GLOBAL X
by Mirae Asset

Is China's Tech Rebound an Inflection Point?

KEY TAKEAWAYS

China's equity markets are at multi-year highs, with the Hang Seng TECH Index up 48.67% YTD on a 12-month basis as at September 26, 2025, supported by strong AI progress, domestic stimulus, and surging investor interest in digital and automation-driven themes.

China's digital economy is gaining global market share, forecast to contribute nearly 60% of GDP by 2030. Cost advantages in deploying large AI models and strong policy alignment offer a competitive edge in monetization and scaling.

The Global X China Hang Seng TECH Index ETF (CHQQ) gives Canadian investors access to major tech firms in China including Tencent, BYD, and Alibaba and offers exposure to growth sectors such as e-commerce, AI, cloud, and digital infrastructure.

In a globally connected world, investment opportunities can happen anywhere: in mature economies or emerging markets, it's a matter of being ready for them. In this blog, Global X takes a look at China, a market that's seeing renewed investor interest and which is home to technology firms that may offer value to investors looking for alternatives to Mega-Cap U.S. names.

This blog also introduces the Global X China Hang Seng TECH Index ETF (CHQQ), the first exchange traded fund in Canada to offer exposure to the Hang Seng TECH Index. The index is home to some of China's largest tech companies involved in cloud computing, autonomous vehicle development, e-commerce and more.

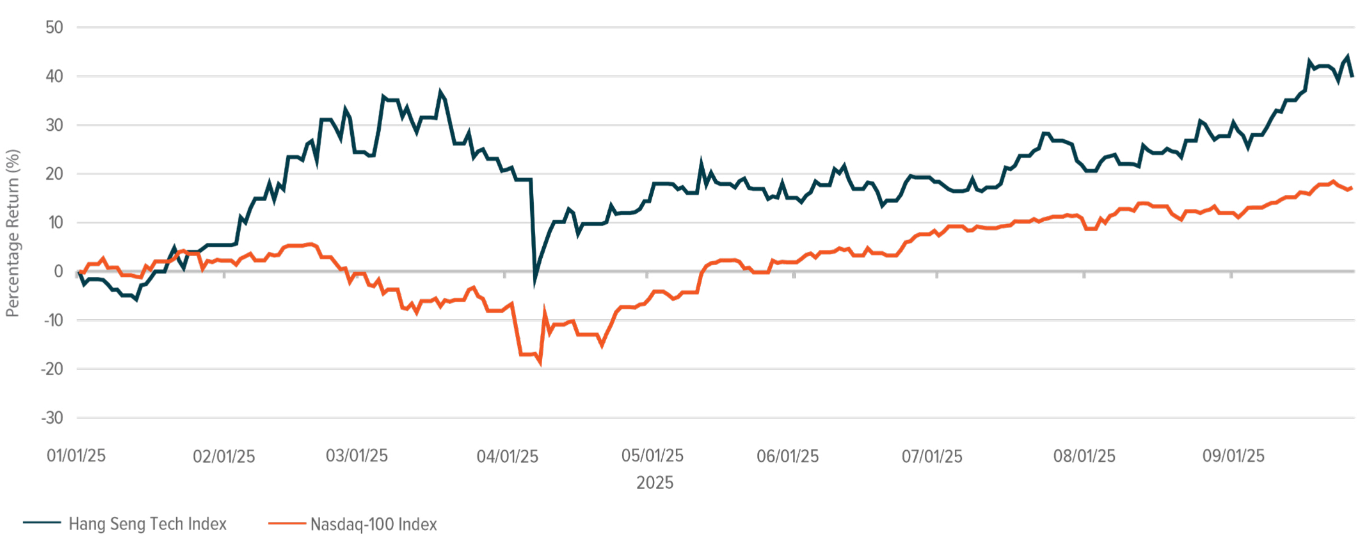
Why China?

China's $19 trillion equity markets in Shanghai and Hong Kong are booming, outperforming some developed market counterparts: for the year to date the Shanghai Composite and CSI 300 are up 9% and 12% respectively[1], compared to 6% for the S&P 500. During September 2025, Shanghai's index touched a 10-year high while Hong Kong stocks hit four-year highs.

And China's The Hang Seng TECH Index, which tracks 30 Chinese tech companies and as at September 26, 2025 has returned 39.79%, year-to-date. Compare that to North America's tech-heavy Nasdaq-100, which has returned 17.26% over the same period, in USD terms.

