

HORIZONS EXCHANGE TRADED FUNDS SERIES

AUDITED FINANCIAL STATEMENTS

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
HORIZONS S&P ASIA EX JANZ MATERIALS ETF

FOR THE PERIOD FROM 1 APRIL 2015 TO 30 MAY 2016
(TERMINATION DATE)

(SUB-FUNDS OF HORIZONS EXCHANGE TRADED FUNDS
SERIES)

HORIZONS EXCHANGE TRADED FUNDS SERIES

CONTENTS

	Page
Report of the trustee to the unitholders	1
Independent auditors' report	2 - 3
Audited financial statements	
Statement of net assets	4 - 5
Statement of profit or loss and other comprehensive income	6 - 7
Statement of changes in net assets attributable to unitholders	8 - 9
Statement of cash flows	10 - 14
Notes to the financial statements	15 - 56
Statement of movements in investment portfolio (Unaudited)	57 - 63
Performance record (Unaudited)	64
Management and administration	65

IMPORTANT:


Any opinion expressed herein reflects the Manager's view only and is subject to change. For more information about Horizons Exchange Traded Funds Series, please refer to the prospectus of the Horizons Exchange Traded Funds Series which is available on our website: www.horizonsetfs.com.hk.

Investors should not rely on the information contained in this report for their investment decisions.

HORIZONS EXCHANGE TRADED FUNDS SERIES

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, Mirae Asset Global Investments (Hong Kong) Limited, the Manager of the Horizons Exchange Traded Funds Series (the "Trust") has, in all material respects, managed the 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 in accordance with the provisions of the trust deed dated 23 December 2010, as amended by the supplemental deeds dated 16 December 2011, 23 December 2011, 5 November 2012, 14 May 2013, 3 September 2014 and 16 November 2015 (collectively, the "Trust Deed"), for the period from 1 April 2015 to 30 May 2016 (the "Termination Date").



Cititrust Limited (the "Trustee")
15 September 2016



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Independent auditors' report

To the unitholders of 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 of Horizons Exchange Traded Funds Series (the "Trust")
(An umbrella unit trust established under the laws of Hong Kong)

We have audited the financial statements of 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 (collectively, the "Terminated Sub-Funds") of the Trust set out on pages 4 to 56, which comprise the statement of net assets as at 30 May 2016 (Termination Date), and the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to unitholders and the statement of cash flows for the period from 1 April 2015 to 30 May 2016 (Termination Date) for 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 and a summary of significant accounting policies and other explanatory information.

Trustee's and Manager's responsibilities for the financial statements

The Trustee and Mirae Asset Global Investments (Hong Kong) Limited (the "Manager" or "Management") of the Terminated Sub-Funds of the Trust are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and are responsible for ensuring that these financial statements have been properly prepared in accordance with the relevant disclosure provisions of the trust deed of the Terminated Sub-Funds dated 23 December 2010 as amended by the supplemental deeds dated 16 December 2011, 23 December 2011, 5 November 2012, 14 May 2013, 3 September 2014 and 16 November 2015 (collectively, the "Trust Deed"), and the disclosure requirements specified in Appendix E to the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (the "SFC Code") and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also required to assess whether the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E to the SFC Code.



Independent auditors' report (continued)

To the unitholders of 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 of Horizons Exchange Traded Funds Series (the "Trust")
(An umbrella unit trust established under the laws of Hong Kong)

Auditors' responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Terminated Sub-Funds' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Terminated Sub-Funds' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Terminated Sub-Funds as at 30 May 2016 (Termination Date), and their financial performance and cash flows for the period from 1 April 2015 to 30 May 2016 (Termination Date) for 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 in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E to the SFC Code.

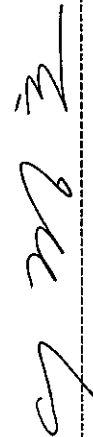

Certified Public Accountants
Hong Kong
15 September 2016

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF NET ASSETS

As at 30 May 2016 (Termination Date)

Notes	Horizons S&P Asia ex JANZ Financials ETF		Horizons S&P Asia ex JANZ IT ETF		Horizons S&P Asia ex JANZ Industrials ETF	
	As at 30 May 2016 (Termination Date) HK\$	As at 31 March 2015 HK\$	As at 30 May 2016 (Termination Date) HK\$	As at 31 March 2015 HK\$	As at 30 May 2016 (Termination Date) HK\$	As at 31 March 2015 HK\$
CURRENT ASSETS						
Financial assets at fair value through profit or loss	6(e), 11(b)(i)	22,596,304	-	31,795,139	-	17,649,626
Dividends receivable		43,255	-	88,809	-	89,145
Bank balances	6(e)	99,274	-	234,938	-	92,849
TOTAL ASSETS		22,738,833	-	32,118,886	-	17,831,620
CURRENT LIABILITIES						
Management fee payable	6(b)	8,810	-	12,627	-	6,927
Trustee fee payable	6(c)	2,349	-	3,367	-	1,847
Formation fee payable		14,311	-	14,312	-	14,311
Administration fee payable	6(d)(i)	3,524	-	5,051	-	2,771
TOTAL LIABILITIES		28,994	-	35,357	-	25,856
EQUITY						
Net assets attributable to unitholders	3	22,709,839	-	32,083,529	-	17,805,764
TOTAL LIABILITIES AND EQUITY		22,738,833	-	32,118,886	-	17,831,620
Number of units in issue	3(b)	800,000	-	1,000,000	-	800,000
Net asset value per unit	3(b)	28.3873	-	32.0835	-	22.2572



Mirae Asset Global Investments (Hong Kong) Limited

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF NET ASSETS (CONTINUED)

As at 30 May 2016 (Termination Date)

Notes	Horizons S&P Asia ex JANZ Energy ETF		Horizons S&P Asia ex JANZ Materials ETF	
	As at 30 May 2016 (Termination Date) HK\$	As at 31 March 2015 HK\$	As at 30 May 2016 (Termination Date) HK\$	As at 31 March 2015 HK\$
CURRENT ASSETS				
Financial assets at fair value through profit or loss	6(e), 11(b)(i)	12,186,698	-	20,115,205
Dividends receivable		24,022	-	103,748
Bank balances	6(e)	74,777	-	109,829
TOTAL ASSETS		12,285,497	-	20,328,782
CURRENT LIABILITIES				
Management fee payable	6(b)	4,823	-	7,981
Trustee fee payable	6(c)	1,286	-	2,128
Formation fee payable		14,312	-	14,312
Administration fee payable	6(d)(i)	1,929	-	3,192
TOTAL LIABILITIES		22,350	-	27,613
EQUITY				
Net assets attributable to unitholders	3	12,263,147	-	20,301,169
TOTAL LIABILITIES AND EQUITY		12,285,497	-	20,328,782
Number of units in issue	3(b)	800,000	-	1,200,000
Net asset value per unit	3(b)	15.3289	-	16.9176

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Mirae Asset Global Investments (Hong Kong) Limited

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 1 April 2015 to 30 May 2016 (Termination Date)

Notes	Horizons S&P Asia ex JANZ Financials ETF		Horizons S&P Asia ex JANZ IT ETF		Horizons S&P Asia ex JANZ Industrials ETF	
	For the period from 1 April 2015 to 30 May 2016 (Termination Date) HK\$	For the year ended 31 March 2015 HK\$	For the period from 1 April 2015 to 30 May 2016 (Termination Date) HK\$	For the year ended 31 March 2015 HK\$	For the period from 1 April 2015 to 30 May 2016 (Termination Date) HK\$	For the year ended 31 March 2015 HK\$
INCOME						
	677,528	696,103	564,512	625,263	238,465	598,649
Dividend income	7	2	13	27	12	6
Interest income						
Net (loss)/gain on financial assets at fair value through profit or loss	(4,016,857)	3,664,928	(2,859,828)	4,468,757	(1,812,386)	284,544
Net exchange loss	(3,369,345)	(1,391)	(112,921)	(28,149)	(19,039)	(18,804)
	<u>(3,369,345)</u>	<u>4,359,642</u>	<u>(2,408,224)</u>	<u>5,065,898</u>	<u>(1,592,948)</u>	<u>864,395</u>
EXPENSES						
Management fee	(95,143)	(94,691)	(129,763)	(178,913)	(55,378)	(80,660)
Trustee fee	(25,372)	(25,251)	(34,604)	(47,710)	(14,768)	(21,510)
Custody fee and bank charges	(26,026)	(7,691)	(12,433)	(30,032)	(37,489)	(29,577)
Transaction costs on financial assets at fair value through profit or loss	(40,555)	(3,856)	(80,381)	(39,193)	(44,177)	(19,083)
Professional fee	–	(39,220)	–	(67,100)	–	(63,878)
Administration fee	(38,057)	(37,876)	(51,905)	(71,565)	(22,150)	(32,264)
	<u>(225,153)</u>	<u>(208,585)</u>	<u>(309,086)</u>	<u>(434,513)</u>	<u>(173,962)</u>	<u>(246,972)</u>
Operating (loss)/profit	(3,594,498)	4,151,057	(2,717,310)	4,631,385	(1,766,910)	617,423
FINANCE COSTS						
Interest expense	(133)	–	(3,053)	(808)	(351)	(369)
(Loss)/profit before tax	(3,594,631)	4,151,057	(2,720,363)	4,630,577	(1,767,261)	617,054
Withholding tax on dividend income	(62,518)	(60,565)	(100,258)	(110,935)	(15,058)	(21,623)
Withholding tax on capital gains	(8,750)	–	(104,193)	–	–	–
(Loss)/profit after tax and total comprehensive income for the period/year	(3,665,899)	4,090,492	(2,924,814)	4,519,642	(1,782,319)	595,431

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the period from 1 April 2015 to 30 May 2016 (Termination Date)

Notes	Horizons S&P Asia ex JANZ Energy ETF		Horizons S&P Asia ex JANZ Materials ETF	
	For the period from 1 April 2015 to 30 May 2016 (Termination Date) HK\$	For the year ended 31 March 2015 HK\$	For the period from 1 April 2015 to 30 May 2016 (Termination Date) HK\$	For the year ended 31 March 2015 HK\$
INCOME				
Dividend income	319,850	454,850	473,032	572,809
Interest income	7	2	17	2
Net loss on financial assets at fair value through profit or loss	(1,558,564)	(1,601,225)	(1,473,696)	(1,234,692)
Net exchange gain/(loss)	8,528	(2,420)	7,383	(7,008)
Other income	—	—	939	—
	<u>(1,230,179)</u>	<u>(1,148,793)</u>	<u>(992,325)</u>	<u>(668,889)</u>
EXPENSES				
Management fee	(38,177)	(62,963)	(69,783)	(96,771)
Trustee fee	(10,180)	(16,790)	(18,609)	(25,806)
Custody fee and bank charges	(14,559)	(3,520)	(17,444)	(5,794)
Transaction costs on financial assets at fair value through profit or loss	(18,105)	(2,419)	(54,130)	(5,463)
Professional fee	—	(67,100)	—	(67,100)
Administration fee	(15,272)	(25,185)	(27,913)	(38,708)
	<u>(96,293)</u>	<u>(177,977)</u>	<u>(187,879)</u>	<u>(239,642)</u>
Operating (loss)/profit	(1,326,472)	(1,326,770)	(1,180,204)	(908,531)
FINANCE COSTS				
Interest expense	(64)	—	(27)	(440)
Loss before tax	(1,326,536)	(1,326,770)	(1,180,231)	(908,971)
Withholding tax on dividend income	(25,788)	(38,455)	(79,526)	(101,754)
Loss after tax and total comprehensive income for the period/year	<u>(1,352,324)</u>	<u>(1,365,225)</u>	<u>(1,259,757)</u>	<u>(1,010,725)</u>

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the period from 1 April 2015 to 30 May 2016 (Termination Date)

Note	Horizons S&P Asia ex JANZ Financials ETF		Horizons S&P Asia ex JANZ IT ETF		Horizons S&P Asia ex JANZ Industrials ETF	
	For the period from 1 April 2015 to 30 May 2016 (Termination Date) HK\$	For the year ended 31 March 2015 HK\$	For the period from 1 April 2015 to 30 May 2016 (Termination Date) HK\$	For the year ended 31 March 2015 HK\$	For the period from 1 April 2015 to 30 May 2016 (Termination Date) HK\$	For the year ended 31 March 2015 HK\$
Balance at the beginning of the period/year	22,709,839	18,619,347	32,083,529	39,430,501	17,805,764	21,655,685
Redemption of units during the period/year - cash redemption and cash component	(14,373,628)	-	(23,534,014)	(11,866,614)	(12,276,558)	(4,445,352)
Distribution to unitholders	(4,670,312)	-	(5,624,701)	-	(3,746,887)	-
(Loss)/profit after tax and total comprehensive income for the period/year	(3,665,899)	4,090,492	(2,924,814)	4,519,642	(1,782,319)	595,431
Balance at the end of the period/year	-	22,709,839	-	32,083,529	-	17,805,764

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)

For the period from 1 April 2015 to 30 May 2016 (Termination Date)

	Note	Horizons S&P Asia ex JANZ Energy ETF		Horizons S&P Asia ex JANZ Materials ETF	
		For the period from 1 April 2015 to 30 May 2016 (Termination Date) HK\$	For the year ended 31 March 2015 HK\$	For the period from 1 April 2015 to 30 May 2016 (Termination Date) HK\$	For the year ended 31 March 2015 HK\$
Balance at the beginning of the period/year		12,263,147	13,628,372	20,301,169	21,311,894
Redemption of units during the period/year					
- cash redemption and cash component		(3,086,480)	-	(6,457,883)	-
Distribution to unitholders	9	(7,824,343)	-	(12,583,529)	-
Loss after tax and total comprehensive income for the period/year		(1,352,324)	(1,365,225)	(1,259,757)	(1,010,725)
Balance at the end of the period/year		-	12,263,147	-	20,301,169

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CASH FLOWS

For the period from 1 April 2015 to 30 May 2016 (Termination Date)

