



中華證券交易服務有限公司

CHINA EXCHANGES SERVICES
COMPANY LIMITED

CES Stock Connect Index Methodology

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1. Preface

China Exchanges Services Company Ltd. (CESC) has appointed China Securities Index Co., Ltd. (CSIC) for index calculation, maintenance and dissemination. The index methodology is developed by mutual agreement between CESC and CSIC.

CES Stock Connect Index Series is a series of price return indices, including CES Stock Connect 300 Index (CES 300) which measures the overall performance of the eligible securities for Shanghai Connect and Shenzhen Connect (together “Stock Connect”), and CES Stock Connect Hong Kong Select 100 Index (CES SCHK100) which measures the overall performance of “scarce” securities under the “Southbound Trading under Stock Connect”.

Stock Connect Index series	Launch Date	Constituents
CES 300 [^]	15-12-2014	Consists of the 100 largest eligible securities for each of the “Northbound Trading under Shanghai Connect”, “Northbound Trading under Shenzhen Connect” and “Southbound Trading under Stock Connect”.
CES SCHK100	15-12-2014	Consists of the 100 largest eligible securities for the “Southbound Trading under Stock Connect” (excludes HK listed securities which are dual-listed on both HKEx and SSE/SZSE).

[^] CES Shanghai-Hong Kong Stock Connect 300 Index was renamed as CES Stock Connect 300 Index on 23rd May 2016.

2. Index Universe

CES 300 INDEX. The index universe for CES 300 is comprised of the eligible securities for “Stock Connect”, which includes both “Northbound Trading” and “Southbound Trading”.

CES SCHK100 INDEX. The index universe for CES SCHK100 is comprised of the eligible securities for “Southbound Trading under Stock Connect”, except:

- HK listed securities which are dual-listed on both HKEx and SSE/SZSE

The lists of eligible securities for the “Stock Connect” will be updated from time to time with advance notices published by SSE, SZSE and HKEx.

3. Selection Criteria

CES 300 INDEX. The index constituents of CES 300 are comprised of three segments, namely, “Northbound Trading under Shanghai Connect”, “Northbound Trading under Shenzhen Connect” and “Southbound Trading under Stock Connect”.

CES 300 INDEX “Northbound Trading under Shanghai Connect” SEGMENT:

The constituents are selected as follows:

- **Size Screen.** The top 100 eligible securities for “Northbound Trading under Shanghai Connect” ranked by average daily total market capitalisation are chosen for inclusion in the index.

CES 300 INDEX “Northbound Trading under Shenzhen Connect” SEGMENT:

The constituents are selected as follows:

- **Size Screen.** The top 100 eligible securities for “Northbound Trading under Shenzhen Connect” ranked by average daily total market capitalisation are chosen for inclusion in the index.

CES 300 INDEX “Southbound Trading under Stock Connect” SEGMENT:

The constituents are selected as follows:

- **Size Screen.** The top 100 eligible securities for “Southbound Trading under Stock Connect” ranked by average daily total market capitalisation are chosen for inclusion in the index.

CES SCHK100 INDEX. The constituents are selected as follows:

- **Size Screen.** The top 100 eligible securities in the index universe ranked by average daily total market capitalisation are chosen for inclusion in the index.

Average daily total market capitalisation is defined as follows:

- ◆ The daily average total market capitalisation during the most recent year or,
- ◆ For newly listed securities, the average daily total market capitalisation from the fourth trading day to the Review Cutoff Date.

4. Index Calculation

CES 300 and CES SCHK100 are calculated to 4 decimal points.

4.1 Base Date and Base Value

The base date for CES 300 and CES SCHK100 is 31 December 2008. The base value is 2000.

4.2 Index Calculation Formula

CES 300 and CES SCHK100 are calculated according to the formula below:

Current Index = Current Total Adjusted Market-Cap / Divisor × Base Value

Where Current Total Adjusted Market-Cap = $\sum(\text{Security Price} \times \text{Number of Free Float Adjusted Shares} \times \text{Weight Factor} \times \text{Foreign Exchange Rate})$

The **Category-Weight Method** is used to adjust the number of issued shares for each constituent. Hence, the calculation of “adjusted number of shares” depends on two factors: 1) free float shares (see Rule 4.4) and 2) category weight (see Rule 4.5).

