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Market or Industry Commentary Only

**GLOBAL X**  
by Mirae Asset

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# **Global X China Core TECH ETF** **(3448 HK)**

## Global X China Core Tech ETF (3448)

Investors should not base investment decisions on this content alone. Please refer to the Prospectus for details including product features and the risk factors. Investment involves risks. Past performance is not indicative of future performance. There is no guarantee of the repayment of the principal. Investors should note:

- Global X China Core TECH ETF (the “Fund”)’s investment objective is to provide investment results that, before fees and expenses, closely correspond to the performance of the Mirae Asset China Tech Top 30 Index (the “Index”).
- The Fund is subject to concentration risk as a result of tracking the performance of a single geographical region or country. The Fund may likely be more volatile than a broad-based fund, as it is more susceptible to fluctuations in value of the Index resulting from adverse conditions in the region.
- The constituents of the Index, and accordingly the Fund’s investments, may from time to time be concentrated in companies in a particular industry or sector. The Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- The Fund may be exposed to risks associated with different technology sectors and themes. A downturn in the business for companies in these sectors or themes may have adverse effects on the Fund.
- Listed companies on the ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. In particular, listed companies on ChiNext market and/or STAR Board are subject to higher fluctuation in stock prices and liquidity risks, Over-valuation risk, Differences in regulation, Delisting risk, and Concentration risk.
- The Fund may suffer from a losses or delays when recovering the securities lent out. This may potentially affecting its ability to meet payment and redemption obligations. Collateral shortfalls due to inaccurate pricing or change of value of securities lent, may cause significant losses to the Fund.
- There are risks and uncertainties associated with the current Mainland China tax laws, regulations and practice in respect of capital gains realized via Stock Connect on the Fund’s investments in Mainland China. Any increased tax liabilities on the Fund may adversely affect the Fund’s value.
- Payments of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor’s original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction in the Net Asset Value per Share of the Fund and will reduce the capital available for future investment.

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# Investment Points

## Investment Points

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1

### **The Rise of China's High-End Technology**

As the global competitiveness of China's tech companies continues to rise, they are expected to deliver good stock returns in the mid-long term.

2

### **Asset allocation in the G2 Tech era**

The era of G2 technology has arrived, where technology companies from both countries are competing directly and leading the world. This ETF provides a hedging tool to investors with high exposure to US tech stocks.

3

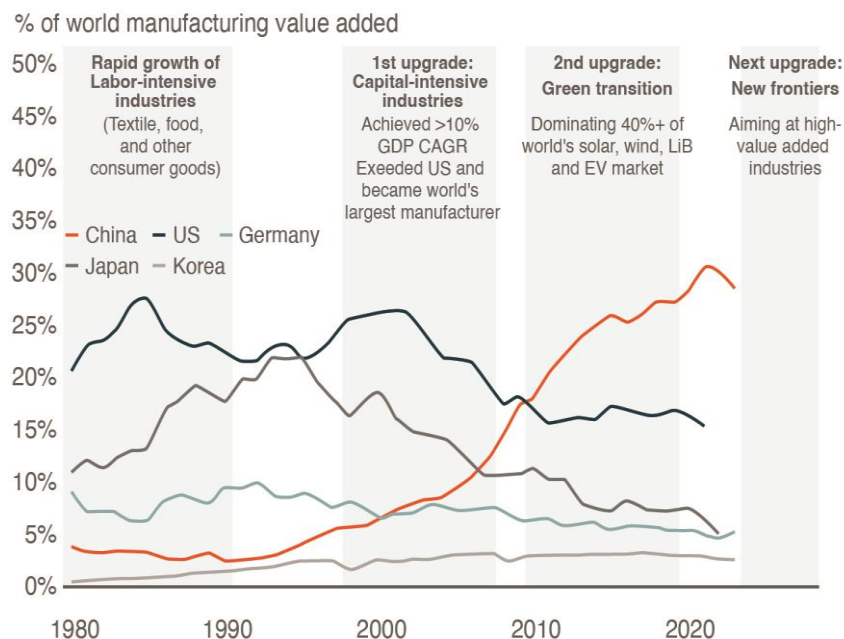
### **Diversification Effect**

Each technology industry has different business cycles. By covering more than seven technology sectors, this ETF can help to reduce some of the high volatility that comes with investing in technology stocks.

## Investment Points: The Rise of China's High-End Technology

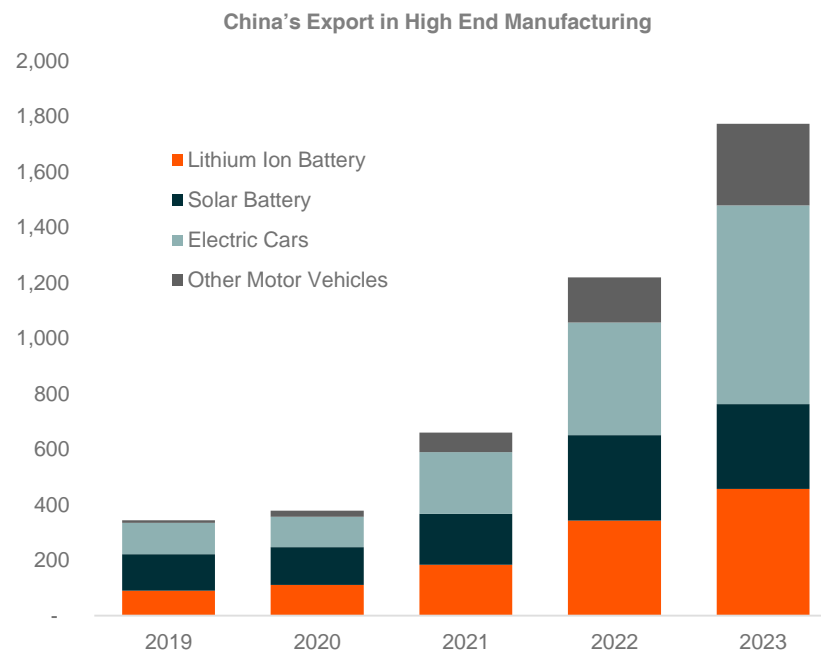
- Over past decades, China has navigated through different industrial cycles and now commands the world's largest manufacturing and export shares.
- More importantly, we see increasing contribution from high-tech sectors as China transits towards innovation driven economy.

### China Commands the Largest Manufacturing Share, and is Poised for Next Industrial Upgrade



Source: Morgan Stanley, May 2025

### China Export in High-end Manufacturing is Tracking Strong

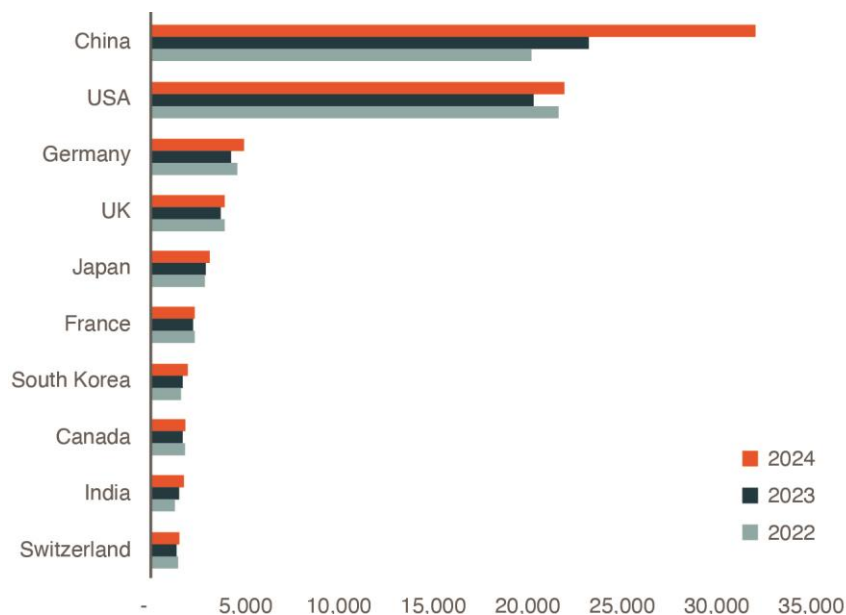


Source: World Bank, HSBC, 2024

## Investment Points: Entering G2 Tech Era

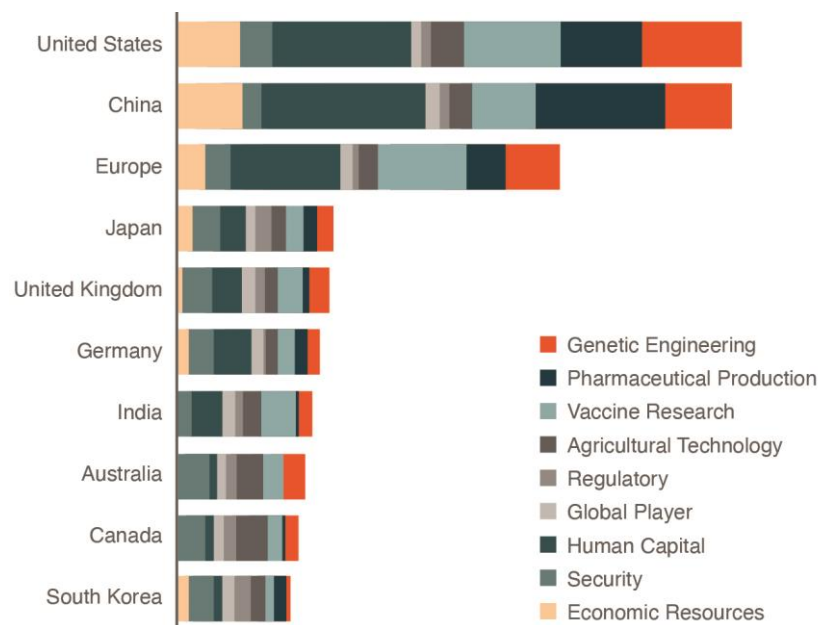
- China surpasses the US in the Nature Index 2024, key indicator of science and technology level
- To Many surprise, China is overtaking the US in the Nature Cancer Research 2025, where the US was originally strong.
- China is on par with the United States, according to the Critical Technology Index released by Harvard University in 2025