	<u>Horizons S&P Asia ex JANZ Financials ETF</u>	
	For the period from 1 April 2015 to 30 May 2016 (Termination Date) HK\$	For the year ended 31 March 2015 HK\$
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(3,594,631)	4,151,057
Adjustments for:		
Dividend income	(677,528)	(696,103)
Interest income	(7)	(2)
Interest expense	133	–
	<u>(4,272,033)</u>	<u>3,454,952</u>
Decrease/(increase) in financial assets at fair value through profit or loss	22,596,304	(3,836,702)
(Decrease)/increase in management fee payable	(8,810)	1,842
(Decrease)/increase in trustee fee payable	(2,349)	491
Decrease in formation fee payable	(14,311)	(162,793)
(Decrease)/increase in administration fee payable	(3,524)	737
Cash generated from/(used in) operations	<u>18,295,277</u>	<u>(541,473)</u>
Dividends received	658,265	621,279
Interest received	7	2
Interest paid	(133)	–
Withholding tax on capital gains paid	(8,750)	–
Net cash flows from operating activities	<u>18,944,666</u>	<u>79,808</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid on redemption of units	(14,373,628)	–
Cash paid on distribution to unitholders	(4,670,312)	–
Net cash flows used in financing activities	<u>(19,043,940)</u>	<u>–</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
	<u>(99,274)</u>	<u>79,808</u>
Cash and cash equivalents at the beginning of the period/year	<u>99,274</u>	<u>19,466</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR		
	<u>–</u>	<u>99,274</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	6(e) <u>–</u>	<u>99,274</u>

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CASH FLOWS (CONTINUED)

For the period from 1 April 2015 to 30 May 2016 (Termination Date)

	Note	Horizons S&P Asia ex JANZ IT ETF	
		For the period from 1 April 2015 to 30 May 2016 (Termination Date) HK\$	For the year ended 31 March 2015 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(2,720,363)	4,630,577
Adjustments for:			
Dividend income		(564,512)	(625,263)
Interest income		(13)	(27)
Interest expense		3,053	808
		<u>(3,281,835)</u>	<u>4,006,095</u>
Decrease in financial assets at fair value through profit or loss		31,795,139	7,687,808
Decrease in management fee payable		(12,627)	(2,483)
Decrease in trustee fee payable		(3,367)	(663)
Decrease in formation fee payable		(14,312)	(162,792)
Decrease in administration fee payable		(5,051)	(993)
Cash generated from operations		<u>28,477,947</u>	<u>11,526,972</u>
Dividends received		553,063	521,957
Interest received		13	27
Interest paid		(3,053)	(808)
Withholding tax on capital gains paid		(104,193)	–
Net cash flows from operating activities		<u>28,923,777</u>	<u>12,048,148</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash paid on redemption of units		(23,534,014)	(11,866,614)
Cash paid on distribution to unitholders		(5,624,701)	–
Net cash flows used in financing activities		<u>(29,158,715)</u>	<u>(11,866,614)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		<u>(234,938)</u>	<u>181,534</u>
Cash and cash equivalents at the beginning of the period/year		<u>234,938</u>	<u>53,404</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR			
		<u>–</u>	<u>234,938</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances	6(e)	<u>–</u>	<u>234,938</u>

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CASH FLOWS (CONTINUED)

For the period from 1 April 2015 to 30 May 2016 (Termination Date)

	<u>Horizons S&P Asia ex JANZ Industrials ETF</u>	
	For the period from 1 April 2015 to 30 May 2016 (Termination Date) HK\$	For the year ended 31 March 2015 HK\$
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(1,767,261)	617,054
Adjustments for:		
Dividend income	(238,465)	(598,649)
Interest income	(12)	(6)
Interest expense	351	369
	<u>(2,005,387)</u>	<u>18,768</u>
Decrease in financial assets at fair value through profit or loss	17,649,626	4,077,032
Decrease in management fee payable	(6,927)	(1,267)
Decrease in trustee fee payable	(1,847)	(338)
Decrease in formation fee payable	(14,311)	(162,793)
Decrease in administration fee payable	(2,771)	(507)
Cash generated from operations	15,618,383	3,930,895
Dividends received	312,552	556,388
Interest received	12	6
Interest paid	(351)	(369)
Net cash flows from operating activities	<u>15,930,596</u>	<u>4,486,920</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid on redemption of units	(12,276,558)	(4,445,352)
Cash paid on distribution to unitholders	(3,746,887)	–
Net cash flows used in financing activities	<u>(16,023,445)</u>	<u>(4,445,352)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
	<u>(92,849)</u>	<u>41,568</u>
Cash and cash equivalents at the beginning of the period/year	92,849	51,281
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR		
	<u>–</u>	<u>92,849</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	6(e) <u>–</u>	<u>92,849</u>

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CASH FLOWS (CONTINUED)

For the period from 1 April 2015 to 30 May 2016 (Termination Date)

	Note	Horizons S&P Asia ex JANZ Energy ETF	
		For the period from 1 April 2015 to 30 May 2016 (Termination Date) HK\$	For the year ended 31 March 2015 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(1,326,536)	(1,326,770)
Adjustments for:			
Dividend income		(319,850)	(454,850)
Interest income		(7)	(2)
Interest expense		64	–
		<u>(1,646,329)</u>	<u>(1,781,622)</u>
Decrease in financial assets at fair value through profit or loss		12,186,698	1,514,138
Decrease in management fee payable		(4,823)	(310)
Decrease in trustee fee payable		(1,286)	(83)
Decrease in formation fee payable		(14,312)	(162,792)
Decrease in administration fee payable		(1,929)	(124)
Cash generated from/(used in) operations		<u>10,518,019</u>	<u>(430,793)</u>
Dividends received		318,084	445,439
Interest received		7	2
Interest paid		(64)	–
Net cash flows from operating activities		<u>10,836,046</u>	<u>14,648</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash paid on redemption of units		(3,086,480)	–
Cash paid on distribution to unitholders		(7,824,343)	–
Net cash flows used in financing activities		<u>(10,910,823)</u>	<u>–</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		<u>(74,777)</u>	<u>14,648</u>
Cash and cash equivalents at the beginning of the period/year		<u>74,777</u>	<u>60,129</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR			
		<u><u>–</u></u>	<u><u>74,777</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances	6(e)	<u>–</u>	<u>74,777</u>

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CASH FLOWS (CONTINUED)

For the period from 1 April 2015 to 30 May 2016 (Termination Date)

	Note	Horizons S&P Asia ex JANZ Materials ETF	
		For the period from 1 April 2015 to 30 May 2016 (Termination Date) HK\$	For the year ended 31 March 2015 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(1,180,231)	(908,971)
Adjustments for:			
Dividend income		(473,032)	(572,809)
Interest income		(17)	(2)
Interest expense		27	440
		<u>(1,653,253)</u>	<u>(1,481,342)</u>
Decrease in financial assets at fair value through profit or loss		20,115,205	1,243,274
Decrease in management fee payable		(7,981)	(17)
Decrease in trustee fee payable		(2,128)	(5)
Decrease in formation fee payable		(14,312)	(162,792)
Decrease in administration fee payable		<u>(3,192)</u>	<u>(7)</u>
Cash generated from/(used in) operations		18,434,339	(400,889)
Dividends received		497,254	473,671
Interest received		17	2
Interest paid		<u>(27)</u>	<u>(440)</u>
Net cash flows from operating activities		<u>18,931,583</u>	<u>72,344</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash paid on redemption of units		(6,457,883)	–
Cash paid on distribution to unitholders		<u>(12,583,529)</u>	<u>–</u>
Net cash flows used in financial activities		<u>(19,041,412)</u>	<u>–</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(109,829)	72,344
Cash and cash equivalents at the beginning of the period/year		<u>109,829</u>	<u>37,485</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR			
		<u>–</u>	<u>109,829</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances	6(e)	<u>–</u>	<u>109,829</u>

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Horizons Exchange Traded Funds Series (the “Trust”) is an umbrella unit trust governed by its trust deed dated 23 December 2010 as amended by the supplemental deeds dated 16 December 2011, 23 December 2011, 5 November 2012, 14 May 2013, 3 September 2014 and 16 November 2015 (collectively, the “Trust Deed”) between Mirae Asset Global Investments (Hong Kong) Limited (the “Manager”) and Cititrust Limited (the “Trustee”). The Trust Deed is governed by Hong Kong Law.

As at 30 May 2016, the Trust has established eleven sub-funds, each a separate sub-fund of the Trust, which are authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) pursuant to section 104(1) of the Securities and Futures Ordinance.

The Manager, by means of a resolution of the Board of Directors of the Manager dated 26 February 2016, decided to terminate and delist five sub-funds out of the eleven sub-funds, including 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 referred to individually or collectively as the “Terminated Sub-Fund(s)” on the Stock Exchange of Hong Kong Limited (a subsidiary of The Hong Kong Exchanges and Clearing Limited) (the “SEHK”) on 30 May 2016 (the “Termination Date”).

<u>Name of Terminated Sub-Fund</u>	<u>Delisting and Termination Date on the Stock Exchange of Hong Kong Limited (the “SEHK”)</u>
Horizons S&P Asia ex JANZ Financials ETF	30 May 2016
Horizons S&P Asia ex JANZ IT ETF	30 May 2016
Horizons S&P Asia ex JANZ Industrials ETF	30 May 2016
Horizons S&P Asia ex JANZ Energy ETF	30 May 2016
Horizons S&P Asia ex JANZ Materials ETF	30 May 2016

The last trading day of the units of the Terminated Sub-Funds on the SEHK was 1 April 2016. No dealings of the units on the SEHK and redemption of units were permitted from 1 April 2016 onwards. The Terminated Sub-Funds started to liquidate all investments and ceased to be able to track the underlying indices on the trading cessation date being 5 April 2016.

On 10 May 2016, all Terminated Sub-Funds made final distributions to the unitholders. On 16 May 2016, Horizons S&P Asia ex JANZ IT ETF and Horizons S&P Asia ex JANZ Energy ETF made further distributions to the unitholders. On 19 May 2016, Horizons S&P Asia ex JANZ Financials ETF and Horizons S&P Asia ex JANZ Industrials ETF made further distributions to the unitholders. Please refer to note 9 for details of distributions of the Terminated Sub-Funds.

On 30 May 2016, all Terminated Sub-Funds were terminated and delisted on the SEHK.

The remaining six sub-funds, including Horizons KOSPI 200 ETF, Horizons S&P Emerging Asia Consumer ETF, Horizons S&P Global Consumer Brands ETF, Horizons MSCI China ETF, Horizons Hang Seng High Dividend Yield ETF and Horizons CSI 300 ETF, continue to list on the Stock Exchange of Hong Kong Limited (a subsidiary of The Hong Kong Exchanges and Clearing Limited) and are not included in these financial statements.

These financial statements relate to the above-mentioned Terminated Sub-Funds. The Manager and Cititrust Limited (the “Trustee”) (collectively, the “Management”) are responsible for the preparation of the financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION (CONTINUED)

Horizons S&P Asia ex JANZ Financials ETF (“S&P Asia ex JANZ Financials ETF”)

The objective of S&P Asia ex JANZ Financials ETF (Stock code: 3064) is 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 by investing all, or substantially all, of the assets of S&P Asia ex JANZ Financials ETF in index securities in substantially the same weightings as constituted in their underlying index.

Horizons S&P Asia ex JANZ IT ETF (“S&P Asia ex JANZ IT ETF”)

The objective of S&P Asia ex JANZ IT ETF (Stock code: 3066) is 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 by investing all, or substantially all, of the assets of S&P Asia ex JANZ IT ETF in index securities in substantially the same weightings as constituted in their underlying index.

Horizons S&P Asia ex JANZ Industrials ETF (“S&P Asia ex JANZ Industrials ETF”)

The objective of S&P Asia ex JANZ Industrials ETF (Stock code: 3075) is 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 by investing all, or substantially all, of the assets of S&P Asia ex JANZ Industrials ETF in index securities in substantially the same weightings as constituted in their underlying index.

Horizons S&P Asia ex JANZ Energy ETF (“S&P Asia ex JANZ Energy ETF”)

The objective of S&P Asia ex JANZ Energy ETF (Stock code: 3076) is 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 by investing all, or substantially all, of the assets of S&P Asia ex JANZ Energy ETF in index securities in substantially the same weightings as constituted in their underlying index.

Horizons S&P Asia ex JANZ Materials ETF (“S&P Asia ex JANZ Materials ETF”)

The objective of S&P Asia ex JANZ Materials ETF (Stock code: 3078) is 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 by investing all, or substantially all, of the assets of S&P Asia ex JANZ Materials ETF in index securities in substantially the same weightings as constituted in their underlying index.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds of the SFC (the “SFC Code”).

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

As mentioned in note 1 to the financial statements, the Board of Directors of the Manager resolved to terminate and delist the Terminated Sub-Funds on 30 May 2016 by the resolution dated 26 February 2016. Accordingly, these financial statements have been prepared on a liquidation basis. The estimated expenses associated with liquidation have not been accrued in the statement of net assets as at 30 May 2016 (Termination Date) and statement of profit or loss and other comprehensive income for the period from 1 April 2015 to 30 May 2016 (Termination Date) on the basis that all costs and expenses associated with the termination of each Terminated Sub-Fund (other than normal operating expenses such as transaction costs and any taxes relating to the liquidation of assets of a Terminated Sub-Fund) are borne by the Manager.

Due to the change in the basis of preparation in the current period and the fact that these financial statements cover a period of more than twelve months from 1 April 2015 to 30 May 2016 (Termination Date), the amounts for these financial statements and the related explanatory notes presented are not entirely comparable with the comparative amounts for the year ended 31 March 2015 which were extracted from the financial statements for the year ended 31 March 2015 that were prepared on a going concern basis.

Other than as adjusted for the adoption of the liquidation basis in the current period as further explained in the basis of preparation paragraphs, the significant accounting policies applied in the preparation of these financial statements are as follows:

The preparation of financial statements, in conformity with IFRSs, requires the Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts recognised in the financial statements and disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense that is already recorded. The Terminated Sub-Funds establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which the Terminated Sub-Funds invest. The amounts of such provisions are based on various factors, such as experience of previous tax audits and different interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile.

All references to net assets throughout the financial statements refer to net assets attributable to unitholders unless otherwise stated.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Terminated Sub-Funds applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015.

Annual Improvements 2010-2012 Cycle

IAS 24 Related Party Disclosures: Clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment to IAS 24 has no impact on the Terminated Sub-Funds.

Annual Improvements 2011-2013 Cycle

IFRS 13 Fair Value Measurements: Clarifies that the portfolio exception in IFRS 13 can be applied not only to the financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Terminated Sub-Funds do not apply the portfolio exception in IFRS 13.

(b) Financial instruments

Classification

The Terminated Sub-Funds classify their financial assets and liabilities into the following categories in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

Financial assets at fair value through profit or loss

The Terminated Sub-Funds classify their investments as “financial assets at fair value through profit or loss” in accordance with IAS 39. All financial assets at fair value through profit or loss are designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Terminated Sub-Funds.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Terminated Sub-Funds include in this category amounts relating to dividends receivable.

Financial liabilities

This category includes all financial liabilities, including management fee payable, trustee fee payable, formation fee payable and administration fee payable.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

Recognition

The Terminated Sub-Funds recognise a financial asset or a financial liability when, and only when, they become a party to the contractual provisions of the instrument. Purchases and sales of financial assets at fair value through profit or loss are accounted for on the trade date basis.

