

GLOBAL X ETF SERIES II

INTERIM FINANCIAL STATEMENTS

GLOBAL X S&P CRUDE OIL FUTURES ENHANCED ER ETF

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

(A SUB-FUND OF GLOBAL X ETF SERIES II)

GLOBAL X S&P CRUDE OIL FUTURES ENHANCED ER ETF
(A Sub-Fund of Global X ETF Series II)

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IMPORTANT :

Any opinion expressed herein reflects the Manager's view only and are subject to change. For more information about Global X ETF Series II, please refer to the prospectus of Global X ETF Series II which is available at our website: www.globalxetfshk.com.

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

GLOBAL X S&P CRUDE OIL FUTURES ENHANCED ER ETF
(A Sub-Fund of Global X ETF Series II)

STATEMENT OF NET ASSETS

As at 30 September 2022 (unaudited)

	Notes	As at 30 September 2022 (unaudited) HK\$	As at 31 March 2022 (audited) HK\$
ASSETS			
Amount due from a broker	6	9,143,282	16,195,033
Amount due from the Manager	5(f)	6,779	9,982
Interest receivables		6,707	9,463
Time deposits with original maturity of more than three months	8	3,033,764	15,092,769
Cash and cash equivalents	5(d),7	35,550,357	53,279,322
TOTAL ASSETS		<u>47,740,889</u>	<u>84,586,569</u>
LIABILITIES			
Financial liabilities at fair value through profit or loss	13	3,234,473	6,118,751
Management fee payable	5(a)	94,398	96,034
Trustee fee payable	5(b)	11,342	11,720
Administration fee payable	5(c)(ii)	545,861	395,611
Registrar fee payable to the Trustee	5(b)	4,160	8,320
Amount payable on redemption of units		-	15,446,250
Other payables and accruals		89,220	69,081
TOTAL LIABILITIES		<u>3,979,454</u>	<u>22,145,767</u>
EQUITY			
Net assets value attributable to unitholders	3(a)	<u>43,761,435</u>	<u>62,440,802</u>
TOTAL LIABILITIES AND EQUITY		<u>47,740,889</u>	<u>84,586,569</u>
Number of units in issue	3(b)	<u>8,500,000</u>	<u>10,500,000</u>
Net asset value per unit	3(b)	<u>5.1484</u>	<u>5.9467</u>

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

GLOBAL X S&P CRUDE OIL FUTURES ENHANCED ER ETF
(A Sub-Fund of Global X ETF Series II)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022 (unaudited)

	Notes	For the six months ended 30 September 2022 (unaudited) HK\$	For the six months ended 30 September 2021 (unaudited) HK\$
INCOME			
Interest income		38,485	23,204
Other income	5(c)(i)	-	1,571,016
Net (loss)/gain on financial assets and financial liabilities at fair value through profit or loss	4	(4,724,724)	24,114,636
Net exchange gain/(loss)		14,964	(3,143)
		<u>(4,671,275)</u>	<u>25,705,713</u>
EXPENSES			
Management fee	5(a)	(216,060)	(326,090)
Trustee fee	5(b)	(69,189)	(64,641)
Transaction costs on financial assets and financial liabilities at fair value through profit or loss		(35,847)	(87,521)
Auditor's remuneration	5(c)(ii)	(34,205)	(21,435)
Other administration fees	5(c)(ii)	(183,225)	(117,813)
		<u>(538,526)</u>	<u>(617,500)</u>
Operating (loss)/profit		(5,209,801)	25,088,213
FINANCE COSTS			
Interest expense		<u>(1,266)</u>	<u>(399)</u>
(Loss)/profit and total comprehensive income for the period		<u>(5,211,067)</u>	<u>25,087,814</u>

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GLOBAL X S&P CRUDE OIL FUTURES ENHANCED ER ETF
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the six months ended 30 September 2022 (unaudited)