The Weight Factor is set between 0 and 1, so that the weight of each constituent is capped at 10%. The Weight Factor is assigned to each constituent at each rebalancing date. The effective date is the same as that of the constituent adjustment.

The Weight Factor remains constant until next rebalancing date.

When changes occur to the constituent list or share structure or any constituent’s market capitalisation changes due to non-trading factors, the divisor is adjusted to keep the index comparable over time. Based on the rules in Section 5: “Maintenance of Constituent Shares and Weight Factor Adjustments”, the “Divisor Adjustment Methodology” is used to adjust index. See Section 6: “Index Maintenance”.

4.3 Index Real-time Calculation

The real-time calculation of CES 300 is based on the traded price data issued by the

trading systems of HKEx, SZSE and SSE via various channels. The real-time index is calculated during the trading hours of any of the exchanges on which an index constituent is listed.

The real-time calculation of the CES SCHK100 is based on the traded price data issued by the trading systems of HKEx via various channels. The real-time index is calculated during the trading hours of HKEx.

- The opening index is calculated on the basis of the opening price (of the index constituents) obtained through the daily aggregate auction. If there is no transaction, the opening index is then calculated by using the reference opening price supplied by the quotation system.
- The index is calculated until the close of trading.

Price of each constituent (X) is defined on the following principle: If there is no transaction for the whole trading day, X means the reference opening price, otherwise, X means the last traded price.

4.4 Free Float

To reflect the price fluctuation of the real negotiable shares in the market, CES 300 and CES SCHK100 adopt free float shares (Free Float) for index calculation and exclude non-negotiated shares caused by strategic holdings, government holdings, etc.

- (1) **Long term holdings by founders, their families and senior executives of the company**
- (2) **Government holdings**
- (3) **Strategic holdings**
- (4) **Frozen shares subject to lock-up period**
- (5) **Restricted employee shares**

(6) Cross holdings between/among listed companies

4.4.1 Identification of Free Float

- (1) Restricted shares subject to lock-up period are deemed as non-free float.
- (2) For non-restricted shares, the shares are deemed as non-free float if the shareholding held by shareholders classified under any of the six categories above together with persons acting in concert exceeds 5%. Any shareholdings, including any of the above six categories of less than 5% is treated as free float.
- (3) Restricted shares after the lock-up period are treated as non-restricted shares.

$$\text{Free Float} = \text{Total shares} - \text{Non-free float shares}$$

Further provisions on Free Float are set out in Appendix A.

4.5 Category-Weight Method

A **Category-Weight Method**, which can minimize the variability of constituents shares adopted for index compilation, is used to weight number of shares of constituents of CES 300 and CES SCHK100. An Inclusion Factor is assigned to each security based on the percentage of Negotiable Market Capitalisation Ratio over the total number of shares.

- *Negotiable Market Capitalisation Ratio = Free Float shares / Total shares*
- *Adjusted Shares = Total shares × Inclusion Factor*

Inclusion factor is determined by the following table:

Category-Weight Table

Negotiable Market Cap Ratio (%)	≤15	(15, 20]	(20, 30]	(30, 40]	(40, 50]	(50, 60]	(60, 70]	(70, 80]	>80
Inclusion Factor (%)	Negotiable market cap ratio round up to the	20	30	40	50	60	70	80	100

	nearest percentage point								
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Example of the Application of the Category-Weight Method

Security	Security A	Security B	Security C
Total Shares of SSE/SZSE listed security	100,000	8,000	5,000
Non Free Float	88,800	4,500	900
Free Float = Total Shares - Non Free Float	11,200	3,500	4,100
Negotiable Market Capitalisation Ratio = Free Float / Total Shares	11.2%	43.8%	82.0%
Inclusion Factor	12%	50%	100%
Inclusion Shares	12,000	4000	5000

4.6 Total Return Index

CES 300 and CES SCHK100 are price return indices. Nonetheless, the daily total return index value of CES 300 and CES SCHK100 are calculated for investors' reference. The total return index, which offers investors a different angle to measure index performance, includes the reinvestment return of cash dividends.

The calculation formula of total return index is same as that of the price return index, except that the divisor is adjusted for dividends on the ex-dividend day.

