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

GLOBAL X ETF SERIES

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

GLOBAL X
by Mirae Asset

Global X MSCI China ETF

(Stock Code: 3040)

Global X Hang Seng High Dividend Yield ETF

(Stock Code: 3110)

Global X CSI 300 ETF

(RMB Counter Stock Code: 83127 HKD Counter Stock Code: 03127)

Global X China Biotech ETF

(USD Counter Stock Code: 9820 HKD Counter Stock Code: 2820)

Global X China Cloud Computing ETF

(USD Counter Stock Code: 9826 HKD Counter Stock Code: 2826)

PROSPECTUS

29 October 2021

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PARTIES

Manager
Mirae Asset Global Investments (Hong Kong) Limited
Room 1101, 11/F, Lee Garden Three
1 Sunning Road, Causeway Bay
Hong Kong

Trustee
Cititrust Limited
50/F., Champion Tower
3 Garden Road, Central
Hong Kong

PRC Custodian[@]
Industrial and Commercial Bank of China Limited
55 Fuxingmennei Street,
Xicheng District
Beijing
China P.C:100140

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

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

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

Directors of the Manager
Rhee, Jung Ho
Kim, Byung Ha
Kapala, Srinivasa Rao

[@] *In respect of Global X CSI 300 ETF only.*

Service Agent
HK Conversion Agency Services Limited
8th Floor, Two Exchange Square
8 Connaught Place, Central
Hong Kong

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

Market Makers*
Please refer to the Appendix of the relevant Investment Fund

Participating Dealers*
Please refer to the Appendix of the relevant Investment Fund

Listing Agent
Please refer to the Appendix of the relevant Investment Fund

Tax Adviser to the Manager (PRC tax)
Ernst & Young (China) Advisory Limited Beijing Branch Office
Level 6, Ernst & Young Tower
Oriental Plaza
No. 1 East Chang An Avenue
Dong Cheng District
Beijing China 100738

Tax Adviser to the Manager (FATCA)
Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers.*

PRELIMINARY

This Prospectus has been prepared in connection with the offer in Hong Kong of Units in the Investment Funds, each being sub-funds of Global X ETF Series (formerly known as Mirae Asset Horizons Exchange Traded Funds Series) (the "**Trust**"), an umbrella unit trust established under Hong Kong law by a trust deed dated on 23 December 2010 as amended by supplemental deeds dated 16 December 2011, 23 December 2011, 5 November 2012, 14 May 2013, 3 September 2014, 16 November 2015, 11 August 2016, 29 September 2016, 5 October 2016, 24 November 2016, 11 July 2019 and 1 November 2019 respectively, and further amended and restated on 31 December 2019 between Mirae Asset Global Investments (Hong Kong) Limited (the "**Manager**") and Cititrust Limited (the "**Trustee**").

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus and the Product Key Facts Statement of each Investment Fund and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement misleading and that this Prospectus includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**"), the Code on Unit Trusts and Mutual Funds (the "**Code**") and the "Overarching Principles" of the Commission's Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products for the purposes of giving information with regard to the units of the Investment Funds; any inferences that might reasonably be drawn from any statement in the prospectus are true and are not misleading; and all opinions and intents expressed in this Prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable. The Trustee is not responsible for the preparation of this Prospectus and is therefore not responsible for its contents, apart from descriptions of or relating to Cititrust Limited as the Trustee on page 16 of this Prospectus.

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

The Units of Investment Funds are listed on the SEHK. The Units of Investment Funds have been accepted as eligible securities by Hong Kong Securities Clearing Company Limited ("**HKSCC**") for deposit, clearing and settlement in the Central Clearing and Settlement System ("**CCASS**"). Settlement of transactions between participants on the SEHK is required to take place in CCASS on the second CCASS settlement day after the trading day.

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

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

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

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

Potential applicants for Units in the Investment Funds should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Units in the Investment Funds.

Investors should note that any amendment or addendum to this Prospectus will only be posted on the Manager's website (https://www.globalxetfs.com.hk/)[1].

[1] The contents of this website and any other websites referred to in this Prospectus have not been reviewed by the Commission.

DEFINITIONS

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

"A-Shares" means shares issued by companies incorporated in the PRC and listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in RMB and available for investment by domestic investors, QFIIs, RQFIIs and any other qualified foreign investors.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Connected Person" in relation to a company, means:

(a) any person or company beneficially owning, directly or indirectly, twenty% (20%) or more of the ordinary share capital of that company or able to exercise, directly or indirectly, twenty% (20%) or more of the total votes in that company;

(b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a) above;

(c) any member of the group of which that company forms part; or

(d) any director or other officer of that company or of any of its Connected Persons as defined in (a), (b) or (c) above;

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

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

"CSRC" means the China Securities Regulatory Commission.

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

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

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

"Deposited Property" means, in respect of each Investment Fund, all the assets (including cash) received or receivable by the Trustee for the time being held or deemed to be held upon the trusts of the Trust Deed for the account of the relevant Investment Fund excluding (i) the Income

Property and (ii) any amount for the time being standing to the credit of the Distribution Account (as defined in the Trust Deed).

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

"entities within the same group" means entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognised accounting standards.

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

"FDIs" means financial derivative instruments.

"Government and other Public Securities" has the meaning as set out in the Code.

"HKEX" means Hong Kong Exchanges and Clearing Limited or its successors.

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

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

"Hong Kong dollar", "HKD" or "HK$" mean the lawful currency for the time being and from time to time of Hong Kong.

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

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

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

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

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

"Korean won" or "KRW" means the lawful currency for the time being and from time to time of South Korea.

"KRX" means the Korea Exchange or its successors.

"Listing Agent" means such entity appointed by the Manager as the listing agent for the relevant Investment Fund.

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

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

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

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

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

"PBOC" means the People's Bank of China.

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

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

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

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

“Primary Market Investor” means an investor who makes a request to a Participating Dealer to effect an Application on his behalf.

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

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

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

“Register” the register of Unitholders to be kept pursuant to the Trust Deed.

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

“reverse repurchase transactions” means transactions whereby an Investment Fund purchases Securities from a counterparty of sale and repurchase transactions and agrees to sell such Securities back at an agreed price in the future.

“RMB” or “Renminbi” means Renminbi Yuan, the lawful currency of the PRC.

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

“RQFII Regulations” is as defined in Appendix 3 of this Prospectus.

“SAFE” means the State Administration of Foreign Exchange of the PRC.

“sale and repurchase transactions” means transactions whereby an Investment Fund sells its Securities to a counterparty of reverse repurchase transactions and agrees to buy such Securities back at an agreed price with a financing cost in the future.

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

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

“Securities Lending Agent” means such person as may from time to time be appointed by the Trustee and/or the Manager to manage an Investment Fund’s securities lending activities.

“securities lending transactions” means transactions whereby an Investment Fund lends its Securities to a security-borrowing counterparty for an agreed fee.

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

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

“Service Agreement” means each agreement by which the Service Agent agrees with the Manager and the Trustee to provide its services entered amongst the Trustee, the Manager, the

Registrar, the Participating Dealer, the Service Agent and Hong Kong Securities Clearing Company Limited.

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

“Shanghai-Hong Kong Stock Connect” means the securities trading and clearing links programme developed by the Hong Kong Exchanges and Clearing Limited, Shanghai Stock Exchange and China Securities Depository and Clearing Corporation Limited, for mutual market access between mainland China and Hong Kong.

“Shenzhen-Hong Kong Stock Connect” means the securities trading and clearing links programme developed by the Hong Kong Exchanges and Clearing Limited, Shenzhen Stock Exchange and China Securities Depository and Clearing Corporation Limited, for mutual market access between mainland China and Hong Kong.

“STA” means the State Taxation Administration of the PRC.

“Stock Connect” means the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

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

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

“Trust Deed” means the trust deed dated 23 December 2010 between the Manager and the Trustee, as amended by supplemental deeds dated 16 December 2011, 23 December 2011, 5 November 2012, 14 May 2013, 3 September 2014, 16 November 2015, 11 August 2016, 29 September 2016, 5 October 2016, 24 November 2016, 11 July 2019 and 1 November 2019 respectively, further amended and restated on 31 December 2019, and as further amended and/or restated from time to time.

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

“Underlying Index” means, in respect of an Investment Fund, the index or benchmark, if any, against which an Investment Fund may be benchmarked or may otherwise be referenced as set out in the relevant Appendix.

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

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

“US dollar” or “USD” or “US$” means the lawful currency for the time being and from time to time of the United States of America.

"Unqualified Person" means:

(a) a person who by virtue of any law or requirement of any country or governmental authority is not qualified to hold a Unit or who would be in breach of any such law or regulation in acquiring or holding a Unit or if, in the opinion of the Manager, the holding of a Unit by such person might result in the Trust incurring any liability to taxation or suffering a pecuniary disadvantage which the Trust might not otherwise have incurred or suffered, or might result in the Trust, the Manager or the Trustee or any of their Connected Persons being exposed to any liability, penalty or regulatory action; or

(b) any person if the holding of a Unit by such person might, due to any circumstances whether directly affecting such person and whether relating to such person alone or to any other person in conjunction therewith (whether such persons are connected or not), in the opinion of the Manager, result in the Trust incurring any liability to taxation or suffering a pecuniary disadvantage which the Trust might not otherwise have incurred or suffered, or in the Trust, the Manager or the Trustee or any of their Connected Persons being exposed to any liability, penalty or regulatory action.

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

(a) if in the opinion of the Manager it would for whatsoever reason it may in its absolute discretion thinks fit (including without prejudice to the generality of the foregoing any change in local, national, international, economic, political, financial or market conditions) be desirable in the interests of the Unitholders of any class or classes so to determine, the Manager may determine that the Valuation Day shall fall on another day;

(b) a determination under the provision (a) above shall be evidenced in writing and shall be at the absolute discretion of the Manager who will give notice of the determination to the Trustee. Such determination shall take effect notwithstanding that the Manager may have published or given notice of a valuation as calculated on the original Valuation Day in relation to such Dealing Day; and

(c) where there is more than one class of Units in issue relating to an Investment Fund, the Valuation Day in respect of each such class shall be the same.

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

PART 1 – GENERAL INFORMATION RELATING TO THE TRUST

This Prospectus provides the information you need to make an informed decision about investing in an Investment Fund. It contains important facts about the Trust as a whole and each Investment Fund. Part 1 of this Prospectus includes general information concerning the Trust and its Investment Funds. Part 2 of this Prospectus includes specific information relevant to each Investment Fund.

THE TRUST

This Prospectus relates to the Trust, under which each Investment Fund is an exchange traded fund managed by the Manager and authorized as a collective investment scheme by the Commission under Chapter 8.6 of the Code. The Commission's authorisation is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. The Trust is an umbrella unit trust constituted by way of a trust deed dated 23 December 2010 as amended by supplemental deeds dated 16 December 2011, 23 December 2011, 5 November 2012, 14 May 2013, 3 September 2014, 16 November 2015, 11 August 2016, 29 September 2016, 5 October 2016, 24 November 2016, 11 July 2019 and 1 November 2019 respectively, and further amended and restated on 31 December 2019, between Mirae Asset Global Investments (Hong Kong) Limited as Manager and Cititrust Limited as Trustee. The terms of the Trust Deed are governed by the laws of Hong Kong.

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

This Prospectus relates to the following Investment Funds:

1. Global X MSCI China ETF;
2. Global X Hang Seng High Dividend Yield ETF;
3. Global X CSI 300 ETF
4. Global X China Biotech ETF; and
5. Global X China Cloud Computing ETF.

MANAGEMENT AND ADMINISTRATION

Manager

The Manager of the Trust is Mirae Asset Global Investments (Hong Kong) Limited, a company incorporated in 2003 under the laws of Hong Kong and licensed by the Commission to carry on Types 1 (dealing in securities), 4 (advising on securities) and 9 (asset management) regulated activities in Hong Kong under the Securities and Futures Ordinance. The Manager is part of the Mirae Asset Global Investments Group, which was the first to open up the mutual fund market in Korea in 1998.

Currently, Mirae Asset Global Investments Group has a presence in Hong Kong (as its global headquarters), Australia, Brazil, Canada, China, India, Taiwan, United Kingdom, USA and Vietnam in addition to its home office in Korea. The Mirae Asset Global Investments Group includes one of the largest team of investment professionals globally dedicated to asset management in Asia and other emerging markets.

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

The Manager has put in place a proper risk management policy which enables it to effectively monitor and measure at any time the risk of the FDIs used by any Investment Fund for investment purposes. Each Investment Fund is subject to daily risk management and control procedures such as, but not limited to:

(A) daily calculation of tracking difference and tracking error;

(B) calculation and monitoring of net derivative exposure;

(C) liquidity guidelines; and

(D) historical and hypothetical stress tests which aim to simulate adverse market scenarios.

Directors of the Manager

The directors of the Manager are as follows:

Rhee, Jung Ho

Mr. Jung Ho Rhee, CFA, is the President and Chief Executive Officer of the Manager, where he is responsible for leading the firm’s investment management, distribution and product development activities. He has over 25 years of investment and research experience. Mr. Rhee also serves as the Head of Asia Pacific of the Mirae Asset Global Investments Group and is responsible for overseeing the long-term growth of the Group’s businesses in the region.

Prior to being appointed as Chief Executive Officer, Mr. Rhee headed the Global Asset Allocation Division of the Manager from 2011 to 2012 and was instrumental in formulating macro and country/sector allocation strategies for the Mirae Asset Global Investments Group. Previously, he worked for Mirae Asset Securities in Hong Kong, where he served as Chief Financial Officer and headed up the firm’s proprietary investment team, from 2009 to 2011.

Mr. Rhee has extensive experience as a research analyst. He served as a Managing Director of Global Research at Mirae Asset Securities in Hong Kong from 2008 to 2009, and as the Head of Asia Pacific Research and Head of Investment Strategy at Mirae Asset Securities in Korea from 2000 to 2008. Prior to joining Mirae Asset Securities in Korea in 2000, he worked as an investment strategist at Daewoo Securities from 1994 to 2000 and as a Financial Management Officer at the Republic of Korea Air Force from 1991 to 1994.

Mr. Rhee holds a Master’s degree in Economics from the University of Hong Kong and a Bachelor’s degree in Economics from Yonsei University.

Kim, Byung Ha

Mr. Byung Ha Kim is Chief Operating Officer of the Manager. He directs and oversees the firm’s operational policies and initiatives. Prior to his current role, he was Co-Chief Investment Officer from 2013 to 2017 and was responsible for co-managing the firm’s investment activities.

Mr. Kim started his career at Mirae Asset Global Investments Co., Ltd. in 1999 as a research analyst covering Korean equities. Later he was promoted to portfolio manager and managed various retail funds and institutional mandates. From 2004 to 2005 he served as portfolio manager and strategist at the Mirae Asset Economic Research Institute, where in addition to managing segregated portfolios for institutional clients, he led and managed a team of research analysts to produce market analysis and research reports for external distribution on behalf of the Mirae Asset Global Investments Group. He transferred to the Manager in 2005 to take up the role of Senior Portfolio Manager.

Mr. Kim holds a bachelor’s degree in Business Administration from Seoul National University in Korea.

Kapala, Srinivasa Rao

Dr. Srinivasa Rao Kapala is the Chief Risk Officer of the Manager overseeing various business segments, such as active management business, alternative investments, ETFs and other strategic initiatives. He is responsible for the measurement, monitoring, and reporting of return and risk parameters for the funds and investment solutions of the Manager and oversees the firm’s investment and risk management processes, policies and controls.

Dr. Kapala began his financial career in 2004 with ICRA Limited, an Indian Associate of Moody’s Investors Service, working as a Senior Analyst. He also worked at Infosys Consulting as a Consultant in Financial Securities for ABN AMRO Asset Management, Amsterdam, and later joined the India office of ABN AMRO Asset Management in 2006 as Assistant Vice President, responsible for product development and management, including marketing and promotion.

Dr. Kapala’s service with the Mirae Asset Global Investment Group dates back to 2007, when he joined Mirae Asset Global Investments (India) as Senior Vice President and Head of the Product Structuring/Development Division and he oversaw the development and management, including marketing and business development of retail and wealth management products across various asset classes, including equity, fixed income, commodities and structured products.

Dr. Kapala holds a PhD in Management (Specialisation in derivatives) from the Indian Institute of Management, Bangalore.

Trustee

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

Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Trust, and such assets will be dealt with as the Trustee may think proper for this purpose. The Trustee may, from time to time and as the Trustee thinks fit, appoint (or, in the case of the PRC Custodian, agree with no objection in writing to the appointment by the Manager) such person or persons as it thinks fit (including a Connected Person) to hold, as custodian, nominee, agent or delegate, the whole or any part of the assets of an Investment Fund and may empower any such person to appoint, with the no objection in writing by the Trustee, co-custodians, sub-custodians and/or delegates (each such custodian, nominee, agent, co-custodian, sub-custodian and delegate a “**Correspondent**”). The Trustee may pre-clear the appointment of sub-custodians by its custodian or provide no objection in advance to an agreed-upon process, provided that the Trustee is satisfied that its custodian will exercise reasonable care and diligence in the selection, appointment and ongoing monitoring of such sub-custodians and has appropriate and adequate process and procedures in place for doing so. The Trustee is required to (a) exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of the Correspondents which are appointed for the custody and/or safekeeping of the property of the Investment Funds and (b) be satisfied that Correspondents retained remain suitably qualified and competent on an ongoing basis to provide the relevant services to the Investment Fund, having regard to the market or markets for which such Correspondent is appointed. The Trustee shall be responsible for the acts and omissions of any Correspondent which is a Connected Person of the Trustee as if the same were the acts or omissions of the Trustee. Provided that the Trustee has discharged its obligations set out in (a) and (b) as set out in this paragraph, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent which is not a Connected Person of the Trustee. For the purpose of the foregoing "Correspondent" shall include the PRC Custodian. The Trustee has appointed Citibank, N.A. and Citibank, N.A., Hong Kong Branch as the Custodian and the Administrator of the Trust respectively.

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

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

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

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

(a) the Trustee takes into its custody or under its control the assets of an Investment Fund, including onshore PRC assets which will be maintained by the PRC Custodian in electronic form via securities account(s) with the CSDCC and any assets deposited in cash account(s) with the PRC Custodian ("**Onshore PRC Assets**"), and holds the same in trust for the relevant Unitholders;

(b) cash and registrable assets of an Investment Fund, including Onshore PRC Assets, are registered in the name of or to the order of the Trustee; and

(c) the PRC Custodian will look to the Trustee for instructions and solely act in accordance with the Trustee's instructions as provided under the PRC Participation Agreement.

The Trustee will remain as the trustee of the Trust until the Trustee retires or is removed. The circumstances under which the Trustee may retire or be removed are set out in the Trust Deed.

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

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

Registrar

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

Custodian

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

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

The PRC Custodian

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

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

Market Makers

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

Subject to applicable regulatory requirements, the Manager intends to use its best endeavours to put in place arrangements so that there is at least one market maker for each Investment Fund and, for each Investment Fund with a Dual Counter, one market maker for Units traded in each counter, to facilitate efficient trading. If the SEHK withdraws its permit to the existing market maker(s), the Manager will use its best endeavours to put in place arrangements so that there is at least one other market maker to facilitate the efficient trading of Units of the Investment Fund, or for an Investment Fund with a Dual Counter, the Manager will use its best endeavours to put in place arrangements so that there is at least one other market maker to facilitate the efficient trading of Units in each counter (which may be the same market maker) to facilitate the efficient trading of Units of the relevant trading currency. The Manager will also seek to use its best endeavours to put in place arrangements so that at least one market maker (or for an Investment Fund with a Dual Counter, at least one market maker per counter) gives not less than 3 months' notice prior to terminating market making under the relevant market making agreement. The list of market markers in respect of each Investment Fund from time to time will be displayed on www.hkex.com.hk and https://www.globalxetfs.com.hk/ (the contents of which have not been reviewed by the Commission).

Participating Dealers

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

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

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

The Manager will use its reasonable endeavours to appoint additional Participating Dealers. In the event that additional Participating Dealers are appointed, the Manager will notify Unitholders by way of an announcement. The list of Participating Dealers is also available on https://www.globalxetfs.com.hk/. The Participating Dealers are not responsible for the preparation of this Prospectus and shall not be held liable to any person for any information disclosed in this Prospectus.

Service Agent

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

Auditors

The Auditor of the Investment Funds is Ernst & Young.

INVESTMENT OBJECTIVES AND POLICIES

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

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

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

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

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

Investment Policies

Indexing Investment Approach

Investment Funds are passively managed and do not require the Manager to actively buy and sell Securities based on the Manager's judgment derived from research, analysis or otherwise. Unlike a more "traditional" actively managed investment fund the Investment Funds do not attempt to outperform the market, the relevant Underlying Indices or some other benchmarks. Instead, the passive indexing investment approach of the Manager aims to deliver an investment performance which closely corresponds, before the deduction of fees and expenses, to the performance of the relevant Underlying Index.

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

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

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

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

Replication Strategy

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

Representative Sampling Strategy

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

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

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

Switching between the Strategies

Whilst the replication strategy is likely to track the performance of the relevant Underlying Index more closely when compared to the representative sampling strategy, it may not be the most efficient way to track the performance of the relevant Underlying Index. Also, it may not always be possible or it may be difficult to buy or hold certain Index Securities comprising the Underlying Index. The Manager may therefore, in the appropriate circumstances, choose to use a representative sampling strategy, having regard to the number of Index Securities constituting the

Underlying Index, the liquidity of such Index Securities, any restrictions on the ownership of such Index Securities, the transaction expenses and other trading costs, and tax and other regulatory restrictions.

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

Investment and Allocation of Assets

Each Investment Fund has a policy to remain as fully invested as practicable. Each Investment Fund will normally have at least 95% of its total assets invested in Index Securities comprised in the Underlying Index, based on either the replication strategy or the representative sampling strategy described above, except, in limited circumstances, to help meet Realisation Applications.

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

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

Future Developments

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

RISK FACTORS

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

The performance of each Investment Fund will be affected by a number of risk factors, including those set out below. Some or all of the risk factors may adversely affect an Investment Fund's Net Asset Value, yield, total return and/or its ability to achieve its investment objective. There is no assurance that an Investment Fund will achieve its investment objective. Investors should carefully consider the risks of investing in an Investment Fund in light of their financial circumstances, knowledge, experience and other circumstances, and should seek independent professional advice as appropriate. Additional risks associated with the relevant Investment Fund are further discussed in Part 2 of this Prospectus relating to the relevant Investment Fund.

Principal Risk Factors Common to All Investment Funds

General risks involved in investing in an Investment Fund. An investment in Units of an Investment Fund also involves risks similar to those of investing in a broad-based portfolio of equity securities traded on exchanges in the relevant overseas securities market, including market fluctuations caused by factors such as economic and political developments, changes in interest rates and perceived trends in stock prices. The principal risk factors, which could decrease the value of your investment, are listed and described below:

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

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

Operating risk. There is no assurance that the performance of each Investment Fund will be identical to the performance of the respective Underlying Index. The level of fees and expenses payable by the Investment Funds will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the Investment Funds can be estimated, the growth rate of the Investment Funds, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the Investment Funds or the actual level of their expenses. Under the terms of the Trust Deed and as summarised under the section headed "Termination of the Trust or an Investment Fund" of Part 1 of this Prospectus, the Manager may terminate any Investment Fund. On the termination of an Investment Fund, the Investment Fund will be liquidated and investors will receive distributions of cash although the Manager has the power to decide to make distributions in specie.

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

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

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

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

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

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

Securities financing transactions. An Investment Fund which enters into securities financing transactions may be subject to legal risk, operational risks, liquidity risk of the counterparty and custody risk of the collateral and the following risks:

- *Securities lending transactions* – Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.
- *Sale and repurchase transactions* – In the event of the failure of the counterparty with which collateral has been placed, an Investment Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.
- *Reverse-repurchase transactions* – In the event of the failure of the counterparty with which cash has been placed, an Investment Fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

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

Collateral risk. There are risks associated with management of collateral and re-investment of collateral. The value of any collateral received in respect of FDI transactions (if any) may be affected by market events. In the case of collateral assets which are listed securities, the listing of such securities may be suspended or revoked or the trading of such securities on the stock exchanges may be suspended, and during the period of suspension or upon revocation, it may take longer to realise the relevant collateral assets. In the case of collateral assets which are debt securities, the value of such securities will be dependent on the creditworthiness of the issuers or obligors in respect of the relevant collateral assets. In the event any issuer or obligor of such collateral assets is insolvent, the value of the collateral assets will be reduced substantially and may cause the relevant Investment Fund's exposure to such counterparty to be under-collateralised. If the Investment Fund reinvests cash collateral, it is subject to investment risk including the potential loss of principal.

Foreign exchange risk. If an Investment Fund's assets are generally invested in non-Hong Kong Securities, and if a substantial portion of the revenue and income of an Investment Fund is received in a currency other than Hong Kong dollars, any fluctuation in the exchange rate of the Hong Kong dollar relative to the relevant foreign currency will affect the Net Asset Value of an Investment Fund denominated in the Hong Kong dollar regardless of the performance of its underlying portfolio. If the relevant Investment Fund's Net Asset Value is determined on the basis of the Hong Kong dollar, you may lose money if you invest in any Investment Fund if the local currency of a foreign market depreciates against the Hong Kong dollar, even if the local currency value of an Investment Fund's holdings goes up.

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

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

Trading risk. While the creation/realisation feature of the Trust is designed to make it more likely that Units will trade close to their Net Asset Value, disruptions to creations and realisations (for example, as a result of imposition of capital controls by a foreign government) may result in trading prices that differ significantly from Net Asset Value. Also, there can be no assurance that an active trading market will exist or maintain for Units of an Investment Fund on any securities exchange on which Units may trade.

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

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

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

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

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

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

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

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

Management risk. Because an Investment Fund may not fully replicate its Underlying Index and may hold non-index Securities, it is subject to management risk. This is the risk that the Manager's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. In addition, in the interest of the Investment Fund, the Manager has absolute discretion to exercise shareholders' rights with respect to Securities comprising the Investment Fund. There can be no guarantee that the exercise of such discretion will result in the investment objective of the Investment Fund being achieved. Investors should also note that in certain cases, none of the Manager, the Investment Fund or the Unitholders has any voting rights with respect to Securities comprising the Investment Fund.

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

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

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

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

Risk of early termination. Under the terms of the Trust Deed and as summarised under the section headed "Termination of the Trust or an Investment Fund" of this Prospectus, the Manager may terminate the Trust or an Investment Fund under certain circumstances.

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

Distribution risk. Dividend distributions are not guaranteed, and therefore, investors may not receive any dividends an Investment Fund.

Distributions out of capital or effectively out of capital risk. Subject to the distribution policy as specified in the Appendix of the relevant Investment Fund, the Manager may at its discretion pay dividends out of the capital of an Investment Fund. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the relevant Investment Fund are charged to/paid out of the capital of such Investment Fund, resulting in an increase in distributable income for the payment of dividends by the relevant Investment Fund and therefore, the Investment Fund may effectively pay dividend out of capital. Payment of dividends 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 distributions involving payment of dividends out of or effectively out of an Investment Fund's capital may result in an immediate reduction of the Net Asset Value per Unit

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

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

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

Market interventions by governments and regulators. Governments and regulators may intervene in the financial markets, such as by the imposition of trading restrictions, a ban on "naked" short selling or the suspension of short selling for certain stocks. The operation and market making activities in respect of an Investment Fund may be affected by such market interventions. Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of the relevant Underlying Index and as a result the performance of the Investment Fund.

Reliance on Participating Dealer(s). The issuance and realisation of Units may only be effected through Participating Dealer(s). A Participating Dealer may charge a fee for providing this service. Participating Dealer(s) will not be able to issue or realise Units during any period when, amongst other things, settlement or clearing of Securities through the CCASS is disrupted or the Underlying Index(ices) is/are not compiled or published. In addition, Participating Dealer(s) will not be able to issue or realise Units if some other event occurs which impedes the calculation of the NAV of an Investment Fund or disposal of an Investment Fund's portfolio securities cannot be effected. Since the number of Participating Dealers at any given time will be limited, and there may even be only one Participating Dealer at any given time, there is a risk that investors may not always be able to create or realise Units freely. Where a Participating Dealer appoints an agent or delegate (who is a CCASS participant) to perform certain CCASS-related functions, if the appointment is terminated and the Participating Dealer fails to appoint an alternative agent or delegate, or if the agent or delegate ceases to be a CCASS participant, the creation or realisation of Units by such Participating Dealer may also be affected.

Reliance on market makers. Investors should note that liquidity in the market for the Units may be adversely affected if there is no market maker for an Investment Fund, or, where there is a Dual Counter, if there is no market maker for the relevant counter of the relevant Investment Fund. It is the Manager's intention that there will always be at least one market maker in respect of the Units or for the Units traded in each counter (which may be the same market maker) and the Manager will seek to use its best endeavours to put in place arrangements so that at least one market maker for the Units of the relevant Investment Fund or for the Units traded in each counter (which may be the same market maker) gives not less than 3 months' notice prior to terminating market making arrangement under the relevant market making agreements. There may be less interest by potential market makers in making a market in Units denominated or traded in RMB. Furthermore, any disruption to the availability of RMB may adversely affect the capability of market makers in providing liquidity for RMB traded Units. It is possible that there is only one SEHK market maker to an Investment Fund or to a counter of an Investment Fund and therefore it may not be practical for an Investment Fund to remove the only market maker to the Investment Fund (or to a counter) even if the market maker fails to discharge its duties as the sole market maker.

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

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

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

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

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

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

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

Risks relating to FATCA. The US Foreign Account Tax Compliance Act ("**FATCA**") imposes a 30% withholding tax on certain U.S. source withholdable payments to foreign financial institutions **("FFI" or** "**FFIs**") (such as the Trust and each Investment Fund) that are not FATCA compliant. The US Internal Revenue Service ("**IRS**") has released regulations and other guidance that provide for the phased implementation of FATCA, whereby an FFI that is not otherwise exempt or treated as deemed-compliant should register with the IRS, perform due diligence, withholding and reporting obligations with respect to financial accounts maintained by the FFI. The United States Department of the Treasury and Hong Kong have entered into an intergovernmental agreement based on the "Model 2" format ("**Model 2 IGA**") on 30 June 2014. In order to comply with FATCA and to avoid the above-mentioned withholding tax, the Trust and each Investment Fund has completed its FATCA registration with the IRS. Under the Model 2 IGA, the Trust and the Investment Funds will, with the consent from the Unitholders, provide the IRS with information on the identity, account balance and income received by Unitholders that are specified US persons (within the meaning of the Internal Revenue Code) ("**Specified US Persons**") or, in case of a Non-US entity that is classified as passive nonfinancial foreign entity ("**Passive NFFE**"), on information of any controlling persons that are Specified US Persons. Please note that Unitholders that are found reportable but do not provide consent to the Trust and the Investment Funds would still be reported to the IRS. Although the Manager, the Trust and the Investment Funds will endeavour to satisfy any obligations imposed on the Investment Funds to avoid the imposition of FATCA withholding tax, no assurance can be given that the Trust and each

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

The Trust and the Investment Funds' ability to comply with FATCA will depend on each Unitholder providing the Manager with information that the Manager requests concerning the Unitholder or its direct or indirect owners, if applicable. As at the date of this Prospectus, all Units in the Investment Funds are registered in the name of HKSCC Nominees Limited. It is the Manager's understanding that HKSCC Nominees Limited is registered as a participating foreign financial institution under the Model 2 IGA.

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

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

Risk Factors relating to the PRC

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

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

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

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

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

PRC government control of currency conversion and future movements in exchange rates. Various PRC companies derive their revenues in RMB but have requirements for foreign currency, including for the import of materials, debt service on foreign currency denominated debt; purchases of imported equipment and payment of any cash dividends declared in respect of e.g. H shares.

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

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

PRC laws and regulations. The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have no precedent value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce taxation and trade. Two examples are the promulgation of the Contract Law of the PRC to unify the various economic contract laws into a single code, which went into effect on 1 October 1999, and the Securities Law of the PRC, which went into effect on 1 July 1999.

However, because these laws and regulations affecting securities markets are relatively new and evolving, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

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

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

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

10% withholding income tax has been enforced on payment of dividends to foreign investors from offshore listed PRC companies. However, based on current administrative practice in the PRC, the PRC tax authorities have not sought to collect such withholding income tax to date on capital gains realised by foreign investors on buying and selling of offshore listed H shares of PRC companies and onshore listed B shares of PRC companies but denominated in foreign currency.

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

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

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

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

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

INVESTMENT AND BORROWING RESTRICTIONS

Investment Restrictions

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

(a) the aggregate value of an Investment Fund's investments in, or exposure to, any single entity through the following may not exceed 10% of the Net Asset Value of such Investment Fund, save as permitted by Chapter 8.6(h) and as varied by Chapter 8.6(h)(a) of the Code:-

    (1) investments in Securities issued by such entity;

    (2) exposure to such entity through underlying assets of FDIs; and

    (3) net counterparty exposure to such entity arising from transactions of over-the-counter FDIs;

(b) subject to (a) above and Chapter 7.28(c) of the Code and unless otherwise approved by the Commission, the aggregate value of an Investment Fund's investments in, or exposure to, entities within the same group through the following may not exceed 20% of the Net Asset Value of the Investment Fund:

    (1) investments in Securities issued by such entities;

    (2) exposure to such entities through underlying assets of FDIs; and

    (3) net counterparty exposure to such entities arising from transactions of over-the-counter FDIs;

(c) unless otherwise approved by the Commission, the value of an Investment Fund's cash deposits made with the same entity or entities within the same group may not exceed 20% of the Net Asset Value of the Investment Fund, unless:

    (1) the cash is held before the launch of the Investment Fund and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested, or

    (2) the cash is proceeds from liquidation of investments prior to the merger or termination of an Investment Fund, whereby the placing of cash deposits with various financial institutions may not be in the best interest of investors; or

    (3) the cash is proceeds received from subscriptions pending investments and held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions is unduly burdensome and the cash deposits arrangement would not compromise investors' interests;

    For the purpose of this sub-paragraph (c), cash deposits generally refer to those that are repayable on demand or have the right to be withdrawn by an Investment Fund and not referable to provision of property or services.

(d) ordinary shares issued by any single entity held for the account of an Investment Fund, when aggregated with other holdings of ordinary shares of the same entity held for the account of all other Investment Funds under the Trust collectively may not exceed 10% of the nominal amount of the ordinary shares issued by a single entity;

(e) not more than 15% of the Net Asset Value of an Investment Fund may be invested in Securities and other financial products or instruments that are neither listed, quoted nor dealt in on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such Securities are regularly traded;

(f) notwithstanding (a), (b), (d) and (e), where direct investment by an Investment Fund in a market is not in the best interests of investors, an Investment Fund may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market. In this case:-

(1) the underlying investments of the subsidiary, together with the direct investments made by the Investment Fund, must in aggregate comply with the requirements of Chapter 7 of the Code;

(2) any increase in the overall fees and charges directly or indirectly borne by the Unitholders or the Investment Fund as a result must be clearly disclosed in the Prospectus; and

(3) the Investment Fund must produce the reports required by the Code in a consolidated form to include the assets (including investment portfolio) and liabilities of the subsidiary company as part of those of the Investment Fund;

(g) notwithstanding (a), (b) and (d), not more than 30% of the Net Asset Value of an Investment Fund may be invested in Government and other Public Securities of the same issue ;

(h) subject to (g), an Investment Fund may fully invest in Government and other Public Securities in at least six different issues. Subject to the approval of the Commission, an Investment Fund which has been authorised by the Commission as an index fund may invest all of its assets in Government and other Public Securities in any number of different issues;

(i) unless otherwise approved by the Commission, an Investment Fund may not invest in physical commodities ;

(j) for the avoidance of doubt, exchange traded funds that are:

(1) authorised by the Commission under Chapter 8.6 or 8.10 of the Code; or

(2) listed and regularly traded on internationally recognised stock exchanges open to the public (nominal listing not accepted) and (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under Chapter 8.6 of the Code; or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under Chapter 8.10 of the Code,

may either be considered and treated as (i) listed Securities for the purposes of and subject to the requirements in paragraphs (a), (b) and (d) above; or (ii) collective investment schemes for the purposes of and subject to the requirements in paragraph (k) below. However, the investments in exchange traded funds shall be subject to paragraph (e) above and the relevant investment limits in exchange traded funds by an Investment Fund should be consistently applied and clearly disclosed in this Prospectus;

(k) where an Investment Fund invests in shares or units of other collective investment schemes ("**underlying schemes**"),

(1) the value of such Investment Fund's investment in units or shares in underlying schemes which are non-eligible schemes (as determined by the Commission) and not authorised by the Commission, may not in aggregate exceed 10% of the Net Asset Value of the Investment Fund; and

(2) such Investment Fund may invest in one or more underlying schemes which are either schemes authorised by the Commission or eligible schemes (as determined by the Commission), but the value of the Investment Fund's investment in units or shares in each such underlying scheme may not exceed 30% of the Net Asset Value of the Investment Fund, unless the underlying scheme is authorised by the Commission and its name and key investment information are disclosed in the Prospectus of the Investment Fund,

provided that in respect of (1) and (2) above:

(i) the objective of each underlying scheme may not be to invest primarily in any investment prohibited by Chapter 7 of the Code, and where that underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the Code, such investments may not be in contravention of the relevant limitation prescribed by Chapter 7 of the Code. For the avoidance of doubt, an Investment Fund may invest in scheme(s) authorised by the Commission under Chapter 8 of the Code (except for hedge funds under Chapter 8.7 of the Code), eligible scheme(s) (as determined by the Commission) of which the net derivative exposure (as defined in the Code) does not exceed 100% of its total Net Asset Value, and exchange traded funds satisfying the requirements in paragraph (j) above in compliance with paragraph (k)(1) and (k)(2);

(ii) where the underlying schemes are managed by the same management company as that of an Investment Fund that invests in them, or by other companies within the same group that the Manager belongs to, then paragraphs (a), (b), (d) and (e) above are also applicable to the investments of the underlying scheme;

(iii) the objective of the underlying schemes may not be to invest primarily in other collective investment scheme(s);

(3) where an investment is made in any underlying scheme(s) managed by the Manager or any of its Connected Persons, all initial charges and redemption charges on the underlying scheme(s) must be waived; and

(4) the Manager or any person acting on behalf of the Investment Fund or the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or the management company of an underlying scheme, or quantifiable monetary benefits in connection with investments in any underlying scheme;

(l) an Investment Fund may invest 90% or more of its total Net Assets Value in a single collective investment scheme and may be authorised as a feeder fund by the Commission. In this case:

(1) the underlying scheme ("**master fund**") must be authorised by the Commission;

(2) the relevant Appendix must state that:

(i) the Investment Fund is a feeder fund into the master fund;

(ii) for the purpose of complying with the investment restrictions, the Investment Fund and its master fund will be deemed a single entity;

(iii) the Investment Fund's annual report must include the investment portfolio of the master fund as at the financial year end date; and

(iv) the aggregate amount of all the fees and charges of the Investment Fund and its underlying master fund must be clearly disclosed;

(3) unless otherwise approved by the Commission, no increase in the overall total of initial charges, redemption charges, management company's annual fee, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the Unitholders or by the Investment Fund may result, if the master fund in which the Investment Fund invests is managed by the Manager or by its Connected Person; and

(4) notwithstanding paragraph (k)(iii) above, the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in paragraph (k);

(m) if the name of an Investment Fund indicates a particular objective, investment strategy, geographic region or market, the Investment Fund should, under normal market circumstances, invest at least 70% of its Net Asset Value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Investment Fund represents; and

(n) If and for so long as an Investment Fund is authorised pursuant to section 104 of the Securities and Futures Ordinance any investment made for the account of that Investment Fund in any Collective Investment Scheme shall comply with the applicable restrictions under the Code.

Note: The investment restrictions set out above apply to each Investment Fund, subject to the following: A collective investment scheme authorised by the Commission under the Code is usually restricted under Chapter 7.1 of the Code from making investments which would result in the value of that collective investment scheme's holdings of the Securities of any single entity exceeding 10% of the collective investment scheme's net asset value. For an Investment Fund authorised under Chapter 8.6 of the Code as an index tracking exchange traded fund, given the investment objective of the Investment Fund and nature of the relevant Index, the Investment Fund is allowed under Chapter 8.6(h) of the Code to, notwithstanding Chapter 7.1 of the Code, hold investments in constituent Securities of any single entity exceeding 10% of the relevant Investment Fund's Net Asset Value if such constituent Securities account for more than 10% of the weighting of the Index and the relevant Investment Fund's holding of any such constituent Securities does not exceed their respective weightings in the Index, except where the weightings are exceeded as a result of changes in the composition of the Index and the excess is only transitional and temporary in nature.

However, the restrictions in 8.6(h)(i) and (ii) (as described above) do not apply if:

(1) an Investment Fund adopts a representative sampling strategy which does not involve full replication of the constituent Securities of the underlying index in the exact weightings of such index;

(2) the strategy is clearly disclosed in the Prospectus;

(3) the excess of the weightings of the constituent Securities held by the Investment Fund over the weightings in the index is caused by the implementation of the representative sampling strategy;

(4) any excess weightings of the Investment Fund's holdings over the weightings in the index must be subject to a maximum limit reasonably determined by the Investment Fund after consultation with the Commission. In determining this limit, the Investment Fund must consider the characteristics of the underlying constituent Securities, their weightings and the investment objectives of the index and any other suitable factors;

(5) limits laid down by the Investment Fund pursuant to the point above must be disclosed in the Prospectus;

(6) disclosure must be made in the Investment Fund's interim and annual financial reports as to whether the limits imposed by the Investment Fund itself pursuant to the above point have been complied with in full. If there is non-compliance with the said limits during the relevant reporting period, this must be reported to the Commission on a timely basis and an account for such non-compliance should be stated in the report relating to the period in which the non-compliance occurs or otherwise notified to investors.

Investment Prohibitions

The Manager shall not on behalf of any Investment Fund(s):

(i) invest in a security of any class in any company or body if any director or officer of the Manager individually own more than 0.5% of the total nominal amount of all the issued Securities of that class or the directors and officers of the Manager collectively own more than 5% of those Securities;

(ii) invest in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies or interests in real estate investment trusts ("**REITs**") and in the case of investments in such shares and REITs, they shall comply with the investment restrictions and limitations set out in sub-paragraphs (a), (b), (d), (e) and (k) under the section entitled "Investment Restrictions" above where applicable;

(iii) make short sales if as a result an Investment Fund would be required to deliver Securities would exceed 10% of the Net Asset Value of such Investment Fund or if the security which is to be sold short is not actively traded on a market where short selling activity is permitted, and for the avoidance of doubt, an Investment Fund is prohibited to carry out any naked or uncovered short sale of securities and short selling should be carried out in accordance with all applicable laws and regulations;

(iv) subject to Chapter 7.3 of the Code, make a loan out of the assets of that Investment Fund, except to the extent that the acquisition of an investment or the making of a deposit might constitute a loan;

(v) subject to Chapter 7.3 of the Code, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person, save and except for reverse repurchase transactions in compliance with the Code;

(vi) enter into any obligation on behalf of an Investment Fund or acquire any asset or engage in any transaction for the account of that Investment Fund which involves the assumption of any liability which is unlimited. For the avoidance of doubt, the liability of the Unitholders is limited to their investment in the relevant Investment Fund; or

(vii) apply any part of an Investment Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made for any sum unpaid on such investments unless such call could be met in full out of cash or near cash forming part of such Investment Fund whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transactions in FDIs, and shall not be entitled without the consent of the Trustee to apply any part of the relevant Investment Fund in the acquisition of any other investment which is in the opinion of the Trustee likely to involve the Trustee in any liability (contingent or otherwise).

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

Borrowing Restrictions

Unless otherwise disclosed below or in the section headed "Investment Objectives and Policies" for the relevant Investment Fund, the Manager may borrow up to 10% of the total Net Asset Value of an Investment Fund to acquire investments, to realise Units or to pay expenses relating to the relevant Investment Fund. For this purpose, back-to-back loans do not count as borrowing. The assets of an Investment Fund may be charged, pledged or otherwise encumbered in any manner as security for any such borrowings.

If the investment and borrowing restrictions set out above are breached, the Manager shall as a priority objective take all steps necessary within a reasonable period of time to remedy the situation, having due regard to the interests of Unitholders. The Manager is not immediately required to sell applicable investments if any of the investment restrictions are exceeded as a result of changes in the value of the Investment Fund's investments, reconstructions or amalgamations, payments out of the assets of the Investment Fund or realisation of Units but for so long as such limits are exceeded, the Manager shall not acquire any further investments which would result in such limit being further breached.

Securities Financing Transactions

Where indicated in the relevant Appendix, an Investment Fund may enter into securities lending transactions, sale and repurchase transactions and reverse repurchase transactions ("**securities financing transactions**"), provided that they are in the best interests of the Unitholders, the associated risks have been properly mitigated and addressed, and the counterparties to the securities financing transactions are financial institutions which are subject to ongoing prudential regulation and supervision.

An Investment Fund which engages in securities financing transactions is subject to the following requirements:

(a) it shall have at least 100% collateralisation in respect of the securities financing transactions into which it enters to ensure there is no uncollateralised counterparty risk exposure arising from these transactions;

(b) all the revenues arising from securities financing transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the securities financing transactions to the extent permitted by applicable legal and regulatory requirements, shall be returned to the Investment Fund;

(c) it shall ensure that it is able to at any time to recall the securities or the full amount of cash / collateral (as the case may be) subject to the securities financing transactions or terminate the securities financing transactions into which it has entered.

Further, details of the arrangements are as follows:

(a) each counterparty for such transactions will be independent counterparties approved by the Manager with credit rating of BBB- or above (by Moody's or Standard & Poor's, or any other equivalent ratings by recognised credit rating agencies) or which are corporations licensed by the Commission or are registered institutions with the Hong Kong Monetary Authority;

(b) the Trustee or the Custodian, upon the instruction of the Manager, will take collateral, which can be cash or non-cash assets fulfilling the requirements under "Collateral" below;

(c) the maximum and expected level of an Investment Fund's assets available for these transactions will be as set out in the relevant Appendix; and

(d) where any securities lending transaction has been arranged through the Trustee or a Connected Person of the Trustee or the Manager, such transaction shall be conducted at arm's length and executed on the best available terms, and the relevant entity shall be entitled to retain for its own use and benefit any fee or commission it receives on a commercial basis in connection with such arrangement.

Financial Derivative Instruments

Subject always to the provisions of the Trust Deed and the Code, the Manager may on behalf of an Investment Fund enter into any transactions in relation to swaps or other FDIs, for hedging or non-hedging (investment) purposes.

Where specified in the relevant Appendix, an Investment Fund may acquire FDIs for hedging purposes. FDIs are considered as being acquired for edging purpose if they meet all of the following criteria:

(a) they are not aimed at generating any investment return;

(b) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss of risks arising from the investments being hedged;

(c) they should relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and

(d) they exhibit price movements with high negative correlation with the investments being hedged under normal market conditions.

Hedging arrangement should be adjusted or re-positioned, where necessary and with due consideration on the fees, expenses and costs, to enable the Investment Fund to meet its hedging objective in stressed or extreme market conditions.

Where specified in the relevant Appendix, an Investment Fund may acquire FDIs for non-hedging purposes ("**investment purposes**"), subject to the limit that the Investment Fund's net exposure relating to these FDIs ("**net derivative exposure**") does not exceed 50% of its total Net Asset Value (unless otherwise approved by the Commission for an Investment Fund pursuant to Chapter 8.8 or Chapter 8.9 of the Code). For the avoidance of doubt:

(a) for the purpose of calculating net derivative exposure, the positions of FDIs acquired by an Investment Fund for investment purposes are converted into the equivalent position in the underlying assets of the FDIs, taking into account the prevailing market value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the position;

(b) the net derivative exposure should be calculated in accordance with the requirements and guidance issued by the Commission which may be updated from time to time; and

(c) FDIs acquired for hedging purposes will not be counted towards the 50% limit referred to in this paragraph so long as there is no residual derivative exposure arising from such hedging arrangement.

Subject to 7.26 and 7.28 of the Code, an Investment Fund may also invest in FDIs provided that the exposure to the underlying assets of the FDI, together with the other investments of the Investment Fund, may not in aggregate exceed the correponding investment restrictions or limitations applicable to such underlying assets and investments as set out in the relevant provisions of Chapter 7 of the Code.