	For the six months ended 30 September 2022 (unaudited) HK\$	For the six months ended 30 September 2021 (unaudited) HK\$
Net assets attributable to unitholders at the beginning of the period	62,440,802	98,223,370
Issue of units during the period	4,323,225	1,972,000
Redemption of units during the period	<u>(17,791,525)</u>	<u>(44,263,550)</u>
Net redemption of units	(13,468,300)	(42,291,550)
(Loss)/profit and total comprehensive income for the period	<u>(5,211,067)</u>	<u>25,087,814</u>
Net assets attributable to unitholders at the end of the period	<u><u>43,761,435</u></u>	<u><u>81,019,634</u></u>
	For the six months ended 30 September 2022 (unaudited) Number of units	For the six months ended 30 September 2021 (unaudited) Number of units
Units in issue at beginning of period	10,500,000	31,000,000
Issue during the period	750,000	500,000
Redemption during the period	<u>(2,750,000)</u>	<u>(12,000,000)</u>
Units in issue at end of period	<u><u>8,500,000</u></u>	<u><u>19,500,000</u></u>

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GLOBAL X S&P CRUDE OIL FUTURES ENHANCED ER ETF
(A Sub-Fund of Global X ETF Series II)

STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022 (unaudited)

	Notes	For the six months ended 30 September 2022 (unaudited) HK\$	For the six months ended 30 September 2021 (unaudited) HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit and total comprehensive income for the period		(5,211,067)	25,087,814
Adjustments for:			
Interest income		(38,485)	(23,204)
Interest expense		1,266	399
Increase in financial assets at fair value through profit or loss		-	(6,817,485)
Decrease in amount due from a broker		7,051,751	12,482,917
Decrease in amount due from the Manager		3,203	4,522
Decrease/(increase) in time deposits with original maturity of more than three months		12,059,005	(15,081,319)
Decrease in financial liabilities at fair value through profit or loss		(2,884,278)	(5,218,988)
(Decrease)/increase in management fee payable		(1,636)	252,925
Decrease in trustee fee payable		(378)	(364)
Decrease in formation fee payable		-	(1,704,010)
Increase in administration fee payable		150,250	48,883
Decrease in registrar fee payable to the Trustee		(4,160)	(4,160)
Increase in other payables and accruals		20,139	33,164
Cash generated from operations		<u>11,145,610</u>	<u>9,061,094</u>
Interest received		41,241	24,340
Interest paid		(1,266)	(399)
Net cash flows generated from operating activities		<u>11,185,585</u>	<u>9,085,035</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of units		4,323,225	1,972,000
Payments on redemption of units		<u>(33,237,775)</u>	<u>(44,263,550)</u>
Net cash flows used in financing activities		<u>(28,914,550)</u>	<u>(42,291,550)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(17,728,965)	(33,206,515)
Cash and cash equivalents at the beginning of the period		<u>53,279,322</u>	<u>85,795,831</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>35,550,357</u>	<u>52,589,316</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances	5(d), 7	30,302,857	24,255,238
Time deposits	5(d), 7	<u>5,247,500</u>	<u>28,334,078</u>
Cash and cash equivalents as stated in the statement of cash flows		<u>35,550,357</u>	<u>52,589,316</u>

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GLOBAL X S&P CRUDE OIL FUTURES ENHANCED ER ETF
(A Sub-Fund of Global X ETF Series II)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Global X ETF Series II is an umbrella unit trust (the “Trust”), governed by its trust deed dated 25 May 2016 as amended by supplemental deed dated 25 May 2016, 1 November 2019 and 31 December 2019 (collectively, the “Trust Deed”) between Mirae Asset Global Investments (Hong Kong) Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee” and “Registrar”). The Trust Deed is governed by Hong Kong law.