5. Maintenance of Constituent Shares and Weight Factor Adjustments

5.1 Maintenance of Constituent Shares

To ensure that CES 300 and CES SCHK100 reflect the trading status of related securities, constituent shares are maintained based on the following rules:

- Constituents are maintained based on announcements published by listed companies.
- Free float shares adjustment resulting from non-corporate actions is reviewed semi-annually. The adjustment will be implemented after the market close on the 2nd Friday of June and December.
- Share adjustment from corporate actions (such as bonus issues, rights issues, security splits and security consolidations) will be implemented on the ex-date.
- For other corporation events (such as secondary offering, share buyback, exercise of convertible bonds and warrants, etc.) share adjustment will be implemented immediately if accumulated share change adds up to 5% or more. Share adjustment will be deferred to next regular review if accumulated share change is less than 5%.
- When a corporate event causes the accumulated share changes to be 5% or more, the share adjustment will be implemented on the effective day of the corporate event as indicated in the published announcement. In the event that the announcement date is later than the effective date of corporate event, the effective date of share adjustment will then be the next trading date after the announcement date.

5.2 Weight Factor Adjustments

Weight Factor is assigned to each constituent at each rebalancing date. The effective date is the same as that of the constituent adjustment. The Weight Factor stays the same until next rebalancing date. If the change in constituent shares or constituent weightings is deemed significant, CESC may conduct a non-regular Weight Factor adjustment.

6. Index Maintenance

When changes occur to constituent list or the share structure, or constituents' market capitalisation changes due to non-trading factors, the divisor is adjusted to keep the index comparable over time, that is, based on the rules in Section 5: “Maintenance of Constituent Shares and Weight Factor Adjustments”, CES 300 and CES SCHK100 adopt the “Divisor Adjustment Methodology” to adjust the old divisor.

6.1 Formula of Divisor Adjustment Methodology

$$\frac{\text{Adjusted Market Cap before Adjustment}}{\text{Old Divisor}} = \frac{\text{Adjusted Market Cap after Adjustment}}{\text{New Divisor}}$$

Adjusted Market Capitalisation after Adjustment = Adjusted Market Capitalisation before Adjustment + Adjusted Market Capitalisation increase (or decrease)

The new divisor derived from this formula is used for future index calculation.

6.2 Circumstances for Index Maintenance

6.2.1 Corporate actions that may affect the price of constituents

- Dividend: No adjustment is made to CES 300 and CES SCHK100 for dividend payment. The return from dividend payment is accrued to CES 300 total return index and CES SCHK100 total return index on the ex-dividend date as described in 4.6 (Total Return Index).
- Bonus issues, rights issues, security splits and security consolidations: The index is adjusted on the day on the ex-right date.

Market Capitalisation after the Adjustment = Ex-right Price × Adjusted

No. of Shares + Market Capitalisation before the Adjustment (excluding shares under adjustment for bonus issues, rights issues, security splits and security consolidations)

6.2.2 Share changes caused by other corporate events

- For other corporation events (such as secondary offering, share buyback, exercise of convertible bonds and warrants, etc.) share adjustment will be implemented immediately if accumulated share change adds up to 5% or more.

Adjusted Market Capitalisation after the Adjustment = closing price × adjusted shares after changes

- Share adjustment will be deferred to the next regular review if the accumulated share change is less than 5%.

6.2.3 Share changes caused by shareholders' actions

- Share changes caused by shareholder actions are adjusted semi-annually. The share change is implemented after the market close on the 2nd Friday of June and December.

6.2.4 Constituents adjustment

- Index is adjusted before the effective day of regular review or non-regular constituents adjustment.

6.2.5 Weight Factor adjustment

- Index is adjusted before the effective day of regular review or non-regular Weight Factor adjustment.

7. Index Constituent Adjustments

When the eligible securities for “Stock Connect” are changed or special events occur

affecting the representativeness and investability of the indices, requisite non-regular adjustments will be made to the index constituents of CES 300 and CES SCHK100. CESC and CSIC reserve the right to apply a different approach when appropriate.

7.1 Treatment of New Eligible Security(ies) for “Stock Connect”

For CES 300 Index “Northbound Trading under Shanghai/Shenzhen Connect” Segment: If the average daily market capitalisation of a new eligible SSE/SZSE listed securities ranks among the top 10 of all SSE and SZSE listed securities of the year ended on the announcement date, then fast entry rule will apply. The new eligible SSE/SZSE listed securities will be added to CES 300 after the market close on its tenth trading day after the announcement. Simultaneously, the constituent with the lowest ranking by average daily market capitalisation during the relevant period will be removed from the index.

