.

The MSCI China Index was launched on 31 December 1992. As at 29 August 2014, it had a total market capitalisation of US\$ 810,821 million and 141 constituents.

#### (ii) *Equity universe minimum free-floated market capitalisation*

The equity universe minimum float-adjusted market capitalisation requirement, unlike the equity universe minimum size requirement which is applied at the company level, is an investability screen which is applied at the individual security level. To be eligible for inclusion in a market investable equity universe, a security must have a free float-adjusted market capitalisation equal to or higher than 50% of the equity universe minimum size requirement.

#### (iii) *Minimum liquidity*

The minimum liquidity requirement is the minimum liquidity a security must have to be a part of a market investable equity universe. A security's liquidity is calculated using an annual traded value ratio and a three month frequency of trading measure.

#### (iv) *Length of trading*

The length of trading requirement is the minimum period an individual security must have been trading to be a part of a market investable equity universe. It applies only to small new issues. Large IPOs are not subject to this requirement.

#### (v) *Foreign inclusion factor*

The foreign inclusion factor requirement is the minimum foreign inclusion factor a security must have to be a part of a market investable equity universe. A security's foreign inclusion factor relates to the proportion of shares outstanding that are deemed to be available for purchase in the public equity markets by international investors.

In general, a security must have a foreign inclusion factor equal to or larger than 0.15 to be eligible for inclusion in a market investable equity universe. Exceptions to this general rule are made only in the limited cases where the exclusion of securities of a very large company would compromise the MSCI China Index's ability to fully and fairly represent the characteristics of its underlying market.

### Index Review

Stocks are rebalanced semi-annually in May and November each year.

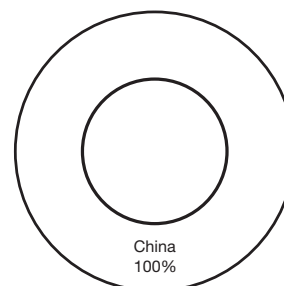
### Further Information

As at 29 August 2014, the 10 largest constituent stocks of the MSCI China Index as listed below, represented about 52.77% of the MSCI China Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Tencent Holdings Ltd	XHKG Hong Kong Stock Exchange	10.32%
2.	China Mobile Ltd	XHKG Hong Kong Stock Exchange	9.28%
3.	China Construction Bank Corp – H Shares	XHKG Hong Kong Stock Exchange	6.61%
4.	Industrial and Commercial Bank of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	6.03%
5.	Bank of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	4.55%
6.	CNOOC Ltd	XHKG Hong Kong Stock Exchange	4.43%
7.	PetroChina Co Ltd – H Shares	XHKG Hong Kong Stock Exchange	3.69%
8.	China Petroleum & Chemical Corp – H Shares	XHKG Hong Kong Stock Exchange	3.19%
9.	China Life Insurance Co Ltd – H Shares	XHKG Hong Kong Stock Exchange	2.63%
10.	Ping An Insurance (Group) Co of China Ltd – H Shares	XHKG Hong Kong Stock Exchange	2.04%

Below is the chart showing the weightings in the Underlying Index by country as of 29 August 2014:

Country allocation of the index



Details of the index methodology of the MSCI China Index can be found on <http://www.msci.com>.

### Index Licence

The initial term of the licence of the MSCI China Index commenced on 1 January 2013 and should continue until 1 January 2014 on which date the licence should be automatically renewed for one year and should be continually renewed for successive terms of one year unless either party to the licence agreement serves a written notice of termination of at least 90 days prior to the end of the then current term to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

### Index Disclaimer

The Horizons MSCI China ETF is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating the MSCI China Index (collectively, the "MSCI Parties"). The MSCI China Index is the exclusive property of MSCI. MSCI and the MSCI index name are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by the Manager. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of the Horizons MSCI China ETF or any other person or entity regarding the advisability of investing in funds generally or in the Horizons MSCI China ETF particularly or the ability of the MSCI China Index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI China Index which is determined, composed and calculated by MSCI without regard to the Horizons MSCI China ETF or the issuer or owners of the Horizons MSCI China ETF or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of the

Horizons MSCI China ETF or any other person or entity into consideration in determining, composing or calculating the MSCI China Index. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Horizons MSCI China ETF to be issued or in the determination or calculation of the equation by or the consideration into which the Horizons MSCI China ETF is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of the Horizons MSCI China ETF or any other person or entity in connection with the administration, marketing or offering of the Horizons MSCI China ETF.

Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI China Index from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of the MSCI China Index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Horizons MSCI China ETF, owners of the Horizons MSCI China ETF, or any other person or entity, from the use of the MSCI China Index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with the MSCI China Index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to the MSCI China Index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.

# Appendix 10 – Horizons Hang Seng High Dividend Yield ETF

This part of the Prospectus sets out specific information applicable to the Horizons Hang Seng High Dividend Yield ETF. Prospective investors' attention is drawn to "Risk

Factors relating to the Horizons Hang Seng High Dividend Yield ETF" below.

## Key Information

The following table is a summary of key information in respect of the Horizons Hang Seng High Dividend Yield ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("ETF")
Tracked Index	Index: Hang Seng High Dividend Yield Index (TRI) Type: Net total return Inception Date: 10 December 2012 Number of constituents: 50 Base Currency of Index: Hong Kong dollars (HK\$)
Listing Date	17 June 2013
Exchange Listing	SEHK – Main Board
Stock Code	3110
Trade Lot Size	100 Units
Base Currency / Trading Currency	Hong Kong dollars (HK\$)
Dividend Policy	Annually (if any) (May in each year)
Application Unit Size for Creation/Realisation by Participating Dealers	Minimum 200,000 Units (or multiples thereof)
Method(s) of Creation/Realisation available (through Participating Dealer)	In-Kind or in Cash
Investment Adviser	No investment adviser has been appointed
Market Makers	Bluefin HK Limited BNP Paribas Securities (Asia) Limited China International Capital Corporation Hong Kong Securities Limited Commerz Securities Hong Kong Limited Merrill Lynch Far East Limited Nomura International (Hong Kong) Limited Shenyin Wanguo Securities (H.K.) Limited UBS Securities Hong Kong Limited



Participating Dealers	ABN AMRO Clearing Hong Kong Limited Barclays Bank PLC BNP Paribas Securities Services China International Capital Corporation Hong Kong Securities Limited CIMB Securities Limited Goldman Sachs (Asia) Securities Limited Macquarie Bank Limited Merrill Lynch Far East Limited Mirae Asset Securities (HK) Limited Nomura International (Hong Kong) Limited SG Securities (HK) Limited Shenyin Wanguo Securities (H.K.) Limited UBS Securities Hong Kong Limited
Financial Year	Ending 31 March each year
Management Fee	Up to 0.18% per annum of the NAV accrued daily and calculated as at each Dealing Day
Estimated Total Expense Ratio*	0.38% per annum (including the management fee) of the NAV
Website	<a href="http://www.horizonsetfs.com.hk/en/etf/3110">http://www.horizonsetfs.com.hk/en/etf/3110</a>

\* The estimated total expense ratio does not represent the estimated tracking error of the Horizons Hang Seng High Dividend Yield ETF.

## Exchange Listing and Trading

Currently, Units are listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges.

If trading of the Units of the Horizons Hang Seng High Dividend Yield ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

## Investment Objective and Strategy

The Horizons Hang Seng High Dividend Yield ETF seeks to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Hang Seng High Dividend Yield Index.

The Manager intends to adopt a replication or representative sampling strategy to achieve the investment objective of the Horizons Hang Seng High Dividend Yield ETF. Please refer to the section "Investment Policies" in Part 1 of this Prospectus for an explanation on these two strategies.

Investors should note that the Manager may switch between the replication strategy and the representative sampling strategy without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the Horizons Hang Seng High Dividend Yield ETF by tracking the Hang Seng High Dividend Yield Index as closely (or efficiently) as possible for the benefit of investors.

The Horizons Hang Seng High Dividend Yield ETF will not invest in A-shares.

## Distribution Policy

Net income earned by the Horizons Hang Seng High Dividend Yield ETF will, at the discretion of the Manager, be distributed by way of annual cash distribution (if any) and details of the distribution declaration dates, distribution amounts and

ex-dividend payment dates will be published on the Manager's website <http://www.horizonsetfs.com.hk>. There can be no assurance that a distribution will be paid.

## The Index

The Hang Seng High Dividend Yield Index aims to reflect the overall performance of high-yield securities listed in Hong Kong. It comprises 50 constituents and its universe comprises all stocks and real estate investment trusts ("REITs") that have their primary listings on The Stock Exchange of Hong Kong ("SEHK"), excluding stocks that are secondary listings, foreign companies, preference shares, debt securities, mutual funds and other derivatives.

Please refer to the section "Index Description" for detailed information on the Hang Seng High Dividend Yield Index.

## Risk Factors Relating to the Horizons Hang Seng High Dividend Yield ETF

In addition to the principal risk factors common to all Investment Funds set out in Part 1 of this Prospectus, investors should also consider the potential risks associated with investing in the Horizons Hang Seng High Dividend Yield ETF including those set out below. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Horizons Hang Seng High Dividend Yield ETF.

**Dividend Risk.** There is no assurance that dividends will be declared and paid in respect of the securities comprising the Hang Seng High Dividend Yield Index. Dividend payment rates in respect of such securities will depend on the performance of the companies or REITs of the constituent securities of the Hang Seng High Dividend Yield Index as well as factors beyond the control of the Manager including but not limited to, the dividend distribution policy of these companies or REITs. In addition, whether or not distributions will be made by the Horizons Hang Seng High Dividend Yield ETF is at the discretion of the Manager taking into account various factors and its own distribution policy. There can be no assurance that the distribution yield of the Horizons Hang Seng High Dividend Yield ETF is the same as that of the Hang Seng High Dividend Yield Index.

**Risk Relating to the PRC.** Investment in the Horizons Hang Seng High Dividend Yield ETF is subject to the risks

associated with investment in the PRC markets. Prospective investors should therefore refer to such specific risks that are specifically identified in the sub-section of this prospectus titled "Risk Factors" – "Risks Factors relating to the PRC".

**Mid-capitalisation Companies Risk.** The stocks of mid-capitalisation companies may have lower liquidity and their prices are typically more volatile and more vulnerable to adverse business or economic developments than those of larger capitalisation companies. This may impact the Net Asset Value of the Horizons Hang Seng High Dividend Yield ETF to a larger extent than those of funds that invest in stocks of larger capitalisation companies. Mid-capitalisation companies generally have less diverse product lines than large-capitalisation companies and thus are more susceptible to adverse developments concerning their products.

**Trading Risk.** Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, retail investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

# Fees and Charges

## Management Fees and Servicing Fees

The Manager is entitled to receive a management fee, currently at the rate of 0.18% per annum of the Net Asset Value of the Horizons Hang Seng High Dividend Yield ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The Manager is also entitled to receive a servicing fee but currently intends to waive the servicing fee.

## Trustee's Fee

The Trustee receives out of the assets of the Horizons Hang Seng High Dividend Yield ETF a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day at the following percentages of the Net Asset Value of the Horizons Hang Seng High Dividend Yield ETF: 0.10% if the Net Asset Value equals or is less than US\$200 million, 0.08% if the Net Asset Value is between US\$200 million and US\$500 million, and 0.06% if the Net Asset Value exceeds US\$500 million, subject to a minimum fee of US\$6,000 per month.

The Trustee shall also be entitled to be reimbursed out of the assets of the Horizons Hang Seng High Dividend Yield ETF all out-of-pocket expenses incurred.

## Registrar's Fee

The Registrar is entitled to receive an ongoing registry service fee of HK\$96,000 per annum in respect of Horizons Hang Seng High Dividend Yield ETF. These fees are payable out of the assets of Horizons Hang Seng High Dividend Yield ETF.

The Registrar shall also be entitled to be reimbursed out of the assets of Horizons Hang Seng High Dividend Yield ETF all out-of-pocket expenses incurred.

## Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the Horizons Hang Seng High Dividend Yield ETF are summarised in the table below:

## Creation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges with the Creation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5.

## Realisation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK\$10,000 per Application. See Note 3.
Application Cancellation Fee	HK\$10,000 per Application. See Note 4.
All other Duties and Charges with the Realisation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5.

## Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the Horizons Hang Seng High Dividend Yield ETF on the SEHK are summarised in the table below:

Brokerage	Market rates
Transaction Levy	0.003% See Note 6.
Trading Fee	0.005% See Note 7.
Stamp Duty	0.1% See Note 8.