HANG SENG TECH INDEX OUTPERFORMING NASDAQ-100 YEAR-TO-DATE

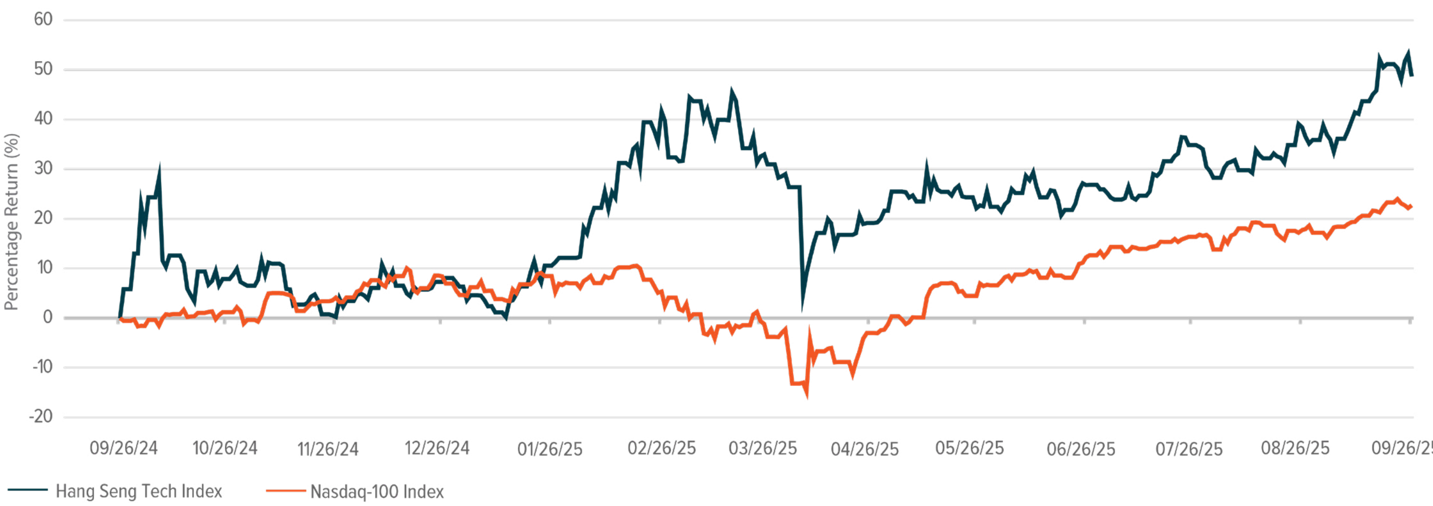
Source: Bloomberg, as at September 26, 2025.



On a 12-month basis as at September 26, 2025 the outperformance is even starker: the Hang Seng TECH Index returned 48.67% while the Nasdaq-100 was up 22.71%.

HANG SENG TECH INDEX OUTPERFORMING NASDAQ-100 FOR 1-YEAR

Source: Bloomberg, as at September 26, 2025.



The performance of the indices is provided for informational purposes only and does not represent the performance of the Fund. The Fund seeks to replicate the performance of the index, but several factors may result in deviations between the Fund's performance and that of the index. These factors include, but are not limited to, tracking errors, the impact of fees and expenses, portfolio rebalancing, and differences in the timing of cash flows. Past performance of the index is not indicative of future results for the Fund. For more details on the Fund's investment objectives, fees, and risks, please refer to the Fund's prospectus.

Investors are clearly focusing on dominant mega-themes, most notably semiconductors, the artificial intelligence supply chain and industrial automation.

Progress in China's adoption of artificial intelligence (AI) alongside development of semiconductors, electric and autonomous vehicles plus a domestic monetary easing environment and the improvement in earnings visibility has boosted investor sentiment in the world's second-biggest economy – the recent market rally has been driven by investors from Mainland China and domestic insurers.

