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## NEWS RELEASE

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### **CESC Announces Key Findings of Belt and Road Research Reports and Introduces CES Belt and Road Index**

China Exchanges Services Company Limited (CESC) today (Monday) hosted a media conference and investment forum where it announced the key findings of its Report on Participation in Belt and Road Initiative by Listed Companies Tradable under Stock Connect (the Report) and the CES Belt and Road Index (CES OBOR), an index designed to reflect the stock price performance of listed companies actively participating in the Belt and Road Initiative.

The Belt and Road Initiative sees the "Five Principles of Peaceful Coexistence" as the main pillar to strengthen multilateral cooperation and exchange among countries along the Belt and Road routes. Based on the principles that can be measured quantitatively, Facilities Connectivity, Unimpeded Trade and Financial Integration, CESC developed the following six indicators to gauge companies' participation in the Belt and Road Initiative: contracts, investment, sales, purchases, financing and insurance. With the support from three Stock Connect exchanges, CESC collected information of companies on the list of eligible securities for trading under Stock Connect (Stock Connect companies), aiming to understand their participation in the Belt and Road Initiative from 2014 to 2016. It received feedback from 1,286 companies.

The Report shows that the number of Stock Connect companies participating in the Belt and Road Initiative increased in all six indicators. Nearly two-thirds of the companies (65 per cent) said they will increase their business in the Belt and Road areas in coming three years. In addition, the data in the Report indicates that the Belt and Road Initiative participation of industries such as consumer staples, information technology and healthcare is in an upward. While they are active participants, the energy and infrastructure sectors are not as dominant as some analysts had expected. Overall, the Report reveals that the Belt and Road Initiative continues to develop and is attracting enterprises from many different sectors.

Based on the data compiled for the Report and its findings from the data, CESC selected a basket of companies to become the constituents of the CES OBOR with a view towards providing an objective, reliable and tradeable index to serve as the benchmark of the investment on Belt and Road Initiative.

The CES OBOR is currently the only index with constituent selection based on actual Belt and Road Initiative data from listed companies' participation. It is comprised of the most representative companies from each indicator, which helps make the index representative by ensuring that all industries that benefit from the Belt and road Initiative and innovative companies can be included.

The CES OBOR's constituents are all stocks eligible for Southbound or Northbound trading under Stock Connect, and they are equally weighted. The index is based on stock prices in Renminbi and is available daily after the close of the market. An overview of the CES OBOR and the constituent list are available in Appendix 1 and 2. Further details can be found from the [index methodology](#).

“The index methodology of the CESC OBOR is closely linked with the development strategy of Mainland China. CESC will review the constituent list annually to ensure the index continues to be a good indicator. We believe the CES OBOR can assist investors to capturing the investment opportunities brought by the Belt and Road Initiative in a comprehensive and timely way,” said CESC Chief Executive Mao Zhirong.

After the media conference, CESC hosted a Belt and Road Investment Forum, an event that connected experts with good knowledge of the Belt and Road Initiative and leaders within the investment community so they could share views on the influence of the Belt and Road Initiatives on China's economic development and capital markets. Hong Kong Trade Development Council Director of Research Nicholas Kwan delivered a speech on the influence of the Belt and Road Initiative on China's economic development. The forum also included a lively roundtable discussion of the economic impact of the Belt and Road Initiative. The panellists of the roundtable discussion included China Merchants Asset Management (Hong Kong) Co, Ltd General Manager Bai Haifeng, E Fund Management (HK) Co, Ltd Chief Executive Huang Gaohui, Value Partners Limited Quantitative Investment Solutions Co-Managing Director David Quah and China Silk Road iValley Research Institute Chairman and Chief Economist Professor Liang Haiming. CESC Director and Deputy Chief Executive Jason Du was the moderator of the discussion.



CESC Director and Chief Executive Mao Zhirong delivers opening remarks at CES Belt and Road Research Report Media Conference and Investment Forum.



CECS Director and Chief Executive Mao Zhirong (center), CESC Director and Deputy Chief Executive Jason Du (second from right), CESC Director, Deputy Chief Executive and Chief Financial Officer Peng Zi (second from left), CESC Head of Index Development Gary Lui (first from left) and CESC Head of Business Development Terence Wong (first from right) attend CESC Belt and Road media conference and seminar.



CECS Director and Chief Executive Mao Zhirong (fourth from left), CESC Director and Deputy Chief Executive Jason Du (first from right), CESC Director, Deputy Chief Executive and Chief Financial Officer Peng Zi (first from left), Hong Kong Trade Development Council Director of Research Nicholas Kwan (second from right), Value Partners Limited Quantitative Investment Solutions Co-Managing Director David Quah (second from left), E Fund Management (HK) Co, Ltd Chief Executive Huang Gaohui (third from left), China Merchants Asset Management (Hong Kong) Co, Ltd General Manager Bai Haifeng (fourth from right) and China Silk Road iValley Research Institute Chairman and Chief Economist Professor Liang Haiming (third from right) share views on the influence of the Belt and Road Initiatives on China's economic development and capital markets.

## **About CESC**

CESC is a joint venture formed and equally owned by Hong Kong Exchanges and Clearing Limited, the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Its aim is to contribute to the development of China's capital markets. Registered and incorporated in Hong Kong, CESC was officially launched in September 2012 and commenced operations on 30 October. CESC's principal businesses include compiling cross-border indices based on products traded on the Hong Kong and Mainland securities markets, developing industry classifications for listed companies, and developing information standards and information products. CESC also develops financial products to link the Mainland and Hong Kong markets with global investors. China Securities Index Company Limited is commissioned to calculate, provide index maintenance and dissemination service for the CES indices.

For further information on CESC, please visit the website at [www.cesc.com](http://www.cesc.com).

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## Appendix 1

### Overview of CES Belt and Road Index

Index Abbreviation	CES OBOR
Constituents	Stocks eligible for Southbound Trading or Northbound Trading under Stock Connect
Launch Date	3 April 2018
Base Date	30 June 2015
Base Value	2,000
Number of Constituents	100
Calculation Methodology	Equally-weighted
Review Frequency	Yearly
Rebalance Frequency	Half-yearly
End of Day Index (Currency)	CNY
Calculation and Dissemination	Once a day, after the close of trading

## Appendix 2

### CES Belt and Road Index Selected Constituents

Sector	Stock Code	Stock Name
Financials	1398.HK	Industrial and Commercial Bank of China Ltd
	0939.HK	China Construction Bank Corporation
	0005.HK	HSBC Holdings plc
	1299.HK	AIA Group Ltd.
Energy	0857.HK	PetroChina Co Ltd
	600028.SH	China Petroleum and Chemical Corporation
Industrials	601668.SH	China State Construction Engineering Corporation Ltd
	601800.SH	China Communications Construction Co Ltd
	601766.SH	CRRC Corporation Ltd
	0267.HK	CITIC Ltd
Consumer Discretionary	000333.SZ	Midea Group Co Ltd
	000651.SZ	Gree Electric Appliances Inc of Zhuhai
Materials	600019.SH	Baoshan Iron and Steel Co Ltd
	600585.SH	Anhui Conch Cement Co Ltd
Information Technology	0981.HK	Semiconductor Manufacturing International Corporation
	0522.HK	ASM Pacific Technology Ltd
Consumer Staples	0142.HK	First Pacific Co Ltd
Telecommunication Services	600522.SH	Jiangsu Zhongtian Technology Co Ltd
Health Care	600420.SH	Shanghai Modern Pharmaceutical Co Ltd
Utilities	0002.HK	CLP Holdings Ltd

Note: Full index constituent list can be found at [CESC website](#).