The FDIs invested by an Investment Fund should be either listed or quoted on a stock exchange, or dealt in over-the-counter market and comply with the following provisions:

(a) the underlying assets consist solely of shares in companies, debt Securities, money market instruments, units/shares of collective investment schemes, deposits with substantial financial institutions, Government and other Public Securities, highly-liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates or currencies, in which the Investment Fund may invest according to its investment objectives and policies;

(b) the counterparties to over-the-counter FDI transactions or their guarantors are substantial financial institutions;

(c) subject to paragraphs (a) and (b) under the section entitled "Investment Restrictions" above, the Investment Fund's net counterparty exposure to a single entity arising from transactions of the over-the-counter FDIs may not exceed 10% of the Net Asset Value of the Investment Fund; and

(d) the valuation of the FDIs is marked-to-market daily, subject to regular, reliable and verifiable valuation. The FDIs can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of the Investment Fund. Further, the calculation agent/fund administrator should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the FDIs on a regular basis.

An Investment Fund shall at all times be capable of meeting all its payment and delivery obligations incurred under transactions in FDIs. The Manager shall, as part of its risk management process, monitor to ensure that the transactions in FDIs are adequately covered on an ongoing basis. A transaction in FDIs which gives rise to a future commitment or contingent commitment of an Investment Fund should also be covered as follows:

- in the case of FDI transactions which will, or may at the Investment Fund's discretion, be cash settled, the Investment Fund should at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and

- in the case of FDI transactions which will, or may at the counterparty's discretion, require physical delivery of the underlying assets, the Investment Fund should hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Manager considers the underlying assets to be liquid and tradable, the Investment Fund may hold other alternative assets in sufficient quantity as cover, provided that such assets may be readily converted into the underlying assets at any time to meet the delivery obligation. Where it is holding alternative assets as cover, the Investment Fund should apply safeguard measures such as to apply haircut where appropriate to ensure that such alternative assets held are sufficient to meet its future obligations.

The above policies relating to FDIs apply to financial instruments which embed financial derivatives as well.

Collateral

Collateral received from counterparties shall comply with the following requirements:

- Liquidity – collateral must be sufficiently liquid and tradable that it can be sold quickly at a robust price that is close to pre-sale valuation;

- Valuation – collateral should be marked-to-market daily by using independent pricing source;

- Issuer credit quality – asset used as collateral must be of high credit quality and should be replaced immediately as soon as the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that it would undermine the effectiveness of the collateral;

- Haircut – collateral should be subject to prudent haircut policy which should be based on the market risks of the assets used as collateral in order to cover potential maximum expected decline in collateral values during liquidation before a transaction can be closed out with due consideration on stress period and volatile markets. For the avoidance of doubt the price volatility of the asset used as collateral should be taken into account when devising the haircut policy;

- Diversification – collateral must be appropriately diversified to avoid concentrated exposure to any single entity and/or entities within the same group and an Investment Fund's exposure to issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in Chapter 7 of the Code;

- Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the FDIs in such a way that would undermine the effectiveness of the collateral. As such, securities issued by the counterparty or the issuer of the FDIs or any of their related entities should not be used as collateral;

- Management of operational and legal risks – the Manager shall have appropriate systems, operational capabilities and legal expertise for proper collateral management;

- Independent custody – collateral must be held by the Trustee;

- Enforceability – collateral must be readily accessible/enforceable by the Trustee without further recourse to the issuer of the FDIs;

- Cash collateral – any re-investment of cash collateral received for the account of the Investment Fund shall be subject to the following requirements:

  (i) cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorised under Chapter 8.2 of the Code or regulated in a manner generally comparable with the requirements of the Commission and acceptable to the Commission, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the Code. For this purpose, "money market instruments" refer to securities normally dealt in on the money markets, including government bills, certificates of deposit, commercial papers, short-term notes and bankers' acceptances, etc. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments must be taken into account.

  (ii) the portfolio of assets from re-investment of cash collateral shall comply with the requirements as set out in Chapter 8.6(f) and (n) of the Code;

  (iii) cash collateral received is not allowed to be further engaged in any securities financing transactions; and

  (iv) when the cash collateral received is reinvested into other investment(s), such investment(s) is/are not allowed to be engaged in any securities financing transactions;

  (v) Non-cash collateral received may not be sold, re-invested or pledged;

- Encumbrances – collateral should be free of prior encumbrances; and

- Collateral should generally not include (i) structured products whose payouts rely on embedded FDIs or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitised products; or (iv) unlisted collective investment schemes.

Subject to the requirements above, below is a summary of the collateral policy and criteria adopted by the Manager:

- eligible collateral include cash, cash equivalents, government bonds, supranational bonds, corporate bonds, stocks, funds and money market instruments;

- No maturity constraints will apply to the collateral received;

- collateral must be investment grade (i.e. BBB- or higher by Moody's or Standard & Poor's or equivalent);

- regular stress tests are carried out under normal and exceptional liquidity conditions to enable adequate assessment of the liquidity risks of the collateral received;

- the issuer of collateral must be an independent counterparty approved by the Manager and is expected to have a minimum credit rating of BBB- or above (by Moody's or

Standard & Poor's, or any other equivalent ratings by recognised credit rating agencies) or be a licensed corporation with the Commission or registered institution with the Hong Kong Monetary Authority when entering into such transactions;

- the Manager's haircut policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the collateral, the price volatility of the collateral and the results of any stress tests which may be performed in accordance with the collateral policy. Subject to the framework of agreements in place with the relevant counterparty, which may or may not include minimum transfer amounts, it is the Manager's intention that any collateral received shall have a value (adjusted in light of the haircut policy) which equals or exceeds the relevant counterparty exposure where appropriate;

- the collateral should be sufficiently diversified in terms of country, markets and issuers with a limit to the maximum exposure to each given issuer. Where an Investment Fund has exposure to different counterparties, different baskets of collateral (provided by different counterparties) will be aggregated to determine the Investment Fund's exposure to a single issuer;

- the issuer of collateral will be independent from the counterparty of the relevant transaction and is expected not to display a high correlation with the performance of the relevant counterparty;

- collateral must be readily enforceable by the Trustee and may be subject to netting or set-off; and

- cash collateral may be reinvested in short-term deposits, high quality money market instruments and money market funds authorised under Chapter 8.2 of the Code. Otherwise, cash collateral will generally not be used for reinvestment purposes unless otherwise determined by the Manager and notified to investors.

A description of holdings of collateral (including but not limited to a description of the nature of collateral, identity of the counterparty providing the collateral, value of the Investment Fund (by percentage) secured/covered by collateral with breakdown by asset class/nature and credit rating (if applicable)) will be disclosed in the Investment Fund's annual and interim financial reports for the relevant period.

CREATION AND REALISATION OF APPLICATION UNITS

Introduction

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

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

Creation of Units through Participating Dealer

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

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

Creation of Units

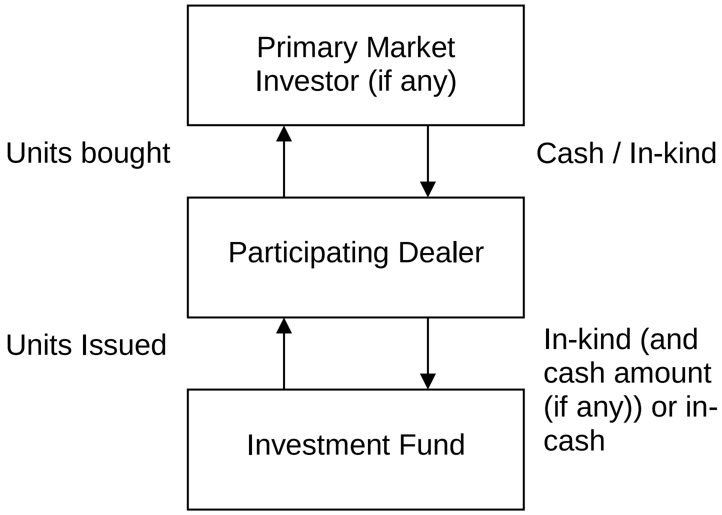
Unless otherwise determined by the Manager with the approval of the Trustee, a Creation Application shall only be made by a Participating Dealer in accordance with the terms of the Trust Deed and the relevant Participation Agreement on a Dealing Day in respect of Units constituting an Application Unit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

Unless otherwise specified in the relevant Appendix in respect of an Investment Fund, the dealing period on each Dealing Day for a Creation Application commences at 8:00 a.m. (Hong Kong time) and ends at the Dealing Deadline at 11:00 a.m. (Hong Kong time), as may be revised by the Manager from time to time. Any Creation Application received after the Dealing Deadline will be considered as received on the next Dealing Day unless otherwise determined by the Manager. Please note that the Participating Dealers may impose different cut-off times for the dealing period for the Primary Market Investor. A Creation Application once given cannot be revoked or withdrawn without the consent of the Manager.

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

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

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



Procedures for Creation of Units

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

(a) in the Manager's discretion,

(i) Index Securities constituting a Basket for the relevant Units and a cash amount equivalent to any duties and charges payable; or

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

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

plus,

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

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

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

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

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

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

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

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

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

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

(a) for valuation purposes only, Units shall be deemed to be created and issued after the Valuation Point on the relevant Valuation Day relating to that Dealing Day; and

(b) the Register shall be updated on the Settlement Day or (if the settlement period is extended) the Dealing Day immediately following the Settlement Day provided that the Trustee shall be entitled to refuse to enter (or allow to be entered) Units in the Register if at any time the Trustee is of the opinion that the issue of Units does not comply with the provisions of the Trust Deed.

Where a Creation Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Creation Application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that Creation Application.

In respect of each Creation Application, the Manager shall be entitled to charge a Transaction Fee, which shall be paid by or on behalf of the relevant Participating Dealer and may be set off and deducted against any Cash Component due to the relevant Participating Dealer in respect of such Creation Application. The Manager shall have the right to revise the amount of the Transaction Fee it charges provided that the level of Transaction Fee charged by the Manager to all Participating Dealers is the same in respect of the same Investment Fund. Other fees and charges which are applicable to a Creation Application in relation to an Investment Fund are set out in Part 2 of this Prospectus relating to the relevant Investment Fund.

Rejection of Creation of Units

Provided that the Manager acts reasonably and in good faith, the Manager has an absolute discretion to reject a Creation Application under exceptional circumstances, including but not limited to the following situations:

(a) dealing or determination of the Net Asset Value of the relevant Investment Fund has been suspended pursuant to the provisions in the Trust Deed;

(b) in the opinion of the Manager, acceptance of the Creation Application will have an adverse effect or adverse tax consequences on the Trust or the relevant Investment Fund or is unlawful or will have an adverse effect on the interests of the Unitholders;

(c) processing of the Creation Application is not possible due to exceptional circumstances outside the control of the Manager (such as market disruptions or circumstances under which acceptance of the Creation Application will have a material adverse impact on the relevant Investment Fund); or

(d) the Creation Application is not submitted in the form and manner set out in the provisions of the Trust Deed.

Certificates

No certificates will be issued in respect of the Units of the Trust. All Units of the Trust will be registered in the name of the HKSCC Nominees Limited by the Registrar on the Register of Unitholders of the relevant Investment Fund, which is the evidence of ownership of Units. Neither HKSCC Nominees Limited nor HKSCC has any proprietary interest in the Units. Beneficial interest of retail investors in the Units of the Trust will be established through an account with a participant in CCASS.

Cancellation of Creation Applications and Extension of Settlement Period for Creation Applications

The Trustee shall cancel Units created and issued in respect of a Creation Application under the following circumstances:

(a) if the title to any of the Index Securities constituting the Basket (and/or cash payment, as the case may be) deposited for exchange of Units has not been fully vested upon trust hereof in the Trustee or to the Trustee's satisfaction, or evidence of title and instruments of transfer satisfactory to the Trustee have not been produced to or to the order of the Trustee by or on the relevant Settlement Day; or

(b) the full amount of the Cash Component (if applicable) and any duties, fees and charges payable in respect of the Creation Application have not been received in cleared funds by or on behalf of the Trustee by such time on the Settlement Day as prescribed in the Operating Guidelines, provided that the Manager may in its discretion, with the approval of the Trustee, extend the settlement period on such terms and conditions as the Manager may determine (including as to, but not limited to, the payment of an Extension Fee) or partially settle the Creation Application on such terms and conditions as the Manager may determine (including as to, but not limited to, the terms of any extension of the settlement period for the outstanding Index Securities or cash).

Upon cancellation of any Units created pursuant to a Creation Application as mentioned above or if a Participating Dealer withdraws a Creation Application other than in the circumstances contemplated in the Trust Deed, such Units shall be deemed for all purposes never to have been created and the relevant Participating Dealer shall have no right or claim against the Manager or the Trustee in respect of such cancellation provided that:

(a) any Index Securities constituting the Basket deposited for exchange (or equivalent Index Securities) fully vested in the Trustee and any cash received by or on behalf of the Trustee in respect of such cancelled Units shall be redelivered to the Participating Dealer;

(b) the Manager shall be entitled to charge the Participating Dealer for the account and benefit of the Trustee an Application Cancellation Fee;

(c) the Manager may at its absolute discretion require the Participating Dealer to pay to the Trustee for the account of the relevant Investment Fund in respect of each cancelled Unit Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Realisation Price which would have applied in relation to each such Unit if a Participating Dealer had, on the date on which such Units are cancelled, made a Realisation Application;

(d) the Trustee shall for its own benefit be entitled to the Transaction Fee payable in respect of the Creation Application; and

(e) no previous valuations of the assets in respect of an Investment Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

Realisation of Units

Unless otherwise determined by the Manager and the Trustee, a Realisation Application shall only be made by a Participating Dealer in accordance with the terms of the Trust Deed and the relevant Participation Agreement on a Dealing Day in respect of Units constituting an Application Unit size or whole multiples thereof. Unless otherwise specified in the relevant Appendix in respect of an Investment Fund, the dealing period for a Realisation Application on each Dealing Day for a Realisation Application commences at 8:00 a.m. (Hong Kong time) and ends at the Dealing Deadline at 11:00 a.m. (Hong Kong time), as may be revised by the Manager from time to time. Please note that the Participating Dealers may impose different cut-off times for the dealing period for the Primary Market Investor. Any Realisation Application received after the Dealing Deadline will be considered as received on the next Dealing Day unless otherwise determined by the Manager. Subject to the discretion of the Manager, Participating Dealers may request to receive the realization proceeds in cash or in kind. A Realisation Application once given cannot be revoked or withdrawn without the consent of the Manager, except in circumstances where there is a suspension in dealing.

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

To be effective, a Realisation Application must comply with the requirements in respect of realisation of Units set out in the Trust Deed and the relevant Participation Agreement and be accompanied by such certifications and legal opinions as the Trustee and the Manager may require. Pursuant to a valid Realisation Application accepted by the Manager, the Manager shall instruct the Trustee to realise and cancel the relevant Units on the Settlement Day in accordance with the Operating Guidelines and:

(a) (i) to transfer the Participating Dealer the realisation proceeds in cash (if the Participating Dealer selects to receive the realisation proceeds in cash subject to the Manager's discretion) provided that the Manager shall be entitled in its absolute discretion to charge (for the account of the Investment Fund) to each Participating Dealer an additional sum which represents the appropriate provision for duties and charges (which may include, but is not limited to, a provision for stamp duties and other transaction charges or taxes applicable to the sale (or estimated to be applicable to the future sale) of the relevant Index Securities); or

(ii) (if the Participating Dealer selects to receive the realisation proceeds in kind) to transfer to the Participating Dealer the relevant Index Securities constituting the Basket (as the Manager considers appropriate) in respect of such Units,

plus,

(b) where the Cash Component is a positive value, a cash payment equivalent to the amount of the Cash Component.

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

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

(y) the prices which would be used when selling the same Securities if they were sold by the Trust in order to realise the amount of cash required to be paid out of the Trust upon such redemption of Units.

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

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

The Realisation Price of Units realised shall be the Net Asset Value per Unit of the relevant class calculated as at the Valuation Point of the relevant Valuation Day rounded up to the nearest fourth (4th) decimal place. Should the Manager be in any doubt as to the Realisation Price in connection with any realisation of Units, the Manager shall request an independent third party to check the Realisation Price.

The maximum interval between (i) the receipt of a properly documented Realisation Application and (ii) payment of realisation proceeds (either in cash or in kind) to the relevant investor may not exceed one (1) calendar month from the relevant Dealing Day.

The Manager reserves the right to reject a Realisation Application under exceptional circumstances, including but not limited to the following situations:

(a) dealing or the determination of Net Asset Value of the relevant Investment Fund has been suspended pursuant to the provisions of the Trust Deed;

(b) in the reasonable opinion of the Manager, acceptance of the Realisation Application will have an adverse effect on the Trust or the relevant Investment Fund or is unlawful or will have an adverse effect on the interests of the Unitholders;

(c) processing of the Realisation Application is not possible due to exceptional circumstances outside the control of the Manager (such as market disruptions or circumstances under which acceptance of the Realisation Application will have a material adverse impact on the relevant Investment Fund); or

(d) the Realisation Application is not submitted in the form and manner set out in the provisions of the Trust Deed,

provided that the Manager must act reasonably and in good faith and will take into account the interests of all Unitholders of the Trust and/or the relevant Investment Fund to ensure that the interests of all Unitholders will not be materially adversely affected. Participating Dealers may impose fees and charges in handling any redemption request which would increase the cost of investment and/or reduce the realisation proceeds and Primary Market Investors are advised to check with the Participating Dealers as to the relevant fees and costs. Under exceptional circumstances, the Participating Dealer may not be able to accept requests for realisation received from Primary Market Investors.

Where a Realisation Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Realisation Application shall unless otherwise determined by the Manager be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Realisation Application. For valuation purposes, the relevant Valuation Point shall be the Valuation Point for the relevant Valuation Day relating to the Dealing Day on which the Realisation Application is deemed to be received.

In respect of each Realisation Application, the Manager shall be entitled to charge a Transaction Fee which shall be paid by the relevant Participating Dealer and may be set off and deducted against any Cash Component due to the relevant Participating Dealer in respect of such Realisation Application. The Manager shall have the right to revise the amount of the Transaction

Fee it charges provided that the level of Transaction Fee charged by the Manager to all Participating Dealers is the same in respect of the same Investment Fund. Other fees and charges which are applicable to a Realisation Application in relation to an Investment Fund are set out in Part 2 of this Prospectus relating to the relevant Investment Fund.

The Manager shall be entitled to deduct from and set off against any Cash Component payable to a Participating Dealer on the realisation of Units a sum (if any) which represents the appropriate provision for duties and charges, the Transaction Fee and any other fees payable by the Participating Dealer. If the Cash Component is insufficient to pay such duties and charges, the Transaction Fee and any other fees payable on such realisation, the Participating Dealer shall promptly pay the shortfall to or to the order of the Trustee, and until such shortfall and any Cash Component, Transaction Fee and any fees and charges payable by the Participating Dealer are paid in full in cleared funds to or to the order of the Trustee, the Trustee shall not be obliged to deliver (and shall have a general lien over) the relevant Index Securities to be transferred or to transfer the realisation proceeds in respect of the relevant Realisation Application. Upon realisation of Units pursuant to a valid Realisation Application,

(a) the funds of the relevant Investment Fund shall be deemed to be reduced by the cancellation of such Units and, for valuation purposes, such Units shall be deemed to have been realised and cancelled after the Valuation Point for the Valuation Day relating to the Dealing Day on which the Realisation Application is or is deemed to be received; and

(b) the name of the Unitholder of such Units shall be removed from the Register on the relevant Settlement Day.

In respect of a Realisation Application, unless the requisite documents in respect of the relevant Units have been delivered to the Manager by such time on the Settlement Day as prescribed in the Operating Guidelines, the Realisation Application shall be deemed never to have been made except that the Transaction Fee in respect of such Realisation Application shall remain due and payable and once paid, shall be retained by and for the benefit of the Trustee, and in such circumstances:

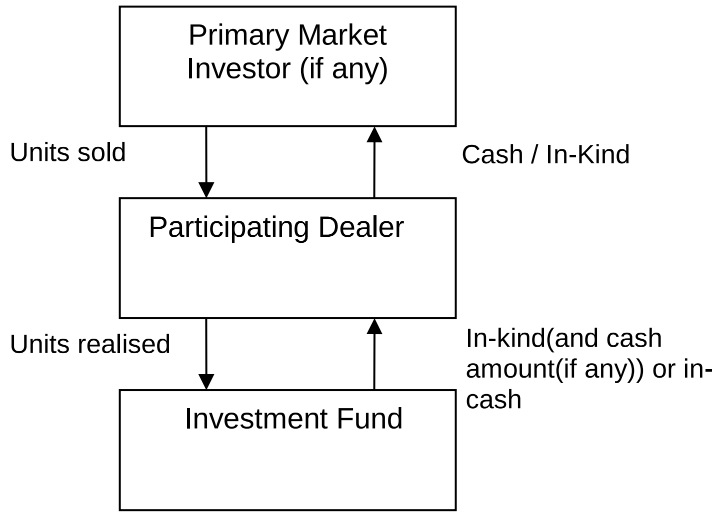
(a) the Manager shall be entitled to charge the relevant Participating Dealer for the account and benefit of the Trustee an Application Cancellation Fee;

(b) the Manager may at its absolute discretion require the relevant Participating Dealer to pay to the Trustee, for the account of the relevant Investment Fund, Cancellation Compensation in respect of each Unit, being the amount (if any) by which the Realisation Price of each Unit is less than the Issue Price which would have applied in relation to each Unit if a Participating Dealer had, on the final day permitted for delivery of the requisite documents in respect of the Units which are the subject of the Realisation Application, made a Creation Application; and

(c) no previous valuations of the relevant Investment Fund shall be re-opened or invalidated as a result of an unsuccessful Realisation Application,

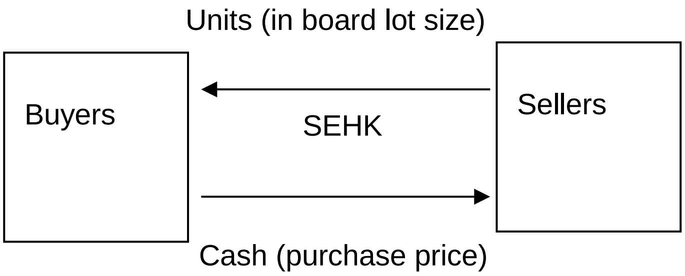
provided that the Manager, with the approval of the Trustee, may at its discretion extend the settlement period on such terms and conditions as the Manager may determine (including as to, but not limited to, the payment of an Extension Fee).

The following illustrates the process of realisation of Units.



TRADING OF UNITS ON THE SEHK

An investor can buy or sell the Units through his stockbroker on the SEHK. The diagram below illustrates the trading of Units on the SEHK:



No money should be paid to any intermediary in Hong Kong which is not licensed or registered to carry on Type 1 regulated activity under Part V of the Securities and Futures Ordinance.

Retail investors may place an order with a broker to sell their Units on the SEHK at any time during the trading day. To sell Units – or to buy new ones – a retail investor will need to use an intermediary such as a stockbroker or any of the share dealing services offered by banks or other financial advisers.

The trading price of Units of an Investment Fund on the SEHK may differ from the Net Asset Value per Unit and there can be no assurance that a liquid secondary market will exist for the Units.

Brokerage, stamp duty and other fees may be payable when selling (and purchasing) Units. Please see the section headed “Fees Payable by Retail Investors Dealing in Units on the SEHK” below.

Subject to applicable regulatory requirements, the Manager intends to use its best endeavours to put in place arrangements so that there is at least one market maker for each Investment Fund to facilitate efficient trading. Where a Dual Counter has been adopted in respect of an Investment Fund, the Manager intends to use its best endeavours to put in place arrangements so that there is at least one market maker for each counter although these market makers may be the same entity.

DETERMINATION OF NET ASSET VALUE

The Net Asset Value of the relevant Investment Fund shall be determined at the Valuation Point on the relevant Valuation Day in respect of each Dealing Day for Units of the relevant class (or at such other time as the Manager and the Trustee may determine) by valuing the assets of the relevant Investment Fund and deducting the liabilities attributable to the Fund in accordance with the terms of the Trust Deed.

A summary of the applicable Trust Deed provisions relating to the determination of the value of investments in the Trust is set out as follows:

(a) the value of any investment quoted, listed or normally dealt in on a securities market (other than an interest in a collective investment scheme) shall be calculated by reference to the price appearing to the Manager to be the last traded price or last bid price or midway between the latest available market dealing offered price and the latest available market dealing bid price on the securities market on which the investment is quoted, listed or normally dealt in for such amount of such investment as the Manager may consider in the circumstances to provide a fair criterion, provided that:

   (i) if an investment is quoted, listed or normally dealt in on more than one securities market, the Manager shall adopt the price or, as the case may be, last traded price on the securities market which, in their opinion, provides the principal market for such investment;

   (ii) in the case of any investment which is quoted, listed or normally dealt in on a securities market but in respect of which, for any reason, prices on that securities market may not be available at any relevant time, the value thereof shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager, or, if the Trustee so requires, by the Manager after consultation with the Trustee;

   (iii) there shall be taken into account interest accrued on interest-bearing investments up to (and including) the date as at which the valuation is made, unless such interest is included in the quoted or listed price;

   and for the purpose of the foregoing provisions the Manager and the Trustee shall be entitled to use and to rely upon electronic transmitted information from such source or sources as they may from time to time think fit with regard to the pricing of the investments on any securities market and the prices derived therefrom shall be deemed to be the last traded prices;

(b) the value of any investment which is not quoted, listed or normally dealt in on a securities market (other than an interest in a collective investment scheme) shall be the initial value thereof ascertained as hereinafter provided or the value thereof as assessed on the latest revaluation thereof made in accordance with the provisions hereinafter provided. For this purpose:

   (i) the initial value of an unquoted investment shall be the amount expended out of the relevant Investment Fund in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other expenses incurred in the acquisition thereof and the vesting thereof in the Trustee for the purposes of the Trust Deed);

(ii) the Manager may at any time in consultation with the Trustee and shall at such times or at such intervals as the Trustee may request, cause a revaluation to be made of any unquoted investment by a professional person approved by the Trustee as qualified to value such unquoted investment;

notwithstanding the above, the Manager may determine to value on a straight line basis investments in debt instruments acquired as a discount to their face value.

(c) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the value thereof;

(d) the value of each unit, share or other interest in any collective investment scheme shall be the last available net asset value per unit, share or other interest in such collective investment scheme or, shall be determined from time to time in such manner as the Manager shall determine;

(e) notwithstanding the foregoing, the Manager may, in consultation with the Trustee adjust the value of any investment or permit some other method of valuation to be used if, having regard to currency, applicable rate of interest, maturity, marketability and other considerations the Manager deems relevant, the Manager considers that such adjustment or use of such other method is required to reflect the fair value thereof. The Manager shall, at such times as the Trustee may require, cause an independent valuation to be made by a person approved by the Trustee. The Trustee may rely upon financial data furnished to it by third parties including the relevant calculation agent, automatic processing services, brokers, market makers or intermediaries, the Manager, and any administrator or valuations agent of other collective investments into which an Investment Fund may invest. If and to the extent that the Manager is responsible for or otherwise involved in the pricing of an Investment Fund's assets, the Trustee may accept, use and rely on such prices in determining the Net Asset Value of an Investment Fund; and

(f) the value of any investment (whether of a Security or cash) otherwise than in the Base Currency shall be converted into the Base Currency at the rate (whether official or otherwise) which the Manager shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange.

SUSPENSION OF DEALING OR DETERMINATION OF NET ASSET VALUE

The Manager may, in consultation with the Trustee, having regard to the best interests of the Unitholders, declare a suspension of the determination of the Net Asset Value of an Investment Fund for the whole or any part of any period during which:

(a) there is a closure of or the restriction or disruption or suspension of trading on any securities market on which a substantial part of the investments of the Investment Fund is normally traded or a breakdown in any of the means normally employed by the Manager or the Trustee (as the case may be) in ascertaining the prices of investments or determining the Net Asset Value of the Investment Fund or the Net Asset Value per Unit of the relevant class;

(b) for any other reason, the prices of investments held or contracted for by the Manager for the account of the Investment Fund cannot, in the reasonable opinion of the Manager, reasonably, promptly or fairly be ascertained;

(c) circumstances exist as a result of which, in the reasonable opinion of the Manager, it is not reasonably practicable to realize any investments held or contracted for the account of the Investment Fund or it is not possible to do so without seriously prejudicing the interests of Unitholders of the relevant class;

(d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the investments of that Investment Fund or the subscription or realisation of Units of the relevant class is prohibited, restricted, delayed or cannot, in the reasonable opinion of the Manager, be carried out promptly at normal exchange rates;

(e) the relevant Underlying Index is not compiled or published;

(f) a breakdown occurs in any of the systems and/or means of communication normally employed in ascertaining the Net Asset Value of the relevant Investment Fund or the Net Asset Value per Unit, Issue Price or Realisation Price of the relevant class, or when for any other reason the Net Asset Value of the relevant class cannot be ascertained in a prompt or accurate manner;

(g) the existence of any state of affairs as a result of which delivery of Index Securities comprised in a Basket or disposal of investments for the time being comprised in the Investment Fund's assets cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders;

(h) any period when the dealing of Units is suspended pursuant to any order or direction issued by the Commission; or

(i) any period when the business operations of the Manager or the Trustee in relation to the operation of the Trust are substantially interrupted or closed as a result of arising from pestilence, acts of war, terrorism, insurrection, revolution civil unrest, riots, strikes or acts of God.

Upon declaration of the suspension by the Manager, the suspension shall take effect. During the suspension:

(a) there shall be no determination of the Net Asset Value of the relevant Investment Fund or the Issue Price or the realisation price of Units in the relevant class;

(b) no Application shall be made by any of the Participating Dealers and in the event any Application is received in respect of any Dealing Day falling within such period of suspension (that has not been otherwise withdrawn), such Application shall be deemed as having been received immediately following the termination of the suspension;

(c) the Manager shall be under no obligation to rebalance the Deposited Property of the Investment Fund; and

(d) no Units shall be created and issued or realised for the account of the Investment Fund.

The suspension shall terminate (a) when the Manager, after consultation with the Trustee, having regard to the best interests of the Unitholders, declares the suspension at an end, or (b) in any event on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist; and no other condition under which suspension shall be declared exists.

The Manager shall notify the Commission if dealing in Units is suspended and publish a notice of suspension immediately following such suspension and, at least once a month during the period of suspension, on its website at https://www.globalxetfs.com.hk/ or in such publications as the Manager decides. As soon as reasonably practicable after the termination of suspension, the Manager shall publish a notice of such termination on the website maintained by the Manager for the Investment Fund or through such other means as the Manager considers appropriate.

A Participating Dealer may at any time after a suspension has been declared and before termination of such suspension withdraw an Application submitted prior to such suspension by notice in writing to the Manager and the Manager shall promptly notify the Trustee accordingly. If the Manager has not received any such notification of withdrawal of such Application before termination of such suspension, the Trustee shall, subject to and in accordance with the provisions of the Trust Deed, create and issue Units or realise Units in respect of such Application and such Application shall be deemed to be received immediately following the termination of such suspension.

SUSPENSION OF DEALING IN UNITS ON THE SEHK

Dealing in Units on the SEHK, or trading on the SEHK generally, may at any time be suspended by the SEHK subject to any conditions imposed by the SEHK if the SEHK considers it necessary for the protection of investors or for the maintenance of an orderly market or in such other circumstances as the SEHK may consider appropriate.

DISTRIBUTION POLICY

Unless otherwise specified in the relevant Appendix, (a) the Manager may at its absolute discretion declare distributions for the relevant Investment Fund to Unitholders at such times as it may determine in each financial year in May, and (b) the amount to be distributed to Unitholders will be derived from the net income of such Investment Fund, and will not be paid out of capital or effectively out of capital of an Investment Fund, meaning that distribution will not be paid out of gross income of an Investment Fund while all or part of such Investment Fund's fees and expenses is charged to or paid out of capital of such Investment Fund. The Manager may amend the policy with respect to distribution out of capital or effectively out of capital in respect of an Investment Fund subject to the Commission's prior approval and by giving not less than one month's prior notice to investors.

Where distributions are paid out of capital or effectively out of capital of an Investment Fund, the compositions of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months of that Investment Fund will be available from the Manager on request and on the Manager's website https://www.globalxetfs.com.hk/ (this website has not been reviewed by the Commission).

On a distribution from the Investment Fund, the Trustee, in accordance with the instructions of the Manager, will allocate the amounts available for distribution between Unitholders and will pay such amounts to Unitholders.

FEES AND CHARGES

For details of the amount of fees and charges currently applicable to an Investment Fund, please refer to Part 2 of this Prospectus relating to the relevant Investment Fund.

Management Fees and Servicing Fee

Under the terms of the Trust Deed, the Manager may, on giving not less than one month's written notice to the relevant Unitholders, increase each of the rate of the management fee or servicing fee payable in respect of an Investment Fund up to or towards its maximum rate of 2% per annum of the Net Asset Value of the Investment Fund accrued daily and calculated as at each Dealing Day and payable monthly in arrears, or such higher percentage as may be approved by the relevant Unitholders in accordance with the terms of the Trust Deed. Please refer to Part 2 of this Prospectus for further details.

An Investment Fund may employ a single management fee structure, whereby a single flat fee will be paid out of the assets of the relevant Investment Fund to cover all of the costs, fees and expenses of an Investment Fund (the "**Single Management Fee**"). For an Investment Fund which employs such single management fee structure, the Manager will retain the Single Management Fee to pay for all of the costs, fees and expenses associated with the Investment Fund, including the fees payable to the Manager for portfolio management services, Manager's servicing fee (if any), Trustee's fee, Registrar's fee, Service Agent's fees and Operational Fees (as defined below) of the Investment Fund. Any costs, fees and expenses associated with the relevant Investment Fund exceeding the Single Management Fee shall be borne by the Manager and shall not be charged to such Investment Fund. For the avoidance of doubt, the Single Management Fee does not include (to the extent not included in the Operational Fees) any costs, fees and expenses payable by investors on the creation and realisation of Units, such as the fees to Participating Dealers, brokerage fees, transaction levy, trading fee and stamp duty, or any extraordinary or exceptional costs and expenses (such as litigation expenses) as may arise from time to time and any tax liabilities in respect of the Investment Fund which will be paid separately out of the assets of the relevant Investment Fund. In addition, the Single Management Fee does not represent the estimated tracking error of the relevant Investment Fund.

The current rate of Single Management Fee in respect of an Investment Fund which adopts a single management fee structure is set out in the relevant Appendix. The maximum rate of the Single Management Fee in respect of an Investment Fund shall be 2% per annum of the Net Asset Value of the Investment Fund. Please refer to the Appendix in respect of the relevant Investment Fund for further details.

For an Investment Fund which does not employ a single management fee structure, all of the costs, fees and expenses relating to such Investment Fund (including but not limited to the fees payable to the Manager for portfolio management services, Manager's servicing fee (if any), Trustee's fee and Registrar's fee) shall be borne by the Investment Fund.

The Manager shall be responsible for paying the fees of any additional sub-managers or investment delegates appointed by the Manager.

The Manager may pay a distribution fee to any distributor or sub-distributors of the Trust out of the management fees it receives from the Trust. A distributor may re-allocate an amount of the distribution fee to the sub-distributors.

Trustee Fee

Under the terms of the Trust Deed, the Trustee may, after consulting the Manager, on giving not less than one month's written notice to the relevant Unitholders, increase the rate of the trustee fee payable in respect of an Investment Fund up to or towards the maximum rate of 1% per annum of the Net Asset Value of the Investment Fund accrued daily and calculated as at each Dealing Day and payable monthly in arrears, or such higher percentage as may be approved by the relevant Unitholders in accordance with the terms of the Trust Deed. For an Investment Fund which employs a single management fee structure, the Trustee's fee will be paid out of the Single Management Fee. If the Trustee's fee exceeds the Single Management Fee, the excess amount shall be borne by the Manager. Please refer to Part 2 of this Prospectus for further details.

In respect of each Investment Fund which invests directly in A-Shares, the Trustee Fee will be inclusive of the fee payable to the PRC Custodian.

Registrar's Fee

The Registrar may charge an initial placing fee per Investment Fund and an ongoing registry service fee in respect of each Investment Fund. The rate of the Registrar's fee in respect of an Investment Fund is set out in Part 2 of this Prospectus relating to the relevant Investment Fund. In addition, the Registrar will be reimbursed for all of its out-of-pocket expenses incurred in connection with performing its services.

For an Investment Fund which employs a single management fee structure, the Registrar's fee, including the Registrar's out-of-pocket expenses incurred in connection with performing its services, will be paid out of the Single Management Fee. If the Registrar's fee exceeds the Single Management Fee, the excess amount shall be borne by the Manager.

Service Agent's Fee

The Service Agent will charge such fees and expenses as are set out in Part 2 of this Prospectus relating to the relevant Investment Fund.

For an Investment Fund which employs a single management fee structure, the Service Agent's fee will be paid of the Single Management Fee. If the Service Agent's fee exceeds the Single Management Fee, the excess amount shall be borne by the Manager. Please refer to the relevant Appendix in respect of the Investment Fund for further details.

Other Charges and Expenses

The relevant Investment Fund will bear the costs set out in the Trust Deed, which are directly attributable to it. Where such costs are not directly attributable to the Investment Fund, the Manager with the approval of the Trustee shall determine how such costs are to be allocated. Such costs (collectively, the "**Operational Fees**") may include but are not limited to the cost of (a) all stamp and other duties, taxes, governmental charges, brokerage fees, commissions, exchange costs and commissions, bank charges, transfer fees and expenses, registration fees and expenses, transaction fees of the Trustee as may be agreed by the Manager in relation to transactions involving the whole or any part of the relevant Investment Fund, custodian or sub-custodian and proxy fees and expenses, collection fees and expenses, insurance and security costs, and any other costs, charges or expenses payable in respect of the acquisition, holding and realisation of any investment or other property or any cash, deposit or loan (including the claiming or collection of income or other rights in respect thereof and including any fees or expenses charged or incurred by the Trustee or the Manager or any connected person in the event of the Trustee or the Manager or such connected person rendering services or effecting transactions giving rise to such fees or expenses), (b) the fees and expenses of the Auditors, the Registrar and Service Agent (if applicable), (c) fees charged by the Trustee in connection with valuing the assets of the Trust or any part thereof, calculating the issue and realisation prices of Units, (d) all legal charges incurred by the Manager and/or the Trustee in connection with the Trust, (e) out-of-pocket expenses incurred by the Trustee and the Manager wholly and exclusively in the performance of its duties (including obtaining collateral, credit support or implementing other measures or arrangements in mitigating the counterparty risk or other exposure of the relevant Investment Fund), (f) the expenses of or incidental to the preparation of deeds supplemental to the Trust Deed, (g) the expenses of holding meetings of Unitholders and of giving notices to Unitholders, (h) the costs and expenses of obtaining and maintaining a listing for the Units on any stock exchange or exchanges selected by the Manager and approved by the Trustee and/or in obtaining and maintaining any approval or authorisation of the Trust or an Investment Fund or in complying with any undertaking given, or agreement entered into in connection with, or any rules governing such listing approval or authorisation, (i) any licence fees and expenses payable to the owner of an index for the use of such index, (j) without prejudice to the generality of the foregoing, all costs incurred in publishing the issue and realisation prices of Units, all costs of preparing, printing and distributing all statements, financial reports and reports pursuant to the provisions of the Trust Deed (including the Auditors' fees), the expenses of preparing and printing any Prospectus, and any other expenses, deemed by the Manager after consulting the Trustee, to have been incurred in compliance with or in connection with any change in or introduction of any law or regulation or directive (whether or not having the force of law) of any governmental or other regulatory authority or with the provisions of any code relating to unit trusts, (k) all other reasonable costs, charges and expenses which in the opinion of the Trustee and the Manager are properly incurred in the administration of the Trust pursuant to the performance of their respective duties, (l) all fees and expenses incurred in connection with the retirement or removal of the Manager, the Trustee, the Auditors or any entity providing services to the Trust, or the appointment of a new manager, a new trustee, new auditors or other new service providers providing services to the Trust, and (m) all such charges, costs, expenses and disbursements as under the general law the Trustee is entitled to charge to the Trust.

However, for an Investment Fund which employs a single management fee structure, the Operational Fees will be paid out of the Single Management Fee. If the Operational Fees exceeds the Single Management Fee, the excess amount shall be borne by the Manager.

The costs and expenses incurred by the Manager and the Trustee in establishing the Trust have been fully amortized over the first 3 financial years of the Trust.

The establishment costs of all other Investment Funds were borne by the respective Investment Fund and amortised over the first 3 financial years of the relevant Investment Fund (unless the Manager decides a shorter period is appropriate).

Broker Commissions

It is expected that brokerage or other agency transactions for the account of the Trust may be executed through affiliates of the Manager. In effecting transactions for the account of an Investment Fund which is for the time being authorised pursuant to section 104 of the Securities and Futures Ordinance with persons connected to the Manager, the Manager shall ensure that it complies with the following requirements:

(a) such transactions should be on arm's length terms and executed on the best available terms;

(b) the Manager must use due care in the selection of brokers or dealers and ensure that they are suitably qualified in the circumstances;

(c) transaction execution must be consistent with applicable best execution standards;

(d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;

(e) the Manager must monitor such transactions to ensure compliance with its obligations; and

(f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the annual report of the Trust.

Soft Dollar Benefits

Any cash commissions received by the Manager or any appointed investment delegate or any of their Connected Persons arising out of the sale and purchase of investments for the Trust will not be retained for their own use but will be credited to the relevant Investment Fund. However, the Manager, any appointed investment delegate and any of their Connected Persons may receive, and are entitled to retain, goods and services and other soft dollar benefits which are of demonstrable benefit to the Unitholders (as may be permitted under relevant regulations including, but not limited to, the Code) from brokers and other persons through whom the investment transactions are carried out. These goods and services include, but are not limited to, qualifying research services, computer hardware and software obtained to enhance investment decision making, and appropriate order execution services.

In all cases where such goods and services and other soft dollar benefits are retained by the Manager, any appointed investment delegate or any of their Connected Persons, such person shall ensure that:

(a) the nature of such goods and services and other soft dollar benefits is such that their provision are of demonstrable benefit to the Investment Funds;

(b) transaction execution is consistent with best execution standards;

(c) any brokerage borne by the relevant Investment Fund does not exceed customary institutional full service brokerage rates for such transactions, and that the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer;

(d) adequate prior disclosure is made in the Prospectus the terms of which the Unitholders has consented to;

(e) periodic disclosure is made in the Trust's and/or an Investment Fund's annual financial reports in the form of a statement describing the soft dollar policies and practices of the Manager or its investment delegate, including a description of goods and services received by them; and

(f) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer.

For the avoidance of doubt, such goods and services do not include travel accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments. Details of soft dollar benefit arrangements will be disclosed in the relevant Investment Fund's annual report.

Neither the Manager, its delegates (including investment delegates, if any) or their Connected Persons will receive cash or other rebates from brokers or dealers in respect of transactions for the account of the Trust. However, the Manager, its delegates (including investment delegates, if any) or their Connected Persons may enter into soft commission arrangements with brokers or dealers for the provision to the Manager or its connected persons of goods and services which are of demonstrable benefit to Unitholders. Execution of transactions for the Trust will be consistent with best execution standards on arm's length basis and in the best interests of the Unitholders.

TAXATION

Hong Kong

The Investment Fund

The Investment Funds are not expected to be subject to Hong Kong tax in respect of any of their authorized activities.

Pursuant to a remission order issued by the Secretary for Treasury on 20 October 1999, Hong Kong stamp duty payable on the transfer of Hong Kong stocks by an investor to the relevant Investment Fund in respect of allotment of Units, or by an Investment Fund to an investor upon realisation of Units, will be remitted or refunded. Apart from the above, the sale and purchase of Hong Kong stocks by an Investment Fund will be subject to stamp duty in Hong Kong at the current rate of 0.2% of the price of Hong Kong stocks being sold and purchased. The relevant Investment Fund will normally be liable to one half of such Hong Kong stamp duty.

No Hong Kong stamp duty is payable by the relevant Investment Fund on issue or realisation of Units.

Unitholders

No tax will be payable by Unitholders in Hong Kong in respect of income distributions of an Investment Fund or in respect of any capital gains arising on a sale, realisation or other disposal of Units, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

Pursuant to the Stamp Duty (Amendment) Ordinance 2015, no stamp duty is payable on the transfer (purchase or sale) of units of all exchange traded funds on the SEHK. No stamp duty is therefore payable on the transfer of Units.

FATCA and compliance with US withholding requirements

The US Hiring Incentives to Restore Employment Act (the "**HIRE Act**") was signed into US law in March 2010 and includes provisions commonly referred to as the "Foreign Account Tax Compliance Act" or "FATCA". Broadly, the FATCA provisions are set out in sections 1471 to 1474 of the Internal Revenue Code which impose a new reporting regime with respect to financial accounts held by Specified U.S. Persons with FFIs, such as the Trust and each Investment Fund. US source withholdable payments, including U.S. sourced interests and dividends paid from securities of U.S. issuers and gross proceeds from the sale of such securities, made to a financial account may be subject to withholding at a rate of 30%, unless the account holders provide sufficient information to the financial institutions to enable the financial institutions to identify such account holder's FATCA classification. To avoid such withholding on payments received, FFIs (including banks, brokers, custodians and investment funds), such as the Trust and each Investment Fund, located in jurisdictions that have not signed intergovernmental agree-ments for implementation of FATCA (each an "**IGA**"), will be required to register and enter into an agreement (an "**FFI Agreement**") with the IRS to be treated as a participating FFI (but see paragraph below regarding IGA status of Hong Kong). Participating FFIs are required to identify all investors that are Specified US Persons and report certain information concerning such Specified US Persons to the IRS. The FFI Agreement will also generally require that a participating FFI deduct and withhold 30% from US source withholdable payments made by the participating FFI to investors who fail to cooperate with certain information requests made by the participating FFI ("**FATCA Withholding**").

FATCA Withholding applies to (i) payments of US source FDAP (fixed, determinable, annual or periodical) income, including US source dividends and interest, made after 30 June 2014; and (ii) payments of gross proceeds of sale or other disposal of property that can produce US source FDAP income after 31 December 2018. The 30% withholding could also apply to payments otherwise attributable to US source income (also known as "**foreign passthru payments**"). Withholding agents (which includes participating FFIs) have generally been required to begin withholding on US source withholdable payments made after 30 June 2014. The first reporting deadline for information on relevant financial accounts (e.g. account held by Specified U.S. Persons) for FFIs that have entered into the FFI Agreement will be 31 March 2015 with respect to information relating to the 2014 calendar year.

The United States Department of the Treasury and Hong Kong have entered into a Model 2 IGA ("**Model 2 IGA**") effective from 30 June 2014. The Model 2 IGA modifies the foregoing requirements but generally requires similar information to be disclosed to the IRS. Further, withholding may continue to apply to US source withholdable payments if the Trust and each Investment Fund cannot satisfy the applicable requirements and is determined to be non-FATCA compliant.

The Trust has been registered with the IRS as a Single Foreign Financial Institution with Global Intermediary Identification Number of E3XTGZ.99999.SL.344. The Investment Funds, Global X MSCI China ETF, Global X Hang Seng High Dividend Yield ETF, Global X CSI 300 ETF, Global X China Biotech ETF and Global X China Cloud Computing ETF, have been registered with the IRS as Single Foreign Institutions with Global Intermediary Identification Number of 427FE4.99999.SL.344, AD79XD.99999.SL.344, KHS8MR.99999.SL.344, 612ZAZ.99999.SL.344 and T444FE.99999.SL.344 respectively. In order to protect Unitholders' interests in each Investment Fund and avoid being subject to FATCA Withholding, it is the Manager's, the Trust's and the Investment Funds' intention to endeavour to satisfy the requirements imposed under FATCA.

Hence it is possible that this may require the Trust and each Investment Fund (through its agents or service providers) as far as legally permitted, to report information on the holdings or investment returns of Unitholders that are identified as Specified US Persons to the IRS or the local authorities pursuant to the terms of an applicable IGA (as the case may be), including certain Unitholders who fail to provide relevant information and documents required to identify their FATCA status or fail to provide consent to the Trust and each Investment Fund to report, or who are non-FATCA compliant financial institution or who fall within other categories specified in the FATCA provisions. Reporting and FATCA Withholding may also be required on Unitholders that are identified as non-FATCA compliant financial institutions (i.e., non-participating FFIs). As at the date of this Prospectus, all Units in the Investment Funds are registered in the name of HKSCC Nominees Limited. It is the Manager's understanding that HKSCC Nominees Limited is registered as a reporting foreign financial institution under the Model 2 IGA.

Although the Manager, the Trust and the Investment Funds will attempt to satisfy any obligations imposed on them to avoid the imposition of FATCA withholding tax, no assurance can be given that the Manager, the Trust and the Investment Funds will be able to fully satisfy these obligations. If any Investment Fund becomes subject to a withholding tax as a result of FATCA, the Net Asset Value of such Investment Fund may be adversely affected and such Investment Fund and its Unitholders may suffer material loss.