### Nature Index



Source: Nature Index, May 2025

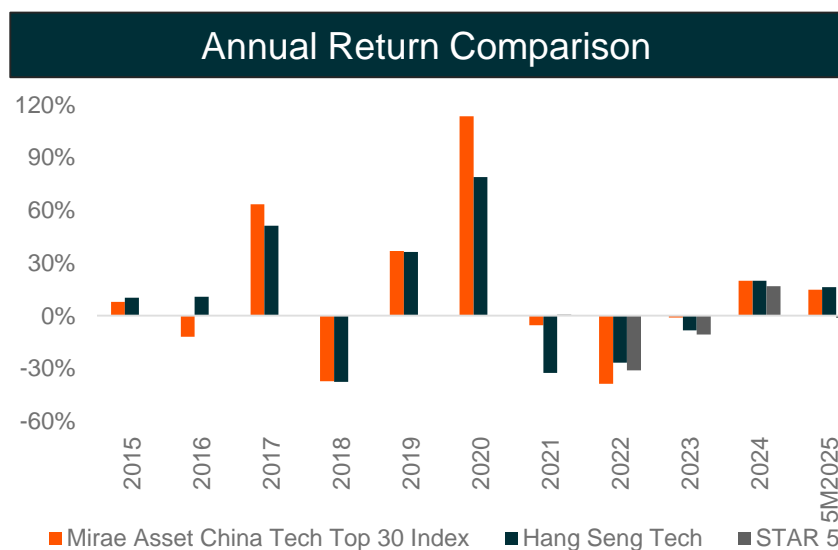
### Harvard's Critical Technologies index (Biotech)



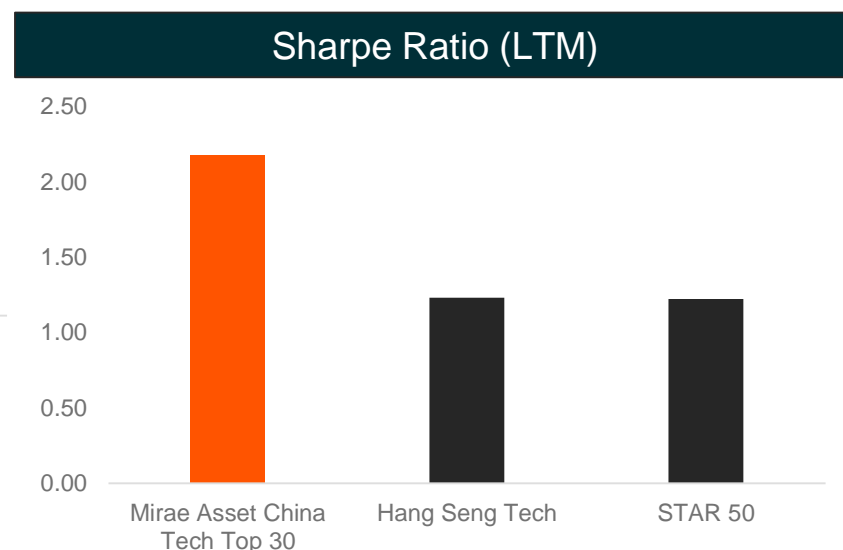
Source: Harvard University, 2025

## Investment Points: Risk-adjusted Returns

Index Performance Comparison			
	Mirae Asset China Tech Top 30 Index	Hang Seng Tech	STAR 50
1M	4.31%	1.61%	-2.99%
3M	-1.77%	-6.59%	-8.43%
YTD	19.88%	20.21%	-0.95%
1Y	62.69%	44.17%	29.59%
2Y (p.a.)	17.79%	16.14%	-2.37%
3Y (p.a.)	4.99%	6.01%	-2.93%
5Y (p.a.)	7.87%	-0.64%	NA



Source: Bloomberg, Data as of June 2025. Note: STAR50 data starts from 2021.  
Global X China Core Tech ETF tracks Mirae Asset China Tech Top 30 Index



Source: Bloomberg, Data as of June 2025. Note: Global X China Core Tech ETF tracks Mirae Asset China Tech Top 30 Index

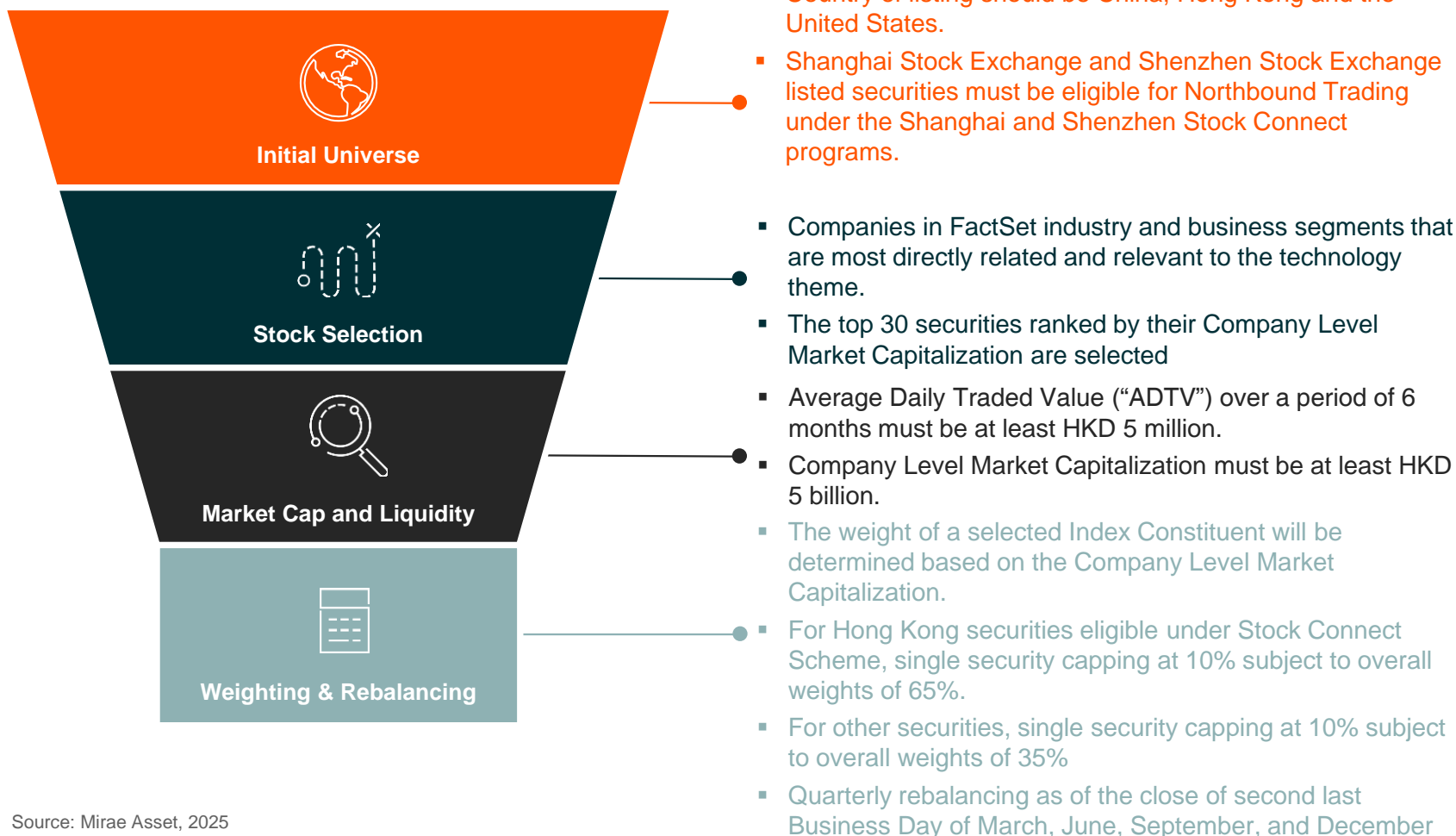
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# Index Methodology



# Index Methodology - Mirae Asset China Tech Top 30 Index

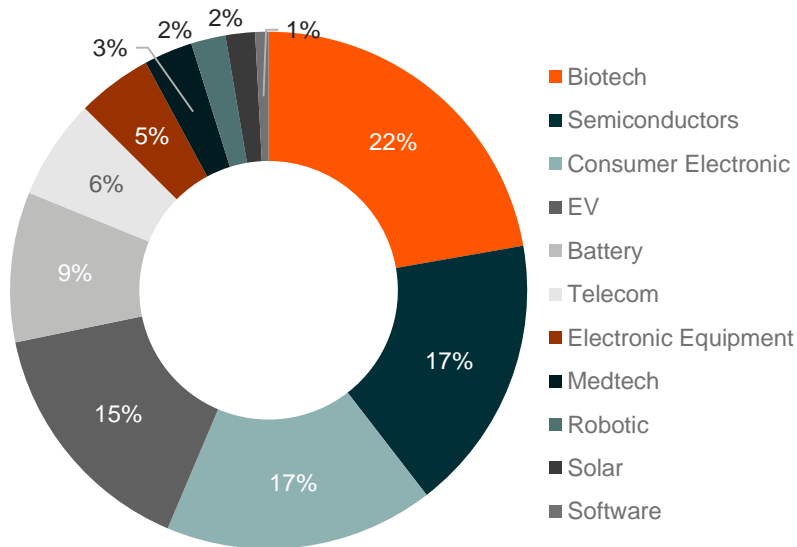


Source: Mirae Asset, 2025

## Index Methodology: Sub-sector and Key Holdings

- The ETF offers diversified exposure to high-tech sectors, and captures leading companies in core technology areas.