As at 30 September 2022, the Trust has established Global X S&P Crude Oil Futures Enhanced ER ETF, a sub-fund (the “Sub-Fund”) of the trust, which is authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) pursuant to section 104(1) of the Securities and Futures Ordinance. The Sub-Fund is listed on the Stock Exchange of Hong Kong Limited (a subsidiary of The Hong Kong Exchanges and Clearing Limited) on 16 June 2016.

The Manager is responsible for the preparation of the financial statements.

The investment objective of the Sub-Fund (Stock code: 3097) is to provide investment results that, before fees and expenses, closely correspond to the performance of the S&P GSCI Crude Oil Enhanced Index Excess Return (the “Index”). The Index tracks the price of the West Texas Intermediate crude oil (also known as Texas light sweet crude oil) Futures Contracts (the “WTI Futures Contracts”) with different expiration dates traded on New York Mercantile Exchange, which is an exchange of the Chicago Mercantile Exchange Group Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial statements are unaudited and are prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting and the relevant disclosure provisions of the Trust Deed, and the relevant disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (the “UT Code”).

The unaudited condensed interim financial statements do not include all the information and disclosures required in the annual financial statements.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the periods presented, unless otherwise stated.

(a)(i) Basis of preparation

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in the UT Code.

The financial statements have been prepared under the historical cost convention, except for financial assets and liabilities classified as at fair value through profit or loss (“FVPL”) that have been measured at fair value. The financial statements are presented in Hong Kong dollars (“HK\$”) for the Sub-Fund. All values are rounded to the nearest HK\$ except where otherwise indicated.

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

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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a)(ii) Significant accounting judgements, estimates and assumptions

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

(a)(iii) Changes in accounting policies and disclosures

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2022 that have a material effect on the financial statements of the Sub-Fund.

(a)(iv) Issued but not yet effective IFRSs

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2022 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

(b) Financial instruments

(i) ***Classification***

In accordance with IFRS 9, the Sub-Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

Financial assets

The Sub-Fund classifies its financial assets as subsequently measured at amortised cost or measured at FVPL on the basis of both:

- The entity’s business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. The Sub-Fund includes in this category short-term non-financing receivables including amount due from a broker, amount due from the Manager, interest receivables, time deposits with original maturity of more than three months and cash and cash equivalents.

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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(i) *Classification (continued)*

Financial assets measured at FVPL

A financial asset is measured at FVPL if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are SPPI on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Sub-Fund includes in this category derivative contracts in an asset position held for trading.

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities other than those measured at FVPL. The Sub-Fund includes in this category management fee payable, trustee fee payable, formation fee payable, administration fee payable, registrar fee payable to the Trustee, amount payable on redemption of units and other payables and accruals.

Financial liabilities measured at FVPL

The Sub-Fund includes in this category derivative contracts in a liability position held for trading.

(ii) *Recognition*

The Sub-Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets at FVPL are accounted for on the trade date basis.

(iii) *Initial measurement*

Financial assets and financial liabilities at FVPL are recorded in the statement of net assets at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at FVPL) are measured initially at their fair value plus or minus any directly attributable incremental costs of acquisition or issue.

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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(iv) *Subsequent measurement*

After initial measurement, the Sub-Fund measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair values of those financial instruments are recorded in “Net change in unrealised gain/loss on financial assets and financial liabilities at FVPL” in “Net gain on financial assets and financial liabilities at FVPL”.

Debt instruments, other than those classified as at FVPL, are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the debt instruments are derecognised or impaired, as well as through the amortisation process.

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

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

(v) *Derecognition*

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

When the Sub-Fund has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Sub-Fund’s continuing involvement in the asset. In that case, the Sub-Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Sub-Fund has retained.

The Sub-Fund derecognises a financial liability when the obligation under the liability is discharged or cancelled, or expired.

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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Fair value measurement

The Sub-Fund measures its investments in financial instruments at fair value at the end of each reporting period.

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

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

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

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

The fair value for financial instruments that are listed or traded on an exchange is based on quoted last traded market prices, that are within the bid-ask spread.