The FATCA provisions are complex and certain implications may be uncertain at this time. The above description is provided based in part on regulations, official guidance and model IGAs currently available, all of which are subject to change or may be implemented in a materially different form. Nothing in this section constitutes or purports to constitute tax advice and Unitholders should not rely on any information set out in this section for the purposes of making any investment decision, tax decision or otherwise. All Unitholders should therefore consult their own tax and professional advisors regarding the FATCA requirements, possible implications and related tax consequences with respect to their own situation. In particular, Unitholders who hold their Units through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer the above mentioned withholding tax on their investment returns.

General

Investors should consult their professional financial advisers on the consequences to them of acquiring, holding, realizing, transferring or selling Units under the relevant laws of the jurisdictions to which they are subject, including the tax consequences, stamping and denoting requirements and any exchange control requirements. These consequences, including the availability of, and the value of, tax relief to investors will vary with the law and practice of the investors' country of citizenship, residence, domicile or incorporation and their personal circumstances.

OTHER IMPORTANT INFORMATION

Financial Reports

The Trust's year end is 31 March in each year. Audited financial report will be made available to Unitholders as soon as practicable through the website https://www.globalxetfs.com.hk/ and in any event not more than four months after the conclusion of each financial year. Half-yearly unaudited financial reports will also be prepared up to the last Dealing Day in September each year and will be made available to Unitholders via the above website within two months after the end of the relevant period. Such financial reports will contain a statement of the value of the net assets of the relevant Investment Fund and the investments comprising its portfolio.

The annual audited financial reports and the half-yearly unaudited financial reports are published in English only and hard copies are available free of charge upon request at the registered office of the Manager which is located at Room 1101, 11/F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong. Unitholders will be notified when the Trust's annual audited financial reports and half-yearly unaudited financial reports are available.

Unitholders will be given at least one month's prior notice of any change to the mode of delivery of the Trust's annual audited financial reports and half-yearly unaudited financial reports.

Publication of Information Relating to the Investment Funds

The Manager shall publish the indicative Net Asset Value per Unit (in the relevant Base Currency, or if there is a Dual Counter, in both trading currencies) on its website (https://www.globalxetfs.com.hk/) (this website has not been reviewed by the Commission) on each Dealing Day.

The Manager shall also publish the following information in both English and Chinese languages in respect of the Investment Funds on its website, including:

- this Prospectus and the product key facts statement in respect of each Investment Fund (as amended and supplemented from time to time);
- the latest annual and interim financial reports of the Investment Funds in English;
- any notices for material alterations or additions to the Prospectus, the product key facts statement in respect of the Investment Fund, or the Investment Funds' constitutive documents;
- any public announcements made by an Investment Fund, including information in relation to an Investment Fund and its Underlying Index, notices of the suspension of the creation and redemption of Units, suspension of the calculation of Net Asset Value, changes in fees and charges and the suspension and resumption of trading of Units;
- full portfolio information of the Investment Funds which will be updated on a daily basis;
- the last Net Asset Value (in the relevant Base Currency, or if there is a Dual Counter, in RMB only) and Net Asset Value per Unit (in the relevant Base Currency, or if there is a Dual Counter, in both trading currencies), available at around 9:00 a.m. on the Valuation Day (on which such value is calculated) immediately following the relevant Dealing Day under normal circumstances;
- the past performance information of the Investment Funds;

- the ongoing charges of the Investment Funds;
- the actual tracking difference and tracking error of the Investment Funds;
- list of Participating Dealers and market makers; and
- near real time indicative Net Asset Value per Unit (in the relevant Base Currency, or if there is a Dual Counter, in both trading currencies) updated at least every 15 seconds during trading hours.

For an Investment Fund with a Dual Counter, the near real time indicative Net Asset Value per Unit in HKD or USD is indicative and is for reference only. This is updated every 15 seconds during SEHK trading hours. The near real time indicative Net Asset Value per Unit in HKD or USD is calculated by ICE Data Services using the near real time indicative net asset value per Unit in RMB multiplied by a real time HKD:RMB and USD:RMB foreign exchange rate provided by ICE Data Services Real-Time FX Rate. Since the indicative Net Asset Value per Unit in RMB will not be updated when the underlying A-Shares market is closed, the change to the indicative Net Asset Value per Unit in HKD or USD (if any) during such period is solely due to the change in the foreign exchange rate.

For an Investment Fund with a Dual Counter, the last Net Asset Value per Unit in HKD or USD is indicative, is for reference only and is calculated using the last Net Asset Value per Unit in RMB multiplied by the HKD:RMB and USD:RMB exchange rate quoted by Thomson Reuters at 4:00pm (London Time) as of the same Dealing Day provided by the Trustee. When the underlying A-Shares market is closed, the official last net asset value per Unit in RMB and the indicative last Net Asset Value per Unit in HKD or USD will not be updated.

Material Changes to the Underlying Index

The Commission should be consulted on any events that may affect the acceptability of any Underlying Index. Significant events relating to an Underlying Index will be notified to the Unitholders as soon as practicable. These may include a change in the methodology/rules for compiling or calculating any Underlying Index, or a change in the objective or characteristics of an Underlying Index.

The Manager reserves the right with the prior approval of the Commission and provided that in its opinion the interests of the Unitholders would not be adversely affected, to replace the Underlying Index with another Underlying Index. The circumstances under which any such replacement might occur include but are not limited to the following events:

(a) the Underlying Index ceasing to exist;

(b) the licence to use the Underlying Index being terminated;

(c) a new index becoming available that supersedes the existing Underlying Index;

(d) a new index becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the Unitholders than the existing Underlying Index;

(e) investing in the Securities comprised within the Underlying Index becomes difficult;

(f) the Index Provider increasing its licence fees to a level considered too high by the Manager;

(g) the quality (including accuracy and availability of the data) of the Underlying Index having in the opinion of the Manager, deteriorated;

(h) a significant modification of the formula or calculation method of the Underlying Index rendering that index unacceptable in the opinion of the Manager; and

(i) the instruments and techniques used for efficient portfolio management not being available.

Removal and Retirement of the Manager

The Manager shall be subject to removal by not more than one month's notice in writing given by the Trustee in any of the following events:

(a) if the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of its assets;

(b) if for good and sufficient reason the Trustee is of the opinion and so states in writing to the Manager that a change of Manager is desirable in the interests of the Unitholders;

(c) if the Unitholders of not less than 50% in value of the Units for the time being outstanding deliver to the Trustee in writing a request that the Manager should retire;

(d) following a material breach of the Manager's obligations under the Trust Deed which, if the breach is capable of remedy, the Manager fails to remedy within 60 days of being specifically required in writing to do so by the Trustee, and the Trustee is of the opinion and so states in writing to the Manager that a change of Manager is desirable and in the best interests of Unitholders as a whole; or

(e) if the Commission withdraws its approval of the Manager. The Manager shall have power to retire in favour of some other qualified manager in accordance with the provisions of the Trust Deed. In particular, the Manager shall give all Unitholders in the relevant Investment Fund written notice in accordance with the provisions of the Trust Deed.

Removal and Retirement of the Trustee

The Trustee shall be subject to removal by not less than 3 months' notice in writing given by the Manager (or such shorter period of notice as the parties may agree). Notwithstanding the foregoing, the Manager may by notice remove the Trustee in any of the following events:

(a) if the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Trustee (or any such analogous process occurs or any analogous person is appointed in respect of the Trustee);

(b) if the Trustee ceases to carry on business;

(c) if the Manager acting in good faith and in the best interests of Unitholders, wishes to remove the Trustee;

(d) if the Unitholders of not less than 50% in value of the Units for the time being outstanding (for which purpose Units held or deemed to be held by the Trustee shall not be regarded as being outstanding) shall deliver in writing a request that the Trustee should retire;

(e) if the Commission withdraws its approval of the Trustee as trustee of the Trust; or

(f) following a material breach of the Trustee's obligations under the Trust Deed which, if the breach is capable of remedy, the Trustee fails to remedy within 60 days of being specifically required in writing so to do by the Manager, and the Manager is of the opinion and so states in writing to the Trustee that a change of Trustee is desirable and in the best interests of Unitholders as a whole.

Notwithstanding such notice, the Trustee shall not be removed or cease to act as such unless and until the Manager shall, subject to the prior approval of the Commission if the Investment Fund is authorised pursuant to section 104 of the Securities and Futures Ordinance, have appointed a qualified corporation under any applicable law to be the trustee in place of the removed Trustee.

The Trustee shall be entitled to retire voluntarily. In the event of the Trustee desiring to retire the Manager shall find within 60 days from the date the Trustee notifies the Manager of such desire a new trustee who is a qualified corporation under any applicable law to act as trustee and the Manager shall appoint such new trustee to be the Trustee in the place of the retiring Trustee in accordance with the provisions of the Trust Deed and subject to the prior approval of the Commission if the Investment Fund is authorised pursuant to section 104 of the Securities and Futures Ordinance. For the avoidance of doubt, the Trustee shall only retire upon the appointment of a new Trustee and subject to the prior approval of the Commission.

Termination of the Trust or an Investment Fund

An Investment Fund shall terminate upon the termination of the Trust. The Trust shall continue until it is terminated in one of the following ways set out below.

A summary of the circumstances under which the Trust may be terminated by the Trustee by notice in writing is set out as follows:

(a) if the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of their assets and not discharged within 90 days;

(b) if in the reasonable opinion of the Trustee, the Manager shall be incapable of performing or shall in fact fail to perform its duties satisfactorily or shall do any other thing which in the opinion of the Trustee is calculated to bring the Trust into disrepute or to be harmful to the interests of the Unitholders;

(c) if the Trust shall cease to be authorized pursuant to the Securities and Futures Ordinance or if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Trust;

(d) if the Manager shall have ceased to be the Manager and, within a period of 90 days thereafter, no other qualified corporation shall have been appointed by the Trustee as a successor Manager or if the Trustee wishes to retire and no replacement is made within 90 days; and

(e) if the Trustee shall have notified the Manager of its desire to retire as Trustee and the Manager shall fail to find a qualified corporation to act as a trustee in place of the Trustee within 60 days therefrom.

A summary of the circumstances under which the Trust and/or an Investment Fund and/or any classes of Units relating to an Investment Fund (as the case may be) may be terminated by the Manager in its absolute discretion by notice in writing is set out as follows:

(a) if on any date, in relation to the Trust, the aggregate Net Asset Value of all Units shall be less than HK$50,000,000 or in relation to an Investment Fund, the aggregate Net Asset Value of the Units of the relevant classes outstanding hereunder shall be less than HK$50,000,000 or such other amount as specified in the Trust Deed;

(b) if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Trust and/or the relevant Investment Fund;

(c) if the Trust and/or the relevant Investment Fund shall cease to be authorized pursuant to the Securities and Futures Ordinance or listed on the SEHK or other recognized securities markets;

(d) if the Underlying Index of the relevant Investment Fund is no longer available for benchmarking, unless the Manager and the Trustee agree that it is possible, feasible, practicable and in the best interests of the Unitholders to substitute another index for the Underlying Index; or

(e) if the Trust and/or the relevant Investment Fund ceases to have any Participating Dealer.

In cases of termination of the Trust or an Investment Fund under the above circumstances, no less than one month's notice will be given to Unitholders. Any unclaimed proceeds or other monies held by the Trustee in the event of a termination may at the expiration of 12 calendar months from the date upon which the same became payable be paid into court, subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

Trust Deed

The Trust was established under Hong Kong law by a trust deed dated 23 December 2010 as amended by supplemental deeds dated 16 December 2011, 23 December 2011, 5 November 2012, 14 May 2013, 3 September 2014, 16 November 2015, 11 August 2016, 29 September 2016, 5 October 2016, 24 November 2016, 11 July 2019, 1 November 2019 and 31 December 2019 respectively (as may be amended, modified or supplemented from time to time). All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

Indemnification and Limitation of Liability

The Trust Deed contains provisions for the indemnification of the Trustee and the Manager and their relief from liability in certain circumstances. Nothing in any of the provisions of the Trust Deed shall exempt the Trustee or the Manager (as the case may be) from or indemnify them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any fraud, wilful default or negligence of which they may be liable in relation to their duties and neither the Trustee nor the Manager may be indemnified against such liability by Unitholders or at Unitholders' expense.

Unitholders and intending applicants are advised to consult the terms of the Trust Deed for the details.

Modification of Trust Deed

Subject to the prior approval of the Commission if any Investment Fund is authorised pursuant to section 104 of the Securities and Futures Ordinance, the Trustee and the Manager may agree to modify the Trust Deed by supplemental deed provided that in the opinion of the Trustee such modification (i) is not materially prejudicial to the interests of Unitholders, does not operate to release to any material extent the Trustee, the Manager or any other person from any responsibility to the Unitholders and will not result in any increase in the amount of costs and charges payable out of the assets of the Trust or (ii) is necessary in order to comply with any fiscal, statutory, regulatory or official requirement or (iii) is necessary to correct a manifest error.

In all other cases involving material changes, modifications require the sanction of an extraordinary resolution of the Unitholders affected.

Meetings of Unitholders

The Trust Deed contains detailed provisions for meetings of Unitholders. Meetings at which an ordinary resolution is to be proposed may be convened by the Trustee, the Manager or the Unitholders of at least 10% in value of the Units in issue, on not less than 14 days' notice. Notice of meetings will be posted to Unitholders. Unitholders may appoint proxies, who need not themselves be Unitholders. The quorum for a meeting to pass an ordinary resolution will be Unitholders present in person or by proxy registered as holding not less than 10% of the Units for the time being in issue.

Meetings at which an extraordinary resolution is to be proposed may be convened by the Trustee, the Manager or the Unitholders of at least 10% in value of the Units in issue, on not less than 21 days' notice. The quorum for a meeting to pass an extraordinary resolution will be Unitholders present in person or by proxy registered as holding not less than 25% of the Units for the time being in issue or, for an adjourned meeting, Unitholders present in person or by proxy whatever their number or the number of Units held by them. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting should be adjourned for not less than 15 days. In the case of an adjourned meeting of which separate notice will be given, such Unitholders as are present in person or by proxy will form a quorum.

An ordinary resolution is a resolution proposed as such and passed by a majority of 50% of the total number of votes cast. An extraordinary resolution is a resolution proposed as such and passed by a majority of 75% of the total number of votes cast.

The Trust Deed contains provisions for the holding of separate meetings of Unitholders in different Investment Funds and different classes where only the interests of Unitholders in a particular Investment Fund or class are affected.

Voting Rights

The Trust Deed provides that at any meeting of Unitholders, every Unitholder who is present as aforesaid or by proxy shall have one vote for every Unit of which he is the holder.

Where a Unitholder is a recognised clearing house (within the meaning of the Securities and Futures Ordinance) (or is its nominee(s)), it may authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any meetings of Unitholders or any meetings of any class of Unitholders provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of Units in respect of which each such person is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarized authorisation and/or further evidence for substantiating the facts that it is duly authorised (save that the Trustee shall be entitled to request for evidence from such person to prove his/her identity) and will be entitled to exercise the same power on behalf of the recognized clearing house as that clearing house or its nominee(s) could exercise if it were an individual Unitholder of the Trust. For the avoidance of doubt, a Unitholder who is a recognised clearing house (or its nominee(s)) shall exercise its voting rights in compliance with the applicable CCASS rules and/or operational procedures.

Documents Available for Inspection

Copies of the Trust Deed, Service Agreement, Participation Agreements and the latest annual and interim financial reports (if any) are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager at Room 1101, 11/F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong. Copies of the Trust Deed can be purchased from the Manager on payment of a reasonable fee.

Anti-Money Laundering Regulations

As part of the Trustee's and the Manager's responsibility for the prevention of money laundering, they may require a detailed verification of an investor's identity and the source of the payment of application moneys. Depending on the circumstances of each application, a detailed verification might not be required where:

(i) the applicant makes the payment from an account held in the applicant's name at a recognized financial institution; or

(ii) the application is made through a recognized intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognized as having sufficient anti-money laundering regulations.

Each of the Trustee and the Manager reserve the right to request such information as is necessary to verify the identity of an applicant and the source of the payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Trustee and/or the Manager may refuse to accept the application and the application moneys relating thereto.

Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance (the "**Ordinance**") came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("**AEOI**"). The AEOI requires financial institutions ("**FIs**") in Hong Kong to collect certain required information relating to non-Hong Kong tax residents holding financial accounts with the FIs, and report such information to the Hong Kong Inland Revenue Department ("IRD") for the purpose of AEOI exchange. Generally, the information will be reported and automatically exchanged in respect of account holders that are tax residents in an AEOI partner jurisdiction(s) with which Hong Kong has a Competent Authority Agreement ("**CAA**") in force; however, an Investment Fund and/or its agents may further collect information relating to residents of other jurisdictions.

An Investment Fund is required to comply with the requirements of the Ordinance, which means that an Investment Fund and/or its agents shall collect and provide to the IRD the required information relating to Unitholders and prospective investors.

The Ordinance as implemented by Hong Kong requires an Investment Fund to, amongst other things: (i) register the Investment Fund as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its accounts (i.e. Unitholders) to identify whether any such accounts are considered "Reportable Accounts" under the Ordinance; and (iii) report to the IRD the required information on such Reportable Accounts. The IRD is expected on an annual basis to transmit the required information reported to it to the government authorities of the jurisdictions with which Hong Kong has a CAA in force. Broadly, AEOI contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax residents in a jurisdiction with which Hong Kong has a CAA in force; and (ii) certain entities controlled by individuals who are tax residents in such jurisdictions. Under the Ordinance, details of Unitholders, including but not limited to their name, place of birth, address, tax residence, tax identification number (if any), account number, account balance/value, and income or sale or realisation proceeds, may be reported to the IRD and subsequently exchanged with government authorities in the relevant jurisdictions.

By investing in an Investment Fund and/or continuing to invest in an Investment Fund, Unitholders acknowledge that they may be required to provide additional information to the Investment Fund, the Manager and/or the Investment Fund's agents in order for the Investment Fund to comply with the Ordinance. The Unitholder's information (and information on controlling persons including beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Unitholders that are passive non-financial entities), may be transmitted by the IRD to authorities in other jurisdictions.

Each Unitholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in the Investment Fund.

Certification for Compliance with FATCA or Other Applicable Laws

Each investor (i) shall be required to, upon demand by the Trustee or the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Trustee or the Manager that is necessary for an Investment Fund (a) to prevent withholding (including, without limitation, any withholding taxes required under FATCA) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Investment Fund receives payments and/or (b) to satisfy reporting or other obligations under the IRS Code and the United States Treasury Regulations promulgated under the IRS Code, or to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority in any jurisdiction, (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments or when such form, certificate or other information is no longer accurate, and (iii) will otherwise comply with any reporting obligations imposed by the United States, Hong Kong or any other jurisdiction (including any law, rule and requirement relating to AEOI) and reporting obligations that may be imposed by future legislation.

Power to Disclose Information to Authorities

Subject to applicable laws and regulations in Hong Kong, the Manager, the Trustee or any of their authorised person (as permissible under applicable law or regulation) may be required to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdictions (including but not limited to the IRS and the IRD), certain information in relation to a Unitholder, including but not limited to the Unitholder's name, address, jurisdiction of birth, tax residence, tax identification number (if any), social security number (if any) and certain information relating to the Unitholder's holdings, account balance/value, and income or sale or realisation proceeds, to enable an Investment Fund to comply with any applicable law or regulation or any agreement with a tax authority (including, but not limited to, any applicable law (including any law, rule and requirement relating to AEOI), regulation or agreement under FATCA).

Liquidity Risk Management

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Investment Funds and to ensure that the liquidity profile of the investments of the relevant Investment Fund will facilitate compliance with such Investment Fund's obligation to meet realisation requests. Such policy, combined with the liquidity management tools of the Manager, also seeks to achieve fair treatment of Unitholders and safeguard the interests of remaining Unitholders in case of sizeable realisations.
The Manager's liquidity policy takes into account the investment strategy, the liquidity profile, the realisation policy, the dealing frequency, the ability to enforce realisation limitations and the fair valuation policies of the Investment Funds. These measures seek to ensure fair treatment and transparency for all investors.

The liquidity management policy involves monitoring the profile of investments held by Investment Fund on an on-going basis to ensure that such investments are appropriate to the realisation policy as stated under the section headed "Realisation of Units", and will facilitate compliance with each Investment Fund's obligation to meet realisation requests. Further, the liquidity management policy includes details on periodic stress testing carried out by the Manager to manage the liquidity risk of the Investment Funds under normal and exceptional market conditions.

As a liquidity risk management tool, the Manager may suspend the right of Participating Dealers to realise Units and/or delay the payment of any monies and transfer of any Securities in respect of any Realisation Application for Units of the Trust as further detailed in the sub-section headed "Suspension of Dealing or Determination of Net Asset Value".

Material Changes to an Index

The Commission should be consulted on any events that may affect the acceptability of an Index. Significant events relating to an Index will be notified to the Unitholders of the relevant Investment Fund as soon as practicable. These may include a change in the methodology/rules for compiling or calculating the Index, or a change in the objective or characteristics of the Index.

Replacement of an Index

Following the authorisation of an Investment Fund, a replacement of the Index may only be made in accordance with this Prospectus and the Trust Deed and with the prior approval of the Commission.

Conflicts of Interest

The Manager or other investment delegates as may be appointed by the Manager from time to time may, in the course of their business, have potential conflicts of interests in relation to the Trust and may promote, manage, advise or otherwise be involved in any other funds or investment companies while they act as the Manager or investment delegate of the Trust. For instance, associated companies or directors of the Manager or such other investment delegates appointed from time to time (if any) may act as underwriter(s) for Securities sold to the Trust or provide investment management and/or advisory services to other clients (including other funds).

The Manager, any appointed investment delegates or their respective associated companies or any director will be free to render services similar to those which the Manager or any appointed investment delegates is providing to the Trust to other clients (including other funds). Further, the Manager, any appointed investment delegates or their respective associated companies may receive commission, brokerage and other charges in relation to the sale or purchase of any investment by the Trust.

It is, therefore, possible that any of the Manager or any appointed investment delegates or their Connected Persons may, in the course of business, have potential conflicts of interest with the

Trust or any Investment Fund. Each will, at all times, have regard in such event to its obligations to the Trust pursuant to the Trust Deed and to Unitholders and will endeavour to ensure that such conflicts are resolved fairly and act in the best interest of the Trust and the Unitholders.

The Trustee and any of its respective Connected Persons may:

(a) contract or enter into any financial, banking, brokerage, insurance or other financial services transaction with the Trust; and

(b) invest in and deal with Securities or any property of the kind included in the property of the Trust for its individual account or for the account of a third party.

Neither the Trustee nor the Manager may act as principal to buy or sell investments from or to the Trustee for the account of the Trust or otherwise deal as principal with the Trust. However, with the prior written consent of the Trustee, any connected person of the Manager may deal as agent or principal in the sale or purchase of Securities and other investments to or from the Trust. There will be no obligation on the part of such connected person to account to the Trust or to Unitholders for any benefits so arising and any such benefits may be retained by the relevant party, provided that such transactions are entered into on an arm's length basis and at the best price available to the Trust having regard to the kind, size and time of the transaction.

Any cash of the Trust may be deposited with any connected person of the Trustee, the investment delegate or the Manager (being a banker or other financial institution) or invested in certificates of deposit or banking investments issued by any such connected person provided that interest received on any such deposits or banking instruments shall be kept at a rate not lower than the prevailing commercial rate for a deposit of a similar type, sizer and term, in the same currency and with institutions of similar standing, negotiated at arm’s length in accordance with ordinary and normal course of business. Any such deposits shall be maintained in a manner that is in the best interests of the Unitholders. Banking or similar transactions may also be undertaken with or through a connected person.

With the prior written consent of the Trustee, the Manager may effect transactions by or through the agency of another person for the account of the Trust with whom the Manager or any of its Connected Persons have an arrangement for the supply of goods, services or other benefits.

In respect of voting rights where the Manager would face a conflict between its own interest and that of the Unitholders, the Manager shall cause such voting rights to be exercised according to the discretion of the Trustee.

Website Information

The offer of the Units is made solely on the basis of information contained in this Prospectus. All references in this Prospectus to other websites and sources where further information may be obtained are merely intended to assist you to access further information relating to the subject matter indicated and such information does not form part of this Prospectus. None of the Listing Agent, the Manager or the Trustee accepts any responsibility for ensuring that the information contained in such other websites and sources, if available, is accurate, complete and/or up-to-date, and no liability is accepted by the Listing Agent, the Manager and the Trustee in relation to any person’s use of or reliance on the information contained in these other websites and sources save, in respect of the Manager and the respective website https://www.globalxetfs.com.hk/[2]. You should exercise an appropriate degree of caution when assessing the value of such information.

[2] The website has not been reviewed by the Commission.

Complaints and Enquiries

Investors may contact the complaint officer of the Manager if they have any complaints or enquiries in respect of the Trust or an Investment Fund and its compartments. Depending on the subject matter of the complaints or enquiries, these will be dealt with either by the Manager directly, or referred to the relevant parties for further handling. The Manager will revert and address the investor's complaints and enquiries as soon as possible and in any event within one month upon receipt of the complaints or enquiries by phone at its number: +852 2295 1500 or in writing. Complaints should be addressed to the Manager at Room 1101, 11/F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong.

PART 2 – INFORMATION RELATING TO THE INVESTMENT FUNDS

This part of the Prospectus sets out specific information applicable to each Investment Fund.

APPENDIX 1 – GLOBAL X MSCI CHINA ETF

This part of the Prospectus sets out specific information applicable to the Global X MSCI China ETF (formerly known as Mirae Asset Horizons MSCI China ETF). Prospective investors' attention is drawn to "Risk Factors relating to the Global X MSCI China ETF" below.

KEY INFORMATION

The following table is a summary of key information in respect of the Global X MSCI China ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("**ETF**")
Tracked Index	MSCI China Index (net total return) Inception Date: 31 December 1992 Number of constituents: 704 (as at 31 March 2020) Base Currency of Index: Hong Kong dollars (HK$)
Listing Date	17 June 2013
Exchange Listing	SEHK - Main Board
Stock Code	3040
Trade Lot Size	100 Units
Base Currency / Trading Currency	Hong Kong dollars (HK$)
Dividend Policy	Annually (if any) (May in each year). Distribution will not be paid out of or effectively out of capital.
Application Unit Size for Creation/Realisation by Participating Dealers	Minimum 200,000 Units (or multiples thereof)
Method(s) of Creation/Realisation Available (through Participating Dealer)	In-Kind or in Cash
Investment Delegate	No investment delegate has been appointed

Market Makers*	BNP Paribas Securities (Asia) Limited Flow Traders Hong Kong Limited SG Securities (HK) Limited
Participating Dealers*	ABN AMRO Clearing Hong Kong Limited BNP Paribas Securities Services CIMB Securities Limited Goldman Sachs (Asia) Securities Limited Guotai Junan Securities (Hong Kong) Limited Macquarie Bank Limited Merrill Lynch Far East Limited Mirae Asset Securities (HK) Limited Morgan Stanley Hong Kong Securities Limited Nomura International (Hong Kong) Limited SG Securities (HK) Limited Shenwan Hongyuan Securities (H.K.) Limited UBS Securities Hong Kong Limited
Listing Agent	KGI Capital Asia Limited
Financial Year	Ending 31 March each year
Management Fee	The Global X MSCI China ETF adopts a single management fee structure. The current rate of Single Management Fee is 0.18% per annum of the NAV accrued daily and calculated as at each Dealing Day.
Website	https://www.globalxetfs.com.hk/

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers for the Investment Fund.*

EXCHANGE LISTING AND TRADING

Currently, Units are listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges.

If trading of the Units of the Global X MSCI China ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

INVESTMENT OBJECTIVE AND STRATEGY

The Global X MSCI China ETF seeks to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the MSCI China Index.

The Manager intends to adopt a replication or representative sampling strategy to achieve the investment objective of the Global X MSCI China ETF. Please refer to the section "Investment Policies" in Part 1 of this Prospectus for an explanation on these two strategies.

Investors should note that the Manager may switch between the replication strategy and the representative sampling strategy without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the Global X MSCI China ETF by tracking the MSCI China Index as closely (or efficiently) as possible for the benefit of investors.

In relation to the Investment Fund's investments in A-Shares, the Manager will invest via the Stock Connect (as explained in the section "What is Stock Connect?" below).

NON-COMPLIANCE WITH CHAPTER 7.1A OF THE CODE

A collective investment scheme authorised by the Commission under the Code is usually subject to the investment restriction under Chapter 7.1A of the Code, which provides that subject to Chapters 7.1 and 7.28(c) of the Code, the aggregate value of that scheme's investments in, or exposure to, entities within the same group through the following may not exceed 20% of the Net Asset Value of that scheme:

(a) investments in Securities issued by such entities;

(b) exposure to such entities through underlying assets of FDIs; and

(c) net counterparty exposure to such entities arising from transactions of over-the-counter FDIs.

Given the index tracking nature of the Investment Fund and the nature of the MSCI China Index, upon consultation with the Commission and as permitted under Chapter 8.6(h)(b) of the Code, the aggregate value of the Investment Fund's investments in, or exposure to, entities within the same group through investments in Securities issued by such entities is subject to a cap of 25% (not 20%) of the Net Asset Value of the Investment Fund, subject to the condition that the Investment Fund will not use derivatives for any purpose.

SECURITIES LENDING TRANSACTIONS

The Manager may, on behalf of the Global X MSCI China ETF, enter into securities lending transactions with a maximum level of up to 25% and expected level of approximately 20% of the Global X MSCI China ETF's Net Asset Value.

The Manager will be able to recall the Securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Global X MSCI China ETF and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion. Please refer to the sub-section titled "Securities Financing Transactions" of the section headed "Investment and Borrowing Restrictions" in Part 1 of this Prospectus in regard to the details of the arrangements.

As part of the securities lending transactions, the Global X MSCI China ETF must receive cash and/or non-cash collateral (fulfilling the requirements under sub-section titled "Collateral" of the section headed "Investment and Borrowing Restrictions" in Part 1 of this Prospectus) of 100% of the value of the Securities lent (interests, dividends and other eventual rights included). The collateral will be marked-to-market on a daily basis and be subject to safekeeping by the Trustee or an agent appointed by the Trustee. Please refer to the sub-section titled "Trustee" of the section headed “Management and Administration” in Part 1 of this Prospectus in regard to the extent of the Trustee’s responsibility for the safekeeping of the assets of the Trust and the appointment of agents. The valuation of the collateral generally takes place on trading day T. If the value of the collateral falls below 100% of the value of the securities lent on any trading day T, the Manager will call for additional collateral on trading day T, and the borrower will have to deliver additional collateral to make up for the difference in securities value by 4:00 p.m. on trading day T+2.

Non-cash collateral received may not be sold, re-invested or pledged. Any re-investment of cash collateral received shall be subject to the requirements as set out in the sub-section titled “Collateral” of the section headed “Investment and Borrowing Restrictions” in Part 1 of this Prospectus.

To the extent the Global X MSCI China ETF undertakes securities lending transactions, all revenues (net of direct and indirect expenses as reasonable and normal compensation for the services rendered by the Manager, a Securities Lending Agent and/or other service providers in the context of such transactions to the extent permitted by applicable legal and regulatory requirements) shall be returned to the Global X MSCI China ETF. The cost relating to securities lending transactions will be borne by the borrower.

Securities lending transactions nonetheless give rise to certain risks including counterparty risk, collateral risk and operational risk. Please refer to the risk factor titled “Securities Lending Transactions Risk” below and the sub-section titled “Securities Financing Transactions” of the section headed “Risk Factors” in Part 1 of this Prospectus for further details.

Currently, the Global X MSCI China ETF has no intention to enter into sale and repurchase transactions, reverse repurchase transactions or other similar over-the-counter transactions. Should there be any change in such intention, the Manager will seek prior approval of the Commission if required and not less than one month’s prior notice (or such other notice period as agreed with the Commission) will be given to Unitholders.

USE OF DERIVATIVES

The Global X MSCI China ETF will not use FDIs for any purpose.

WHAT IS STOCK CONNECT?

The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links programme developed by the HKEX, Shanghai Stock Exchange (the “**SSE**”) and the CSDCC, and the Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links programme developed by HKEX, the Shenzhen Stock Exchange (the “**SZSE**”) and the CSDCC. The aim of the Stock Connect is to achieve mutual stock market access between mainland China and Hong Kong.

The Shanghai-Hong Kong Stock Connect comprises a Northbound Shanghai Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shanghai Trading Link, Hong Kong and overseas investors (including the Global X MSCI China ETF), through their Hong Kong brokers and a securities trading service company established by the SEHK, are able to trade eligible A-Shares listed on the SSE by routing orders to the SSE.

The Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shenzhen Trading Link, Hong Kong and overseas investors (including the Global X MSCI China ETF), through their Hong Kong brokers and a securities trading service company established by SEHK, are able to trade eligible A-Shares listed on the SZSE by routing orders to SZSE.

Eligible securities

Under the Shanghai-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Global X MSCI China ETF) are able to trade certain stocks listed on the SSE market ("**SSE Securities**").

SSE Securities include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on the SEHK, except the following:

(a) SSE-listed shares which are not traded in RMB; and

(b) SSE-listed shares which are under "risk alert".

It is expected that the list of eligible securities will be subject to review.

Under the Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Global X MSCI China ETF) are able to trade certain eligible shares listed on the SZSE market ("**SZSE Securities**"). These include all the constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have a market capitalisation of not less than RMB 6 billion, and all the SZSE-listed A-Shares which have corresponding H-shares listed on SEHK, except the following:

(a) SZSE-listed shares which are not traded in RMB; and

(b) SZSE-listed shares which are under "risk alert" or under delisting arrangement.

At the initial stage of Shenzhen-Hong Kong Stock Connect, investors eligible to trade shares that are listed on the ChiNext Board of the SZSE ("**ChiNext Board**") under Northbound trading will be limited to institutional professional investors as defined in the relevant Hong Kong rules and regulations. It is expected that the list of eligible securities will be subject to review.

Trading days

Investors (including the Global X MSCI China ETF) will only be allowed to trade on the SSE market and the SZSE market on days where the PRC and Hong Kong stock markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

Trading quota

Trading under the Stock Connect is subject to a daily quota (the "**Daily Quota**"), which will be separate for Northbound and Southbound trading. Northbound Shanghai Trading Link under the Shanghai-Hong Kong Stock Connect, Northbound Shenzhen Trading Link under the Shenzhen-Hong Kong Stock Connect, Southbound Hong Kong Trading Link under the Shanghai-Hong Kong Stock Connect and Southbound Hong Kong Trading Link under the Shenzhen-Hong Kong Stock Connect will be respectively subject to a separate set of Daily Quota. The Daily Quota limits the maximum net buy value of cross-boundary trades under each of the Stock Connect each day. The quotas do not belong to the Global X MSCI China ETF and are utilised on a first-come-first-serve basis. The SEHK will monitor the quota and publish the remaining balance of the Northbound Daily Quota at scheduled times on the HKEX's website. The Daily Quota may change in future. The Manager will not notify Unitholders in case of a change of quota.

Settlement and Custody

The HKSCC, a wholly-owned subsidiary of HKEX, is responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors. A-Shares traded through the Stock Connect are issued in scripless form, so investors will not hold any physical A-Shares. Hong Kong and overseas investors who have acquired SSE Securities or SZSE Securities through Northbound trading should maintain the SSE Securities or SZSE Securities with their brokers' or custodians' stock accounts with CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK).

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock account in the CSDCC, the CSDCC as the share registrar for SSE and SZSE listed companies still treats the HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities and SZSE Securities. The HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the relevant brokers or custodians participating in CCASS ("**CCASS participants**") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them. SSE-/SZSE-listed companies usually announce information regarding their annual general meetings/extraordinary general meetings about two to three weeks before the meeting date. A poll is called on all resolutions for all votes. HKSCC will advise CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

Currency

Hong Kong and overseas investors (including the Global X MSCI China ETF) will trade and settle SSE Securities and SZSE Securities in RMB only.

Foreign shareholding restrictions

CSRC stipulates that, when holding A-Shares through the Stock Connect, Hong Kong and overseas investors are subject to the following shareholding restrictions: (a) shares held by a single foreign investor (such as the Global X MSCI China ETF) investing in a listed company must not exceed 10% of the total issued shares of such listed company; and (b) total shares held by all foreign investors (i.e. Hong Kong and overseas investors) who make investment in a listed company must not exceed 30% of the total issued shares of such listed company. When the aggregate foreign shareholding of an individual A-Share reaches 26%, SSE or SZSE, as the case may be, will publish a notice on its website (https://www.sse.com.cn/disclosure/diclosure/qfii/ for SSE and https://www.szse.cn/disclosure/deal/qfii/index.html for SZSE). If the aggregate foreign shareholding exceeds the 30% threshold, the foreign investors concerned will be requested to sell the shares on a last-in-first-out basis within five trading days.

Trading fees

In addition to paying trading fees and stamp duties in connection with A-Share trading, Hong Kong and overseas investors (including the Global X MSCI China ETF) may be subject to the fees and levies imposed by SSE, SZSE, CSDCC, HKSCC or the relevant PRC authority when they trade and settle SSE Securities and SZSE Securities. Further information about the trading fees and levies is available online at the website:

https://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm

Coverage of Investor Compensation Fund

The Global X MSCI China ETF's investments through Northbound trading under the Stock Connect is not covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in Northbound trading via Stock Connect do not involve products listed or traded in the SEHK or the Hong Kong Futures Exchanges Limited, such trading is not covered by Hong Kong's Investor Compensation Fund. On the other hand, since the Global X MSCI China ETF is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, such trading is not protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in the PRC.

Further information about the Stock Connect is available at the website: https://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm.

DISTRIBUTION POLICY

Net income earned by the Global X MSCI China ETF will, at the discretion of the Manager, be distributed by way of annual cash distribution (if any) and details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website https://www.globalxetfs.com.hk/ (this website has not been reviewed by the Commission). There can be no assurance that a distribution will be paid. Distribution will not be paid out of or effectively out of capital.

PRC TAX PROVISIONS

The "Notice on the temporary exemption of Corporate Income Tax on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and RQFII" (Caishui [2014] No. 79) ("**Notice No. 79**") promulgated by the Ministry of Finance ("**MOF**"), the STA and the CSRC stipulates that trading of A-Shares through QFIIs, RQFIIs (without an establishment or place of business in the PRC or having an establishment in the PRC but the income so derived in China is not effectively connected with such establishment) will be temporarily exempted from PRC corporate income tax ("**CIT**") on gains derived from the transfer of PRC equity investment assets (including A-Shares) effective from 17 November 2014.

Pursuant to the "Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect" (Caishui [2014] No. 81) ("**Notice No. 81**") and the "Notice about the tax policies related to the Shenzhen-Hong Kong Stock Connect" (Caishui [2016] No. 127) ("**Notice No. 127**") promulgated by MOF, STA and CSRC on 14 November 2014 and on 5 November 2016 respectively, CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Global X MSCI China ETF) on the trading of A-Shares through the Stock Connect.

In light of the regulations as stipulated in Notice No. 79, Notice No. 81 and Notice No. 127 and based on professional and independent tax advice, the Manager does not intend to make any withholding income tax provision on the gross unrealised and realised capital gains derived from trading of A-Shares.

THE INDEX

The MSCI China Index comprises 704 constituents and its equity universe comprise H-shares, Red chips and P chips listed on The Stock Exchange of Hong Kong Limited, A-Shares and B-shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange and foreign listed companies (such as companies listed in NASDAQ, New York Stock Exchange and Singapore Stock Exchange).The MSCI China Index provides liquid exposure to publicly-listed companies that are in the sectors of financials, energy, telecommunication services, information technology, industrials, consumer staples, consumer discretionary, materials, utilities and health care throughout China.

The MSCI China Index is constructed based on the MSCI Global Investable Market Indices Methodology. Please refer to the section “Index Description” for detailed information on the MSCI China Index.

RISK FACTORS RELATING TO THE GLOBAL X MSCI CHINA ETF

In addition to the principal risk factors common to all Investment Funds set out in Part 1 of this Prospectus, investors should also consider the potential risks associated with investing in the Global X MSCI China ETF including those set out below. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Global X MSCI China ETF.

Risk Relating to the PRC. Investment in the Global X MSCI China ETF is subject to the risks associated with investment in the PRC markets. Prospective investors should therefore refer to such specific risks that are specifically identified in the sub-section of this prospectus titled “Risk Factors” – “Risks Factors relating to the PRC”.

Concentration Risk. The weighting of the MSCI China Index is concentrated on a small number of constituents of the MSCI China Index, in which case, the MSCI China Index would be more easily affected by the price movements of a small number of index constituents than an index which is more broadly based.

Trading Differences Risk. As the Shenzhen Stock Exchange and Shanghai Stock Exchange may be open when Units in the Global X MSCI China ETF are not priced, the value of the securities in the Global X MSCI China ETF’s portfolio may change on days when investors will not be able to purchase or sell the Global X MSCI China ETF’s Units. Differences in trading hours between relevant stock exchanges established outside Hong Kong and the SEHK may also increase the level of premium or discount of the Unit price to its Net Asset Value.

Trading Risk. Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, retail investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

Securities Lending Transactions Risk. The Global X MSCI China ETF may be exposed to the following risks as a result of entering into securities lending transactions:

Counterparty risk: The borrower may fail to return the securities in a timely manner or at all. The Global X MSCI China ETF may as a result suffer from a loss or delay when recovering the securities lent out. This may restrict the Global X MSCI China ETF’s ability in meeting delivery or payment obligations from redemption requests.

Collateral risk: As part of the securities lending transactions, the Global X MSCI China ETF must receive at least 100% of the valuation of the securities lent as collateral marked-to-market on a daily basis. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the collateral, adverse market movements in the collateral value, change of value of securities lent.

This may cause significant losses to the Global X MSCI China ETF if the borrower fails to return the securities lent out. The Global X MSCI China ETF may also be subject to liquidity and custody risk of the collateral, as well as legal risk of enforcement.

Operational risk: By undertaking securities lending transactions, the Global X MSCI China ETF is exposed to operational risks such as delay or failure of settlement. Such delays and failure may restrict the Global X MSCI China ETF's ability in meeting delivery or payment obligations from redemption requests.

Risks associated with the Stock Connect. The Global X MSCI China ETF's investments through the Stock Connect may be subject to the following risks. In the event that the Global X MSCI China ETF's ability to invest in A-Shares through the Stock Connect on a timely basis is adversely affected, Global X MSCI China ETF's ability to achieve its investment objective may be affected.

Quota limitations: The Stock Connect is subject to quota limitations. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the Global X MSCI China ETF's ability to invest in A-Shares through the Stock Connect on a timely basis, and the Global X MSCI China ETF may not be able to effectively pursue its investment strategies.

Suspension risk: It is contemplated that each of the SEHK, the SSE and the SZSE would reserve the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through Stock Connect is effected, the Global X MSCI China ETF's ability to access the PRC market will be adversely affected. In such event, the Global X MSCI China ETF's ability to achieve its investment objective could be negatively affected.

Differences in trading day: The Stock Connect only operates on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. Therefore, it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong stock markets or banks are closed and overseas investors (such as the Global X MSCI China ETF) cannot carry out any A-Shares trading. Due to the differences in trading days, the Global X MSCI China ETF may be subject to a risk of price fluctuations in A-Shares on a day that the PRC stock markets are open for trading but the Hong Kong stock market is closed.

Operational risk: The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly. The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this programme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

Market participants generally have configured and adapted their operational and technical systems for the purpose of trading A-Shares through the Stock Connect. However, it should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the programme to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect requires routing of orders across the border. SEHK has set up an order routing system to capture, consolidate and route the cross-boundary orders input by exchange participants. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. The Global X MSCI China ETF's ability to access the A-Shares market (and hence to pursue its investment strategy) will be adversely affected.

Restrictions on selling imposed by front-end monitoring: PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on A-Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

Generally, if the Global X MSCI China ETF desires to sell certain A-Shares it holds, it must transfer those A-Shares to the respective accounts of its brokers before the market opens on the day of selling ("**Trading Day**"). If it fails to meet this deadline, it will not be able to sell those shares on the Trading Day. Because of this requirement, the Global X MSCI China ETF may not be able to dispose of holdings of A-Shares in a timely manner.

However, the Global X MSCI China ETF will request a custodian to open a special segregated account ("**SPSA**") in CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK) to maintain its holdings in A-Shares under the enhanced pre-trade checking model. Each SPSA will be assigned a unique "Investor ID" by CCASS for the purpose of facilitating China Stock Connect System to verify the holdings of an investor such as the Global X MSCI China ETF. Provided that there is sufficient holding in the SPSA when a broker inputs the Global X MSCI China ETF's sell order, the Global X MSCI China ETF will be able to dispose of its holdings of A-Shares (as opposed to the practice of transferring A-Shares to the broker's account under the current pre-trade checking model for non-SPSA accounts). Opening of the SPSA accounts for the Global X MSCI China ETF will enable it to dispose of its holdings of A-Shares in a timely manner.

Recalling of eligible stocks: If a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold and cannot be bought. This may affect the Global X MSCI China ETF's ability to invest in A-Shares through the Stock Connect.

Clearing and settlement risk: The HKSCC and CSDCC establish clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house. Should the remote event of CSDCC default occur and the CSDCC be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against the CSDCC. HKSCC will in good faith seek recovery of the outstanding stocks and monies from the CSDCC through available legal channels or through the CSDCC's liquidation. In that event, the Global X MSCI China ETF may suffer delay in the recovery process or may not be able to fully recover its losses from the CSDCC.

Regulatory risk: The Stock Connect is novel in nature, and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect. It should be noted that the current regulations and rules on Stock Connect are subject to change which may have potential retrospective effect. There can be no assurance that the Stock Connect will not be abolished. The Global X MSCI

China ETF, which may invest in the PRC stock markets through the Stock Connect, may be adversely affected as a result of such changes.

No protection by Investor Compensation Fund: Investments through the Stock Connect are conducted through brokers, and are subject to the risks of default by such brokers' in their obligations. The Global X MSCI China ETF's investments through Northbound trading under the Stock Connect are not covered by Hong Kong's Investor Compensation Fund. Therefore the Global X MSCI China ETF is exposed to the risks of default of the broker(s) it engages in its trading in A-Shares through the programme. Further, since the Global X MSCI China ETF is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, it is not protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in the PRC.

Participation in corporate actions and shareholders' meetings: HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the CCASS participants informed of corporate actions of SSE Securities and SZSE Securities. Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders' meetings when instructed. Further, investors (with holdings reaching the thresholds required under the PRC regulations and the articles of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements. Hong Kong and overseas investors (including the Global X MSCI China ETF) are holding SSE Securities and SZSE Securities traded via the Stock Connect through their brokers or custodians, and they will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be very short. Therefore, it is possible that the Global X MSCI China ETF may not be able to participate in some corporate actions in a timely manner.

PRC taxation risk. By investing in A-Shares listed on the PRC stock exchanges, the Global X MSCI China ETF may be subject to PRC CIT. Pursuant to Notice No. 81 and Notice No. 127, CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Global X MSCI China ETF) on the trading of A-Shares through the Stock Connect. Based on Notice No. 81, Notice No. 127 and professional and independent tax advice, no provision for gross realised or unrealised capital gains derived from trading of A-Shares via the Stock Connect is made by the Manager on behalf of the Global X MSCI China ETF.

It should be noted that the tax exemptions granted under Notice No. 81 and Notice No. 127 are temporary. As such, as and when the PRC tax authorities announce the expiry date of the tax exemption or change the current interpretation, the Global X MSCI China ETF may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of the Global X MSCI China ETF.

There is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. There are also risks and uncertainties associated with the current PRC tax laws, regulations and practice, and the potential application of tax treaties in respect of capital gains realized by the Global X MSCI China ETF on its investments in the A-Shares. The Manager reserves the right to provide for PRC CIT or other taxes on capital gains or income and withhold the tax for the account of the Global X MSCI China ETF if there is any future change in the PRC tax rules. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and change its tax provision policy and the tax provision amount in respect of the Global X MSCI China ETF accordingly. Any change to the tax provision policy or the amount of tax provision in respect of the Global X MSCI China ETF will be notified to the Unitholders.

In view of the uncertainties of changes and developments in the PRC tax rules, investors should note that if actual tax is collected by the STA and the Global X MSCI China ETF is required to make payments reflecting tax liabilities for which no provision has been made, the Net Asset Value of the Global X MSCI China ETF may be adversely affected, as the Global X MSCI China ETF will ultimately have to bear the full amount of tax liabilities. In this case, the tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Global X MSCI China ETF, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Global X MSCI China ETF. Upon any future resolution of the above-mentioned tax exemption or further changes to the PRC tax law or policies, the Manager will, as soon as practicable, make relevant adjustments to the amount of tax provision as it considers necessary.

