

**THE ONLY FUTURES CONTRACT WITH COMPREHENSIVE CHINA STOCK EXPOSURE**

The CES China 120 Index Futures contract is the only futures contract based on an underlying index tracking both China's A-shares and China stocks listed in Hong Kong. It is designed to provide investors with a convenient and cost efficient tool to simultaneously gain exposure to Mainland China and Hong Kong stock markets. It can also serve as an effective risk management tool for institutions to hedge their China stock positions and as the primary tool for Exchange Traded Fund (ETF) market makers seeking to hedge their positions in China-related ETFs.

**OVERVIEW OF CES CHINA 120 INDEX**

The CES China 120 Index (CES 120) is the first cross border index introduced by China Exchanges Services Company Limited (CESC). The index covers a wide spectrum of China exposure by combining stocks listed in Hong Kong, Shanghai and Shenzhen within a single index. With broad coverage to capture investment opportunities created by exposure to a comprehensive China investment universe, the CES 120 is an ideal benchmark and basis for futures, ETFs and other products.

**A COMPREHENSIVE CHINA EQUITY BENCHMARK**

**Representing onshore and offshore Mainland China Markets**

Comprising 120 Mainland Chinese stocks listed in Shanghai, Shenzhen and Hong Kong:

- 80 most liquid and largest A shares listed on the Shanghai (58) and Shenzhen (22) stock exchanges
- 40 most liquid and largest Mainland China stocks (H-shares, P-chips and Red chips) listed in Hong Kong

**Stocks Covered By CES 120**

**Information Technology**

- Tencent (700 HK) China's largest internet service provider
- Lenovo Group (992 HK) China's largest personal computer vendor by unit sales

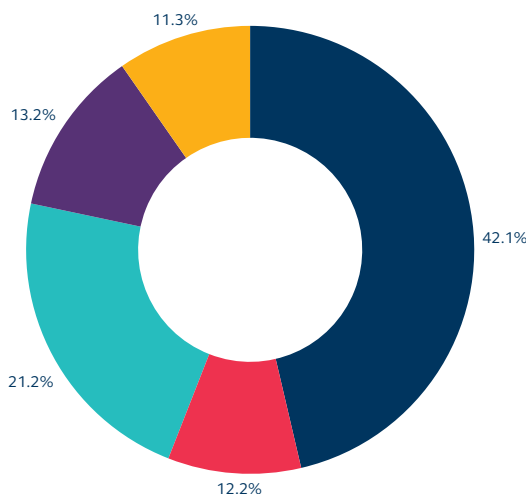
**Telecom**

- China Mobile (941 HK) China's largest mobile telecommunications company by market capitalisation
- China Unicom (762 HK) China's second largest mobile service provider
- China Telecom (728 HK) China's largest fixed line service and third largest mobile telecommunication provider

**Energy**

- China Coal Energy (601898 SH) China's second largest coal mining enterprise

**Share Class Distribution (As at 31 Oct 2016)**



**Hong Kong shares 45.7%**

- **H-shares 21.2%**  
Bank of China (3988)  
CCB (939)  
China Life (2628)  
ICBC (1398)  
Ping An (2318)
- **P-chips 13.2%**  
Belle Intl (1880)  
Hengan Intl (1044)  
Tencent (700)  
Tingyi (322)  
Want Want China (151)
- **Red chips 11.3%**  
China Mobile (941)  
China Overseas (688)  
China Unicom (762)  
CITIC (267)  
CNOOC (883)

**Shanghai A shares 42.1%**

- China Merchants Bank (600036)
- China Minsheng Bank (600016)
- CITIC Securities (600030)
- Industrial Bank (601166)
- Ping An of China (601318)

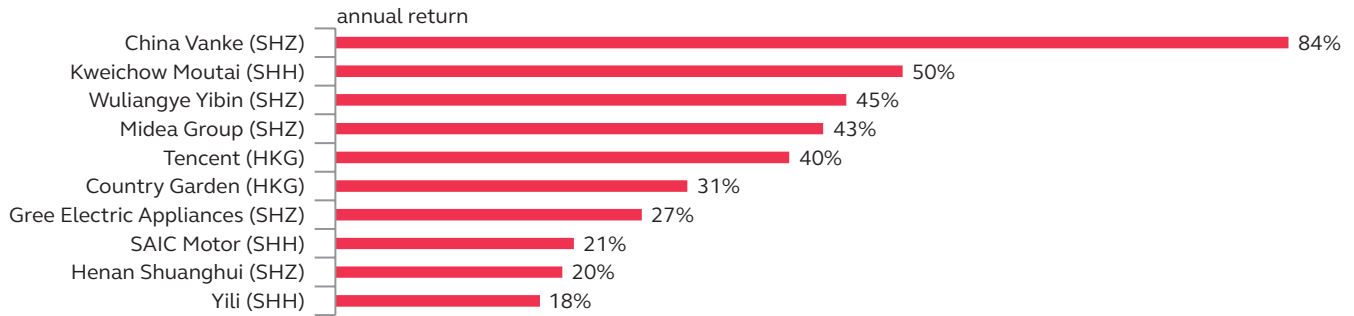
**Shenzhen A shares 12.2%**

- China Vanke (000002)
- Gree Electric Appliances (000651)
- Midea Group (000333)
- Ping An Bank (000001)
- Suning Commerce Group (002024)

Source: CESC

Note: The latest list of constituent stocks and compilation methodology are available on the website of CESC at <http://www.cesc.com>. Information is for reference only and is not intended as investment advice.