Initial measurement

Financial assets at fair value through profit or loss are initially recognised at fair value, excluding transaction costs which are expensed as incurred.

Loans and receivables and financial liabilities are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Terminated Sub-Funds recognise the difference in the profit or loss, unless specified otherwise.

Subsequent measurement

After initial measurement, financial assets at fair value through profit or loss are subsequently re-measured at fair value. Realised and unrealised gains and losses on financial assets at fair value through profit or loss are included in profit or loss in the period in which they arise. Dividend earned on these instruments is recorded separately in dividend income.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Terminated Sub-Funds estimate cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Derecognition

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired, or where the Terminated Sub-Funds have transferred its rights to receive cash flows from the financial asset, or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either the Terminated Sub-Funds have transferred substantially all the risks and rewards of the asset or the Terminated Sub-Funds have neither transferred nor retained substantially all the risks and rewards of the financial asset, but have transferred control of the asset.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

Derecognition (continued)

When the Terminated Sub-Funds have transferred its rights to receive cash flows from an asset (or have entered into a pass-through arrangement), and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Terminated Sub-Funds' continuing involvement in the asset. In that case, the Terminated Sub-Funds also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Terminated Sub-Funds have retained. The Terminated Sub-Funds derecognise a financial liability when the obligation under the liability is discharged, cancelled or expired.

Fair value measurement

The Terminated Sub-Funds measure its investments in financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Terminated Sub-Funds.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments that are listed or traded on an exchange is based on quoted last traded market prices.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Terminated Sub-Funds determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income

Interest income is recognised in the statement of profit or loss and other comprehensive income on a time-proportionate basis using the effective interest method.

Dividend income on equity securities is recognised on the date on which the investments are quoted ex-dividend. Dividend income on equity securities where no ex-dividend date is quoted is accounted for when the Terminated Sub-Funds' right to receive payment is established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of profit or loss and other comprehensive income.

(d) Expenses

Expenses are recognised on an accrual basis.

(e) Cash component

Cash component represents the aggregate net asset value of all the units in connection with a creation or a redemption application less the application basket value.

(f) Cash and cash equivalents

Cash and cash equivalents in the statement of net assets comprise short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

(g) Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Terminated Sub-Funds operate (the "functional currency"). The performance of all the Terminated Sub-Funds is measured and reported to the unitholders in Hong Kong dollar ("HK\$"). The Management considers the HK\$ as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements of the Terminated Sub-Funds are presented in HK\$, which is the Terminated Sub-Funds' functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at functional currency using the exchange rate ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Translation of foreign currencies (continued)

Foreign exchange gains and losses arising from translation are included in the statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are included in the statement of profit or loss and other comprehensive income within “net exchange gain/(loss)”.

Foreign exchange gains and losses relating to the financial instruments classified as at fair value through profit or loss are included in the statement of profit or loss and other comprehensive income within “net gain/(loss) on financial assets at fair value through profit or loss”.

(h) Redeemable units

Redeemable units are classified as an equity instrument when:

- (i) The redeemable units entitle the holder to a pro-rata share of the Terminated Sub-Funds’ net assets in the event of the Terminated Sub-Funds’ liquidation;
- (ii) The redeemable units are in the class of instruments that is subordinate to all other classes of instruments;
- (iii) All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features;
- (iv) The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder’s rights to a pro-rata share of the Terminated Sub-Funds’ net assets; or
- (v) The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Terminated Sub-Funds over the life of the instrument.

In addition to the redeemable units having all the above features, the Terminated Sub-Funds must have no other financial instrument or contract that has:

- (i) Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Terminated Sub-Funds; and
- (ii) The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

The Terminated Sub-Funds’ redeemable units meet the definition of puttable instruments classified as equity instruments under the revised IAS 32 and are classified as equity.

The Terminated Sub-Funds continuously assess the classification of the redeemable units. If the redeemable units cease to have all the features or meet all the conditions set out to be classified as equity, the Terminated Sub-Funds will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Terminated Sub-Funds will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Redeemable units (continued)

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions. Upon issuance of redeemable units, the consideration received is included in equity.

Transaction costs incurred by the Terminated Sub-Funds in issuing or their own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

The Terminated Sub-Funds' own equity instruments which are reacquired are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs.

No gain or loss is recognised in profit or loss on the purchase, sale, issuance or cancellation of the Terminated Sub-Funds' own equity instruments.

Redeemable units can be redeemed in-kind and/or in cash equal to a proportionate share of the Terminated Sub-Funds' net asset value. The Terminated Sub-Funds' net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units of the respective Terminated Sub-Funds. Units are created and redeemed in multiples of 200,000 units for the Terminated Sub-Funds.

(i) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Manager, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

(j) Impairment of financial assets

The Terminated Sub-Funds assess at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been occurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss as 'Credit loss expense'.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of financial assets (continued)

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Terminated Sub-Funds. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to the profit or loss.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(k) Net change in unrealised gains or losses on financial assets at fair value through profit or loss

This item includes changes in the fair value of financial assets as 'at fair value through profit or loss' and excludes dividend income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period unrealised gains and losses for financial instruments which were realised in the reporting period.

(l) Net realised gains or losses on disposal of financial instruments

Net realised gains and losses on disposals of financial instruments classified as 'at fair value through profit or loss' are calculated using the weighted average method. They represent the difference between an instrument's average cost and disposal amount.

(m) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of net assets if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(n) Taxes

In some jurisdictions, investment income and capital gains are subject to withholding tax deducted from the source of the income. The Terminated Sub-Funds present the withholding tax separately from the gross investment income in the profit or loss. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

(o) Distributions to unitholders

Distributions are at the discretion of the Manager. A distribution to the Terminated Sub-Funds' unitholders is accounted for as a deduction from net assets attributable to unitholders. A proposed distribution is recognised as a liability in the period in which it is approved by the Manager.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Related parties

A party is considered to be related to the Terminated Sub-Funds if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Terminated Sub-Funds;
 - (ii) has significant influence over the Terminated Sub-Funds; or
 - (iii) is a member of the key management personnel of the Terminated Sub-Funds or of a parent of the Terminated Sub-Funds;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Terminated Sub-Funds are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Terminated Sub-Funds or an entity related to the Terminated Sub-Funds;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of group of which it is a part, provides key management personnel services to the Terminated Sub-Funds or to the parent of the Terminated Sub-Funds.

3. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND MOVEMENT OF UNITS

(a) Net assets attributable to unitholders

The creation and redemption of units of the Terminated Sub-Funds can only be facilitated by or through participating dealers. Investors other than the participating dealers make a request to create or redeem units through a participating dealer, and if the investor is a retail investor, such request must be made through a stockbroker which has opened an account with a participating dealer.

The Trustee shall receive subscription proceeds from the participating dealers for the creation of units and pay redemption proceeds for the redemption of units to the relevant participating dealer in such form and manner as prescribed by the Trust Deed. Subscriptions and redemptions of units during the year are shown on the statement of changes in net assets attributable to unitholders.

As stated in note 2(h), units of the Terminated Sub-Funds, which are represented by assets less liabilities, are classified as equity and accounted for in accordance with IFRSs (the "Accounting NAV"). For the purpose of determining the NAV per unit for subscriptions and redemptions and for various fee calculations (the "Dealing NAV"), the Trustee calculates the Dealing NAV in accordance with the provisions of the Trust Deed, which may be different from the accounting policies under IFRSs.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

3. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND MOVEMENT OF UNITS (CONTINUED)

(b) Movement of units

The table below summarises the movement of units for the period ended 30 May 2016 (Termination Date) and year ended 31 March 2015, and the Accounting NAV per unit and the Dealing NAV per unit for each of the Terminated Sub-Funds as at 30 May 2016 (Termination Date) and 31 March 2015.

	Number of units				Net assets attributable to unitholders	
	Units in issue at beginning of period	Creation during the period	Redemption during the period	Units in issue at end of period	Accounting NAV	Dealing NAV
<u>As at 30 May 2016 (Termination Date)</u>						
S&P Asia ex JANZ Financials ETF (in HK\$)	800,000	-	(800,000)	-	-	-
S&P Asia ex JANZ IT ETF (in HK\$)	1,000,000	-	(1,000,000)	-	-	-
S&P Asia ex JANZ Industrials ETF (in HK\$)	800,000	-	(800,000)	-	-	-
S&P Asia ex JANZ Energy ETF (in HK\$)	800,000	-	(800,000)	-	-	-
S&P Asia ex JANZ Materials ETF (in HK\$)	1,200,000	-	(1,200,000)	-	-	-
<u>As at 31 March 2015</u>						
	Units in issue at beginning of year	Creation during the year	Redemption during the year	Units in issue at end of year	Accounting NAV	Dealing NAV
S&P Asia ex JANZ Financials ETF (in HK\$)	800,000	-	-	800,000	28.3873	28.3873
S&P Asia ex JANZ IT ETF (in HK\$)	1,400,000	-	(400,000)	1,000,000	32.0835	32.0835
S&P Asia ex JANZ Industrials ETF (in HK\$)	1,000,000	-	(200,000)	800,000	22.2572	22.2572
S&P Asia ex JANZ Energy ETF (in HK\$)	800,000	-	-	800,000	15.3289	15.3289
S&P Asia ex JANZ Materials ETF (in HK\$)	1,200,000	-	-	1,200,000	16.9176	16.9176

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

4. CREATION, REDEMPTION AND MAJOR NON-CASH TRANSACTIONS

S&P Asia ex JANZ Financials ETF

For the period ended 30 May 2016 (Termination Date) and year ended 31 March 2015, S&P Asia ex JANZ Financials ETF redeemed 800,000 units (2015: nil units) in exchange for cash balances of HK\$14,373,628 (2015: HK\$nil).

S&P Asia ex JANZ IT ETF

For the period ended 30 May 2016 (Termination Date) and year ended 31 March 2015, S&P Asia ex JANZ IT ETF redeemed 1,000,000 units (2015: 400,000 units) in exchange for cash balances of HK\$23,534,014 (2015: HK\$11,866,614).

S&P Asia ex JANZ Industrials ETF

For the period ended 30 May 2016 (Termination Date) and year ended 31 March 2015, S&P Asia ex JANZ Industrials ETF redeemed 800,000 units (2015: 200,000 units) in exchange for cash balances of HK\$12,276,558 (2015: HK\$4,445,352).

S&P Asia ex JANZ Energy ETF

For the period ended 30 May 2016 (Termination Date) and year ended 31 March 2015, S&P Asia ex JANZ Energy ETF redeemed 800,000 units (2015: nil units) in exchange for cash balances of HK\$3,086,480 (2015: HK\$nil).

S&P Asia ex JANZ Materials ETF

For the period ended 30 May 2016 (Termination Date) and year ended 31 March 2015, S&P Asia ex JANZ Materials ETF redeemed 1,200,000 units (2015: nil units) in exchange for cash balances of HK\$6,457,883 (2015: HK\$nil).

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

5. NET GAIN/(LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following is a breakdown of net gain/(loss) on financial assets at fair value through profit or loss:

	S&P Asia ex JANZ Financials ETF	S&P Asia ex JANZ IT ETF	S&P Asia ex JANZ Industrials ETF	S&P Asia ex JANZ Energy ETF	S&P Asia ex JANZ Materials ETF
Net realised gain/(loss) on sale of financial assets at fair value through profit or loss	1,260,858	7,058,041	(667,514)	(4,726,145)	(4,330,730)
Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss	(5,277,715) (4,016,857)	(9,917,869) (2,859,828)	(1,144,872) (1,812,386)	3,167,581 (1,558,564)	2,857,034 (1,473,696)
	S&P Asia ex JANZ Financials ETF	S&P Asia ex JANZ IT ETF	S&P Asia ex JANZ Industrials ETF	S&P Asia ex JANZ Energy ETF	S&P Asia ex JANZ Materials ETF
Net realised gain/(loss) on sale of financial assets at fair value through profit or loss	206,202	3,900,280	422,202	(186,533)	8,147
Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss	3,458,726 3,664,928	568,477 4,468,757	(137,658) 284,544	(1,414,692) (1,601,225)	(1,242,839) (1,234,692)

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS

Related parties are those as defined in note 2(q). Related parties of the Terminated Sub-Funds also include the Manager of the Terminated Sub-Funds and its connected persons. Connected persons of the Manager are those as defined in the SFC Code. All transactions entered into during the period/year between the Terminated Sub-Funds and their related parties, including the Manager and its connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Terminated Sub-Funds do not have any other transactions with their related parties, including the Manager and its connected persons except for those disclosed below.

(a) Brokerage commission

During the period from 1 April 2015 to 30 May 2016 (Termination Date), the Terminated Sub-Funds did not utilise the trading services of brokers who are related to the Trustee and the Manager in their purchase and sale of investments.

During the year ended 31 March 2015, S&P Asia ex JANZ IT ETF and S&P Asia ex JANZ Energy ETF did not utilise the trading services of brokers who are related to the Trustee and the Manager in their purchase and sale of investments.

The details of such transactions and the brokerage commission for the year ended 31 March 2015 are shown below.

	Total transaction value HK\$	% of total transaction value of the Terminated Sub-Funds	Total brokerage commission HK\$	Average rate of commission
<u>S&P Asia ex JANZ Financials ETF</u>				
<i>For the year ended 31 March 2015:</i>				
Citigroup Global Market Asia Ltd [#]	5,023	0.22%	10	0.20%
Citigroup Global Markets SG Sec Pte Ltd [#]	12,184	0.53%	184	1.51%
Mirae Asset Wealth Management (HK) Limited (formerly known as Mirae Asset Securities (HK) Limited) *	137,343	6.03%	41	0.03%
Mirae Asset Securities Co., Ltd*	14,064	0.62%	3	0.02%

	Total transaction value HK\$	% of total transaction value of the Terminated Sub-Funds	Total brokerage commission HK\$	Average rate of commission
<u>S&P Asia ex JANZ Industrials ETF</u>				
<i>For the year ended 31 March 2015:</i>				
Citigroup Global Markets Bombay Securities Ltd [#]	148,032	1.52%	44	0.03%
Citigroup Global Markets London Securities Ltd [#]	3,098,637	31.73%	930	0.03%
Citigroup Global Markets Seoul Securities Ltd [#]	956,060	9.79%	287	0.03%
Citigroup Global Markets Taipei Securities Ltd [#]	173,550	1.78%	52	0.03%
Mirae Asset Wealth Management (HK) Limited (formerly known as Mirae Asset Securities (HK) Limited) *	33,350	0.34%	10	0.03%

* Controlling entity of the Manager

Affiliate of the Trustee

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(a) Brokerage commission (continued)

	Total transaction value HK\$	% of total transaction value of the Terminated Sub-Funds	Total brokerage commission HK\$	Average rate of commission
<u>S&P Asia ex JANZ Materials ETF</u>				
<i>For the year ended 31 March 2015:</i>				
Mirae Asset Wealth Management (HK) Limited (formerly known as Mirae Asset Securities (HK) Limited) *	78,960	3.01%	79	0.10%
Mirae Asset Securities Co., Ltd*	43,621	1.66%	11	0.03%

* Controlling entity of the Manager

Affiliate of the Trustee

(b) Management fee

The Manager is entitled to receive a management fee, calculated at an annual rate of the net asset value of the Terminated Sub-Funds at each dealing day, accrued daily and payable monthly in arrears. The Manager is also entitled to receive a servicing fee which is waived by the Manager.