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

RMB currency risk. RMB is not freely convertible and subject to exchange controls and restrictions. From 2005, the RMB is no longer pegged to the USD but has moved to a managed floating exchange rate system under which the RMB is permitted to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. Nevertheless, the RMB is not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. Such government policies and restrictions are subject to change, and there can be no assurance that the RMB exchange rate will not fluctuate widely against the US dollar or any other foreign currency in the future. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example, Hong Kong dollars) will not depreciate. Any depreciation of RMB could adversely affect the value of investors' investment in the Global X MSCI China ETF. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

Risk relating to the PRC. Investment in the Global X MSCI China ETF is subject to the risks associated with investment in the PRC markets. Prospective investors should therefore refer to such specific risks that are specifically identified in the sub-section of this Prospectus titled "Risk Factors" – "Risks Factors relating to the PRC".

A-Share market suspension and volatility risk. A-Shares may only be bought from, or sold to, the Global X MSCI China ETF from time to time where the relevant A-Shares may be sold or purchased on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, as appropriate. The A-Share market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention). High market volatility and potential settlement difficulties in the A-Share market may also result in significant fluctuations in the prices of the securities traded on the A-Share market and thereby may adversely affect the value of the Global X MSCI China ETF.

PRC TAXATION

By investing in Securities (including A-Shares) issued by PRC tax resident enterprises, irrespective of whether such Securities are issued or distributed onshore ("**onshore PRC securities**") or offshore ("**offshore PRC securities**", and together with onshore PRC securities, the "**PRC Securities**"), the Global X MSCI China ETF may be subject to PRC taxes. It is possible that the current tax laws, regulations and practice in the PRC will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on PRC Securities than currently contemplated. Unitholders should seek their own tax advice on their tax positions with regard to their investments in the Global X MSCI China ETF.

Corporate Income Tax. If the Global X MSCI China ETF is considered as a PRC tax resident enterprise, it will be subject to PRC CIT at 25% on its worldwide taxable income. If the Global X MSCI China ETF is considered as a non-PRC tax resident enterprise with an establishment or place of business ("**PE**") in the PRC, the profits attributable to that PE would be subject to CIT at 25%. Non-resident enterprises without any PE in the PRC are subject to PRC CIT generally at a rate of 10% on its PRC sourced income, including but not limited to passive income (e.g. dividends and interest) and gains arising from transfer of assets etc., unless any specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties.

The Manager intends to manage and operate the Global X MSCI China ETF in such a manner that the Global X MSCI China ETF should not be treated as a PRC tax resident enterprise or a non-PRC tax resident with a PE in the PRC for CIT purposes, although this cannot be guaranteed.

Dividend income and interest income – Unless a specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties, non-PRC tax resident enterprises without a PE in the PRC are subject to CIT on a withholding basis, generally at a rate of 10%, to the extent it directly derives the PRC sourced passive income. PRC sourced passive income (such as dividend income or interest income) may arise from investments in the PRC Securities. The entity distributing or paying such PRC sourced passive income is required to withhold such tax. If the foreign corporate investor (including the Global X MSCI China ETF) is a tax resident of a jurisdiction which has entered into tax treaty with China, it may apply for the reduced PRC CIT rate under the tax treaty, subject to complying with the terms of the relevant tax treaty and any treaty benefit record filing procedures in accordance with the relevant PRC tax regulations. Accordingly, the Global X MSCI China ETF may be subject to CIT and/or other PRC taxes on any cash dividends, distributions and interest it receives from its investment in PRC Securities.

Pursuant to Notice No. 81 and Notice No. 127, dividends received by Hong Kong market investors (including the Global X MSCI China ETF) from A-Shares investment via Stock Connect will be subject to 10% CIT and the company distributing the dividend has the withholding obligation.

Under the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" ("**China-HK Arrangement**"), dividends received by a Hong Kong tax resident holder of shares issued by a PRC tax resident enterprise will be subject to a reduced PRC CIT rate of 5% on the gross amount of the dividends, if (i) the Hong Kong tax resident is the beneficial owner of the dividends; (ii) the Hong Kong tax resident directly holds at least 25% of the equity of the company paying the dividends; and (iii) other relevant treaty conditions are satisfied. Due to the Global X MSCI China ETF's investment restriction, the Global X MSCI China ETF will not hold more than 10% of any ordinary shares issued by any single issuer. In this connection, dividends derived from A-Shares invested through Stock Connect will not be able to benefit from the reduced CIT rate of 5% and the general CIT rate of 10% will be applicable to the Global X MSCI China ETF.

The Manager reserves the right to make relevant provision on dividends and interest if the CIT is not withheld at source.

Capital gains – Pursuant to the Notice No. 81 and Notice No. 127, CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Global X MSCI China ETF) on the trading of A-Shares through the Stock Connect. Based on Notice No. 81 and Notice No. 127 and professional and independent tax advice, no provision for gross realised or unrealised capital gains derived from trading of A-Shares via the Stock Connect is made by the Manager on behalf of the Global X MSCI China ETF.

It should be noted that the tax exemptions granted under Notice No. 81 and Notice No. 127 are temporary. As such, as and when the PRC tax authorities announce the expiry date of the tax exemption or change the current interpretation, the Global X MSCI China ETF may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of the Global X MSCI China ETF.

There is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. The Manager reserves the right to provide for PRC CIT or other taxes on capital gains or income and withhold the tax for the account of the Global X MSCI China ETF if there is any future change in the PRC tax rules. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and change its tax provision policy and the tax provision amount in respect of the Global X MSCI China ETF accordingly. Any change to the tax provision policy or the amount of tax provision in respect of the Global X MSCI China ETF will be notified to the Unitholders.

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

Value-added Tax ("VAT") and other surcharges. The MOF and the STA issued Caishui [2016] No.36 ("**Circular 36**") on 23 March 2016 announcing that the VAT transfer program covers all the remaining industries of the program, including financial services. Circular 36 has taken effect from 1 May 2016, unless otherwise stipulated therein. Pursuant to Circular 36, gains realised by taxpayers from trading of marketable PRC securities would generally be subject to VAT instead of Business Tax at 6%.

Capital gains – According to Circular 36 and Notice No. 127, the gains derived by Hong Kong investors (including the Global X MSCI China ETF) from trading of A-Shares through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect are exempt from VAT.

However, other than the VAT exemption in the paragraph above, Circular 36 shall apply to levy VAT at 6% on the difference between the selling and purchase prices in trading of those marketable securities.

Dividend income and interest income – Dividend income or profit distributions on equity investment derived from China are not included in the taxable scope of VAT. According to Circular 36, interest on deposit is not subject to VAT.

If VAT is applicable, there are also other surcharges (which include Urban Construction and Maintenance Tax, Education Surcharge and Local Education Surcharge) that would amount to as high as 12% of VAT payable.

Stamp duty. Stamp duty is levied on the execution or use in the PRC of certain taxable documents, such as documentation effecting the transfer of equity interests in Chinese companies, the sale of

A-Shares and B-Shares, the purchase and sale of goods, contract documents issued for process contracting, construction contracting, property leasing, and other documents listed in the PRC's provisional rules on stamp duty. In the case of contracts for sale of A-Shares and B-Shares, such stamp duty is currently imposed on the seller but not on the buyer, at the rate of 0.1%.

According to Notice No. 127, the borrowing and return of listed shares in relation to shares guarantee and short-selling by Hong Kong and overseas investors through Stock Connect is exempt from Stamp Duty since 5 December 2016.

FEES AND CHARGES

Management Fees and Servicing Fees

The Global X MSCI China ETF employs a single management fee structure. The Manager will retain the Single Management Fee to pay for the costs, fees and expenses associated with the Global X MSCI China ETF as detailed in the section "Fees and Charges – Management Fees and Servicing Fee" in Part 1 of this Prospectus.

The Single Management Fee is the sum of anticipated charges to the Global X MSCI China ETF and expressed as a percentage of the Net Asset Value of the Global X MSCI China ETF. The current Single Management Fee is at the rate of 0.18% per annum of the Net Asset Value of the Global X MSCI China ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

The Manager's servicing fee (if any) will be paid out of the Single Management Fee.

Trustee's Fee

The Trustee's fee will be paid by the Manager out of the Single Management Fee.

Registrar's Fee

The Registrar's fee will be paid by the Manager out of the Single Management Fee.

Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the Global X MSCI China ETF are summarised in the table below:

Creation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK$10,000 per Application. See Note 3.
Application Cancellation Fee	HK$10,000 per Application. See Note 4.
All other duties and charges incurred by the Trustee or the Manager in connection with the creation	As applicable and may include, *inter alia*, brokerage costs and stamp duty charges. See Note 5.

Realisation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK$10,000 per Application. See Note 3.
Application Cancellation Fee	HK$10,000 per Application. See Note 4.
All other duties and charges incurred by the Trustee or the Manager in connection with the realisation	As applicable and may include, *inter alia*, brokerage costs and stamp duty charges. See Note 5.

Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the Global X MSCI China ETF on the SEHK are summarised in the table below:

Brokerage	Market rates
Transaction Levy	0.0027% See Note 6.
Trading Fee	0.005% See Note 7.
Stamp Duty	Nil

Notes

1. A Transaction Fee of HK$7,500 per Application is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.

2. A service agent fee of HK$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction. A monthly reconciliation fee of HK$5,000 is payable by the Manager (out of the Single Management Fee) to the Service Agent. For any period less than a month, the reconciliation fee is payable by the Manager (out of the Single Management Fee) on a pro-rata basis and accrues on a daily basis.

3. An Extension Fee is payable to the Trustee for the benefit of the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement or partial delivery in respect of a Creation or Realisation Application

4. An Application Cancellation Fee is payable to, and for the account and benefit of, the Trustee in respect of either a withdrawn or failed Creation or Realisation Application.

5. The duties and charges applicable to an in-kind Creation Application may be higher or lower than the duties and charges applicable to an in-cash Creation Application. Similarly, the duties and charges applicable to an in-kind Realisation Application may be higher or lower than the duties and charges applicable to an in-cash Realisation Application. Participating Dealers may apply to the Manager for further details, although it should be

noted that the actual duties and charges can only be determined only after the relevant Applications have been effected.

6. A Transaction Levy of 0.0027% of the price of the Units, payable by each of the buyer and the seller.

7. A Trading Fee of 0.005% of the price of the Units, payable by each of the buyer and the seller

INDEX DESCRIPTION

General Information

The MSCI China Index comprises 704 constituents and its equity universe comprise H-shares, Red chips and P chips listed on The Stock Exchange of Hong Kong Limited, A-Shares and B-shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange and foreign listed companies (such as companies listed in NASDAQ, New York Stock Exchange and Singapore Stock Exchange). The MSCI China Index provides liquid exposure to publicly-listed companies that are in the sectors of financials, energy, telecommunication services, information technology, industrials, consumer staples, consumer discretionary, materials, utilities and health care throughout China.

The MSCI China Index is constructed based on the MSCI Global Investable Market Indices ("**GIMI**") Methodology targeting a free float-market capitalisation coverage of 85%.

The GIMI Methodology uses (i) a building block approach to permit the creation and calculation of composite indices, (ii) the Global Industry Classification Standard (GICS®) to create sector and industry indices, (iii) the MSCI Global Value and Growth Methodology to construct Value and Growth Indices, (iv) minimum free float requirements for eligibility and free float-adjusted capitalisation weighting to appropriately reflect the size of each investment opportunity and facilitate the replicability of the Indices, (v) timely and consistent treatment of corporate events and synchronised rebalancings, globally.

The MSCI China Index is a net total return index. A net total return index calculates the performance of the index constituents on the basis that any dividends or distributions are reinvested after the deduction of any withholding taxes that may apply.

The MSCI China Index is calculated and maintained by MSCI. The Manager (and each of its Connected Persons) is independent of MSCI.

The MSCI China Index was launched on 31 December 1992. As at 31 March 2021, it had a total market capitalisation of US$3,053,049 million and 709 constituents.

Index Construction

The MSCI China Index is constructed based on the MSCI Global Investable Market Indices Methodology targeting a free float-market capitalisation coverage of 85%.

The equity universe of MSCI China Index comprises H-shares, Red chips and P chips listed on The Stock Exchange of Hong Kong Limited, A-Shares and B-shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange and foreign listed companies (such as companies listed in NASDAQ, New York Stock Exchange and Singapore Stock Exchange). Securities with a "ST" or "*ST" status are excluded from the equity universe.

A market investable equity universe of the MSCI China Index is derived by applying investability screens to individual companies and securities in the equity universe. The investability screens used to determine the market investable equity universe of the MSCI China Index are:

- equity universe minimum size requirement;
- equity universe minimum free-floated market capitalisation;
- minimum liquidity;
- length of trading;
- foreign inclusion factor; and
- minimum foreign room requirement.

(i) Equity universe minimum size requirement

Equity universe minimum size requirement is an investability screen applied at the company level. The equity universe minimum size requirement is the minimum full market capitalisation a company must have to be a part of a market investable equity universe.

As of May 2018, the equity universe minimum size requirement is USD283 million. The equity universe minimum size requirement is reviewed and, if necessary revised, at semi-annual index reviews.

(ii) Equity universe minimum free-floated market capitalisation

The equity universe minimum float-adjusted market capitalisation requirement, unlike the equity universe minimum size requirement which is applied at the company level, is an investability screen which is applied at the individual security level. To be eligible for inclusion in a market investable equity universe, a security must have a free float-adjusted market capitalisation equal to or higher than 50% of the equity universe minimum size requirement.

(iii) Minimum liquidity

The minimum liquidity requirement is the minimum liquidity a security must have to be a part of a market investable equity universe. A security's liquidity is calculated using an annual traded value ratio and a three month frequency of trading measure.

(iv) Length of trading

The length of trading requirement is the minimum period an individual security must have been trading to be a part of a market investable equity universe. It applies only to small new issues. Large IPOs are not subject to this requirement.

(v) Foreign inclusion factor

The foreign inclusion factor requirement is the minimum foreign inclusion factor a security must have to be a part of a market investable equity universe. A security's foreign inclusion factor relates to the proportion of shares outstanding that are deemed to be available for purchase in the public equity markets by international investors.

In general, a security must have a foreign inclusion factor equal to or larger than 0.15 to be eligible for inclusion in a market investable equity universe. Exceptions to this general rule are made only in the limited cases where the exclusion of securities of a very large company would compromise the MSCI China Index's ability to fully and fairly represent the characteristics of its underlying market.

(vi) Minimum Foreign Room

For a security that is subject to a Foreign Ownership Limit (FOL) to be eligible for inclusion in a Market Investable Equity Universe, the proportion of shares still available to foreign investors relative to the maximum allowed (referred to as **"foreign room**") must be at least 15%.

Note that only China A shares of companies allocated to the Large Cap Size-Segment and which are trading through the Stock Connect will be added to the MSCI China Indexes at 5% of their FIF-adjusted market capitalization through the application of a Partial Inclusion Factor.

Index Review

Stocks are rebalanced on quarterly basis in February, May, August and November each year.

Index Constituents

The list of the constituents of the MSCI China Index, their respective weightings and additional details of the index methodology of the MSCI China Index can be found on www.msci.com/constituents (the contents of which has not been reviewed by the Commission).

Index Licence

The initial term of the licence of the MSCI China Index commenced on 1 January 2013 and continued until 1 January 2014 on which date the licence was automatically renewed for one year and will be continually renewed for successive terms of one year unless either party to the licence agreement serves a written notice of termination of at least 90 days prior to the end of the then current term to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

Index Disclaimer

The Global X MSCI China ETF is not sponsored, endorsed, sold or promoted by MSCI Inc. ("**MSCI**"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating the MSCI China Index (collectively, the "**MSCI Parties**"). The MSCI China Index is the exclusive property of MSCI. MSCI and the MSCI index name are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by the Manager. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of the Global X MSCI China ETF or any other person or entity regarding the advisability of investing in funds generally or in the Global X MSCI China ETF particularly or the ability of the MSCI China Index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI China Index which is determined, composed and calculated by MSCI without regard to the Global X MSCI China ETF or the issuer or owners of the Global X MSCI China ETF or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of the Global X MSCI China ETF or any other person or entity into consideration in determining, composing or calculating the MSCI China Index. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Global X MSCI China ETF to be issued or in the determination or calculation of the equation by or the consideration into which the Global X MSCI China ETF is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of the Global X MSCI China ETF or any other person or entity in connection with the administration, marketing or offering of the Global X MSCI China ETF.

Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI China Index from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of the MSCI China Index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Global X MSCI China ETF, owners of the Global X MSCI China ETF, or any other person or entity, from the use of the MSCI China Index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with the MSCI China Index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to the MSCI China Index and any data included therein.

Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.

APPENDIX 2 – GLOBAL X HANG SENG HIGH DIVIDEND YIELD ETF

This part of the Prospectus sets out specific information applicable to the Global X Hang Seng High Dividend Yield ETF (formerly known as Mirae Asset Horizons Hang Seng High Dividend Yield ETF). Prospective investors' attention is drawn to "Risk Factors relating to the Global X Hang Seng High Dividend Yield ETF" below.

KEY INFORMATION

The following table is a summary of key information in respect of the Global X Hang Seng High Dividend Yield ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("**ETF**")
Tracked Index	Index: Hang Seng High Dividend Yield Index (TRI) Type: Net total return Inception Date: 10 December 2012 Number of constituents: 50 (as at 31 March 2020) Base Currency of Index: Hong Kong dollars (HK$)
Listing Date	17 June 2013
Exchange Listing	SEHK - Main Board
Stock Code	3110
Trade Lot Size	100 Units
Base Currency / Trading Currency	Hong Kong dollars (HK$)
Dividend Policy	Semi-annually (if any) (March and September in each year). Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion.
Application Unit Size for Creation/Realisation by Participating Dealers	Minimum 200,000 Units (or multiples thereof)
Method(s) of Creation/Realisation available (through Participating Dealer)	In-Kind or in Cash

Investment Delegate	No investment delegate has been appointed
Market Makers*	BNP Paribas Securities (Asia) Limited SG Securities (HK) Limited
Participating Dealers*	ABN AMRO Clearing Hong Kong Limited BNP Paribas Securities Services CIMB Securities Limited Goldman Sachs (Asia) Securities Limited Guotai Junan Securities (Hong Kong) Limited Macquarie Bank Limited Merrill Lynch Far East Limited Morgan Stanley Hong Kong Securities Limited Mirae Asset Securities (HK) Limited Nomura International (Hong Kong) Limited SG Securities (HK) Limited Shenwan Hongyuan Securities (H.K.) Limited UBS Securities Hong Kong Limited
Listing Agent	KGI Capital Asia Limited
Financial Year	Ending 31 March each year
Management Fee	The Global X Hang Seng High Dividend Yield ETF adopts a single management fee structure. The current rate of Single Management Fee is 0.68% per annum of the NAV accrued daily and calculated as at each Dealing Day
Website	https://www.globalxetfs.com.hk/

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers for the Investment Fund.*

EXCHANGE LISTING AND TRADING

Currently, Units are listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges.

If trading of the Units of the Global X Hang Seng High Dividend Yield ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

INVESTMENT OBJECTIVE AND STRATEGY

The Global X Hang Seng High Dividend Yield ETF seeks to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Hang Seng High Dividend Yield Index.

The Manager intends to adopt a replication or representative sampling strategy to achieve the investment objective of the Global X Hang Seng High Dividend Yield ETF. Please refer to the section "Investment Policies" in Part 1 of this Prospectus for an explanation on these two strategies.

Investors should note that the Manager may switch between the replication strategy and the representative sampling strategy without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the Global X Hang Seng High Dividend Yield ETF by tracking the Hang Seng High Dividend Yield Index as closely (or efficiently) as possible for the benefit of investors.

The Global X Hang Seng High Dividend Yield ETF will not invest in A-shares.

SECURITIES LENDING TRANSACTIONS

The Manager may, on behalf of the Global X Hang Seng High Dividend Yield ETF, enter into securities lending transactions with a maximum level of up to 25% and expected level of approximately 20% of the Global X Hang Seng High Dividend Yield ETF's Net Asset Value.

The Manager will be able to recall the Securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Global X Hang Seng High Dividend Yield ETF and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion. Please refer to the sub-section titled "Securities Financing Transactions" of the section headed "Investment and Borrowing Restrictions" in Part 1 of this Prospectus in regard to the details of the arrangements.

As part of the securities lending transactions, the Global X Hang Seng High Dividend Yield ETF must receive cash and/or non-cash collateral (fulfilling the requirements under sub-section titled "Collateral" of the section headed "Investment and Borrowing Restrictions" in Part 1 of this Prospectus) of 100% of the value of the Securities lent (interests, dividends and other eventual rights included). The collateral will be marked-to-market on a daily basis and be subject to safekeeping by the Trustee or an agent appointed by the Trustee. Please refer to the sub-section titled "Trustee" of the section headed "Management and Administration" in Part 1 of this Prospectus in regard to the extent of the Trustee's responsibility for the safekeeping of the assets of the Trust and the appointment of agents. The valuation of the collateral generally takes place on trading day T. If the value of the collateral falls below 100% of the value of the securities lent on any trading day T, the Manager will call for additional collateral on trading day T, and the borrower will have to deliver additional collateral to make up for the difference in securities value by 4:00 p.m. on trading day T+2.

Non-cash collateral received may not be sold, re-invested or pledged. Any re-investment of cash collateral received shall be subject to the requirements as set out in the sub-section titled "Collateral" of the section headed "Investment and Borrowing Restrictions" in Part 1 of this Prospectus.

To the extent the Global X Hang Seng High Dividend Yield ETF undertakes securities lending transactions, all revenues (net of direct and indirect expenses as reasonable and normal compensation for the services rendered by the Manager, a Securities Lending Agent and/or other service providers in the context of such transactions to the extent permitted by applicable legal and regulatory requirements) shall be returned to the Global X Hang Seng High Dividend Yield ETF. The cost relating to securities lending transactions will be borne by the borrower.

Securities lending transactions nonetheless give rise to certain risks including counterparty risk, collateral risk and operational risk. Please refer to the risk factor titled "Securities Lending Transactions Risk" below and the sub-section titled "Securities Financing Transactions" of the section headed "Risk Factors" in Part 1 of this Prospectus for further details.

Currently, the Global X Hang Seng High Dividend Yield ETF has no intention to enter into sale and repurchase transactions, reverse repurchase transactions or other similar over-the-counter transactions. Should there be any change in such intention, the Manager will seek prior approval of the Commission if required and not less than one month's prior notice (or such other notice period as agreed with the Commission) will be given to Unitholders.

USE OF DERIVATIVES

The Global X Hang Seng High Dividend Yield ETF will not use FDIs for any purpose.

DISTRIBUTION POLICY

The Manager may at its absolute discretion declare distributions semi-annually to Unitholders in each financial year and details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website https://www.globalxetfs.com.hk/ (this website has not been reviewed by the Commission). Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion. There can be no assurance that a distribution will be paid. The Manager may in its sole and absolute discretion decide not to make any distribution semi-annually or otherwise.

The compositions of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available from the Manager on request and on the Manager's website https://www.globalxetfs.com.hk/ (this website has not been reviewed by the Commission).

THE INDEX

The Hang Seng High Dividend Yield Index aims to reflect the overall performance of high-yield securities listed in Hong Kong. It comprises 50 constituents and its universe comprises all stocks and REITs that have their primary listings on the SEHK, excluding stocks that are secondary listings, foreign companies, preference shares, debt securities, mutual funds and other derivatives.

Please refer to the section "Index Description" for detailed information on the Hang Seng High Dividend Yield Index.

RISK FACTORS RELATING TO THE GLOBAL X HANG SENG HIGH DIVIDEND YIELD ETF

In addition to the principal risk factors common to all Investment Funds set out in Part 1 of this Prospectus, investors should also consider the potential risks associated with investing in the Global X Hang Seng High Dividend Yield ETF including those set out below. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Global X Hang Seng High Dividend Yield ETF.

Dividend Risk. There is no assurance that dividends will be declared and paid in respect of the securities comprising the Hang Seng High Dividend Yield Index. Dividend payment rates in respect of such securities will depend on the performance of the companies or REITs of the constituent securities of the Hang Seng High Dividend Yield Index as well as factors beyond the control of the Manager including but not limited to, the dividend distribution policy of these companies or REITs. In addition, whether or not distributions will be made by the Global X Hang Seng High Dividend Yield ETF is at the discretion of the Manager taking into account various factors and its own distribution policy. There can be no assurance that the distribution yield of the Global X Hang Seng High Dividend Yield ETF is the same as that of the Hang Seng High Dividend Yield Index.

Distributions out of or effectively out of capital risk. The Manager may at its discretion pay dividends out of the capital of the Global X Hang Seng High Dividend Yield ETF. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Global X Hang Seng High Dividend Yield ETF are charged to/paid out of the capital of the Global X Hang Seng High Dividend Yield ETF, resulting in an increase in distributable income for the payment of dividends by the Global X Hang Seng High Dividend Yield ETF and therefore, the Global X Hang Seng High Dividend Yield ETF may effectively pay dividend out of capital. Payment of dividends 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 distributions involving payment of dividends out of or effectively out of the Global X Hang Seng High Dividend Yield ETF's capital may result in an immediate reduction of the Net Asset Value per Unit.

Risk Relating to the PRC. Investment in the Global X Hang Seng High Dividend Yield ETF is subject to the risks associated with investment in the PRC markets. Prospective investors should therefore refer to such specific risks that are specifically identified in the sub-section of this prospectus titled "Risk Factors" – "Risks Factors relating to the PRC".

Mid-capitalisation Companies Risk. The stocks of mid-capitalisation companies may have lower liquidity and their prices are typically more volatile and more vulnerable to adverse business or economic developments than those of larger capitalisation companies. This may impact the Net Asset Value of the Global X Hang Seng High Dividend Yield ETF to a larger extent than those of funds that invest in stocks of larger capitalisation companies. Mid-capitalisation companies generally have less diverse product lines than large-capitalisation companies and thus are more susceptible to adverse developments concerning their products.

Trading Risk. Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, retail investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

Securities Lending Transactions Risk. The Global X Hang Seng High Dividend Yield ETF may be exposed to the following risks as a result of entering into securities lending transactions:

Counterparty risk: The borrower may fail to return the securities in a timely manner or at all. The Global X Hang Seng High Dividend Yield ETF may as a result suffer from a loss or delay when recovering the securities lent out. This may restrict the Global X Hang Seng High Dividend Yield ETF's ability in meeting delivery or payment obligations from redemption requests.

Collateral risk: As part of the securities lending transactions, the Global X Hang Seng High Dividend Yield ETF must receive at least 100% of the valuation of the securities lent as collateral marked-to-market on a daily basis. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the collateral, adverse market movements in the collateral value, change of value of securities lent. This may cause significant losses to the Global X Hang Seng High Dividend Yield ETF if the borrower fails to return the securities lent out. The Global X Hang Seng High Dividend Yield ETF may also be subject to liquidity and custody risk of the collateral, as well as legal risk of enforcement.

Operational risk: By undertaking securities lending transactions, the Global X Hang Seng High Dividend Yield ETF is exposed to operational risks such as delay or failure of settlement. Such delays and failure may restrict the Global X Hang Seng High Dividend Yield ETF's ability in meeting delivery or payment obligations from redemption requests.

FEES AND CHARGES

Management Fees and Servicing Fees

The Global X Hang Seng High Dividend Yield ETF employs a single management fee structure. The Manager will retain the Single Management Fee to pay for the costs, fees and expenses associated with the Global X Hang Seng High Dividend Yield ETF as detailed in the section "Fees and Charges – Management Fees" in Part 1 of this Prospectus.

The Single Management Fee is the sum of anticipated charges to the Global X Hang Seng High Dividend Yield ETF and expressed as a percentage of the Net Asset Value of the Global X Hang Seng High Dividend Yield ETF. The current Single Management Fee is at the rate of 0.68% per annum of the Net Asset Value of the Global X Hang Seng High Dividend Yield ETF accrued daily and calculated at each Dealing Day and payable monthly in arrears.
The Manager's servicing fee (if any) will be paid out of the Single Management Fee.

Trustee's Fee

The Trustee's fee will be paid by the Manager out of the Single Management Fee.

Registrar's Fee

The Registrar's fee will be paid by the Manager out of the Single Management Fee.

Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the Global X Hang Seng High Dividend Yield ETF are summarised in the table below:

Creation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK$10,000 per Application. See Note

	3.
Application Cancellation Fee	HK$10,000 per Application. See Note 4.
All other duties and charges incurred by the Trustee or the Manager in connection with the Creation	As applicable and may include, *inter alia*, brokerage costs and stamp duty charges. See Note 5.

Realisation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	HK$10,000 per Application. See Note 3.
Application Cancellation Fee	HK$10,000 per Application. See Note 4.
All other duties and charges incurred by the Trustee or the Manager in connection with the Realisation	As applicable and may include, *inter alia*, brokerage costs and stamp duty charges. See Note 5.

Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the Global X Hang Seng High Dividend Yield ETF on the SEHK are summarised in the table below:

Brokerage	Market rates
Transaction Levy	0.0027% See Note 6.
Trading Fee	0.005% See Note 7.
Stamp Duty	Nil

Notes

1. A Transaction Fee of HK$7,500 per Application is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.

2. A service agent fee of HK$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction. A monthly reconciliation fee of HK$5,000 is payable by the Manager (out of the Single Management Fee) to the Service Agent. For any period less than a month, the reconciliation fee is payable by the Manager (out of the Single Management Fee) on a pro-rata basis and accrues on a daily basis.

3. An Extension Fee is payable to the Trustee for the benefit of the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement or partial delivery in respect of a Creation or Realisation Application.

4. An Application Cancellation Fee is payable to, and for the account and benefit of, the Trustee in respect of either a withdrawn or failed Creation or Realisation Application.

5. The duties and charges applicable to an in-kind Creation Application may be higher or lower than the duties and charges applicable to an in-cash Creation Application. Similarly, the duties and charges applicable to an in-kind Realisation Application may be higher or lower than the duties and charges applicable to an in-cash Realisation Application. Participating Dealers may apply to the Manager for further details, although it should be noted that the actual duties and charges can only be determined only after the relevant Applications have been effected.

6. A Transaction Levy of 0.0027% of the price of the Units, payable by each of the buyer and the seller.

7. A Trading Fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.

INDEX DESCRIPTION

General Information

The Global X Hang Seng High Dividend Yield ETF tracks the net total return index of the Hang Seng High Dividend Yield Index. A net total return index reinvests dividends after deducting withholding taxes. Only cash dividend payments are included in the calculations of the total return index and non-cash distributions are excluded.

The Hang Seng High Dividend Yield Index comprises 50 constituents and its universe comprises all stocks and REITs that have their primary listings on the HKEX, excluding stocks that are secondary listings, preference shares, debt securities, mutual funds or other derivatives. Currently, foreign companies are also excluded from the universe. For this purpose, foreign companies refer to companies which are incorporated overseas (outside Hong Kong / mainland China) and have a majority of their business overseas (outside Hong Kong / mainland China).

The Hang Seng High Dividend Yield Index is net dividend yield weighted, i.e. the weighting of each constituent is calculated in proportion to its net dividend yield. The net dividend yield for weighting is calculated by dividing the dividend per share after deducting withholding tax (if applicable) by the price at three days preceding the rebalancing date. Index rebalancing is conducted after market close on the first Friday in June, and comes into effect on the next trading day. At each index rebalancing, the weighting for each constituent is capped at 10%. If a constituent is deleted between regular index reviews, there will be no replacement, and the weighting of the deleted stock or REIT will be distributed to the remaining constituents in proportion to their respective weightings.

The Hang Seng High Dividend Yield Index is calculated and maintained by Hang Seng Indexes Company Limited. The Manager (and each of its Connected Persons) is independent of Hang Seng Indexes Company Limited.

The Hang Seng High Dividend Yield Index was launched on 10 December 2012 and has a base date of 29 June 2007. As at 31 March 2021, it had a total market capitalisation of HK$7,812,290 million and 50 constituents.

Index Construction

Stocks or REITs are eligible for constituent selection if they fulfill the following eligibility criteria.

Market Value ("MV") Requirement. Eligible stocks should be large-cap or mid-cap constituents from the Hang Seng Composite Index ("**HSCI**"). Eligible REITs should be constituents from the Hang Seng REIT Index and larger than the smallest mid-cap constituent of the HSCI in terms of the 12-month-average full MV for the past calendar year.

Turnover Requirement. In order to meet the turnover requirement, a stock or REIT should have a minimum velocity* of 0.1% (i) for at least 10 out of the past 12 months, and (ii) for the latest three months. However, for an existing constituent, only (i) needs to be fulfilled. For a stock or REIT with a trading history of less than 12 months or a stock that has transferred from the Growth Enterprise Market to the Main Board in the past 12 months before the data review cut-off date, a different turnover requirement applies. For those that have a trading record of less than 6 months, they must attain a minimum velocity of 0.1% for all trading months. For those that have a trading record of or more than 6 months, they (i) cannot have more than one month in which the velocity is not of at least 0.1%, (ii) must attain a velocity of 0.1% for the latest three months if they are not existing constituents.

For this purpose:

"**Velocity**" means median of daily traded shares in specific calendar month divided by free float-adjusted issued shares at month-end.

Dividend Requirement. Stocks or REITs from the eligible list should have a cash dividend paid record of at least three consecutive fiscal years.

The top 25% of the eligible stocks or REITs in terms of one-year historical volatility, i.e. standard deviation of daily logarithmic return for the past 12 months to the review cut-off date, will be excluded from constituent selection.

Stocks or REITs are ranked by net dividend yield. The top 50 stocks or REITs in terms of net dividend yield will be selected as constituents of the Hang Seng High Dividend Yield Index.

Index Review

Rebalancing is conducted annually after market close on the first Friday in June, and comes into effect on the next trading day.

Index Constituents

You can obtain the list of the constituents of the Hang Seng High Dividend Yield Index, their respective weightings and additional details of the index methodology of the Hang Seng High Dividend Yield Index can be found on www.hsi.com.hk (this website has not been reviewed by the Commission).

Index Licence

The term of the licence of the Hang Seng High Dividend Yield Index commenced on 28 February 2013 and should continue unless either party to the licence agreement serves a written notice of termination of at least three months to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

Index Disclaimer

The Hang Seng High Dividend Yield Index (the "**Index**") is published and compiled by Hang Seng Indexes Company Limited pursuant to a licence from Hang Seng Data Services Limited. The mark and name Hang Seng High Dividend Yield Index are proprietary to Hang Seng Data Services Limited. Hang Seng Indexes Company Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index by Mirae Asset Global Investments (Hong Kong) Limited in connection with the Global X Hang Seng High Dividend Yield ETF (the "**Investment Fund**"), **BUT NEITHER HANG SENG INDEXES COMPANY LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE INVESTMENT FUND OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF ANY OF THE INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF ANY OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT; OR (iii) THE RESULTS WHICH MAY BE OBTAINED BY ANY PERSON FROM THE USE OF ANY OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO ANY OF THE INDEX IS GIVEN OR MAY BE IMPLIED.**

The process and basis of computation and compilation of any of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HANG SENG INDEXES COMPANY LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO ANY OF THE INDEX BY MIRAE ASSET GLOBAL INVESTMENTS (HONG KONG) LIMITED IN CONNECTION WITH THE INVESTMENT FUND; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HANG SENG INDEXES COMPANY LIMITED IN THE COMPUTATION OF ANY OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF ANY OF THE INDEX WHICH IS SUPPLIED BY ANY OTHER PERSON; OR (iv) FOR ANY ECONOMIC OR OTHER LOSS WHICH MAY BE DIRECTLY OR INDIRECTLY SUSTAINED BY ANY BROKER OR HOLDER OF THE INVESTMENT FUND OR ANY OTHER PERSON DEALING WITH THE INVESTMENT FUND AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HANG SENG INDEXES COMPANY LIMITED AND/OR HANG SENG DATA SERVICES LIMITED** in connection with the Investment Fund in any manner whatsoever by any broker, holder or other person dealing with the Investment Fund. Any broker, holder or other person dealing with the Investment Fund does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on Hang Seng Indexes Company Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.

APPENDIX 3–GLOBAL X CSI 300 ETF

This part of the Prospectus sets out specific information applicable to the Global X CSI 300 ETF (formerly known as Mirae Asset Horizons CSI 300 ETF). Prospective investors' attention is drawn to "Risk Factors relating to the Global X CSI 300 ETF" below.

KEY INFORMATION

The following table is a summary of key information in respect of the Global X CSI 300 ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("**ETF**")
Tracked Index	CSI 300 Index Type: Price return Inception Date: 8 April 2005 Number of constituents: 300 (as at 31 March 2020) Base Currency of Index: Renminbi ("**RMB**")
Listing Date	26 September 2014
Exchange Listing	SEHK - Main Board
Stock Code	83127 – RMB counter 03127 – HKD counter
Trade Lot Size	100 Units – RMB counter 100 Units – HKD counter
Base Currency	Renminbi (RMB)
Trading Currency	Renminbi (RMB) – RMB counter Hong Kong dollars (HKD) – HKD counter
Dividend Policy	Global X CSI 300 ETF aims to pay annual cash distribution (in May each year) at the Manager's discretion. The amount or rate of distribution (if any) is not guaranteed. Distributions on all Units (RMB counter Units and HKD counter Units) will be in RMB only# Distribution will not be paid out of or effectively out

	of capital.
Application Unit Size for Creation/Realisation by Participating Dealers	Minimum 500,000 Units (or multiples thereof)
Method(s) of Creation/Realisation available (through Participating Dealer)	Cash (RMB) only
Investment Delegate	No investment delegate has been appointed
Market Makers*	RMB Counter SG Securities (HK) Limited HKD Counter Head & Shoulders Securities Limited SG Securities (HK) Limited
Participating Dealers*	ABN AMRO Clearing Hong Kong Limited BNP Paribas Securities Services CIMB Securities Limited Goldman Sachs (Asia) Securities Limited Guotai Junan Securities (Hong Kong) Limited KGI Securities (Hong Kong) Limited Mirae Asset Securities (HK) Limited Nomura International (Hong Kong) Limited SG Securities (HK) Limited UBS Securities Hong Kong Limited
Listing Agent	KGI Capital Asia Limited
Financial Year	Ending 31 March each year
Management Fee	Up to 0.25% per annum of the NAV accrued daily and calculated as at each Dealing Day
Website	https://www.globalxetfs.com.hk/

Both HKD traded Units and RMB traded Units will receive distributions in RMB only. In the event that the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any

other currency. Unitholders are advised to check with their brokers for arrangements concerning distributions and to consider the risk factor entitled "RMB distributions risk" below.

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers for the Investment Fund.*

EXCHANGE LISTING AND TRADING

Creation and Realisation

Participating Dealers (acting for themselves or for their clients) may apply for Units by means of cash Creation Applications on each Dealing Day for themselves and/or their clients by transferring cash in accordance with the Operating Guidelines.

Units may be realised by cash realisation through Participating Dealers in Application Unit size or multiples thereof.

Notwithstanding a Dual Counter being adopted:

(a) all Creation Applications must be made in cash (in RMB only). Units which are created must be deposited in CCASS as RMB counter Units (i.e. tradable in RMB only) initially; and

(b) any cash proceeds received by a Participating Dealer in a cash Realisation Application shall be paid only in RMB. Both RMB traded Units and HKD traded Units may be realised by way of a Realisation Application (through a Participating Dealer). Where a Participating Dealer wishes to realise HKD traded Units the realisation process is the same as for RMB traded Units.

Units are listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges.

If trading of the Units of the Global X CSI 300 ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

RMB Payment Procedures

Investors may, unless otherwise agreed by the relevant Participating Dealer, apply for Units deposited in the RMB counter through Participating Dealers only if they have sufficient RMB to pay the application monies and the related fees. Investors should note that RMB is the only official currency of the PRC. While both onshore RMB ("**CNY**") and offshore RMB ("**CNH**") are the same currency, they are traded in different and separated markets. Since the two RMB markets operate independently where the flow between them is highly restricted, CNY and CNH are traded at different rates and their movement may not be in the same direction. Although there is a significant amount of RMB held offshore (i.e. outside the PRC), CNH cannot be freely remitted into the PRC and is subject to certain restrictions, and vice versa. As such whilst CNH and CNY are both the same currency, certain special restrictions do apply to RMB outside the PRC. The liquidity and trading price of the Global X CSI 300 ETF may be adversely affected by the limited availability of, and restrictions applicable to, RMB outside the PRC.

Application monies from Participating Dealers to the Global X CSI 300 ETF will be paid in RMB only. Accordingly a Participating Dealer may require investors (as its clients) to pay RMB to it.

Payment details will be set out in the relevant Participating Dealer's documentation such as the application form for its clients. As such, an investor may need to have opened a bank account (for settlement) and a securities dealing account if a Participating Dealer is to subscribe for Units deposited in the RMB counter on his/her behalf as he/she will need to have accumulated sufficient RMB to pay at least the aggregate Issue Price and related costs to the Participating Dealer, or if an application to the Participating Dealer is not successful or is successful only in part, the whole or appropriate portion of the monies paid will need to be returned to the investor by the Participating Dealer by crediting such amount into the investor's RMB bank account. Similarly, if an investor wishes to buy and sell Units in the secondary market on the SEHK, he/she may need to open a securities dealing account with his/her broker. The investor will need to check with the relevant Participating Dealer and/or his/her broker for payment details and account opening procedures.

If investors wish to buy or sell Units on the secondary market, they should contact their brokers and they are reminded to confirm with their brokers in respect of Units traded in RMB their brokers' readiness for dealing and/or clearing transactions in RMB securities and other relevant information published by the SEHK regarding readiness of its participants for dealing in RMB securities from time to time. CCASS Investor Participants who wish to settle the payment in relation to their trades in the Units traded in RMB using their CCASS Investor Participant account or to receive distributions in RMB should make sure that they have set up an RMB designated bank account with CCASS.

Investors intending to purchase Units traded in RMB from the secondary market should consult their brokers as to the RMB funding requirement and settlement method for such purchase. Investors may need to open and maintain securities dealing accounts with the broker first before any dealing in Units traded in either HKD or RMB can be effected.

Investors should ensure they have sufficient RMB to settle trades of Units traded in RMB. Investors should consult the banks for the account opening procedures as well as terms and conditions of the RMB bank account. Some banks may impose restrictions on their RMB cheque account and fund transfers to third party accounts. For non-bank financial institutions (e.g. brokers), however, such restriction will not be applicable and investors should consult their brokers as to the currency exchange service arrangement, if required.

The transaction costs of dealings in the Units on the SEHK include the SEHK trading fee and Commission's transaction levy. All these secondary trading related fees and charges will be collected in HKD and, in respect of Units traded in RMB, calculated based on an exchange rate as determined by the Hong Kong Monetary Authority on the date of the trade which will be published on HKEX's website by 11:00 a.m. or earlier on each trading day.

Investors should consult their own brokers or custodians as to how and in what currency the trading related fees and charges and brokerage commission should be paid by the investors.

Where payment in RMB is to be made by cheque, investors are advised to consult the bank at which their respective RMB bank accounts are opened in advance whether there are any specific requirements in relation to the issue of RMB cheques. In particular, investors should note that some banks have imposed an internal limit (usually RMB80,000) on the balance of RMB cheque account of their clients or the amount of cheques that their clients can issue in a day and such limit may affect an investor's arrangement of funding for an application (through a Participating Dealer) for creation of Units.

When an individual investor opens an RMB bank account or settle RMB payments, he or she will be subject to a number of restrictions, including the daily maximum remittance amount to the PRC is RMB80,000 and a remittance service is only available to an RMB deposit account-holder who remits from his or her RMB deposit account to the PRC and provided that the account name of the account in the PRC is identical with that of the RMB bank account with the bank in Hong Kong.

Please also refer to the sub-section entitled "Risks associated with the RMB currency" below for further details.

Renminbi Equity Trading Support Facility

The Renminbi Equity Trading Support Facility (the "**TSF**") was launched on 24 October 2011 by HKEX to provide a facility to enable investors who wish to buy RMB-traded shares (RMB shares) in the secondary market with Hong Kong dollars if they do not have sufficient RMB or have difficulty in obtaining RMB from other channels. With effect from 6 August 2012, the coverage of TSF was extended and the Global X CSI 300 ETF is eligible for the TSF. As such the TSF is currently available to investors who wish to invest in the Global X CSI 300 ETF by purchasing Units trading in RMB on the SEHK. Investors should consult their financial advisers if they have any questions concerning the TSF. More information with regard to the TSF is available on HKEX's website https://www.hkex.com.hk/eng/market/sec_tradinfra/TSF/TSF.htm.

Dual Counter

The Manager has arranged for the Units to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Units are denominated in RMB. Despite the Dual Counter arrangement, the creation of new Units and realisation of Units in the primary market are settled in RMB only. The Global X CSI 300 ETF offers two trading counters on the SEHK (i.e. RMB counter and HKD counter) to investors for secondary trading purposes. Units traded in RMB counter will be settled in RMB and Units traded in HKD counter will be settled in HKD. Apart from settlement in different currencies, the trading prices of Units in the two counters may be different as the RMB counter and HKD counter are two distinct and separate markets.

Units traded on both counters are of the same class and all Unitholders of both counters are treated equally. The two counters will have different stock codes, different stock short names and different ISIN numbers as follows: RMB counter and traded Units have a SEHK stock code 83127 and a short name "MR CSI300 ETF-R" whilst the HKD counter and traded Units have a SEHK stock code 03127 and a short name "MR CSI300 ETF". The ISIN for RMB counter and traded Units is HK0000215316 and the ISIN for HKD counter and traded Units is HK0000215324.

Normally, investors can buy and sell Units traded in the same counter or alternatively buy in one counter and sell in the other counter provided their brokers provide both HKD and RMB trading services at the same time and offer inter-counter transfer services to support Dual Counter trading. Inter-counter buy and sell is permissible even if the trades take places within the same trading day. However, investors should note that the trading price of Units traded in the RMB counter and that of HKD counter may be different and may not always maintain a close relationship depending on factors such as market demand and supply and liquidity in each counter.

More information with regard to the Dual Counter is available in the frequently asked questions in respect of the Dual Counter published on HKEX's website https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/Dual-Tranche-Dual-Counter-Model?sc_lang=en.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factor below entitled "Dual Counter risks".

Realisations

Both RMB traded Units and HKD traded Units can be realised directly (through a Participating Dealer). However, realisation proceeds shall be paid in RMB only.

INVESTMENT OBJECTIVE AND STRATEGY

The Global X CSI 300 ETF seeks to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the CSI 300 Index.

The Manager intends to adopt the replication strategy to achieve the investment objective of Global X CSI 300 ETF through investing directly in A-Shares included in the CSI 300 Index in substantially the same weightings in which such A-Shares are included in the CSI 300 Index, through the RQFII investment quota granted to the Manager by the SAFE (as explained in the section on "The RQFII regime" below) and the Stock Connect (as explained in the section "What is Stock Connect?" below). Please refer to the section "Investment Policies" in Part 1 of this Prospectus for an explanation on the replication strategy. The Manager will not adopt the representative sampling strategy.

The Global X CSI 300 ETF may also invest not more than 5% of its Net Asset Value in money market funds and hold RMB cash and cash equivalents for cash management purpose. The Global X CSI 300 ETF will not invest in securities which are not constituents of the CSI 300 Index and all of its investments will be onshore investments issued in the PRC.

SECURITIES LENDING TRANSACTIONS

The Manager may, on behalf of the Global X CSI 300 ETF, enter into securities lending transactions with a maximum level of up to 25% and expected level of approximately 20% of the Global X CSI 300 ETF's Net Asset Value.

The Manager will be able to recall the Securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Global X CSI 300 ETF and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion. Please refer to the sub-section titled "Securities Financing Transactions" of the section headed "Investment and Borrowing Restrictions" in Part 1 of this Prospectus in regard to the details of the arrangements.

As part of the securities lending transactions, the Global X CSI 300 ETF must receive cash and/or non-cash collateral (fulfilling the requirements under sub-section titled "Collateral" of the section headed "Investment and Borrowing Restrictions" in Part 1 of this Prospectus) of 100% of the value of the Securities lent (interests, dividends and other eventual rights included). The collateral will be marked-to-market on a daily basis and be subject to safekeeping by the Trustee or an agent appointed by the Trustee. Please refer to the sub-section titled "Trustee" of the section headed "Management and Administration" in Part 1 of this Prospectus in regard to the extent of the Trustee's responsibility for the safekeeping of the assets of the Trust and the appointment of agents. The valuation of the collateral generally takes place on trading day T. If the value of the collateral falls below 100% of the value of the securities lent on any trading day T, the Manager will call for additional collateral on trading day T, and the borrower will have to deliver additional collateral to make up for the difference in securities value by 4:00 p.m. on trading day T+2.