## Notes

1. A Transaction Fee of HK\$15,000 per Application is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.
2. A service agent fee of HK\$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction. A monthly reconciliation fee of HK\$5,000 is payable by the Manager to the Service Agent. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.
3. An Extension Fee is payable to the Trustee for the benefit of the Trustee on each occasion the Manager grants the Participating Dealer's request for extended settlement or partial delivery in respect of a Creation or Realisation Application.
4. An Application Cancellation Fee is payable to, and for the account and benefit of, the Trustee in respect of either a withdrawn or failed Creation or Realisation Application.
5. The Duties and Charges applicable to an in-kind Creation Application may be higher or lower than the Duties and Charges applicable to an in-cash Creation Application. Similarly, the Duties and Charges applicable to an in-kind Realisation Application may be higher or lower than the Duties and Charges applicable to an in-cash

Realisation Application. Participating Dealers may apply to the Manager for further details, although it should be noted that the actual Duties and Charges can only be determined only after the relevant Applications have been effected.

6. A Transaction Levy of 0.003% of the price of the Units, payable by each of the buyer and the seller.
7. A Trading Fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.
8. Stamp duty of 0.1% of the price of the Units, payable by each of the buyer and seller, except in respect of qualifying market maker transactions.

## Total Expense Ratio

The total expense ratio ("TER") of the Horizons Hang Seng High Dividend Yield ETF is estimated to be 0.38% per annum. TER is the sum of anticipated fees and charges to the Horizons Hang Seng High Dividend Yield ETF (including the management fee) expressed as a percentage of the Net Asset Value of the Horizons Hang Seng High Dividend Yield ETF. The estimated TER does not represent the estimated tracking error and excludes any establishment costs of the Horizons Hang Seng High Dividend Yield ETF and certain extraordinary expenses which will be paid separately out of the assets of the Horizons Hang Seng High Dividend Yield ETF.

# Index Description

## General Information

The Horizons Hang Seng High Dividend Yield ETF tracks the net total return index of the Hang Seng High Dividend Yield Index. A net total return index reinvests dividends after deducting withholding taxes. Only cash dividend payments are included in the calculations of the total return index and non-cash distributions are excluded.

The Hang Seng High Dividend Yield Index comprises 50 constituents and its universe comprises all stocks and REITs that have their primary listings on the HKEx, excluding stocks that are secondary listings, preference shares, debt securities, mutual funds or other derivatives. Currently, foreign companies are also excluded from the universe. For this purpose, foreign companies refer to companies which are incorporated overseas (outside Hong Kong/mainland China) and have a majority of their business overseas (outside Hong Kong/mainland China).

The Hang Seng High Dividend Yield Index is net dividend yield weighted, i.e. the weighting of each constituent is calculated in proportion to its net dividend yield. The net dividend yield for weighting is calculated by dividing the dividend per share after deducting withholding tax (if applicable) by the price at three days preceding the rebalancing date. Index rebalancing is conducted after market close on the first Friday in June, and comes into effect on the next trading day. At each index rebalancing, the weighting for each constituent is capped at 10%. If a constituent is deleted between regular index reviews, there will be no replacement, and the weighting of the deleted stock or REIT will be distributed to the remaining constituents in proportion to their respective weightings.

<sup>1</sup> Extraordinary expenses means expenses relating to litigation costs as well as any tax, levy, duty or similar charge imposed on the Horizons Hang Seng High Dividend Yield ETF or its assets that would otherwise not qualify as ordinary expenses.

The Hang Seng High Dividend Yield Index is calculated and maintained by Hang Seng Indexes Company Limited. The Manager (and each of its Connected Persons) is independent of Hang Seng Indexes Company Limited.

The Hang Seng High Dividend Yield Index was launched on 10 December 2012 and has a base date of 29 June 2007. As at 29 August 2014, it had a total market capitalisation of HK\$124,879 million and 50 constituents.

### Index Construction

Stocks or REITs are eligible for constituent selection if they fulfill the following eligibility criteria.

**Market Value (“MV”) Requirement.** Eligible stocks should be large-cap or mid-cap constituents from the Hang Seng Composite Index (“HSCI”). Eligible REITs should be constituents from the Hang Seng REIT Index and larger than the smallest mid-cap constituent of the HSCI in terms of the 12-month-average full MV for the past calendar year.

**Turnover Requirement.** In order to meet the turnover requirement, a stock or REIT should have a minimum velocity\* of 0.1% (i) for at least 10 out of the past 12 months, and (ii) for the latest three months. However, for an existing constituent, only (i) needs to be fulfilled. For a stock or REIT with a trading history of less than 12 months or a stock that has transferred from the Growth Enterprise Market to the Main Board in the past 12 months before the data review cut-off date, a different turnover requirement applies. For those that have a trading record of less than 6 months, they must attain a minimum velocity of 0.1% for all trading months. For those that have a trading record of or more than 6 months, they (i) cannot have more than one month in which the velocity is not of at least 0.1%, (ii) must attain a velocity of 0.1% for the latest three months if they are not existing constituents.

For this purpose:

“**Velocity**” means median of daily traded shares in specific calendar month divided by free float-adjusted issued shares at month-end.

**Dividend Requirement.** Stocks or REITs from the eligible list should have a cash dividend paid record of at least three consecutive fiscal years.

The top 25% of the eligible stocks or REITs in terms of one-year historical volatility, i.e. standard deviation of daily logarithmic return for the past 12 months to the review cut-off date, will be excluded from constituent selection.

Stocks or REITs are ranked by net dividend yield. The top 50 stocks or REITs in terms of net dividend yield will be selected as constituents of the Hang Seng High Dividend Yield Index.

### Index Review

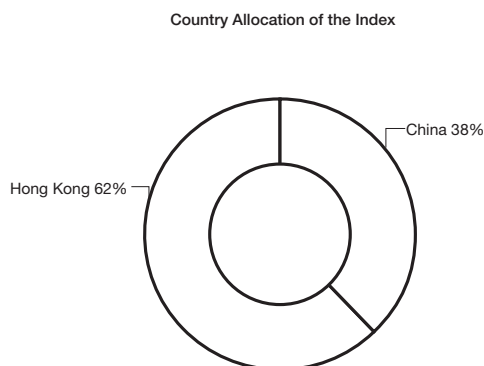
Rebalancing is conducted annually after market close on the first Friday in June, and comes into effect on the next trading day.

### Further Information

As at 29 August 2014, the 10 largest constituent stocks of the Hang Seng High Dividend Yield Index as listed below, represented about 29.73% of the Hang Seng High Dividend Yield Index.

Rank	Constituent Name	Stock Exchange	Weighting
1.	Evergrande Real Estate Group Ltd	XHKG Hong Kong Stock Exchange	4.96%
2.	Hopewell Highway Infrastructure Ltd	XHKG Hong Kong Stock Exchange	3.35%
3.	KWG Property Holding Ltd	XHKG Hong Kong Stock Exchange	3.06%
4.	China Power International Development Ltd	XHKG Hong Kong Stock Exchange	2.94%
5.	Agile Property Holdings Ltd	XHKG Hong Kong Stock Exchange	2.91%
6.	Yuexiu REIT	XHKG Hong Kong Stock Exchange	2.81%
7.	Bosideng International Holdings Ltd	XHKG Hong Kong Stock Exchange	2.66%
8.	Shenzhen Investment Ltd	XHKG Hong Kong Stock Exchange	2.52%
9.	China CITIC Bank Corp Ltd	XHKG Hong Kong Stock Exchange	2.30%
10.	Huaneng Power International Inc	XHKG Hong Kong Stock Exchange	2.22%

Below is the chart showing the weightings in the Hang Seng High Dividend Yield Index by country as at 29 August 2014:



Details of the index methodology of the Hang Seng High Dividend Yield Index can be found on <http://www.hsi.com.hk>.

### Index Licence

The term of the licence of the Hang Seng High Dividend Yield Index commenced on 28 February 2013 and should continue unless either party to the licence agreement serves a written notice of termination of at least three months to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

### Index Disclaimer

The Hang Seng High Dividend Yield Index (the "Index") is published and compiled by Hang Seng Indexes Company Limited pursuant to a licence from Hang Seng Data Services Limited. The mark and name Hang Seng High Dividend Yield Index are proprietary to Hang Seng Data Services Limited. Hang Seng Indexes Company Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index by Mirae Asset Global Investments (Hong Kong) Limited in connection with the Horizons Hang Seng High Dividend Yield ETF (the "Sub-Fund"), **BUT NEITHER HANG SENG INDEXES COMPANY LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE SUB-FUND OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF ANY OF THE INDEX AND ITS COMPUTATION OR**

**ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF ANY OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT; OR (iii) THE RESULTS WHICH MAY BE OBTAINED BY ANY PERSON FROM THE USE OF ANY OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO ANY OF THE INDEX IS GIVEN OR MAY BE IMPLIED.** The process and basis of computation and compilation of any of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HANG SENG INDEXES COMPANY LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO ANY OF THE INDEX BY MIRAE ASSET GLOBAL INVESTMENTS (HONG KONG) LIMITED IN CONNECTION WITH THE SUB-FUND; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HANG SENG INDEXES COMPANY LIMITED IN THE COMPUTATION OF ANY OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF ANY OF THE INDEX WHICH IS SUPPLIED BY ANY OTHER PERSON; OR (iv) FOR ANY ECONOMIC OR OTHER LOSS WHICH MAY BE DIRECTLY OR INDIRECTLY SUSTAINED BY ANY BROKER OR HOLDER OF THE SUB-FUND OR ANY OTHER PERSON DEALING WITH THE SUB-FUND AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HANG SENG INDEXES COMPANY LIMITED AND/OR HANG SENG DATA SERVICES LIMITED** in connection with the Sub-Fund in any manner whatsoever by any broker, holder or other person dealing with the Sub-Fund. Any broker, holder or other person dealing with the Sub-Fund does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on Hang Seng Indexes Company Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.

## Appendix 11 – Horizons CSI 300 ETF

This part of the Prospectus sets out specific information applicable to the Horizons CSI 300 ETF. Prospective

investors' attention is drawn to "Risk Factors relating to the Horizons CSI 300 ETF" below.

### Key Information

The following table is a summary of key information in respect of the Horizons CSI 300 ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("ETF")
Tracked Index	CSI 300 Index Type: Price return Inception Date: 8 April 2005 Number of constituents: 300 Base Currency of Index: Renminbi ("RMB")
Initial Issue Date	Expected to be on 25 September 2014
Listing Date	Expected to be on 26 September 2014 but may be postponed by the Manager to a date no later than 15 October 2014
Exchange Listing	SEHK – Main Board
Stock Code	83127 – RMB counter 03127 – HKD counter
Trade Lot Size	100 Units – RMB counter 100 Units – HKD counter
Base Currency	Renminbi (RMB)
Trading Currency	Renminbi (RMB) – RMB counter Hong Kong dollars (HKD) – HKD counter
Dividend Policy	Horizons CSI 300 ETF aims to pay annual cash distribution (in May each year) at the Manager's discretion. The amount or rate of distribution (if any) is not guaranteed. Distributions on all Units (RMB counter Units and HKD counter Units) will be in RMB only# Distribution will not be paid out of or effectively out of capital.
Application Unit Size for Creation/Realisation by Participating Dealers	Minimum 500,000 Units (or multiples thereof)
Method(s) of Creation/Realisation available (through Participating Dealer)	Cash (RMB) only
Investment Adviser	No investment adviser has been appointed
Market Makers	<u>RMB Counter and HKD Counter</u> Bluefin HK Limited HKD Counter only SG Securities (HK) Limited
Participating Dealers	ABN AMRO Clearing Hong Kong Limited China International Capital Corporation Hong Kong Securities Limited CIMB Securities Limited Goldman Sachs (Asia) Securities Limited SG Securities (HK) Limited

Financial Year	Ending 31 March each year
Management Fee	Up to 0.25% per annum of the NAV accrued daily and calculated as at each Dealing Day
Website	<a href="http://www.horizonsetfs.com.hk/en/etf/3127">http://www.horizonsetfs.com.hk/en/etf/3127</a>

# Both HKD traded Units and RMB traded Units will receive distributions in RMB only. In the event that the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers for arrangements concerning distributions and to consider the risk factor entitled "RMB distributions risk" below.