	<u>Maximum rate of the net asset value in %</u>	<u>Annual rate of the net asset value in %</u>	
		For the period from 1 April 2015 to 30 May 2016 (Termination Date)	For the year ended 31 March 2015
S&P Asia ex JANZ Financials ETF	0.45%	0.45%	0.45%
S&P Asia ex JANZ IT ETF	0.45%	0.45%	0.45%
S&P Asia ex JANZ Industrials ETF	0.45%	0.45%	0.45%
S&P Asia ex JANZ Energy ETF	0.45%	0.45%	0.45%
S&P Asia ex JANZ Materials ETF	0.45%	0.45%	0.45%

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(c) Trustee fee

The Trustee is entitled to receive a trustee fee, calculated at an annual rate of the net asset value of the Terminated Sub-Funds at each dealing day, accrued daily and payable monthly in arrears.

Under the terms of the Trust Deed, the Trustee may, after consulting the Manager, on giving not less than one month's notice to unitholders, increase the rate of the trustee fee payable in respect of the Terminated Sub-Funds up to or towards the maximum rate of 1 per cent per annum of the net asset value of the Terminated Sub-Funds. The Trustee shall also be entitled to be reimbursed out of the assets of the Terminated Sub-Funds all out-of-pocket expenses incurred.

	<u>Annual rate¹ of the net asset value in %</u>	
	For the period from 1 April 2015 to 30 May 2016 (Termination Date)	For the year ended 31 March 2015
S&P Asia ex JANZ Financials ETF	0.12%	0.12%
S&P Asia ex JANZ IT ETF	0.12%	0.12%
S&P Asia ex JANZ Industrials ETF	0.12%	0.12%
S&P Asia ex JANZ Energy ETF	0.12%	0.12%
S&P Asia ex JANZ Materials ETF	0.12%	0.12%

¹The current standard annual rates of all Terminated Sub-Funds are 0.12%, 0.08% and 0.06% if the net asset value of each Terminated Sub-Fund equals or is less than US\$200 million, is between US\$200 million and US\$500 million, and exceeds US\$500 million respectively, and is subject to a minimum fee of US\$2,000 for the period from April to December 2014, US\$5,000 for the period from January 2015 to June 2015 per month and US\$6,000 for the period from July 2015 to May 2016 per month. However, the applied minimum monthly fee can be revised down upon concession from the Trustee.

Trustee fee is borne by both the Terminated Sub-Funds and the Manager as follows:

	<u>For the period from 1 April 2015 to 30 May 2016 (Termination Date)</u>	
	Portion borne by the Terminated Sub-Funds	Portion borne by the Manager
S&P Asia ex JANZ Financials ETF (in HK\$)	25,372	603,016
S&P Asia ex JANZ IT ETF (in HK\$)	34,604	593,784
S&P Asia ex JANZ Industrials ETF (in HK\$)	14,768	613,621
S&P Asia ex JANZ Energy ETF (in HK\$)	10,180	618,208
S&P Asia ex JANZ Materials ETF (in HK\$)	18,609	609,779

	<u>For the year ended 31 March 2015</u>	
	Portion borne by the Terminated Sub-Funds	Portion borne by the Manager
S&P Asia ex JANZ Financials ETF (in HK\$)	25,251	230,622
S&P Asia ex JANZ IT ETF (in HK\$)	47,710	208,163
S&P Asia ex JANZ Industrials ETF (in HK\$)	21,510	234,363
S&P Asia ex JANZ Energy ETF (in HK\$)	16,790	239,083
S&P Asia ex JANZ Materials ETF (in HK\$)	25,806	230,067

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(d) Other expenses

(i) *Administration fee*

The Manager is responsible for the payment of several fees, such as audit fee, conversion agent fee and index licensing fee, etc, for the administration of the Terminated Sub-Funds. The Manager is entitled to receive a recharge of the administration fee, calculated at an annual rate on the net asset value of the Terminated Sub-Funds at each dealing day and payable monthly in arrears, as illustrated in the table below.

	<u>Current annual rate of the net asset value in %</u>	
	For the period from 1 April 2015 to 30 May 2016 (Termination Date)	For the year ended 31 March 2015
S&P Asia ex JANZ Financials ETF	0.18%	0.18%
S&P Asia ex JANZ IT ETF	0.18%	0.18%
S&P Asia ex JANZ Industrials ETF	0.18%	0.18%
S&P Asia ex JANZ Energy ETF	0.18%	0.18%
S&P Asia ex JANZ Materials ETF	0.18%	0.18%

The tables below list the breakdown of the administration fee incurred by the Terminated Sub-Funds.

S&P Asia ex JANZ Financials ETF

	<u>For the period from 1 April 2015 to 30 May 2016 (Termination Date)</u>		
	Portion borne by the Terminated Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	3,590	58,360	61,950
Index licensing fee	10,571	131,289	141,860
Other administration fee	23,896	388,470	412,366
	<u>38,057</u>	<u>578,119</u>	<u>616,176</u>
	<u>For the year ended 31 March 2015</u>		
	Portion borne by the Terminated Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	4,237	54,763	59,000
Index licensing fee	10,521	67,479	78,000
Other administration fee	23,118	298,772	321,890
	<u>37,876</u>	<u>421,014</u>	<u>458,890</u>

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(d) Other expenses (continued)

(i) Administration fee (continued)

S&P Asia ex JANZ IT ETF

	For the period from 1 April 2015 to 30 May 2016 (Termination Date)		
	Portion borne by the Terminated Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	4,892	57,058	61,950
Index licensing fee	14,418	127,442	141,860
Other administration fee	32,595	380,200	412,795
	<u>51,905</u>	<u>564,700</u>	<u>616,605</u>

	For the year ended 31 March 2015		
	Portion borne by the Terminated Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	8,006	50,994	59,000
Index licensing fee	19,879	58,121	78,000
Other administration fee	43,680	278,210	321,890
	<u>71,565</u>	<u>387,325</u>	<u>458,890</u>

S&P Asia ex JANZ Industrials ETF

	For the period from 1 April 2015 to 30 May 2016 (Termination Date)		
	Portion borne by the Terminated Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	2,046	59,904	61,950
Index licensing fee	6,152	135,708	141,860
Other administration fee	13,952	408,359	422,311
	<u>22,150</u>	<u>603,971</u>	<u>626,121</u>

	For the year ended 31 March 2015		
	Portion borne by the Terminated Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	3,610	55,390	59,000
Index licensing fee	8,962	69,038	78,000
Other administration fee	19,692	302,198	321,890
	<u>32,264</u>	<u>426,626</u>	<u>458,890</u>

S&P Asia ex JANZ Energy ETF

	For the period from 1 April 2015 to 30 May 2016 (Termination Date)		
	Portion borne by the Terminated Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	1,452	60,498	61,950
Index licensing fee	4,242	137,618	141,860
Other administration fee	9,578	399,356	408,934
	<u>15,272</u>	<u>597,472</u>	<u>612,744</u>

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(d) Other expenses (continued)

(i) Administration fee (continued)

S&P Asia ex JANZ Energy ETF

	For the year ended 31 March 2015		
	Portion borne by the Terminated Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	2,818	56,182	59,000
Index licensing fee	6,996	71,004	78,000
Other administration fee	15,371	306,519	321,890
	<u>25,185</u>	<u>433,705</u>	<u>458,890</u>

S&P Asia ex JANZ Materials ETF

	For the period from 1 April 2015 to 30 May 2016 (Termination Date)		
	Portion borne by the Terminated Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	2,642	59,308	61,950
Index licensing fee	7,754	134,106	141,860
Other administration fee	17,517	393,133	410,650
	<u>27,913</u>	<u>586,547</u>	<u>614,460</u>

	For the year ended 31 March 2015		
	Portion borne by the Terminated Sub-Fund HK\$	Portion borne by the Manager HK\$	Total HK\$
Audit fee	4,330	54,670	59,000
Index licensing fee	10,752	67,248	78,000
Other administration fee	23,626	298,265	321,891
	<u>38,708</u>	<u>420,183</u>	<u>458,891</u>

(ii) Custody fee and bank charges

Custody fee and bank charges of the Terminated Sub-Funds for the period ended 30 May 2016 (Termination Date) and year ended 31 March 2015 were charged by Citibank N.A., an immediate holding company of the Trustee. The tables below list the breakdown of the custody and bank charges incurred by the Terminated Sub-Funds.

	For the period from 1 April 2015 to 30 May 2016 (Termination Date)	
	Portion borne by the Terminated Sub-Funds HK\$	Portion borne by the Manager HK\$
S&P Asia ex JANZ Financials ETF	26,026	3,234
S&P Asia ex JANZ IT ETF	12,433	720
S&P Asia ex JANZ Industrials ETF	37,489	2,722
S&P Asia ex JANZ Energy ETF	14,559	31
S&P Asia ex JANZ Materials ETF	17,444	101

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(d) Other expenses (continued)

(ii) *Custody fee and bank charges (continued)*

	For the year ended 31 March 2015	
	Portion borne by the Terminated Sub-Funds HK\$	Portion borne by the Manager HK\$
S&P Asia ex JANZ Financials ETF	7,691	-
S&P Asia ex JANZ IT ETF	30,032	-
S&P Asia ex JANZ Industrials ETF	29,577	-
S&P Asia ex JANZ Energy ETF	3,520	-
S&P Asia ex JANZ Materials ETF	5,794	-

(e) Bank balances and financial assets at fair value through profit or loss held by the Trustee's related company

Bank balances

The bank balances included in the statement of net assets of all the Terminated Sub-Funds' are held with Citibank N.A., a related company of the Trustee, and placed in interest-bearing accounts. The carrying account of the bank balances approximates to their fair value. Interest was earned on these bank balances during the period ended 30 May 2016 (Termination Date) and year ended 31 March 2015.

Financial assets at fair value through profit or loss

As at 30 May 2016 (Termination Date), there were nil balances of financial assets at fair value through profit or loss included in the statement of net assets of all the Terminated Sub-Funds.

On 16 May 2016, Horizons S&P Asia ex JANZ Financials ETF sold the investment in 1,400 shares of Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd. (900932 CH) to the Manager at United States dollar ("US dollar" or "US\$") 3.336 per share. The proceeds were equivalent to HK\$36,260 (cost: HK\$28,054), resulting in a net realised gain on sale of financial assets at fair value through profit or loss of HK\$8,206.

As at 31 March 2015, the balances of the financial assets at fair value through profit or loss included in the statement of net assets of all the Terminated Sub-Funds', except for S&P Asia ex JANZ Financials with one holding amounting to HK\$73,600 as at 31 March 2015, were held with Citibank N.A., a related company of the Trustee.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(f) Holdings of units

S&P Asia ex JANZ Financials ETF

For the period ended 30 May 2016 (Termination Date), Citibank N.A., a related company of the Trustee, held nil units (2015: 87,000 units) of S&P Asia ex JANZ Financials ETF. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

S&P Asia ex JANZ IT ETF

For the period ended 30 May 2016 (Termination Date), Citibank N.A., a related company of the Trustee, held nil units (2015: 174,000 units) of S&P Asia ex JANZ IT ETF. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

S&P Asia ex JANZ Industrials ETF

For the period ended 30 May 2016 (Termination Date), Citibank N.A., a related company of the Trustee, held nil units (2015: 95,500 units) of S&P Asia ex JANZ Industrials ETF. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

S&P Asia ex JANZ Energy ETF

For the period ended 30 May 2016 (Termination Date), Citibank N.A., a related company of the Trustee and Mirae Asset Wealth Management (HK) Limited, a related company of the Manager, held nil units (2015: 29,500 units) and nil units (2015: 560,000 units) of S&P Asia ex JANZ Energy ETF respectively. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

S&P Asia ex JANZ Materials ETF

For the period ended 30 May 2016 (Termination Date), Citibank N.A., a related company of the Trustee and Mirae Asset Wealth Management (HK) Limited, a related company of the Manager, held nil units (2015: 48,000 units) and nil units (2015: 760,000 units) of S&P Asia ex JANZ Materials ETF respectively. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

(g) Application fee payable

For each application of unit creation and unit redemption, the Trustee is entitled to transaction fee of HK\$15,000, which is borne by the participating dealer. The transaction fee would be paid to the Terminated Sub-Funds or may be set off and deducted against any cash components. The Terminated Sub-Funds would pay the transaction fee to the Trustee on behalf of the participating dealer. As at 30 May 2016 (Termination Date) and 31 March 2015, there were no transaction fees due to the Trustee by the other Terminated Sub-Funds.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

7. SOFT COMMISSION ARRANGEMENTS

The Manager may effect transactions, provided that any such transaction is consistent with standards of “best execution”, by or through the agency of another person for the account of the Terminated Sub-Funds with whom the Manager or any of its connected persons have an arrangement under which that party will from time to time provide to or procure for the Manager or any of its connected persons goods, services or other benefits (such as advisory services, computer hardware associated with specialised software or research services and performance measures), the nature of which is such that their provision can reasonably be expected to benefit the Terminated Sub-Funds as a whole and may contribute to an improvement in the performance of the Terminated Sub-Funds. For the avoidance of doubt, such goods and services may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employees’ salaries or direct money payments. Since the inception of the Terminated Sub-Funds, the Manager had not participated in any soft commission arrangements in respect of any transactions for the account of the Terminated Sub-Funds.

8. TAXATION

No provision for Hong Kong profits tax has been made for the Terminated Sub-Funds as they are authorised as collective investment schemes under section 104 of the Hong Kong Securities and Futures Ordinance and are therefore exempt from Hong Kong Profits Tax under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

The Terminated Sub-Funds invest in shares of companies in the People’s Republic of China (“PRC”) listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange (“A-shares”) and the SEHK (“H-shares”). Under the PRC Corporate Income Tax Law, the Terminated Sub-Funds may be liable to pay PRC tax on the capital gains realised from the trading of A-shares and H-shares.

