



中華證券交易服務有限公司

CHINA EXCHANGES SERVICES
COMPANY LIMITED

CES Belt and Road Index Methodology

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Preface

The index is compiled by China Exchanges Services Company Ltd. (CESC) and jointly maintained by CESC and Shenzhen Securities Information Co., Ltd. (SSIC).

The CES Belt and Road Index (CES OBOR) is a price return index, aims to capture the performance of companies which demonstrate substantial participation in the Belt and Road initiative.

Index Name	Launch Date	Constituents
CES OBOR	03-04-2018 ¹	Selecting 50 stocks with the largest market value, which demonstrate substantial participation in the Belt and Road initiative from stocks eligible for Stock Connect.

¹ The CES OBOR is calculated on real-time basis starting from 22 Aug 2023.

1. Index Name and Code

Index Name	Abbreviation	Index Currency	Index Code
CES Belt and Road Index	CES OBOR	CNY	CESBNR
CES Belt and Road Total Return Index	CES OBOR TR	CNY	BNRCNYG

2. Base Date and Base Value

The base date is June 30, 2015. The base value is 1000.

3. Index Eligibility

3.1 Index Universe

The index universe for CES OBOR is composed of Stocks eligible for Stock Connect, which includes both “Northbound Trading” and “Southbound Trading”, and the Enterprises engaged in business operation in Belt and Road countries, excluding ST and *ST stocks in the SSE and SZSE.

3.2 Selection Criteria

The constituents are selected as follows:

- Select stocks from 9 first-level industries and 16 second-level industries defined by the CNI Industry Classification.
- According to the evaluation method of the influence of the Belt and Road enterprises, comprehensively investigate enterprise nature, corporate influence, profitability, and foreign trade capacity, and select stocks with a total score of no less than 50.
- Rank the stocks by daily average trading value in descending order and remove bottom 10% stocks.
- Rank remaining stocks by daily average total market cap in descending order

and select top 50 stocks as index constituents.

- For AH companies, select stocks on primary listing exchanges as constituents.

4. Index Calculation

The indices are calculated according to the Paasche weighted method, real-time calculation is carried out daily according to the following formula:

real time index = last trading day closing index

$$\times \frac{\sum (\text{constituent's real time stock price} \times \text{No. of shares} \times \text{adjustment factor})}{\sum (\text{constituent's last trading day closing price} \times \text{No. of shares} \times \text{adjustment factor})}$$

For adjustment method of No. of shares, please refer to *Index Calculation and Maintenance Methodology*. For adjustment factor, please refer to “6. Adjustment for Constituents’ Weights”.

5. Periodic Review of Constituents

5.1 Periodic Review

The indices are reviewed semi-annually. Periodic reviews are implemented on the next trading day after market closing of the second Friday in June and December each year. Announcements of periodic reviews are published two weeks before implementation.

After new constituents are determined, remaining stocks will be ranked by factor weight in descending order and 5% of the total number of index constituents will be selected as reserved stocks.

5.2 Ongoing Adjustment

If a constituent is subject to delisting or no longer eligible for Trading under Stock Connect, it will be removal from the index, and the top-ranking stock in the reserve

list shall be added into the index accordingly.

6. Adjustment for Constituents' Weights

In index calculation, the adjustment factor is designed to set the weight of individual constituent no more than 10% in each period review.

The adjustment factor is recalculated twice a year and implemented in periodic reviews. The adjustment factor generally remains constant before next periodic review.

7. Amendments and Supplements to Index Methodology

In response to market development and clients' feedback, CESC and SSIC will amend or supplement the Index Methodology from time to time as appropriate. Proposed changes will be announced to the market prior to implementation.

8. Information Disclosure

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

- Any personnel of CESC and SSIC 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 SSIC.

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