### Mirae Asset China Tech Top 30 Index Has Diversified Exposure to High-tech



Source: Mirae Asset, Data as of 30 May 2025

### Key Holding in Each Category

Category	Key Holding
Biotech	BeOne, Wuxi AppTec, Hengrui
Semiconductors	SMIC, Cambricon, NAURA
EV	BYD, Xpeng
Battery	CATL, Eve Energy
Medtech	Mindray, United Imaging
Consumer Electronic	Xiaomi, Lenovo
Robotic	Inovance, Sanhua
Electronic Equipment	Hikvision, Zhongji Innolight

Source: Mirae Asset, Data as of 30 May 2025



# Index Characteristics

## Summary of Index Characteristics

1

### **Comprehensiveness:**

Encompassing all high-tech categories, where China is expected to become globally competitive

2

### **Key differences from Hang Seng Tech ETF**

Internet stocks are not included

Its three-year revenue CAGR is expected 20% vs. 12% CAGR in HS Tech ETF

3

**Large Cap:** The average market cap is about US\$65bn

4

### **GARP (Growth at reasonable Price)**

Its valuation multiple of 20x PE with 20% three year revenue CAGR is attractive vs. other tech oriented ETFs in the US and China

Source: Mirae Asset, Hang Seng Index, 30 May 2025

## Top 10 Holdings - Mirae Asset China Tech Top 30 Index

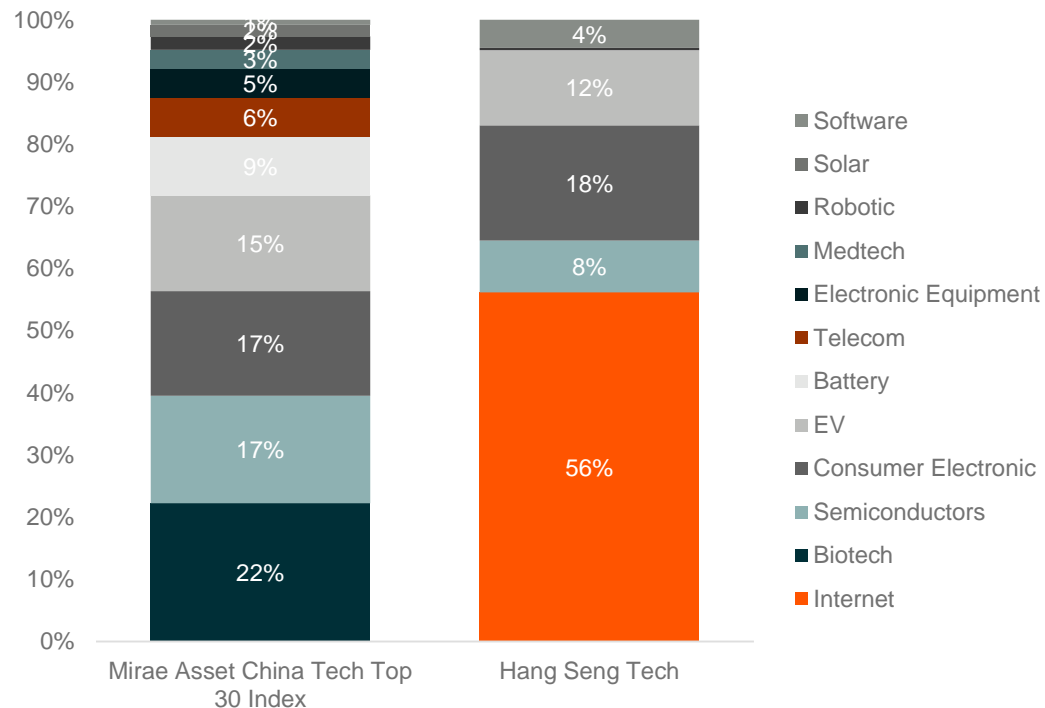
Ticker	Name	Weight	Mirae Sector
1211 HK Equity	BYD	10.6%	EV
1810 HK Equity	Xiaomi	10.1%	Consumer Electronic
981 HK Equity	SMIC	9.0%	Semiconductors
300750 CH Equity	CATL	8.7%	Battery
2359 HK Equity	WuXi AppTec	8.2%	Biotech
6160 HK Equity	BeOne Medicines	7.3%	Biotech
763 HK Equity	ZTE	6.3%	Telecom
9868 HK Equity	XPeng	4.7%	EV
992 HK Equity	Lenovo Group	4.4%	Consumer Electronic
2269 HK Equity	Wuxi Biologics	4.0%	Biotech

Source: Mirae Asset, Bloomberg, Data as of 30 May 2025.

## Index Characteristics: Sector Exposure vs. Hang Seng Tech ETF

- Compared to Hang Seng Tech index which skewed heavily towards internet sector, China Core Tech 30 Index has more diversified exposures towards key technology sectors.
- Internet stocks are not included, as it's not easy for Chinese companies to expand overseas as US internet companies are already dominant

### Mirae Asset China Tech Top 30 Index Has Diversified Exposure to High-tech Sector

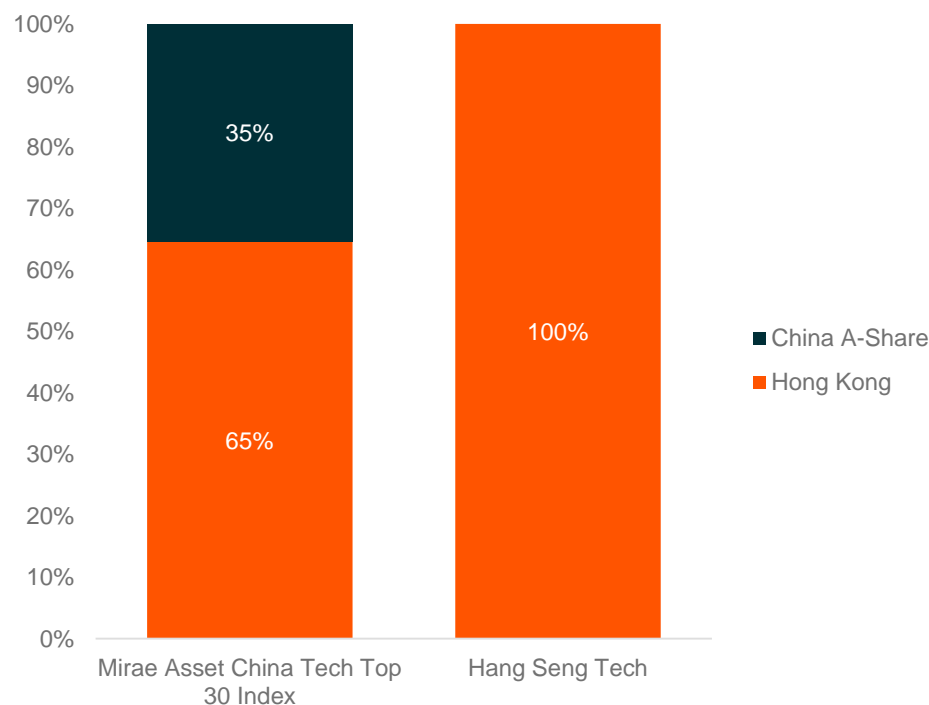


Source: Mirae Asset, Data as of 30 May 2025. Note: Global X China Core Tech ETF tracks Mirae Asset China Tech Top 30 Index. Comparison in the chart is based on index.

## Index Characteristics: Sector Exposure vs. Hang Seng Tech ETF

- Compared to Hang Seng Tech index which skewed heavily towards internet sector, China Core Tech 30 Index has more diversified exposures towards key technology sectors.