For the A-shares, on 14 November 2014, the Ministry of Finance of the PRC (the “MoF”), the State Administration of Taxation of the PRC (“SAT”) and the China Securities Regulatory Commission (“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 Qualified Foreign Institutional Investor (“QFII”) and RMB Qualified Foreign Institutional Investor (“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”). The Notice states that PRC corporate income tax will be imposed on capital gains derived by QFIIs and RQFIIs from equity investment assets (including PRC domestic stocks) prior to 17 November 2014 (“capital gains tax”) in accordance with laws. The Notice also states that RQFIIs without an establishment or a place of business in the PRC will be temporarily exempt from corporate income tax on gains derived from the trading of A-Shares effective from 17 November 2014.

For the H-shares, no withholding tax on capital gains, including gross realised or unrealised capital gains, was provided as the Management considers that the Terminated Sub-Funds can sustain a position for not filing a tax return based on the existing tax regulations and that the enforcement of PRC tax on capital gains of H-shares is not probable. Upon any future resolution of the above-mentioned uncertainty 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.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

8. TAXATION (CONTINUED)

Withholding tax was charged on certain dividend income of the Terminated Sub-Funds during the period ended 30 May 2016 (Termination Date) and year ended 31 March 2015.

For S&P Asia ex JANZ Financials ETF and S&P Asia ex JANZ IT ETF, capital gains tax was charged on realised gains on disposal of Indian securities during the period ended 30 May 2016 (Termination Date); no capital gains tax was incurred during the year ended 31 March 2015.

9. DISTRIBUTIONS

The Manager may in its absolute discretion distribute income to unitholders at such time or times as it may determine in each financial year or determine that no distribution shall be made in any financial year.

S&P Asia ex JANZ Financials ETF

S&P Asia ex JANZ Financials ETF made distributions of HK\$4,630,045 (HK\$23.1502 per unit on 200,000 units) and HK\$40,267 (HK\$0.2013 per unit on 200,000 units) on 10 May 2016 and 19 May 2016 respectively for the period ended 30 May 2016 (Termination Date) (2015: Nil).

S&P Asia ex JANZ IT ETF

S&P Asia ex JANZ IT ETF made distributions of HK\$5,606,612 (HK\$28.0330 per unit on 200,000 units) and HK\$18,089 (HK\$0.0904 per unit on 200,000 units) on 10 May 2016 and 16 May 2016 respectively for the period ended 30 May 2016 (Termination Date) (2015: Nil).

S&P Asia ex JANZ Industrials ETF

S&P Asia ex JANZ Industrials ETF made distributions of HK\$3,714,199 (HK\$18.5709 per unit on 200,000 units) and HK\$32,688 (HK\$0.1634 per unit on 200,000 units) on 10 May 2016 and 19 May 2016 respectively for the period ended 30 May 2016 (Termination Date) (2015: Nil).

S&P Asia ex JANZ Energy ETF

S&P Asia ex JANZ Energy ETF made distributions of HK\$7,809,153 (HK\$13.0152 per unit on 600,000 units) and HK\$15,190 (HK\$0.0253 per unit on 600,000 units) on 10 May 2016 and 16 May 2016 respectively for the period ended 30 May 2016 (Termination Date) (2015: Nil).

S&P Asia ex JANZ Materials ETF

S&P Asia ex JANZ Materials ETF made distributions of HK\$12,583,529 (HK\$15.7294 per unit on 800,000 units) on 10 May 2016 for the period ended 30 May 2016 (Termination Date) (2015: Nil).

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

The SFC Code allows the Terminated Sub-Funds to invest in constituent securities issued by a single issuer for more than 10% of the Terminated Sub-Funds' net asset value provided that:

- (a) the investment is limited to any constituent securities that each accounts for more than 10% of the weighting of the tracked index and;
- (b) the Terminated Sub-Funds' holding of any such constituent securities may not exceed their respective weightings in the tracked index, except where weightings are exceeded as a result of changes in the composition of the tracked index and the excess is only transitional and temporary in nature.

As at 30 May 2016 (Termination Date), the Terminated Sub-Funds did not have any constituent securities that individually accounted for more than 10% of their respective net asset value.

Constituent securities that account for more than 10% of the net asset value of the Terminated Sub-Funds as at 31 March 2015 were as follows:

<u>As at 31 March 2015</u>	Respective weighting in the tracked index	Respective weighting in the Terminated Sub-Fund's net asset value
<i>S&P Asia ex JANZ IT ETF</i>		
Samsung Electronics Co Ltd	19.78%	19.77%
Tencent Holdings Ltd	12.95%	13.31%
Taiwan Semiconductor Manufacturing Co Ltd	11.08%	10.68%
<i>S&P Asia ex JANZ Industrials ETF</i>		
Hutchison Whampoa Ltd	12.65%	12.69%
<i>S&P Asia ex JANZ Energy ETF</i>		
CNOOC Ltd	14.44%	14.30%
PetroChina Co Ltd	14.84%	14.69%
Reliance Industries Ltd	13.28%	13.18%
China Petroleum & Chemical Corp	12.91%	12.78%
<i>S&P Asia ex JANZ Materials ETF</i>		
POSCO	13.17%	13.08%

S&P Asia ex JANZ Financials ETF did not have any constituent securities that individually accounted for more than 10% of their respective net asset value as at 31 March 2015.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Strategy in using financial instruments

Investment objectives and investment policies

The investment objectives of the Terminated Sub-Funds are to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the underlying index relevant to each respective Terminated Sub-Fund by investing all, or substantially all, of the assets of such Terminated Sub-Fund in index securities in substantially the same weightings as constituted in the underlying index. Refer to note 1 for details.

The Terminated Sub-Funds themselves are subject to various risks. The main risks associated with the investments, assets and liabilities of the Terminated Sub-Funds are set out below:

(b) Market risk

(i) *Market price risk*

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The Terminated Sub-Funds are designated to track the performance of their respective indices, therefore the exposures to market risk in the Terminated Sub-Funds will be substantially the same as the tracked indices. The Manager manages the Terminated Sub-Funds' exposures to market risk by ensuring that the key characteristics of the portfolio, such as security weight and industry weight, are closely aligned with the characteristics of the tracked indices.

As at 30 May 2016 (Termination Date), the Terminated Sub-Funds did not hold any financial assets at fair value through profit or loss and hence were not subject to market price risk.

As at 31 March 2015, the Terminated Sub-Funds' financial assets at fair value through profit or loss were concentrated in the following industries:

	<u>S&P Asia ex JANZ Financials ETF</u> As at 31 March 2015	
	Fair value HK\$	% of net asset value
<u>Listed Equities - By Industry</u> Financials	<u>22,596,304</u>	<u>99.50</u>

	<u>S&P Asia ex JANZ IT ETF</u> As at 31 March 2015	
	Fair value HK\$	% of net asset value
<u>Listed Equities - By Industry</u> Information technology	<u>31,795,139</u>	<u>99.10</u>

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market risk (continued)

(i) *Market price risk (continued)*

		<u>S&P Asia ex JANZ Industrials ETF</u>	
		As at 31 March 2015	
		Fair value	% of net
		HK\$	asset value
<u>Listed Equities - By Industry</u>			
Industrials		<u>17,649,626</u>	<u>99.12</u>
		<u>S&P Asia ex JANZ Energy ETF</u>	
		As at 31 March 2015	
		Fair value	% of net
		HK\$	asset value
<u>Listed Equities - By Industry</u>			
Energy		<u>12,186,698</u>	<u>99.38</u>
		<u>S&P Asia ex JANZ Materials ETF</u>	
		As at 31 March 2015	
		Fair value	% of net
		HK\$	asset value
<u>Listed Equities - By Industry</u>			
Materials		<u>20,115,205</u>	<u>99.08</u>

Sensitivity analysis in the event of a possible change in the tracked indices by sensitivity threshold as estimated by the Manager

As at 30 May 2016 (Termination Date), since the net asset values of the Terminated Sub-Funds were nil, there were no impacts on the net asset values if the tracked indices were to increase or decrease.

As at 31 March 2015, if the tracked indices were to increase by the following sensitivity thresholds with all other variables held constant, the net asset value would be increased by the amounts stated below. Conversely, if the tracked indices were to decrease by the same sensitivity thresholds, the net asset value would be decreased by the amounts stated below.

			<u>As at 31 March 2015</u>	
			Sensitivity	Impact
			threshold in	
			%	
S&P Asia ex JANZ Financials ETF (in HK\$)			23.08%	5,215,227
S&P Asia ex JANZ IT ETF (in HK\$)			14.95%	4,753,373
S&P Asia ex JANZ Industrials ETF (in HK\$)			4.57%	806,588
S&P Asia ex JANZ Energy ETF (in HK\$)			8.82%	1,074,867
S&P Asia ex JANZ Materials ETF (in HK\$)			3.77%	758,343

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market risk (continued)

(i) *Market price risk (continued)*

The Manager has used their view of what would be a “reasonable shift” in each key market to estimate the change for use in the market sensitivity analysis above. Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on the Manager’s current view of market volatility and other relevant factors.

(ii) *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument or future cash flows will fluctuate due to changes in market interest rates.

As at 30 May 2016 (Termination Date), the Terminated Sub-Funds did not hold any financial assets and liabilities and hence were not subject to interest rate risk.

As at 31 March 2015, the majority of the Terminated Sub-Funds’ financial assets and liabilities were non-interest-bearing. As a result, the Terminated Sub-Funds were not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

(iii) *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

As at 30 May 2016 (Termination Date), the Terminated Sub-Funds did not hold any monetary and non-monetary assets other than the Hong Kong dollar and the US dollar and hence were not subject to currency risk.

As at 31 March 2015, the Terminated Sub-Funds held assets and liabilities denominated in currencies other than their functional currency, Hong Kong dollar, and are therefore exposed to currency risk with respect to these currencies, including Indonesian Rupiah (“IDR”), Indian Rupee (“INR”), South Korean Won (“KRW”), Malaysian Ringgit (“MYR”), Philippine Peso (“PHP”), Singapore Dollar (“SGD”), Thai Baht (“THB”) and New Taiwan Dollar (“TWD”). The Manager considered that there was no currency risk to the United States dollar (“US dollar”) which is a linked currency with the Hong Kong dollar.

The tables below summarise the Terminated Sub-Funds’ net exposure of assets, monetary and non-monetary, which were denominated in a currency other than the Hong Kong dollar and the US dollar as at 31 March 2015.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

	S&P Asia ex JANZ Financials ETF As at 31 March 2015							
	IDR	INR	KRW	MYR	PHP	SGD	THB	TWD
Current assets								
Monetary assets	8,532	1,075	17,295	963	389	–	–	33,350
Non-monetary assets	861,007	1,944,113	1,364,366	526,092	494,727	2,018,027	611,375	1,918,697
	S&P Asia ex JANZ IT ETF As at 31 March 2015							
	INR	KRW	TWD					
Current assets								
Monetary assets	–	89,256	16,629					
Non-monetary assets	2,936,907	9,595,229	10,280,373					
	S&P Asia ex JANZ Industrials ETF As at 31 March 2015							
	IDR	INR	KRW	MYR	PHP	SGD	THB	TWD
Current assets								
Monetary assets	699	–	22,486	–	2,965	–	9,126	70,822
Non-monetary assets	283,575	1,009,496	3,220,967	1,036,140	1,647,650	1,668,938	266,851	554,332

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

	S&P Asia ex JANZ Energy ETF As at 31 March 2015					
	IDR	INR	KRW	MYR	THB	TWD
Current assets						
Monetary assets	–	10,639	32	–	15,148	7,929
Non-monetary assets	92,382	3,360,793	605,659	274,543	1,124,491	271,568
	S&P Asia ex JANZ Materials ETF As at 31 March 2015					
	IDR	INR	KRW	MYR	THB	TWD
Current assets						
Monetary assets	–	–	88,200	–	15,654	96,951
Non-monetary assets	807,508	2,070,508	6,031,297	439,222	1,319,031	7,645,676

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

The tables below summarise the sensitivity of the Terminated Sub-Funds' monetary and non-monetary assets and liabilities to changes in foreign exchange rates at 31 March 2015. The analysis is based on the assumption that the relevant foreign exchange rate increased or decreased against the Hong Kong dollar by the percentage disclosed in the tables below with all other variables held constant. This represents the Management's best estimate of a reasonably possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

	<u>S&P Asia ex JANZ Financials ETF</u> <u>As at 31 March 2015</u>	
	Reasonably possible shift in %	Impact on net assets attributable to unitholders HK\$
Currency		
Indonesian Rupiah		
- monetary	15.2%	1,297
- non-monetary	15.2%	130,873
Indian Rupee		
- monetary	4.8%	52
- non-monetary	4.8%	93,317
South Korean Won		
- monetary	4.3%	744
- non-monetary	4.3%	58,668
Malaysian Ringgit		
- monetary	13.5%	130
- non-monetary	13.5%	71,022
Philippines Peso		
- monetary	0.3%	1
- non-monetary	0.3%	1,484
Singapore Dollar		
- monetary	—	—
- non-monetary	9.1%	183,640
Thai Baht		
- monetary	—	—
- non-monetary	0.4%	2,446
New Taiwan Dollar		
- monetary	2.8%	934
- non-monetary	2.8%	53,724

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

	<u>S&P Asia ex JANZ IT ETF</u>	
	<u>As at 31 March 2015</u>	
	Reasonably possible shift in %	Impact on net assets attributable to unitholders HK\$
Currency		
Indian Rupee		
- monetary	-	-
- non-monetary	4.8%	140,972
South Korean Won		
- monetary	4.3%	3,838
- non-monetary	4.3%	412,595
New Taiwan Dollar		
- monetary	2.8%	466
- non-monetary	2.8%	287,850

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

	<u>S&P Asia ex JANZ Industrials ETF</u> <u>As at 31 March 2015</u>	
	Reasonably possible shift in %	Impact on net assets attributable to unitholders HK\$
Currency		
Indonesian Rupiah		
- monetary	15.2%	106
- non-monetary	15.2%	43,103
Indian Rupee		
- monetary	–	–
- non-monetary	4.8%	48,456
South Korean Won		
monetary	4.3%	967
non-monetary	4.3%	138,502
Malaysian Ringgit		
- monetary	–	–
- non-monetary	13.5%	139,879
Philippines Peso		
- monetary	0.3%	9
- non-monetary	0.3%	4,943
Singapore Dollar		
- monetary	–	–
- non-monetary	9.1%	151,873
Thailand Baht		
- monetary	0.4%	37
- non-monetary	0.4%	1,067
New Taiwan Dollar		
- monetary	2.8%	1,983
- non-monetary	2.8%	15,521

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

	<u>S&P Asia ex JANZ Energy ETF</u> <u>As at 31 March 2015</u>	
	Reasonably possible shift in %	Impact on net assets attributable to unitholders HK\$
Currency		
Indonesian Rupiah		
- monetary	-	-
- non-monetary	15.2%	14,042
Indian Rupee		
- monetary	4.8%	511
- non-monetary	4.8%	161,318
South Korean Won		
- monetary	4.3%	1
- non-monetary	4.3%	26,043
Malaysian Ringgit		
- monetary	-	-
- non-monetary	13.5%	37,063
Thailand Baht		
- monetary	0.4%	61
- non-monetary	0.4%	4,498
New Taiwan Dollar		
- monetary	2.8%	222
- non-monetary	2.8%	7,604

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

	<u>S&P Asia ex JANZ Materials ETF</u> <u>As at 31 March 2015</u>	
	Reasonably possible shift in %	Impact on net assets attributable to unitholders HK\$
Currency		
Indonesian Rupiah		
- monetary	—	—
- non-monetary	15.2%	122,741
Indian Rupee		
- monetary	—	—
- non-monetary	4.8%	99,384
South Korean Won		
- monetary	4.3%	3,793
- non-monetary	4.3%	259,346
Malaysian Ringgit		
- monetary	—	—
- non-monetary	13.5%	59,295
Thai Baht		
- monetary	0.4%	63
- non-monetary	0.4%	5,276
New Taiwan Dollar		
- monetary	2.8%	2,715
- non-monetary	2.8%	214,079

(c) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The Terminated Sub-Funds' financial assets which are potentially subject to credit risk consist principally of securities and bank balances. The Terminated Sub-Funds limit their exposure to credit risk by transacting with well-established broker-dealers and banks with high credit ratings. All transactions in securities are settled or paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. The Terminated Sub-Funds' financial assets which are potentially subject to concentrations of counterparty risk consist principally of bank deposits and assets held with Citibank N.A., a related company of the Trustee.

