



中華證券交易服務有限公司

CHINA EXCHANGES SERVICES
COMPANY LIMITED

CES REIT Index Methodology

Aug 2023



Contents

Preface.....	3
1. Index Name and Code	4
2. Base Date and Base Value	4
3. Index Eligibility.....	4
4. Index Calculation	4
5. Periodic Review of Constituents	5
6. Adjustment for Constituents' Weights	5
7. Amendments and Supplements to Index Methodology.....	6
8. Information Disclosure	6
Contact Us.....	7

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 REIT Index (CES REIT) is a price return index, aims to reflect the overall performance of real estate investment trusts (REITs) listed in Hong Kong.

Index Name	Launch Date	Constituents
CES REIT	16-07-2018 ¹	All REITs primarily listed on the Main Board of SEHK

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

1. Index Name and Code

Index Name	Abbreviation	Index Currency	Index Code
CES REIT Index	CES REIT	HKD	CESRET
CES REIT Total Return Index	CES REIT TR	HKD	RETHKDG

2. Base Date and Base Value

The base date is December 30, 2011. The base value is 2000.

3. Index Eligibility

3.1 Index Universe

The index universe for CES REIT is composed of all REITs primarily listed on the Main Board of SEHK.

3.2 Selection Criteria

The constituents are selected as follows:

- **Business Screen:** Excludes company which does not obtain rental income from its real estate assets, e.g., company focuses on trading real estate assets for capital gain.
- **Liquidity Screen:** Exclude company which ADT below 0.01% of its 1-year average market cap.
- Following the screens above, rank securities by daily average market cap in the past 1 year and top 30 are selected as the constituents of Index.

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. The number of new constituents in each periodic review shall not exceed 20% of the total number of index constituents.

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, 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

The index is free float-adjusted market cap weighted.

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

Individual constituent weight is capped at the level according to the number of constituents:

No. of constituents	Cap level
≥ 20	10%
8 – 19	15%
5 – 7	25%
< 5	Equal

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.

Contact Us

For further details, please contact:

Index Licensing Enquiries

China Exchanges Services Company Limited

50/F, One Exchange Square 8 Connaught Place, Central, Hong Kong

Tel: 852 2803 8200

Fax: 852 2868 3770

Email: cescinfo@cesc.com

Website: <https://www.cesc.com/>

Customer Service

Shenzhen Securities Information Co., Ltd.

Shenye Center, 5054 Shennan East Road, Shenzhen

Tel: 0086 755 8324 3719

Fax: 0086 755 8324 3723

Email: index.service@cninfo.com.cn

Website: <http://www.cnindex.com.cn/>