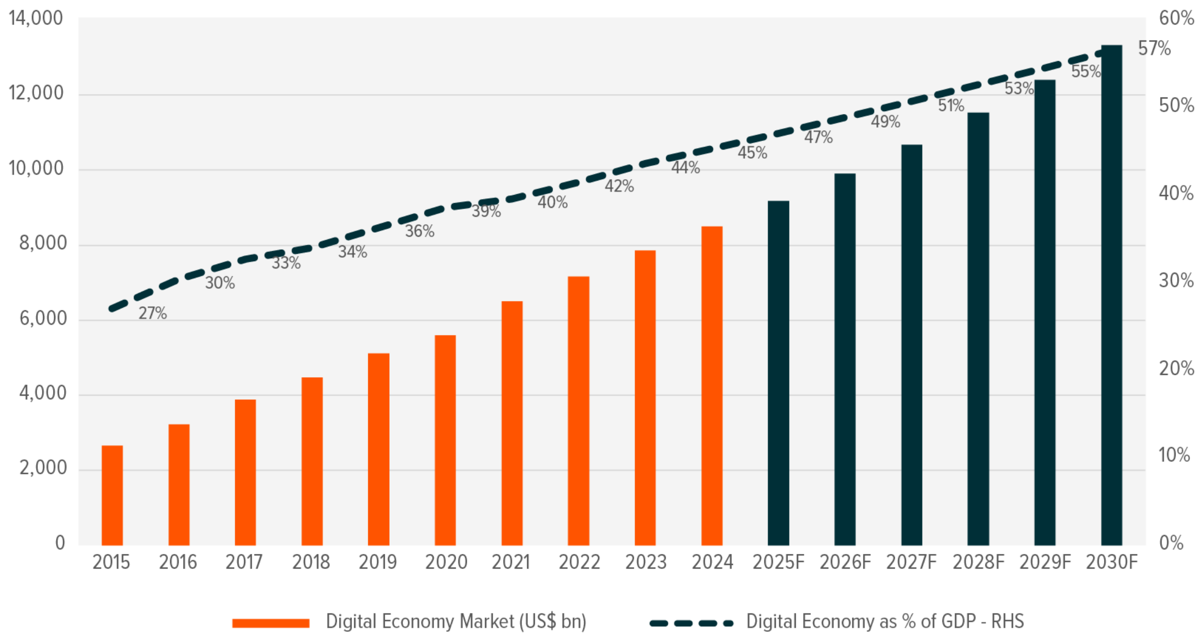
Could China be the home of the world's next tech boom?

Why Chinese Tech?

Investing in China's tech sector offers exposure to a rapidly evolving digital economy. The core digital industries contributed ~10% of GDP in 2024 and is forecast to increase to almost 60% by 2030.

CHINA DIGITAL ECONOMY MARKET SIZE

Source: McKinsey, China's National Bureau of Statistics.

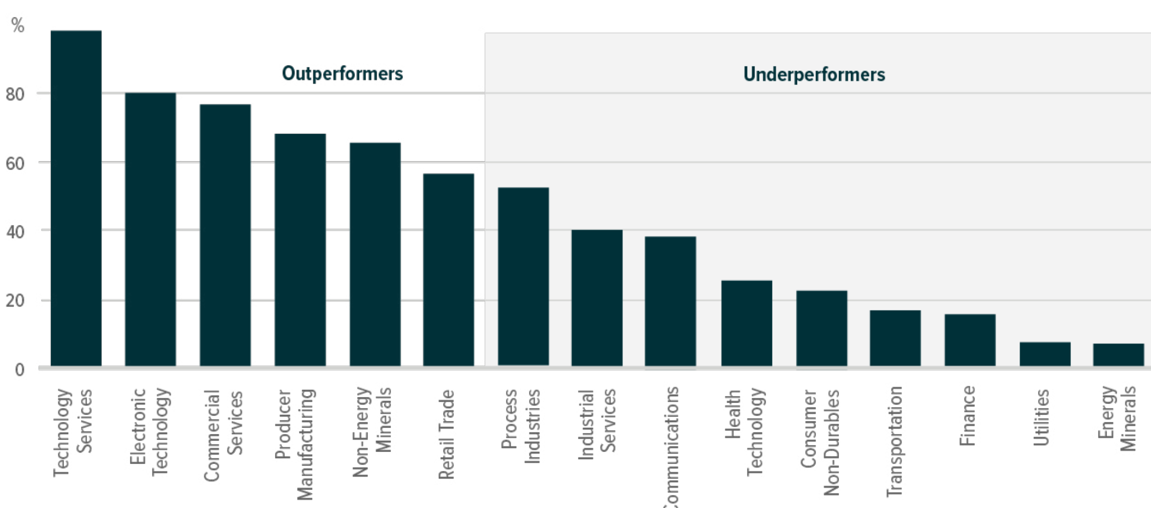


Chinese AI firms are already claiming lower costs for deploying large AI models versus Western companies, giving firms a scaling edge. Policy now leans toward commercialization, emphasizing the deployment of semiconductors, robotics, and AI over pure research goals.

China dominates key innovation sectors: it accounted for more than 70% of global EV production in 2024 and has surged in the robotics market, with domestic firms now producing almost half of China's industrial robots and exporting to other developed markets around the world.

TOTAL RETURNS OF CHINESE SECTORS 2024-2025

Source: Reuters, FactSet as at September 23, 2025.