As at 30 May 2016 (Termination Date), the Terminated Sub-Funds did not hold any financial assets and hence were not subject to credit risk. The tables below summarise the Terminated Sub-Funds' assets placed with banks and their related credit ratings from Moody's as at 31 March 2015.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

	<u>S&P Asia ex. JANZ Financials ETF</u> As at 31 March 2015 HK\$	<u>S&P Asia ex. JANZ IT ETF</u> As at 31 March 2015 HK\$	<u>S&P Asia ex. JANZ Industrials ETF</u> As at 31 March 2015 HK\$	<u>S&P Asia ex. JANZ Energy ETF</u> As at 31 March 2015 HK\$	<u>S&P Asia ex. JANZ Materials ETF</u> As at 31 March 2015 HK\$
Financial assets at fair value through profit or loss					
Citibank N.A.	22,522,704	31,795,139	17,649,626	12,186,698	20,115,205
Rating	A2	A2	A2	A2	A2
Source of rating	Moody's	Moody's	Moody's	Moody's	Moody's
CITIC Securities Brokerage (HK) Limited	73,600	-	-	-	-
Rating	Baa1	-	-	-	-
Source of rating	Moody's	-	-	-	-
Amount due from brokers					
Citibank N.A.	-	-	-	-	-
Rating	-	-	-	-	-
Source of rating	-	-	-	-	-
Bank balances					
Citibank N.A.	99,274	234,938	92,849	74,777	109,829
Rating	A2	A2	A2	A2	A2
Source of rating	Moody's	Moody's	Moody's	Moody's	Moody's

The maximum exposure to credit risk at period end is the carrying amounts of the financial assets as shown on the statement of net assets.

None of the assets is impaired nor past due but not impaired.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in settling a liability, including a redemption request.

The Terminated Sub-Funds invest the majority of their assets in investments that are traded in an active market and can be readily disposed of. The Terminated Sub-Funds' securities are considered readily realisable, as they are listed. It is the intent of the Manager to monitor the Terminated Sub-Funds' liquidity position on a daily basis.

As at 30 May 2016 (Termination Date), there were no assets or liabilities held by the Terminated Sub-Funds and hence they were not subject to any liquidity risk.

The following table illustrates the expected liquidity of assets held as at 31 March 2015 and gives the contractual undiscounted cash-flow projection of the Terminated Sub-Funds' financial liabilities. The Terminated Sub-Funds manage their liquidity risk by investing in securities that they expect to be able to liquidate within 1 month or less. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

S&P Asia ex JANZ Financials ETF

<u>As at 31 March 2015</u>	Less than 1 month HK\$	1 to 3 months HK\$	3 to 12 months HK\$	More than 12 months HK\$	Total HK\$
Financial assets					
Financial assets at fair value					
through profit or loss	22,596,304	–	–	–	22,596,304
Dividends receivable	39,218	4,037	–	–	43,255
Bank balances	99,274	–	–	–	99,274
Total	22,734,796	4,037	–	–	22,738,833
Financial liabilities					
Management fee payable	8,810	–	–	–	8,810
Trustee fee payable	2,349	–	–	–	2,349
Formation fee payable	14,311	–	–	–	14,311
Administration fee payable	3,524	–	–	–	3,524
Total	28,994	–	–	–	28,994

As at 30 May 2016 (Termination Date), unitholders of S&P Asia ex JANZ Financials ETF have redeemed all units. As at 31 March 2015, two unitholders respectively held 82% and 11% of S&P Asia ex JANZ Financials ETF's total net assets.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk (continued)

S&P Asia ex JANZ IT ETF

<u>As at 31 March 2015</u>	Less than 1 month HK\$	1 to 3 months HK\$	3 to 12 months HK\$	More than 12 months HK\$	Total HK\$
Financial assets					
Financial assets at fair value through profit or loss	31,795,139	–	–	–	31,795,139
Dividends receivable	88,809	–	–	–	88,809
Bank balances	234,938	–	–	–	234,938
Total	32,118,886	–	–	–	32,118,886
Financial liabilities					
Management fee payable	12,627	–	–	–	12,627
Trustee fee payable	3,367	–	–	–	3,367
Formation fee payable	14,312	–	–	–	14,312
Administration fee payable	5,051	–	–	–	5,051
Total	35,357	–	–	–	35,357

As at 30 May 2016 (Termination Date), unitholders of S&P Asia ex JANZ IT ETF have redeemed all units. As at 31 March 2015, two unitholders respectively held 79% and 17% of S&P Asia ex JANZ IT ETF's total net assets.

S&P Asia ex JANZ Industrials ETF

<u>As at 31 March 2015</u>	Less than 1 month HK\$	1 to 3 months HK\$	3 to 12 months HK\$	More than 12 months HK\$	Total HK\$
Financial assets					
Financial assets at fair value through profit or loss	17,649,626	–	–	–	17,649,626
Dividends receivable	62,936	26,209	–	–	89,145
Bank balances	92,849	–	–	–	92,849
Total	17,805,411	26,209	–	–	17,831,620
Financial liabilities					
Management fee payable	6,927	–	–	–	6,927
Trustee fee payable	1,847	–	–	–	1,847
Formation fee payable	14,311	–	–	–	14,311
Administration fee payable	2,771	–	–	–	2,771
Total	25,856	–	–	–	25,856

As at 30 May 2016 (Termination Date), unitholders of S&P Asia ex JANZ Industrials ETF have redeemed all units. As at 31 March 2015, three unitholders respectively held 68%, 14% and 12% of S&P Asia ex JANZ Industrials ETF's total net assets.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk (continued)

S&P Asia ex JANZ Energy ETF

<u>As at 31 March 2015</u>	Less than 1 month HK\$	1 to 3 months HK\$	3 to 12 months HK\$	More than 12 months HK\$	Total HK\$
Financial assets					
Financial assets at fair value through profit or loss	12,186,698	--	--	--	12,186,698
Dividends receivable	24,022	--	--	--	24,022
Bank balances	74,777	--	--	--	74,777
Total	12,285,497	--	--	--	12,285,497
Financial liabilities					
Management fee payable	4,823	--	--	--	4,823
Trustee fee payable	1,286	--	--	--	1,286
Formation fee payable	14,312	--	--	--	14,312
Administration fee payable	1,929	--	--	--	1,929
Total	22,350	--	--	--	22,350

As at 30 May 2016 (Termination Date), unitholders of S&P Asia ex JANZ Energy ETF have redeemed all units. As at 31 March 2015, two unitholders respectively held 70% and 20% of S&P Asia ex JANZ Energy ETF's total net assets.

S&P Asia ex JANZ Materials ETF

<u>As at 31 March 2015</u>	Less than 1 month HK\$	1 to 3 months HK\$	3 to 12 months HK\$	More than 12 months HK\$	Total HK\$
Financial assets					
Financial assets at fair value through profit or loss	20,115,205	--	--	--	20,115,205
Dividends receivable	103,748	--	--	--	103,748
Bank balances	109,829	--	--	--	109,829
Total	20,328,782	--	--	--	20,328,782
Financial liabilities					
Management fee payable	7,981	--	--	--	7,981
Trustee fee payable	2,128	--	--	--	2,128
Formation fee payable	14,312	--	--	--	14,312
Administration fee payable	3,192	--	--	--	3,192
Total	27,613	--	--	--	27,613

As at 30 May 2016 (Termination Date), unitholders of S&P Asia ex JANZ Materials ETF have redeemed all units. As at 31 March 2015, two unitholders respectively held 63% and 20% of S&P Asia ex JANZ Materials ETF's total net assets.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation

The fair values of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the period end date. The Terminated Sub-Funds used the last traded market price as their fair valuation inputs for financial assets.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 requires the Terminated Sub-Funds to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Terminated Sub-Funds. The Terminated Sub-Funds consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Financial assets and financial liabilities carried at fair value

As at 30 May 2016 (Termination Date), the Terminated Sub-Funds did not hold any financial assets carried at fair value.

The following table analyses within the fair value hierarchy the Terminated Sub-Funds' financial assets (by class) measured at fair value as at 31 March 2015:

<u>As at 31 March 2015</u>	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
Financial assets at fair value through profit or loss at inception:				
<i>Equity securities</i>				
S&P Asia ex JANZ Financials ETF (in HK\$)	22,596,304	–	–	22,596,304
S&P Asia ex JANZ IT ETF (in HK\$)	31,795,139	–	–	31,795,139
S&P Asia ex JANZ Industrials ETF (in HK\$)	17,275,926	373,700	–	17,649,626
S&P Asia ex JANZ Energy ETF (in HK\$)	12,186,698	–	–	12,186,698
S&P Asia ex JANZ Materials ETF (in HK\$)	20,115,205	–	–	20,115,205

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

Financial assets and financial liabilities carried at fair value (continued)

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities. The Terminated Sub-Funds do not adjust the quoted price for these instruments.

Financial instruments traded in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

Investments classified within Level 3 have significant unobservable inputs, as they are traded infrequently.

For JANZ Industrials ETF, as at 30 May 2016 (Termination Date), there were no transfers of investments between Level 1 and Level 2. As at 31 March 2015, there were transfers of investments from Level 1 to Level 2. For the Terminated Sub-Funds, other than JANZ Industrials ETF as described above, there were no transfers between Level 1, Level 2 and Level 3 during the period ended 30 May 2016 (Termination Date) and year ended 31 March 2015.

Transfer from Level to Level 2

As at 31 March 2015

<u>Terminated Sub-Fund</u>	<u>Securities</u>	<u>Stock code</u>
S&P Asia ex JANZ Industrials ETF	China CNR Corp Ltd	6199HK
	CRRC Corp Ltd	1766HK

The Manager applied the market approach for the above-mentioned securities by using the last traded price before suspension as there has been no expected material gap-down and the trading of these securities was resumed within a reasonable time after the period/year end before the date of authorisation of the financial statements for the year ended 31 March 2015 with price above the last traded price used for valuation. The transfer from Level 1 to Level 2 of the fair value hierarchy is deemed to have occurred at the end of the reporting period.

Transfer between Level 1 and Level 3

During the period ended 30 May 2016 (Termination Date) and year ended 31 March 2015, there were no transfers between Level 1 and Level 3 for the Terminated Sub-Funds.

Other financial assets and financial liabilities

The Management has assessed that the fair values of dividends receivable, bank balances, management fee payable, trustee fee payable, formation fee payable and administration fee payable, approximate to their carrying amounts largely due to the short term maturities of these instruments.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Capital risk management

The Terminated Sub-Funds' capital is represented by the net assets attributable to unitholders. The Terminated Sub-Funds' objective is to provide investment results that correspond generally to the performance of the respective indices. The Manager may:

- redeem and issue new units in accordance with the constitutive documents of the Terminated Sub-Funds;
- suspend the creation and redemption of units under certain circumstances stipulated in the Trust Deed.

(g) Offsetting and amounts subject to master netting arrangements and similar agreements

As at 30 May 2016 (Termination Date) and 31 March 2015, the Terminated Sub-Funds were not subject to any master netting arrangement with its counterparties.

12. SEGMENT INFORMATION

The Manager makes the strategic resource allocations on behalf of the Terminated Sub-Funds and has determined the operating segments based on the reports reviewed which are used to make strategic decisions.

The Manager considers that each Terminated Sub-Fund has a single operating segment which is investing in securities. The objectives of the Terminated Sub-Funds are to track the performance of their respective indices and invest in substantially all the index constituents with security weight and industry weight that are closely aligned with the characteristics of the tracked indices.

The internal financial information used by the Manager for the Terminated Sub-Funds' assets, liabilities and performance is the same as that disclosed in the statements of net assets and profit or loss and other comprehensive income.

There were no changes in the reportable segment during the period/year.

The Terminated Sub-Funds are domiciled in Hong Kong. All of the Terminated Sub-Funds' income is derived from investments in securities which constitute the relevant tracked indices. The Terminated Sub-Funds' investments have been categorised by relevant industry but no industrial information for performance is provided as the Manager considers that the cost to develop it would be excessive and the information is generally not used by the Manager in managing the Terminated Sub-Funds.

The Terminated Sub-Funds have no assets classified as non-current assets. The Terminated Sub-Funds have portfolios that closely correspond to the security weight and industry weight of the relevant tracked indices. Refer to note 10 for investment holdings that account for more than 10% of each Terminated Sub-Fund's net asset value and note 10(b) for unit holdings that account for more than 10% of each Terminated Sub-Fund's net asset value.