## Top 10 Best Performing Stocks in CES 120 (1 Nov 15 – 31 Oct 16)

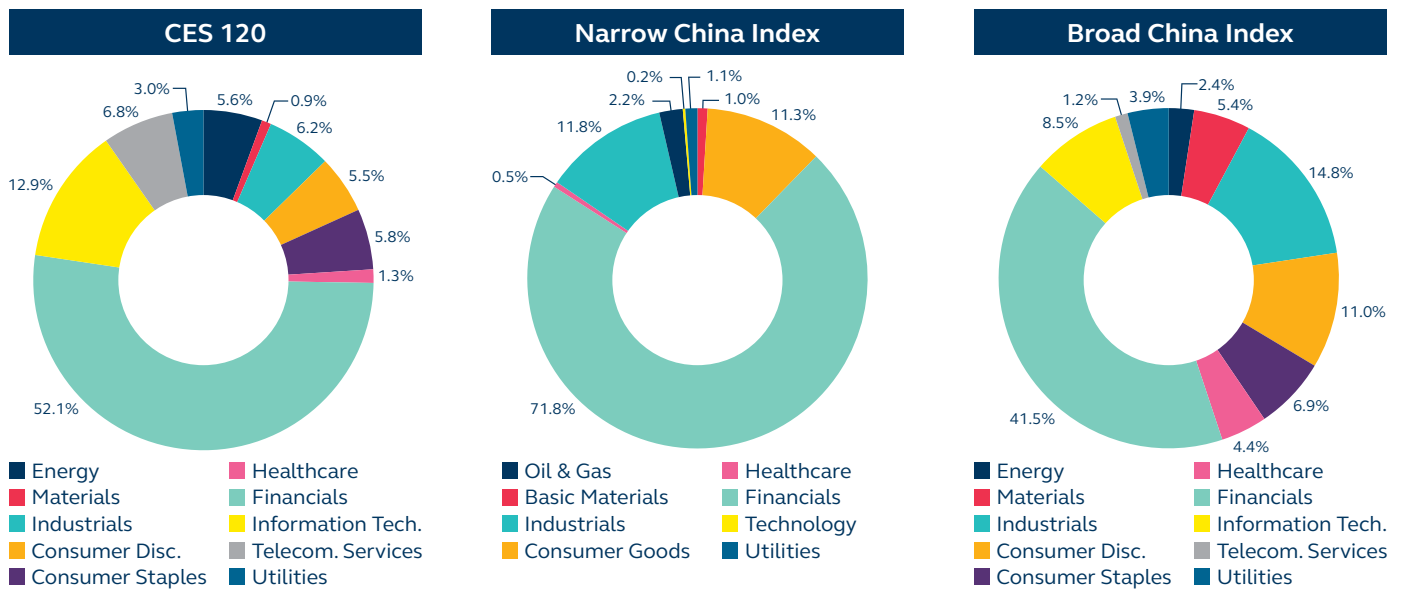


Source: Bloomberg

SHH: Shanghai Stock Exchange; SHZ: Shenzhen Stock Exchange; HKG: The Stock Exchange of Hong Kong

## BALANCED SECTORAL COMPOSITION – A VARIETY OF INDUSTRIES THAT MAKE UP CHINA'S ECONOMY

Sector Coverage Comparison with Other China Indices



	CES 120	Narrow China Index	Broad China Index
No. of stocks	120	50	300

Source: CESC; Bloomberg, as at 31 October 2016

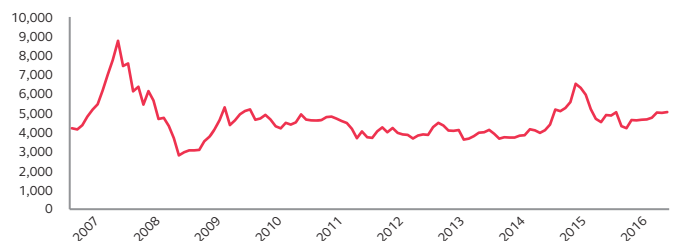
## ALL CHINA INDEX MEANS DIFFERENTIATED RETURN CHARACTERISTICS

### Features of CES 120

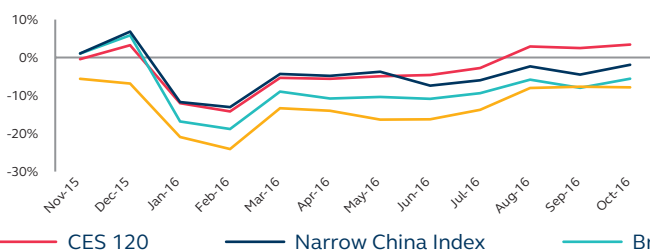
#### Comprehensive China Equity Exposure