## Exchange Listing and Trading

### Initial Offer Period

Units in the Horizons CSI 300 ETF will initially be offered only to the Participating Dealer(s) from 9 a.m. (Hong Kong time) on 19 September 2014 to 5 p.m. (Hong Kong time) on 23 September 2014, unless otherwise extended by the Manager (the "Initial Offer Period"). The purpose of the Initial Offer Period is to enable the Participating Dealer(s) to apply for Units on their own account or on behalf of third party Primary Market Investors in accordance with the terms of the Trust Deed and the Operating Guidelines.

The Issue Price of Units which is the subject of a Creation Application during the Initial Offer Period is RMB8 per Unit, or such other amount determined by the Manager with the approval of the Trustee prior to the Initial Offer Period.

### Conditions of the Initial Offer

Application has been made to the SEHK for listing of and permission to deal in Units in the Horizons CSI 300 ETF.

The offer and issue of Units in the Horizons CSI 300 ETF during the Initial Offer Period is subject to and conditional upon:

- (a) the SEHK granting a listing of, and permission to deal in, Units in the Horizons CSI 300 ETF on or before 25 September 2014 or such other date as the Manager may determine; and
- (b) valid Creation Applications accepted by the Manager to create such number of Units in the Horizons CSI 300 ETF for a minimum value of the RMB equivalent of HKD3,500,000 as at the Valuation Point on the last day of the Initial Offer Period provided that the Manager may in its absolute discretion decide to proceed with the offer and issue of Units in the Horizons CSI 300 ETF notwithstanding such minimum value has not been received.

If either of the above conditions is not fulfilled on or before 9 a.m. on 26 September 2014, any cash amount (including

any duties and charges and the Transaction Fee) paid by the relevant Participating Dealer in respect of any Creation Applications submitted during the Initial Offer Period will be returned to the Participating Dealer (without interest).

Dealings on the SEHK in Units of the Horizons CSI 300 ETF issued after the Initial Offer Period applicable to the Horizons CSI 300 ETF are expected to begin on the trading day after the Initial Issue Date (being two Dealing Days after the close of the Initial Offer Period). Units will trade on the SEHK in board lots of 100 Units.

### Extension of the Initial Offer Period

If the Initial Offer Period is extended beyond 23 September 2014, dealings in the Units on the SEHK would commence three Business Days following the close of the Initial Offer Period.

### Creation and Realisation

During the Initial Offer Period, Participating Dealers (acting for themselves or for their clients) may apply for Units by means of cash Creation Applications on each Dealing Day for themselves and/or their clients by transferring cash in accordance with the Operating Guidelines.

After listing, Units will continue to be created by cash creation and realised by cash realisation through Participating Dealers in Application Unit size or multiples thereof.

Notwithstanding a Dual Counter being adopted:

- (a) all Creation Applications must be made in cash (in RMB only). Units which are created must be deposited in CCASS as RMB counter Units (i.e. tradable in RMB only) initially; and
- (b) any cash proceeds received by a Participating Dealer in a cash Realisation Application shall be paid only in RMB. Both RMB traded Units and HKD traded Units



may be realised by way of a Realisation Application (through a Participating Dealer). Where a Participating Dealer wishes to realise HKD traded Units the realisation process is the same as for RMB traded Units.

### **Miscellaneous**

Currently, Units are expected to be listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges.

If trading of the Units of the Horizons CSI 300 ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

### **RMB Payment Procedures**

Investors may, unless otherwise agreed by the relevant Participating Dealer, apply for Units deposited in the RMB counter through Participating Dealers only if they have sufficient RMB to pay the application monies and the related fees. 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. Although there is a significant amount of RMB held offshore (i.e. outside the PRC), CNH cannot be freely remitted into the PRC and is subject to certain restrictions, and vice versa. As such whilst CNH and CNY are both the same currency, certain special restrictions do apply to RMB outside the PRC. The liquidity and trading price of the Horizons CSI 300 ETF may be adversely affected by the limited availability of, and restrictions applicable to, RMB outside the PRC.

Application monies from Participating Dealers to the Horizons CSI 300 ETF will be paid in RMB only. Accordingly a Participating Dealer may require investors (as its clients) to pay RMB to it. Payment details will be set out in the relevant Participating Dealer’s documentation such as the application form for its clients. As such, an investor may need to have opened a bank account (for settlement) and a securities dealing account if a Participating Dealer is to subscribe for Units deposited in the RMB counter on his/her behalf as he/she will need to have accumulated sufficient RMB to pay at least the aggregate Issue Price and related costs to the Participating Dealer, or if an application to the Participating

Dealer is not successful or is successful only in part, the whole or appropriate portion of the monies paid will need to be returned to the investor by the Participating Dealer by crediting such amount into the investor’s RMB bank account. Similarly, if an investor wishes to buy and sell Units in the secondary market on the SEHK, he/she may need to open a securities dealing account with his/her broker. The investor will need to check with the relevant Participating Dealer and/or his/her broker for payment details and account opening procedures.

If investors wish to buy or sell Units on the secondary market, they should contact their brokers and they are reminded to confirm with their brokers in respect of Units traded in RMB their brokers’ readiness for dealing and/or clearing transactions in RMB securities and other relevant information published by the SEHK regarding readiness of its participants for dealing in RMB securities from time to time. CCASS Investor Participants who wish to settle the payment in relation to their trades in the Units traded in RMB using their CCASS Investor Participant account or to receive distributions in RMB should make sure that they have set up an RMB designated bank account with CCASS.

Investors intending to purchase Units traded in RMB from the secondary market should consult their brokers as to the RMB funding requirement and settlement method for such purchase. Investors may need to open and maintain securities dealing accounts with the broker first before any dealing in Units traded in either HKD or RMB can be effected.

Investors should ensure they have sufficient RMB to settle trades of Units traded in RMB. When investors open the RMB bank accounts for settling RMB payments or receiving RMB distributions, they should note that the daily maximum exchange limit for RMB is RMB20,000 per Hong Kong resident individual. Investors should consult the banks for the account opening procedures as well as terms and conditions of the RMB bank account. Some banks may impose restrictions on their RMB cheque account and fund transfers to third party accounts. For non-bank financial institutions (e.g. brokers), however, such restriction will not be applicable and investors should consult their brokers as to the currency exchange service arrangement, if required.

The transaction costs of dealings in the Units on the SEHK include the SEHK trading fee and Commission’s transaction levy. All these secondary trading related fees and charges will be collected in HKD and, in respect of Units traded in RMB, calculated based on an exchange rate as determined by the Hong Kong Monetary Authority on the date of the

trade which will be published on HKEx's website by 11:00 a.m. or earlier on each trading day.

Investors should consult their own brokers or custodians as to how and in what currency the trading related fees and charges and brokerage commission should be paid by the investors.

Where payment in RMB is to be made by cheque, investors are advised to consult the bank at which their respective RMB bank accounts are opened in advance whether there are any specific requirements in relation to the issue of RMB cheques. In particular, investors should note that some banks have imposed an internal limit (usually RMB80,000) on the balance of RMB cheque account of their clients or the amount of cheques that their clients can issue in a day and such limit may affect an investor's arrangement of funding for an application (through a Participating Dealer) for creation of Units.

When an individual investor opens an RMB bank account or settle RMB payments, he or she will be subject to a number of restrictions, including:

- (a) for Hong Kong resident individuals only, the existing permitted conversions in relation to personal customers are up to RMB20,000 conducted through RMB bank accounts per person per day or up to RMB20,000 per transaction per person in bank notes for walk-in personal customers; and
- (b) the daily maximum remittance amount to the PRC is RMB80,000 and a remittance service is only available to an RMB deposit account-holder who remits from his or her RMB deposit account to the PRC and provided that the account name of the account in the PRC is identical with that of the RMB bank account with the bank in Hong Kong.

Please also refer to the sub-section entitled "Risks associated with the RMB currency" below for further details.

### Renminbi Equity Trading Support Facility

The Renminbi Equity Trading Support Facility (the "TSF") was launched on 24 October 2011 by HKEx to provide a facility to enable investors who wish to buy RMB-traded shares (RMB shares) in the secondary market with Hong Kong dollars if they do not have sufficient RMB or have difficulty in obtaining RMB from other channels. With effect from 6 August 2012, the coverage of TSF was extended and the Horizons CSI 300 ETF is eligible for the TSF. As such the TSF is currently available to investors who wish

to invest in the Horizons CSI 300 ETF by purchasing Units trading in RMB on the SEHK. Investors should consult their financial advisers if they have any questions concerning the TSF. More information with regard to the TSF is available on HKEx's website [http://www.hkex.com.hk/eng/market/sec\\_tradinfra/TSF/TSF.htm](http://www.hkex.com.hk/eng/market/sec_tradinfra/TSF/TSF.htm).

### Dual Counter

The Manager has arranged for the Units to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Units are denominated in RMB. Despite the Dual Counter arrangement, the creation of new Units and realisation of Units in the primary market are settled in RMB only. The Horizons CSI 300 ETF offers two trading counters on the SEHK (i.e. RMB counter and HKD counter) to investors for secondary trading purposes. Units traded in RMB counter will be settled in RMB and Units traded in HKD counter will be settled in HKD. Apart from settlement in different currencies, the trading prices of Units in the two counters may be different as the RMB counter and HKD counter are two distinct and separate markets.

Units traded on both counters are of the same class and all Unitholders of both counters are treated equally. The two counters will have different stock codes, different stock short names and different ISIN numbers as follows: RMB counter and traded Units have a SEHK stock code 83127 and a short name "HZ CSI300-R" whilst the HKD counter and traded Units have a SEHK stock code 03127 and a short name "HZ CSI300". The ISIN for RMB counter and traded Units is HK0000215316 and the ISIN for HKD counter and traded Units is HK0000215324.

Normally, investors can buy and sell Units traded in the same counter or alternatively buy in one counter and sell in the other counter provided their brokers provide both HKD and RMB trading services at the same time and offer inter-counter transfer services to support Dual Counter trading. Inter-counter buy and sell is permissible even if the trades take places within the same trading day. However, investors should note that the trading price of Units traded in the RMB counter and that of HKD counter may be different and may not always maintain a close relationship depending on factors such as market demand and supply and liquidity in each counter.

More information with regard to the Dual Counter is available in the frequently asked questions in respect of the Dual Counter published on HKEx's website <http://www.hkex.com.hk/eng/prod/secprod/etf/dc.htm>.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factor below entitled "Dual Counter risks".

### Realisations

Both RMB traded Units and HKD traded Units can be realised directly (through a Participating Dealer). However, realisation proceeds shall be paid in RMB only.

## Investment Objective and Strategy

The Horizons CSI 300 ETF seeks to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the CSI 300 Index.

The Manager intends to adopt the replication strategy to achieve the investment objective of the Horizons CSI 300 ETF through investing directly in A-Shares included in the CSI 300 Index in substantially the same weightings in which such A-Shares are included in the CSI 300 Index, through the RQFII investment quota granted to the Manager by the SAFE (as explained in the section on "The RQFII

regime" below). Please refer to the section "Investment Policies" in Part 1 of this Prospectus for an explanation on the replication strategy. The Manager will not adopt the representative sampling strategy.

The Horizons CSI 300 ETF may also invest not more than 5% of its Net Asset Value in money market funds and hold RMB cash and cash equivalents for cash management purpose. The Horizons CSI 300 ETF will not invest in securities which are not constituents of the CSI 300 Index and all of its investments will be onshore investments issued in the PRC.

## The RQFII Regime

Under current regulations in the PRC, foreign investors can invest only in the domestic securities market through certain foreign institutional investors that have obtained status as a QFII or a RQFII from the CSRC and have been granted quota by the SAFE to remit foreign freely convertible currencies (in the case of a QFII) and RMB (in the case of a RQFII) into the PRC for the purpose of investing in the PRC's domestic securities markets.

The RQFII regime was introduced on 16 December 2011 by the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors which are Asset Management Companies or Securities Companies" (基金管理公司、證券公司人民幣合格境外機構投資者境內證券投資試點辦法) issued by the CSRC, the PBOC and the SAFE, which was repealed effective 1 March 2013.

The RQFII regime is currently governed by (i) the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC, the PBOC and the SAFE and effective from 6

March 2013 (人民幣合格境外機構投資者境內證券投資試點辦法); (ii) the "Implementation Rules for the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC and effective from 6 March 2013 (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); (iii) the "Circular on Issues Related to the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors", Huifa 2013 No. 42 (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，匯發[2013]42號) issued by SAFE and effective from 21 March 2013; (iv) the "Notice of the People's Bank of China on the Relevant Matters concerning the Implementation of the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors", issued by the PBOC and effective from 2 May 2013 (中國人民銀行關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》有關事項的通知); and (v) any other applicable regulations promulgated by the relevant authorities (collectively, the "RQFII Regulations").