Note: Chart depicts the total returns for respective FactSet Market Indices generated by each Chinese sector from September 2024 to September 2025 and is shown for illustrative purposes.

Here are three ways Chinese tech could complement a well-diversified portfolio:

Offers strategic exposure to China's domestic tech evolution as innovation shifts toward advanced manufacturing, robotics, and AI commercialization.

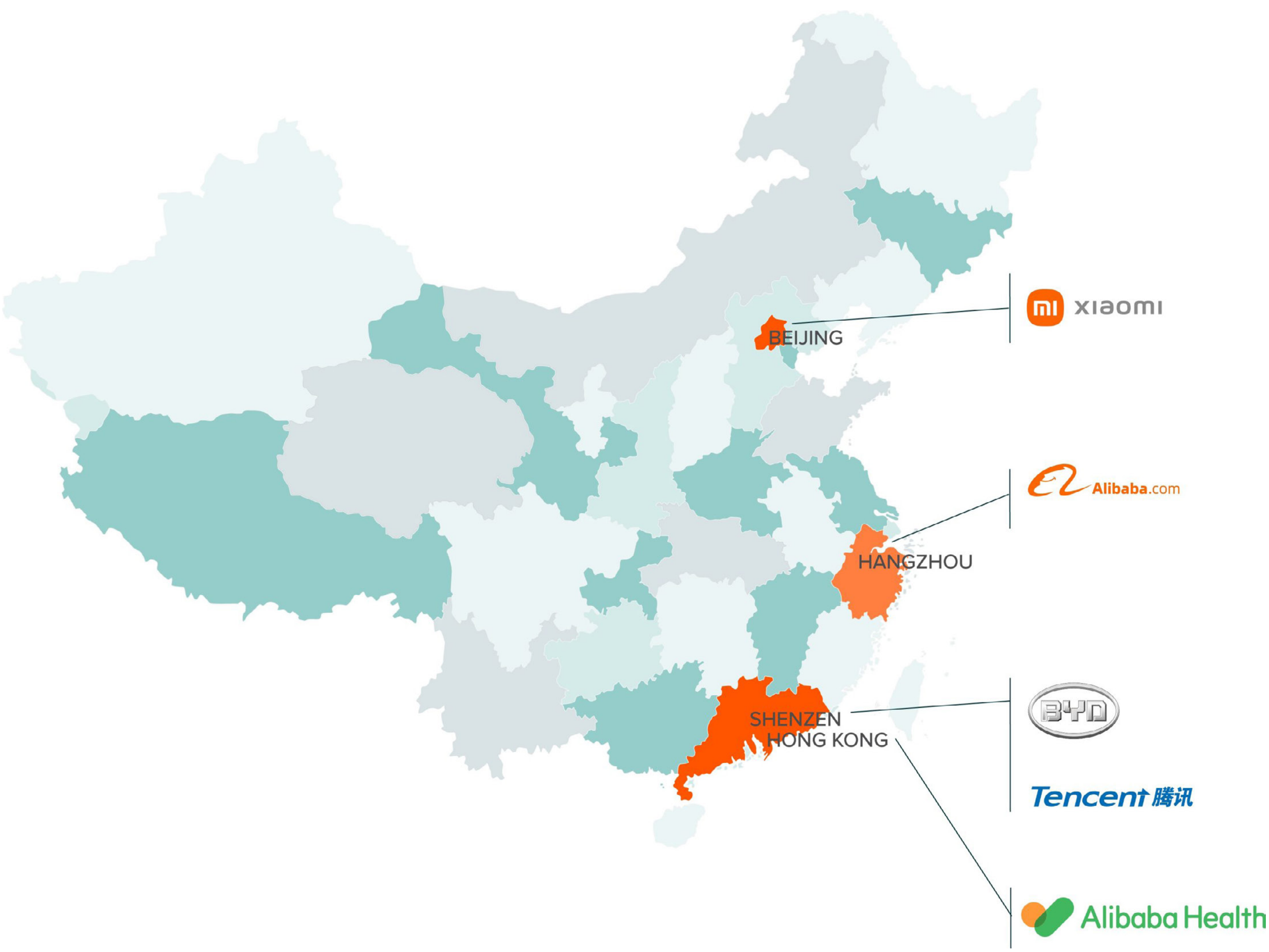
Complements global tech or Emerging Market strategies by offering diversification beyond mega-cap Magnificent Seven names.

Provides targeted access to sectors driving China's structural transformation, supported by policy alignment and rising digital infrastructure investment.