### Mirae Asset China Tech Top 30 Index Offers A+H Exposure



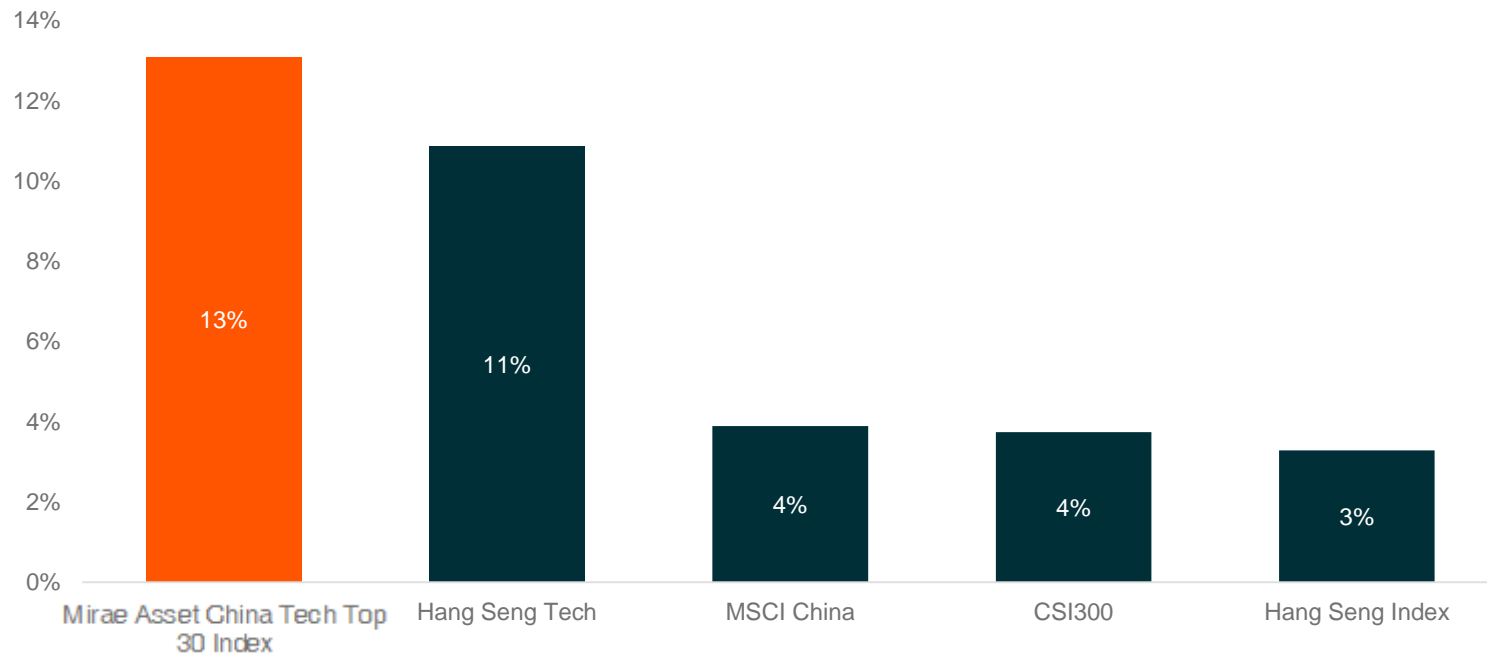
Source: Mirae Asset, Data as of 30 May 2025. Note: Global X China Core Tech ETF tracks Mirae Asset China Tech Top 30 Index. Comparison in the chart is based on index.

## Index Characteristics: Higher R&D Efforts

- Dedicated investments in research and development (R&D) serve as the cornerstone for companies seeking to establish enduring competitive advantages in the rapidly evolving technology sector.

### Higher R&D Investments

R&D Expense as % of Sales



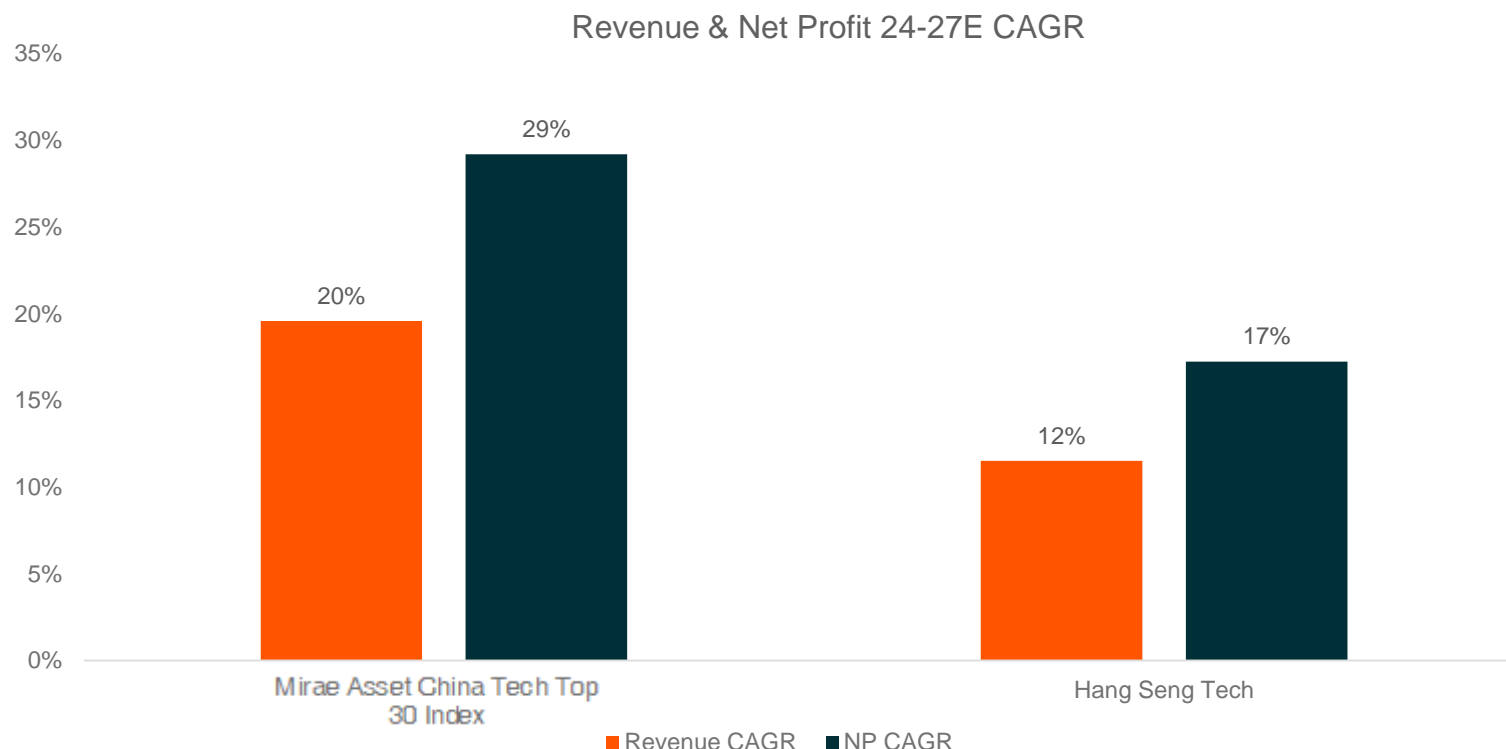
Source: FactSet, Bloomberg, May 2025. Note: Global X China Core Tech ETF tracks Mirae Asset China Tech Top 30 Index. Comparison in the chart is based on index.



## Portfolio Characteristics: Higher Growth Potential

- The inclusion of China leaders in high tech sector leads to higher growth potential for the portfolio.