The Manager has obtained RQFII status and has been granted a RQFII quota under the RQFII Regulations. The Horizons CSI 300 ETF will utilise the Manager's RQFII quota.

All of the Horizons CSI 300 ETF's assets in the PRC (including onshore PRC cash deposits and its onshore A-Shares portfolio) will be held by the PRC Custodian in accordance with the terms of the PRC Custody Agreement and PRC Participation Agreement. Securities account(s) shall be opened with CSDCC in the joint names of the Manager (as the RQFII holder) and the Horizons CSI 300 ETF. RMB special deposit account(s) shall be established and maintained with the PRC Custodian in the joint names of the Manager (as the RQFII holder) and the Horizons CSI 300 ETF. The PRC Custodian shall, in turn, have a cash clearing account with CSDCC for trade settlement according to applicable regulations.

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

- (a) securities account(s) with CSDCC and maintained by the PRC Custodian and RMB special deposit account(s) with the PRC Custodian (respectively, the **"Securities Account(s)"** and the **"Cash Account(s)"**) shall be opened in the joint names of the Manager (as RQFII holder) and the Horizons CSI 300 ETF for the sole benefit and use of the Horizons CSI 300 ETF 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 Horizons CSI 300 ETF, and (ii) are segregated and independent from the proprietary assets of the Manager (as RQFII holder), the PRC Custodian and any broker appointed by the Manager to execute transactions for the Horizons CSI 300 ETF in the PRC (a **"PRC Broker"**), and from the assets of other clients of the Manager (as RQFII holder), the PRC Custodian and

any PRC Broker;

- (c) the assets held/credited in the Cash Account(s) (i) become an unsecured debt owing from the PRC Custodian to the Horizons CSI 300 ETF, 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 Horizons CSI 300 ETF, 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 Horizons CSI 300 ETF;
- (e) if the Manager or any PRC Broker(s) is liquidated, the assets contained in the Securities Account(s) and Cash Account(s) of the Horizons CSI 300 ETF will not form part of the liquidation assets of the Manager or such PRC Broker in liquidation in the PRC; and
- (f) if the PRC Custodian is liquidated, (i) the assets contained in the Securities Account(s) of the Horizons CSI 300 ETF will not form part of the liquidation assets of the PRC Custodian in liquidation in the PRC, and (ii) the assets contained in the Cash Account(s) of the Horizons CSI 300 ETF will form part of the liquidation assets of the PRC Custodian in liquidation in the PRC and the Horizons CSI 300 ETF will become an unsecured creditor for the amount deposited in the Cash Account(s).

Repatriations in RMB conducted by the Manager as RQFII on behalf of the Horizons CSI 300 ETF are permitted daily and are not subject to any lock-up periods or prior approval.

There are specific risks associated with the RQFII regime and investors' attention is drawn to the risk factors under "Risks associated with the RQFII regime" in the section on "Risk Factors" below.

## The Offshore RMB Market

### What led to RMB internationalisation?

RMB is the lawful currency of the PRC. RMB is not a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC government. Since July 2005, the PRC government

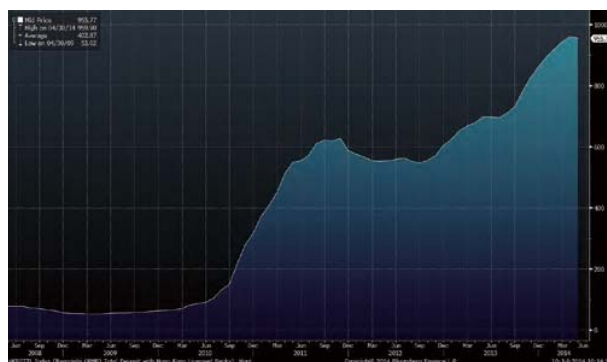
began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of RMB is no longer pegged to US dollars, resulting in a more flexible RMB exchange rate system.

Over the past two decades, the PRC's economy grew rapidly at an average annual rate of 9.8% in real terms. This enables it to overtake Japan to become the second largest economy and trading country in the world. The International Monetary Fund has projected that the PRC will contribute to more than one-third of global growth by 2015. As the PRC's economy becomes increasingly integrated with the rest of the world, it is a natural trend for its currency – the RMB, to become more widely used in the trade and investment activities.

### Accelerating the pace of the RMB internationalisation

The PRC has been taking gradual steps to increase the use of RMB outside its borders by setting up various pilot programmes in Hong Kong and neighbouring areas in recent years. For instance, banks in Hong Kong were the first permitted to provide RMB deposits, exchange, remittance and credit card services to personal customers in 2004. Further relaxation occurred in 2007 when the authorities allowed PRC financial institutions to issue RMB bonds in Hong Kong. As of the end of May 2014, there are around 220 banks in Hong Kong engaging in RMB business, with RMB deposits amounting to about RMB956 billion, as compared to just RMB63 billion in 2009.

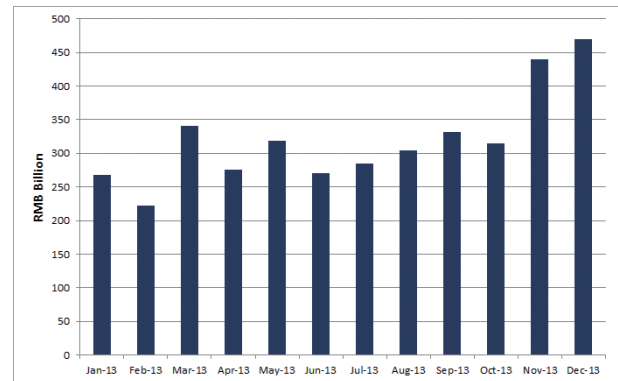
Chart 1. RMB deposits in Hong Kong



Data source: Bloomberg as of 31 May 2014

The pace of RMB internationalisation has accelerated since 2009 when the PRC authorities permitted cross-border trade between Hong Kong/Macau and Shanghai/four Guangdong cities, and between ASEAN and Yunnan/Guangxi, to be settled in RMB. In June 2010, the arrangement was expanded to 20 provinces/municipalities on the PRC and to all countries/regions overseas. As of 31 December 2013, approximately RMB3,841 billion worth of cross-border trade was settled in Hong Kong using RMB in 2013.

Chart 2. Remittances for RMB cross-border trade settlement



Data source: Hong Kong Monetary Authority and Bloomberg, as of 31 December 2013

### Onshore versus offshore RMB market

Following a series of policies introduced by the PRC authorities, an RMB market outside the PRC has gradually developed and started to expand rapidly since 2009. RMB traded outside the PRC is often referred as “offshore RMB” with the denotation “CNH”, which distinguishes it from the “onshore RMB” or “CNY”.

Both onshore and offshore RMB are the same currency but are traded in different markets. Since the two RMB markets operate independently where the flow between them is highly restricted, onshore and offshore RMB are traded at different rates and their movement may not be in the same direction. Due to the strong demand for offshore RMB, CNH used to be traded at a premium for onshore RMB, although occasional discount may also be observed. The relative strength of onshore and offshore RMB may change significantly, and such change may occur within a very short period of time.

Notwithstanding that the offshore RMB market showed a meaningful growth during the past 2 years, it is still at an early stage of the development and is relatively sensitive to negative factors or market uncertainties. For instance, the value of offshore RMB had once dropped by 2% against the US dollars in the last week of September 2011 amidst the heavy selloff of the equities market. In general, the offshore RMB market is more volatile than the onshore one due to its relatively thin liquidity.

There have been talks on the potential convergence of the two RMB markets but that is believed to be driven by political decisions rather than just economics. It is widely

expected that the onshore and offshore RMB markets would remain two segregated, but highly related, markets for the next few years.

#### *Recent measures*

More measures to relax the conduct of offshore RMB business were announced in 2010 – with respect to the lifting of restrictions on interbank transfer of RMB funds and granting permission for companies in Hong Kong to exchange foreign currencies for RMB without limit. One month later, the PRC authorities announced the partial opening up of PRC's interbank bond market for foreign central banks, RMB clearing banks in Hong Kong and Macau and other foreign banks participating in the RMB offshore settlement programme.

The National Twelfth Five-Year Plan adopted in March 2011 explicitly supports the development of Hong Kong as an offshore RMB business centre. In August 2011, PRC Vice-Premier Li Keqiang has announced more new initiatives during his visit, such as allowing investments on the PRC equity market through the RQFII scheme and the

launch of an exchange-traded fund with Hong Kong stocks as the underlying constituents in the PRC. Also the PRC Government has given approval for the first non-financial PRC firm to issue RMB-denominated bonds in Hong Kong.

#### *RMB internationalisation is a long-term goal*

Given the PRC's economic size and growing influence, RMB has the potential to become an international currency in the same ranks as US dollars and Euro. But the PRC has to first accelerate the development of its financial markets and gradually make RMB fully convertible on the capital account. Although the internationalisation of RMB will bring benefits such as increasing political influence and reduced exchange rate risks, it also entails risks including rising volatility of RMB exchange rate.

The process of RMB internationalisation is a long and gradual one. It took US dollars many decades to replace the British Pound to become a dominant reserve currency. It will also take time for RMB to gain importance in coming years. RMB will not be in a position to challenge the US dollar's main reserve currency status for some time to come.

## The A-Share Market

### **Introduction**

China's A-Share market commenced in 1990 with two exchanges, Shanghai Stock Exchange and Shenzhen Stock Exchange. Shanghai Stock Exchange was established on 26 November 1990 and stocks are further divided into class A-Shares and class B-Shares, with A-Shares limited to domestic investors as well as QFIIs and RQFIIs only and B Shares available to both domestic and foreign investors. As of 30 June 2014, there are 950 A-Shares listed companies in Shanghai Stock Exchange with total market capitalisation of RMB14,875 billion and free float market capitalisation of RMB13,441 billion. Shanghai Stock Exchange's products cover equities, mutual funds and bonds. The product lines include A-Shares, B-Shares, indices, mutual funds (including exchange traded funds and listed open-end funds), fixed income products, and diversified financial derivative products (including warrants and repurchases).

Shenzhen Stock Exchange was founded on 1 December 1990 and stocks are further divided into class A-Shares and class B-Shares, with A-Shares limited to domestic investors as well as QFIIs and RQFIIs only and B-Shares

available to both domestic and foreign investors. As of 30 June 2014, there are 1,569 A-Share listed companies in Shenzhen Stock Exchange, 468 of which are listed on the Shenzhen Stock Exchange main board with total market capitalisation of RMB3,518 billion and free float market capitalisation of RMB2,793 billion, 720 of which are listed on the SME board (Small and Medium Enterprise Board) with total market capitalisation of RMB4,027 billion and free float market capitalisation of RMB2,835 billion, and 381 of which are listed on the ChiNext (the board mainly for hi-tech companies) with total market capitalisation of RMB1,853 billion and free float market capitalisation of RMB1,094 billion. Shenzhen Stock Exchange's products cover equities, mutual funds and bonds. The product lines include A-Shares, B-Shares, indices, mutual funds (including exchange traded funds and listed open-end funds), fixed income products, and diversified financial derivative products (including warrants and repurchases).

The A-Share market has grown significantly in the past 20 years, with the latest total market capitalisation reaching RMB24,273 billion comprising 2,519 A-Share listed companies by 30 June 2014.

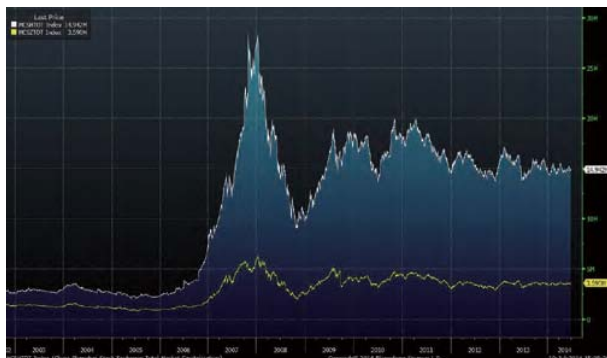
In terms of investor breakdown, there is an increasing number of institutional investors participating in the A-Share market since the inception, which include securities investment funds, social pension funds, QFIIs, insurance companies, ordinary investment institutions. However, on a daily basis, retail investors still make up for the majority of the trading volume.