The Hang Seng TECH Index represents the 30 largest technology companies listed in Hong Kong that have high business exposure to technology themes such as Autonomous, Cloud, Digital, ECommerce, FinTech and Internet.

Tech companies in China are re-accelerating AI spending and the rollout of new products while also proving they can monetize AI faster than many expected, Bloomberg News reported.

A Look at Five Major Companies in CHQQ



Founded in 1999 by a group led by former English teacher Jack Ma, Alibaba is a global technology company focused on e-commerce and cloud computing. It reported revenue of more than $140 billion in 2024, offering 200 million products on its platforms and has operations in more than 200 different countries.

Founded in 1998 with its headquarters in Shenzhen, Tencent is a Chinese technology conglomerate offering social media, gaming, cloud services, and payments. Known for WeChat and QQ, it leads global gaming revenues and invests heavily in AI, media, fintech, and digital infrastructure.

Alibaba Group's Hong Kong-based subsidiary integrates online and offline pharmaceutical and health industry resources. It offers prescription drugs, over-the-counter medications, health supplements, medical devices as well as a pharmaceutical e-commerce platform.

Founded in 1994 and based in Shenzhen, BYD launched its first plug-in hybrid car in 2008. The company is involved in industries related to autos, electronics, renewable energy, and rail. In early 2025 BYD's EVs have established a presence in more than 100 countries and regions worldwide.

Consumer electronics and smart manufacturing company Xiaomi was founded in 2010. The company makes smartphones, EVs, and home appliances. Xiaomi's products are present in more than 100 countries and regions around the world and its stock is a constituent of the Hang Seng Index, Hang Seng China Enterprises Index, Hang Seng TECH Index and Hang Seng China 50 Index.

Ways to Gain Exposure

Depending on brokerage availability, it can be difficult for Canadian investors to access stocks listed on foreign markets such as Asia. In some cases, investors might need to buy "over the counter" versions of the stock, which may carry other risks and challenges.

An alternative way to gain exposure is through an exchange traded fund (ETF), which can provide investors with diversification, liquidity, and the ability to trade shares on a Canadian exchange.

Tencent, BYD and Alibaba are amongst the top holdings in the **Global X China Hang Seng TECH Index ETF (CHQQ)**, Canada's first ETF to offer exposure to some of the largest tech companies on the Hang Seng TECH Index, considered China's flagship tech benchmark with exposure to companies involved in cloud computing, autonomous vehicle development, e-commerce and more.

Why CHQQ?

China's Innovation Leaders

The Hang Seng TECH Index captures the 30 leading tech-focused companies listed in Hong Kong, spanning internet, cloud, digital finance, e-commerce, semiconductors, and next-gen hardware. Investors get access to the companies driving China's digital transformation.

Global Demand, Chinese Innovation

Many index constituents are globally competitive—selling smartphones, building cloud infrastructure, powering digital payments—and their growth is not solely tied to the domestic Chinese economy. This allows investors to access global demand trends via Chinese innovators.

Diversification

For investors with strong-conviction on the future growth of technology, taking an expanded approach on one of the dominant tech-focused indices can help ensure they're capturing the global opportunity unfolding rapidly, outside of North America.

CHQQ joins our Thematic suite of funds that are focused on innovation and the forces shaping our future.

"At a time when global diversification is front and centre for many advisors and investors, CHQQ offers a new opportunity for Canadians to get exposure to leading tech companies within China, one of the world's most populous markets," says Chris McHaney, Executive Vice President and Head of Investment Management and Strategy at Global X.

Chris McHaney
Executive Vice President,
Head of Investment Management and Strategy

"For investors with strong-conviction on the future growth of technology, taking an expanded approach on one of the dominant tech-focused indices can help ensure they're capturing the global opportunity unfolding rapidly, outside of North America."

In today's evolving global landscape, investors are increasingly seeking opportunities beyond traditional tech giants. China's accelerating digital transformation, favourable policy tailwinds, and global competitiveness across AI, semiconductors, and automation make it a compelling space to watch. With **CHQQ**, investors have an opportunity to access China's top tech leaders in a single, Canadian-listed ETF, unlocking exposure to structural growth trends with built-in diversification, liquidity, and the potential for long-term portfolio impact.

Related ETFs

CHQQ – Global X S&P/TSX 60 Index ETF

[1] Source: Reuters as at September 23, 2025.

Published August 26, 2025.

GLOBAL X
by Mirae Asset

Innovation meets Investing

55 UNIVERSITY AVE.
SUITE 800
TORONTO, ON M5J 2H7

1 (866) 641-5739
@GLOBALX.CA

GlobalX.ca