



中華證券交易服務有限公司

**CHINA EXCHANGES SERVICES
COMPANY LIMITED**

CES China Semiconductor Chips Index Methodology

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Contents

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

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.

The CES China Semiconductor Chips Index (CES China Semiconductor Chips) is a price return index provides a measure of market performance for semiconductor Chips securities listed on China SSE and SZSE market with business scope ranging from semiconductor Chips materials, equipment, design, manufacture, assembly, packaging and testing.

Index Name	Launch Date ¹	Constituents
CES China Semiconductor Chips	26-09-2018	Consists of the 50 largest semiconductor Chips securities listed on China SSE and SZSE market

¹ The launch date of real-time index is 18-03-2019

1. Index Name and Code

Index Name	Abbreviation	Index Currency	Index Code
CES China Semiconductor Chips Index	CES China Semiconductor Chips	CNY	990001
CES China Semiconductor Chips Index	CES China Semiconductor Chips	HKD	990002
CES China Semiconductor Chips Total Return Index	CES China Semiconductor Chips TR	CNY	980001
CES China Semiconductor Chips Total Return Index	CES China Semiconductor Chips TR	HKD	980002

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 China Semiconductor Chips is comprised of the securities listed on Shanghai Stock Exchange (SSE) and Shenzhen Stock Exchange (SZSE) which satisfy the following conditions:

- As at the Review Cutoff Date, the security, which is not listed on the Science and Technology Innovation Board, must have a listing history for more than three months; and
- As at the Review Cutoff Date, the security is listed on the Science and Technology Innovation Board; and
- Non-ST or *ST Securities; and
- No severe financial problems or regulatory violations in the most recent year.

3.2 Selection Criteria

The constituents are selected as follows:

- **Liquidity Screen.** Securities in the universe must be in the highest 80% of all securities when ranked by average daily trading value[^].
- **Semiconductor Chips Industry Screen.** The main revenue of eligible securities must come from semiconductor Chips materials, equipment, design, manufacture, assembly, packaging and testing.
- **Size Screen.** Following above screens, the top 50 securities ranked by average daily market value are chosen for inclusion in the index.

[^] Average daily trading value (or average daily market value) is defined as follows:

- ◆ The average daily trading value (or average daily market value) during the most recent year or,
- ◆ For newly listed securities, the average daily trading value (or average daily market value) from the fourth trading day to the Review Cutoff Date;

4. Index Calculation

The CES China Semiconductor Chips is calculated according to the following formula:

$$\text{Current Index} = \text{Current Total Adjusted Market-Cap} / \text{Divisor} \times \text{Base Value}$$

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

For the calculation of number of free float adjusted shares, please refer to CSI Index Calculation and Maintenance Methodology for further details. The value of Weight Factor is between 0 and 1, which is calculated at each rebalancing date, so that the weight of each constituent is capped at 10%.

5. Periodic Review of Constituents

5.1 Periodic Review

The index is adjusted and rebalanced semi-annually and the adjustment will be effective as of the next trading day after the 2nd Friday in June and December. The index adopts buffer zone rules. New candidates ranked top 40 will be given priority to add into the index and old constituents ranked top 60 will be given priority to remain in the index.

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.

The reserve list is created for each regular review of index constituents. Five securities are included in the reserve list.

5.2 Ongoing Adjustment

When special events occur affecting the representativeness and investability of the index, requisite non-regular adjustments will be made to the index constituents of the CES China Semiconductor Chips. When this happens, securities with the highest ranking in the reserve list will replace the deleted securities.

6. 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.

7. 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 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 two weeks 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.

Contact Us

For further details, please contact:

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