For CES 300 Index “Southbound Trading under Stock Connect” Segment: If the daily average market capitalisation of a new eligible security ranks among the top 10 of all other HK securities of the year ended on the announcement date, then fast entry rule will apply. The new eligible security will be added to CES 300 after the market close on its tenth trading day after the announcement. Simultaneously, the constituent with the lowest ranking by average daily market capitalisation during the relevant period will be removed from the index.

For CES SCHK100 Index: If the daily average market capitalisation of a new eligible security ranks among the top 10 of all other HK securities of the year ended on the announcement, then fast entry rule will apply. The new eligible security will be added to CES SCHK100 after the market close on its tenth trading day after the announcement. Simultaneously, the constituent with the lowest ranking by average daily market capitalisation during the relevant period will be removed from the index.

If a new eligible security meets the criteria of fast entry but the time gap between its

announcement date and the next Review Effective Date is less than 20 trading days, then the fast entry rule will not apply. The new eligible security will be added to the index on the next Review Effective Date.

7.2 Merger and Acquisition

Whether the resulting companies are eligible for inclusion in the index will depend on their eligibility for the index (see Section 2) and their rankings.

- Two constituent companies merge: The resulting new company will remain qualified as constituent. The vacancy created will be filled up by the highest ranking stock in the reserve list.
- One constituent company and one non-constituent company merge: The resulting new company will remain qualified as constituent. Otherwise, the highest ranking security in the reserve list will replace the new company as constituent in the index.
- One non-constituent company acquires or takes over another constituent company: If the resulting new company ranks higher than the highest ranking security in the reserve list, then the new company will be added to the index. Otherwise, the highest ranking security in the reserve list will be added to the index.
- Merger, spin-off, acquisition and restructuring of non-constituents: If the resulting new company is subject to conforming with Rule 7.1, then fast entry rule will apply. Otherwise, these corporate events will be considered at the regular review.

7.3 Spin-off

If a constituent company is spun off to form two or more companies, whether the resulting companies are eligible for inclusion in the index will depend on their eligibility for the index (see Section 2) and their rankings.

- If the resulting companies rank higher than the lowest ranking constituents, then the resulting companies will replace the lowest ranking constituents in the index.
- If some of the resulting companies rank higher than the lowest ranking constituent, then those resulting company will replace the lowest ranking constituents in the index.
- If all of the resulting companies rank lower than the lowest ranking constituent, but some or all of the resulting companies rank higher than the highest ranking security in the reserve list, then the highest ranking resulting company will replace the original constituent company in the index.
- If all of the resulting companies rank lower than the lowest ranking constituent and the highest ranking security in the reserve list, then the highest ranking security in the reserve list will be added to the index.

7.4 Suspension

If a constituent is suspended from trading, the decision to remove it from the index will base on the reasons for suspension.

7.5 Stock Classified as Eligible for Sell Only under “Stock Connect”

If a constituent company is classified as eligible for sell only or removed from “Stock Connect”, it will be removed from the index and replaced by the highest ranking security in the reserve list.

8. Regular Review and Periodic Share Adjustments of Indices

Constituents of CES 300 and CES SCHK100 are reviewed every 6 months. Constituents and constituent weights are adjusted following to the regular review.

8.1 Review Period

Constituents of CES 300 and CES SCHK100 are reviewed in June and December every year and index reconstitution is implemented after the market close on the 2nd Friday of each June and December (“Review Effective Date”).

8.2 Data Used for Regular Review

Data used for June review will be from 1st May of the previous year to 30th April of the review year (in case of an IPO, data since its fourth trading day are used). Data used for December review will be from 1st November of the previous year to 31st October of the review year (in case of an IPO, data since its fourth trading day are used).

8.3 Float Share Adjustments and Weight Factor Adjustments

Free float shares adjustment for CES 300 and CES SCHK100 is reviewed semi-annually. The adjustment will be implemented after the market close on the 2nd Friday of June and December. The calculation of the Weight Factors for CES SCHK100 is updated semi-annually. The adjustment is implemented after market close on the 2nd Friday of June and December, effective on the next trading day. See Rule 4.4: “Free Float”, Rule 4.5: “Category-Weight Method” and Section 5: “Maintenance of Constituent Shares and Weight Factor Adjustments”

8.4 Index Reconstitution

The indices are reconstituted based on the selection criteria in Section 3 together

with the following additional rules:

8.4.1 Buffer Zone

To minimize index turnover, a buffer zone rule is employed during the reconstitution of CES 300 and CES SCHK100.