Non-cash collateral received may not be sold, re-invested or pledged. Any re-investment of cash collateral received shall be subject to the requirements as set out in the sub-section titled "Collateral" of the section headed "Investment and Borrowing Restrictions" in Part 1 of this Prospectus.

To the extent the Global X CSI 300 ETF undertakes securities lending transactions, all revenues (net of direct and indirect expenses as reasonable and normal compensation for the services rendered by the Manager, a Securities Lending Agent and/or other service providers in the context of such transactions to the extent permitted by applicable legal and regulatory requirements) shall be returned to the Global X CSI 300 ETF. The cost relating to securities lending transactions will be borne by the borrower.

Securities lending transactions nonetheless give rise to certain risks including counterparty risk, collateral risk and operational risk. Please refer to the risk factor titled “Securities Lending Transactions Risk” below and the sub-section titled “Securities Financing Transactions” of the section headed “Risk Factors” in Part 1 of this Prospectus for further details.

Currently, the Global X CSI 300 ETF has no intention to enter into sale and repurchase transactions, reverse repurchase transactions or other similar over-the-counter transactions. Should there be any change in such intention, the Manager will seek prior approval of the Commission if required and not less than one month’s prior notice (or such other notice period as agreed with the Commission) will be given to Unitholders.

USE OF DERIVATIVES

The Global X CSI 300 ETF will not use FDIs for any purpose.

THE RQFII REGIME

Under current regulations in the PRC, foreign investors can invest only in the domestic securities market through certain foreign institutional investors that have obtained status as a QFII or a RQFII from the CSRC into the PRC for the purpose of investing in the PRC’s domestic securities markets, or via the Stock Connect.

The RQFII regime was introduced on 16 December 2011 by the “Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors which are Asset Management Companies or Securities Companies” (基金管理公司、證券公司人民幣合格境外機構投資者境內證券投資試點辦法) issued by the CSRC, the PBOC and the SAFE, which was repealed effective 1 March 2013.

The RQFII regime is currently governed by (i) the “Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors” issued by the CSRC, the PBOC and the SAFE and effective from 6 March 2013 (人民幣合格境外機構投資者境內證券投資試點辦法); (ii) the “Implementation Rules for the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors” issued by the CSRC and effective from 6 March 2013 (關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》的規定);

(iii) the “Circular on Issues Related to the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors”, Huifa 2013 No. 42 (國家外匯管理局關於人民幣合格境外機構投資者境內證券投資試點有關問題的通知, 匯發[2013] 42號) issued by SAFE and effective from 21 March 2013; (iv) the “Notice of the People's Bank of China on the Relevant Matters concerning the Implementation of the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors”, issued by the PBOC and effective from 2 May 2013 (中國人民銀行關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》有關事項的通知); and (v) any other applicable regulations promulgated by the relevant authorities (collectively, the “**RQFII Regulations**”).

The Manager has obtained RQFII status under the RQFII Regulations. The Global X CSI 300 ETF will utilise the Manager's RQFII status.

All of the Global X CSI 300 ETF's assets in the PRC (including onshore PRC cash deposits and its onshore A-Shares portfolio) will be held by the PRC Custodian in accordance with the terms of the PRC Custody Agreement and PRC Participation Agreement. Securities account(s) shall be opened with CSDCC in the joint names of the Manager (as the RQFII holder) and the Global X CSI 300 ETF. RMB special deposit account(s) shall be established and maintained with the PRC Custodian in the joint names of the Manager (as the RQFII holder) and the Global X CSI 300 ETF. The PRC Custodian shall, in turn, have a cash clearing account with CSDCC for trade settlement according to applicable regulations.

The Manager has obtained a legal opinion confirming that, as a matter of PRC law:

(a) securities account(s) with CSDCC and maintained by the PRC Custodian and RMB special deposit account(s) with the PRC Custodian (respectively, the "**Securities Account(s)**" and the "**Cash Account(s)**") shall be opened in the joint names of the Manager (as RQFII holder) and the Global X CSI 300 ETF for the sole benefit and use of the Global X CSI 300 ETF in accordance with all applicable laws and regulations of the PRC and with approval from all competent authorities in the PRC;

(b) the assets held/credited in the Securities Account(s) (i) belong solely to the Global X CSI 300 ETF, and (ii) are segregated and independent from the proprietary assets of the Manager (as RQFII holder), the PRC Custodian and any broker appointed by the Manager to execute transactions for the Global X CSI 300 ETF in the PRC (a "**PRC Broker**"), and from the assets of other clients of the Manager (as RQFII holder), the PRC Custodian and any PRC Broker;

(c) the assets held/credited in the Cash Account(s) (i) become an unsecured debt owing from the PRC Custodian to the Global X CSI 300 ETF, and (ii) are segregated and independent from the proprietary assets of the Manager (as RQFII holder) and any PRC Broker, and from the assets of other clients of the Manager (as RQFII holder) and any PRC Broker;

(d) the Trustee, for and on behalf of the Global X CSI 300 ETF, is the only entity which has a valid claim of ownership over the assets in the Securities Account(s) and the debt in the amount deposited in the Cash Account(s) of the Global X CSI 300 ETF;

(e) if the Manager or any PRC Broker(s) is liquidated, the assets contained in the Securities Account(s) and Cash Account(s) of the Global X CSI 300 ETF will not form part of the liquidation assets of the Manager or such PRC Broker in liquidation in the PRC; and

(f) if the PRC Custodian is liquidated, (i) the assets contained in the Securities Account(s) of the Global X CSI 300 ETF will not form part of the liquidation assets of the PRC Custodian in liquidation in the PRC, and (ii) the assets contained in the Cash Account(s) of the Global X CSI 300 ETF will form part of the liquidation assets of the PRC Custodian in liquidation in the PRC and the Global X CSI 300 ETF will become an unsecured creditor for the amount deposited in the Cash Account(s).

Repatriations in RMB conducted by the Manager as RQFII on behalf of the Global X CSI 300 ETF are permitted daily and are not subject to any lock-up periods or prior approval.

There are specific risks associated with the RQFII regime and investors' attention is drawn to the risk factors under "Risks associated with the RQFII regime" in the section on "Risk Factors" below.

WHAT IS STOCK CONNECT?

The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links programme developed by the HKEX, Shanghai Stock Exchange (the "**SSE**") and the CSDCC, and the Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links programme developed by HKEX, the Shenzhen Stock Exchange (the "**SZSE**") and the CSDCC, with an aim to achieve mutual stock market access between mainland China and Hong Kong.

The Shanghai-Hong Kong Stock Connect comprises a Northbound Shanghai Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shanghai Trading Link, Hong Kong and overseas investors (including the Global X CSI 300 ETF), through their Hong Kong brokers and a securities trading service company established by the SEHK, are able to trade eligible A-Shares listed on the SSE by routing orders to the SSE.

The Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shenzhen Trading Link, Hong Kong and overseas investors (including the Global X CSI 300 ETF), through their Hong Kong brokers and a securities trading service company established by SEHK, are able to trade eligible A-Shares listed on the SZSE by routing orders to SZSE.

Eligible securities

Under the Shanghai-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Global X CSI 300 ETF) are able to trade certain stocks listed on the SSE market ("**SSE Securities**").

SSE Securities include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on the SEHK, except the following:

(a) SSE-listed shares which are not traded in RMB; and

(b) SSE-listed shares which are under "risk alert".

It is expected that the list of eligible securities will be subject to review.

Under the Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Global X CSI 300 ETF) are able to trade certain eligible shares listed on the SZSE market ("**SZSE Securities**"). These include all the constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have a market capitalisation of not less than RMB 6 billion, and all the SZSE-listed A-Shares which have corresponding H-shares listed on SEHK, except the following:

(a) SZSE-listed shares which are not traded in RMB; and

(b) SZSE-listed shares which are under "risk alert" or under delisting arrangement.

At the initial stage of Shenzhen-Hong Kong Stock Connect, investors eligible to trade shares that are listed on the ChiNext Board of the SZSE ("**ChiNext Board**") under Northbound trading will be limited to institutional professional investors as defined in the relevant Hong Kong rules and regulations. It is expected that the list of eligible securities will be subject to review.

Trading days

Investors (including the Global X CSI 300 ETF) will only be allowed to trade on the SSE market and the SZSE market on days where the PRC and Hong Kong stock markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

Trading quota

Trading under the Stock Connect is subject to a daily quota (the "**Daily Quota**"), which will be separate for Northbound and Southbound trading. Northbound Shanghai Trading Link under the Shanghai-Hong Kong Stock Connect, Northbound Shenzhen Trading Link under the Shenzhen-Hong Kong Stock Connect, Southbound Hong Kong Trading Link under the Shanghai-Hong Kong Stock Connect and Southbound Hong Kong Trading Link under the Shenzhen-Hong Kong Stock Connect will be respectively subject to a separate set of Daily Quota. The Daily Quota limits the maximum net buy value of cross-boundary trades under each of the Stock Connect each day. The quotas do not belong to the Global X CSI 300 ETF and are utilised on a first-come-first-serve basis. The SEHK will monitor the quota and publish the remaining balance of the Northbound Daily Quota at scheduled times on the HKEX's website. The Daily Quota may change in future. The Manager will not notify Unitholders in case of a change of quota.

Settlement and Custody

The HKSCC, a wholly-owned subsidiary of HKEX, is responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors. A-Shares traded through the Stock Connect are issued in scripless form, so investors will not hold any physical A-Shares. Hong Kong and overseas investors who have acquired SSE Securities or SZSE Securities through Northbound trading should maintain the SSE Securities or SZSE Securities with their brokers' or custodians' stock accounts with CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK).

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock account in the CSDCC, the CSDCC as the share registrar for SSE and SZSE listed companies still treats the HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities and SZSE Securities. The HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the relevant brokers or custodians participating in CCASS ("**CCASS participants**") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them. SSE-/SZSE-listed companies usually announce information regarding their annual general meetings/extraordinary general meetings about two to three weeks before the meeting date. A poll is called on all resolutions for all votes. HKSCC will advise CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

Currency

Hong Kong and overseas investors (including the Global X CSI 300 ETF) will trade and settle SSE Securities and SZSE Securities in RMB only.

Foreign shareholding restrictions

CSRC stipulates that, when holding A-Shares through the Stock Connect, Hong Kong and overseas investors are subject to the following shareholding restrictions: (a) shares held by a single foreign investor (such as the Global X CSI 300 ETF) investing in a listed company must not exceed 10% of the total issued shares of such listed company; and (b) total shares held by all foreign investors (i.e. Hong Kong and overseas investors) who make investment in a listed company must not exceed 30% of the total issued shares of such listed company. When the aggregate foreign shareholding of an individual A-Share reaches 26%, SSE or SZSE, as the case may be, will publish a notice on its website (https://www.sse.com.cn/disclosure/diclosure/qfii/ for SSE and https://www.szse.cn/disclosure/deal/qfii/index.html for SZSE). If the aggregate foreign shareholding exceeds the 30% threshold, the foreign investors concerned will be requested to sell the shares on a last-in-first-out basis within five trading days.

Trading fees

In addition to paying trading fees and stamp duties in connection with A-Share trading, Hong Kong and overseas investors (including the Global X CSI 300 ETF) may be subject to the fees and levies imposed by SSE, SZSE, CSDCC, HKSCC or the relevant PRC authority when they trade and settle SSE Securities and SZSE Securities. Further information about the trading fees and levies is available online at the website: https://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm

Coverage of Investor Compensation Fund

The Global X CSI 300 ETF's investments through Northbound trading under the Stock Connect is not covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in Northbound trading via Stock Connect do not involve products listed or traded in the SEHK or the Hong Kong Futures Exchanges Limited, such trading is not covered by Hong Kong's Investor Compensation Fund. On the other hand, since the Global X CSI 300 ETF is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, such trading is not protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in the PRC.

Further information about the Stock Connect is available at the website: https://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm.

THE OFFSHORE RMB MARKET

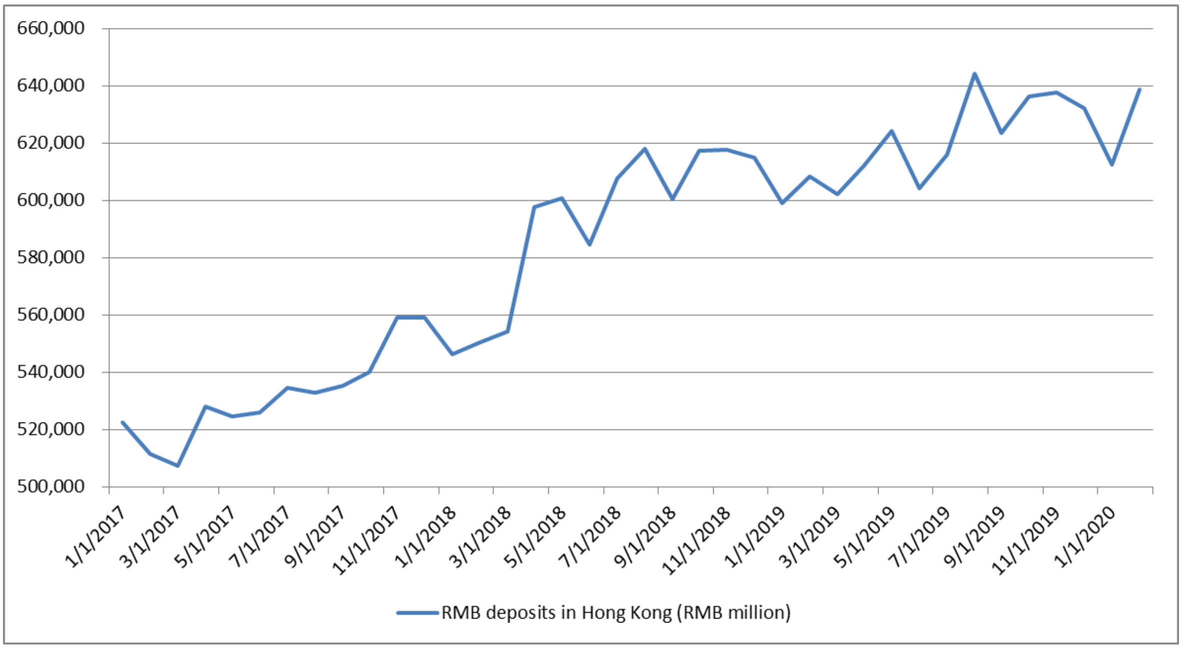
What led to RMB internationalisation?

RMB is the lawful currency of the PRC. RMB is not a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC government. Since July 2005, the PRC government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of RMB is no longer pegged to US dollars, resulting in a more flexible RMB exchange rate system.

Over the past two decades, the PRC's economy grew rapidly at an average annual rate of 9.8% in real terms. This enables it to overtake Japan to become the second largest economy and trading country in the world. The International Monetary Fund has projected that the PRC will contribute to more than one-third of global growth by 2015. As the PRC's economy becomes increasingly integrated with the rest of the world, it is a natural trend for its currency – the RMB, to become more widely used in the trade and investment activities.

The PRC has been taking gradual steps to increase the use of RMB outside its borders by setting up various pilot programmes in Hong Kong and neighbouring areas in recent years. For instance, banks in Hong Kong were the first permitted to provide RMB deposits, exchange, remittance and credit card services to personal customers in 2004. Further relaxation occurred in 2007 when the authorities allowed PRC financial institutions to issue RMB bonds in Hong Kong. As of end of February 2020, RMB deposits reached about RMB639 billion, as compared to just RMB63 billion in 2009.

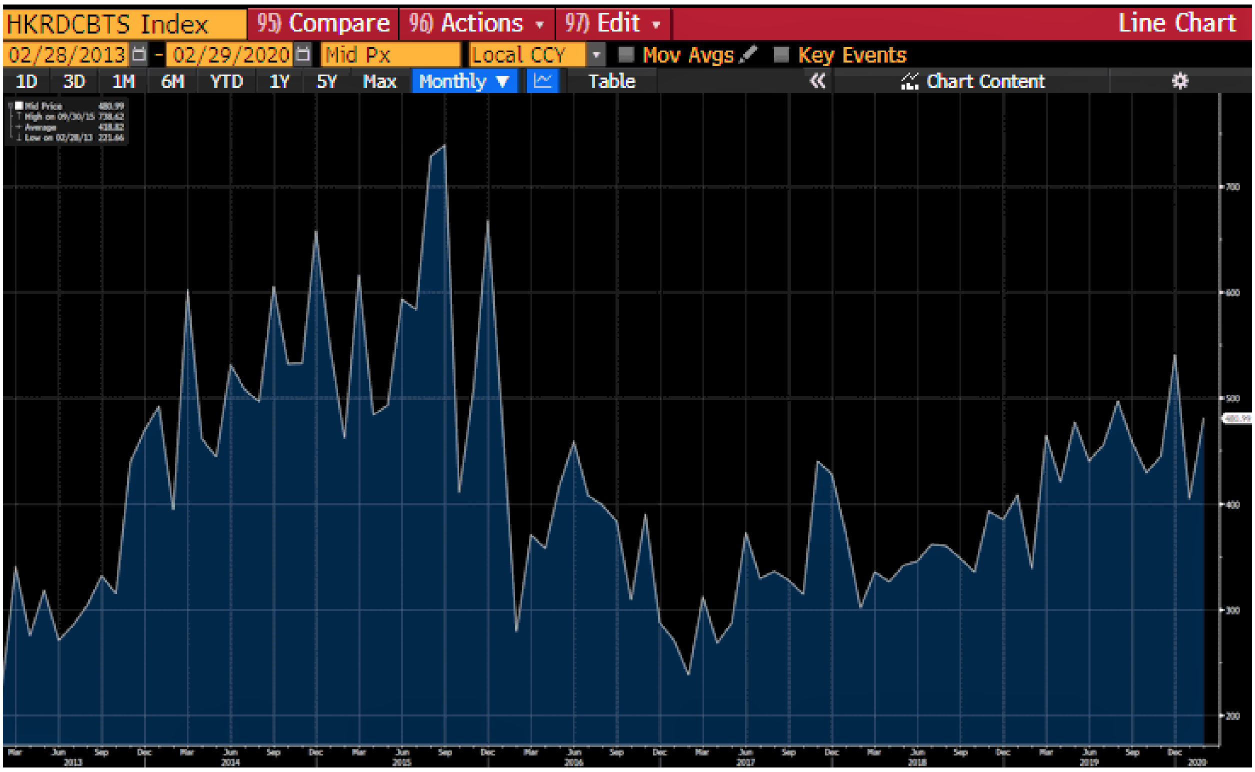
Chart 1. RMB deposits in Hong Kong



Data source: HKMA, as of end February 2020

The pace of RMB internationalisation has accelerated since 2009 when the PRC authorities permitted cross-border trade between Hong Kong/Macau and Shanghai/four Guangdong cities, and between ASEAN and Yunnan/Guangxi, to be settled in RMB. In June 2010, the arrangement was expanded to 20 provinces/municipalities on the PRC and to all countries / regions overseas. As of end of February 2020, approximately RMB481 billion worth of cross-border trade was settled in Hong Kong using RMB.

Chart 2. Remittances for RMB cross-border trade settlement



Data source: Bloomberg as of end of February 2020

Onshore versus offshore RMB market

Following a series of policies introduced by the PRC authorities, an RMB market outside the PRC has gradually developed and started to expand rapidly since 2009. RMB traded outside the PRC is often referred as "offshore RMB" with the denotation "CNH", which distinguishes it from the "onshore RMB" or "CNY".

Both onshore and offshore RMB are the same currency but are traded in different markets. Since the two RMB markets operate independently where the flow between them is highly restricted, onshore and offshore RMB are traded at different rates and their movement may not be in the same direction. Due to the strong demand for offshore RMB, CNH used to be traded at a premium to onshore RMB, although occasional discount may also be observed. The relative strength of onshore and offshore RMB may change significantly, and such change may occur within a very short period of time.

The offshore RMB market is relatively sensitive to negative factors or market uncertainties. For instance, the value of offshore RMB had once dropped by 2% against the US dollars in the last week of September 2011 amidst the heavy selloff of the equities market. In general, the offshore RMB market is more volatile than the onshore one due to its relatively thin liquidity.

There have been talks on the potential convergence of the two RMB markets but that is believed to be driven by political decisions rather than just economics. It is widely expected that the onshore and offshore RMB markets would remain two segregated, but highly related, markets for the next few years.

Further measures

On 19 July 2010, restrictions on interbank transfer of RMB funds were lifted, and permission was granted for companies in Hong Kong to exchange foreign currencies for RMB without limit. One month later, the PRC authorities announced the partial opening up of PRC's interbank bond market for foreign central banks, RMB clearing banks in Hong Kong and Macau and other foreign banks participating in the RMB offshore settlement programme.

The National Twelfth Five-Year Plan adopted in March 2011 explicitly supports the development of Hong Kong as an offshore RMB business centre. In August 2011, PRC Vice-Premier Li Keqiang has announced more new initiatives during his visit, such as allowing investments on the PRC equity market through the RQFII scheme and the launch of an exchange-traded fund with Hong Kong stocks as the underlying constituents in the PRC. Also the PRC Government has given approval for the first non-financial PRC firm to issue RMB-denominated bonds in Hong Kong.

The Shanghai-Hong Kong Stock Connect was launched in November 2014. It is a mutual market access programme that allows investment in eligible Shanghai-listed shares through the SEHK and eligible Hong Kong-listed shares through the Shanghai Stock Exchange. The Shenzhen-Hong Kong Stock Connect was launched in December 2016. It is also a mutual market access programme that allows investment in eligible Shenzhen-listed shares through the SEHK and eligible Hong Kong-listed shares through the Shenzhen Stock Exchange.

RMB internationalisation is a long-term goal

Given the PRC's economic size and growing influence, RMB has the potential to become an international currency in the same ranks as US dollars and Euro. But the PRC has to first accelerate the development of its financial markets and gradually make RMB fully convertible on the capital account. Although the internationalisation of RMB will bring benefits such as increasing political influence and reduced exchange rate risks, it also entails risks including rising volatility of RMB exchange rate.

The process of RMB internationalisation is a long and gradual one. It took US dollars many decades to replace the British Pound to become a dominant reserve currency. It will also take time for RMB to gain importance in coming years. RMB will not be in a position to challenge the US dollar's main reserve currency status for some time to come.

THE A-SHARE MARKET

Introduction

China's A-Share market commenced in 1990 with two exchanges, Shanghai Stock Exchange and Shenzhen Stock Exchange. Shanghai Stock Exchange was established on 26 November 1990 and stocks are further divided into class A-Shares and class B-Shares, with A-Shares limited to domestic investors, QFIIs, RQFIIs and any other qualified foreign investors and B Shares available to both domestic and foreign investors. As of 27 April 2020, there are 1,614 A-Shares listed companies in Shanghai Stock Exchange with total market capitalisation of RMB34.13 trillion Shenzhen Stock Exchange was founded on 1 December 1990 and stocks are further divided into class A-Shares and class B-Shares, with A-Shares limited to domestic investors as well as QFIIs and RQFIIs only and B-Shares available to both domestic and foreign investors. As of 27 April 2020, there are 2,266 A-Share listed companies in Shenzhen Stock Exchange with total market capitalisation of RMB7.30 trillion

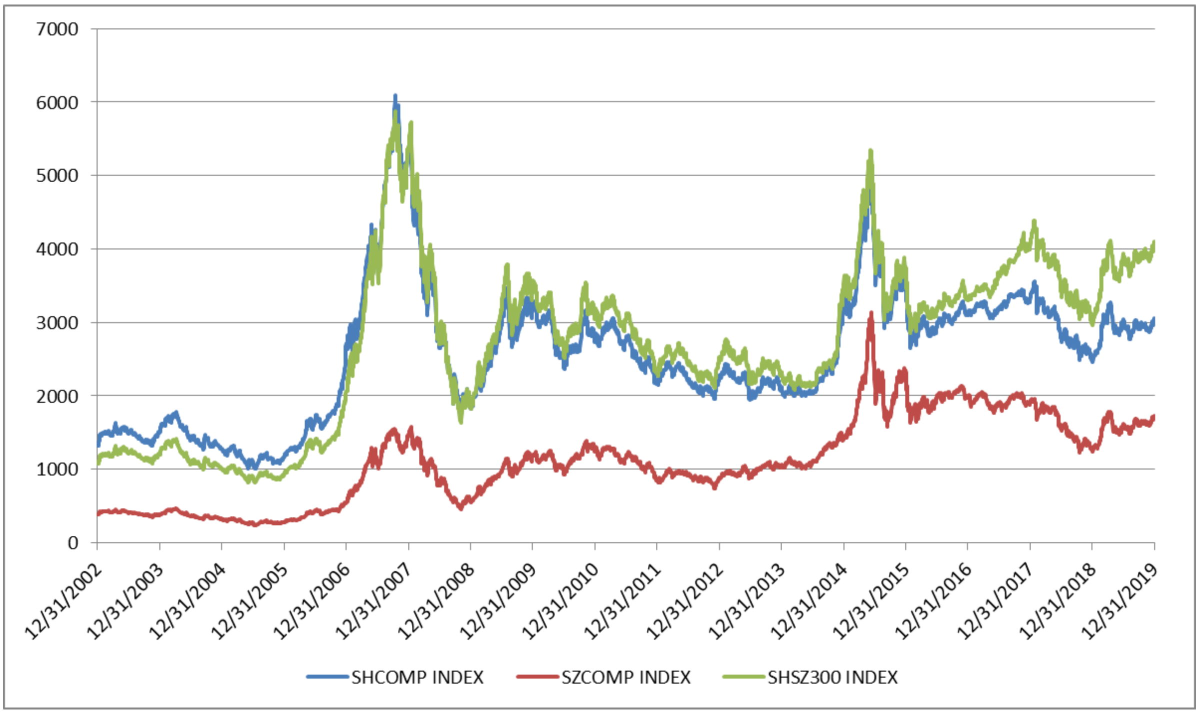
In terms of investor breakdown, there is an increasing number of institutional investors participating in the A-Share market since the inception, which include securities investment funds, social pension funds, QFIIs, insurance companies, ordinary investment institutions. However, on a daily basis, retail investors still make up for the majority of the trading volume.

Chart 1. Shanghai and Shenzhen Composite Index price and the CSI 300 Index price

SHCOMP Index (Shanghai Stock Exchange Composite Index)

SZCOMP Index (Shenzhen Stock Exchange Composite Index)

SHSZ300 Index (CSI 300 Index)



Data source: Bloomberg as of 31 December 2019

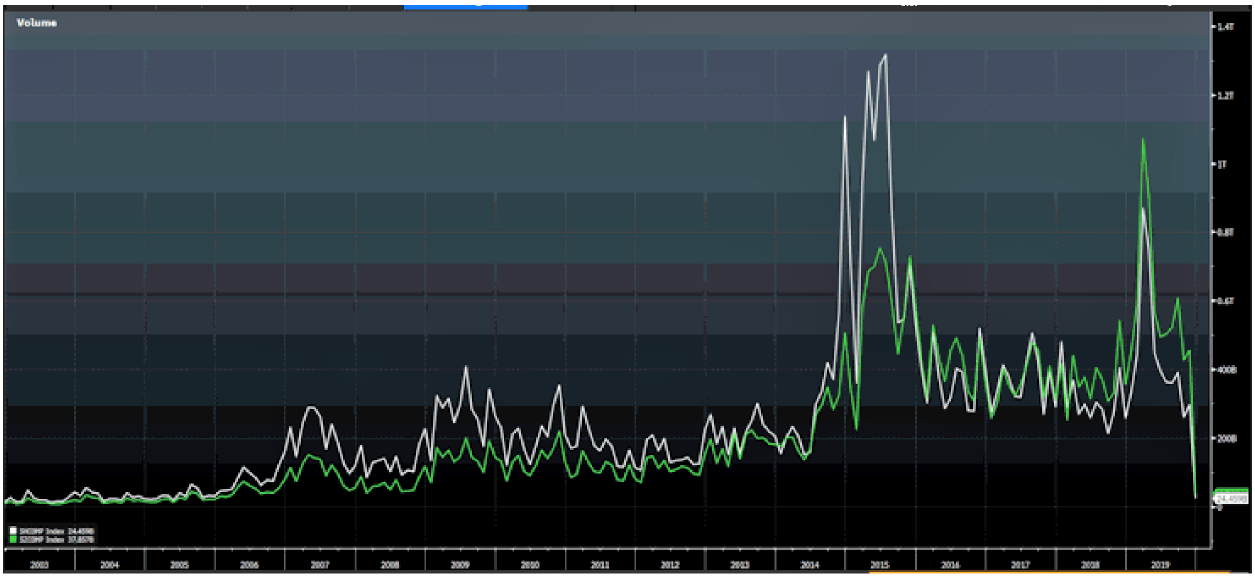
Chart 2. Total market capitalisation of both Shanghai Stock Exchange and Shenzhen Stock Exchange – Main Board

MCSHTOT Index (Shanghai Stock Exchange Total Market Capitalization, white line)

MCSZTOT Index (Shenzhen Stock Exchange Total Market Capitalization, lime line)

Data source: Bloomberg as of 31 December 2019

Chart 3. Trading volumes of SSE and SZSE



Data source: Bloomberg as of 31 December 2019

Note: The white line represents Shanghai Composite Index and the green line represents Shenzhen Composite Index

Differences with Hong Kong's stock market

	PRC	**Hong Kong**

Key indexes	SHCOMP / SZCOMP / CSI 300	HSI / HSCEI
Trading band limits	• 10% for ordinary stocks • 5% for ST/S stocks*	No Limit
Trading lots	100 shares for BUY / 1 share for SELL **	Each stock has its own individual board lot size (an online broker will usually display this along with the stock price when you get a quote); purchases in amounts which are not multiples of the board lot size are done in a separate "odd lot market".
Trading hours	pre-open: 0915-0925 morning session: 0930-1130 afternoon session: 1300-1500 (1457-1500 is closing auction for the Shenzhen Stock Exchange)	pre-open order input: 0900-0915 pre-order matching 0915-0920 order matching: 0920-0928 morning session: 0930-1200 afternoon session: 1300-1600 auction session: 1600 to a random closing between 1608 p.m. and 1610 p.m.
Settlement	T+1	T+2
Earnings reporting requirements	Annual report: • Full annual report must be disclosed within 4 months after the reporting period. Interim report: • Full report must be disclosed within 2 months after the reporting period. Quarterly report: • Full report must be disclosed within 1 month after the reporting period. The first quarterly report cannot be disclosed before last year's annual report.	Annual report: • Earnings must be disclosed within 3 months after the reporting period; • Full annual report must be disclosed within 4 months after the reporting period. Interim report: • Earnings must be disclosed within 2 months after the reporting period; • Full report must be disclosed within 3 months after the reporting period.

Note:

** 1) ST stocks refer to special treatment stocks, which means special treatment for companies with financial problems (consecutive 2 fiscal years loss or audited net assets per share less than par value in most recent fiscal year), effective date starting from 22 April 1998. Stocks with ST usually means they have delisting risk.*

2) S stocks refer to those stocks has not yet performed the "split share structure reform".

*** Purchasing in odd lot is not allowed while selling in odd lot is allowed in the A-Share market, with no price difference between odd lot and round lot trading.*

DISTRIBUTION POLICY

The Global X CSI 300 ETF aims to pay annual cash distribution (in May each year), out of its net income earned and at the discretion of the Manager. Details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website https://www.globalxetfs.com.hk/ (this website has not been reviewed by the Commission). There can be no assurance that a distribution will be paid. The amount or rate of distribution (if any) is not guaranteed. Distribution will not be paid out of or effectively out of capital.

Each Unitholder will receive distributions in RMB (whether holding RMB traded Units or HKD traded Units).

PRC TAX PROVISIONS

The "Notice on the temporary exemption of Corporate Income Tax on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and RQFII" (Caishui [2014] No. 79) ("**Notice No. 79**") promulgated by the Ministry of Finance ("**MOF**"), the STA and the CSRC stipulates that trading of A-Shares through QFIIs, RQFIIs (without an establishment or place of business in the PRC or having an establishment in the PRC but the income so derived in China is not effectively connected with such establishment) will be temporarily exempted from PRC corporate income tax ("**CIT**") on gains derived from the transfer of PRC equity investment assets (including A-Shares) effective from 17 November 2014.

Pursuant to the "Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect" (Caishui [2014] No. 81) ("**Notice No. 81**") and the "Notice about the tax policies related to the Shenzhen-Hong Kong Stock Connect" (Caishui [2016] No. 127) ("**Notice No. 127**") promulgated by MOF, STA and CSRC on 14 November 2014 and on 5 November 2016 respectively, CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Global X CSI 300 ETF) on the trading of A-Shares through the Stock Connect.

In light of the regulations as stipulated in Notice No. 79, Notice No. 81 and Notice No. 127 and based on professional and independent tax advice, the Manager does not intend to make any withholding income tax provision on the gross unrealised and realised capital gains derived from trading of A-Shares.

THE INDEX

The CSI 300 Index is a free float adjusted, category-weighted index which measures the performance of A-Shares traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange. The CSI 300 Index consists of the 300 stocks with the largest market capitalisation and good liquidity from the entire universe of listed A-Share companies in the PRC. The CSI 300 Index is calculated and disseminated in RMB on a real-time basis and is maintained by China Securities Index Co., Ltd. ("**CSI**" or the "**Index Provider**"). The CSI 300 Index is quoted in RMB.

Please refer to the section "Index Description" for detailed information on the CSI 300 Index.

RISK FACTORS RELATING TO THE GLOBAL X CSI 300 ETF

In addition to the principal risk factors common to all Investment Funds set out in Part 1 of this Prospectus, investors should also consider the potential risks associated with investing in the Global X CSI 300 ETF including those set out below. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Global X CSI 300 ETF.

Securities Lending Transactions Risk. The Global X CSI 300 ETF may be exposed to the following risks as a result of entering into securities lending transactions:

Counterparty risk: The borrower may fail to return the securities in a timely manner or at all. The Global X CSI 300 ETF may as a result suffer from a loss or delay when recovering the securities lent out. This may restrict the Global X CSI 300 ETF's ability in meeting delivery or payment obligations from redemption requests.

Collateral risk: As part of the securities lending transactions, the Global X CSI 300 ETF must receive at least 100% of the valuation of the securities lent as collateral marked-to-market on a daily basis. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the collateral, adverse market movements in the collateral value, change of value of securities lent. This may cause significant losses to the Global X CSI 300 ETF if the borrower fails to return the securities lent out. The Global X CSI 300 ETF may also be subject to liquidity and custody risk of the collateral, as well as legal risk of enforcement.

Operational risk: By undertaking securities lending transactions, the Global X CSI 300 ETF is exposed to operational risks such as delay or failure of settlement. Such delays and failure may restrict the Global X CSI 300 ETF's ability in meeting delivery or payment obligations from redemption requests.

Risks associated with the RQFII regime

RQFII systems risk. The current RQFII Regulations include rules on investment restrictions applicable to the Global X CSI 300 ETF. Transaction sizes for RQFIIs are relatively large (with the corresponding heightened risk of exposure to decreased market liquidity and significant price volatility leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities).

Onshore PRC securities are registered in the joint names of the Manager (as the RQFII holder) and the Global X CSI 300 ETF in accordance with the relevant rules and regulations, and maintained in electronic form via a securities account with the CSDCC. The account is required to bear the name of "Mirae Asset Global Investments (Hong Kong) Limited" as this is the name under which the RQFII is approved by the relevant regulator. The RQFII selects a PRC broker (the "**PRC Broker**") to act on its behalf in each of the two onshore PRC securities markets as well as the PRC Custodian to maintain its assets in custody in accordance with the terms of the PRC Custody Agreement.

In the event of any default of either the relevant PRC Broker or the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the Global X CSI 300 ETF may encounter delays in recovering its assets which may in turn adversely impact the Net Asset Value of the Global X CSI 300 ETF.

The Investment Fund may suffer substantial losses if the approval of the RQFII is being revoked/terminated or otherwise invalidated as the Investment Fund may be prohibited from trading of relevant securities and repatriation of the Investment Fund's monies, or if any of the key operators or parties (including RQFII custodian/brokers) is illiquid/bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

The regulations which regulate investments by RQFIIs in the PRC and the repatriation of capital from RQFII investments are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

PRC Custodian and PRC Broker risk. Onshore PRC assets will be maintained by the PRC Custodian in electronic form via a securities account with the CSDCC and a special deposit account with the PRC Custodian.

The RQFII also selects the PRC Broker to execute transactions for the Global X CSI 300 ETF in the PRC markets. When selecting PRC Broker(s), the Manager will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. In respect of the Global X CSI 300 ETF, the Manager may appoint not more than three PRC Brokers for each market (the Shenzhen Stock Exchange and the Shanghai Stock Exchange respectively) in the PRC. If the Manager considers appropriate, it is possible that a single PRC Broker will be appointed for both the Shenzhen Stock Exchange and the Shanghai Stock Exchange.

Should, for any reason, the Manager be unable to use the relevant broker in the PRC, the operation of the Global X CSI 300 ETF would be adversely affected and may cause Units to trade at a premium or discount to the Global X CSI 300 ETF's Net Asset Value or unable to track the Index. The Global X CSI 300 ETF may also incur losses due to the acts or omissions of either the PRC Broker(s) or the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities. Subject to the applicable laws and regulations in the PRC, the Manager will make arrangements to ensure that the relevant PRC Broker and PRC Custodian have appropriate procedures to properly safe-keep the Global X CSI 300 ETF's assets.

According to the RQFII Regulations and market practice, the securities and special deposit accounts for the Global X CSI 300 ETF in the PRC are maintained in the joint names of the Manager as the RQFII and the Global X CSI 300 ETF. Although the Manager has obtained a legal opinion that the assets in such securities account would belong to the Global X CSI 300 ETF, such opinion cannot be relied on as being conclusive, as the RQFII Regulations are subject to the interpretation of the relevant authorities in the PRC.

Investors should note that cash deposited in the special deposit account of the Global X CSI 300 ETF with the PRC Custodian will not be segregated but will be a debt owing from the PRC Custodian to the Global X CSI 300 ETF as a depositor. Such cash will be co-mingled with cash belong to other clients of the PRC Custodian. In the event of bankruptcy or liquidation of the PRC Custodian, the Global X CSI 300 ETF will not have any proprietary rights to the cash deposited in such special deposit account, and the Global X CSI 300 ETF will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the PRC Custodian. The Global X CSI 300 ETF may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Global X CSI 300 ETF will suffer losses.

Repatriation risk. Repatriations by RQFIIs in respect of an investment fund such as the Global X CSI 300 ETF conducted in RMB are permitted daily and are not subject to any lock-up periods or prior approval. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any new restrictions on repatriation of the invested capital and net profits may impact on the Global X CSI 300 ETF's ability to meet realisation requests.

Risks associated with the Stock Connect. The Global X CSI 300 ETF's investments through the Stock Connect may be subject to the following risks. In the event that the Global X CSI 300 ETF's ability to invest in A-Shares through the Stock Connect on a timely basis is adversely affected, Global X CSI 300 ETF's ability to achieve its investment objective may be affected. However, it will also seek to rely on its RQFII status to achieve its investment objective.

Quota limitations: The Stock Connect is subject to quota limitations. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the Global X CSI 300 ETF's ability to invest in A-Shares through the Stock Connect on a timely basis, and the Global X CSI 300 ETF may not be able to effectively pursue its investment strategies.

Suspension risk: It is contemplated that each of the SEHK, the SSE and the SZSE would reserve the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through Stock Connect is effected, the Global X CSI 300 ETF's ability to access the PRC market will be adversely affected. In such event, the Global X CSI 300 ETF's ability to achieve its investment objective could be negatively affected.

Differences in trading day: The Stock Connect only operates on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. Therefore, it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong stock markets or banks are closed and overseas investors (such as the Global X CSI 300 ETF) cannot carry out any A-Shares trading. Due to the differences in trading days, the Global X CSI 300 ETF may be subject to a risk of price fluctuations in A-Shares on a day that the PRC stock markets are open for trading but the Hong Kong stock market is closed.

Operational risk: The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly. The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this programme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

Market participants generally have configured and adapted their operational and technical systems for the purpose of trading A-Shares through the Stock Connect. However, it should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the programme to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect requires routing of orders across the border. SEHK has set up an order routing system to capture, consolidate and route the cross-boundary orders input by exchange participants. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. The Global X CSI 300 ETF's ability to access the A-Shares market (and hence to pursue its investment strategy) will be adversely affected.

Restrictions on selling imposed by front-end monitoring: PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on A-Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

Generally, if the Global X CSI 300 ETF desires to sell certain A-Shares it holds, it must transfer those A-Shares to the respective accounts of its brokers before the market opens on the day of selling ("**Trading Day**"). If it fails to meet this deadline, it will not be able to sell those shares on the Trading Day. Because of this requirement, the Global X CSI 300 ETF may not be able to dispose of holdings of A-Shares in a timely manner.

However, the Global X CSI 300 ETF will request a custodian to open a special segregated account ("**SPSA**") in CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK) to maintain its holdings in A-Shares under the enhanced pre-trade checking model. Each SPSA will be assigned a unique "Investor ID" by CCASS for the purpose of facilitating China Stock Connect System to verify the holdings of an investor such as the Global X CSI 300 ETF. Provided that there is sufficient holding in the SPSA when a broker inputs the

Global X CSI 300 ETF's sell order, the Global X CSI 300 ETF will be able to dispose of its holdings of A-Shares (as opposed to the practice of transferring A-Shares to the broker's account under the current pre-trade checking model for non-SPSA accounts). Opening of the SPSA accounts for the Global X CSI 300 ETF will enable it to dispose of its holdings of A-Shares in a timely manner.

Recalling of eligible stocks: If a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold and cannot be bought. This may affect the Global X CSI 300 ETF's ability to invest in A-Shares through the Stock Connect.

Clearing and settlement risk: The HKSCC and CSDCC establish clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house. Should the remote event of CSDCC default occur and the CSDCC be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against the CSDCC. HKSCC will in good faith seek recovery of the outstanding stocks and monies from the CSDCC through available legal channels or through the CSDCC's liquidation. In that event, the Global X CSI 300 ETF may suffer delay in the recovery process or may not be able to fully recover its losses from the CSDCC.

Regulatory risk: The Stock Connect is novel in nature, and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect. It should be noted that the current regulations and rules on Stock Connect are subject to change which may have potential retrospective effect. There can be no assurance that the Stock Connect will not be abolished. The Global X CSI 300 ETF, which may invest in the PRC stock markets through the Stock Connect, may be adversely affected as a result of such changes.

No protection by Investor Compensation Fund: Investments through the Stock Connect are conducted through brokers, and are subject to the risks of default by such brokers' in their obligations. The Global X CSI 300 ETF's investments through Northbound trading under the Stock Connect are not covered by Hong Kong's Investor Compensation Fund. Therefore the Global X CSI 300 ETF is exposed to the risks of default of the broker(s) it engages in its trading in A-Shares through the programme. Further, since the Global X CSI 300 ETF is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, it is not protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in the PRC.

Participation in corporate actions and shareholders' meetings: HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the CCASS participants informed of corporate actions of SSE Securities and SZSE Securities. Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders' meetings when instructed. Further, investors (with holdings reaching the thresholds required under the PRC regulations and the articles of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements. Hong Kong and overseas investors (including the Global X CSI 300 ETF) are holding SSE Securities and SZSE Securities traded via the Stock Connect through their brokers or custodians, and they will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be very short. Therefore, it is possible that the Global X CSI 300 ETF may not be able to participate in some corporate actions in a timely manner.

PRC taxation risk. By investing in A-Shares listed on the PRC stock exchanges, the Global X CSI 300 ETF may be subject to PRC CIT. Notice No. 79 states that QFIIs and RQFIIs (without a PE in the PRC or having a PE in the PRC but the income so derived in China is not effectively connected with such PE) will be temporarily exempt from CIT on gains derived from the transfer of PRC equity investment assets (including A-Shares) effective from 17 November 2014. In this connection, pursuant to Circular 79 and based on professional and independent tax advice, no PRC CIT provision will be made for gross realised or unrealised capital gains derived from investments in A-Shares by the Global X CSI 300 ETF through the Manager's status as a RQFII.

In addition, pursuant to Notice No. 81, Notice No. 127 and professional and independent tax advice, CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Global X CSI 300 ETF) on the trading of A-Shares through the Stock Connect. Based on Notice No. 81 and Notice No. 127, no provision for gross realised or unrealised capital gains derived from trading of A-Shares via the Stock Connect is made by the Manager on behalf of the Global X CSI 300 ETF.

It should be noted that the tax exemptions granted under Notice No. 79, Notice No. 81 and Notice No. 127 are temporary. As such, as and when the PRC tax authorities announce the expiry date of the tax exemption or change the current interpretation, the Global X CSI 300 ETF may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of the Global X CSI 300 ETF.

There is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. There are also risks and uncertainties associated with the current PRC tax laws, regulations and practice, and the potential application of tax treaties in respect of capital gains realized by the Global X CSI 300 ETF on its investments in the A-Shares. The Manager reserves the right to provide for PRC CIT or other taxes on capital gains or income and withhold the tax for the account of the Global X CSI 300 ETF if there is any future change in the PRC tax rules. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and change its tax provision policy and the tax provision amount in respect of the Global X CSI 300 ETF accordingly. Any change to the tax provision policy or the amount of tax provision in respect of the Global X CSI 300 ETF will be notified to the Unitholders.

In view of the uncertainties of changes and developments in the PRC tax rules, investors should note that if actual tax is collected by the STA and the Global X CSI 300 ETF is required to make payments reflecting tax liabilities for which no provision has been made, the Net Asset Value of the Global X CSI 300 ETF may be adversely affected, as the Global X CSI 300 ETF will ultimately have to bear the full amount of tax liabilities. In this case, the tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Global X CSI 300 ETF, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Global X CSI 300 ETF. Upon any future resolution of the above-mentioned tax exemption or further changes to the PRC tax law or policies, the Manager will, as soon as practicable, make relevant adjustments to the amount of tax provision as it considers necessary.

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

Reliance on the Manager risk. Although the Manager has significant experience of managing ETFs and has experience in managing unlisted funds investing primarily in A-Shares, the Manager has no experience of managing ETFs which invest using its RQFII status, and has limited experience in direct investment in the A-Share market. As such, the ability of the Global X CSI 300 ETF to achieve its investment objective may be adversely affected.

Risks associated with the RMB currency

RMB is not freely convertible and subject to exchange controls and restrictions risk. It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. Since 1994, the conversion of RMB into US dollar has been based on rates set by the PBOC, which are set daily based on the previous day's PRC interbank foreign exchange market rate. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. In addition, a market maker system was introduced to the interbank spot foreign exchange market. In July 2008, the PRC announced that its exchange rate regime was further transformed into a managed floating mechanism based on market supply and demand.

Given the domestic and overseas economic developments, the PBOC decided to further improve the RMB exchange rate regime in June 2010 to enhance the flexibility of the RMB exchange rate. In April 2012, the PBOC decided to take a further step to increase the flexibility of the RMB exchange rate by expanding the daily trading band from +/- 0.5% to +/-1%. However it should be noted that the PRC government's policies on exchange control and repatriation restrictions are subject to change, and any such change may adversely impact the Global X CSI 300 ETF. There can be no assurance that the RMB exchange rate will not fluctuate widely against the US dollar or any other foreign currency in the future.

Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of the SAFE. On the other hand, the existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. Nevertheless, the Manager cannot predict whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

RMB trading and settlement of Units risk. The trading and settlement of RMB denominated securities are recent developments in Hong Kong and there is no assurance that there will not be problem with the systems or that other logistical problems will not arise. Although end-to-end simulation trading and clearing of listed RMB products testing sessions and payment pilot runs for participants of the SEHK were held by the SEHK in March, September and October 2011, some brokers may not have participated in such testing sessions and pilot runs and for those who have, not all of them may be able to successfully complete such testing sessions and pilot runs, there is no assurance of their readiness for dealing in RMB denominated securities. Investors should note that not all brokers may be ready and able to carry out trading and settlement of RMB traded Units and thus they may not be able to deal in the RMB traded Units through some brokers. Investors should check with their brokers in advance if they intend to engage Dual Counter trading or in inter-counter transfers and should fully understand the services which the relevant broker is able to provide (as well as any associated fees). Some exchange participants may not provide inter-counter transfer or Dual Counter trading services.

Non-RMB or late settlement realisation risk. Where, in extraordinary circumstances, the remittance or payment of RMB funds on the realisation of Units cannot, in the opinion of the Manager in consultation with the Trustee, be carried out normally due to legal or regulatory circumstances beyond the control of the Trustee and the Manager, realisation proceeds may be delayed or, if necessary in exceptional circumstances, be paid in US dollars or Hong Kong dollars instead of in RMB (at an exchange rate determined by the Manager after consultation with the Trustee). As such, there is a risk that investors may not be able to receive, through Participating Dealers, settlement upon a realisation of Units in RMB (and may receive US dollars or Hong Kong dollars) or may receive settlement in RMB on a delayed basis.

