



CES Stock Connect Hong Kong Premier 50 Index

Index Description

CES Stock Connect Hong Kong Premier 50 Index (CES SCHK50) is a price return index and all constituents are eligible for Southbound Trading under Stock Connect, it can serve as the benchmark for Mainland China's investors who need or want to allocate assets to Hong Kong's stock market. Given the comprehensive industry distribution of its constituents, the CES SCHK50 includes some new blue chips eligible for trading under Stock Connect, represents a relatively stable portfolio of stocks with steady growth potential.

Constituent Selection

Universe

The universe of the CES SCHK50 comprises of Hong Kong listed-stocks eligible for trading under Stock Connect.

The lists of eligible securities for the Southbound Trading under Stock Connect will be updated from time to time with advance notices published by Shanghai Stock Exchange (SSE) and Shenzhen Stock Exchange (SZSE).

Screening Criteria

- Connected Parties Screen. Exclude the People's Insurance Co. (Group) Of China Ltd. and its listing connected parties stated in the latest published annual report.
- Listing History Screen. Exclude the securities with a listing history less than two years as of review cutoff date.
- Profitability Screen. Exclude the securities with negative EPS in the most recent annual report.
- Volatility Screen. Following above screens, exclude the securities ranked in the top 3 percent of their 1-year annualized standard deviation of daily returns in descending order.

- Liquidity Screen. The remaining securities are ranked by average daily trading value during the most recent year in descending order. The cumulative average daily trading value is then calculated for each security and the securities of which the cumulative average daily trading value beyond 90% are excluded.
- Size Screen. Following above screens, the top 50 securities ranked by average daily free float market capitalization are chosen for inclusion in the index.

Note: Appropriate adjustments might be made to the principles to improve overall representativeness of the index.

Index Constituents

The largest 50 eligible securities for the Southbound Trading under Stock Connect listed on The Stock Exchange of Hong Kong Limited.

Calculation Methodology

CES SCHK50 is a free float-adjusted market value weighted index with a 10% cap on individual stock weighting.

Constituent Review & Index Rebalance

Constituent reviews and rebalanced are conducted half-yearly. Any index reconstitution and float share adjustments will be implemented on the next trading day after the second Friday of each June and December.

Buffer Zone

A buffer zone rule is employed during the reconstitution of the CES SCHK50. Candidate stocks

rank within the top 40 will have the priority to be added into the index and the existing constituents ranking within the top 60 will also have the priority to be retained in the index.

Weight Factor

Weight Factor is assigned to each constituent at each half-yearly rebalancing. The effective date is the same as that of the constituent adjustment. The Weight Factor stays the same until next rebalancing day.

Index Overview

Index Abbreviation	CES SCHK50
Index Code	CESP50
Launch Date	4 January 2018
Base Date	30 December 2011
Base Value	2,000
Number of Constituents	50
Calculation and Dissemination	Real time at 5-second intervals
Review Frequency	Half-yearly
Real-time Price Index (Currency)	HKD
End of Day Index (Currency)	CNY & HKD
Total Return Index (Currency)	CNY & HKD
Information Vendor Codes	Thomson Reuters: .CSICESP50 Wind: CESP50.CSI

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