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

(d) Derivative financial instruments

Derivative financial instruments are recorded on a mark-to-market basis. Fair values are determined by using quoted market prices that are within the bid-ask spread for futures contracts. All derivatives are carried as assets when amounts are receivable by the Sub-Fund and as liabilities when amounts are payable by the Sub-Fund.

Unrealised gains and losses arising from changes in fair value, and realised gains and losses are recognised in profit or loss.

(e) Income

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

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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Expenses

Expenses are recognised on an accrual basis.

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of net assets comprise short-term deposits in banks which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

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

(h) Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates (the “functional currency”). The performance of the Sub-Fund is measured and reported to the unitholders in HK\$. The Management considers the HK\$ as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements of the Sub-Fund are presented in HK\$, which is the Sub-Fund’s functional and presentation currency.

Transactions and balances

Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or transaction of monetary items are recognised in the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign currency transaction gains and losses on financial instruments classified as at FVPL are included in profit or loss in the statement of profit or loss and other comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Redeemable units

Redeemable units are classified as an equity instrument when:

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

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

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

The Sub-Fund's redeemable units meet the definition of puttable instruments classified as equity instruments under the revised IAS 32 and are classified as equity.

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Redeemable units (continued)

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

Redeemable units can be redeemed in cash equal to a proportionate share of the Sub-Fund's net asset value. The Sub-Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units of the Sub-Fund.

(j) Amount due from a broker

The amount due from a broker includes margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date. Refer to the accounting policy for financial assets measured at amortised cost for recognition and measurement.

Margin accounts represent cash deposits held with brokers as collateral against open futures contracts.

(k) Impairment of financial assets

Impairment allowances are recognised under the general approach where expected credit losses are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Sub-Fund is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default.

The Sub-Fund considers a default has occurred when a financial asset is more than 90 days past due unless the Sub-Fund has reasonable and supportable information to demonstrate that a more appropriate default criterion should be applied.

(l) Net change in unrealised gains or losses on financial assets/liabilities at FVPL

This item includes changes in the fair value of financial assets/liabilities as at FVPL.

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

(m) Net realised gains or losses on disposal of financial assets/liabilities at FVPL

Net realised gains or losses on disposal of financial assets/liabilities classified as at FVPL are calculated using the weighted average method. They represent the difference between an instrument's average cost and disposal amount.

(n) Offsetting financial instruments

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

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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Taxes

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

(p) Distributions to unitholders

Distributions are at the discretion of the Manager. A distribution to the Sub-Fund's unitholders is accounted for as a deduction from net assets attributable to unitholders. A proposed distribution is recognised as a liability in the period in which it is approved by the Manager. The Manager does not intend to pay or make any distribution or dividends to the Sub-Fund's unitholders.

(q) Formation fee

The formation fee is recognised as an expense in the period in which it is incurred.

(r) Transaction costs

Transaction costs are costs incurred to acquire financial assets/liabilities at FVPL. They include fees and commissions paid to agents, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

(s) Related parties

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

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

or

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

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3. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

(a) Net assets attributable to unitholders

The creation and redemption of units of the Sub-Fund can only be facilitated by or through participating dealers. Investors other than the participating dealers make a request to create or redeem units through a participating dealer, and if the investor is a retail investor, such request must be made through a stockbroker which has opened an account with a participating dealer. Units are created or redeemed at a minimum of 250,000 units or in multiples thereof for the Sub-Fund.

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

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

(b) Movements of units

The tables below summarise the movements of units for the period ended 30 September 2022 and 2021, and the NAV per unit for each Sub-Fund as at 30 September 2022 and 31 March 2022.