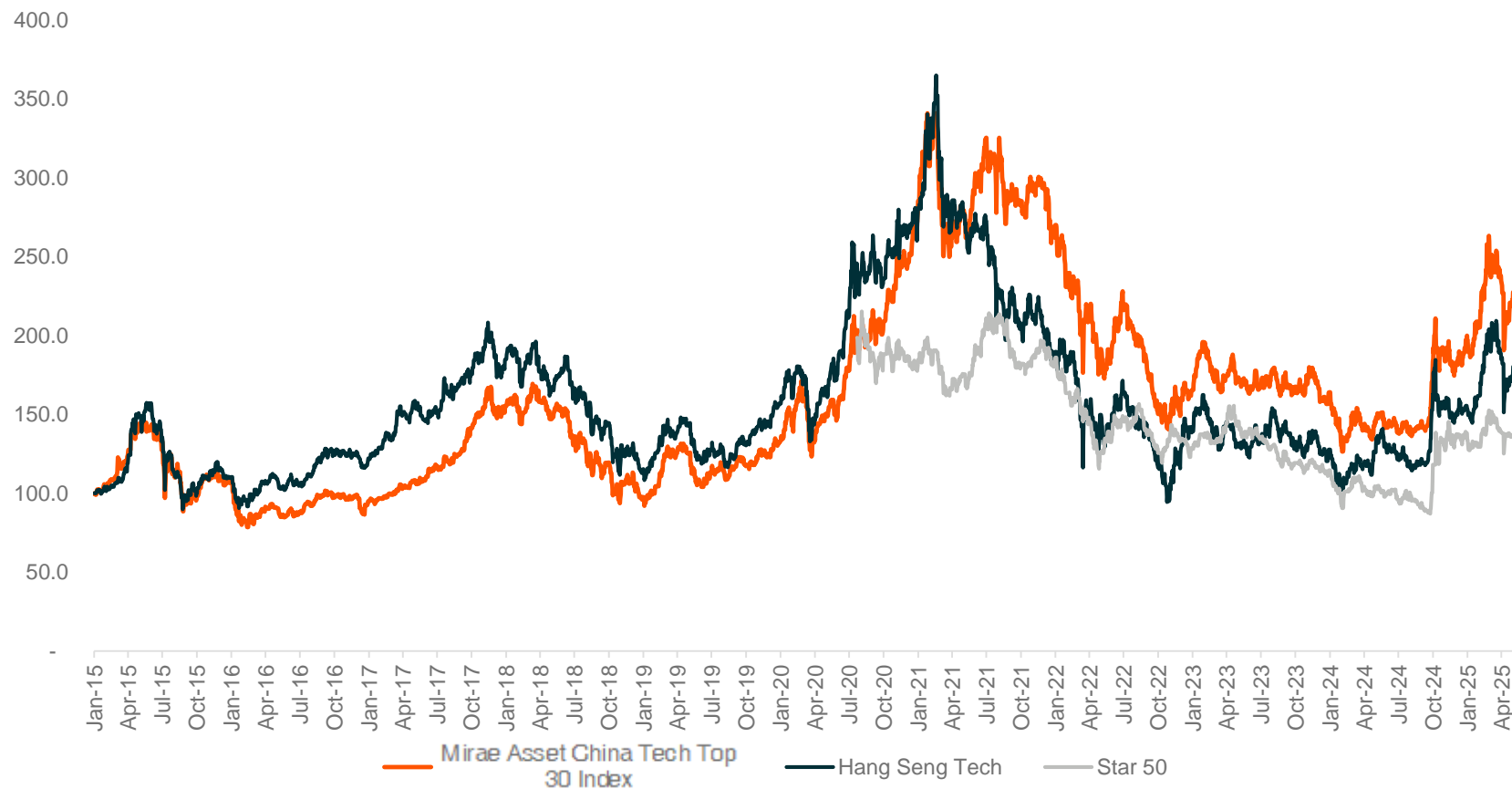
### Mirae Asset China Tech Top 30 Index Has Better Growth Profile



Source: FactSet, Mirae Asset, 30 May 2025. Note: Based on weighted sum of revenue/Net profit for index constituents, using FactSet consensus estimates. Global X China Core Tech ETF tracks Mirae Asset China Tech Top 30 Index. Comparison in the chart is based on index.

# Historical Performance

## Index Performance Comparison



Source: Bloomberg, Data as of May 2025. Indexed to 100 on 1 Jan 2020. Mirea Asset China Tech Top 30 Index base date: 28 March 2014

Note: Global X China Core Tech ETF tracks Mirae Asset China Tech Top 30 Index. Comparison in the chart is based on index.

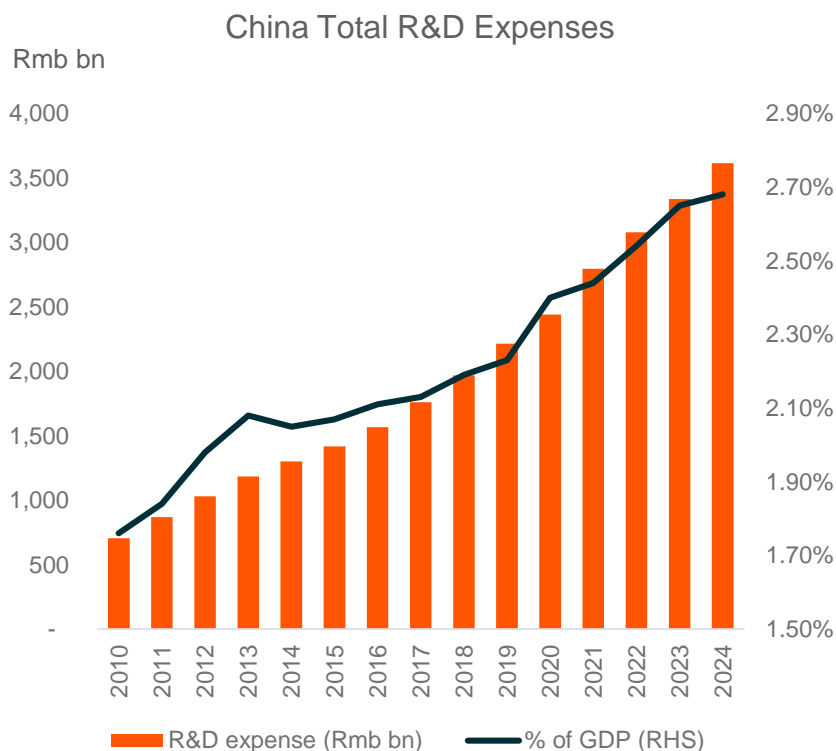


# Appendix

## Sophisticated Supply Chain Supports High-end Transition

- Thanks to continued R&D investments, China has been gaining global share in advanced industries
- Leaders in China's core tech industries are poised to benefit from China's industrial upgrade

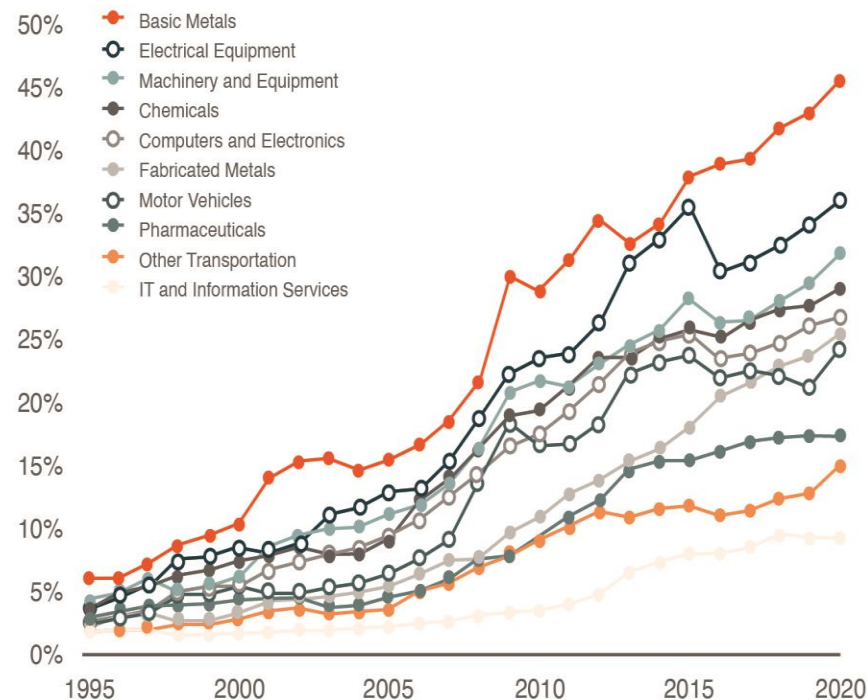
### China Continues to Ramp up R&D Expenses