- 54.3% weighting on A shares, 45.7% on HK-listed Mainland stocks (Oct 2016)
- Closely tracks movement of A shares
- Correlation with Broad China Index around 0.9
- China index performance with diversified risks

### CES 120 Performance



### Superior 1-Year Holding Period Returns



Source: Bloomberg, as at 31 October 2016

### Comparison of 30-day Historical Volatility



## CES 120 AND CES 120 FUTURES INFORMATION

CES 120	
Item	Index Details
Index Description	Comprising 80 A shares and 40 Hong Kong-listed Mainland China companies (H-shares, P-chips, and Red chips) reflecting Mainland China's economic development
Index Currency	CNY
Index Constituents	120
Index Level	5,051.91 (As at 31 October 2016)
Index Market Capitalisation (RMB Bn)	23,642 (As at 31 October 2016)
Review Frequency	Semi-annually in June and December
Launch Date	10 December 2012
Base Index Level	2,000.00 (As at 31 December 2004)
Coverage	Hong Kong: 40 Stocks (H-shares, P-chips and Red chips) Mainland: 80 Stocks (A shares listed on Shanghai Stock Exchange and Shenzhen Stock Exchange)
Trading Hours; Calculation and Dissemination Frequency	The CES 120 is calculated every 1 second and disseminated every 5 seconds during the following times: 9:30 am to 4:15 pm (HK time) (On any day either or both HK and A-share markets are open for trading)

CES 120 Futures	
Item	Contract Terms (Summary)
Underlying Index	CES 120
HKATS Code	CHH
Contract Multiplier	HK\$50 per index point
Minimum Fluctuation	0.5 index point
Contract Months	Spot month, the next calendar month and the next two calendar quarter months
Trading Hours	9:15 am – 12:00 noon and 1:00 pm – 4:30 pm (Expiring contract month closes at 3:00 pm on the Last Trading Day)
Last Trading Day	Business Day immediately preceding the last Business Day of the Contract Month If it falls on a Mainland China public holiday, the Last Trading Day will be the previous Hong Kong and Mainland China Business Day
Final Settlement Price	The average of the values of the CES 120 compiled, computed and disseminated by CESC, rounded up to the nearest 1 decimal place, taken at five (5) minute intervals from 1:00 pm up to 3:00 pm on the Last Trading Day
Minimum Volume Threshold for Block Trading	100 contracts
Position limit	30,000 contracts
Transaction Costs	Exchange Fee      HK\$10.00^ Commission Levy    HK\$0.54 Commission Rate    Negotiable

^ Exchange fee will be discounted to HK\$5.00 till 29 December 2017

## CES 120 AND CES 120 FUTURES ACCESS CODES

International Information Vendors		
	CES 120	CES 120 Futures
AAStocks.com Ltd.	–	221360
AFE Solution Ltd.	837505	870800
Bloomberg Finance L.P.	CES120	CESA Index DES <GO>
DB Power Online Ltd.	CES120	CHH
ET Net Ltd.	CEC	CHH / Index Futures Quotation
Infocast Ltd.	CE120	Menu: Derivatives → Futures → Futures Code → Select CHH
Interactive Data Group	I:CES120	Fn:CHH\MYDD
Marketprizm Hong Kong Ltd.	CES120	CHHmy
SIX Financial Information Ltd.	CES120	CHHmy
Telequote Data International Ltd.	CES120	CHHmy
Thomson Reuters	.HKCES120	0#HCHH:

Mainland Information Vendors		
	CES 120	CES 120 Futures
East Money	CES120	–
Hexin Flush Financial Information Network Ltd.	CES120	CHHC
Shanghai DZH Ltd.	CES120	CHH + Month Code + Year Code
Shanghai Gildata Services Co Ltd.	CES120	–
Shanghai Qianlong Advanced Technology Co Ltd.	CES120	Page 209
Shanghai Wenhua Financial Information Ltd.	–	CHHmy
Shanghai Wind Information Co., Ltd.	CES120	CHHF + yymm + .HK
Zheng Zhou Esunny Information Technology Co, Ltd.	–	CHH

### RESOURCES

HKEX website  
www.hkex.com.hk



Market Research Reports  
www.hkex.com.hk/eng/stat/dmstat/markhub/markreport.htm



### ENQUIRY

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