Chart 1. Shanghai and Shenzhen Composite Index price and the CSI 300 Index price



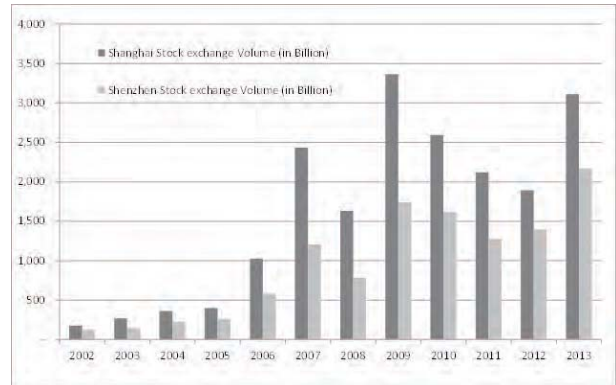
Data source: Bloomberg as of 30 June 2014

Chart 2. Total market capitalisation of both Shanghai Stock Exchange and Shenzhen Stock Exchange – Main Board



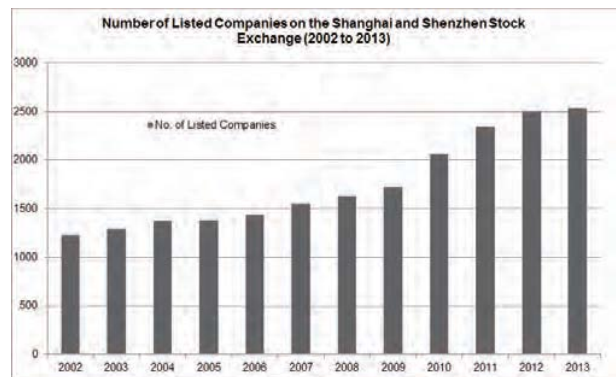
Data source: Bloomberg as of 30 June 2014

Chart 3. Annual stock trading volumes of both Shanghai Stock Exchange and Shenzhen Stock Exchange



Data source: Shanghai Stock Exchange, Shenzhen Stock Exchange as of 31 December 2013

Chart 4. Number of companies listed on both Shanghai Stock Exchange and Shenzhen Stock Exchange



Data source: Shanghai Stock Exchange, Shenzhen Stock Exchange as of 31 December 2013

**Differences with Hong Kong’s stock market**

	<b>PRC</b>	<b>Hong Kong</b>
<b>Key indexes</b>	SHCOMP / SZCOMP / CSI 300	HSI / HSCEI
<b>Trading band limits</b>	<ul style="list-style-type: none"> <li>• 10% for ordinary stocks</li> <li>• 5% for ST/S stocks*</li> </ul>	No Limit
<b>Trading lots</b>	100 shares for BUY / 1 share for SELL **	Each stock has its own individual board lot size (an online broker will usually display this along with the stock price when you get a quote); purchases in amounts which are not multiples of the board lot size are done in a separate “odd lot market”.
<b>Trading hours</b>	pre-open: 0915-0925 morning session: 0930-1130 afternoon session: 1300-1500 (1457-1500 is closing auction for the Shenzhen Stock Exchange)	pre-open order input: 0900-0915 pre-order matching 0915-0920 order matching: 0920-0928 morning session: 0930-1200 afternoon session: 1300-1600
<b>Settlement</b>	T+1	T+2
<b>Earnings reporting requirements</b>	<p>Annual report:</p> <ul style="list-style-type: none"> <li>• Full annual report must be disclosed within 4 months after the reporting period.</li> </ul> <p>Interim report:</p> <ul style="list-style-type: none"> <li>• Full report must be disclosed within 2 months after the reporting period.</li> </ul> <p>Quarterly report:</p> <ul style="list-style-type: none"> <li>• Full report must be disclosed within 1 month after the reporting period. The first quarterly report cannot be disclosed before last year’s annual report.</li> </ul>	<p>Annual report:</p> <ul style="list-style-type: none"> <li>• Earnings must be disclosed within 3 months after the reporting period;</li> <li>• Full annual report must be disclosed within 4 months after the reporting period.</li> </ul> <p>Interim report:</p> <ul style="list-style-type: none"> <li>• Earnings must be disclosed within 2 months after the reporting period;</li> <li>• Full report must be disclosed within 3 months after the reporting period.</li> </ul>

Note:

\*1) ST stocks refer to special treatment stocks, which means special treatment for companies with financial problems (consecutive 2 fiscal years loss or audited net assets per share less than par value in most recent fiscal year), effective date starting from 22 April 1998. Stocks with ST usually means they have delisting risk.

2) S stocks refer to those stocks has not yet performed the “split share structure reform”.

\*\* Purchasing in odd lot is not allowed while selling in odd lot is allowed in the A-Share market, with no price difference between odd lot and round lot trading.



## Distribution Policy

The Horizons CSI 300 ETF aims to pay annual cash distribution (in May each year), out of its net income earned and at the discretion of the Manager. Details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website <http://www.horizonsetfs.com.hk>. There can be no

assurance that a distribution will be paid. The amount or rate of distribution (if any) is not guaranteed. Distribution will not be paid out of or effectively out of capital.

Each Unitholder will receive distributions in RMB (whether holding RMB traded Units or HKD traded Units).

## The Index

The CSI 300 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 CSI 300 Index consists of the 300 stocks with the largest market capitalisation and good liquidity from the entire universe of listed A-Share

companies in the PRC. The CSI 300 Index is calculated and disseminated in RMB on a real-time basis and is maintained by China Securities Index Co., Ltd. ("CSI" or the "Index Provider"). The CSI 300 Index is quoted in RMB.

Please refer to the section "Index Description" for detailed information on the CSI 300 Index.

## Risk Factors Relating to the Horizons CSI 300 ETF

In addition to the principal risk factors common to all Investment Funds set out in Part 1 of this Prospectus, investors should also consider the potential risks associated with investing in the Horizons CSI 300 ETF including those set out below. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Horizons CSI 300 ETF.

### Risks associated with the RQFII regime

**RQFII systems risk.** The current RQFII Regulations include rules on investment restrictions applicable to the Horizons CSI 300 ETF. Transaction sizes for RQFIIs are relatively large (with the corresponding heightened risk of exposure to decreased market liquidity and significant price volatility leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities).

Onshore PRC securities are registered in the joint names of the Manager (as the RQFII holder) and the Horizons CSI 300 ETF in accordance with the relevant rules and regulations, and maintained in electronic form via a securities account with the CSDCC. The account is required to bear the name of "Mirae Asset Global Investments (Hong Kong) Limited" as this is the name under which the RQFII is approved by

the relevant regulator. The RQFII selects a PRC broker (the "PRC Broker") to act on its behalf in each of the two onshore PRC securities markets as well as the PRC Custodian to maintain its assets in custody in accordance with the terms of the PRC Custody Agreement.

In the event of any default of either the relevant PRC Broker or the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the Horizons CSI 300 ETF may encounter delays in recovering its assets which may in turn adversely impact the net asset value of the Horizons CSI 300 ETF.

The Horizons CSI 300 ETF will utilise the Manager's RQFII quota granted under the RQFII Regulations. This RQFII quota is limited and may be used up. Furthermore, the Manager has the flexibility to allocate its RQFII quota granted by the SAFE across different public fund products under its management from time to time and there will be no specific quota granted by the SAFE to the Horizons CSI 300 ETF. As such, the Horizons CSI 300 ETF will not have exclusive use of a specified amount of RQFII quota granted by the SAFE to the Manager and will rely on the Manager's management and allocation of such quota between different public fund products. There can be no assurance that the Manager can obtain or allocate sufficient RQFII quota to the Horizons

CSI 300 ETF to fully satisfy subscription requests. This may result in a need for the Manager to close the Horizons CSI 300 ETF to further subscriptions. In extreme circumstances, the Horizons CSI 300 ETF may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to RQFII investment restrictions, illiquidity of the PRC securities markets, and delay or disruption in execution of trades or in settlement of trades.

The regulations which regulate investments by RQFIIs in the PRC and the repatriation of capital from RQFII investments are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

**PRC Custodian and PRC Broker risk.** Onshore PRC assets will be maintained by the PRC Custodian in electronic form via a securities account with the CSDCC and a special deposit account with the PRC Custodian.

The RQFII also selects the PRC Broker to execute transactions for the Horizons CSI 300 ETF in the PRC markets. When selecting PRC Broker(s), the Manager will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. In respect of the Horizons CSI 300 ETF, the Manager may appoint not more than three PRC Brokers for each market (the Shenzhen Stock Exchange and the Shanghai Stock Exchange respectively) in the PRC. If the Manager considers appropriate, it is possible that a single PRC Broker will be appointed for both the Shenzhen Stock Exchange and the Shanghai Stock Exchange. Should, for any reason, the Manager be unable to use the relevant broker in the PRC, the operation of the Horizons CSI 300 ETF would be adversely affected and may cause Units to trade at a premium or discount to the Horizons CSI 300 ETF's Net Asset Value or unable to track the Index. The Horizons CSI 300 ETF may also incur losses due to the acts or omissions of either the PRC Broker(s) or the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities. Subject to the applicable laws and regulations in the PRC, the Manager will make arrangements to ensure that the relevant PRC Broker and PRC Custodian have appropriate procedures to properly safe-keep the Horizons CSI 300 ETF's assets.

According to the RQFII Regulations and market practice, the securities and special deposit accounts for the Horizons CSI 300 ETF in the PRC are maintained in the joint names of the Manager as the RQFII and the Horizons CSI 300 ETF. Although the Manager has obtained a legal opinion that the assets in such securities account would belong to the Horizons CSI 300 ETF, such opinion cannot be relied on as being conclusive, as the RQFII Regulations are subject to the interpretation of the relevant authorities in the PRC.

Investors should note that cash deposited in the special deposit account of the Horizons CSI 300 ETF with the PRC Custodian will not be segregated but will be a debt owing from the PRC Custodian to the Horizons CSI 300 ETF as a depositor. Such cash will be co-mingled with cash belong to other clients of the PRC Custodian. In the event of bankruptcy or liquidation of the PRC Custodian, the Horizons CSI 300 ETF will not have any proprietary rights to the cash deposited in such special deposit account, and the Horizons CSI 300 ETF will become an unsecured creditor, ranking *pari passu* with all other unsecured creditors, of the PRC Custodian. The Horizons CSI 300 ETF 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 Horizons CSI 300 ETF will suffer losses.

**Repatriation risk.** Repatriations by RQFIIs in respect of an investment fund such as the Horizons CSI 300 ETF 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 new restrictions on repatriation of the invested capital and net profits may impact on the Horizons CSI 300 ETF's ability to meet realisation requests.

**RQFII quota risk.** The Horizons CSI 300 ETF will utilise the Manager's RQFII quota granted under the RQFII Regulations. This RQFII quota is limited and may be reached. There is also no assurance that the Manager can allocate sufficient RQFII quota to the Horizons CSI 300 ETF, as there will be no specific quota granted by the SAFE to the Horizons CSI 300 ETF. In such event, unless the Manager is able to obtain or allocate sufficient RQFII quota to the Horizons CSI 300 ETF, it may be necessary for the Manager to suspend creations of Units. In such event it is possible that the trading price of a Unit on the SEHK will be at a significant premium to the Net Asset Value of each Unit (which may also increase tracking error of the Horizons CSI 300 ETF).

**PRC withholding taxation risk.** In light of the uncertainty on the income tax treatment on capital gains and in order to meet this potential tax liability for capital gains, the Manager reserves the right to provide for withholding tax (“WIT”) on such gains or income and withhold the tax for the account of the Horizons CSI 300 ETF. Having considered independent professional tax advice relating to the Horizons CSI 300 ETF’s eligibility to benefit from the relief under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (the “China-HK Arrangements”) and acting in accordance with such advice, the Manager considers that the Horizons CSI 300 ETF should be regarded as a Hong Kong tax resident and should be able to enjoy a WIT exemption on capital gains under the China-HK Arrangements. In this connection, the Manager has determined, having taken independent professional tax advice and acting in accordance with such advice, that no WIT provision will be made on gross unrealised and realised capital gains derived from investments in A-Shares, except in respect of gross unrealised and realised capital gains derived from investments in A-Shares issued by PRC tax resident companies which are “land rich companies” (i.e. PRC tax resident companies in which at least 50% of their assets are comprised, directly or indirectly, of immovable property situated in the PRC). Accordingly, the Manager will make a 10% provision for WIT over the gross realised and unrealised capital gains derived from investments in A-Shares issued by PRC tax resident companies which are land rich companies. The methodology adopted by the Manager in identifying whether or not PRC tax resident companies are land rich companies has been agreed and accepted by the Auditors. The amount of provision will be disclosed in the financial statements of the Horizons CSI 300 ETF.