	For the six months ended 30 September 2022 (unaudited) Number of units	For the six months ended 30 September 2021 (unaudited) Number of units
Units in issue at beginning of period	10,500,000	31,000,000
Issue during the period	750,000	500,000
Redemption during the period	(2,750,000)	(12,000,000)
Units in issue at end of period	<u>8,500,000</u>	<u>19,500,000</u>
	As at 30 September 2022 (unaudited) HK\$	As at 31 March 2022 (audited) HK\$
Net assets attributable to unitholders per units	5.1484	5.9467

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

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

	For the six months ended 30 September 2022 (unaudited) HK\$	For the six months ended 30 September 2021 (unaudited) HK\$
Net realised gain on sale of financial assets and financial liabilities at fair value through profit or loss	2,884,278	12,036,473
Net change in unrealised (loss)/gain on financial assets and financial liabilities at fair value through profit or loss	(7,609,002)	12,078,163
	<u>(4,724,724)</u>	<u>24,114,636</u>

5. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND THEIR CONNECTED PERSONS

Related parties are those as defined in note 2(s). Related parties of the Sub-Fund also include the Trustee, the Manager of the Sub-Fund and their connected persons. Connected persons of the Trustee, the Manager are those as defined in the UT Code. All transactions entered into during the year between the Sub-Fund and its related parties, including the Trustee, the Manager and their connected persons were carried out in the ordinary course of business and on normal commercial terms.

To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with its related parties, including the Trustee, the Manager and their connected persons except for those disclosed below.

(a) Management fee

The Manager is entitled to receive a management fee of up to 0.99% per year of the net asset value of the Sub-Fund. The current management fee in respect of the Sub-Fund is 0.75% (2021: 0.75%) of the net asset value and is accrued daily and calculated as at each dealing day and payable monthly in arrears with no fixed terms. The management fee for the period ended 30 September 2022 was HK\$216,060 (30 September 2021: HK\$326,090). As at 30 September 2022, management fee of HK\$94,398 (31 March 2022: HK\$96,034) was payable to the Manager.

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NOTES TO THE FINANCIAL STATEMENTS

5. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND THEIR CONNECTED PERSONS
(CONTINUED)

(b) Trustee and registrar fees

The Trustee is entitled to receive a trustee fee of up to 1% per year of the net asset value of the Sub-Fund, currently at the rate of 0.12% (2021: 0.12%) per annum of net asset value of Sub-Fund. For the period ended 30 September 2022 and 2021, the trustee fee was subject to a minimum of HK\$11,500 per month, while such minimum fee in excess of the 0.12% per annum of net asset value of the Sub-Fund was borne by the Manager.

The trustee fee is calculated as at each dealing day, accrued daily and payable monthly in arrears with no fixed terms. The Trustee is also entitled to receive a transaction fee of HK\$120 on each open and closed WTI Futures Contract of the Sub-Fund.

As at 30 September 2022, trustee fee of HK\$11,342 (31 March 2022: HK\$11,720) was payable to the Trustee.

The Trustee shall also be entitled to be reimbursed out of the assets of the Sub-Fund all out-of-pocket expenses incurred.

The Registrar is entitled to a registrar fee and a transaction fee for any creation and redemption of units of the Sub-Fund. The Registrar is entitled to receive from the Sub-Fund a registrar fee of HK\$160 (2021: HK\$160) per participating dealer per transaction for updating of the register record. The registrar fee incurred by the Sub-Fund amounting to HK\$Nil (30 September 2021: HK\$Nil) has been fully borne by the Manager during the period ended 30 September 2022.

The Registrar is also entitled to receive from the participating dealer a transaction fee of HK\$4,000 (2021: HK\$4,000) per participating dealer per transaction for handling any cash creation and redemption of units of the Sub-Fund. The transaction fee would be paid by the participating dealer to the Sub-Fund and the Sub-Fund would pay the transaction fee to the Trustee on behalf of the participating dealer. As at 30 September 2022, total registrar fee amounting to HK\$4,160 (31 March 2022: HK\$8,320) was due to the Trustee.