Source: NBS, Mirae Asset, June 2025

### China is Gaining Global Share in Advanced Industries

#### China's Global Market Shares In Advanced Industries

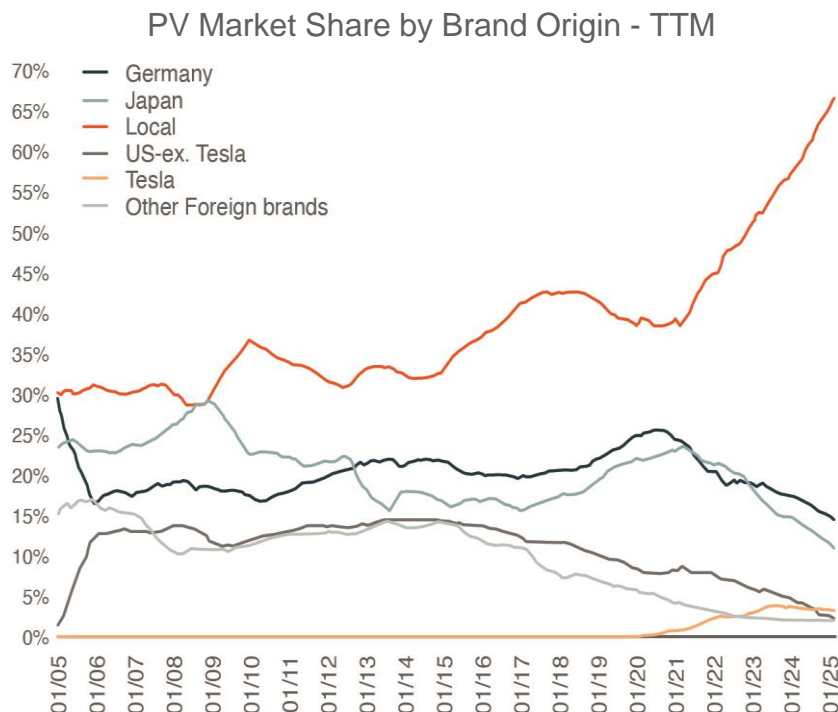


Source: ITIF, September 2024

## Chinese Players Gaining Share in High-tech Sectors

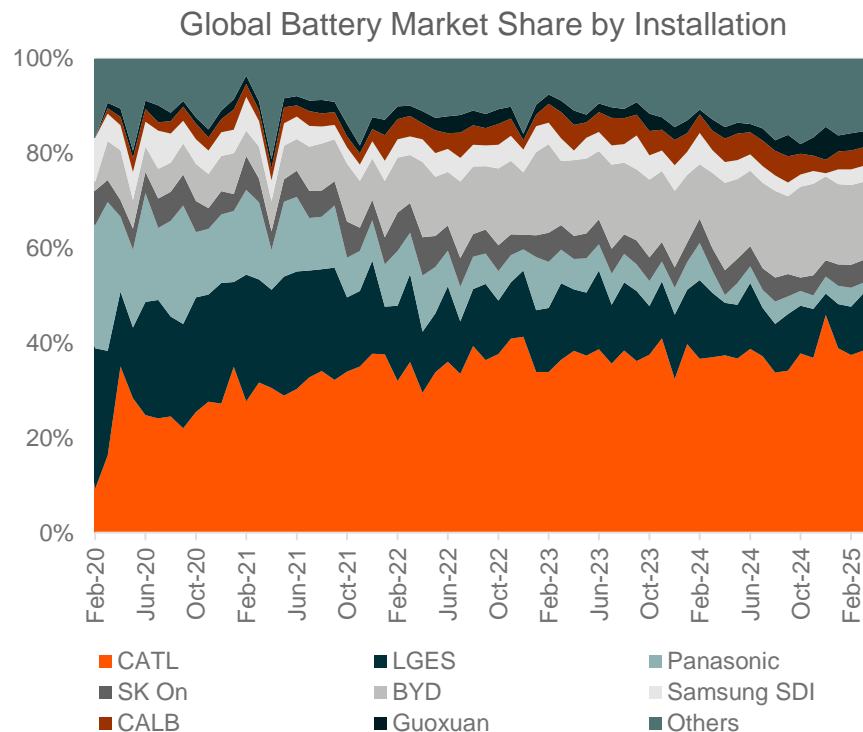
- In high tech industries that were traditionally dominated by foreign players, we are seeing leading Chinese players continuously gaining market share in both domestic and global market.

### Auto - Local Brands Continue to Gain Share From Foreign Brands in China Market



Source: Morgan Stanley, May 2025

### Battery - CATL Commands the Largest Market Share Globally

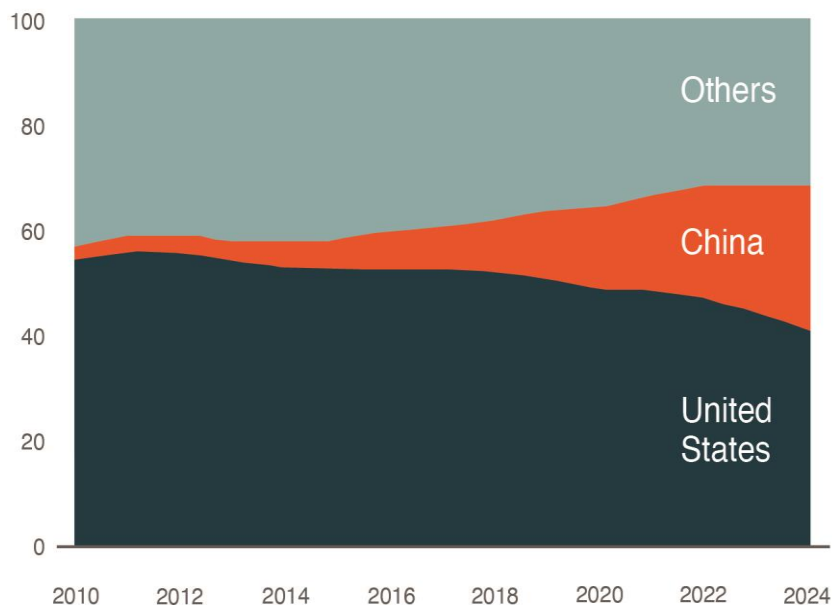


Source: UBS, May 2025

## Sub Category: Biotech

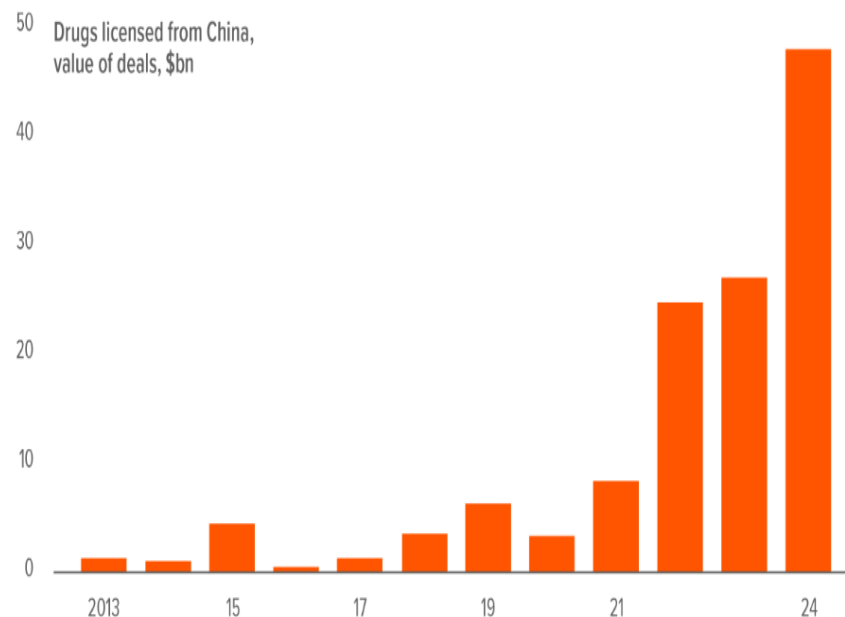
- China Biotech sector is gaining momentum in 1H25 as bolstered by domestic policy support, improving corporate earnings, more favorable macro factors, and ongoing globalization themes.
- Recent major out-licensing deals showcased global recognition of the innovative quality of Chinese companies.

Active drugs in development by country of company headquarters, %



Source: Economist, February 2025

Going Global – License-Out Deals Saw Increase in Both Case Numbers and Value

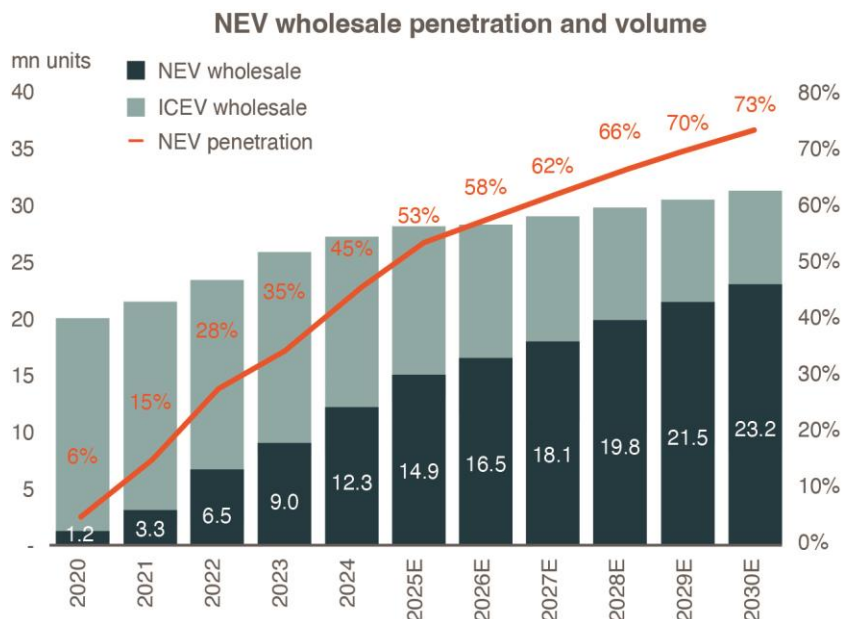


Source: Economist, February 2025

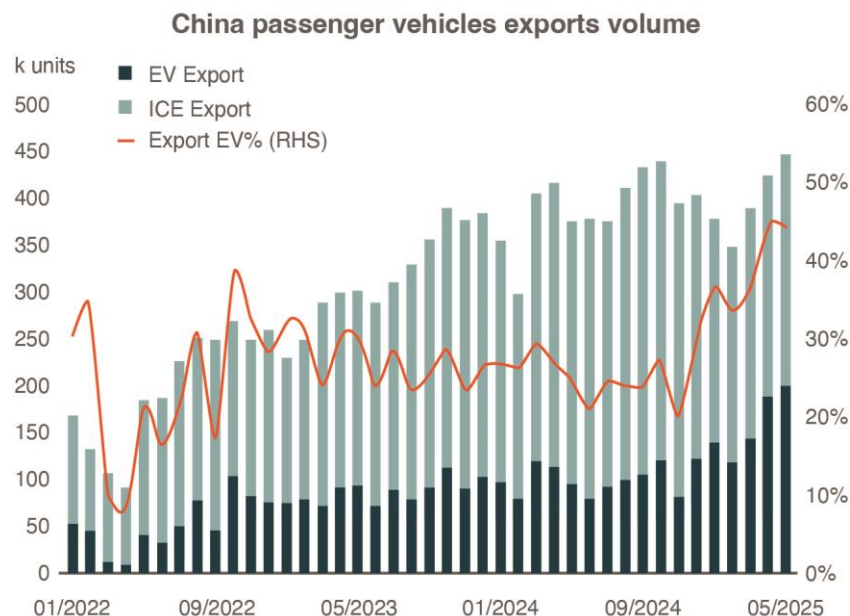
## Sub Category: EV

In 2024, China set a global benchmark by selling over 12 million NEVs, achieving a remarkable 45% penetration rate. This is driven by auto trade-in policy, continuous new model launches, and competitive pricing. Furthermore, the robust auto ecosystem and supply chain, strong innovation capability for Chinese auto & battery companies should support the long term growth trajectory for Chinese EV industry. Leading Chinese brands are capturing market share in both domestic and overseas market.