It should be noted that there are uncertainties in relation to the Manager’s determination of WIT provision, including:

- The China-HK Arrangements may be changed in the future and the Horizons CSI 300 ETF may ultimately be required to pay WIT on capital gains.
- To date, the Horizons CSI 300 ETF has not obtained from the Inland Revenue Department of Hong Kong (the “IRD”) a Hong Kong Tax Resident Certificate (“HKTRC”). If the PRC tax authorities enforce the collection of WIT on capital gains and require the Horizons CSI 300 ETF to provide a HKTRC in the future in order to enjoy the WIT exemption on capital gains, the Manager will apply for a HKTRC on behalf of the Horizons CSI 300 ETF.

The Manager may need to apply with the IRD for a HKTRC on behalf of the Horizons CSI 300 ETF on an annual basis, which is subject to the assessment of the IRD. There is a risk that the Manager may not be able to obtain a HKTRC on behalf of the Horizons CSI 300 ETF.

- To date, the PRC tax authorities have not sought to enforce WIT collection on capital gains derived by RQFIIs such as the Manager for the Horizons CSI 300 ETF. If the PRC tax authorities start enforcing WIT collection on capital gains, the relief under the China-HK Arrangements is still subject to the final approval of the PRC tax authorities. Since the PRC tax authorities have not started collecting WIT on capital gains, the Manager is not aware of any previous successful cases for getting the approval of the WIT exemption on capital gains. Even if the Manager, in accordance with the independent professional tax advice, believes that the Horizons CSI 300 ETF should be eligible for such relief, the PRC tax authorities may ultimately hold a different view.
- Due to the limitation to the availability of the public information in the PRC (e.g. in respect of the market value of land and land use rights), the information to be adopted by the PRC tax authorities in assessing land rich companies may be different from the information used by the Manager in assessing land rich companies which may result in different conclusion by the Manager for some A-Share companies to those of the PRC tax authorities.

For the above reasons, any WIT provision on capital gains made by the Manager in respect of the Horizons CSI 300 ETF may be less than the Horizons CSI 300 ETF’s actual tax liabilities. It should also be noted that there is a possibility of the PRC tax rules being changed and taxes being applied retrospectively. As such, it should be noted that the level of provision may be inadequate to meet actual PRC tax liabilities on investments made by the Horizons CSI 300 ETF. Consequently, Unitholders may be disadvantaged 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 State Administration of Taxation (the “SAT”) 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 Horizons CSI 300 ETF may be lowered, as the Horizons CSI 300 ETF 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 Horizons CSI 300 ETF, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Horizons CSI 300 ETF. On the other hand, the actual tax liabilities may be lower than the tax provision made. In that case, 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 and as such may be disadvantaged. Persons who have already redeemed their Units in the Horizons CSI 300 ETF before the return of any overprovision to the account of the Horizons CSI 300 ETF will not be entitled or have any right to claim any part of such overprovision. Please refer to the sub-section on "PRC Taxation" for further information in this regard.

**Reliance on the Manager risk.** Although the Manager has significant experience of managing ETFs and has experience in managing unlisted funds investing primarily in A-Shares, the Manager has no experience of managing ETFs which invest using a RQFII quota, and has limited experience in direct investment in the A-Share market. As such, the ability of the Horizons CSI 300 ETF to achieve its investment objective may be adversely affected.

### **Risks associated with the RMB currency**

**RMB is not freely convertible and subject to exchange controls and restrictions risk.** It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. Since 1994, the conversion of RMB into US dollar has been based on rates set by the PBOC, which are set daily based on the previous day's PRC interbank foreign exchange market rate. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. In addition, a market maker system was introduced to the interbank spot foreign exchange market. In July 2008, the PRC announced that its exchange rate regime was further transformed into a managed floating mechanism based on market supply and demand. Given the domestic and overseas economic developments, the PBOC decided to further improve the RMB exchange rate regime in June 2010 to enhance the flexibility of the RMB exchange rate. In April 2012, the PBOC decided to take a further step to increase the flexibility of the RMB exchange rate by expanding the daily trading band from +/- 0.5% to +/- 1%. However it should be noted that the PRC government's policies on exchange control and repatriation restrictions are subject to change, and any such change may adversely

impact the Horizons CSI 300 ETF. There can be no assurance that the RMB exchange rate will not fluctuate widely against the US dollar or any other foreign currency in the future.

Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of the SAFE. On the other hand, the existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. Nevertheless, the Manager cannot predict whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency.

**RMB trading and settlement of Units risk.** The trading and settlement of RMB denominated securities are recent developments in Hong Kong and there is no assurance that there will not be problem with the systems or that other logistical problems will not arise. Although end-to-end simulation trading and clearing of listed RMB products testing sessions and payment pilot runs for participants of the SEHK were held by the SEHK in March, September and October 2011, some brokers may not have participated in such testing sessions and pilot runs and for those who have, not all of them may be able to successfully complete such testing sessions and pilot runs, there is no assurance of their readiness for dealing in RMB denominated securities. Investors should note that not all brokers may be ready and able to carry out trading and settlement of RMB traded Units and thus they may not be able to deal in the RMB traded Units through some brokers. Investors should check with their brokers in advance if they intend to engage Dual Counter trading or in inter-counter transfers and should fully understand the services which the relevant broker is able to provide (as well as any associated fees). Some exchange participants may not provide inter-counter transfer or Dual Counter trading services.

**Non-RMB or late settlement realisation risk.** Where, in extraordinary circumstances, the remittance or payment of RMB funds on the realisation of Units cannot, in the opinion of the Manager in consultation with the Trustee, be carried out normally due to legal or regulatory circumstances beyond the control of the Trustee and the Manager, realisation proceeds may be delayed or, if necessary in exceptional circumstances, be paid in US dollars or Hong Kong dollars instead of in RMB (at an exchange rate determined by the

Manager after consultation with the Trustee). As such, there is a risk that investors may not be able to receive, through Participating Dealers, settlement upon a realisation of Units in RMB (and may receive US dollars or Hong Kong dollars) or may receive settlement in RMB on a delayed basis.

**RQFII late settlement risk.** The Horizons CSI 300 ETF will be required to remit RMB from Hong Kong to the PRC to settle the purchase of A-Shares by the Horizons CSI 300 ETF from time to time. In the event such remittance is disrupted, the Horizons CSI 300 ETF will not be able to fully replicate the Index by investing in the relevant A-Shares and this may increase the tracking error of the Horizons CSI 300 ETF.

**Exchange rates movement between the RMB and other currencies risk.** Investors in RMB traded Units whose assets and liabilities are predominantly in Hong Kong dollars or in currencies other than RMB should take into account the potential risk of loss arising from fluctuations in value between such currencies and RMB. In addition, investors in HKD traded Units should note that distributions on HKD traded Units will only be paid in RMB. Accordingly, foreign exchange risk will also apply to investors in HKD traded Units. There is no guarantee that RMB will appreciate in value against Hong Kong dollar or any other currency, or that the strength of RMB may not weaken. In such case an investor may enjoy a gain in RMB terms but suffer a loss when converting funds from RMB back into Hong Kong dollars (or any other currency).

**Future movements in RMB exchange rates risk.** The exchange rate of RMB ceased to be pegged to US dollars on 21 July 2005, resulting in a more flexible RMB exchange rate system. China Foreign Exchange Trading System, authorised by the PBOC, promulgates the central parity rate of RMB against US dollars, Euro, Yen, British Pound and Hong Kong dollars at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of RMB against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, Hong Kong dollars or any other foreign currency in the future. From 1994 to July 2005, the exchange rate for RMB against US dollar and the Hong Kong dollar was relatively stable. Since July 2005, the appreciation of RMB has begun to accelerate. Although the PRC government has

constantly reiterated its intention to maintain the stability of RMB, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of RMB will be further accelerated cannot be excluded. On the other hand, there can be no assurance that RMB will not be subject to devaluation.

**Offshore RMB ("CNH") market risk.** The onshore RMB ("CNY") is the only official currency of the PRC and is used in all financial transactions between individuals, state and corporations in the PRC. Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside the PRC. Since June 2010, the offshore RMB ("CNH") is traded officially, regulated jointly by the Hong Kong Monetary Authority and the PBOC. While both CNY and CNH represent RMB, they are traded in different and separated markets. The two RMB markets operate independently where the flow between them is highly restricted. Though the CNH is a proxy of the CNY, they do not necessarily have the same exchange rate and their movement may not be in the same direction. This is because these currencies act in separate jurisdictions, which leads to separate supply and demand conditions for each, and therefore separate but related currency markets.

However, the current size of RMB-denominated financial assets outside the PRC is limited. As at 30 September 2013, the total amount of RMB (CNH) deposits held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately RMB730 billion. In addition, participating authorised institutions are also required by the Hong Kong Monetary Authority to maintain a total amount of RMB (in the form of cash and its settlement account balance with the Renminbi Clearing Bank) of no less than 25% of their RMB deposits, which further limits the availability of RMB that participating authorised institutions can utilise for conversion services for their customers. RMB business participating banks do not have direct RMB liquidity support from PBOC. The Renminbi Clearing Bank only has access to onshore liquidity support from PBOC (subject to annual and quarterly quotas imposed by PBOC) to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement and for individual customers of up to RMB20,000 per Hong Kong resident individual per day. The Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions. Although it is expected that the offshore RMB market will

continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the relevant settlement agreements between Hong Kong banks and the PBOC will not be terminated or amended in the future which will have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC may affect the ability of investors to acquire Units or sell Units of the Horizons CSI 300 ETF affecting the liquidity and trading price of the Units on the SEHK. To the extent the Manager is required to source RMB in the offshore market, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

**RMB distributions risk.** Investors should note that where a Unitholder holds Units traded under the HKD counter, the relevant Unitholder will only receive distributions in RMB and not HKD. In the event the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions.

**Risk relating to the PRC.** Investment in the Horizons CSI 300 ETF is subject to the risks associated with investment in the PRC markets. Prospective investors should therefore refer to such specific risks that are specifically identified in the sub-section of this Prospectus titled “Risk Factors” – “Risks Factors relating to the PRC”.

**New product risk.** The Horizons CSI 300 ETF is a physical RQFII, RMB denominated exchange traded fund investing directly in A-Shares. The RQFII regime is relatively new and so makes the Horizons CSI 300 ETF riskier than traditional exchange traded funds investing in markets other than the PRC.

**Dual Counter risks.** The Horizons CSI 300 ETF will have Dual Counter traded Units which are traded and settled in RMB under the RMB counter and traded and settled in HKD under the HKD counter. The relative novelty and relatively untested nature of the Dual Counter for exchange traded funds may make investment in the Units riskier than in single counter units or shares of an SEHK listed issuer for example where for some reason there is a settlement failure on an inter-counter transfer if the Units of one counter are delivered to CCASS at the last settlement on a trading day, leaving not enough time to transfer the Units to the other counter for settlement on the same day.

In addition, where there is a suspension of the inter-counter transfers of Units between the HKD counter and the RMB counter due to, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant counter. Accordingly it should be noted that the inter-counter transfers may not always be available.

There is a risk that the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in RMB due to 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). The trading price of HKD traded Units or RMB traded Units is determined by market forces and so will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly when selling Units traded in HKD or buying Units traded in HKD, an investor may receive less or pay more than the equivalent amount in RMB if the trade of the relevant Units is in RMB and vice versa. There can be no assurance that the price of Units in each counter will be equivalent.

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.

It is possible that some brokers and CCASS participants may not be familiar with and may not be able to (i) buy Units in one counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade Units in both counters at the same time. In such a case another broker or CCASS participant may need to be used. Accordingly this may inhibit or delay an investor dealing in both HKD traded and RMB traded Units and may mean investors may only be able to sell their Units in one currency. Investors are recommended to check the readiness of their brokers in respect of the Dual Counter trading and inter-counter transfer.

**Trading hour’s difference risk.** As the Shenzhen Stock Exchange and Shanghai Stock Exchange may be open when Units in the Horizons CSI 300 ETF are not priced, the value of the securities in the Horizons CSI 300 ETF’s portfolio may change on days when investors will not be able to purchase or sell the Horizons CSI 300 ETF’s Units. Furthermore, the market prices of underlying securities listed on the above stock exchanges which are established

outside Hong Kong may not be available during part of all of the SEHK trading sessions due to trading hour differences which may result in the trading price of the Horizons CSI 300 ETF deviating away from NAV.