RQFII late settlement risk. The Global X CSI 300 ETF will be required to remit RMB from Hong Kong to the PRC to settle the purchase of A-Shares by the Global X CSI 300 ETF from time to time. In the event such remittance is disrupted, the Global X CSI 300 ETF will not be able to fully replicate the Index by investing in the relevant A-Shares and this may increase the tracking error of the Global X CSI 300 ETF.

Exchange rates movement between the RMB and other currencies risk. Investors in RMB traded Units whose assets and liabilities are predominantly in Hong Kong dollars or in currencies other than RMB should take into account the potential risk of loss arising from fluctuations in value between such currencies and RMB. In addition, investors in HKD traded Units should note that distributions on HKD traded Units will only be paid in RMB. Accordingly, foreign exchange risk will also apply to investors in HKD traded Units. There is no guarantee that RMB will appreciate in value against Hong Kong dollar or any other currency, or that the strength of RMB may not weaken. In such case an investor may enjoy a gain in RMB terms but suffer a loss when converting funds from RMB back into Hong Kong dollars (or any other currency).

Future movements in RMB exchange rates risk. The exchange rate of RMB ceased to be pegged to US dollars on 21 July 2005, resulting in a more flexible RMB exchange rate system. China Foreign Exchange Trading System, authorised by the PBOC, promulgates the central parity rate of RMB against US dollars, Euro, Yen, British Pound and Hong Kong dollars at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of RMB against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors.

There can be no assurance that such exchange rates will not fluctuate widely against US dollars, Hong Kong dollars or any other foreign currency in the future. From 1994 to July 2005, the exchange rate for RMB against US dollar and the Hong Kong dollar was relatively stable. Since July 2005, the appreciation of RMB has begun to accelerate. Although the PRC government has constantly reiterated its intention to maintain the stability of RMB, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of RMB will be further accelerated cannot be excluded. On the other hand, there can be no assurance that RMB will not be subject to devaluation.

Offshore RMB ("CNH") market risk. The onshore RMB ("**CNY**") is the only official currency of the PRC and is used in all financial transactions between individuals, state and corporations in the PRC. Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside the PRC. Since June 2010, the CNH is traded officially, regulated jointly by the Hong Kong Monetary Authority and the PBOC. While both CNY and CNH represent RMB, they are traded in different and separated markets. The two RMB markets operate independently where the flow between them is highly restricted. Though the CNH is a proxy's of the CNY, they do not necessarily have the same exchange rate and their movement may not be in the same direction. This is because these currencies act in separate jurisdictions, which leads to separate supply and demand conditions for each, and therefore separate but related currency markets. Any divergence between CNH and CNY may adversely impact investors.

However, the current size of RMB-denominated financial assets outside the PRC is limited. As at 30 September 2013, the total amount of RMB (CNH) deposits held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately RMB730 billion. In addition, participating authorised institutions are also required by the Hong Kong Monetary Authority to maintain a total amount of RMB (in the form of cash and its settlement account balance with the Renminbi Clearing Bank) of no less than 25% of their RMB deposits, which further limits the availability of RMB that participating authorised institutions can utilise for conversion services for their customers. RMB business participating banks do not have direct RMB liquidity support from PBOC. The Renminbi Clearing Bank only has access to onshore liquidity support from PBOC (subject to annual and quarterly quotas imposed by PBOC) to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement. The Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions.

Although it is expected that the offshore RMB market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the relevant settlement agreements between Hong Kong banks and the PBOC will not be terminated or amended in the future which will have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC may affect the ability of investors to acquire Units or sell Units of the Global X CSI 300 ETF affecting the liquidity and trading price of the Units on the SEHK. To the extent the Manager is required to source RMB in the offshore market, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

RMB distributions risk. Investors should note that where a Unitholder holds Units traded under the HKD counter, the relevant Unitholder will only receive distributions in RMB and not HKD. In the event the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions.

Risk relating to the PRC. Investment in the Global X CSI 300 ETF is subject to the risks associated with investment in the PRC markets. Prospective investors should therefore refer to such specific risks that are specifically identified in the sub-section of this Prospectus titled “Risk Factors” – “Risks Factors relating to the PRC”.

New product risk. The Global X CSI 300 ETF is a physical RQFII, RMB denominated exchange traded fund investing directly in A-Shares. The RQFII regime is relatively new and so makes the Global X CSI 300 ETF riskier than traditional exchange traded funds investing in markets other than the PRC.

Dual Counter risks. The Global X CSI 300 ETF will have Dual Counter traded Units which are traded and settled in RMB under the RMB counter and traded and settled in HKD under the HKD counter. The relative novelty and relatively untested nature of the Dual Counter for exchange traded funds may make investment in the Units riskier than in single counter units or shares of an SEHK listed issuer for example where for some reason there is a settlement failure on an inter-counter transfer if the Units of one counter are delivered to CCASS at the last settlement on a trading day, leaving not enough time to transfer the Units to the other counter for settlement on the same day.

In addition, where there is a suspension of the inter-counter transfers of Units between the HKD counter and the RMB counter and/or any limitation on the level of services by brokers and CCASS participants due to, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant counter. Accordingly it should be noted that the inter-counter transfers may not always be available. Investors are recommended to check the readiness of their brokers/intermediaries in respect of the Dual Counter trading and inter-counter transfer.

There is a risk that the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in RMB due to market liquidity, supply and demand in each counter and the exchange rate between the RMB and the HKD (in both the onshore and the offshore markets). The trading price of HKD traded Units or RMB traded Units is determined by market forces and so will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly when selling Units traded in HKD or buying Units traded in HKD, an investor may receive less or pay more than the equivalent amount in RMB if the trade of the relevant Units is in RMB and vice versa. There can be no assurance that the price of Units in each counter will be equivalent.

Investors without RMB accounts may buy and sell HKD traded Units only. Such investors will not be able to buy or sell RMB traded Units and should note that distributions are made in RMB only. As such investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their dividend.

It is possible that some brokers and CCASS participants may not be familiar with and may not be able to (i) buy Units in one counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade Units in both counters at the same time. In such a case another broker or CCASS participant may need to be used. Accordingly this may inhibit or delay an investor dealing in both HKD traded and RMB traded Units and may mean investors may only be able to sell their Units in one currency. Investors are recommended to check the readiness of their brokers in respect of the Dual Counter trading and inter-counter transfer.

Trading hour's difference risk. As the Shenzhen Stock Exchange and Shanghai Stock Exchange may be open when Units in the Global X CSI 300 ETF are not priced, the value of the securities in the Global X CSI 300 ETF's portfolio may change on days when investors will not be able to purchase or sell the Global X CSI 300 ETF's Units. Furthermore, the market prices of underlying securities listed on the above stock exchanges which are established outside Hong Kong may not be available during part of all of the SEHK trading sessions due to trading hour differences which may result in the trading price of the Global X CSI 300 ETF deviating away from NAV.

A-Share market suspension and volatility risk. A-Shares may only be bought from, or sold to, the Global X CSI 300 ETF from time to time where the relevant A-Shares may be sold or purchased on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, as appropriate. Given that the A-Share market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the creation and realisation of Units may be disrupted. A Participating Dealer is unlikely to realise or create Units if it considers that A-Shares may not be available. High market volatility and potential settlement difficulties in the A-Share market may also result in significant fluctuations in the prices of the securities traded on the A-Share market and thereby may adversely affect the value of the Investment Fund.

Trading risk. Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, retail investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

PRC TAXATION

By investing in Securities (including A-Shares) issued by PRC tax resident enterprises, irrespective of whether such Securities are issued or distributed onshore ("**onshore PRC securities**") or offshore ("**offshore PRC securities**", and together with onshore PRC securities, the "**PRC Securities**"), the Global X CSI 300 ETF may be subject to PRC taxes. It is possible that the current tax laws, regulations and practice in the PRC will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on PRC Securities than currently contemplated. Unitholders should seek their own tax advice on their tax positions with regard to their investments in the Global X CSI 300 ETF.

Corporate Income Tax. If the Global X CSI 300 ETF is considered as a PRC tax resident enterprise, it will be subject to PRC CIT at 25% on its worldwide taxable income. If the Global X CSI 300 ETF is considered as a non-PRC tax resident enterprise with an establishment or place of business ("**PE**") in the PRC, the profits attributable to that PE would be subject to CIT at 25%. Non-resident enterprises without any PE in the PRC are subject to PRC CIT generally at a rate of 10% on its PRC sourced income, including but not limited to passive income (e.g. dividends and interest) and gains arising from transfer of assets etc., unless any specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties.

The Manager intends to manage and operate the Global X CSI 300 ETF in such a manner that the Global X CSI 300 ETF should not be treated as a PRC tax resident enterprise or a non-PRC tax resident with a PE in the PRC for CIT purposes, although this cannot be guaranteed.

Dividend income and interest income – Unless a specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties, non-PRC tax resident enterprises without a PE in the PRC are subject to CIT on a withholding basis, generally at a rate of 10%, to the extent it directly derives the PRC sourced passive income. PRC sourced passive income (such as dividend income or interest income) may arise from investments in the PRC Securities. The entity distributing or paying such PRC sourced passive income is required to withhold such tax. Accordingly, the Global X CSI 300 ETF may be subject to CIT and/or other PRC taxes on any cash dividends, distributions and interest it receives from its investment in PRC Securities.

Pursuant to Notice No. 81 and Notice No. 127, dividends received by Hong Kong market investors (including the Global X CSI 300 ETF) from A-Shares investment via Stock Connect will be subject to 10% CIT and the company distributing the dividend has the withholding obligation.

Circular Guoshuihan (2009) 47 ("**Circular 47**") states that dividend and interest derived by QFII should be subject to PRC CIT at a rate of 10%. In practice, Circular 47 should also apply to RQFII.

Under current regulations in the PRC, foreign investors (such as the Global X CSI 300 ETF) may invest in onshore PRC securities through a QFII/RQFII (in this section and for the Global X CSI 300 ETF referred to as the "relevant RQFII"). The PRC tax authorities may impose tax on the Global X CSI 300 ETF under the name of the relevant RQFII. However under the terms of the arrangement between the relevant RQFII and the Trust, the relevant RQFII will pass on any tax liability to the Trust for the account of the Global X CSI 300 ETF. As such, the Trust is the ultimate party which bears the risks relating to any PRC taxes which are so levied by the relevant PRC tax authority.

Under the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" ("**China-HK Arrangement**"), dividends received by a Hong Kong tax resident holder of shares issued by a PRC tax resident enterprise will be subject to a reduced PRC CIT rate of 5% on the gross amount of the dividends, if (i) the Hong Kong tax resident is the beneficial owner of the dividends; (ii) the Hong Kong tax resident directly holds at least 25% of the equity of the company paying the dividends; and (iii) other relevant treaty conditions are satisfied. Due to the Global X CSI 300 ETF's investment restriction, the Global X CSI 300 ETF will not hold more than 10% of any ordinary shares issued by any single issuer. In this connection, dividends derived from A-

Shares invested through Stock Connect will not be able to benefit from the reduced CIT rate of 5% and the general CIT rate of 10% will be applicable to the Global X CSI 300 ETF.

The Manager reserves the right to make relevant provision on dividends and interest if the CIT is not withheld at source.

Capital gains – Notice No. 79 states that QFIIs and RQFIIs (without a PE in the PRC or having a PE in the PRC but the income so derived in China is not effectively connected with such PE) will be temporarily exempt from CIT on gains derived from the transfer of PRC equity investment assets (including A-Shares) effective from 17 November 2014. In this connection, pursuant to Notice No. 79 and based on professional and independent tax advice, no PRC CIT provision will be made for gross realised or unrealised capital gains derived from investments in A-Shares by the Global X CSI 300 ETF through the Manager's status as a RQFII.

In addition, pursuant to Notice No. 81 and Notice 127, CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Global X CSI 300 ETF) on the trading of A-Shares through the Stock Connect. Based on Notice No. 81, Notice No. 127 and professional and independent tax advice, no provision for gross realised or unrealised capital gains derived from trading of A-Shares via the Stock Connect is made by the Manager on behalf of the Global X CSI 300 ETF.

It should be noted that the tax exemptions granted under Notice No. 79, Notice No. 81 and Notice No. 127 are temporary. As such, as and when the PRC tax authorities announce the expiry date of the tax exemption or change the current interpretation, the Global X CSI 300 ETF may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of the Global X CSI 300 ETF.

There is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. The Manager reserves the right to provide for PRC CIT or other taxes on capital gains or income and withhold the tax for the account of the Global X CSI 300 ETF if there is any future change in the PRC tax rules. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and change its tax provision policy and the tax provision amount in respect of the Global X CSI 300 ETF accordingly. Any change to the tax provision policy or the amount of tax provision in respect of the Global X CSI 300 ETF will be notified to the Unitholders.

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

Value-added Tax ("VAT") and other surcharges. The MOF and the STA issued Caishui [2016] No.36 ("**Circular 36**") on 23 March 2016 announcing that VAT transform program covers all the remaining industries of the program, including financial services. Circular 36 has taken effect from 1 May 2016, unless otherwise stipulated therein. Pursuant to Circular 36, gains realised by taxpayers from trading of marketable PRC securities would generally be subject to VAT instead of Business Tax at 6%.

Capital gains – According to Circular 36 and Caishui [2016] No. 70 ("**Circular 70**"), gains derived by QFIIs and RQFIIs from the trading of onshore Chinese securities (including A-Shares and other PRC listed securities) are exempt from VAT since 1 May 2016.

Based on Circular 36 and Circular 127, the gains derived from transfer of A-Shares through the Shanghai-Hong Kong Stock Connect are exempt from VAT since 1 May 2016 and the gains derived from transfer of A-Shares through the Shenzhen-Hong Kong Stock Connect are exempt from VAT since 5 December 2016.

However, other than the VAT exemption in the paragraph above, Circular 36 shall apply to levy VAT at 6% on the difference between the selling and purchase prices in trading of those marketable securities.

Dividend income and interest income – Dividend income or profit distributions on equity investment derived from China are not included in the taxable scope of VAT. According to Circular 36, interest on deposit (e.g. interest derived from deposit in PRC Custodian) is not subject to VAT.

If VAT is applicable, there are also other surcharges (which include Urban Construction and Maintenance Tax, Education Surcharge and Local Education Surcharge) that would amount to as high as 12% of VAT payable.

Stamp duty. Stamp duty is levied on the execution or use in the PRC of certain taxable documents, such as documentation effecting the transfer of equity interests in Chinese companies, the sale of A-Shares and B-Shares, the purchase and sale of goods, contract documents issued for process contracting, construction contracting, property leasing, and other documents listed in the PRC's provisional rules on stamp duty. In the case of contracts for sale of A-Shares and B-Shares, such stamp duty is currently imposed on the seller but not on the buyer, at the rate of 0.1%.

According to Notice No. 127, the borrowing and return of listed shares in relation to shares guarantee and short-selling by Hong Kong and overseas investors through Stock Connect is exempt from Stamp Duty since 5 December 2016.

FEES AND CHARGES

Management Fees and Servicing Fees

The Manager is entitled to receive a management fee, currently at the rate of 0.25% per annum of the Net Asset Value of the Global X CSI 300 ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The Manager is also entitled to receive a servicing fee but currently intends to waive the servicing fee.

Trustee's Fee

The Trustee receives out of the assets of the Global X CSI 300 ETF a monthly Trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day at the following percentages of the Net Asset Value of the Global X CSI 300 ETF: Up to 0.06% per annum subject to a minimum fee of US$2,500 per month. The Trustee's fee is inclusive of the fee payable to the PRC Custodian.

The Trustee shall also be entitled to be reimbursed out of the assets of the Global X CSI 300 ETF all out-of-pocket expenses incurred.

Registrar's Fee

The Registrar is entitled to receive an ongoing registry service fee of HK$96,000 per annum in respect of Global X CSI 300 ETF. These fees are payable out of the assets of Global X CSI 300 ETF.
The Registrar shall also be entitled to be reimbursed out of the assets of Global X CSI 300 ETF all out-of-pocket expenses incurred.

Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the Global X CSI 300 ETF are summarised in the table below:

Creation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	RMB8,000 per Application. See Note 3.
Application Cancellation Fee	RMB8,000 per Application. See Note 4.
All other duties and charges incurred by the Trustee or the Manager in connection with the creation	As applicable and may include, *inter alia*, brokerage costs and stamp duty charges. See Note 5.

Realisation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	RMB8,000 per Application. See Note 3.
Application Cancellation Fee	RMB8,000 per Application. See Note 4.
All other duties and charges incurred by the Trustee or the Manager in connection with the realisation	As applicable and may include, *inter alia*, brokerage costs and stamp duty charges. See Note 5.

Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the Global X CSI 300 ETF on the SEHK are summarised in the table below:

Brokerage	Market rates
Transaction Levy	0.0027% See Note 6.
Trading Fee	0.005% See Note 7.

Stamp Duty	Nil
Inter-counter transfers	HK$5 See Note 9.

Notes

1. A Transaction Fee of RMB6,000 per Application is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.

2. A service agent fee of HK$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction. A monthly reconciliation fee of HK$5,000 is payable by the Manager to the Service Agent. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.

3. An Extension Fee is payable to the Trustee for the benefit of the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement or partial delivery in respect of a Creation or Realisation Application

4. An Application Cancellation Fee is payable to, and for the account and benefit of, the Trustee in respect of either a withdrawn or failed Creation or Realisation Application.

5. Participating Dealers may apply to the Manager for further details, although it should be noted that the actual duties and charges can only be determined only after the relevant Applications have been effected.

6. A Transaction Levy of 0.0027% of the price of the Units, payable by each of the buyer and the seller.

7. A Trading Fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.

8. This fee is applicable to the Global X CSI 300 ETF, which has adopted a Dual Counter and has RMB and HKD traded Units. HKSCC will charge each CCASS participant a fee of HK$5 per instruction for effecting an inter-counter transfer of the Global X CSI 300 ETF between one counter and the other counter. Investors should check with their brokers regarding any additional fees.

INDEX DESCRIPTION

This section is a brief overview of the CSI 300 Index. It contains a summary of the principal features of the CSI 300 Index and is not a complete description of the CSI 300 Index. As of the date of this Prospectus, the summary of the CSI 300 Index in this section is accurate and consistent with the complete description of the CSI 300 Index. Complete information on the CSI 300 Index appears in the website identified below. Such information may change from time to time and details of the changes will appear on that website.

General Information

The CSI 300 Index is a free float adjusted, category-weighted index which measures the performance of A-Shares traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange. The CSI 300 Index consists of the 300 stocks with the largest market capitalisation and good liquidity from the entire universe of listed A-Share companies in the PRC. The CSI 300

Index is calculated and disseminated in RMB on a real-time basis and is maintained by CSI. The CSI 300 Index is quoted in RMB.

The CSI 300 Index is a price return index. A price return index calculates the performance of the CSI 300 Index constituents on the basis that any dividends or distributions are not reinvested.

The CSI 300 Index was launched on 8 April 2005 and had a base level of 1,000 on 31 December 2004.

As of 31 March 2021, the CSI 300 Index had a total market capitalisation of RMB42.51 trillion and 300 constituents.

Index Calculation

The CSI 300 Index is calculated and disseminated in RMB on a real-time basis and is maintained by the Index Provider, a joint-venture established on 25 August 2005 between the Shanghai Stock Exchange and the Shenzhen Stock Exchange, which specialises in the management of securities indices and the provision of related services.

The Manager (and each of its Connected Persons) is independent of CSI.

Index Calculation Method

The CSI 300 Index is weighted by adjusted capital stock and calculated using the Paasche weighted composite price index formula. The adjusted capital stock is obtained using the classification and rounding off method, as shown in the following table:

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

Calculation Formula

$$\text{Index for a given reporting period} = \frac{\text{adjusted market cap of constituents during reporting period}}{\text{base period}}$$ Cash / In-kind

Where: adjusted market cap = ∑ (market price x adjusted number of shares of the constituent's capital stock)

Index Maintenance

The CSI 300 Index is maintained using the "divisor adjustment methodology." In the event of a change in the list of constituents or in a constituent's equity structure, or a change in the adjusted market capitalisation of a constituent stock due to non-trading factors, the old divisor is adjusted by means of the divisor adjustment methodology, so as to maintain the continuity of the index. The adjustment formula is as follows:

$$\frac{\text{adjusted market cap before divisor adjustment}}{\text{old divisor}} = \frac{\text{adjusted market cap after divisor adjustment}}{\text{new divisor}}$$

Where: "adjusted market cap after divisor adjustment" = adjusted market cap before divisor adjustment + increase (decrease) in adjusted market capitalisation. The new divisor (i.e. the adjusted divisor, also known as the new base period) is obtained from this formula and used to calculate the CSI 300 Index.

Circumstances under which maintenance of the CSI 300 Index is required include the following:

(a) ex-right: whenever bonus shares or rights are issued for a constituent stock, the CSI 300 Index is adjusted the day before such issuance; adjusted market cap after divisor adjustment = ex-right quote x number of shares of capital stock after the stock started to trade ex-right + adjusted market cap before divisor adjustment (excluding ex-right shares);

(b) suspension of trading: if a constituent stock is suspended from trading, its last trading price is used to calculate the CSI 300 Index, until trading is resumed;

(c) other corporate events such as second offering or exercise of warrants:

   (i) if the cumulative change of constituent shares is more than 5%, the CSI 300 Index is adjusted the day before the change; adjusted market cap after the adjustment = closing price x adjusted number of shares after the change;

   (ii) if the cumulative change of constituent shares is less than 5%, the CSI 300 Index is adjusted in the next regular review; and

(d) when there is a periodic adjustment or an ad hoc adjustment of the list of constituent stocks of the CSI 300 Index, the CSI 300 Index is adjusted prior to the date of the change.

Index Advisory Committee

CSI has established an index advisory committee (the "**Index Advisory Committee**"), which is responsible for the evaluation, consulting and examination of CSI index methodologies.

Index Universe

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

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

(b) the Stock is not designated for special treatment or potential delisting by any of the CSRC, the Shanghai Stock Exchange or the Shenzhen Stock Exchange as a result of continuous financial losses.

Selection Criteria

Index constituents are selected as follows and the candidate constituents should have good performance without serious financial problems or laws and regulations breaking events and with no large price volatility that shows strong evidence of manipulated CSI:

(a) Calculates the A-Shares daily average trading value and A-Shares daily average total market value during the most recent year for stocks in the Index Universe, or in case of a new issue, during the fourth trading day that it was a public company;

(b) Ranks the Stocks in the universe by A-Shares daily average trading value of the most recent year in descending order and delete the bottom ranked 50% stocks;

(c) Ranks the remaining stocks by A-Shares daily average market value of the most recent year in descending order, those who rank top 300 are selected as Index constituents.

Index Periodical Review

The constituents of the CSI 300 Index (each an "**Index Constituent**") are reviewed every 6 months by the Index Advisory Committee, which usually meets in the end of May and November every year. The Index Constituents are adjusted according to the periodical review and any changes to the composition of the CSI 300 Index are implemented after market close of the second Friday of June and December each year.

The number of constituents adjusted at each periodical review will not exceed 10% and CSI has adopted buffer zone rules in order to minimize the CSI 300 Index turnover. Existing Index Constituents ranked in the top 60% by daily average trading value of the most recent year in descending order in the Index Universe will be included in the next stage to be ranked by daily average market value of the most recent year in descending order. New candidate stocks ranked in top 240 (by decreasing order of free float market capitalisation) within the Selection Universe will be given priority to be selected as Index Constituents. Existing Index Constituents ranked in top 360 (by decreasing order of free float market capitalisation) will be given priority to remain in the CSI 300 Index.

Index Adjustments

Necessary adjustments are made by CSI when some corporate events happen so as to maintain the representativeness and investability of the CSI 300 Index. Such events include without limitation the bankruptcy, restructuring, merger, acquisition and spin-off, of an Index Constituent issuer and the delisting, temporary suspension from trading and re-issuance, of an Index Constituent.

In general, CSI will publicise Index Constituent adjustments lists as soon as practicable after the adjustments are decided and before their implementation.

Index Constituent

You can obtain the list of the constituents of the CSI 300 Index, their respective weightings and additional details of the index methodology on www.csindex.com.cn (this website has not been reviewed by the Commission).

Index Codes

Shanghai Stock Exchange Quote System Code: 000300
Shenzhen Stock Exchange Quote System Code: 399300
Bloomberg Code: SHSZ300
Reuters Code: CSI300

Index Licence

The Manager has entered into a licence agreement with the Index Provider, CSI. The term of the licence agreement commenced on 26 August 2014 and should remain in full force and effect for five years. The licence agreement should renew automatically for three year terms, subject to the terms of the licence agreement.

Index Disclaimer

The CSI 300 Index is compiled and calculated by CSI. All copyright in the Index values and constituent list vest in CSI. CSI will apply all necessary means to ensure the accuracy of the CSI 300 Index. However, CSI does not guarantee its instantaneity, completeness or accuracy, nor shall it be liable (whether in negligence or otherwise) to any person for any error in the CSI 300 Index or under any obligation to advise any person of any error therein.

APPENDIX 4–GLOBAL X CHINA BIOTECH ETF

This part of the Prospectus sets out specific information applicable to the Global X China Biotech ETF (formerly known as Mirae Asset Horizons China Biotech ETF). Prospective investors' attention is drawn to "Risk Factors relating to the Global X China Biotech ETF" below.

KEY INFORMATION

The following table is a summary of key information in respect of the Global X China Biotech ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("**ETF**")
Tracked Index	Solactive China Biotech Index NTR Type: Net total return Inception Date: 18 April 2019 Number of constituents: 20 (as at 31 March 2020) Base Currency of Index: Renminbi ("**RMB**")
Initial Issue Date	24 July 2019
Listing Date	25 July 2019
Exchange Listing	SEHK - Main Board
Stock Code	HKD counter: 2820 USD counter: 9820
Trade Lot Size	HKD counter: 50 Units USD counter: 50 Units
Base Currency	Renminbi (RMB)
Trading Currency	United States dollars (USD) – USD counter Hong Kong dollars (HKD) – HKD counter
Dividend Policy	Global X China Biotech ETF aims to pay annual cash distribution (in May each year), having regard to Global X China Biotech ETF's net income after fees and costs and subject to the Manager's discretion. The amount or rate of distribution (if any) is not guaranteed.

	The Manager may, at its discretion, pay distributions out of capital. Distributions on all Units (USD counter Units and HKD counter Units) will be in RMB only#
Application Unit Size for Creation/Realisation by Participating Dealers	Minimum 50,000 Units (or multiples thereof)
Method(s) of Creation/Realisation available (through Participating Dealer)	Cash (RMB) only
Investment Delegate	No investment delegate has been appointed
Market Makers*	Flow Traders Hong Kong Limited Mirae Asset Securities (HK) Limited
Participating Dealers*	China Merchants Securities (HK) Co., Limited ABN AMRO Clearing Hong Kong Ltd Haitong International Securities Company Limited Mirae Asset Securities (HK) Limited
Listing Agent	Altus Capital Limited
Financial Year	Ending 31 March each year, and the first financial year of the Global X China Biotech ETF is 31 March 2020
Management Fee	The Global X China Biotech ETF adopts a single management fee structure. The current rate of Single Management Fee is 0.68% per annum of the NAV accrued daily and calculated as at each Dealing Day.
Website	https://www.globalxetfs.com.hk/

Both HKD traded Units and USD traded Units will receive distributions in RMB only. In the event that the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such distribution from RMB into HKD or USD or any other currency. Unitholders are advised to check with their brokers for arrangements concerning distributions and to consider the risk factor entitled "RMB distributions risk" below.

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers for the Investment Fund.*

EXCHANGE LISTING AND TRADING

Creation and Realisation

Participating Dealers (acting for themselves or for their clients) may continue to apply for Units by means of Creation Applications on each Dealing Day by transferring cash in accordance with the Operating Guidelines.

Units may be realised by cash realisation through Participating Dealers in Application Unit size or multiples thereof. However, notwithstanding the Dual Counter, realisation proceeds shall be paid in RMB only.

The dealing period on each Dealing Day for a Creation Application or a Realisation Application commences at 9:00 a.m. (Hong Kong time)] and ends at the Dealing Deadline at 11:00 a.m.(Hong Kong time)], as may be revised by the Manager from time to time. Please note that the Participating Dealers may impose different cut-off times for the dealing period for the Primary Market Investor.

Notwithstanding a Dual Counter being adopted:

(a) all Creation Applications must be made in cash (in RMB only). Units which are created must be deposited in CCASS as HKD counter Units (i.e. tradable in HKD only) or USD counter units (i.e. tradable in USD only); and

(b) although a Participating Dealer may withdraw from any of the trading counter (i.e. either HKD counter or USD counter), any cash proceeds received by a Participating Dealer in a cash Realisation Application shall be paid only in RMB. Both HKD traded Units and USD traded Units may be realised by way of a Realisation Application (through a Participating Dealer). Where a Participating Dealer wishes to realise HKD traded Units, the realisation process is the same as for USD traded Units.

Units are listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges.

If trading of the Units of the Global X China Biotech ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

Dual Counter

The Manager has arranged for the Units to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Units are denominated in RMB. Despite the Dual Counter arrangement, the creation of new Units and realisation of Units in the primary market are settled in RMB only. The Global X China Biotech ETF offers two trading counters on the SEHK (i.e. USD counter and HKD counter) to investors for secondary trading purposes. Units traded in USD counter will be settled in USD and Units traded in HKD counter will be settled in HKD. Apart from settlement in different currencies, the trading prices of Units in the two counters may be different as the USD counter and HKD counter are two distinct and separate markets.

Units traded on both counters are of the same class and all Unitholders of both counters are treated equally. The two counters will have different stock codes, different stock short names and different ISIN numbers as follows: USD counter and traded Units have a SEHK stock code 9820 and a short name "MR CN BIOTECH-U" whilst the HKD counter and traded Units have a SEHK stock code 2820 and a short name "MR CN BIOTECH". The ISIN for USD counter and traded Units is HK0000516689 and the ISIN for HKD counter and traded Units is HK0000516697.

Normally, investors can buy and sell Units traded in the same counter or alternatively buy in one counter and sell in the other counter provided their brokers provide both HKD and USD trading services at the same time and offer inter-counter transfer services to support Dual Counter trading. Inter-counter buy and sell is permissible even if the trades take places within the same trading day. However, investors should note that the trading price of Units traded in the USD counter and that of HKD counter may be different and may not always maintain a close relationship depending on factors such as market demand and supply and liquidity in each counter.

More information with regard to the Dual Counter is available in the frequently asked questions in respect of the Dual Counter published on HKEX's website https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/Dual-Tranche-Dual-Counter-Model?sc_lang=en.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factors below entitled "Dual Counter risks" and "Inter-Counter Trading risks".

INVESTMENT OBJECTIVE AND STRATEGY

The Global X China Biotech ETF seeks to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Underlying Index.

The Manager intends to adopt a full replication strategy through investing all, or substantially all, of the assets of the Global X China Biotech ETF directly in all securities constituting the Underlying Index in substantially the same weightings as these securities have in the Underlying Index to achieve the investment objective of the Global X China Biotech ETF.

Where the adoption of a full replication strategy is not efficient or practicable or where the Manager considers appropriate in its absolute discretion, the Manager may pursue a representative sampling strategy and hold a representative sample of the constituent securities of the Underlying Index selected by the Manager using quantitative analytical models to derive a portfolio sample.

Investors should note that the Manager may switch between the full replication strategy and the representation sampling strategy without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the Global X China Biotech ETF by tracking the Underlying Index as closely (or efficiently) as possible for the benefit of investors.

For an explanation on full replication strategy and representative sample strategy, please refer to the section headed "Investment Policies" in Part 1 of this Prospectus.

In relation to the Global X China Biotech ETF's investments in A-Shares, the Manager will invest via the Stock Connect (as explained in the section "What is Stock Connect?" below).

Currently, the Global X China Biotech ETF has no intention to use any FDIs for investment purposes, but may use financial derivative instruments for hedging purposes only. In addition, the Global X China Biotech ETF will not enter into sale and repurchase transactions, reverse repurchase transactions or other similar over-the-counter transactions. Should there be any change in such intention, the Manager will seek prior approval of the Commission if required and not less than one month's prior notice (or such other notice period as agreed with the Commission) will be given to Unitholders.

The investment strategy of the Global X China Biotech ETF is subject to the investment and borrowing restrictions set out in Part 1 of the Prospectus.

SECURITIES LENDING TRANSACTIONS

The Manager may, on behalf of the Global X China Biotech ETF, enter into securities lending transactions with a maximum level of up to 25% and expected level of approximately 20% of the Global X China Biotech ETF's Net Asset Value.

The Manager will be able to recall the Securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Global X China Biotech ETF and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion. Please refer to the sub-section titled "Securities Financing Transactions" of the section headed "Investment and Borrowing Restrictions" in Part 1 of this Prospectus in regard to the details of the arrangements.

As part of the securities lending transactions, the Global X China Biotech ETF must receive cash and/or non-cash collateral (fulfilling the requirements under sub-section titled "Collateral" of the section headed "Investment and Borrowing Restrictions" in Part 1 of this Prospectus) of 100% of the value of the Securities lent (interests, dividends and other eventual rights included). The collateral will be marked-to-market on a daily basis and be subject to safekeeping by the Trustee or an agent appointed by the Trustee. Please refer to the sub-section titled "Trustee" of the section headed "Management and Administration" in Part 1 of this Prospectus in regard to the extent of the Trustee's responsibility for the safekeeping of the assets of the Trust and the appointment of agents. The valuation of the collateral generally takes place on trading day T. If the value of the collateral falls below 100% of the value of the securities lent on any trading day T, the Manager will call for additional collateral on trading day T, and the borrower will have to deliver additional collateral to make up for the difference in securities value by 4:00 p.m. on trading day T+2.

Non-cash collateral received may not be sold, re-invested or pledged. Any re-investment of cash collateral received shall be subject to the requirements as set out in the sub-section titled "Collateral" of the section headed "Investment and Borrowing Restrictions" in Part 1 of this Prospectus.

To the extent the Global X China Biotech ETF undertakes securities lending transactions, all revenues (net of direct and indirect expenses as reasonable and normal compensation for the services rendered by the Manager, a Securities Lending Agent and/or other service providers in the context of such transactions to the extent permitted by applicable legal and regulatory requirements) shall be returned to the Global X China Biotech ETF. The cost relating to securities lending transactions will be borne by the borrower.

Securities lending transactions nonetheless give rise to certain risks including counterparty risk, collateral risk and operational risk. Please refer to the risk factor titled "Securities Lending Transactions Risk" below and the sub-section titled "Securities Financing Transactions" of the section headed "Risk Factors" in Part 1 of this Prospectus for further details.

USE OF DERIVATIVES

The Global X China Biotech ETF's net derivative exposure may be up to 50% of the Investment Fund's Net Asset Value.

WHAT IS STOCK CONNECT?

The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links programme developed by the HKEX, Shanghai Stock Exchange (the "**SSE**") and the CSDCC, and the Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links programme developed by HKEX, the Shenzhen Stock Exchange (the "**SZSE**") and the CSDCC. The aim of the Stock Connect is to achieve mutual stock market access between mainland China and Hong Kong.

The Shanghai-Hong Kong Stock Connect comprises a Northbound Shanghai Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shanghai Trading Link, Hong Kong and overseas investors (including the Global X China Biotech ETF), through their Hong Kong brokers and a securities trading service company established by the SEHK, are able to trade eligible A-Shares listed on the SSE by routing orders to the SSE.

The Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shenzhen Trading Link, Hong Kong and overseas investors (including the Global X China Biotech ETF), through their Hong Kong brokers and a securities trading service company established by SEHK, are able to trade eligible A-Shares listed on the SZSE by routing orders to SZSE.

Eligible securities

Under the Shanghai-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Global X China Biotech ETF) are able to trade certain stocks listed on the SSE market ("**SSE Securities**").

SSE Securities include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on the SEHK, except the following:

(a) SSE-listed shares which are not traded in RMB; and

(b) SSE-listed shares which are under "risk alert".

It is expected that the list of eligible securities will be subject to review.

Under the Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Global X China Biotech ETF) are able to trade certain eligible shares listed on the SZSE market ("**SZSE Securities**"). These include all the constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have a market capitalisation of not less than RMB 6 billion, and all the SZSE-listed A-Shares which have corresponding H-shares listed on SEHK, except the following:

(a) SZSE-listed shares which are not traded in RMB; and

(b) SZSE-listed shares which are under "risk alert" or under delisting arrangement.

At the initial stage of Shenzhen-Hong Kong Stock Connect, investors eligible to trade shares that are listed on the ChiNext Board of the SZSE ("**ChiNext Board**") under Northbound trading will be limited to institutional professional investors as defined in the relevant Hong Kong rules and regulations. It is expected that the list of eligible securities will be subject to review.

Trading days

Investors (including the Global X China Biotech ETF) will only be allowed to trade on the SSE market and the SZSE market on days where the PRC and Hong Kong stock markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

Trading quota

Trading under the Stock Connect is subject to a daily quota (the "**Daily Quota**"), which will be separate for Northbound and Southbound trading. Northbound Shanghai Trading Link under the Shanghai-Hong Kong Stock Connect, Northbound Shenzhen Trading Link under the Shenzhen-Hong Kong Stock Connect, Southbound Hong Kong Trading Link under the Shanghai-Hong Kong Stock Connect and Southbound Hong Kong Trading Link under the Shenzhen-Hong Kong Stock Connect will be respectively subject to a separate set of Daily Quota. The Daily Quota limits the maximum net buy value of cross-boundary trades under each of the Stock Connect each day. The quotas do not belong to the Global X China Biotech ETF and are utilised on a first-come-first-serve basis. The SEHK will monitor the quota and publish the remaining balance of the Northbound Daily Quota at scheduled times on the HKEX's website. The Daily Quota may change in future. The Manager will not notify Unitholders in case of a change of quota.

Settlement and Custody

The HKSCC, a wholly-owned subsidiary of HKEX, is responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors. A-Shares traded through the Stock Connect are issued in scripless form, so investors will not hold any physical A-Shares. Hong Kong and overseas investors who have acquired SSE Securities or SZSE Securities through Northbound trading should maintain the SSE Securities or SZSE Securities with their brokers' or custodians' stock accounts with CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK).

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock account in the CSDCC, the CSDCC as the share registrar for SSE and SZSE listed companies still treats the HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities and SZSE Securities. The HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the relevant brokers or custodians participating in CCASS ("**CCASS participants**") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them. SSE-/SZSE-listed companies usually announce information regarding their annual general meetings/extraordinary general meetings about two to three weeks before the meeting date. A poll is called on all resolutions for all votes. HKSCC will advise CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

Currency

Hong Kong and overseas investors (including the Global X China Biotech ETF) will trade and settle SSE Securities and SZSE Securities in RMB only.

Foreign shareholding restrictions

CSRC stipulates that, when holding A-Shares through the Stock Connect, Hong Kong and overseas investors are subject to the following shareholding restrictions: (a) shares held by a single foreign investor (such as the Global X China Biotech ETF) investing in a listed company must not exceed 10% of the total issued shares of such listed company; and (b) total shares held by all foreign investors (i.e. Hong Kong and overseas investors) who make investment in a listed company must not exceed 30% of the total issued shares of such listed company. When the aggregate foreign shareholding of an individual A-Share reaches 26%, SSE or SZSE, as the case may be, will publish a notice on its website (https://www.sse.com.cn/disclosure/diclosure/qfii/ for SSE and https://www.szse.cn/disclosure/deal/qfii/index.html for SZSE). If the aggregate foreign shareholding exceeds the 30% threshold, the foreign investors concerned will be requested to sell the shares on a last-in-first-out basis within five trading days.

Trading fees

In addition to paying trading fees and stamp duties in connection with A-Share trading, Hong Kong and overseas investors (including the Global X China Biotech ETF) may be subject to the fees and levies imposed by SSE, SZSE, CSDCC, HKSCC or the relevant PRC authority when they trade and settle SSE Securities and SZSE Securities. Further information about the trading fees and levies is available online at the website:
https://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm

Coverage of Investor Compensation Fund

The Global X China Biotech ETF's investments through Northbound trading under the Stock Connect is not covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in Northbound trading via Stock Connect do not involve products listed or traded in the SEHK or the Hong Kong Futures Exchanges Limited, such trading is not covered by Hong Kong's Investor Compensation Fund. On the other hand, since the Global X China Biotech ETF is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, such trading is not protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in the PRC.

Further information about the Stock Connect is available at the website: https://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm.

DISTRIBUTION POLICY

The Global X China Biotech ETF aims to pay annual cash distribution (in May each year), out of its net income earned after fees and costs and at the discretion of the Manager. The amount or rate of distribution (if any) is not guaranteed.

The Manager may, at its discretion, pay dividend out of capital. Investors should note that payments of distributions 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 distributions involving payment of distributions out of the Global X China Biotech ETF's capital may result in an immediate reduction in the Net Asset Value of the Global X China Biotech ETF and will reduce the capital available for future investment.

Details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website https://www.globalxetfs.com.hk/ (the contents of which have not been reviewed by the Commission). There can be no assurance that a distribution will be paid.

The composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website https://www.globalxetfs.com.hk/ (the contents of which have not been reviewed by the Commission).

Each Unitholder will receive distributions in RMB (whether holding USD traded Units or HKD traded Units).

PRC TAX PROVISIONS

The "Notice on the temporary exemption of Corporate Income Tax on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and RQFII" (Caishui [2014] No. 79) ("**Notice No. 79**") promulgated by the Ministry of Finance ("**MOF**"), the STA and the CSRC stipulates that trading of A-Shares through QFIIs, RQFIIs (without an establishment or place of business in the PRC or having an establishment in the PRC but the income so derived in China is not effectively connected with such establishment) will be temporarily exempted from PRC corporate income tax ("**CIT**") on gains derived from the transfer of PRC equity investment assets (including A-Shares) effective from 17 November 2014.

Pursuant to the "Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect" (Caishui [2014] No. 81) ("**Notice No. 81**") and the "Notice about the tax policies related to the Shenzhen-Hong Kong Stock Connect" (Caishui [2016] No. 127) ("**Notice No. 127**") promulgated by MOF, STA and CSRC on 14 November 2014 and on 5 November 2016 respectively, CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Global X China Biotech ETF) on the trading of A-Shares through the Stock Connect.

In light of the regulations as stipulated in Notice No. 79, Notice No. 81 and Notice No. 127 and based on professional and independent tax advice, the Manager does not intend to make any withholding income tax provision on the gross unrealised and realised capital gains derived from trading of A-Shares.

THE INDEX

The Underlying Index provides exposure to Chinese companies that are active in the field of biotechnology.

The Underlying Index is compiled and managed by Solactive AG (the "**Index Provider**"), and the Index Provider determines the securities that are eligible for inclusion in the Index Universe. The Underlying Index is denominated in RMB.

The Manager (and each of its Connected Persons) are independent of the Index Provider.

Please refer to the section "Index Description" for detailed information on the Underlying Index.

RISK FACTORS RELATING TO THE GLOBAL X CHINA BIOTECH ETF

In addition to the principal risk factors common to all Investment Funds set out in Part 1 of this Prospectus, investors should also consider the potential risks associated with investing in the Global X China Biotech ETF including those set out below. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of Global X China Biotech ETF.

Equity market risk. The Global X China Biotech ETF's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

Concentration risk. The concentration of the Global X China Biotech ETF's investments in Chinese companies in the biotechnology sector may result in greater volatility in the value of the Global X China Biotech ETF than more diverse portfolios which comprise broad-based global investments.

Risks associated with biotech companies. Biotech companies invest heavily in research and development which may not necessarily lead to commercially successful products. The costs associated with developing new products can be significant, and the results are unpredictable. Biotech companies can be significantly affected by technological change and newly developed products may be susceptible to product obsolescence due to intense competition from new products and less costly generic products. Moreover, the process for obtaining regulatory approval (for example, product approval) is long and costly and there can be no assurance that the necessary approvals will be obtained or maintained. These companies are also subject to increased governmental regulation which may delay or inhibit the release of new products. A biotech company's valuation can also be greatly affected if one of its products is proven or alleged to be unsafe, ineffective or unprofitable. Many biotech companies are dependent upon their ability to use and enforce intellectual property rights and patents. Any impairment of such rights may have adverse financial consequences. The stock prices of a biotech company especially those of smaller, less-seasoned companies, tend to be more volatile than the overall market. All these may have impact on the business and/or profitability of the biotech companies in which the Global X China Biotech ETF invests and therefore may adversely affect the Net Asset Value of the Global X China Biotech ETF.

Securities Lending Transactions Risk. The Global X China Biotech ETF may be exposed to the following risks as a result of entering into securities lending transactions:

Counterparty risk: The borrower may fail to return the securities in a timely manner or at all. The Global X China Biotech ETF may as a result suffer from a loss or delay when recovering the securities lent out. This may restrict the Global X China Biotech ETF's ability in meeting delivery or payment obligations from redemption requests.

Collateral risk: As part of the securities lending transactions, the Global X China Biotech ETF must receive at least 100% of the valuation of the securities lent as collateral marked-to-market on a daily basis. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the collateral, adverse market movements in the collateral value, change of value of securities lent. This may cause significant losses to the Global X China Biotech ETF if the borrower fails to return the securities lent out. The Global X China Biotech ETF may also be subject to liquidity and custody risk of the collateral, as well as legal risk of enforcement.

Operational risk: By undertaking securities lending transactions, the Global X China Biotech ETF is exposed to operational risks such as delay or failure of settlement. Such delays and failure may restrict the Global X China Biotech ETF's ability in meeting delivery or payment obligations from redemption requests.

Risks associated with the Stock Connect. The Global X China Biotech ETF's investments through the Stock Connect may be subject to the following risks. In the event that the Global X China Biotech ETF's ability to invest in A-Shares through the Stock Connect on a timely basis is adversely affected, Global X China Biotech ETF's ability to achieve its investment objective may be affected.

Quota limitations: The Stock Connect is subject to quota limitations. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the Global X China Biotech ETF's ability to invest in A-Shares through the Stock Connect on a timely basis, and the Global X China Biotech ETF may not be able to effectively pursue its investment strategies.

Suspension risk: It is contemplated that each of the SEHK, the SSE and the SZSE would reserve the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through Stock Connect is effected, the Global X China Biotech ETF's ability to access the PRC market will be adversely affected. In such event, the Global X China Biotech ETF's ability to achieve its investment objective could be negatively affected.

Differences in trading day: The Stock Connect only operates on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. Therefore, it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong stock markets or banks are closed and overseas investors (such as the Global X China Biotech ETF) cannot carry out any A-Shares trading. Due to the differences in trading days, the Global X China Biotech ETF may be subject to a risk of price fluctuations in A-Shares on a day that the PRC stock markets are open for trading but the Hong Kong stock market is closed.

Operational risk: The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly. The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this programme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

Market participants generally have configured and adapted their operational and technical systems for the purpose of trading A-Shares through the Stock Connect. However, it should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the programme to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect requires routing of orders across the border. SEHK has set up an order routing system to capture, consolidate and route the cross-boundary orders input by exchange participants. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. The Global X China Biotech ETF's ability to access the A-Shares market (and hence to pursue its investment strategy) will be adversely affected.

Restrictions on selling imposed by front-end monitoring: PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on A-Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

Generally, if the Global X China Biotech ETF desires to sell certain A-Shares it holds, it must transfer those A-Shares to the respective accounts of its brokers before the market opens on the day of selling ("**Trading Day**"). If it fails to meet this deadline, it will not be able to sell those shares on the Trading Day. Because of this requirement, the Global X China Biotech ETF may not be able to dispose of holdings of A-Shares in a timely manner.

However, the Global X China Biotech ETF will request a custodian to open a special segregated account ("**SPSA**") in CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK) to maintain its holdings in A-Shares under the enhanced pre-trade checking model. Each SPSA will be assigned a unique "Investor ID" by CCASS for the purpose of facilitating China Stock Connect System to verify the holdings of an investor such as the Global X China Biotech ETF. Provided that there is sufficient holding in the SPSA when a broker inputs the Global X China Biotech ETF's sell order, the Global X China Biotech ETF will be able to dispose of its holdings of A-Shares (as opposed to the practice of transferring A-Shares to the broker's account under the current pre-trade checking model for non-SPSA accounts). Opening of the SPSA accounts for the Global X China Biotech ETF will enable it to dispose of its holdings of A-Shares in a timely manner.

Recalling of eligible stocks: If a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold and cannot be bought. This may affect the Global X China Biotech ETF's ability to invest in A-Shares through the Stock Connect.