- For each segment of CES 300 Index, candidate securities rank within the top 80 will have the priority to be added into the index and the existing constituents ranking within the top 120 will also have the priority to be retained in the index. If the application of the buffer zone rule has resulted in having more than 100 constituents, then the existing constituents with the lowest ranking will be removed from the index. On the contrary, if the application of the buffer zone rule has resulted in having less than 100 constituents, the candidate securities with the highest ranking will be added into the index.
- For CES SCHK100, HK listed securities simultaneous listing on SSE or SZSE are excluded. Candidate securities rank within the top 80 will have the priority to be added into the index and the existing constituents ranking within the top 120 will also have the priority to be retained in the index. If the application of the buffer zone rule has resulted in having more than 100 constituents, then the existing constituents with the lowest ranking will be removed from the index. On the contrary, if the application of the buffer zone rule has resulted in having less than 100 constituents, the candidate securities with the highest ranking will be added into the index.

8.5 Reserve List Maintenance

A reserve list of index constituents is established in each regular review for CES 300 and CES SCHK100 to implement non-regular adjustment. (See Section 9)

8.6 Long Suspension Securities

If a candidate security or constituent is suspended from trading, the decision to add or remove it from the index will base on the reasons for suspension.

8.7 Securities Experienced Financial Losses

During regular review of constituents, securities that experiences losses as reported in financial statements will, in principle, be ineligible candidates for the “Northbound Trading under Shanghai Connect” or “Northbound Trading under Shenzhen Connect” segments of CES 300 unless the stock exerts great impact on the representativeness of index.

9. Constituent Reserve List

In order to enhance the predictability and transparency of non-regular index reconstitution, CES 300 and CES SCHK100 adopt a reserve list policy which is used to implement non-regular index reconstitution between regular reviews.

- The reserve list is created for each regular review of index constituents. 10 securities from each of the “Northbound Trading under Shanghai Connect” segment, “Northbound Trading under Shenzhen Connect” segment and “Southbound Trading under Stock Connect” segment are included in the reserve lists of CES 300 Index; 10 securities are included in the reserve list of CES SCHK100 Index.
- If non-regular index reconstitution is required (due to the change of eligible securities for the relevant markets, delisting, merger, etc.) leading to a vacancy in constituent securities, the highest ranking stock on the reserve list will be added to the index.
- When the number of securities on the reserve lists of CES 300 Index from “Northbound Trading under Shanghai Connect” segment, “Northbound Trading under Shenzhen Connect” segment and “Southbound Trading under Stock Connect” segment is reduced to less than 5, candidate securities will be added to the respective reserve list. CESC and CSIC will then publish the new reserve list in a timely manner.
- When the number of securities on the reserve list of CES SCHK100 is reduced to less than 5, candidate securities will be added to the reserve list. CESC and CSIC will then publish the new reserve list in a timely manner.

10. Amendments and Supplements to Index Methodology

In response to market development and clients’ feedback, CESC and CSIC will

amend or supplement the Index Methodology from time to time as appropriate. Proposed changes will be announced to the market prior to implementation.

11. Information Disclosure

To maintain the objectiveness, independence and authority of the indices, CESC has adopted a stringent information disclosure policy to ensure transparency, openness and fairness.

- Any personnel of CESC and CSIC are forbidden to divulge any information to any third party, including private media interviews before such information is disclosed to the public.
- Media used for information disclosure includes but not limited to website of CESC and CSIC.
- In general, result of the regular index review is published one week before the effective date. Non-regular adjustment in constituents will be published as soon as practicable. Changes in index methodology and index maintenance rules are usually published two weeks before the effective date.