**A-Share market suspension risk.** A-Shares may only be bought from, or sold to, the Horizons CSI 300 ETF from time to time where the relevant A-Shares may be sold or purchased on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, as appropriate. 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 realisation of Units may be disrupted. A Participating Dealer is unlikely to realise or create Units if it considers that A-Shares may not be available.

**Trading risk.** Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, retail investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

### **PRC taxation**

By investing in Securities (including A-Shares) issued by PRC tax resident enterprises, irrespective of whether such Securities are issued or distributed onshore (“onshore PRC securities”) or offshore (“offshore PRC securities”, and together with onshore PRC securities, the “PRC Securities”), the Horizons CSI 300 ETF may be subject to PRC taxes. It is possible that the current tax laws, regulations and practice in the PRC will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on PRC Securities than currently contemplated. Unitholders should seek their own tax advice on their tax positions with regard to their investments in the Horizons CSI 300 ETF.

**Corporate Income Tax.** If the Horizons CSI 300 ETF is considered as a PRC tax resident enterprise, it will be subject to PRC corporate income tax (“CIT”) at 25% on its worldwide taxable income. If the Horizons CSI 300 ETF is considered as a 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 CIT at 25%.

The Manager intends to manage and operate the Horizons CSI 300 ETF in such a manner that the Horizons CSI 300 ETF should not be treated as a PRC tax resident enterprise or a non-PRC tax resident with a PE in the PRC for CIT purposes, although this cannot be guaranteed.

Dividend income and interest income – Unless a specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties, non-PRC tax resident enterprises without a PE in the PRC are subject to CIT on a withholding basis, generally at a rate of 10%, to the extent it directly derives the PRC sourced passive income. PRC sourced passive income (such as dividend income or interest income) may arise from investments in the PRC Securities. The entity distributing or paying such PRC sourced passive income is required to withhold such tax. Accordingly, the Horizons CSI 300 ETF may be subject to WIT and/or other PRC taxes on any cash dividends, distributions and interest it receives from its investment in PRC Securities. Under the PRC CIT law, interests derived from government bonds are exempt from WIT.

Under current regulations in the PRC, foreign investors (such as the Horizons CSI 300 ETF) may invest in onshore PRC securities, generally, only through a QFII or a RQFII (in this section and for the Horizons CSI 300 ETF referred to as the “relevant RQFII”). The PRC tax authorities may impose tax on the Horizons CSI 300 ETF under the name of the relevant RQFII. However under the terms of the arrangement between the relevant RQFII and the Trust, the relevant RQFII will pass on any tax liability to the Trust for the account of the Horizons CSI 300 ETF. As such, the Trust is the ultimate party which bears the risks relating to any PRC taxes which are so levied by the relevant PRC tax authority. Under current PRC tax laws and regulations, a relevant RQFII is subject to a WIT of 10% on cash dividends, distributions and interest from the PRC Securities unless exempted or reduced under current PRC tax laws and regulations or relevant tax treaties.

Under the China-HK Arrangements, WIT charged on interest received by Hong Kong tax residents (including enterprises and individuals) will be 7% of the gross amount of the interest, if the Hong Kong tax residents are the beneficial owners of such interest, subject to the approval of the PRC tax authority.

As the Horizons CSI 300 ETF (which should be regarded as a Hong Kong tax resident) seeks to achieve its investment objective by investing through the RQFII quota of the Manager, the interest derived may be subject to the reduced tax rate of 7% under the China-HK Arrangements. In order

to qualify for this preferential rate, approval of the PRC tax authority is required. If the reduced tax rate under the China-HK Arrangements is not applicable to the Horizons CSI 300 ETF or the application is not approved by the relevant PRC tax authority, the general rate of 10% will be applicable to the Horizons CSI 300 ETF on interest.

The Manager reserves the right to make relevant provision on dividends and interest if the WIT is not withheld at source.

Capital gains – Specific rules governing taxes on capital gains derived by QFIs or RQFIs from the trading of PRC Securities have yet to be announced. It is possible that the relevant tax authority may in the future clarify the tax position relating to capital gains realised by the Horizons CSI 300 ETF dealing in PRC Securities. In the absence of such specific rules, the income tax treatment should be governed by the general tax provisions of the PRC CIT law. If the foreign investor is a non-PRC tax resident enterprise without PE in the PRC, a 10% WIT would be imposed on the PRC-sourced capital gains, unless exempted or reduced under current PRC tax laws and regulations or relevant tax treaties.

Under the China-HK Arrangements, capital gains derived by Hong Kong tax residents from alienation of shares issued by PRC tax resident companies may only be taxed in the PRC if the recipient, at any time within 12 months preceding such alienation, had a participation of at least 25% in that Chinese company or if the PRC tax resident company is a land rich company (i.e. PRC tax resident company in which at least 50% of its assets are comprised, directly or indirectly, of immovable property situated in the PRC). The Horizons CSI 300 ETF will invest in A-Shares through the Manager's RQFII quota. Due to the Horizons CSI 300 ETF's investment restrictions, it may not hold more than 10% of any ordinary shares issued by any single issuer. In such a case, the capital gains derived from the alienation of the shares of non-land rich A-Shares companies may be exempted from WIT, subject to the approval of the PRC tax authorities. The aforesaid capital gains tax exemption will only apply if approval is obtained from the PRC tax authorities. Before a Hong Kong tax resident can enjoy the relief under the China-HK Arrangements, a HKTRC issued by the IRD may be required to be submitted to the relevant PRC tax authority for this purpose. The Horizons CSI 300 ETF has not yet obtained a HKTRC from the IRD. If the PRC tax authorities enforce the collection of WIT on capital gains and require the Horizons CSI 300 ETF to provide a HKTRC in order to obtain the WIT exemption, the Manager will apply for a HKTRC on behalf of the Horizons CSI 300 ETF.

Having considered independent professional tax advice and acting in accordance with such advice, the Manager considers that the Horizons CSI 300 ETF should be regarded as a Hong Kong tax resident and should be able to enjoy a WIT exemption on capital gains under the China-HK Arrangements. In this connection, the Manager has determined that no WIT provision will be made on the gross realised and unrealised capital gains derived from investments in A-Shares, except in respect of gross unrealised and realised capital gains derived from investments in A-Shares issued by land rich companies. A 10% provision for WIT will be provided for the gross realised and unrealised capital gains derived by the Horizons CSI 300 ETF from investments in A-Shares issued by PRC tax resident companies which are land rich companies. The amount of provision will be disclosed in the financial statements of the Horizons CSI 300 ETF. The methodology adopted by the Manager to assess whether or not PRC tax resident companies are land rich companies has been agreed and accepted by the Auditors.

It should be noted that there are certain uncertainties regarding the WIT provisioning policy:

- The China-HK Arrangements may be changed in the future and the Horizons CSI 300 ETF may ultimately be required to pay WIT on capital gains.
- To date, the Horizons CSI 300 ETF has not obtained from the IRD a HKTRC. If the PRC tax authorities enforce the collection of WIT on capital gains and require the Horizons CSI 300 ETF to provide a HKTRC in the future in order to enjoy the WIT exemption on capital gains, the Manager will apply for a HKTRC on behalf of the Horizons CSI 300 ETF. The Manager may need to apply with the IRD for a HKTRC on behalf of the Horizons CSI 300 ETF on an annual basis, which is subject to the assessment of the IRD. There is a risk that the Manager may not be able to obtain a HKTRC on behalf of the Horizons CSI 300 ETF.
- To date, the PRC tax authorities have not sought to enforce WIT collection on capital gains derived by RQFIIs such as the Manager for the Horizons CSI 300 ETF. If the PRC tax authorities start enforcing WIT collection on capital gains, the relief under the China-HK Arrangements is still subject to the final approval of the PRC tax authorities. Since the PRC tax authorities have not started collecting WIT on capital gains, the Manager is not aware of any previous successful cases for getting the approval of the WIT exemption on capital gains. Even if the Manager, in accordance with the independent



professional tax advice, believes that the Horizons CSI 300 ETF should be eligible for such relief, the PRC tax authorities may ultimately hold a different view.

- Due to the limitation to the availability of the public information in the PRC (e.g. in respect of the market value of land and land use rights), the information to be adopted by the PRC tax authorities in assessing land rich companies may be different from the information used by the Manager in assessing land rich companies which may result in different conclusion by the Manager for some A-Share companies to those of the PRC tax authorities.

It should also be noted that there is a possibility of the PRC tax rules being changed and taxes being applied retrospectively. In view of the above uncertainties, investors should note that the level of provision may be inadequate to meet actual PRC tax liabilities on investments made by the Horizons CSI 300 ETF. If the actual tax levied by the SAT 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 Horizons CSI 300 ETF may be lowered, as the Horizons CSI 300 ETF 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 Horizons CSI 300 ETF, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Horizons CSI 300 ETF. On the other hand, the actual tax liabilities may be lower than the tax provision made, in which case those persons who have already redeemed their Units before the actual tax liabilities are determined or before the return of any overprovision to the account of the Horizons CSI 300 ETF will not be entitled or have any right to claim any part of such overprovision and as such may be disadvantaged. Investors may be disadvantaged depending on the final rules of the relevant PRC tax authorities, the level of provision and when they subscribed and/or redeemed their Units. Upon any future resolution of the above-mentioned tax exemption or further changes to tax law or policies, the Manager will, as soon as practicable, make relevant adjustments to the amount of tax provision as it considers necessary.

**Business Tax (“BT”) and other surtaxes.** The revised PRC Provisional Regulations of Business Tax (“BT Law”) which came into effect on 1 January 2009 stipulates that gains derived by taxpayers from the trading of marketable securities would be subject to a BT of 5%.

Caishui [2005] No. 155 states that gains derived by QFIs from the trading of securities conducted in the PRC by domestic companies on behalf of QFIs are exempt from BT. The new BT Law which came into effect on 1 January 2009 has not changed this exemption treatment at the time of this Prospectus. Since both RQFIs and QFIs are qualified foreign institutional investors which are allowed to make investments in the PRC domestic capital markets, there should be a basis for RQFIs to make reference to the exemption treatment of Caishui [2005] No. 155 on QFIs. However, it is not clear whether a similar exemption would be extended to RQFIs.

For marketable securities other than those trading under QFIs, the new BT Law shall apply to levy a BT of 5% on the difference between the selling and buying prices of those marketable securities. Capital gains derived from trading of offshore PRC securities (e.g. H-Shares), are not subject to BT.

The new BT Law has not specifically stated that whether BT would be imposed on interest earned by non-financial institutions from bond investments. Hence, 5% BT may apply on interest income derived on bond investments.

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

If BT is applicable, there will also be other surtaxes imposed based on the amount of BT payable which include urban construction and maintenance tax (currently at a rate ranging from 1% to 7%), education surcharge (currently at a rate of 3%) and local education surcharge (currently at a rate of 2%).

**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 the PRC of certain documents, including contracts for sale of China A- and B-Shares traded on the PRC stock exchanges. In the case of contracts for sale of China A- and B-Shares, such stamp duty is currently imposed on the seller but not on the buyer, at the rate of 0.1%.

# Fees and Charges

## Management Fees and Servicing Fees

The Manager is entitled to receive a management fee, currently at the rate of 0.45% per annum of the Net Asset Value of the Horizons CSI 300 ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The Manager is also entitled to receive a servicing fee but currently intends to waive the servicing fee.

## Trustee's Fee

The Trustee receives out of the assets of the Horizons CSI 300 ETF a monthly Trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day at the following percentages of the Net Asset Value of the Horizons CSI 300 ETF: 0.12% if the Net Asset Value equals or is less than US\$200 million, 0.08% if the Net Asset Value exceeds US\$200 million but is within US\$500 million (inclusive), and 0.06% if the Net Asset Value exceeds US\$500 million, subject to a minimum fee of US\$6,000 per month. The Trustee's fee is inclusive of the fee payable to the PRC Custodian.

The Trustee shall also be entitled to be reimbursed out of the assets of the Horizons CSI 300 ETF all out-of-pocket expenses incurred.

## Registrar's Fee

The Registrar is entitled to receive an ongoing registry service fee of HK\$96,000 per annum in respect of Horizons CSI 300 ETF. These fees are payable out of the assets of Horizons CSI 300 ETF.