### EV Sales Growth and Penetration is Tracking Strong in China



### Solid EV Export Despite Tariff Uncertainty



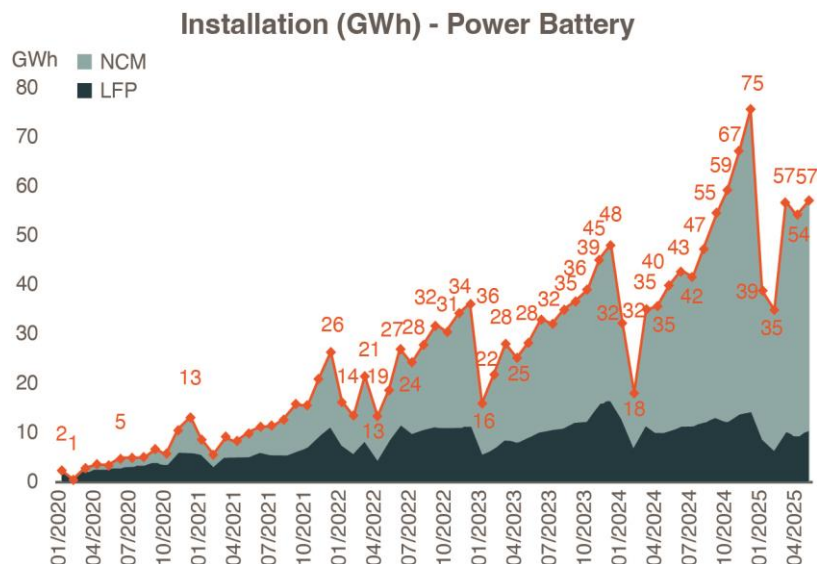
Source: Morgan Stanley, June 2025

Source: Macquarie, May 2025

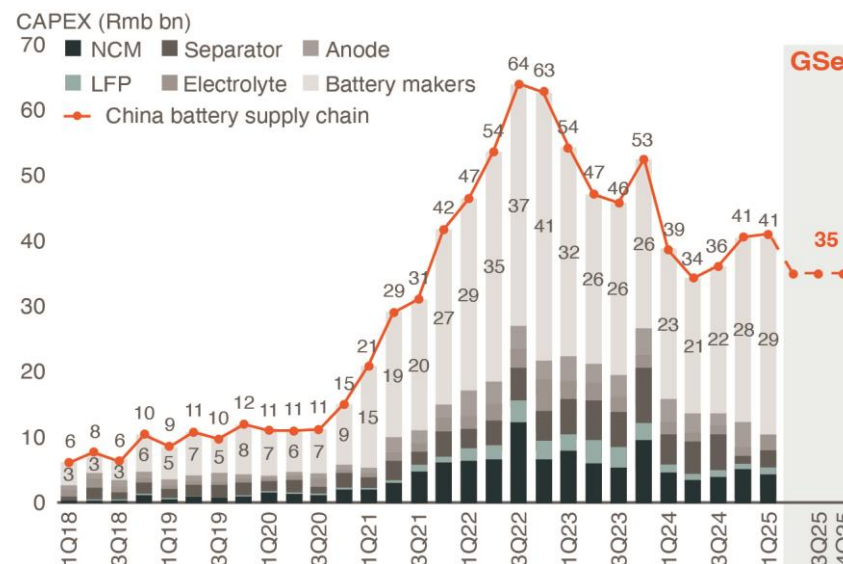
## Sub category: Battery

- Battery demand is strong as supported by solid EV sales and ESS demand. Leading Battery makers are consistently innovating their products and technology, further solidifying leading market position and potentially tackling some of key obstacles of further EV adoption such as customers' range anxiety.
- Battery supply chain CAPEX is down c.40% from peak, alleviating overcapacity concern. The CAPEX rebound in past 2 quarters is mainly led by leading battery makers (CATL, BYD), showing signals of further industry consolidation.

### China Power Battery Monthly Installation



### China Battery Supply Chain CAPEX Down Substantially From Peak



Source: Goldman Sachs, June 2025

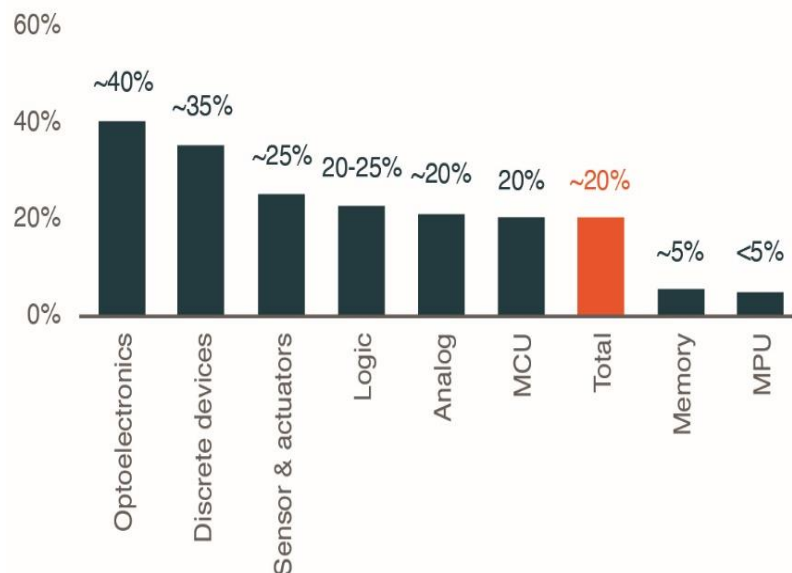
Source: Goldman Sachs, June 2025



## Sub Category: Semiconductor

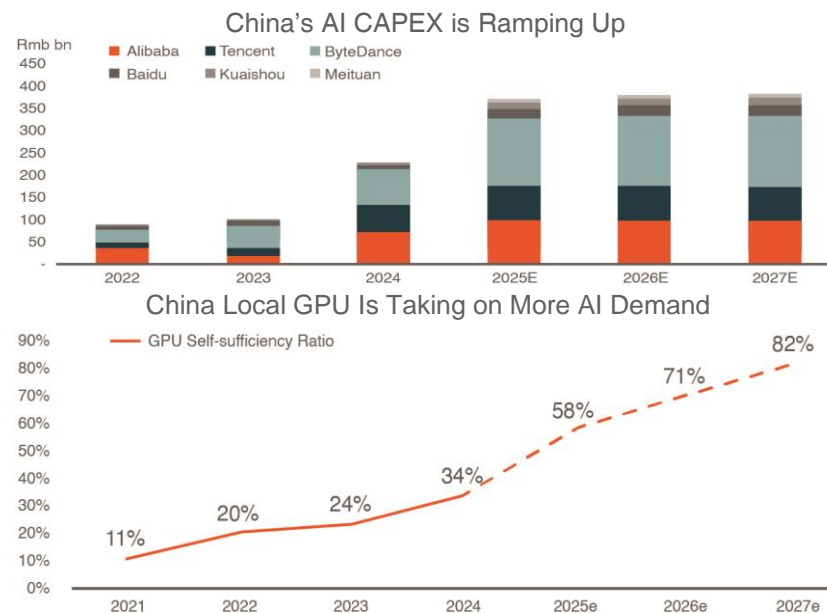
- China semiconductor is a large market with ample room for localization rate improvement, as domestic brands account for 35% of global demand while contributing only 7% of capacity supply
- Increasing geopolitical uncertainties, coupled with domestic players' cost advantages and service speed, are driving an accelerated domestic substitution. Strengthened government support aimed at achieving self-sufficiency, along with rising capital expenditures, will further bolster the industry's growth.