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Manager and the Trustee on 15 September 2016.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

For the period from 1 April 2015 to 30 May 2016 (Termination Date)

S&P Asia ex JANZ Financials ETF

Financial assets at fair value through profit or loss	Beginning holdings as at 1 April 2015	Additions	Corporate actions	Disposals	Closing holdings as at 30 May 2016 (Termination Date)
Financials					
AGRICULTURAL BANK OF CHINA-H 'H'CN¥1	68,000	-	-	68,000	-
AIA GROUP LTD USD1.00	33,200	-	-	33,200	-
AMMB HOLDINGS BHD MYR1	2,800	-	-	2,800	-
AXIS BANK LTD AXSB	3,320	-	-	3,320	-
AYALA CORPORATION PHP50	680	-	-	680	-
AYALA LAND INC PPH1	16,400	-	-	16,400	-
BANGKOK BANK PUBLIC CO-NVDR THB10 (NVDR)	1,200	-	-	1,200	-
BANK CENTRAL ASIA TBK PT IDR62.50	36,800	-	-	36,800	-
BANK MANDIRI TBK PT	28,000	-	-	28,000	-
BANK NEGARA INDONESIA PT LKD SHS(IDR7500 & IDR375)	22,000	-	-	22,000	-
BANK OF AYUDHYA PUBLIC-NVDR THB10(NVDR)	4,000	-	-	4,000	-
BANK OF CHINA LTD-H 'H'HKD1	192,000	13,000	-	205,000	-
BANK OF COMMUNICATIONS CO-H 'H'CN¥1.00	56,000	2,000	-	58,000	-
BANK OF PHILIPPINE ISLANDS	4,120	-	-	4,120	-
BANK RAKYAT INDONESIA PERSER IDR250	30,000	-	-	30,000	-
BDO UNIBANK INC	4,160	-	-	4,160	-
BOC HONG KONG HOLDINGS LTD HKD5	10,000	-	-	10,000	-
CAPITALAND LTD NPV	8,000	-	-	8,000	-
CAPITALAND MALL TRUST	8,000	-	-	8,000	-
CATHAY FINANCIAL HOLDING CO	23,133	-	-	23,133	-
CENTRAL PATTANA PCL-NVDR THB1(NVDR)	4,000	-	-	4,000	-
CHAILEASE HOLDING CO LTD TWD10	4,000	-	120	4,120	-
CHANG HWA COMMERCIAL BANK	12,240	-	856	13,096	-
CHEUNG KONG PROPERTY HOLDING	-	4,000	3,500	7,500	-
CHINA CINDA ASSET MANAGEME-H	28,000	4,000	-	32,000	-
CHINA CITIC BANK CORP LTD-H	24,000	11,000	-	35,000	-
CHINA CONSTRUCTION BANK-H 'H'CN¥1	228,000	37,000	-	265,000	-
CHINA DEVELOPMENT FINANCIAL	40,000	-	-	40,000	-
CHINA HUARONG ASSET MANAGEME 2799	-	26,000	-	26,000	-
CHINA LIFE INSURANCE CO LTD TWD10	8,000	-	800	8,800	-
CHINA LIFE INSURANCE CO-H 'H'CN¥1	20,000	-	-	20,000	-
CHINA MERCHANTS BANK - H 'H'CN¥1	12,000	500	-	12,500	-
CHINA MINSHENG BANKING-H 'H'CN¥1	19,200	-	-	19,200	-
CHINA OVERSEAS LAND & INVEST HKD0.10	12,000	2,000	-	14,000	-
CHINA OVERSEAS PROPERTY HOLDINGS 2669	-	-	4,000	4,000	-
CHINA PACIFIC INSURANCE GR-H 'H'CN¥1	5,600	2,000	-	7,600	-
CHINA RESOURCES LAND LTD HKD0.10	6,000	2,000	-	8,000	-
CHINA TAIPING INSURANCE HOLDIN	-	4,000	-	4,000	-
CHINA VANKE CO LTD-H	4,000	-	-	4,000	-
CIMB GROUP HOLDINGS BHD MYR1	6,800	-	-	6,800	-
CITIC SECURITIES CNY1'H'	2,000	4,000	-	6,000	-
CITY DEVELOPMENTS LTD NPV	-	1,300	-	1,300	-
CK HUTCHISON HOLDINGS LTD	3,500	-	-	3,500	-
COUNTRY GARDEN HOLDINGS CO HKD0.10	20,000	3,000	-	23,000	-
CTBC FINANCIAL HOLDING CO LT TWD10	40,000	2,000	3,402	45,402	-
DALIAN WANDA COMMERCIAL PR-H 3699	1,600	-	-	1,600	-
DBS GROUP HOLDINGS LTD NPV	4,800	71	-	4,871	-
E.SUN FINANCIAL HOLDINGS CO TWD10	17,426	-	1,514	18,940	-
EVERGRANDE REAL ESTATE GROUP USD0.01	-	14,000	-	14,000	-

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the period from 1 April 2015 to 30 May 2016 (Termination Date)

S&P Asia ex JANZ Financials ETF (continued)

Financial assets at fair value through profit or loss	Beginning holdings as at 1 April 2015	Additions	Corporate actions	Disposals	Closing holdings as at 30 May 2016 (Termination Date)
Financials (continued)					
FIRST FINANCIAL HOLDING CO TWD10	21,400	–	4,164	25,564	–
FUBON FINANCIAL HOLDING CO	20,000	–	–	20,000	–
FUBON FINANCIAL HOLDING CO- RTS13APR16	–	–	835	835	–
GLOBAL LOGISTIC PROPERTIES L NPV	8,000	–	–	8,000	–
GOLDIN FINANCIAL HOLDINGS LT HKD0.10	–	6,000	–	6,000	–
GREAT EASTERN HOLDINGS LTD SGD0.50	–	200	–	200	–
GT CAPITAL HOLDING PHP10	–	195	–	195	–
HAITONG SECURITIES 'H'CNV1	4,800	4,400	–	9,200	–
HANA FINANCIAL GROUP KRW5000	840	–	–	840	–
HANG LUNG PROPERTIES LTD HKD1	6,000	–	–	6,000	–
HANG SENG BANK HKD5	2,000	–	–	2,000	–
HANWHA LIFE INSURANCE CO LTD KRW5000	720	–	–	720	–
HDFC BANK LTD INR2	3,392	–	–	3,392	–
HENDERSON LAND DEVELOPMENT HKD2	3,400	–	340	3,740	–
HONG KONG EXCHANGES & CLEAR HKD1	3,200	–	–	3,200	–
HONG LEONG BANK BERHAD	1,200	–	–	1,200	–
HONG LEONG BANK BERHAD-RTS04DEC15	–	–	192	192	–
HONG LEONG FINANCIAL GROUP MYR1	800	–	–	800	–
HONG LEONG FINANCIAL GROUP- RTS24NOV15	–	–	72	72	–
HONGKONG LAND HOLDINGS LTD ORD USD0.10(SING REG)(USD)	3,200	–	–	3,200	–
HOUSING DEVELOPMENT FINANCE INR2	4,338	–	–	4,338	–
HUA NAN FINANCIAL HOLDINGS C	20,600	–	1,277	21,877	–
ICICI BANK LTD ICICIB	8,160	–	–	8,160	–
IND & COMM BK OF CHINA-H 'H'CNV1	228,000	–	–	228,000	–
INDUSIND BANK LIMITED INR10	–	795	–	795	–
INDUSTRIAL BANK OF KOREA KRW5000	480	132	–	612	–
KASIKORNBANK PCL-NVDR THB10 (NVDR)	3,200	–	–	3,200	–
KB FINANCIAL GROUP INC KRW5000	1,120	–	–	1,120	–
KLCCP STAPLED GROUP	1,200	–	–	1,200	–
KOTAK MAHINDRA BANK LTD INR5	780	223	1,003	2,006	–
TAIWAN COOPERATIVE FINANCIAL TWD0.10	16,800	3,000	990	20,790	–
TMB BANK PUBLIC CORP-NVDR THB10(NVDR)	60,000	–	–	60,000	–
UEM SUNRISE BHD MYR0.5	3,600	–	–	3,600	–
UNITED OVERSEAS BANK LTD NPV	4,000	–	–	4,000	–
WHARF HOLDINGS LTD HKD1	4,000	–	–	4,000	–
WOORI BANK 000030	839	–	–	839	–
YUANTA FINANCIAL HOLDING CO LTD	28,700	–	752	29,452	–

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the period from 1 April 2015 to 30 May 2016 (Termination Date)

S&P Asia ex JANZ IT ETF

Financial assets at fair value through profit or loss	Beginning holdings as at 1 April 2015	Additions	Corporate actions	Disposals	Closing holdings as at 30 May 2016 (Termination Date)
Information Technology					
ACER INC TWD10	15,000	-	-	15,000	-
ADVANCED SEMICONDUCTOR ENGR TWD10	35,000	-	-	35,000	-
ADVANTECH CO LTD TWD10	-	2,000	-	2,000	-
ALIBABA GROUP HOLDING-SP ADR BABA	1,965	3,531	-	5,496	-
ASUSTEK COMPUTER INC TWD10	4,000	-	-	4,000	-
AU OPTRONICS CORP	40,000	-	-	40,000	-
BAIDU INC - SPON ADR SPONS ADS REPR 0.10 ORD CLS'A'US0.00005	1,450	-	-	1,450	-
BOE TECHNOLOGY GROUP CO LT-B 'B'CNV1	7,000	-	-	7,000	-
CATCHER TECHNOLOGY CO LTD SHS	5,000	-	-	5,000	-
COMPAL ELECTRONICS	15,000	5,000	-	20,000	-
DAUM KAKAO CORP	65	90	-	155	-
DELTA ELECTRONICS INC TWD10	10,000	-	472	10,472	-
DELTA ELECTRONICS THAI-NVDR THB1 (NVDR)	-	2,200	-	2,200	-
EPISTAR CORP TWD10	4,000	-	-	4,000	-
FIH MOBILE LTD	15,000	-	-	15,000	-
FLEXTRONICS INTL LTD COM USD0.01	3,075	-	-	3,075	-
FOXCONN TECHNOLOGY CO LTD	5,350	-	53	5,403	-
HCL TECHNOLOGIES LTD INR2	2,440	360	-	2,800	-
HERMES MICROVISION INC	-	305	-	305	-
HON HAI PRECISION INDUSTRY TWD10	65,000	4,000	3,350	72,350	-
HTC CORP TWD10	4,000	-	-	4,000	-
INFOSYS LTD	5,170	-	5,170	10,340	-
INNOLUX CORP	40,000	-	-	40,000	-
INOTERA MEMORIES INC TWD10	10,000	-	-	10,000	-
INVENTEC CO LTD	10,000	-	-	10,000	-
LARGAN PRECISION CO LTD TWD10	1,000	-	-	1,000	-
LENOVO GROUP LTD HKD0.025	30,000	4,000	-	34,000	-
LG DISPLAY CO LTD	1,175	-	-	1,175	-
LITE-ON TECHNOLOGY CORP ORD	10,000	-	50	10,050	-
MEDIA TEK INC	8,000	-	-	8,000	-
NANYA TECHNOLOGY CORPORATION	-	2,000	210	2,210	-
NAVER CORP	155	-	-	155	-
NCSOFT CORPORATION KRW500	-	72	-	72	-
NETEASE INC-ADR EACH REPR 25 COM STK USD0.0001	400	-	-	400	-
NOVATEK MICROELECTRONICS COR TWD10	3,000	-	-	3,000	-
PEGATRON CORP TWD10	10,000	-	-	10,000	-
QUANTA COMPUTER INC	15,000	-	-	15,000	-
SAMSUNG ELECTRONICS CO LTD KRW5000	630	-	-	630	-
SAMSUNG ELECTRONICS-PFD KRW5000	95	3	-	98	-
SAMSUNG SDI CO LTD KRW5000	285	-	-	285	-
SAMSUNG SDS CO LTD 018260	35	152	-	187	-
SILICONWARE PRECISION INDS TWD10	15,000	-	-	15,000	-
SK C&C CO LTD KRW5000	105	-	-	105	-
SK HYNIX INC	3,060	-	-	3,060	-
SYNNEX TECHNOLOGY INTL CORP	5,000	-	-	5,000	-
TAIWAN SEMICONDUCTOR MANUFAC TWD10	95,000	4,000	-	99,000	-
TATA CONSULTANCY SVS LTD INR1	2,495	-	-	2,495	-
TECH MAHINDRA LTD INR10	2,400	-	-	2,400	-
TENCENT HOLDINGS LTD	29,000	200	-	29,200	-
UNITED MICROELECTRONICS CORP	60,000	-	-	60,000	-
WIPRO LTD	3,120	-	-	3,120	-
WISTRON CORP TWD10	13,380	-	411	13,791	-
WPG HOLDINGS CO LTD TWD10	8,000	-	-	8,000	-
ZHEN DING TECHNOLOGY HOLDING	-	2,000	-	2,000	-
ZTE CORP-H 'H'CNV1	3,000	-	600	3,600	-

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the period from 1 April 2015 to 30 May 2016 (Termination Date)

S&P Asia ex JANZ Industrials ETF

Financial assets at fair value through profit or loss	Beginning holdings as at 1 April 2015	Additions	Corporate actions	Disposals	Closing holdings as at 30 May 2016 (Termination Date)
Industrials					
ABOITIZ EQUITY VENTURES INC PHP1	22,000	-	-	22,000	-
ADANI ENTERPRISES LTD INR1	2,636	-	-	2,636	-
ADANI PORTS AND SPECIAL ECONOMIC ZONE	4,872	1,608	2,792	9,272	-
ADANI POWER LTD INR10	-	-	3,676	3,676	-
ADANI TRANSMISSIONS LTD	-	-	1,977	1,977	-
AIR CHINA LIMITED-H 'H' CNY1	20,000	-	-	20,000	-
AIRPORTS OF THAILAND PC-NVDR THB10(NVDR)	4,000	-	-	4,000	-
ALLIANCE GLOBAL GROUP INC PHP1	40,400	-	-	40,400	-
BEIJING ENTERPRISES HLDGS HKD0.10	5,000	-	-	5,000	-
BHARAT HEAVY ELECTRICALS INR2	5,656	-	-	5,656	-
BTS GROUP HOLDINGS PCL-NVDR	-	37,300	-	37,300	-
CHEIL INDUSTRIES INC 028260	480	-	332	812	-
CHEUNG KONG PROPERTY HOLDING	-	-	10,773	10,773	-
CHINA CNR CORP LTD-H	17,000	-	(12,750)	4,250	-
CHINA COMMUNICATIONS CONST-H 'H' CNY1	44,000	-	-	44,000	-
CHINA COSCO HOLDINGS-H 'H' CNY1.00	-	16,500	-	16,500	-
CHINA EASTERN AIRLINES CO-H	-	10,000	-	10,000	-
CHINA MERCHANTS HLDGS INTL HKD0.10	16,000	-	-	16,000	-
CHINA RAILWAY CONSTRUCTIO-H 'H' CNY1	17,000	-	-	17,000	-
CHINA RAILWAY GROUP LTD-H 'H' CNY1	37,000	-	-	37,000	-
CHINA SHIPPING CONTAINER-H 'H' CNY1	-	24,000	-	24,000	-
CHINA SOUTHERN AIRLINES CO-H 'H' CNY1	-	10,000	-	10,000	-
CITIC LTD 267	53,000	-	-	53,000	-
CJ CORP KRW5000	-	90	-	90	-
CK HUTCHISON HOLDINGS LTD	-	8,500	10,773	19,273	-
CRRC CORP LTD - H	18,000	-	14,025	32,025	-
DMCI HOLDINGS INC PHP1	49,600	-	-	49,600	-
EICHER MOTORS LTD INR10	-	78	-	78	-
EVERGREEN MARINE TWD10	16,000	-	120	16,120	-
FAR EASTERN NEW CENTURY CORP	36,000	-	540	36,540	-
FOSUN INTERNATIONAL HKD0.10	-	13,500	-	13,500	-
GAMUDA BHD ORD MYR1.00	18,000	-	-	18,000	-
GAMUDA BHD-RIGHTS26FEB16	-	-	1,733	1,733	-
HAP SENG CONSOLIDATED MYR1	-	4,100	-	4,100	-
HIWIN TECHNOLOGIES CORP TWD10	2,060	-	46	2,106	-
HUTCHISON PORT HOLDINGS TR-U	52,000	-	-	52,000	-
HUTCHISON WHAMPOA LTD HKD0.25	21,000	-	(15,750)	5,250	-
HYUNDAI ENGINEERING & CONST KRW5000	716	-	-	716	-
HYUNDAI GLOVIS CO LTD	168	-	-	168	-
HYUNDAI HEAVY INDUSTRIES KRW5000	468	-	-	468	-
IJM CORP BHD MYR1	-	17,000	-	17,000	-
INTERGLOBE AVIATION LIMITED	-	183	-	183	-
INTL CONTAINER TERM SVCS INC	7,920	-	-	7,920	-
JARDINE MATHESON HLDGS LTD ORD USD0.25	2,600	-	-	2,600	-
JARDINE STRATEGIC HLDGS LTD ORD USD0.05(SINGAPORE REG)	1,800	-	-	1,800	-