(c) Other transactions

(i) *Other income*

For the year ended 30 September 2022, the other income related to the waiver granted by the Manager regarding the outstanding formation fee payable of the Sub-Fund amounted to HK\$Nil (2021: HK\$1,571,016). As a result, the formation fee payable to the Manager by the Sub-Fund as of 30 September 2022 was HK\$Nil (31 March 2022: HK\$Nil). The amount is interest-free, unsecured and repayable on demand.

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5. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND THEIR CONNECTED PERSONS
(CONTINUED)

(c) Other transactions (continued)

(ii) *Expenses borne by the Manager*

The Manager is responsible for the payment of certain fees (including but not limited to auditor's remuneration, index licensing fee, and other administration fee) on behalf of the Sub-Fund. The Manager recharges all or a portion of these fees to the Sub-Fund.

The tables below list the breakdown of expenses borne by the Manager and not charged to the Sub-Fund:

	For the six months ended 30 September 2022 (unaudited) HK\$	For the six Months ended 30 September 2021 (unaudited) HK\$
Auditor's remuneration	389	13,160
Other administration fees	2,111	66,693
	<u>2,500</u>	<u>79,853</u>

As at 30 September 2022, the administration fee payable for the Sub-Fund was HK\$545,861 (31 March 2022: HK\$395,611), which is payable to the Manager. The amount is interest-free, unsecured and repayable on demand.

(iii) *Bank charges*

During the period ended 30 September 2022, bank charges of HK\$1,440 (2021: HK\$9,711) were charged by The Hongkong and Shanghai Banking Corporation Limited, the immediate holding company of the Trustee, which have been fully borne by the Manager.

(d) Cash and cash equivalents

As at 30 September 2022 and 31 March 2022, interest-bearing bank balances of HK\$35,550,357 (2021: HK\$52,589,316) were held with The Hongkong and Shanghai Banking Corporation Limited, a related company of the Trustee. Details refer to note 7 for details.

(e) Holdings of units

As at 30 September 2022, The Hongkong and Shanghai Banking Corporation Limited, a related company of the Trustee, acting as a market intermediary, held 825,889 units (31 March 2022: 1,537,389 units) of the Sub-Fund. There are no profit from transactions in units/shares being entitled for the Trustee, Manager and their connected persons for the period ended 30 September 2022 and 2021.

(f) Amount due from the Manager

As at 30 September 2022, the amount due from the Manager of HK\$6,779 (31 March 2022: HK\$9,982) is unsecured, interest-free and repayable on demand.

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6. AMOUNT DUE FROM A BROKER

As at 30 September 2022, the amount due from a broker was HK\$9,143,282 (31 March 2022: HK\$16,195,033) which represents the margin account held with a broker, KGI Securities (Singapore) Pte. Ltd.

7. CASH AND CASH EQUIVALENTS

	Notes	As at 30 September 2022 (unaudited) HK\$	As at 31 March 2022 (audited) HK\$
Bank balances	(i)	30,302,857	29,930,193
Time deposits	(ii)	5,247,500	23,349,129
Cash and cash equivalents		<u>35,550,357</u>	<u>53,279,322</u>

Notes

- (i) As at 30 September 2022, these interest-bearing bank balances were held with The Hongkong and Shanghai Banking Corporation Limited, a related company of the Trustee, Citibank, N.A. Hong Kong Branch, Standard Chartered Bank (Hong Kong) Limited, Industrial and Commercial Bank of China (Asia) Limited, Bank of China (Hong Kong) Limited, China Construction Bank (Asia) Corporation Limited and Agricultural Bank of China Limited Hong Kong Branch. As at 31 March 2022, the interest-bearing bank balances were held with The Hongkong and Shanghai Banking Corporation Limited, a related company of the Trustee, Standard Chartered Bank (Hong Kong) Limited, Citibank N.A. Hong Kong Branch, Industrial and Commercial Bank of China (Asia) Limited and China Construction Bank (Asia) Corporation Limited.
- (ii) As at 30 September 2022, the time deposit at a fixed interest rate 1.15% p.a. were placed with Bank of China (Hong Kong) Limited with an original maturity of less than three months. As at 31 March 2022, the time deposits at fixed interest rates ranging between 0.01% to 0.40% p.a. were placed with Bank of China (Hong Kong) Limited, Industrial and Commercial Bank of China (Asia) Limited and Agricultural Bank of China Limited Hong Kong Branch with an original maturity of less than three months.