The Registrar shall also be entitled to be reimbursed out of the assets of Horizons CSI 300 ETF all out-of-pocket expenses incurred.

## Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the Horizons CSI 300 ETF are summarised in the table below:

## Creation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	RMB8,000 per Application. See Note 3.
Application Cancellation Fee	RMB8,000 per Application. See Note 4.
All other Duties and Charges incurred by the Trustee or the Manager in connection with the creation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5

## Realisation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	RMB8,000 per Application. See Note 3.
Application Cancellation Fee	RMB8,000 per Application. See Note 4.
All other Duties and Charges incurred by the Trustee or the Manager in connection with the realisation	As applicable and may include, <i>inter alia</i> , brokerage costs and stamp duty charges. See Note 5

## Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the Horizons CSI 300 ETF on the SEHK are summarised in the table below:

Brokerage	Market rates
Transaction Levy	0.003% See Note 6.
Trading Fee	0.005% See Note 7.
Stamp Duty	Nil See Note 8.
Inter-counter transfers	HK\$5 See Note 9.

## Notes

1. A Transaction Fee of RMB12,000 per Application is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.
2. A service agent fee of HK\$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction. A monthly reconciliation fee of HK\$5,000 is payable by the Manager to the Service Agent. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.
3. An Extension Fee is payable to the Trustee for the benefit of the Trustee on each occasion the Manager grants the Participating Dealer's request for extended settlement or partial delivery in respect of a Creation or Realisation Application.
4. An Application Cancellation Fee is payable to, and for the account and benefit of, the Trustee in respect of either a withdrawn or failed Creation or Realisation Application.
5. Participating Dealers may apply to the Manager for further details, although it should be noted that the actual Duties and Charges can only be determined only after the relevant Applications have been effected.
6. A Transaction Levy of 0.003% of the price of the Units, payable by each of the buyer and the seller.
7. A Trading Fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.
8. Stamp duty of 0.1% of the price of the Units, payable by each of the buyer and seller, except in respect of qualifying market maker transactions. Application has been made to the Financial Services and Treasury Bureau and the Manager anticipates approval will be given for remission or refund in full of stamp duty payable or paid in respect of any contract notes or instruments of transfer relating to transactions in Units in the Horizons CSI 300 ETF immediately before the listing of the Units on the SEHK. Therefore, the Manager anticipates that the seller and the buyer of the Units shall not be liable for Hong Kong stamp duty upon such transfer. However, nominal stamp duty may still be payable on any instruments of transfer relating to transactions in Units in the Horizons CSI 300 ETF.
9. This fee is applicable to the Horizons CSI 300 ETF, which has adopted a Dual Counter and has RMB and HKD traded Units. HKSCC will charge each CCASS participant a fee of HK\$5 per instruction for effecting an inter-counter transfer of the Horizons CSI 300 ETF between one counter and the other counter. Investors should check with their brokers regarding any additional fees.

## Index Description

*This section is a brief overview of the CSI 300 Index. It contains a summary of the principal features of the CSI 300 Index and is not a complete description of the CSI 300 Index. As of the date of this Prospectus, the summary of the CSI 300 Index in this section is accurate and consistent with the complete description of the CSI 300 Index. Complete information on the CSI 300 Index appears in the website identified below. Such information may change from time to time and details of the changes will appear on that website.*

### General Information

The CSI 300 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 CSI 300 Index consists of the 300 stocks with the largest market capitalisation and good liquidity from the entire universe of listed A-Share companies in the PRC. The CSI 300 Index is calculated and disseminated in RMB on a real-time basis and is maintained by China Securities Index Co., Ltd. ("CSI" or the "Index Provider"). The CSI 300 Index is quoted in RMB.

The CSI 300 Index is a price return index. A price return index calculates the performance of the CSI 300 Index constituents on the basis that any dividends or distributions are not reinvested.

The CSI 300 Index was launched on 8 April 2005 and had a base level of 1,000 on 31 December 2004.

As of 29 August 2014, the CSI 300 Index had a total free-float market capitalisation of RMB5,333 billion and 300 constituents.

### Index Calculation

The CSI 300 Index is calculated and disseminated in RMB on a real-time basis and is maintained by the Index Provider, a joint-venture established on 25 August 2005 between the Shanghai Stock Exchange and the Shenzhen Stock Exchange, which specialises in the management of securities indices and the provision of related services.

The Manager (and each of its Connected Persons) is independent of CSI.

### Index Calculation Method

The CSI 300 Index is weighted by adjusted capital stock and calculated using the Paasche weighted composite price index formula. The adjusted capital stock is obtained using the classification and rounding off method, as shown in the following table:

Free-float proportion (%)	≤ 10	(10, 20]	(20, 30]	(30, 40]	(40, 50]	(50, 60]	(60, 70]	(70, 80]	>80
Weighted proportion (%)	Free-float proportion	20	30	40	50	60	70	80	100

Examples: If the free-float proportion of a certain stock is 7%, which is less than 10%, the free-float proportion of the capital stock will be used as the weight. If the free-float proportion of a certain stock is 35%, which falls in the (30, 40] range, the weight will be 40% of the total capital stock.

Note: The term “free-float proportion” means the proportion of capital stock remaining after excluding the following non-negotiable shares from the total capital stock: (1) shares held on a long-term basis by the company’s founders, family members and senior management; (2) state-owned shares; (3) shares held by strategic investors; (4) frozen shares; (5) restricted employee shares; (6) cross-holdings, etc.

### Calculation Formula

$$\text{Index for a given reporting period} = \frac{\text{adjusted market cap of constituents during reporting period}}{\text{base period}} \times 1000$$

Where: adjusted market cap =  $\sum$  (market price x adjusted number of shares of the constituent’s capital stock)

### Index Maintenance

The CSI 300 Index is maintained using the “divisor adjustment methodology.” In the event of a change in the list of constituents or in a constituent’s equity structure, or a change in the adjusted market capitalisation of a constituent stock due to non-trading factors, the old divisor is adjusted by means of the divisor adjustment methodology, so as to maintain the continuity of the index. The adjustment formula is as follows:

$$\frac{\text{adjusted market cap before divisor adjustment}}{\text{old divisor}} = \frac{\text{adjusted market cap after divisor adjustment}}{\text{new divisor}}$$

Where: “adjusted market cap after divisor adjustment” = adjusted market cap before divisor adjustment + increase (decrease) in adjusted market capitalisation. The new divisor (i.e. the adjusted divisor, also known as the new base period) is obtained from this formula and used to calculate the CSI 300 Index.

Circumstances under which maintenance of the CSI 300 Index is required include the following:

- (a) ex-right: whenever bonus shares or rights are issued for a constituent stock, the CSI 300 Index is adjusted the day before such issuance; adjusted market cap after divisor adjustment = ex-right quote x number of shares of capital stock after the stock started to trade ex-right + adjusted market cap before divisor adjustment (excluding ex-right shares);
- (b) suspension of trading: if a constituent stock is suspended from trading, its last trading price is used to calculate the CSI 300 Index, until trading is resumed;
- (c) other corporate events such as second offering or exercise of warrants:
  - (i) if the cumulative change of constituent shares is more than 5%, the CSI 300 Index is adjusted the day before the change; adjusted market cap after the adjustment = closing price x adjusted number of shares after the change;
  - (ii) if the cumulative change of constituent shares is less than 5%, the CSI 300 Index is adjusted in the next regular review; and

(d) when there is a periodic adjustment or an ad hoc adjustment of the list of constituent stocks of the CSI 300 Index, the CSI 300 Index is adjusted prior to the date of the change.

### **Index Advisory Committee**

CSI has established an index advisory committee (the “Index Advisory Committee”), which is responsible for the evaluation, consulting and examination of CSI index methodologies.

### **Index Universe**

The selection universe of the CSI 300 Index (the “Index Universe”) includes all the A-Shares (each a “Stock”) listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange satisfying the following conditions:

- (a) The Stock has been listed for more than three months at the time it is considered for inclusion in the CSI 300 Index. If it has been listed for less than 3 months, it will be considered for inclusion in the Index Universe if its daily average total market value since its initial listing has ranked within the top 30 companies in all the A-Shares; and
- (b) The Stock is not designated for special treatment or potential delisting by any of the CSRC, the Shanghai Stock Exchange or the Shenzhen Stock Exchange as a result of continuous financial losses.

### **Selection Criteria**

Index constituents are selected as follows and the candidate constituents should have good performance without serious financial problems or laws and regulations breaking events and with no large price volatility that shows strong evidence of manipulated. CSI:

- (a) Calculates the A-Shares daily average trading value and A-Shares daily average total market value during the most recent year for stocks in the Index Universe, or in case of a new issue, during the fourth trading day that it was a public company;
- (b) Ranks the Stocks in the universe by A-Shares daily average trading value of the most recent year in descending order and delete the bottom ranked 50% stocks;

(c) Ranks the remaining stocks by A-Shares daily average market value of the most recent year in descending order, those who rank top 300 are selected as Index constituents.

### **Index Periodical Review**

The constituents of the CSI 300 Index (each an “Index Constituent”) are reviewed every 6 months by the Index Advisory Committee, which usually meets in early June and December every year. The Index Constituents are adjusted according to the periodical review and any changes to the composition of the CSI 300 Index are implemented after market close of the second Friday of June and December each year.

The number of constituents adjusted at each periodical review will not exceed 10% and CSI has adopted buffer zone rules in order to minimize the CSI 300 Index turnover. Existing Index Constituents ranked in the top 60% by daily average trading value of the most recent year in descending order in the Index Universe will be included in the next stage to be ranked by daily average market value of the most recent year in descending order. New candidate stocks ranked in top 240 (by decreasing order of free float market capitalisation) within the Selection Universe will be given priority to be selected as Index Constituents. Existing Index Constituents ranked in top 360 (by decreasing order of free float market capitalisation) will be given priority to remain in the CSI 300 Index.

### **Index Adjustments**

Necessary adjustments are made by CSI when some corporate events happen so as to maintain the representativeness and investability of the CSI 300 Index. Such events include without limitation the bankruptcy, restructuring, merger, acquisition and spin-off, of an Index Constituent issuer and the delisting, temporary suspension from trading and re-issuance, of an Index Constituent.

In general, CSI will publicise Index Constituent adjustments lists as soon as practicable after the adjustments are decided and before their implementation.

### Further Information

As at 29 August 2014, the 10 largest constituents of the CSI 300 Index, representing in excess of 22% of the market capitalisation of the CSI 300 Index based on total shares in issue, were as follows:

Rank	Constituent Name	Stock Exchange	Weighting
1.	Ping An Insurance Group Co	XSHG Shanghai Stock Exchange	3.81%
2.	China Merchants Bank Co Ltd	XSHG Shanghai Stock Exchange	3.27%
3.	China Minsheng Banking Corp Ltd	XSHG Shanghai Stock Exchange	3.18%
4.	Industrial Bank Co Ltd	XSHG Shanghai Stock Exchange	2.21%
5.	Shanghai Pudong Development Bank Co Ltd	XSHG Shanghai Stock Exchange	1.99%
6.	CITIC Securities Co Ltd	XSHG Shanghai Stock Exchange	1.90%
7.	China Vanke Co Ltd	XSHE Shenzhen Stock Exchange	1.66%
8.	Haitong Securities Co Ltd	XSHG Shanghai Stock Exchange	1.49%
9.	Kweichow Moutai Co Ltd	XSHG Shanghai Stock Exchange	1.36%
10.	Gree Electric Appliances Inc	XSHE Shenzhen Stock Exchange	1.28%

Details of the index methodology and the latest list of constituents of the CSI 300 Index can be found on [www.csindex.com.cn](http://www.csindex.com.cn).

### Index Codes

Shanghai Stock Exchange Quote System Code: 000300  
 Shenzhen Stock Exchange Quote System Code: 399300  
 Bloomberg Code: SHSZ300  
 Reuters Code: CSI300

### Index Licence

The Manager has entered into a licence agreement with the Index Provider, CSI. The term of the licence agreement commenced on 26 August 2014 and should remain in full force and effect for five years. The licence agreement should renew automatically for three year terms, subject to the terms of the licence agreement.

### Index Disclaimer

The CSI 300 Index is compiled and calculated by CSI. All copyright in the Index values and constituent list vest in CSI. CSI will apply all necessary means to ensure the accuracy of the CSI 300 Index. However, CSI does not guarantee its instantaneity, completeness or accuracy, nor shall it be liable (whether in negligence or otherwise) to any person for any error in the CSI 300 Index or under any obligation to advise any person of any error therein.