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the period from 1 April 2015 to 30 May 2016 (Termination Date)

S&P Asia ex JANZ Industrials ETF (continued)

Financial assets at fair value through profit or loss	Beginning holdings as at 1 April 2015	Additions	Corporate actions	Disposals	Closing holdings as at 30 May 2016 (Termination Date)
Industrials (continued)					
JASA MARGA (PERSERO) TBK PT IDR500	20,400	-	-	20,400	-
JG SUMMIT HOLDINGS INC PHP1	28,160	-	-	28,160	-
KCC CORP	52	-	-	52	-
KEPCO PLANT SERVICE & ENGINE KRW200	-	139	-	139	-
KEPPEL CORP LTD NPV	14,100	-	-	14,100	-
KOREA AEROSPACE IN KRW5000	-	301	-	301	-
LARSEN & TOUBRO LIMITED INR2	2,148	-	-	2,148	-
LG CORP KRW5000	1,292	-	-	1,292	-
LT GROUP INC LT GROUP INC	-	20,600	-	20,600	-
MALAYSIA AIRPORTS HLDGS BHD MYR1	5,200	-	-	5,200	-
MISC BHD MYR1	10,000	-	-	10,000	-
MTR CORP HKD1	13,500	-	-	13,500	-
SAMSUNG C&T CORP KRW5000	1,264	-	(948)	316	-
SAMSUNG HEAVY INDUSTRIES KRW5000	1,780	-	-	1,780	-
SAN MIGUEL CORP PHP5	9,560	-	-	9,560	-
SEMBCORP INDUSTRIES LTD NPV	8,000	-	-	8,000	-
SEMBCORP MARINE LTD NPV	8,000	-	-	8,000	-
SHANGHAI ELECTRIC GRP CO L-H 'H' CNY1	32,000	-	-	32,000	-
SIEMENS INDIA LIMITED INR2 (POST SUBDIVISION)	-	551	-	551	-
SIME DARBY BERHAD	25,200	-	-	25,200	-
SINGAPORE AIRLINES LTD NPV	5,000	-	-	5,000	-
SINGAPORE TECH ENGINEERING	14,800	-	-	14,800	-
SK HOLDINGS CO LTD	-	96	130	226	-
SK HOLDINGS KRW5000	248	-	(177)	71	-
SM INVESTMENTS CORP PHP10	3,160	-	-	3,160	-
TAIWAN GLASS IND CORP TWD10	10,000	-	-	10,000	-
UNITED TRACTORS TBK PT IDR250	15,200	-	-	15,200	-
WESTPORTS HOLDINGS MYR0.1	12,000	-	-	12,000	-

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the period from 1 April 2015 to 30 May 2016 (Termination Date)

S&P Asia ex JANZ Energy ETF

Financial assets at fair value through profit or loss	Beginning holdings as at 1 April 2015	Additions	Corporate actions	Disposals	Closing holdings as at 30 May 2016 (Termination Date)
Energy					
ADARO ENERGY TBK PT IDR100	164,000	–	–	164,000	–
BHARAT PETROLEUM CORP LTD INR10	1,796	–	–	1,796	–
BUMI ARMADA BERHAD MYR0.20	18,400	–	–	18,400	–
CAIRN INDIA LTD INR10	4,696	–	–	4,696	–
CHINA COAL ENERGY CO - H 'H'CN¥1	44,000	–	–	44,000	–
CHINA OILFIELD SERVICES-H 'H'CN¥1	18,000	–	–	18,000	–
CHINA PETROLEUM & CHEMICAL CORP 386	254,000	8,000	–	262,000	–
CHINA SHENHUA ENERGY CO - H 'H'CN¥1.00	34,000	500	–	34,500	–
CNOOC LTD HKD0.02	160,000	5,000	–	165,000	–
COAL INDIA LTD INR10	12,582	398	–	12,980	–
FORMOSA PETROCHEMICAL CORP TWD10	16,000	1,000	–	17,000	–
INDIAN OIL CORPORATION LTD INR10	2,504	1,825	–	4,329	–
KUNLUN ENERGY COMPANY LTD HKD0.01	32,000	–	–	32,000	–
OIL & NATURAL GAS CORP LTD INR5	17,909	554	–	18,463	–
OIL INDIA LTD INR10	1,424	–	–	1,424	–
PETROCHINA CO LTD-H 'H'CN¥1	210,000	6,000	–	216,000	–
PETRONAS DAGANGAN BHD	2,400	500	–	2,900	–
PTT EXPLORTN & PRD THB1(NVDR)	14,400	500	–	14,900	–
PTT PCL-NVDR	8,400	300	–	8,700	–
RELIANCE INDUSTRIES LTD INR10(100%DEMAT)	15,792	506	–	16,298	–
SAPURAKENCANA PETROLEUM BHD	27,200	–	–	27,200	–
SK INNOVATION CO LTD	620	17	–	637	–
S-OIL CORPORATION KRW2500	428	–	–	428	–
THAI OIL PCL-NVDR THB10(NVDR)	8,400	–	–	8,400	–

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the period from 1 April 2015 to 30 May 2016 (Termination Date)

S&P Asia ex JANZ Materials ETF

Financial assets at fair value through profit or loss	Beginning holdings as at 1 April 2015	Additions	Corporate actions	Disposals	Closing holdings as at 30 May 2016 (Termination Date)
Materials					
ALUMINUM CORP OF CHINA LTD-H 'H'CN'Y1	72,000	4,000	–	76,000	–
ANHUI CONCH CEMENT CO LTD-H 'H'CN'Y1	25,500	–	–	25,500	–
ASIA CEMENT CORP TWD10	45,960	2,000	–	47,960	–
ASIAN PAINTS LTD INR1	5,532	227	–	5,759	–
CHINA STEEL CORP	240,000	9,000	–	249,000	–
FORMOSA CHEM N FIB TWD10	66,000	7,000	–	73,000	–
FORMOSA PLASTICS CORP TWD10	94,000	3,000	–	97,000	–
HINDUSTAN ZINC LTD INR2	5,328	–	–	5,328	–
HYUNDAI STEEL CO KR'W5000	1,434	120	–	1,554	–
INDOCEMENT TUNGGAL PRAKARSA TBK INDORAMA VENTURES PCL-NVDR	27,000	–	–	27,000	–
THB1(NVDR)	33,600	–	–	33,600	–
JIANGXI COPPER COMPANY LTD-H 'H'CN'Y1	27,000	–	–	27,000	–
KOREA ZINC CO LTD	246	27	–	273	–
LG CHEM LTD KR'W5000	858	20	–	878	–
LG CHEM LTD-PREFERENCE	102	–	–	102	–
LOTTE CHEMICAL CORP	318	6	–	324	–
NAN YA PLASTICS CORP TWD10	108,000	1,000	–	109,000	–
NMDC LIMITED INR1	15,378	–	–	15,378	–
PETRONAS CHEMICALS GROUP BHD	37,200	2,600	–	39,800	–
POSCO KR'W5000	1,554	53	–	1,607	–
PTT GLOBAL CHEMICAL PCL-NVDR THB10(NVDR)	32,400	1,000	–	33,400	–
SEMEN INDONESIA PERSERO TBK IDR100	56,400	–	–	56,400	–
SIAM CEMENT PCL- NVDR	5,800	200	–	6,000	–
SINOPEC YIZHENG CHEMICAL-H 'H'CN'Y1	36,000	–	–	36,000	–
TAIWAN CEMENT TWD10	63,000	3,000	–	66,000	–
TAIWAN FERTILIZER CO LTD TWD10	12,000	2,000	–	14,000	–
TATA STEEL LIMITED INR10	4,464	–	–	4,464	–
ULTRATECH CEMENT LTD	1,254	61	–	1,315	–
VEDANTA LTD	22,998	–	–	22,998	–
ZIJIN MINING GROUP CO LTD-H 'H'CN'Y0.1	108,000	6,000	–	114,000	–

HORIZONS EXCHANGE TRADED FUNDS SERIES

PERFORMANCE RECORD (UNAUDITED)

NET ASSET VALUE

	As at 30 May 2016 (Termination Date)	As at 31 March 2015	As at 31 March 2014
	Dealing net asset value	Dealing net asset value	Dealing net asset value
S&P Asia ex JANZ Financials ETF (in HK\$)	-	22,709,839	18,782,587
S&P Asia ex JANZ IT ETF (in HK\$)	-	32,083,529	39,593,740
S&P Asia ex JANZ Industrials ETF (in HK\$)	-	17,805,764	21,818,925
S&P Asia ex JANZ Energy ETF (in HK\$)	-	12,263,147	13,791,612
S&P Asia ex JANZ Materials ETF (in HK\$)	-	20,301,169	21,475,134

HIGHEST ISSUE PRICE AND LOWEST REDEMPTION PRICE PER UNIT

	For the period from 1 April 2015 to 1 April 2016 (Last Trading Day)		For the year ended 31 March 2015		For the year ended 31 March 2014		For the period ended 31 March 2013	
	Highest issue price per unit	Lowest redemption price per unit	Highest issue price per unit	Lowest redemption price per unit	Highest issue price per unit	Lowest redemption price per unit	Highest issue price per unit	Lowest redemption price per unit
S&P Asia ex JANZ Financials ETF (in HK\$) ¹	31.8377	20.9021	28.5301	23.4028	25.7892	21.8490	25.5139	19.1092
S&P Asia ex JANZ IT ETF (in HK\$) ¹	33.3065	24.3407	32.7348	28.4540	29.2698	21.6384	25.0737	19.6922
S&P Asia ex JANZ Industrials ETF (in HK\$) ¹	24.4669	16.7675	23.1863	20.4362	22.5493	19.2404	22.8255	18.5077
S&P Asia ex JANZ Energy ETF (in HK\$) ¹	17.6768	11.0768	20.3359	14.8793	19.4402	15.6194	22.3627	17.1193
S&P Asia ex JANZ Materials ETF (in HK\$) ¹	18.8328	12.9409	19.8931	16.0622	19.1097	15.7342	22.8138	17.4210

¹The financial year of the Terminated Sub-Funds, which were new additions to the Trust during the period ended 31 March 2013, commences from 18 January 2012 (date of inception) to 31 March 2013.

PERFORMANCE OF THE TERMINATED SUB-FUNDS

	For the period from 1 April 2015 to 30 May 2016 (Termination Date)		For the year ended 31 March 2015		For the year ended 31 March 2014		For the period ended 31 March 2013	
	Terminated Sub-Fund performance (%)	Index performance (%)	Terminated Sub-Fund performance (%)	Index performance (%)	Terminated Sub-Fund performance (%)	Index performance (%)	Terminated Sub-Fund performance (%)	Index performance (%)
S&P Asia ex JANZ Financials ETF (in HK\$) ¹	(17.74)	(16.27)	20.91	23.08	(4.51)	(2.93)	20.91	22.89
S&P Asia ex JANZ IT ETF (in HK\$) ¹	(12.34)	(7.73)	13.44	14.95	17.73	18.67	20.39	22.18
S&P Asia ex JANZ Industrials ETF (in HK\$) ¹	(15.83)	(20.00)	2.01	4.57	(0.36)	1.57	6.40	7.61
S&P Asia ex JANZ Energy ETF (in HK\$) ¹	(14.93)	(11.65)	(11.08)	(8.82)	(10.69)	(9.08)	(6.64)	(3.66)
S&P Asia ex JANZ Materials ETF (in HK\$) ¹	(7.02)	(9.83)	(5.47)	(3.77)	(0.82)	0.28	(11.45)	(9.29)

¹The financial year of the Terminated Sub-Funds, which were new additions to the Trust during the period ended 31 March 2013, commences from 18 January 2012 (date of inception) to 31 March 2013.
²The performances of the Terminated Sub-Funds are adjusted by adding back respective distributions to unitholders during the period from 1 April 2015 to 30 May 2016 (Termination Date).

HORIZONS EXCHANGE TRADED FUNDS SERIES

MANAGEMENT AND ADMINISTRATION

Manager

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Level 15, Three Pacific Place
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Directors of the Manager

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

Trustee

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Custodian

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50/F Champion Tower¹
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Service Agent

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Legal Adviser to the Manager

Simmons & Simmons
13th Floor, One Pacific Place
88 Queensway, Hong Kong

Auditors

Ernst & Young
22/F CITIC Tower
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Central, Hong Kong

Participating Dealers

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

Barclays Bank PLC

41st Floor, Cheung Kong Centre
2 Queen's Road Central
Central, Hong Kong

Participating Dealers (continued)

Credit Suisse Securities (Hong Kong) Limited
88th Floor, International Commerce Centre
1 Austin Road West
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Goldman Sachs (Asia) Securities Limited
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¹Prior to 28 June 2016, Champion Tower was known as Citibank Tower.

