

IMPORTANT

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

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Horizons CSI 300 ETF (RMB Counter Stock Code: 83127; HKD Counter Stock Code: 3127) the sub-fund (the "Sub-Fund") 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)*¹

Clarificatory Notice to Unitholders

Dear Unitholders,

Impact of the Change of PRC Withholding Tax Provisioning Approach of the Sub-Fund

Reference is made to the Notice to Unitholders dated 19 November 2014 (the "**Previous Manager's Notice**") in relation to a change of PRC withholding tax ("**WIT**") provisioning approach applicable to the Sub-Fund, which have a net positive impact on the Net Asset Value of the Sub-Fund as of 19 November 2014 (published after market closes on 19 November 2014). We, as the Manager of the Trust, wish to clarify the following matters:

Gross Realised Capital Gains Derived from Investments in A-Shares Made Prior to 19 November 2014

The Sub-Fund has not incurred any gross realised capital gains derived from investments in A-Shares issued by PRC tax resident companies which are non-land rich companies or land rich companies and made any WIT provision on such realised capital gains for the period from the launch of the Sub-Fund to 18 November 2014.

The Sub-Fund therefore is not subject to any PRC corporate income tax liabilities stipulated in 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 (the "**Notice**") jointly issued by the Ministry of Finance of the PRC, the State Administration of Taxation of the PRC and the China Securities Regulatory Commission on 14 November 2014 relating to the gross realised capital gains derived from investments in A-Shares prior to 17 November 2014 or onwards. This does not have any impact on the Net Asset Value of the Sub-Fund.

Gross Unrealised Capital Gains Derived from Investments in A-Shares Made Prior to 19 November 2014

The Sub-Fund had made WIT provision on the gross unrealised capital gains derived from investments in A-Shares issued by PRC tax resident companies which are land rich companies for the period from the launch of the Sub-Fund to 18 November 2014, according to the existing tax provisioning policy adopted by the Sub-Fund. Pursuant to the Notice, the Manager, having notified the auditor and the tax advisor and without their objection, has reversed the said WIT provision on the gross unrealised capital gains derived from investments in A-Shares issued by land rich companies prior to 19 November 2014 (but not prior to 17 November 2014 as mentioned in the Previous Manager's Notice). This WIT reverse has a positive impact on the Net Asset Value of the Sub-Fund.

¹ SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

The net impact of the WIT reverse is that the Net Asset Value of the Sub-Fund was increased by RMB 232,741,31, representing 0.064% of the total Net Asset Value of the Sub-Fund as of 18 November 2014, which was described in the Previous Manager's Notice. The figures were provided in absolute amount and as a percentage out of the actual Net Asset Value of the Sub-Fund as of 18 November 2014 for Unitholders' information.

Gross Realised and Unrealised Capital Gains Derived from Investments in A-Shares Made On or After 19 November 2014

In light of the Notice, the Manager, having notified the auditor and tax advisor and without their objection, will not make WIT provision for gross realised and unrealised capital gains derived from investments in A-Shares for the Sub-Fund from 19 November 2014 onwards.

Capitalised terms used in this notice shall have the same meaning as defined in the Prospectus of the Trust dated 19 September 2014.

If you have any questions concerning the above, please contact us at (852) 2295 1500 during office hours.

The Manager accepts responsibility for the accuracy of the contents of this notice.

Mirae Asset Global Investments (Hong Kong) Limited

2 December 2014