### Localization Rate for China Semi is Still Low



Source: WSTS, BofA, July 2024

### China Semi is Benefiting From Increasing AI Demand



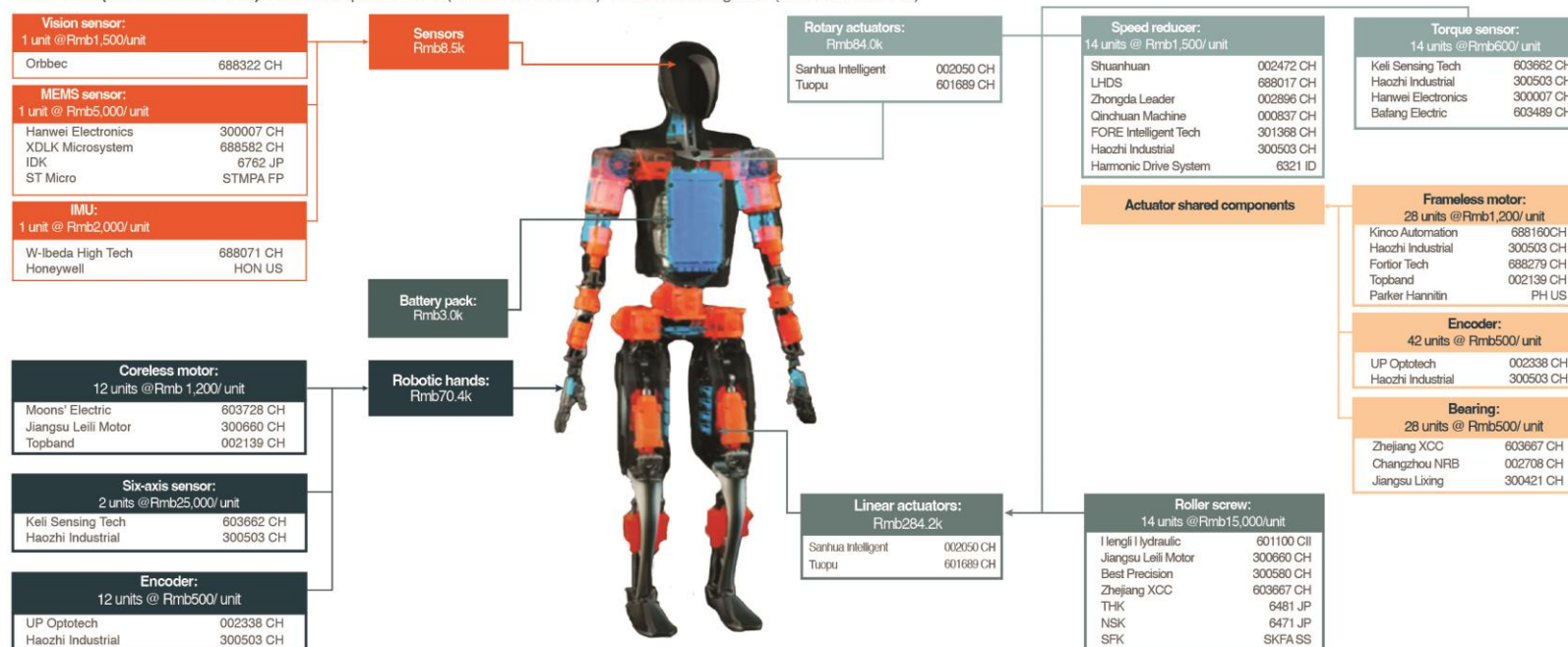
Source: Morgan Stanley, June 2025

## Sub Category: Robotics

- China Industrial Automation is showing signs of bottoming out. Domestic leaders are gaining market share esp. in high-end segment with better profitability.
- Humanoid Robot presents good opportunities for Chinese supply chain players.

### Tesla Humanoid Robot Supply Chain (Estimated)

Total cost (Rmb518k/USD74k) = total component cost (Rmb450k/USD64k) + manufacturing cost (Rmb68k/USD10k)

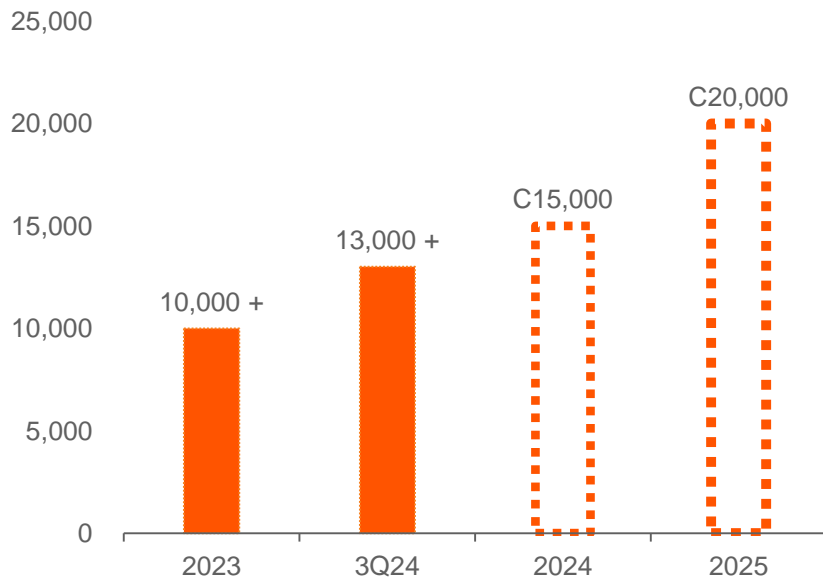


Source: Macquarie, 2025

## Sub Category: Consumer Electronic

- Xiaomi is a great example of Chinese consumer technology success.
- Successful business model evolution: it started with a single product and online-only, but successfully expanded into home appliances and automobiles. It also transitioned to a hybrid on-off line model.
- Uniqueness: Xiaomi is the only global mobile phone brand that owns both electric vehicles and home appliances.

### Xiaomi Offline Store Number Trend



Source : HSBC, 2025

### Ford CEO Jim Farley's Comment on Xiaomi SU7



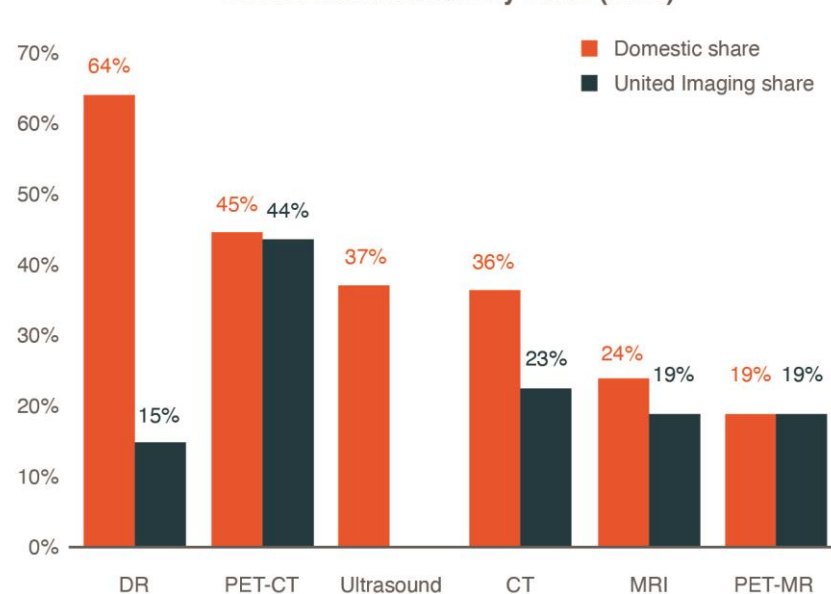
Source : Youtube, 2025

## Sub Category: Medtech

- Chinese companies are expanding their market share in the advanced medical equipment market, including MRI and CT.
- United Imaging, a leading Chinese high-end medical equipment company, has the competitive edge to compete with major global companies such as GE, Philips, and Siemens in the fields of MRI, CT, and PET. United Imaging has already achieved the No. 1 market share in the Chinese high-end medical equipment market.

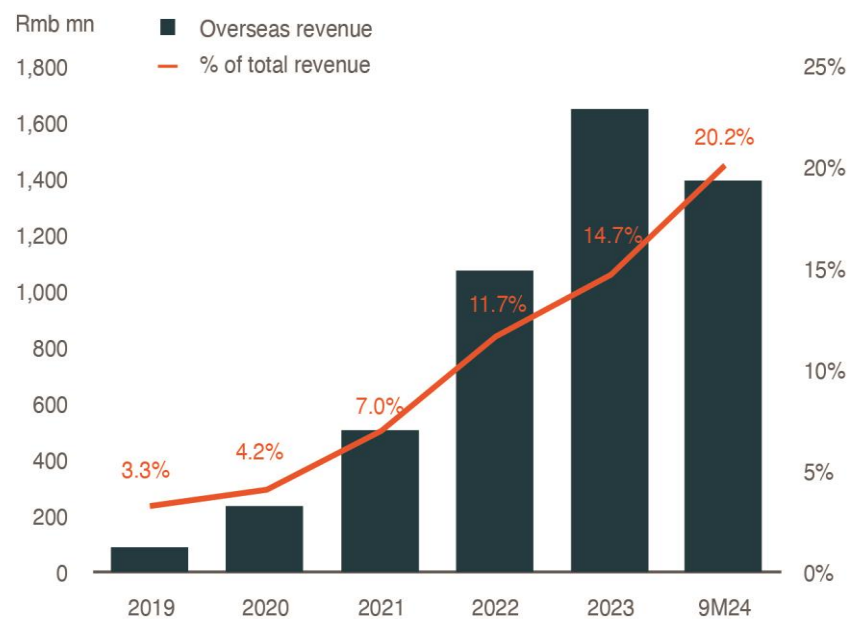
### United Imaging's Share Of The High-end Medical Equipment Sector In China

Tender market share by value (2023)



Source: UBS, February 2025

### United Imaging Overseas Sales Trends



Source: UBS, February 2025

## Disclosures



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