

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.

The Stock Exchange of Hong Kong Limited ("SEHK"), the Hong Kong Exchanges and Clearing Limited, the Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission (the "SFC") take no responsibility for the contents of this 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 notice.

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 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)

(collectively the "Sub-Funds")

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)¹

Notice to Unitholders

Dear Unitholders,

Capitalised terms used in this notice shall have the same meaning as defined in the Prospectus of the Trust dated 30 May 2016.

We, as the Manager of the Trust and the Sub-Funds, would like to inform you that the past performance information relating to the Sub-Funds as displayed on the Manager's website (<http://www.horizonsetfs.com.hk>)² and as disclosed in the Product Key Facts Statements ("KFS") of the Sub-Funds were incorrect and inconsistent with each other. Please refer to Section A below for a summary of such misstatements. All the misstatements were subsequently corrected by the Manager on 1 June 2016. The correct past performance information of the Sub-Funds and the updated KFS of the Sub-Funds with the misstatements rectified are now available from the Manager's website.

A. Background

1. Horizons CSI 300 ETF

Due to an inadvertent oversight and in-house server database non-synchronization and data-input default (the "**Database Input Default**") caused by the Manager's parent company in Korea ("**Headquarters**") who provides centralized database system to its group entities (in respect of missing / wrong data on the website), certain past performance information relating to Horizons CSI 300 ETF and the two related indices, namely, CSI 300 Index (Total Return) and CSI 300 Index (Price Return) were incorrectly displayed or omitted on the Manager's website from 1 January 2016 to 1 June 2016 and incorrectly disclosed in the KFS of Horizons CSI 300 ETF dated 11 March 2016 as shown in the table below. The misstatement, omission and actual past performance information of Horizons CSI 300 ETF, the CSI 300 Index (Price Return) and CSI 300 Index (Total Return) are as follows:

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.

² This website <http://www.horizonsetfs.com.hk> has not been reviewed by the SFC.

Calendar Year Performance :

<u>Sub-Fund / Index</u>	<u>Year</u>	<u>Disclosure of past performance information on website from 1 January 2016 to 1 June 2016</u>	<u>Disclosure of past performance information in KFS dated 11 March 2016</u>	<u>Actual past performance figure</u>	<u>Understatement/Overstatement*</u>
Horizons CSI 300 ETF	2015	7.0%	-0.01%	6.0%	Overstated by 1% (website) Understated by 6.01% (KFS)
CSI 300 Index (Price Return)	2015	Not displayed	0.25%	5.6%	Understated by 5.35% (KFS)
CSI 300 Index (Total return)	2015	Not displayed	Not disclosed	7.2%	Not applicable

All performance numbers are net of fees, NAV to NAV.

*The understatement or the overstatement was calculated by the difference of the actual past performance figures and the disclosed incorrect past performance figures.

2. Horizons KOSPI 200 ETF

Separately, due to Database Input Default and the oversight of the Manager, certain past performance information relating to Horizons KOSPI 200 ETF and the two related indices, namely, KOSPI 200 Index (Price Return), the underlying index of Horizons KOSPI 200 ETF, and KOSPI 200 Index (Total Return), as displayed on the Manager's website from 17 March 2016 to 1 June 2016 were omitted, incorrect and inconsistent with the disclosure in the KFS of Horizons KOSPI 200 ETF dated 20 April 2016 as shown in the table below. The KFS of Horizons KOSPI 200 ETF dated 20 April 2016 contained the correct disclosure. The misstatement, omission and actual past performance information are as follows :

Calendar Year Performance :

<u>Sub-Fund / Index</u>	<u>Year</u>	<u>Disclosure of past performance information on website from 17 March 2016 to 1 June 2016</u>	<u>Actual past performance figure</u>	<u>Understatement/Overstatement*</u>
KOSPI 200 Index (Total return)	2012	Not displayed	21.2%	Not applicable
KOSPI 200 Index (Total Return)	2013	21.2%	2.5%	Overstated by 18.7% (website)
Horizons KOSPI 200 ETF	2014	-10.4%	-10.6%	Overstated by 0.2% (website)
KOSPI 200 Index (Total Return)	2014	2.5%	-9.8%	Overstated by 12.3% (website)

Horizons KOSPI 200 ETF	2015	-8.4%	-7.7%	Understated by 0.7% (website)
KOSPI 200 Index (Price Return)	2015	Not displayed	-7.8%	Not applicable
KOSPI 200 Index (Total Return)	2015	-9.9%	-6.7%	Understated by 3.2% (website)

All performance numbers are net of fees, NAV to NAV.