Clearing and settlement risk: The HKSCC and CSDCC establish clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house. Should the remote event of CSDCC default occur and the CSDCC be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against the CSDCC. HKSCC will in good faith seek recovery of the outstanding stocks and monies from the CSDCC through available legal channels or through the CSDCC's liquidation. In that event, the Global X China Biotech ETF may suffer delay in the recovery process or may not be able to fully recover its losses from the CSDCC.

Regulatory risk: The Stock Connect is novel in nature, and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect. It should be noted that the current regulations and rules on Stock Connect are subject to change which may have potential retrospective effect. There can be no assurance that the Stock Connect will not be abolished. The Global X China Biotech ETF, which may invest in the PRC stock markets through the Stock Connect, may be adversely affected as a result of such changes.

No protection by Investor Compensation Fund: Investments through the Stock Connect are conducted through brokers, and are subject to the risks of default by such brokers' in their obligations. The Global X China Biotech ETF's investments through Northbound trading under the Stock Connect are not covered by Hong Kong's Investor Compensation Fund. Therefore the Global X China Biotech ETF is exposed to the risks of default of the broker(s) it engages in its trading in A-Shares through the programme. Further, since the Global X China Biotech ETF is carrying out

Northbound trading through securities brokers in Hong Kong but not PRC brokers, it is not protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in the PRC.

Participation in corporate actions and shareholders' meetings: HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the CCASS participants informed of corporate actions of SSE Securities and SZSE Securities. Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders' meetings when instructed. Further, investors (with holdings reaching the thresholds required under the PRC regulations and the articles of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements. Hong Kong and overseas investors (including the Global X China Biotech ETF) are holding SSE Securities and SZSE Securities traded via the Stock Connect through their brokers or custodians, and they will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be very short. Therefore, it is possible that the Global X China Biotech ETF may not be able to participate in some corporate actions in a timely manner.

Risks associated with Small and Medium Enterprise Board ("SME Board") and/or ChiNext Board of the Shenzhen Stock Exchange

The Global X China Biotech ETF may have exposure to stocks listed on SME Board and/or ChiNext Board.

Higher fluctuation on stock prices: Listed companies on the SME Board and/or ChiNext Board are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the Main Board of the SZSE ("**Main Board**").

Over-valuation risk*:* Stocks listed on SME Board and/or ChiNext Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.
Differences in regulation: The rules and regulations regarding companies listed on ChiNext Board are less stringent in terms of profitability and share capital than those on the Main Board and SME Board.

Delisting risk: It may be more common and faster for companies listed on the SME Board and/or ChiNext Board to delist. This may have an adverse impact on the Global X China Biotech ETF if the companies that it invests in are delisted.

Investments in the SME Board and/or ChiNext Board may result in significant losses for the Global X China Biotech ETF and its investors.

PRC taxation risk. By investing in A-Shares listed on the PRC stock exchanges, the Global X China Biotech ETF may be subject to PRC CIT. Pursuant to Notice No. 81 and Notice No. 127, (i) CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Global X China Biotech ETF) on the trading of A-Shares through the Stock Connect and (ii) dividends received by Hong Kong market investors (including the Global X China Biotech ETF) from A-Shares investment via Stock Connect will be subject to 10% CIT and the company distributing the dividend has the withholding obligation. Based on Notice No. 81, Notice No. 127 and professional and independent tax advice, no provision for gross realised or unrealised capital gains derived from trading of A-Shares via Stock Connect is made by the Manager on behalf of the Global X China

Biotech ETF. The Manager reserves the right to make relevant provision on dividends and interest if the CIT is not withheld at source.

It should be noted that the tax exemptions granted under Notice No. 81 and Notice No. 127 are temporary. As such, as and when the PRC tax authorities announce the expiry date of the tax exemption or change the current interpretation, the Global X China Biotech ETF may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of the Global X China Biotech ETF.

There is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. There are also risks and uncertainties associated with the current PRC tax laws, regulations and practice, and the potential application of tax treaties in respect of capital gains realized by the Global X China Biotech ETF on its investments in the A-Shares. The Manager reserves the right to provide for PRC CIT or other taxes on capital gains or income and withhold the tax for the account of the Global X China Biotech ETF if there is any future change in the PRC tax rules. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and change its tax provision policy and the tax provision amount in respect of the Global X China Biotech ETF accordingly. Any change to the tax provision policy or the amount of tax provision in respect of the Global X China Biotech ETF will be notified to the Unitholders.

In view of the uncertainties of changes and developments in the PRC tax rules, investors should note that if actual tax is collected by the STA and the Global X China Biotech ETF is required to make payments reflecting tax liabilities for which no provision has been made, the Net Asset Value of the Global X China Biotech ETF may be adversely affected, as the Global X China Biotech ETF will ultimately have to bear the full amount of tax liabilities. In this case, the tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Global X China Biotech ETF, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Global X China Biotech ETF. Upon any future resolution of the above-mentioned tax exemption or further changes to the PRC tax law or policies, the Manager will, as soon as practicable, make relevant adjustments to the amount of tax provision as it considers necessary.

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

Risks associated with the RMB currency

RMB is not freely convertible and subject to exchange controls and restrictions risk. It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. Since 1994, the conversion of RMB into US dollar has been based on rates set by the PBOC, which are set daily based on the previous day's PRC interbank foreign exchange market rate. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. In addition, a market maker system was introduced to the interbank spot foreign exchange market. In July 2008, the PRC announced that its exchange rate regime was further transformed into a managed floating mechanism based on market supply and demand.

Given the domestic and overseas economic developments, the PBOC decided to further improve the RMB exchange rate regime in June 2010 to enhance the flexibility of the RMB exchange rate. In April 2012, the PBOC decided to take a further step to increase the flexibility of the RMB exchange rate by expanding the daily trading band from +/- 0.5% to +/-1%. However it should be noted that the PRC government's policies on exchange control and repatriation restrictions are subject to change, and any such change may adversely impact the Global X China Biotech ETF.

There can be no assurance that the RMB exchange rate will not fluctuate widely against the US dollar or any other foreign currency in the future.

Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of the SAFE. On the other hand, the existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. Nevertheless, the Manager cannot predict whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

Non-RMB or late settlement realisation risk. Where, in extraordinary circumstances, the remittance or payment of RMB funds on the realisation of Units cannot, in the opinion of the Manager in consultation with the Trustee, be carried out normally due to legal or regulatory circumstances beyond the control of the Trustee and the Manager, realisation proceeds may be delayed or, if necessary in exceptional circumstances, be paid in US dollars or Hong Kong dollars instead of in RMB (at an exchange rate determined by the Manager after consultation with the Trustee). As such, there is a risk that investors may not be able to receive, through Participating Dealers, settlement upon a realisation of Units in RMB (and may receive US dollars or Hong Kong dollars) or may receive settlement in RMB on a delayed basis.

Exchange rates movement between the RMB and other currencies risk. There is no guarantee that RMB will appreciate in value against Hong Kong dollar, United States dollar or any other currency, or that the strength of RMB may not weaken. In such case an investor may enjoy a gain in RMB terms but suffer a loss when converting funds from RMB back into Hong Kong dollars or United States dollars (or any other currency).

Future movements in RMB exchange rates risk. The exchange rate of RMB ceased to be pegged to US dollars on 21 July 2005, resulting in a more flexible RMB exchange rate system. China Foreign Exchange Trading System, authorised by the PBOC, promulgates the central parity rate of RMB against US dollars, Euro, Yen, British Pound and Hong Kong dollars at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of RMB against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors.

There can be no assurance that such exchange rates will not fluctuate widely against US dollars, Hong Kong dollars or any other foreign currency in the future. From 1994 to July 2005, the exchange rate for RMB against US dollar and the Hong Kong dollar was relatively stable. Since July 2005, the appreciation of RMB has begun to accelerate. Although the PRC government has constantly reiterated its intention to maintain the stability of RMB, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of RMB will be further accelerated cannot be excluded. On the other hand, there can be no assurance that RMB will not be subject to devaluation.

Offshore RMB ("CNH") market risk. The onshore RMB ("**CNY**") is the only official currency of the PRC and is used in all financial transactions between individuals, state and corporations in the PRC. Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside the PRC. Since

June 2010, the CNH is traded officially, regulated jointly by the Hong Kong Monetary Authority and the PBOC. While both CNY and CNH represent RMB, they are traded in different and separated markets. The two RMB markets operate independently where the flow between them is highly restricted. Though the CNH is a proxy's of the CNY, they do not necessarily have the same exchange rate and their movement may not be in the same direction. This is because these currencies act in separate jurisdictions, which leads to separate supply and demand conditions for each, and therefore separate but related currency markets. Any divergence between CNH and CNY may adversely impact investors.

However, the current size of RMB-denominated financial assets outside the PRC is limited. RMB business participating banks do not have direct RMB liquidity support from PBOC. The Renminbi Clearing Bank only has access to onshore liquidity support from PBOC (subject to annual and quarterly quotas imposed by PBOC) to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement. The Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions.

Although it is expected that the offshore RMB market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the relevant settlement agreements between Hong Kong banks and the PBOC will not be terminated or amended in the future which will have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC may affect the ability of investors to acquire Units or sell Units of the Global X China Biotech ETF affecting the liquidity and trading price of the Units on the SEHK. To the extent the Manager is required to source RMB in the offshore market, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

RMB distributions risk. Investors should note that where a Unitholder holds Units traded under the HKD or USD counter, the relevant Unitholder will only receive distributions in RMB and not HKD or USD. In the event the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such distribution from RMB into HKD, USD or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions.

Risk relating to the PRC. Investment in the Global X China Biotech ETF is subject to the risks associated with investment in the PRC markets. Prospective investors should therefore refer to such specific risks that are specifically identified in the sub-section of this Prospectus titled "Risk Factors" – "Risks Factors relating to the PRC".

Dual Counter risks. The Global X China Biotech ETF will have Dual Counter traded Units which are traded and settled in USD under the USD counter and traded and settled in HKD under the HKD counter. The relative novelty and relatively untested nature of the Dual Counter for exchange traded funds may make investment in the Units riskier than in single counter units or shares of an SEHK listed issuer for example where for some reason there is a settlement failure on an inter-counter transfer if the Units of one counter are delivered to CCASS at the last settlement on a trading day, leaving not enough time to transfer the Units to the other counter for settlement on the same day.

In addition, where there is a suspension of the inter-counter transfers of Units between the HKD counter and the USD counter and/or any limitation on the level of services by brokers and CCASS participants due to, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant counter. Accordingly it should be noted that the inter-counter transfers may not always be available. Investors are recommended to check the readiness of their brokers/intermediaries in respect of the Dual Counter trading and inter-counter transfer.

There is a risk that the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in USD due to market liquidity, supply and demand in each counter and the exchange rate between the USD and the HKD (in both the onshore and the offshore markets). The trading price of HKD traded Units or USD traded Units is determined by market forces and so will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly when selling Units traded in HKD or buying Units traded in HKD, an investor may receive less or pay more than the equivalent amount in USD if the trade of the relevant Units is in USD and vice versa. There can be no assurance that the price of Units in each counter will be equivalent.

Investors should note that distributions are made in RMB only. As such investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their dividend.

Inter-Counter Trading Risk. Although an investor may buy from one counter and sell the same on the other counter in the same day, it is possible that some brokers and CCASS participants may not be familiar with and may not be able to (i) buy Units in one counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade Units in both counters at the same time. In such a case another broker, intermediary or CCASS participant may need to be used. Accordingly, this may inhibit or delay an investor dealing in both HKD traded and USD traded Units and may mean investors may only be able to sell their Units in one currency. Investors are recommended to check the readiness of their brokers in respect of the Dual Counter trading and inter-counter transfer and should fully understand the services which the relevant broker is able to provide (as well as any associated fees). In particular, some brokers/intermediaries may not have in place systems and controls to facilitate inter-counter trading and/or inter-counter day trades.

Trading differences risk. As the relevant stock exchanges in China or the United States may be open when Units in the Global X China Biotech ETF are not priced, the value of the securities in the Global X China Biotech ETF's portfolio may change on days when investors will not be able to purchase or sell the Global X China Biotech ETF's Units. Furthermore, the market prices of underlying securities listed on the relevant stock exchanges in China or the United States may not be available during part of all of the SEHK trading sessions due to trading hour differences which may result in the trading price of the Global X China Biotech ETF deviating away from NAV. In addition, A-Shares are subject to trading bands which restrict increase and decrease in the trading price. Units listed on the SEHK are not. This difference may also increase the level of premium or discount of the Unit price to its net asset value.

A-Share market suspension and volatility risk. A-Shares may only be bought from, or sold to, the Global X China Biotech ETF from time to time where the relevant A-Shares may be sold or purchased on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, as appropriate. Given that the A-Share market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the creation and realisation of Units may be disrupted. A Participating Dealer is unlikely to realise or create Units if it considers that A-Shares may not be available. High market volatility and potential settlement difficulties in the A-Share market may also result in significant fluctuations in the prices of the securities traded on the A-Share market and thereby may adversely affect the value of the Global X China Biotech ETF.

Trading risk. Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, retail investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

Distributions paid out of capital risk. The Manager may, at its discretion, pay distributions out of capital. Investors should note that payments of distributions 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 distributions involving payment of distributions out of the Global X China Biotech ETF's capital may result in an immediate reduction in the Net Asset Value of the Global X China Biotech ETF and will reduce the capital available for future investment.

TERMINATION

In addition to the grounds of termination as set out in the main Prospectus, the Global X China Biotech ETF may be terminated if the aggregate Net Asset of the Units of the relevant class outstanding in respect of the Global X China Biotech ETF shall be less than HK$50 million (or its equivalent in the Global X China Biotech ETF's Base Currency).

PRC TAXATION

By investing in Securities (including A-Shares) issued by PRC tax resident enterprises, irrespective of whether such Securities are issued or distributed onshore ("**onshore PRC securities**") or offshore ("**offshore PRC securities**", and together with onshore PRC securities, the "**PRC Securities**"), the Global X China Biotech ETF may be subject to PRC taxes. It is possible that the current tax laws, regulations and practice in the PRC will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on PRC Securities than currently contemplated. Unitholders should seek their own tax advice on their tax positions with regard to their investments in the Global X China Biotech ETF.

Corporate Income Tax. If the Global X China Biotech ETF is considered as a PRC tax resident enterprise, it will be subject to PRC CIT at 25% on its worldwide taxable income. If the Global X China Biotech ETF is considered as a non-PRC tax resident enterprise with an establishment or place of business ("**PE**") in the PRC, the profits attributable to that PE would be subject to CIT at 25%. Non-resident enterprises without any PE in the PRC are subject to CIT generally at a rate of 10% on its PRC sourced income, including but not limited to passive income (e.g. dividends and interest) and gains arising from transfer of assets etc., unless any specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties.

The Manager intends to manage and operate the Global X China Biotech ETF in such a manner that the Global X China Biotech ETF should not be treated as a PRC tax resident enterprise or a non-PRC tax resident with a PE in the PRC for CIT purposes, although this cannot be guaranteed.

Dividend income and interest income – Unless a specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties, non-PRC tax resident enterprises without a PE in the PRC are subject to CIT on a withholding basis, generally at a rate of 10%, to the extent it directly derives the PRC sourced passive income. PRC sourced passive income (such as dividend income or interest income) may arise from investments in the PRC Securities. The entity distributing or paying such PRC sourced passive income is required to withhold such tax. If the foreign corporate investor (including the Global X China Biotech ETF) is a tax resident of a jurisdiction which has entered into tax treaty with China, it may apply for the reduced PRC CIT rate under the tax treaty, subject to complying with the terms of the relevant tax treaty and any treaty benefit record filing procedures in accordance with the relevant PRC tax regulations. Accordingly, the Global X China Biotech ETF may be subject to CIT and/or other PRC taxes on any cash dividends, distributions and interest it receives from its investment in PRC Securities.

Pursuant to Notice No. 81 and Notice No. 127, dividends received by Hong Kong market investors (including the Global X China Biotech ETF) from A-Shares investment via Stock Connect will be subject to 10% CIT and the company distributing the dividend has the withholding obligation.

Under the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" ("**China-HK Arrangement**"), dividends received by a Hong Kong tax resident holder of shares issued by a PRC tax resident enterprise will be subject to a reduced PRC CIT rate of 5% on the gross amount of the dividends, if (i) the Hong Kong tax resident is the beneficial owner of the dividends; (ii) the Hong Kong tax resident directly holds at least 25% of the equity of the company paying the dividends; and (iii) other relevant treaty conditions are satisfied. Due to the Global X China Biotech ETF's investment restriction, the Global X China Biotech ETF will not hold more than 10% of any ordinary shares issued by any single issuer. In this connection, dividends derived from A-Shares invested through Stock Connect will not be able to benefit from the reduced CIT rate of 5% and the general CIT rate of 10% will be applicable to the Global X China Biotech ETF.

The Manager reserves the right to make relevant provision on dividends and interest if the CIT is not withheld at source.

Capital gains – Pursuant to Notice No. 81 and Notice No. 127, CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Global X China Biotech ETF) on the trading of A-Shares through the Stock Connect. Based on Notice No. 81 and Notice No. 127 and professional and independent tax advice, no provision for gross realised or unrealised capital gains derived from trading of A-Shares via Stock Connect is made by the Manager on behalf of the Global X China Biotech ETF.

It should be noted that the tax exemptions granted under Notice No. 81 and Notice No. 127 are temporary. As such, as and when the PRC tax authorities announce the expiry date of the tax exemption or change the current interpretation, the Global X China Biotech ETF may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of the Global X China Biotech ETF.

There is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. The Manager reserves the right to provide for PRC CIT or other taxes on capital gains or income and withhold the tax for the account of the Global X China Biotech ETF if there is any future change in the PRC tax rules. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and change its tax provision policy and the tax provision amount in respect of the Global X China Biotech ETF accordingly. Any change to the tax provision policy or the amount of tax provision in respect of the Global X China Biotech ETF will be notified to the Unitholders.

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

Value-added Tax ("VAT") and other surcharges. The MOF and the STA issued Caishui [2016] No. 36 ("**Circular 36**") on 23 March 2016 announcing that the VAT transform program covers all the remaining industries of the program, including financial services. Circular 36 has taken effect from 1 May 2016, unless otherwise stipulated therein. Pursuant to Circular 36, gains realised by taxpayers from trading of marketable PRC securities would generally be subject to VAT instead of Business Tax at 6%.

Capital gains – According to Circular 36 and Notice No. 127, the gains derived by Hong Kong investors (including the Global X China Biotech ETF) from trading of A-Shares through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect are exempt from VAT.

Dividend income and interest income – Dividend income or profit distributions on equity investment derived from China are not included in the taxable scope of VAT. According to Circular 36, interest on deposit is not subject to VAT.

If VAT is applicable, there are also other surcharges (which include Urban Construction and Maintenance Tax, Education Surcharge and Local Education Surcharge) that would amount to as high as 12% of VAT payable.

Stamp duty. Stamp duty is levied on the execution or use in the PRC of certain taxable documents, such as documentation effecting the transfer of equity interests in Chinese companies, the sale of A-Shares and B-Shares, the purchase and sale of goods, contract documents issued for process contracting, construction contracting, property leasing, and other documents listed in the PRC's provisional rules on stamp duty. In the case of contracts for sale of A-Shares and B-Shares, such stamp duty is currently imposed on the seller but not on the buyer, at the rate of 0.1%. The Global X China Biotech ETF will be subject to this tax on each disposal of the Mainland China listed shares.

According to Notice No. 127, the borrowing and return of listed shares in relation to shares guarantee and short-selling by Hong Kong and overseas investors through Stock Connect is exempt from stamp duty since 5 December 2016.

FEES AND CHARGES

Management Fees and Servicing Fees

The Global X China Biotech ETF employs a single management fee structure. The Manager will retain the Single Management Fee to pay for the costs, fees and expenses associated with the Global X China Biotech ETF as detailed in the section "Fees and Charges – Management Fees" in Part 1 of this Prospectus.

The Single Management Fee is the sum of anticipated charges to the Global X China Biotech ETF and expressed as a percentage of the Net Asset Value of the Global X China Biotech ETF. The current Single Management Fee is at the rate of 0.68% per annum of the Net Asset Value of the Global X China Biotech ETF accrued daily and calculated at each Dealing Day and payable monthly in arrears.

The Manager's servicing fee (if any) will be paid out of the Single Management Fee.

Trustee's Fee

The Trustee's fee will be paid by the Manager out of the Single Management Fee.

Registrar's Fee

The Registrar's fee will be paid by the Manager out of the Single Management Fee.

Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the Global X China Biotech ETF are summarised in the table below:

Creation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	RMB8,000 per Application. See Note 3.
Application Cancellation Fee	RMB8,000 per Application. See Note 4.
All other duties and charges incurred by the Trustee or the Manager in connection with the creation	As applicable and may include, *inter alia*, brokerage costs and stamp duty charges. See Note 5.

Realisation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	RMB8,000 per Application. See Note 3.
Application Cancellation Fee	RMB8,000 per Application. See Note 4.
All other duties and charges incurred by the Trustee or the Manager in connection with the realisation	As applicable and may include, *inter alia*, brokerage costs and stamp duty charges. See Note 5.

Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the Global X China Biotech ETF on the SEHK are summarised in the table below:

Brokerage	Market rates
Transaction Levy	0.0027% See Note 6.
Trading Fee	0.005% See Note 7.
Stamp Duty	Nil

Inter-counter transfers	HK$5. See Note 8.

Notes

1. A Transaction Fee of RMB6,000 per Application is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.

2. A service agent fee of HK$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction. A monthly reconciliation fee of HK$5,000 is payable by the Manager (out of the Single Management Fee) to the Service Agent. For any period less than a month, the reconciliation fee is payable by the Manager (out of the Single Management Fee) on a pro-rata basis and accrues on a daily basis.

3. An Extension Fee is payable to the Trustee for the benefit of the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement or partial delivery in respect of a Creation or Realisation Application.

4. An Application Cancellation Fee is payable to, and for the account and benefit of, the Trustee in respect of either a withdrawn or failed Creation or Realisation Application.

5. Participating Dealers may apply to the Manager for further details, although it should be noted that the actual duties and charges can only be determined only after the relevant Applications have been effected.

6. A Transaction Levy of 0.0027% of the price of the Units, payable by each of the buyer and the seller.

7. A Trading Fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.

8. This fee is applicable to the Global X China Biotech ETF, which has adopted a Dual Counter and has HKD and USD traded Units. HKSCC will charge each CCASS participant a fee of HK$5 per instruction for effecting an inter-counter transfer of the Global X China Biotech ETF between one counter and the other counter. Investors should check with their brokers regarding any additional fees.

INDEX DESCRIPTION

This section is a brief overview of the Underlying Index. It contains a summary of the principal features of the Underlying Index and is not a complete description of the Underlying Index. As of the date of this Prospectus, the summary of the Underlying Index in this section is accurate and consistent with the complete description of the Underlying Index. Complete information on the Underlying Index appears in the website identified below. Such information may change from time to time and details of the changes will appear on that website.

Interpretation

For the purpose of this Appendix 4, the following words and expressions shall have the following meanings:

"**Adjustment Day**" is the second Friday of January and July. If that day is not a Trading

Day the Adjustment Day will be the immediately following Trading Day.

"**Affiliated Exchange**" means with respect to an Index Component, each exchange, trading system or quotation system whose trading has an effect on the overall market for options contracts or futures contracts on the Index Component, and any successor acceptable to the Index Calculator.

"**Calculation Day**" is every weekday Monday to Friday.

"**Exchange**" is in respect of the Underlying Index and every Index Component, the respective primary exchange where the Index Component has its primary listing. The Index Calculator may decide to declare a different stock exchange the "Exchange" for trading reasons, even if the company is only listed there via a Stock Substitute.

"**Extraordinary Event**" is:
- a Merger
- a Takeover Bid
- a Delisting
- the Nationalization of a company
- Insolvency.

The Trading Price for an Index Component on the day the event came into effect is the last available market price for the relevant Index Component quoted on the Exchange on the day the event came into effect (or, if a market price is not available for the day the event came into effect, the last available market price quoted on the Exchange on a day specified as appropriate by the Index Calculator) as determined by the Index Calculator, and this price is used as the Trading Price of the particular Index Component until the end of the day on which the composition of the Underlying Index is next set.
In the event of the Insolvency of an issuer of an Index Component, the Index Component shall remain in the Underlying Index until the end of Adjustment Day.

As long as a market price for the affected Index Component is available on a Business Day, this shall be applied as the Trading Price for this Index Component on the relevant Business Day, as determined in each case by the Index Calculator. If a market price is not available on a Business Day the Trading Price for this Index Component is set to zero. The Index Committee may also decide to eliminate the respective Index Component at an earlier point in time prior to the next Adjustment Day. The procedure in this case is identical to an elimination due to an Extraordinary Event.

An Index Component is "**delisted**" if the Exchange announces pursuant to the Exchange regulations that the listing of, the trading in, or the issuing of public quotes on the Index Component at the Exchange has ceased immediately or will cease at a later date, for whatever reason (provided the Delisting is not because of a Merger or a Takeover Bid), and the Index Component is not immediately listed, traded or quoted again on an exchange, trading or listing system, acceptable to the Index Calculator.

"**Free Float Market Capitalization**" is with regard to each of the securities in the Underlying Index on a Selection Day the share class-specific Free Float Market Capitalization for any security in the Index Universe. It is calculated as the multiplication of the shares outstanding in free float (as sourced from data vendors) with the Trading Price of the share class as of the respective Selection Day.

"**Index Calculator**" is Solactive AG or any other appropriately appointed successor in this function.

"**Index Component**" is each share currently included in the Underlying Index.

"**Index Currency**" is RMB.

"**Insolvency**" occurs with regard to an Index Component if (A) all shares of the respective issuer must be transferred to a trustee, liquidator, insolvency administrator or a similar public officer as result of voluntary or compulsory liquidation, insolvency or winding-up proceedings or comparable proceedings affecting the issuer of the Index Components or (B) the holders of the shares of this issuer are legally enjoined from transferring the shares.

"**Market Disruption Event**" occurs if:

1. one of the following events occurs or exists on a Trading Day prior to the opening quotation time for an Index Component:

   A) trading is suspended or restricted (due to price movements that exceed the limits allowed by the Exchange or an Affiliated Exchange, or for other reasons):

      1.1 across the whole Exchange; or
      1.2 in options or futures contracts on or with regard to an Index Component or an Index Component that is quoted on an Affiliated Exchange; or
      1.3 on an Exchange or in a trading or quotation system (as determined by the Index Calculator) in which an Index Component is listed or quoted; or

   B) an event that (in the assessment of the Index Calculator) generally disrupts and affects the opportunities of market participants to execute on the Exchange transactions in respect of a share included in the Underlying Index or to determine market values for a share included in the Underlying Index or to execute on an Affiliated Exchange transaction with regard to options and futures contracts on these shares or to determine market values for such options or futures contracts.

2. trading on the Exchange or an Affiliated Exchange is ceased prior to the "**Normal Exchange Closing Time**", which is the time at which the Exchange or an Affiliated Exchange is normally closed on working days without taking into account after-hours trading or other trading activities carried out outside the normal trading hours. An exception to this classification as a Market Disruption Event is where the early cessation of trading is announced by the Exchange or Affiliated Exchange on this Trading Day at least one hour before
   2.1 the actual closing time for normal trading on the Exchange or Affiliated Exchange on the Trading Day in question or, if earlier.
   2.2 the closing time (if given) of the Exchange or Affiliated Exchange for the execution of orders at the time the quote is given.

3 a general moratorium is imposed on banking transactions in the country in which the Exchange is resident if the above-mentioned events are material in the assessment of the Index Calculator, whereby the Index Calculator makes its decision based on those circumstances that it considers reasonable and appropriate.

With regard to an Index Component, a "**Merger**" is:

(i) a change in the security class or a conversion of this share class that results in a transfer or an ultimate definite obligation to transfer all the shares in circulation to another legal person,

(ii) a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer to exchange shares with another legal person (except in a merger or share exchange under which the issuer of this Index Component is the acquiring or remaining company and which does not involve a change in security class or a conversion of all the shares in circulation),

(iii) a takeover offer, exchange offer, other offer or another act of a legal person for the purposes of acquiring or otherwise obtaining from the issuer 100% of the shares issued that entails a transfer or the irrevocable obligation to transfer all shares (with the exception of shares that are held and controlled by the legal person), or

(iv) a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer of the share or its subsidiaries to exchange shares with another legal person, whereby the issuer of the share is the acquiring or remaining company and it does not involve a change in the class or a conversion of the all shares issued, but the shares in circulation directly prior to such an event (except for shares held and controlled by the legal person) represent in total less than 50% of the shares in circulation directly subsequent to such an event.

"**Nationalization**" is a process whereby all shares or the majority of the assets of the issuer of the shares are nationalized or are expropriated or otherwise must be transferred to public bodies, authorities or institutions.

"**Selection Day**" is 10 weekdays (Monday to Friday) before the scheduled Adjustment Day, disregarding any potential change of the Adjustment Day.

"**Stock Substitute**" includes in particular, American Depository Receipts (ADR) and Global Depository Receipts (GDR).

"**Takeover Bid**" is a bid to acquire, an exchange offer, or any other offer or act of a legal person that results in the related legal person acquiring as part of an exchange or otherwise more than 10% and less than 100% of the voting shares in circulation from the issuer of the Underlying Index Component or the right to acquire these shares, as determined by the Index Calculator based on notices submitted to public or self-regulatory authorities or other information considered by the Index Calculator to be relevant.

"**Trading Day**" is with respect to an Index Component included in the Underlying Index at the Adjustment Day and every Index Component included in the Underlying Index at the Calculation Day immediately following the Adjustment Day (for clarification: this provision is intended to capture the Trading Days for the securities to be included in the Underlying Index as new Index Components with close of trading on the relevant exchange on the Adjustment Day) a day on which the relevant Exchange is open for trading (or a day that would have been such a day if a market disruption had not occurred), excluding days on which trading may be ceased prior to the scheduled Exchange closing time and days on which the Exchange is open for a scheduled shortened period. The Index Calculator is ultimately responsible as to whether a certain day is a Trading Day.

With regard to an Index Component (subject to the provisions given above under "Extraordinary Events") the "**Trading Price**" in respect of a Trading Day is the closing price on this Trading Day determined in accordance with the Exchange regulations. If the Exchange has no closing price for an Index Component, the Index Calculator shall determine the Trading Price and the time of the quote for the share in question in a manner that appears reasonable to it.

General Information

The Underlying Index is Solactive China Biotech Index NTR, which is a net total return, free float market capitalization weighted index that provides exposure to Chinese companies that are mainly active in the field of biotechnology. A net total return index reflects the reinvestment of dividends or coupon payments, after deduction of any withholding tax (including any surcharges for special levies, if applicable). The Underlying Index is denominated in RMB.

The Underlying Index was launched on 18 April 2019, and had a base level of 1,000 on 5 December 2014.

As at 31 March 2021, the Underlying Index comprised 30 constituent stocks with total market capitalisation of approximately RMB2.933 trillion.

Index Advisory Committee

The Index Provider has established an index advisory committee composed of staff from the Index Provider ("**Index Committee**"), which is responsible for decisions regarding the composition of the Underlying Index as well as any amendments to the rules.

Members of the Index Committee can recommend changes to the guideline of the Underlying Index and submit them to the Index Committee for approval.

Index Universe

The index universe of the Underlying Index ("**Index Universe**") includes shares of companies headquartered in China or Hong Kong that fulfill the following criteria:

1. Should be listed on one of the following exchanges and should have listing history of at least 6 months:

   a) Hong Kong: SEHK

   b) PRC: SSE and SZSE

   c) United States of America: the New York Stock Exchange and the NASDAQ Stock Market

2. Should be from the following industries according to the FactSet Industries and Economic Sectors:

   a) Biotechnology

   b) Pharmaceuticals: Other

   c) Pharmaceuticals: Major

   d) Pharmaceuticals: Generic

3. Should have average daily value traded of at least HKD 20 million over 6 months prior to and including the Selection Day

4. If a company has more than one share classes then the most liquid share class is eligible

5. Companies that have non-significant exposure to biotechnology will be identified and removed from the list of eligible constituents after step 4. This identification is based on company description included in FactSet, and keywords that indicate limited or no exposure to biotechnology. The keywords are subject to regular revision by the Index Committee.

Selection Criteria

The initial composition of the Underlying Index as well as any ongoing adjustment is based on the following rules:

On the Selection Days, the Index Provider determines the securities that are eligible for inclusion in the Index Universe. The securities are selected for index inclusion based on the following rules:

(a) Top 30 by total market capitalization rank are selected for index inclusion.

(b) Existing constituents with rank from 20 to 40 are selected for index inclusion until the target constituent count of 30 is reached.

(c) If there are less than 30 stocks after step (b), non-constituents are selected with rank from 20 to 40 until the target constituent count of 30 is reached.

Weighting

On each Selection Day, the components of the Underlying Index are weighted according to Free Float Market Capitalization such that the weight of each company in the Underlying Index does not exceed 9%. The excess weight that results from capping is redistributed in proportion to the Free Float Market Capitalization of the other companies constituting the Underlying Index which do not exceed 9%.

Adjustments of Underlying Index

Ordinary Adjustments

The composition of the Underlying Index is adjusted semi-annually, and is reviewed on the Selection Day and necessary changes are announced.

The first adjustment was made in June 2019, based on the Trading Prices of the Index Components on the Adjustment Day.

The Index Provider shall publish any changes made to the composition of the Underlying Index on the Selection Day and consequently with sufficient notice before the Adjustment Day.

Extraordinary Adjustment

An extraordinary adjustment, if applicable, is triggered and applied in compliance with the rules set forth in the Guideline for Extraordinary Corporate Actions, which can be accessed at https://www.solactive.com/documents/ (this website has not been reviewed or approved by the Commission).

Index Constituents

You can obtain the list of the constituents of the Underlying Index and their respective weightings on https://www.solactive.com/ (this website has not been reviewed by the Commission),and additional details of the index methodology on https://www.solactive.com/ (this website has not been reviewed by the Commission).

Index Codes

The Underlying Index is distributed under the following identifiers:

Name	ISIN	WKN	Reuters	Bloomberg
Solactive China Biotech Index NTR	DE000SLA7273	SLA727	.SOLCBTN	SOLCBTN Index

Index Licence

The Manager has entered into a licence agreement with the Index Provider. The term of the licence agreement commenced on 16 May 2019, and will remain in full force and effect for an indefinite term unless terminated by either party in writing after the initial two years term subject to the terms of the licence agreement.

Index Disclaimer

Global X China Biotech ETF is not sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Solactive China Biotech Index and/or the use of Solactive trade mark or the index price/prices of the Solactive China Biotech Index at any time or in any other respect. The Solactive China Biotech Index is calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that the Solactive China Biotech Index is calculated correctly. Irrespective of its obligations towards Mirae Asset Global Investments (Hong Kong) Limited, Solactive AG has no obligation to point out errors in the Solactive China Biotech Index to third parties including but not limited to investors and/or financial intermediaries of the Global X China Biotech ETF. Neither publication of the Solactive China Biotech Index by Solactive AG nor the licensing of the Solactive China Biotech Index or the Solactive trade mark for the purpose of use in connection with the Global X China Biotech ETF constitutes a recommendation by Solactive AG to invest capital in the Global X China Biotech ETF nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in the Global X China Biotech ETF. Remember, the information in this Prospectus does not constitute tax, legal or investment advice and is not intended as a recommendation for buying or selling securities. The information and opinions contained in this Prospectus have been obtained from public sources believed to be reliable, but no representation or warranty, express or implied, is made that such information is accurate or complete and it should not be relied upon as such. Solactive AG will not be responsible for the consequences of reliance upon any opinion or statement contained herein or for any omission.

APPENDIX 5–GLOBAL X CHINA CLOUD COMPUTING ETF

This part of the Prospectus sets out specific information applicable to the Global X China Cloud Computing ETF (formerly known as Mirae Asset Horizons China Cloud Computing ETF). Prospective investors' attention is drawn to "Risk Factors relating to the Global X China Cloud Computing ETF" below.

KEY INFORMATION

The following table is a summary of key information in respect of the Global X China Cloud Computing ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("**ETF**")
Tracked Index	Solactive China Cloud Computing Index NTR Type: Net total return Inception Date: 18 April 2019 Number of constituents: 20 (as at 31 March 2020) Base Currency of Index: Renminbi ("**RMB**")
Initial Issue Date	24 July 2019
Listing Date	25 July 2019
Exchange Listing	SEHK - Main Board
Stock Code	HKD counter: 2826 USD counter: 9826
Trade Lot Size	HKD counter: 50 Units USD counter: 50 Units
Base Currency	Renminbi (RMB)
Trading Currency	United States dollars (USD) – USD counter Hong Kong dollars (HKD) – HKD counter
Dividend Policy	Global X China Cloud Computing ETF aims to pay annual cash distribution (in May each year), having regard to Global X China Cloud Computing ETF's net income after fees and costs and subject to the Manager's discretion. The amount or rate of distribution (if any) is not guaranteed.

	The Manager may, at its discretion, pay distributions out of capital. Distributions on all Units (USD counter Units and HKD counter Units) will be in RMB only#
Application Unit Size for Creation/Realisation by Participating Dealers	Minimum 50,000 Units (or multiples thereof)
Method(s) of Creation/Realisation available (through Participating Dealer)	Cash (RMB) only
Investment Delegate	No investment delegate has been appointed
Market Makers*	Flow Traders Hong Kong Limited Mirae Asset Securities (HK) Limited
Participating Dealers*	China Merchants Securities (HK) Co., Limited ABN AMRO Clearing Hong Kong Ltd Haitong International Securities Company Limited Mirae Asset Securities (HK) Limited
Listing Agent	Altus Capital Limited
Financial Year	Ending 31 March each year, and the first financial year of Global X China Cloud Computing ETF is 31 March 2020
Management Fee	The Global X China Cloud Computing ETF adopts a single management fee structure. The current rate of Single Management Fee is 0.68% per annum of the NAV accrued daily and calculated as at each Dealing Day.
Website	https://www.globalxetfs.com.hk/

Both HKD traded Units and USD traded Units will receive distributions in RMB only. In the event that the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such distribution from RMB into HKD or USD or any other currency. Unitholders are advised to check with their brokers for arrangements concerning distributions and to consider the risk factor entitled "RMB distributions risk" below.

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers for the Investment Fund.*

EXCHANGE LISTING AND TRADING

Creation and Realisation

Participating Dealers (acting for themselves or for their clients) may continue to apply for Units by means of Creation Applications on each Dealing Day by transferring cash in accordance with the Operating Guidelines.

Units may be realised by cash realisation through Participating Dealers in Application Unit size or multiples thereof. However, notwithstanding Dual Counter is adopted, realisation proceeds shall be paid in RMB only.

The dealing period on each Dealing Day for a Creation Application or a Realisation Application commences at 9:00 a.m. (Hong Kong time) and ends at the Dealing Deadline at 11:00 a.m. (Hong Kong time), as may be revised by the Manager from time to time. Please note that the Participating Dealers may impose different cut-off times for the dealing period for the Primary Market Investor.

Notwithstanding a Dual Counter being adopted:

(a) all Creation Applications must be made in cash (in RMB only). Units which are created must be deposited in CCASS as HKD counter Units (i.e. tradable in HKD only) or USD counter units (i.e. tradable in USD only); and

(b) although a Participating Dealer may withdraw from any of the trading counter (i.e. either HKD counter or USD counter), any cash proceeds received by a Participating Dealer in a cash Realisation Application shall be paid only in RMB. Both HKD traded Units and USD traded Units may be realised by way of a Realisation Application (through a Participating Dealer). Where a Participating Dealer wishes to realise HKD traded Units, the realisation process is the same as for USD traded Units.

Units are listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges.

If trading of the Units of the Global X China Cloud Computing ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

Dual Counter

The Manager has arranged for the Units to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Units are denominated in RMB. Despite the Dual Counter arrangement, the creation of new Units and realisation of Units in the primary market are settled in RMB only. The Global X China Cloud Computing ETF offers two trading counters on the SEHK (i.e. USD counter and HKD counter) to investors for secondary trading purposes. Units traded in USD counter will be settled in USD and Units traded in HKD counter will be settled in HKD. Apart from settlement in different currencies, the trading prices of Units in the two counters may be different as the USD counter and HKD counter are two distinct and separate markets.

Units traded on both counters are of the same class and all Unitholders of both counters are treated equally. The two counters will have different stock codes, different stock short names and different ISIN numbers as follows: USD counter and traded Units have a SEHK stock code 9826 and a short name "MR CN CLOUD-U" whilst the HKD counter and traded Units have a SEHK stock code 2826 and a short name "MR CN CLOUD". The ISIN for USD counter and traded Units is HK0000516705 and the ISIN for HKD counter and traded Units is HK0000516713.

Normally, investors can buy and sell Units traded in the same counter or alternatively buy in one counter and sell in the other counter provided their brokers provide both HKD and USD trading services at the same time and offer inter-counter transfer services to support Dual Counter trading. Inter-counter buy and sell is permissible even if the trades take places within the same trading day. However, investors should note that the trading price of Units traded in the USD counter and that of HKD counter may be different and may not always maintain a close relationship depending on factors such as market demand and supply and liquidity in each counter.

More information with regard to the Dual Counter is available in the frequently asked questions in respect of the Dual Counter published on HKEX's website https://www.hkex.com.hk/Global/Exchange/FAQ/Featured/RMB-Readiness-and-Services/Dual-Tranche-Dual-Counter-Model?sc_lang=en.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factors below entitled "Dual Counter risks" and "Inter-Counter Trading risks".

INVESTMENT OBJECTIVE AND STRATEGY

The Global X China Cloud Computing ETF seeks to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Underlying Index.

The Manager intends to adopt a full replication strategy through investing all, or substantially all, of the assets of the Global X China Cloud Computing ETF directly in all securities constituting the Underlying Index in substantially the same weightings as these securities have in the Underlying Index to achieve the investment objective of the Global X China Cloud Computing ETF.

Where the adoption of a full replication strategy is not efficient or practicable or where the Manager considers appropriate in its absolute discretion, the Manager may pursue a representative sampling strategy and hold a representative sample of the constituent securities of the Underlying Index selected by the Manager using quantitative analytical models to derive a portfolio sample.

Investors should note that the Manager may switch between the full replication strategy and the representation sampling strategy without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the Global X China Cloud Computing ETF by tracking the Underlying Index as closely (or efficiently) as possible for the benefit of investors.

For an explanation on full replication strategy and representative sample strategy, please refer to the section headed "Investment Policies" in Part 1 of this Prospectus.

In relation to the Global X China Cloud Computing ETF's investments in A-Shares, the Manager will invest via the Stock Connect (as explained in the section "What is Stock Connect?" below).

Currently, the Global X China Cloud Computing ETF has no intention to use any financial derivative instruments for investment purposes, but may use financial derivative instruments for hedging purposes only. In addition, the Global X China Cloud Computing ETF will not enter into sale and repurchase transactions, reverse repurchase transactions or other similar over-the-counter transactions. Should there be any change in such intention, the Manager will seek prior approval of the Commission if required and not less than one month's prior notice (or such other notice period as agreed with the Commission) will be given to Unitholders.

The investment strategy of the Global X China Cloud Computing ETF is subject to the investment and borrowing restrictions set out in Part 1 of the Prospectus.

SECURITIES LENDING TRANSACTIONS

The Manager may, on behalf of the Global X China Cloud Computing ETF, enter into securities lending transactions with a maximum level of up to 25% and expected level of approximately 20% of the Global X China Cloud Computing ETF's Net Asset Value.

The Manager will be able to recall the Securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Global X China Cloud Computing ETF and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion. Please refer to the sub-section titled "Securities Financing Transactions" of the section headed "Investment and Borrowing Restrictions" in Part 1 of this Prospectus in regard to the details of the arrangements.

As part of the securities lending transactions, the Global X China Cloud Computing ETF must receive cash and/or non-cash collateral (fulfilling the requirements under sub-section titled "Collateral" of the section headed "Investment and Borrowing Restrictions" in Part 1 of this Prospectus) of 100% of the value of the Securities lent (interests, dividends and other eventual rights included). The collateral will be marked-to-market on a daily basis and be subject to safekeeping by the Trustee or an agent appointed by the Trustee. Please refer to the sub-section titled "Trustee" of the section headed "Management and Administration" in Part 1 of this Prospectus in regard to the extent of the Trustee's responsibility for the safekeeping of the assets of the Trust and the appointment of agents. The valuation of the collateral generally takes place on trading day T. If the value of the collateral falls below 100% of the value of the securities lent on any trading day T, the Manager will call for additional collateral on trading day T, and the borrower will have to deliver additional collateral to make up for the difference in securities value by 4:00 p.m. on trading day T+2.

Non-cash collateral received may not be sold, re-invested or pledged. Any re-investment of cash collateral received shall be subject to the requirements as set out in the sub-section titled "Collateral" of the section headed "Investment and Borrowing Restrictions" in Part 1 of this Prospectus.

To the extent the Global X China Cloud Computing ETF undertakes securities lending transactions, all revenues (net of direct and indirect expenses as reasonable and normal compensation for the services rendered by the Manager, a Securities Lending Agent and/or other service providers in the context of such transactions to the extent permitted by applicable legal and regulatory requirements) shall be returned to the Global X China Cloud Computing ETF. The cost relating to securities lending transactions will be borne by the borrower.

Securities lending transactions nonetheless give rise to certain risks including counterparty risk, collateral risk and operational risk. Please refer to the risk factor titled "Securities Lending Transactions Risk" below and the sub-section titled "Securities Financing Transactions" of the section headed "Risk Factors" in Part 1 of this Prospectus for further details.

USE OF DERIVATIVES

The Global X China Cloud Computing ETF's net derivative exposure may be up to 50% of the Investment Fund's Net Asset Value.

WHAT IS STOCK CONNECT?

The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links programme developed by the HKEX, Shanghai Stock Exchange (the "**SSE**") and the CSDCC, and the Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links programme developed by HKEX, the Shenzhen Stock Exchange (the "**SZSE**") and the CSDCC. The aim of the Stock Connect is to achieve mutual stock market access between mainland China and Hong Kong.

The Shanghai-Hong Kong Stock Connect comprises a Northbound Shanghai Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shanghai Trading Link, Hong Kong and overseas investors (including the Global X China Cloud Computing ETF), through their Hong Kong brokers and a securities trading service company established by the SEHK, are able to trade eligible A-Shares listed on the SSE by routing orders to the SSE.

The Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shenzhen Trading Link, Hong Kong and overseas investors (including the Global X China Cloud Computing ETF), through their Hong Kong brokers and a securities trading service company established by SEHK, are able to trade eligible A-Shares listed on the SZSE by routing orders to SZSE.

Eligible securities

Under the Shanghai-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Global X China Cloud Computing ETF) are able to trade certain stocks listed on the SSE market ("**SSE Securities**").

SSE Securities include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on the SEHK, except the following:

(a) SSE-listed shares which are not traded in RMB; and

(b) SSE-listed shares which are under "risk alert".

It is expected that the list of eligible securities will be subject to review.

Under the Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Global X China Cloud Computing ETF) are able to trade certain eligible shares listed on the SZSE market ("**SZSE Securities**"). These include all the constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have a market capitalisation of not less than RMB 6 billion, and all the SZSE-listed A-Shares which have corresponding H-shares listed on SEHK, except the following:

(a) SZSE-listed shares which are not traded in RMB; and

(b) SZSE-listed shares which are under "risk alert" or under delisting arrangement.

At the initial stage of Shenzhen-Hong Kong Stock Connect, investors eligible to trade shares that are listed on the ChiNext Board of the SZSE ("**ChiNext Board**") under Northbound trading will be limited to institutional professional investors as defined in the relevant Hong Kong rules and regulations. It is expected that the list of eligible securities will be subject to review.

Trading days

Investors (including the Global X China Cloud Computing ETF) will only be allowed to trade on the SSE market and the SZSE market on days where the PRC and Hong Kong stock markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

Trading quota

Trading under the Stock Connect is subject to a daily quota (the "**Daily Quota**"), which will be separate for Northbound and Southbound trading. Northbound Shanghai Trading Link under the Shanghai-Hong Kong Stock Connect, Northbound Shenzhen Trading Link under the Shenzhen-Hong Kong Stock Connect, Southbound Hong Kong Trading Link under the Shanghai-Hong Kong Stock Connect and Southbound Hong Kong Trading Link under the Shenzhen-Hong Kong Stock Connect will be respectively subject to a separate set of Daily Quota. The Daily Quota limits the maximum net buy value of cross-boundary trades under each of the Stock Connect each day. The quotas do not belong to the Global X China Cloud Computing ETF and are utilised on a first-come-first-serve basis. The SEHK will monitor the quota and publish the remaining balance of the Northbound Daily Quota at scheduled times on the HKEX's website. The Daily Quota may change in future. The Manager will not notify Unitholders in case of a change of quota.