12. Index Dissemination

12.1 Index Code

Index Name	Abbreviation	Index Currency (Real Time)	Index Code (Real Time)
CES Stock Connect 300 Index	CES 300	CNY	CES300
CES Stock Connect Hong Kong Select 100 Index	CES SCHK100	HKD	CES100

12.2 Dissemination Channels

CES 300 and CES SCHK100 are disseminated via various channels to onshore and offshore markets:

- Broadcasted via HKEx's and CSIC's real time broadcast systems;
- Released real time globally via global information vendors;
- Published daily through the Internet at CESC's website:
<http://www.cesc.com/>.
- Published daily through the Internet at CSIC's website:
<http://www.csindex.com.cn/>.
- The total return indices of CES 300 and CES SCHK100 are published daily after the close of trading through the Internet at CESC's website:
<http://www.cesc.com/> and CSIC's website: <http://www.csindex.com.cn/>

12.3 Dissemination Frequencies

CES 300 and CES SCHK100 are calculated every one second and disseminated every five seconds.

Appendix A: Free Float

Some of the issued shares are almost illiquid within a specific period of time owing to sales restriction or strategic holding and so on. The investment opportunity of the index will not be truly reflected if these non-negotiable shares are included in compilation of the index. Hence, a free float market capitalisation weighted method is used to calculate the index.

1. Scope of Free Float

Free float is defined as the issued shares tradable in the open stock market. The restricted shares and any holdings of shares classified under the six categories listed below will be deemed as non-free float shares for SSE and SZSE listed securities and HK securities:

- (1) Long term holdings by founders, their families and senior executives of the company: Shares held by founders or founders' families as well as shares held by board members, supervisors and members of the senior management team etc.
- (2) Government holdings: Shares held by the government or agencies.
- (3) Strategic holdings: Shares held by strategic investors for long-term strategic interests subject to lock-up period.
- (4) Frozen shares: Frozen shares held by investors.
- (5) Restricted employee shares: Shares held by employees including employee pension plan, annuities for employees or management staff subject to lock up period.
- (6) Cross holdings: Two or more listed companies holding shares of other listed company(ies) which results in cross holdings.

2. Identification of Free Float

- (1) Restricted shares subject to lock-up period are deemed as non-free float.
- (2) For non-restricted shares, the shares are deemed as non-free float if the shareholding held by shareholders classified under the six categories above together with persons acting in concert exceeds 5%. For the avoidance of doubt, any shareholdings, including any of the above six categories of less than 5% is treated as free float.
- (3) Restricted shares after the lock-up period are treated the same way as non-restricted shares.

3. Information Source

Free float is determined using all public information that is required to be disclosed by existing laws and regulations, which includes:

- (1) Prospectus and listing notice;
- (2) Financial report; and
- (3) Company announcement.

4. Adjustment of Free Float

Free float changes resulting from shareholder actions are implemented in the semi-annual index regular review. The adjustment will take effect after the market close on the 2nd Friday of June and December.

Appendix B: Definition

1. Shanghai Connect – a securities trading and clearing links programme developed by HKEX, SSE, HKSCC and ChinaClear for the establishment of mutual market access between Hong Kong and Shanghai.
2. Shenzhen Connect – a securities trading and clearing links programme developed by HKEX, SZSE, HKSCC and ChinaClear for the establishment of mutual market access between Hong Kong and Shenzhen.
3. Northbound Trading under Shanghai Connect – the trading of SSE Securities by Hong Kong and international investors through the Trading Link.
4. Northbound Trading under Shenzhen Connect – the trading of SZSE Securities by Hong Kong and international investors through the Trading Link.
5. Southbound Trading under Stock Connect – the trading of HKEX Securities by Mainland investors through the Trading Links of Shanghai Connect and Shenzhen Connect.
6. Review Data Cutoff Date (“Review Cutoff Date”) – the cutoff date for June and December review on 30th April or 31st October as the case may be.
7. Adjusted price of ex-dividend and ex-right – The reference price published by the exchanges on the ex-right (dividend) day which is used to notify investors that the intrinsic value of the securities have been diluted due to dividend or rights offering.

a) Dividend

$$\text{Ex-dividend price} = \text{Closing price before ex-dividend day} - \text{Dividend per share}$$

b) Bonus issue

$$\text{Ex-bonus price} = \frac{\text{Closing price before ex-bonus day}}{1 + \text{Bonus issue ratio}}$$

c) Rights issue

$$\text{Ex-right price} = \frac{\text{Closing price before ex-right day} + \text{Rights issue price} \times \text{Rights issue ratio}}{1 + \text{Rights issue ratio}}$$

d) Stock split and stock consolidation

$$\text{Ex-right price} = \text{Closing price before ex-right} \times \frac{\text{Total number of shares before ex-right day}}{\text{Total number of shares on ex-right day}}$$

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