8. TIME DEPOSITS WITH ORIGINAL MATURITY OF MORE THAN THREE MONTHS

As at 30 September 2022 and 31 March 2022, the time deposits with an original maturity of more than three months are as follows:

	30 September 2022 (unaudited) HK\$	31 March 2022 (audited) HK\$
Global X S&P Crude oil Futures Enhanced ER ETF	3,033,764	15,092,769

As at 30 September 2022, these time deposits at fixed interest rate 2.45% p.a. were placed with Industrial and Commercial Bank of China (Asia) Limited with an original maturity of more than three months. As at 31 March 2022, these time deposits at fixed interest rate ranging from 0.01% to 0.45% were placed with Bank of China (Hong Kong) Limited, China Construction Bank (Asia) Corporation Limited and Industrial and Commercial Bank of China (Asia) Limited with an original maturity of more than three months.

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NOTES TO THE FINANCIAL STATEMENTS

9. TRANSACTION COSTS

Transaction costs are costs incurred to acquire/dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers.

10. SOFT DOLLAR ARRANGEMENTS

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

11. TAXATION

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

12. DISTRIBUTIONS TO UNITHOLDERS

The Manager may in its absolute discretion distribute income to unitholders annually (usually in March of each financial year) or determine that no distribution shall be made in any financial year. Distributions may not be paid if the cost of the Sub-Fund’s operations is higher than the yield from management of the Sub-Fund’s cash and holdings of investments. The Sub-Funds did not make any distribution for the periods ended 30 September 2022 and 2021.

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NOTES TO THE FINANCIAL STATEMENTS

13. DERIVATIVE FINANCIAL INSTRUMENTS

Futures contracts

Futures contracts are a commitment to make or take future delivery of various commodities, currencies or financial instruments at a specified time and place. These commitments can be discharged by making or taking delivery of an approved grade of commodity, currency and financial instrument by cash settlement or by making an offsetting sale or purchase of an equivalent futures contract on the same (or a linked) exchange prior to the designated date of delivery.

The following futures contracts were unsettled at the date of the statement of net assets:

At 30 September 2022 (unaudited)

Type of contract	Position	Underlying Investment	Expiration date	Contracts	Nominal amount HK\$	Fair value HK\$
Futures	Long	S&P GSCI Crude Oil Enhanced Index Excess Return	30/11/2022	70	43,679,199	(3,234,473)

At 31 March 2022 (audited)

Type of contract	Position	Underlying Investment	Expiration date	Contracts	Nominal amount HK\$	Fair value HK\$
Futures	Long	S&P GSCI Crude Oil Enhanced Index Excess Return	31/05/2022	79	62,041,291	(6,118,751)

14. SEGMENT INFORMATION

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

The Manager considers that each Sub-Fund has a single operating segment which is investing in crude oil futures. The objective of the Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Index.

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

There were no changes in the reportable segment during the period ended 30 September 2022 and year ended 31 March 2022.

The Sub-Fund is domiciled in Hong Kong. All of the Sub-Fund's income is derived from investments in future contracts of the tracked Index.