Settlement and Custody

The HKSCC, a wholly-owned subsidiary of HKEX, is responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors. A-Shares traded through the Stock Connect are issued in scripless form, so investors will not hold any physical A-Shares. Hong Kong and overseas investors who have acquired SSE Securities or SZSE Securities through Northbound trading should maintain the SSE Securities or SZSE Securities with their brokers' or custodians' stock accounts with CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK).

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock account in the CSDCC, the CSDCC as the share registrar for SSE and SZSE listed companies still treats the HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities and SZSE Securities. The HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the relevant brokers or custodians participating in CCASS ("**CCASS participants**") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them. SSE-/SZSE-listed companies usually announce information regarding their annual general meetings/extraordinary general meetings about two to three weeks before the meeting date. A poll is called on all resolutions for all votes. HKSCC will advise CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

Currency

Hong Kong and overseas investors (including the Global X China Cloud Computing ETF) will trade and settle SSE Securities and SZSE Securities in RMB only.

Foreign shareholding restrictions

CSRC stipulates that, when holding A-Shares through the Stock Connect, Hong Kong and overseas investors are subject to the following shareholding restrictions: (a) shares held by a single foreign investor (such as the Global X China Cloud Computing ETF) investing in a listed company must not exceed 10% of the total issued shares of such listed company; and (b) total shares held by all foreign investors (i.e. Hong Kong and overseas investors) who make investment in a listed company must not exceed 30% of the total issued shares of such listed company. When the aggregate foreign shareholding of an individual A-Share reaches 26%, SSE or SZSE, as the case may be, will publish a notice on its website (https://www.sse.com.cn/disclosure/diclosure/qfii/ for SSE and https://www.szse.cn/disclosure/deal/qfii/index.html for SZSE). If the aggregate foreign shareholding exceeds the 30% threshold, the foreign investors concerned will be requested to sell the shares on a last-in-first-out basis within five trading days.

Trading fees

In addition to paying trading fees and stamp duties in connection with A-Share trading, Hong Kong and overseas investors (including the Global X China Cloud Computing ETF) may be subject to the fees and levies imposed by SSE, SZSE, CSDCC, HKSCC or the relevant PRC authority when they trade and settle SSE Securities and SZSE Securities. Further information about the trading fees and levies is available online at the website:
https://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm

Coverage of Investor Compensation Fund

The Global X China Cloud Computing ETF's investments through Northbound trading under the Stock Connect is not covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in Northbound trading via Stock Connect do not involve products listed or traded in the SEHK or the Hong Kong Futures Exchanges Limited, such trading is not covered by Hong Kong's Investor Compensation Fund. On the other hand, since the Global X China Cloud Computing ETF is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, such trading is not protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in the PRC.

Further information about the Stock Connect is available at the website: https://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm.

DISTRIBUTION POLICY

The Global X China Cloud Computing ETF aims to pay annual cash distribution (in May each year), out of its net income earned after fees and costs and at the discretion of the Manager. The amount or rate of distribution (if any) is not guaranteed.

The Manager may, at its discretion, pay dividend out of capital. Investors should note that payments of distributions 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 distributions involving payment of distributions out of the Global X China Cloud Computing ETF's capital may result in an immediate reduction in the Net Asset Value of the Global X China Cloud Computing ETF and will reduce the capital available for future investment.

Details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website https://www.globalxetfs.com.hk/ (the contents of which have not been reviewed by the Commission). There can be no assurance that a distribution will be paid.

The composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website https://www.globalxetfs.com.hk/ (the contents of which have not been reviewed by the Commission).Each Unitholder will receive distributions in RMB (whether holding USD traded Units or HKD traded Units).

PRC TAX PROVISIONS

The "Notice on the temporary exemption of Corporate Income Tax on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and RQFII" (Caishui [2014] No. 79) ("**Notice No. 79**") promulgated by the Ministry of Finance ("**MOF**"), the STA and the CSRC stipulates that trading of A-Shares through QFIIs, RQFIIs (without an establishment or place of business in the PRC or having an establishment in the PRC but the income so derived in China is not effectively connected with such establishment) will be temporarily exempted from PRC corporate income tax ("**CIT**") on gains derived from the transfer of PRC equity investment assets (including A-Shares) effective from 17 November 2014.

Pursuant to the "Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect" (Caishui [2014] No. 81) ("**Notice No. 81**") and the "Notice about the tax policies related to the Shenzhen-Hong Kong Stock Connect" (Caishui [2016] No. 127) ("**Notice No. 127**") promulgated by MOF, STA and CSRC on 14 November 2014 and on 5 November 2016 respectively, CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Global X China Cloud Computing ETF) on the trading of A-Shares through the Stock Connect.

In light of the regulations as stipulated in Notice No. 79, Notice No. 81 and Notice No. 127 and based on professional and independent tax advice, the Manager does not intend to make any withholding income tax provision on the gross unrealised and realised capital gains derived from trading of A-Shares.

THE INDEX

The Underlying Index provides exposure to Chinese companies that are active in the field of cloud computing.

The Underlying Index is compiled and managed by Solactive AG (the "**Index Provider**"), and the Index Provider determines the securities that are eligible for inclusion in the Index Universe. The Underlying Index is denominated in RMB.

The Manager (and each of its Connected Persons) are independent of the Index Provider.

Please refer to the section "Index Description" for detailed information on the Underlying Index.

RISK FACTORS RELATING TO THE GLOBAL X CHINA CLOUD COMPUTING ETF

In addition to the principal risk factors common to all Investment Funds set out in Part 1 of this Prospectus, investors should also consider the potential risks associated with investing in the Global X China Cloud Computing ETF including those set out below. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of Global X China Cloud Computing ETF.

Equity market risk. The Global X China Cloud Computing ETF's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

Risks associated with internet companies

Risks associated with internet companies and internet related industries._The internet industry may be at an early stage of development, and many of the companies in these industries have a relatively short operating history. Rapid changes could render obsolete the products and services offered by the companies in which the Global X China Cloud Computing ETF invests, and cause declines in the prices of the securities of those companies. Additionally, companies in the internet sector may face dramatic and often unpredictable changes in growth rates and competition for the services of qualified personnel.

Undetected software errors risks. Generally, the products and services offered by internet companies incorporate complex software. Such software has contained, and may now or in the future contain, errors, bugs or vulnerabilities. Some errors in the software code may only be discovered after the product or service has been released. Any errors, bugs or vulnerabilities discovered in the code of an internet company after release could result in damage to such company's reputation, loss of users, loss of platform partners, loss of advertisers or advertising revenue or liability for damages, any of which could adversely affect the business and operating results of such company. If the Global X China Cloud Computing ETF invests in any of these companies, its investment may be adversely affected.

Government intervention risk. There may be substantial government intervention in the internet industry, including restrictions on investment in internet companies if such companies are deemed sensitive to relevant national interests. Some governments in the world have sought, and may in the future seek, to censor content available through internet, restrict access to products and services offered by internet companies that the Global X China Cloud Computing ETF invests in from their country entirely or impose other restrictions that may affect the accessibility of such products and services for an extended period of time or indefinitely. In the event that access to the internet products and services is restricted, in whole or in part, in one or more countries, the ability of such internet companies to retain or increase their user base and user engagement may be adversely affected, and their operating results may be harmed. This may in turn affect the value of investment of the Global X China Cloud Computing ETF.

Changes in laws and regulations risk. The internet business is subject to complex laws and regulations including privacy, data protection, content regulation, intellectual property, competition, protection of minors, consumer protection and taxation. These laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to the business practices, monetary penalties, increased cost of operations or declines in user growth, user engagement or advertisement engagement, or otherwise harm the internet business. They may also delay or impede the development of new products and services. Compliance with these existing and new laws and regulations can be costly and may require significant time and attention of management and technical personnel. All these may have impact on the business and/or profitability of the internet companies in which the Global X China Cloud Computing ETF invests and therefore may adversely affect the Net Asset Value of the Global X China Cloud Computing ETF.

Concentration risk. The concentration of the Global X China Cloud Computing ETF's investments in Chinese companies in the cloud computing sector may result in greater volatility in the value of the Global X China Cloud Computing ETF than more diverse portfolios which comprise broad-based global investments.

Securities Lending Transactions Risk. The Global X China Cloud Computing ETF may be exposed to the following risks as a result of entering into securities lending transactions:

Counterparty risk: The borrower may fail to return the securities in a timely manner or at all. The Global X China Cloud Computing ETF may as a result suffer from a loss or delay when recovering the securities lent out. This may restrict the Global X China Cloud Computing ETF's ability in meeting delivery or payment obligations from redemption requests.

Collateral risk: As part of the securities lending transactions, the Global X China Cloud Computing ETF must receive at least 100% of the valuation of the securities lent as collateral marked-to-market on a daily basis. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the collateral, adverse market movements in the collateral value, change of value of securities lent. This may cause significant losses to the Global X China Cloud Computing ETF if the borrower fails to return the securities lent out. The Global X China Cloud Computing ETF may also be subject to liquidity and custody risk of the collateral, as well as legal risk of enforcement.

Operational risk: By undertaking securities lending transactions, the Global X China Cloud Computing ETF is exposed to operational risks such as delay or failure of settlement. Such delays and failure may restrict the Global X China Cloud Computing ETF's ability in meeting delivery or payment obligations from redemption requests.

Risks associated with the Stock Connect. The Global X China Cloud Computing ETF's investments through the Stock Connect may be subject to the following risks. In the event that the Global X China Cloud Computing ETF's ability to invest in A-Shares through the Stock Connect on a timely basis is adversely affected, Global X China Cloud Computing ETF's ability to achieve its investment objective may be affected.

Quota limitations: The Stock Connect is subject to quota limitations. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the Global X China Cloud Computing ETF's ability to invest in A-Shares through the Stock Connect on a timely basis, and the Global X China Cloud Computing ETF may not be able to effectively pursue its investment strategies.

Suspension risk: It is contemplated that each of the SEHK, the SSE and the SZSE would reserve the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through Stock Connect is effected, the Global X China Cloud Computing ETF's ability to access the PRC market will be adversely affected. In such event, the Global X China Cloud Computing ETF's ability to achieve its investment objective could be negatively affected.

Differences in trading day: The Stock Connect only operates on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. Therefore, it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong stock markets or banks are closed and overseas investors (such as the Global X China Cloud Computing ETF) cannot carry out any A-Shares trading. Due to the differences in trading days, the Global X China Cloud Computing ETF may be subject to a risk of price fluctuations in A-Shares on a day that the PRC stock markets are open for trading but the Hong Kong stock market is closed.

Operational risk: The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly. The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this programme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

Market participants generally have configured and adapted their operational and technical systems for the purpose of trading A-Shares through the Stock Connect. However, it should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the programme to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect requires routing of orders across the border. SEHK has set up an order routing system to capture, consolidate and route the cross-boundary orders input by exchange participants. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. The Global X China Cloud Computing ETF's ability to access the A-Shares market (and hence to pursue its investment strategy) will be adversely affected.

Restrictions on selling imposed by front-end monitoring: PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on A-Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

Generally, if the Global X China Cloud Computing ETF desires to sell certain A-Shares it holds, it must transfer those A-Shares to the respective accounts of its brokers before the market opens on the day of selling ("**Trading Day**"). If it fails to meet this deadline, it will not be able to sell those shares on the Trading Day. Because of this requirement, the Global X China Cloud Computing ETF may not be able to dispose of holdings of A-Shares in a timely manner.

However, the Global X China Cloud Computing ETF will request a custodian to open a special segregated account ("**SPSA**") in CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK) to maintain its holdings in A-Shares under the enhanced pre-trade checking model. Each SPSA will be assigned a unique "Investor ID" by CCASS for the purpose of facilitating China Stock Connect System to verify the holdings of an investor such as the Global X China Cloud Computing ETF. Provided that there is sufficient holding in the SPSA when a broker inputs the Global X China Cloud Computing ETF's sell order, the Global X China Cloud Computing ETF will be able to dispose of its holdings of A-Shares (as opposed to the practice of transferring A-Shares to the broker's account under the current pre-trade checking model for non-SPSA accounts). Opening of the SPSA accounts for the Global X China Cloud Computing ETF will enable it to dispose of its holdings of A-Shares in a timely manner.

Recalling of eligible stocks: If a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold and cannot be bought. This may affect the Global X China Cloud Computing ETF's ability to invest in A-Shares through the Stock Connect.

Clearing and settlement risk: The HKSCC and CSDCC establish clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house. Should the remote event of CSDCC default occur and the CSDCC be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against the CSDCC. HKSCC will in good faith seek recovery of the outstanding stocks and monies from the CSDCC through available legal channels or through the CSDCC's liquidation. In that event, the Global X China Cloud Computing ETF may suffer delay in the recovery process or may not be able to fully recover its losses from the CSDCC.

Regulatory risk: The Stock Connect is novel in nature, and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect. It should be noted that the current regulations and rules on Stock Connect are subject to change which may have potential retrospective effect. There can be no assurance that the Stock Connect will not be abolished. The Global X China Cloud Computing ETF, which may invest in the PRC stock markets through the Stock Connect, may be adversely affected as a result of such changes.

No protection by Investor Compensation Fund: Investments through the Stock Connect are conducted through brokers, and are subject to the risks of default by such brokers' in their obligations. The Global X China Cloud Computing ETF's investments through Northbound trading under the Stock Connect are not covered by Hong Kong's Investor Compensation Fund. Therefore the Global X China Cloud Computing ETF is exposed to the risks of default of the broker(s) it engages in its trading in A-Shares through the programme. Further, since the Global X China Cloud Computing ETF is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, it is not protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in the PRC.

Participation in corporate actions and shareholders' meetings: HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the CCASS participants informed of corporate actions of SSE Securities and SZSE Securities. Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders' meetings when instructed. Further, investors (with holdings reaching the thresholds required under the PRC regulations and the articles of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements. Hong Kong and overseas investors (including the Global X China Cloud Computing ETF) are holding SSE Securities and SZSE Securities traded via the Stock Connect through their brokers or custodians, and they will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be very short. Therefore, it is possible that the Global X China Cloud Computing ETF may not be able to participate in some corporate actions in a timely manner.

Risks associated with Small and Medium Enterprise Board ("SME Board") and/or ChiNext Board of the Shenzhen Stock Exchange

The Global X China Cloud Computing ETF may have exposure to stocks listed on SME Board and/or ChiNext Board.

Higher fluctuation on stock prices: Listed companies on the SME Board and/or ChiNext Board are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the Main Board of the SZSE (“**Main Board**”).

Over-valuation risk*:* Stocks listed on SME Board and/or ChiNext Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

Differences in regulation: The rules and regulations regarding companies listed on ChiNext Board are less stringent in terms of profitability and share capital than those on the Main Board and SME Board.

Delisting risk: It may be more common and faster for companies listed on the SME Board and/or ChiNext Board to delist. This may have an adverse impact on the Global X China Cloud Computing ETF if the companies that it invests in are delisted.

Investments in the SME Board and/or ChiNext Board may result in significant losses for the Global X China Cloud Computing ETF and its investors.

PRC taxation risk. By investing in A-Shares listed on the PRC stock exchanges, the Global X China Cloud Computing ETF may be subject to CIT. Pursuant to Notice No. 81 and Notice No. 127, (i) CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Global X China Cloud Computing ETF) on the trading of A-Shares through the Stock Connect and (ii) dividends received by Hong Kong market investors (including the Global X China Cloud Computing ETF) from A-Shares investment via Stock Connect will be subject to 10% CIT and the company distributing the dividend has the withholding obligation. Based on Notice No. 81, Notice No. 127 and professional and independent tax advice, no provision for gross realised or unrealised capital gains derived from trading of A-Shares via Stock Connect is made by the Manager on behalf of the Global X China Cloud Computing ETF. The Manager reserves the right to make relevant provision on dividends and interest if the CIT is not withheld at source.

It should be noted that the tax exemptions granted under Notice No. 81 and Notice No. 127 are temporary. As such, as and when the PRC tax authorities announce the expiry date of the tax exemption or change the current interpretation, the Global X China Cloud Computing ETF may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of the Global X China Cloud Computing ETF.

There is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. There are also risks and uncertainties associated with the current PRC tax laws, regulations and practice, and the potential application of tax treaties in respect of capital gains realized by the Global X China Cloud Computing ETF on its investments in the A-Shares. The Manager reserves the right to provide for PRC CIT or other taxes on capital gains or income and withhold the tax for the account of the Global X China Cloud Computing ETF if there is any future change in the PRC tax rules. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and change its tax provision policy and the tax provision amount in respect of the Global X China Cloud Computing ETF accordingly. Any change to the tax provision policy or the amount of tax provision in respect of the Global X China Cloud Computing ETF will be notified to the Unitholders.

In view of the uncertainties of changes and developments in the PRC tax rules, investors should note that if actual tax is collected by the STA and the Global X China Cloud Computing ETF is required to make payments reflecting tax liabilities for which no provision has been made, the Net Asset Value of the Global X China Cloud Computing ETF may be adversely affected, as the Global X China Cloud Computing ETF will ultimately have to bear the full amount of tax liabilities. In this case, the tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Global X China Cloud Computing ETF, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Global X China Cloud Computing ETF. Upon any future resolution of the above-mentioned tax exemption or further changes to the PRC tax law or policies, the Manager will, as soon as practicable, make relevant adjustments to the amount of tax provision as it considers necessary.

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

Risks associated with the RMB currency

RMB is not freely convertible and subject to exchange controls and restrictions risk. It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. Since 1994, the conversion of RMB into US dollar has been based on rates set by the PBOC, which are set daily based on the previous day's PRC interbank foreign exchange market rate. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. In addition, a market maker system was introduced to the interbank spot foreign exchange market. In July 2008, the PRC announced that its exchange rate regime was further transformed into a managed floating mechanism based on market supply and demand.

Given the domestic and overseas economic developments, the PBOC decided to further improve the RMB exchange rate regime in June 2010 to enhance the flexibility of the RMB exchange rate. In April 2012, the PBOC decided to take a further step to increase the flexibility of the RMB exchange rate by expanding the daily trading band from +/- 0.5% to +/-1%. However it should be noted that the PRC government's policies on exchange control and repatriation restrictions are subject to change, and any such change may adversely impact the Global X China Cloud Computing ETF. There can be no assurance that the RMB exchange rate will not fluctuate widely against the US dollar or any other foreign currency in the future.

Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of the SAFE. On the other hand, the existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. Nevertheless, the Manager cannot predict whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

Non-RMB or late settlement realisation risk. Where, in extraordinary circumstances, the remittance or payment of RMB funds on the realisation of Units cannot, in the opinion of the Manager in consultation with the Trustee, be carried out normally due to legal or regulatory circumstances beyond the control of the Trustee and the Manager, realisation proceeds may be delayed or, if necessary in exceptional circumstances, be paid in US dollars or Hong Kong dollars instead of in RMB (at an exchange rate determined by the Manager after consultation with the

Trustee). As such, there is a risk that investors may not be able to receive, through Participating Dealers, settlement upon a realisation of Units in RMB (and may receive US dollars or Hong Kong dollars) or may receive settlement in RMB on a delayed basis.

Exchange rates movement between the RMB and other currencies risk. There is no guarantee that RMB will appreciate in value against Hong Kong dollar, United States dollar or any other currency, or that the strength of RMB may not weaken. In such case an investor may enjoy a gain in RMB terms but suffer a loss when converting funds from RMB back into Hong Kong dollars or United States dollars (or any other currency).

Future movements in RMB exchange rates risk. The exchange rate of RMB ceased to be pegged to US dollars on 21 July 2005, resulting in a more flexible RMB exchange rate system. China Foreign Exchange Trading System, authorised by the PBOC, promulgates the central parity rate of RMB against US dollars, Euro, Yen, British Pound and Hong Kong dollars at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of RMB against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors.

There can be no assurance that such exchange rates will not fluctuate widely against US dollars, Hong Kong dollars or any other foreign currency in the future. From 1994 to July 2005, the exchange rate for RMB against US dollar and the Hong Kong dollar was relatively stable. Since July 2005, the appreciation of RMB has begun to accelerate. Although the PRC government has constantly reiterated its intention to maintain the stability of RMB, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of RMB will be further accelerated cannot be excluded. On the other hand, there can be no assurance that RMB will not be subject to devaluation.

Offshore RMB ("CNH") market risk. The onshore RMB ("**CNY**") is the only official currency of the PRC and is used in all financial transactions between individuals, state and corporations in the PRC. Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside the PRC. Since June 2010, the CNH is traded officially, regulated jointly by the Hong Kong Monetary Authority and the PBOC. While both CNY and CNH represent RMB, they are traded in different and separated markets. The two RMB markets operate independently where the flow between them is highly restricted. Though the CNH is a proxy's of the CNY, they do not necessarily have the same exchange rate and their movement may not be in the same direction. This is because these currencies act in separate jurisdictions, which leads to separate supply and demand conditions for each, and therefore separate but related currency markets. Any divergence between CNH and CNY may adversely impact investors.

However, the current size of RMB-denominated financial assets outside the PRC is limited. RMB business participating banks do not have direct RMB liquidity support from PBOC. The Renminbi Clearing Bank only has access to onshore liquidity support from PBOC (subject to annual and quarterly quotas imposed by PBOC) to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement. The Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions.

Although it is expected that the offshore RMB market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the relevant settlement agreements between Hong Kong banks and the PBOC will not be terminated or amended in the future which will have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC may affect the ability of investors to acquire Units or sell Units of the Global X China Cloud Computing ETF affecting the liquidity and trading price of the Units on the SEHK. To the extent the Manager is required to source RMB in the offshore market, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

RMB distributions risk. Investors should note that where a Unitholder holds Units traded under the HKD or USD counter, the relevant Unitholder will only receive distributions in RMB and not HKD or USD. In the event the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such distribution from RMB into HKD, USD or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions.

Risk relating to the PRC. Investment in the Global X China Cloud Computing ETF is subject to the risks associated with investment in the PRC markets. Prospective investors should therefore refer to such specific risks that are specifically identified in the sub-section of this Prospectus titled "Risk Factors" – "Risks Factors relating to the PRC".

Dual Counter risks. The Global X China Cloud Computing ETF will have Dual Counter traded Units which are traded and settled in USD under the USD counter and traded and settled in HKD under the HKD counter. The relative novelty and relatively untested nature of the Dual Counter for exchange traded funds may make investment in the Units riskier than in single counter units or shares of an SEHK listed issuer for example where for some reason there is a settlement failure on an inter-counter transfer if the Units of one counter are delivered to CCASS at the last settlement on a trading day, leaving not enough time to transfer the Units to the other counter for settlement on the same day.

In addition, where there is a suspension of the inter-counter transfers of Units between the HKD counter and the USD counter and/or any limitation on the level of services by brokers and CCASS participants due to, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant counter. Accordingly it should be noted that the inter-counter transfers may not always be available. Investors are recommended to check the readiness of their brokers/intermediaries in respect of the Dual Counter trading and inter-counter transfer.

There is a risk that the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in USD due to market liquidity, supply and demand in each counter and the exchange rate between the USD and the HKD (in both the onshore and the offshore markets). The trading price of HKD traded Units or USD traded Units is determined by market forces and so will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly when selling Units traded in HKD or buying Units traded in HKD, an investor may receive less or pay more than the equivalent amount in USD if the trade of the relevant Units is in USD and vice versa. There can be no assurance that the price of Units in each counter will be equivalent.

Investors should note that distributions are made in RMB only. As such investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their dividend.

Inter-Counter Trading Risk. Although an investor may buy from one counter and sell the same on the other counter in the same day, it is possible that some brokers and CCASS participants may not be familiar with and may not be able to (i) buy Units in one counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade Units in both counters at the same time. In such a case another broker, intermediary or CCASS participant may need to be used. Accordingly, this may inhibit or delay an investor dealing in both HKD traded and USD traded Units and may mean investors may only be able to sell their Units in one currency. Investors are recommended to check the readiness of their brokers in respect of the Dual Counter trading and inter-counter transfer and should fully understand the services which the relevant broker is able to provide (as well as any associated fees). In particular, some brokers/intermediaries may not have in place systems and controls to facilitate inter-counter trading and/or inter-counter day trades.

Trading differences risk. As the relevant stock exchanges in China or the United States may be open when Units in the Global X China Cloud Computing ETF are not priced, the value of the securities in the Global X China Cloud Computing ETF's portfolio may change on days when investors will not be able to purchase or sell the Global X China Cloud Computing ETF's Units. Furthermore, the market prices of underlying securities listed on the relevant stock exchanges in China or the United States may not be available during part of all of the SEHK trading sessions due to trading hour differences which may result in the trading price of the Global X China Cloud Computing ETF deviating away from NAV. In addition, A-Shares are subject to trading bands which restrict increase and decrease in the trading price. Units listed on the SEHK are not. This difference may also increase the level of premium or discount of the Unit price to its net asset value.

A-Share market suspension and volatility risk. A-Shares may only be bought from, or sold to, the Global X China Cloud Computing ETF from time to time where the relevant A-Shares may be sold or purchased on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, as appropriate. Given that the A-Share market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the creation and realisation of Units may be disrupted. A Participating Dealer is unlikely to realise or create Units if it considers that A-Shares may not be available. High market volatility and potential settlement difficulties in the A-Share market may also result in significant fluctuations in the prices of the securities traded on the A-Share market and thereby may adversely affect the value of the Global X China Cloud Computing ETF.

Trading risk. Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium/discount to its Net Asset Value. As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, retail investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

Distributions paid out of capital risk. The Manager may, at its discretion, pay distributions out of capital. Investors should note that payments of distributions 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 distributions involving payment of distributions out of the Global X China Cloud Computing ETF's capital may result in an immediate reduction in the Net Asset Value of the Global X China Cloud Computing ETF and will reduce the capital available for future investment.

TERMINATION

In addition to the grounds of termination as set out in the main Prospectus, the Global X China Cloud Computing ETF may be terminated if the aggregate Net Asset of the Units of the relevant class outstanding in respect of the Global X China Cloud Computing ETF shall be less than HK$50 million (or its equivalent in the Global X China Cloud Computing ETF's Base Currency).

PRC TAXATION

By investing in Securities (including A-Shares) issued by PRC tax resident enterprises, irrespective of whether such Securities are issued or distributed onshore (“**onshore PRC securities**”) or offshore (“**offshore PRC securities**”, and together with onshore PRC securities, the “**PRC Securities**”), the Global X China Cloud Computing ETF may be subject to PRC taxes. It is possible that the current tax laws, regulations and practice in the PRC will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on PRC Securities than currently contemplated. Unitholders should seek their own tax advice on their tax positions with regard to their investments in the Global X China Cloud Computing ETF.

Corporate Income Tax. If the Global X China Cloud Computing ETF is considered as a PRC tax resident enterprise, it will be subject to PRC CIT at 25% on its worldwide taxable income. If the Global X China Cloud Computing ETF is considered as a non-PRC tax resident enterprise with an establishment or place of business (“**PE**”) in the PRC, the profits attributable to that PE would be subject to CIT at 25%. Non-resident enterprises without any PE in the PRC are subject to CIT generally at a rate of 10% on its PRC sourced income, including but not limited to passive income (e.g. dividends and interest) and gains arising from transfer of assets etc., unless any specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties.

The Manager intends to manage and operate the Global X China Cloud Computing ETF in such a manner that the Global X China Cloud Computing ETF should not be treated as a PRC tax resident enterprise or a non-PRC tax resident with a PE in the PRC for CIT purposes, although this cannot be guaranteed.

Dividend income and interest income – Unless a specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties, non-PRC tax resident enterprises without a PE in the PRC are subject to CIT on a withholding basis, generally at a rate of 10%, to the extent it directly derives the PRC sourced passive income. PRC sourced passive income (such as dividend income or interest income) may arise from investments in the PRC Securities. The entity distributing or paying such PRC sourced passive income is required to withhold such tax. If the foreign corporate investor (including the Global X China Cloud Computing ETF) is a tax resident of a jurisdiction which has entered into tax treaty with China, it may apply for the reduced PRC CIT rate under the tax treaty, subject to complying with the terms of the relevant tax treaty and any treaty benefit record filing procedures in accordance with the relevant PRC tax regulations. Accordingly, the Global X China Cloud Computing ETF may be subject to CIT and/or other PRC taxes on any cash dividends, distributions and interest it receives from its investment in PRC Securities.

Pursuant to Notice No. 81 and Notice No. 127, dividends received by Hong Kong market investors (including the Global X China Cloud Computing ETF) from A-Shares investment via Stock Connect will be subject to 10% CIT and the company distributing the dividend has the withholding obligation.

Under the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" (“**China-HK Arrangement**”), dividends received by a Hong Kong tax resident holder of shares issued by a PRC tax resident enterprise will be subject to a reduced PRC CIT rate of 5% on the gross amount of the dividends, if (i) the Hong Kong tax resident is the beneficial owner of the dividends; (ii) the Hong Kong tax resident directly holds at least 25% of the equity of the company paying the dividends; and (iii) other relevant treaty conditions are satisfied. Due to the Global X China Cloud Computing ETF’s investment restriction, the Global X China Cloud Computing ETF will not hold more than 10% of any ordinary shares issued by any single issuer. In this connection, dividends derived from A-Shares invested through Stock Connect will not be able to benefit from the reduced CIT rate of 5% and the general CIT rate of 10% will be applicable to the Global X China Cloud Computing ETF.

The Manager reserves the right to make relevant provision on dividends and interest if the CIT is not withheld at source.

Capital gains – Pursuant to Notice No. 81 and Notice No. 127, CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Global X China Cloud Computing ETF) on the trading of A-Shares through the Stock Connect. Based on Notice No. 81 and Notice No. 127 and professional and independent tax advice, no provision for gross realised or unrealised capital gains derived from trading of A-Shares via Stock Connect is made by the Manager on behalf of the Global X China Cloud Computing ETF.

It should be noted that the tax exemptions granted under Notice No. 81 and Notice No. 127 are temporary. As such, as and when the PRC tax authorities announce the expiry date of the tax exemption or change the current interpretation, the Global X China Cloud Computing ETF may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of the Global X China Cloud Computing ETF.

There is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. The Manager reserves the right to provide for PRC CIT or other taxes on capital gains or income and withhold the tax for the account of the Global X China Cloud Computing ETF if there is any future change in the PRC tax rules. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and change its tax provision policy and the tax provision amount in respect of the Global X China Cloud Computing ETF accordingly. Any change to the tax provision policy or the amount of tax provision in respect of the Global X China Cloud Computing ETF will be notified to the Unitholders.

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

Value-added Tax (“VAT”) and other surcharges. The MOF and the STA issued Caishui [2016] No. 36 (“**Circular 36**”) on 23 March 2016 announcing that the VAT transform program covers all the remaining industries of the program, including financial services. Circular 36 has taken effect from 1 May 2016, unless otherwise stipulated therein. Pursuant to Circular 36, gains realised by taxpayers from trading of marketable PRC securities would generally be subject to VAT instead of Business Tax at 6%.

Capital gains – According to Circular 36 and Notice No. 127, the gains derived by Hong Kong investors (including the Global X China Cloud Computing ETF) from trading of A-Shares through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect are exempt from VAT.

Dividend income and interest income – Dividend income or profit distributions on equity investment derived from China are not included in the taxable scope of VAT. According to Circular 36, interest on deposit is not subject to VAT.

If VAT is applicable, there are also other surcharges (which include Urban Construction and Maintenance Tax, Education Surcharge and Local Education Surcharge) that would amount to as high as 12% of VAT payable.

Stamp duty. Stamp duty is levied on the execution or use in the PRC of certain taxable documents, such as documentation effecting the transfer of equity interests in Chinese companies, the sale of A-Shares and B-Shares, the purchase and sale of goods, contract documents issued for process contracting, construction contracting, property leasing, and other documents listed in the PRC's provisional rules on stamp duty. In the case of contracts for sale of A-Shares and B-Shares, such stamp duty is currently imposed on the seller but not on the buyer, at the rate of 0.1%. The Global X China Cloud Computing ETF will be subject to this tax on each disposal of the Mainland China listed shares.

According to Notice No. 127, the borrowing and return of listed shares in relation to shares guarantee and short-selling by Hong Kong and overseas investors through Stock Connect is exempt from stamp duty since 5 December 2016.

FEES AND CHARGES

Management Fees and Servicing Fees

The Global X China Cloud Computing ETF employs a single management fee structure. The Manager will retain the Single Management Fee to pay for the costs, fees and expenses associated with the Global X China Cloud Computing ETF as detailed in the section "Fees and Charges – Management Fees and Servicing Fee" in Part 1 of this Prospectus.

The Single Management Fee is the sum of anticipated charges to the Global X China Cloud Computing ETF and expressed as a percentage of the Net Asset Value of the Global X China Cloud Computing ETF. The current Single Management Fee is at the rate of 0.68% per annum of the Net Asset Value of the Global X China Cloud Computing ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

The Manager's servicing fee (if any) will be paid out of the Single Management Fee.

Trustee's Fee

The Trustee's fee will be paid by the Manager out of the Single Management Fee.

Registrar's Fee

The Registrar's fee will be paid by the Manager out of the Single Management Fee.

Fees Payable by Participating Dealers

The fees payable by Participating Dealers in respect of the Global X China Cloud Computing ETF are summarised in the table below:

Creation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	RMB8,000 per Application. See Note 3.
Application Cancellation Fee	RMB8,000 per Application. See Note 4.
All other duties and charges incurred by the Trustee or the Manager in connection with the creation	As applicable and may include, *inter alia*, brokerage costs and stamp duty charges. See Note 5.

Realisation of Units

Transaction Fee	See Note 1.
Service Agent Fee	See Note 2.
Extension Fee	RMB8,000 per Application. See Note 3.
Application Cancellation Fee	RMB8,000 per Application. See Note 4.
All other duties and charges incurred by the Trustee or the Manager in connection with the realisation	As applicable and may include, *inter alia*, brokerage costs and stamp duty charges. See Note 5.

Fees Payable by Retail Investors Dealing in Units on the SEHK

The fees payable by retail investors dealing in Units in the Global X China Cloud Computing ETF on the SEHK are summarised in the table below:

Brokerage	Market rates
Transaction Levy	0.0027% See Note 6.
Trading Fee	0.005% See Note 7.
Stamp Duty	Nil
Inter-counter transfers	HK$5. See Note 8.

Notes

1. A Transaction Fee of RMB6,000 per Application is payable by each Participating Dealer to the Manager for the account and benefit of the Trustee.

2. A service agent fee of HK$1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction. A monthly reconciliation fee of HK$5,000 is payable by the Manager (out of the Single Management Fee) to the Service Agent. For any period less than a month, the reconciliation fee is payable by the Manager (out of the Single Management Fee) on a pro-rata basis and accrues on a daily basis.

3. An Extension Fee is payable to the Trustee for the benefit of the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement or partial delivery in respect of a Creation or Realisation Application.

4. An Application Cancellation Fee is payable to, and for the account and benefit of, the Trustee in respect of either a withdrawn or failed Creation or Realisation Application.

5. Participating Dealers may apply to the Manager for further details, although it should be noted that the actual duties and charges can only be determined only after the relevant Applications have been effected.

6. A Transaction Levy of 0.0027% of the price of the Units, payable by each of the buyer and the seller.

7. A Trading Fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.

8. This fee is applicable to the Global X China Cloud Computing ETF, which has adopted a Dual Counter and has HKD and USD traded Units. HKSCC will charge each CCASS participant a fee of HK$5 per instruction for effecting an inter-counter transfer of the Global X China Cloud Computing ETF between one counter and the other counter. Investors should check with their brokers regarding any additional fees.

INDEX DESCRIPTION

This section is a brief overview of the Underlying Index. It contains a summary of the principal features of the Underlying Index and is not a complete description of the Underlying Index. As of the date of this Prospectus, the summary of the Underlying Index in this section is accurate and consistent with the complete description of the Underlying Index. Complete information on the Underlying Index appears in the website identified below. Such information may change from time to time and details of the changes will appear on that website.

Interpretation

For the purpose of this Appendix 5, the following words and expressions shall have the following meanings:

"**Adjustment Day**" is the second Friday of January and July. If that day is not a Trading Day the Adjustment Day will be the immediately following Trading Day.

"**Affiliated Exchange**" means with respect to an Index Component, each exchange, trading system or quotation system whose trading has an effect on the overall market for options contracts or futures contracts on the Index Component, and any successor acceptable to the Index Calculator.

"**Calculation Day**" is every weekday Monday to Friday.

“**Exchange**” is in respect of the Underlying Index and every Index Component, the respective primary exchange where the Index Component has its primary listing. The Index Calculator may decide to declare a different stock exchange the “Exchange” for trading reasons, even if the company is only listed there via a Stock Substitute.

“**Extraordinary Event**” is:
- a Merger
- a Takeover Bid
- a Delisting
- the Nationalization of a company
- Insolvency.

The Trading Price for an Index Component on the day the event came into effect is the last available market price for the relevant Index Component quoted on the Exchange on the day the event came into effect (or, if a market price is not available for the day the event came into effect, the last available market price quoted on the Exchange on a day specified as appropriate by the Index Calculator) as determined by the Index Calculator, and this price is used as the Trading Price of the particular Index Component until the end of the day on which the composition of the Underlying Index is next set.

In the event of the Insolvency of an issuer of an Index Component, the Index Component shall remain in the Underlying Index until the end of Adjustment Day. As long as a market price for the affected Index Component is available on a Business Day, this shall be applied as the Trading Price for this Index Component on the relevant Business Day, as determined in each case by the Index Calculator. If a market price is not available on a Business Day the Trading Price for this Index Component is set to zero. The Index Committee may also decide to eliminate the respective Index Component at an earlier point in time prior to the next Adjustment Day. The procedure in this case is identical to an elimination due to an Extraordinary Event.

An Index Component is “**delisted**” if the Exchange announces pursuant to the Exchange regulations that the listing of, the trading in, or the issuing of public quotes on the Index Component at the Exchange has ceased immediately or will cease at a later date, for whatever reason (provided the Delisting is not because of a Merger or a Takeover Bid), and the Index Component is not immediately listed, traded or quoted again on an exchange, trading or listing system, acceptable to the Index Calculator.

“**Free Float Market Capitalization**” is with regard to each of the securities in the Underlying Index on a Selection Day the share class-specific Free Float Market Capitalization for any security in the Index Universe. It is calculated as the multiplication of the shares outstanding in free float (as sourced from data vendors) with the Trading Price of the share class as of the respective Selection Day.

“**Index Calculator**” is Solactive AG or any other appropriately appointed successor in this function.

“**Index Component**” is each share currently included in the Underlying Index.

“**Index Currency**” is RMB.

“**Insolvency**” occurs with regard to an Index Component if (A) all shares of the respective issuer must be transferred to a trustee, liquidator, insolvency administrator or a similar public officer as result of voluntary or compulsory liquidation, insolvency or winding-up proceedings or comparable proceedings affecting the issuer of the Index Components or

(B) the holders of the shares of this issuer are legally enjoined from transferring the shares.

"**Market Disruption Event**" occurs if:

1. one of the following events occurs or exists on a Trading Day prior to the opening quotation time for an Index Component:

   A) trading is suspended or restricted (due to price movements that exceed the limits allowed by the Exchange or an Affiliated Exchange, or for other reasons):

      1.1 across the whole Exchange; or
      1.2 in options or futures contracts on or with regard to an Index Component or an Index Component that is quoted on an Affiliated Exchange; or
      1.3 on an Exchange or in a trading or quotation system (as determined by the Index Calculator) in which an Index Component is listed or quoted; or

   B) an event that (in the assessment of the Index Calculator) generally disrupts and affects the opportunities of market participants to execute on the Exchange transactions in respect of a share included in the Underlying Index or to determine market values for a share included in the Underlying Index or to execute on an Affiliated Exchange transaction with regard to options and futures contracts on these shares or to determine market values for such options or futures contracts.

2. trading on the Exchange or an Affiliated Exchange is ceased prior to the "**Normal Exchange Closing Time**", which is the time at which the Exchange or an Affiliated Exchange is normally closed on working days without taking into account after-hours trading or other trading activities carried out outside the normal trading hours. An exception to this classification as a Market Disruption Event is where the early cessation of trading is announced by the Exchange or Affiliated Exchange on this Trading Day at least one hour before

   2.1 the actual closing time for normal trading on the Exchange or Affiliated Exchange on the Trading Day in question or, if earlier.
   2.2 the closing time (if given) of the Exchange or Affiliated Exchange for the execution of orders at the time the quote is given.

3. a general moratorium is imposed on banking transactions in the country in which the Exchange is resident if the above-mentioned events are material in the assessment of the Index Calculator, whereby the Index Calculator makes its decision based on those circumstances that it considers reasonable and appropriate.

With regard to an Index Component, a "**Merger**" is:

(i) a change in the security class or a conversion of this share class that results in a transfer or an ultimate definite obligation to transfer all the shares in circulation to another legal person,
(ii) a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer to exchange shares with another legal person (except in a merger or share exchange under which the issuer of this Index Component is the acquiring or remaining company and which does not involve a change in security class or a conversion of all the shares in circulation),
(iii) a takeover offer, exchange offer, other offer or another act of a legal person for the purposes of acquiring or otherwise obtaining from the issuer 100% of the shares

issued that entails a transfer or the irrevocable obligation to transfer all shares (with the exception of shares that are held and controlled by the legal person), or

(iv) a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer of the share or its subsidiaries to exchange shares with another legal person, whereby the issuer of the share is the acquiring or remaining company and it does not involve a change in the class or a conversion of the all shares issued, but the shares in circulation directly prior to such an event (except for shares held and controlled by the legal person) represent in total less than 50% of the shares in circulation directly subsequent to such an event.

"**Nationalization**" is a process whereby all shares or the majority of the assets of the issuer of the shares are nationalized or are expropriated or otherwise must be transferred to public bodies, authorities or institutions.

"**Selection Day**" is 10 weekdays (Monday to Friday) before the scheduled Adjustment Day, disregarding any potential change of the Adjustment Day.

"**Stock Substitute**" includes in particular, American Depository Receipts (ADR) and Global Depository Receipts (GDR).

"**Takeover Bid**" is a bid to acquire, an exchange offer, or any other offer or act of a legal person that results in the related legal person acquiring as part of an exchange or otherwise more than 10% and less than 100% of the voting shares in circulation from the issuer of the Underlying Index Component or the right to acquire these shares, as determined by the Index Calculator based on notices submitted to public or self-regulatory authorities or other information considered by the Index Calculator to be relevant.

"**Trading Day**" is with respect to an Index Component included in the Underlying Index at the Adjustment Day and every Index Component included in the Underlying Index at the Calculation Day immediately following the Adjustment Day (for clarification: this provision is intended to capture the Trading Days for the securities to be included in the Underlying Index as new Index Components with close of trading on the relevant exchange on the Adjustment Day) a day on which the relevant Exchange is open for trading (or a day that would have been such a day if a market disruption had not occurred), excluding days on which trading may be ceased prior to the scheduled Exchange closing time and days on which the Exchange is open for a scheduled shortened period. The Index Calculator is ultimately responsible as to whether a certain day is a Trading Day.

With regard to an Index Component (subject to the provisions given above under "Extraordinary Events") the "**Trading Price**" in respect of a Trading Day is the closing price on this Trading Day determined in accordance with the Exchange regulations. If the Exchange has no closing price for an Index Component, the Index Calculator shall determine the Trading Price and the time of the quote for the share in question in a manner that appears reasonable to it.

General Information

The Underlying Index is Solactive China Cloud Computing Index NTR, which is a net total return, free float market capitalization weighted index that provides exposure to Chinese companies that are mainly active in the field of cloud computing. A net total return reflects the reinvestment of dividends or coupon payments, after deduction of any withholding tax (including any surcharges for special levies, if applicable).The Underlying Index is denominated in RMB.

The Underlying Index was launched on 18 April 2019, and had a base level of 1,000 on 5 December 2014.

As at 31 March 2021, the Underlying Index comprised 29 constituent stocks with total market capitalisation of approximately RMB13.75 trillion.

Index Advisory Committee

The Index Provider has established an index advisory committee composed of staff from the Index Provider ("**Index Committee**"), which is responsible for decisions regarding the composition of the Underlying Index as well as any amendments to the rules.

Members of the Index Committee can recommend changes to the guideline of the Underlying Index and submit them to the Index Committee for approval.

Index Universe

The index universe of the Underlying Index ("**Index Universe**") includes shares of companies headquartered in China or Hong Kong that fulfill the following criteria:

1. Should be listed on one of the following exchanges and should have listing history of at least 6 months:

    a) Hong Kong: SEHK

    b) PRC: SSE and SZSE

    c) United States of America: the New York Stock Exchange and the NASDAQ Stock Market

2. Should be from the following industries according to the FactSet Industries and Economic Sectors:

    a) Internet Retail

    b) Internet Software / Services

    c) Information Technology Services

    d) Packaged Software

    e) Data Processing Services

3. Should have average daily value traded of at least HKD 20 million over 6 months prior to and including the Selection Day

4. If a company has more than one share classes then the most liquid share class is eligible

5. Companies that have non-significant exposure to cloud computing will be identified and removed from the list of eligible constituents after step 4. This identification is based on company description included in FactSet, and keywords that indicate limited or no exposure to cloud computing activities. The keywords are subject to regular revision by the Index Committee.

Selection Criteria

The initial composition of the Underlying Index as well as any ongoing adjustment is based on the following rules:

On the Selection Days, the Index Provider determines the securities that are eligible for inclusion in the Index Universe. The securities are selected for index inclusion based on the following rules:

(a) Top 30 by total market capitalization rank are selected for index inclusion.

(b) Existing constituents with rank from 20 to 40 are selected for index inclusion until the target constituent count of 30 is reached.

(c) If there are less than 30 stocks after step (b), non-constituents are selected with rank from 20 to 40 until the target constituent count of 30 is reached.

Weighting

On each Selection Day, the components of the Underlying Index are weighted according to Free Float Market Capitalization such that the weight of each company in the Underlying Index does not exceed 9%. The excess weight that results from capping is redistributed in proportion to the Free Float Market Capitalization of the other companies constituting the Underlying Index which do not exceed 9%.

Adjustments of Underlying Index

Ordinary Adjustments

The composition of the Underlying Index is adjusted semi-annually, and is reviewed on the Selection Day and necessary changes are announced.

The first adjustment was made in June 2019, based on the Trading Prices of the Index Components on the Adjustment Day.

The Index Provider shall publish any changes made to the composition of the Underlying Index on the Selection Day and consequently with sufficient notice before the Adjustment Day.

Extraordinary Adjustment

An extraordinary adjustment, if applicable, is triggered and applied in compliance with the rules set forth in the Guideline for Extraordinary Corporate Actions, which can be accessed at https://www.solactive.com/documents/ (this website has not been reviewed or approved by the Commission).

Index Constituents

You can obtain the list of the constituents of the Underlying Index and their respective weightings on https://www.solactive.com/ (this website has not been reviewed by the Commission),and additional details of the index methodology on https://www.solactive.com/ (this website has not been reviewed by the Commission).

Index Codes

The Underlying Index is distributed under the following identifiers:

Name	ISIN	WKN	Reuters	Bloomberg
Solactive China Cloud Computing Index NTR	DE000SLA7240	SLA724	.SOLCCCN	SOLCCCN Index

Index Licence

The Manager has entered into a licence agreement with the Index Provider. The term of the licence agreement commenced on 16 May 2019, and will remain in full force and effect for an indefinite term unless terminated by either party in writing after the initial two years term subject to the terms of the licence agreement.

Index Disclaimer

Global X China Cloud Computing ETF is not sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Solactive China Cloud Computing Index and/or the use of Solactive trade mark or the index price/prices of the Solactive China Cloud Computing Index at any time or in any other respect. The Solactive China Cloud Computing Index is calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that the Solactive China Cloud Computing Index is calculated correctly. Irrespective of its obligations towards Mirae Asset Global Investments (Hong Kong) Limited, Solactive AG has no obligation to point out errors in the Solactive China Cloud Computing Index to third parties including but not limited to investors and/or financial intermediaries of the Global X China Cloud Computing ETF. Neither publication of the Solactive China Cloud Computing Index by Solactive AG nor the licensing of the Solactive China Cloud Computing Index or Solactive trade mark for the purpose of use in connection with the Global X China Cloud Computing ETF constitutes a recommendation by Solactive AG to invest capital in the Global X China Cloud Computing ETF nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in the Global X China Cloud Computing ETF. Remember, the information in this Prospectus does not constitute tax, legal or investment advice and is not intended as a recommendation for buying or selling securities. The information and opinions contained in this Prospectus have been obtained from public sources believed to be reliable, but no representation or warranty, express or implied, is made that such information is accurate or complete and it should not be relied upon as such. Solactive AG will not be responsible for the consequences of reliance upon any opinion or statement contained herein or for any omission.