3. Horizons Hang Seng High Dividend Yield ETF

Due to the Database Input Default and the oversight of the Manager, certain past performance information relating to Horizons Hang Seng High Dividend Yield ETF and Hang Seng High Dividend Yield Index, the underlying index of Horizons Hang Seng High Dividend Yield ETF, as displayed on the Manager's website from 17 March 2016 to 1 June 2016 were omitted, incorrect and inconsistent with the disclosure in the KFS of Horizons Hang Seng High Dividend Yield ETF dated 20 April 2016 as shown in the table below. The KFS of the Horizons Hang Seng High Dividend Yield ETF dated 20 April 2016, contained the correct disclosure. The misstatement, omission and actual past performance information are as follows :

Calendar Year Performance :

<u>Sub-Fund / Index</u>	<u>Year</u>	<u>Disclosure of past performance information on website from 17 March 2016 to 1 June 2016</u>	<u>Actual past performance figure</u>	<u>Understatement/Overstatement*</u>
Horizons Hang Seng High Dividend Yield ETF	2015	-0.50%	0.0%	Understated by 0.5% (website)
Hang Seng High Dividend Yield Index (Net Total Return)	2015	Not displayed	0.2%	Not applicable

All performance numbers are net of fees, NAV to NAV.

4. Horizons S&P Emerging Asia Consumer ETF, Horizons S&P Global Consumer Brands ETF and Horizons MSCI China ETF

As a result of the Database Input Default and the oversight of the Manager, certain past performance information relating to Horizons S&P Emerging Asia Consumer ETF, Horizons S&P Global Consumer Brands ETF and Horizons MSCI China ETF, and their respective underlying index in year 2015 as displayed on the Manager's website during 17 March 2016 to 1 June 2016 were omitted, incorrect and inconsistent with the disclosure in their KFS (dated 20 April 2016 for Horizons S&P Emerging Asia Consumer ETF and Horizons S&P Global Consumer Brands ETF, and dated 11 March 2016 for Horizons MSCI China ETF) as shown in the table below. The KFS contained the correct disclosure. The misstatement, omission and actual past performance information are as follows :

Calendar Year Performance :

<u>Sub-Fund / Index</u>	<u>Year</u>	<u>Disclosure of past performance information on website from 17 March 2016 to 1 June 2016</u>	<u>Actual past performance figure</u>	<u>Understatement/Overstatement*</u>
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Horizons S&P Emerging Asia Consumer ETF	2015	-13.3%	-12.9%	Understated by 0.4% (website)
S&P Emerging Asia Consumer Index (Net Total Return)	2015	Not displayed	-11.5%	Not applicable
Horizons S&P Global Consumer Brands ETF	2015	-2.7%	-3.4%	Overstated by 0.7% (website)
S&P Global Consumer Enterprises Index (Net Total Return)	2015	Not displayed	-2.5%	Not applicable
<u>Sub-Fund / Index</u>	<u>Year</u>	<u>Disclosure of past performance information on website from 17 March 2016 to 1 June 2016</u>	<u>Actual past performance figure</u>	<u>Understatement/Overstatement*</u>
Horizons MSCI China ETF	2015	-7.5%	-7.3%	Understated by 0.2% (website)
MSCI China Index (Net Total Return)	2015	Not displayed	-7.9%	Not applicable

All performance numbers are net of fees, NAV to NAV.

B. Remedial measures

Ernst & Young had verified all relevant disclosures and past performance information in this notice, KFS, website and factsheets of the Sub-Funds based on the published NAV.

The Database Input Default has been fixed on 1 June 2016. To avoid recurrence of any similar incident in the future, the Manager will also strive to improve the monitoring of consistency between the information disclosed in the Sub-Funds' offering documents and the information disseminated via its website on an on-going basis and to ensure compliance with the relevant laws, regulations, code, guidelines, circulars and rules in Hong Kong applicable to the Trust and the Sub-Funds. The Manager will take a proactive role in providing its staff training from time to time. The Manager will also ensure that there is clearer communication between all parties involved in the documentation update process and database upgrade. The Manager apologises for any inconvenience caused by the aforesaid incident.

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

16 November 2016