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INVESTMENT PORTFOLIO (UNAUDITED)

As at 30 September 2022

			Market value HK\$	% of net assets
	Expiration date	Contracts		
Listed futures contracts				
United States				
WTI CRUDE FUTURE NOV22	30/11/2022	70	(3,234,473)	(7.39)
Total investments, at fair value			<u>(3,234,473)</u>	
Total investments, at cost			<u>-</u>	

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

For the period from 1 April 2022 to 30 September 2022

	Holdings			
	1 April 2022	Additions	Disposals	30 September 2022
Futures contracts				
United States				
WTI CRUDE FUTURE MAY22	79	-	79	-
WTI CRUDE FUTURE JUN22	-	80	80	-
WTI CRUDE FUTURE JUL22	-	81	81	-
WTI CRUDE FUTURE AUG22	-	72	72	-
WTI CRUDE FUTURE SEP22	-	77	77	-
WTI CRUDE FUTURE OCT22	-	67	67	-
WTI CRUDE FUTURE NOV22	-	70	-	70

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DETAILS IN RESPECT OF FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED)

As at 30 September 2022

Futures

The details of futures contracts held by the Sub-Fund as at 30 September 2022 are as follows:

Description	Underlying assets	Contract Size	Notional market value HK\$	Position	Counter party	Fair value HK\$
Financial liabilities:						
WTI CRUDE FUTURE NOV22	S&P GSCI Crude Oil Enhanced Index Excess Return	70	43,679,199	Long	KGI Securities (Singapore) Pte. Ltd.	(3,234,473)
						<u>(3,234,473)</u>

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PERFORMANCE RECORD (UNAUDITED)

NET ASSET VALUE

	Dealing net asset value HK\$	Dealing net asset value per unit HK\$
As at 30 September 2022	43,761,435	5.1484
As at 31 March 2022	62,440,802	5.9467
As at 31 March 2021	99,803,377	3.2195

HIGHEST ISSUE PRICE AND LOWEST REDEMPTION PRICE PER UNIT

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$
For the period ended 30 September 2022	7.4027	4.9693
For the year ended 31 March 2022	7.0924	3.2207
For the year ended 31 March 2021	3.5922	1.5830
For the year ended 31 March 2020	5.2953	1.6132
For the year ended 31 March 2019	6.6176	3.6701
For the year ended 31 March 2018	5.4302	4.0126
Period from 10 June 2016 (date of inception) to 31 March 2017	5.2713	4.3237

COMPARISON OF THE SCHEME PERFORMANCE AND THE ACTUAL INDEX PERFORMANCE

The table below illustrates the comparison between the Sub-Fund's performance (market-to-market) and that of the Index:

	Sub-Fund performance %	Index* performance %
For the period ended 30 September 2022	(13.43)	(12.73)
For the year ended 31 March 2022	84.71	87.71
For the year ended 31 March 2021	95.88	95.62
For the year ended 31 March 2020	(66.28)	(66.51)
For the year ended 31 March 2019	(8.92)	(8.43)
For the year ended 31 March 2018	11.81	12.28
Period from 10 June 2016 (date of inception) to 31 March 2017	(4.00)	(3.86)

*The tracking index of the Sub-Fund is an excess return index ("Excess Return" does not mean any additional return on the ETF's performance), which means the Index measures the returns accrued from investing in uncollateralised WTI Futures Contracts (i.e. the sum of the price return and the roll return associated with an investment in WTI Futures Contracts).

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MANAGEMENT AND ADMINISTRATION

Manager

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Directors of the Manager

Mr. Srinivasa Rao Kapala
Mr. Jung Ho Rhee
Mr. Byung Ha Kim

Trustee and Registrar

HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road
Central, Hong Kong

Service Agent

HK Conversion Agency Services Limited
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Legal Counsel to the Manager

Simmons & Simmons
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979 King's Road
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Auditors

PricewaterhouseCoopers
Certified Public Accountant
Registered Public Interest Entity Auditor
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10 Chater Road
Central, Hong Kong

Listing Agent

KGI Capital Asia Limited
41/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Initial Participating Dealers

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Kowloon, Hong Kong

CIMB Securities (HK) Limited
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Initial Participating Dealers (continued)

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