



中華證券交易服務有限公司

CHINA EXCHANGES SERVICES
COMPANY LIMITED

CES SCHK Pan-Entertainment and Leisure Index Methodology

March 2021

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Preface

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

The CES SCHK Pan-Entertainment and Leisure Index (CES SCHK E&L) is a price return index, aims to capture the performance of leading companies in the entertainment and leisure industries and eligible for “Southbound Trading under Stock Connect”.

Index Name	Launch Date	Constituents
CES SCHK E&L	16-07-2018 ¹	Consists of securities listed on the Main Board of SEHK and eligible for Southbound Trading under Stock Connect, and engaged primarily in entertainment and leisure industries.

¹ The CES High Yield is calculated on real-time basis starting from 31 March 2021.

1. Index Name and Code

Index Name	Abbreviation	Index Currency	Index Code
CES SCHK Pan-Entertainment and leisure Index	CES SCHK E&L	HKD	CESFHY
CES SCHK Pan-Entertainment and leisure Total Return Index	CES SCHK E&L TR	HKD	PELHKDG

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 SCHK E&L is comprised of Stocks listed on the Main Board of SEHK and eligible for Southbound 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).

3.2 Selection Criteria

The constituents are selected as follows:

- **Sector Screen.** Securities engaged primarily in entertainment and leisure industries: companies which are the owners or operators of media services, hotel services, catering services, recreation facility, online social platform, digital games and sports products.
- **Size Screen.** Following above screens, the top 30 securities ranked by average daily market value[^] are chosen for inclusion in the index.

[^] The average daily market value during the most recent six months.

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 suspension of listing, delisting or no longer eligible for Southbound 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.

Contact Us

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