



HANG SENG INDEXES

恒生指數

PRESS RELEASE

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HANG SENG INDEXES ANNOUNCES LAUNCH OF HANG SENG DIVIDEND POINT INDEX SERIES AND REAL-TIME CALCULATION OF BENCHMARK INDEXES

Hang Seng Indexes Company Limited (“Hang Seng Indexes”) today announced the launch of the Hang Seng Dividend Point Index Series (“Dividend Point Index Series”) and the real-time calculation for the Benchmark Indexes.

A. Hang Seng Dividend Point Index Series

The Dividend Point Index Series, comprising the HSI Dividend Point Index and the HSCEI Dividend Point Index, provides the market with indicators to track cash dividends from constituent stocks of the Hang Seng Index and the Hang Seng China Enterprises Index respectively.

The Dividend Point Index Series measures the cumulative cash dividend value for all constituents of the underlying indexes in terms of index points, and is designed to serve as a basis for investment products that can be used for hedging dividend risks. The Dividend Point Index Series will be reset to zero annually.

The Dividend Point Index Series will be calculated on a daily basis and published at 9:15am on every trading day starting from 12 July 2010. For further details about the Index Series, please refer to the attached Appendix.

B. Real-time Calculation of Benchmark Indexes

To provide better information to the market, calculation and dissemination of the Benchmark Indexes – including the Hang Seng Composite Index, the Hang Seng Composite Industry Indexes and the Hang Seng Composite Size Indexes – will be changed from daily to real-time with a 15-second interval starting from 12 July 2010.

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恒生指數有限公司 Hang Seng Indexes Company Limited
香港中環德輔道中83號 83 Des Voeux Road Central Hong Kong
電話 Tel (852) 2877 0704 圖文傳真 Fax (852) 2845 8919
網址 Website www.hsi.com.hk



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Note to editors:

Information on Hang Seng Indexes Company Limited

The Hang Seng Family of Indexes is managed and compiled by Hang Seng Indexes Company Limited (formerly HSI Services Limited), which is a wholly-owned subsidiary of Hang Seng Bank. The Hang Seng Family of Indexes comprises a wide range of Flagship, Benchmark, Thematic and Strategy indexes that cover stocks listed in Hong Kong and mainland China markets. For further information on the Hang Seng Family of Indexes, please visit the company's website at www.hsi.com.hk.

Information on Benchmark Indexes

Benchmark Indexes in the Hang Seng Family of Indexes include the Hang Seng Composite Index and its sub-indexes, namely the Hang Seng Composite Industry Indexes and the Hang Seng Composite Size Indexes, which provide comprehensive benchmarks of different sectors of the market.

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Dividend Point Index Series

Index Overview

	HSI Dividend Point Index	HSCEI Dividend Point Index
Underlying Index	Hang Seng Index	Hang Seng China Enterprises Index
Launch Date	12 July 2010	
Backdate to	2 January 2007	
Currency	HKD	
Reset Frequency	Annually (after the market close on the second-last stock exchange trading day of December, i.e. the reset date)	

Calculation Methodology

Each Dividend Point Index measures the cumulative value of all unadjusted gross cash dividends announced and paid by the individual constituents of the underlying index. The dividends are reflected in the index on the ex-dividend dates in terms of index points.

$$\text{Dividend Point Index}_t = \text{Dividend Point Index}_{t-1} + \text{Dividend Point}_t^{(\text{Note 1})} + \text{Post-FX-adjustment for non-HKD Dividends}_t^{(\text{Note 2})}$$

Note 1

$$\text{Dividend Point}_t = \frac{\text{Amount of All Cash Dividends Going Ex-dividend}_t}{\text{Divisor of the Underlying Index}_t}$$

where

$$\text{Amount of All Cash Dividends Going Ex-dividend}_t = \sum \text{DPS} \times \text{IS} \times \text{FAF} \times \text{CF}$$

$$\text{Divisor of the Underlying Index}_t = \frac{\text{Market Capitalisation of the Underlying Index}_t}{\text{Underlying Index Value}_t}$$

- DPS : Dividend per share
 IS : Number of issued shares (In case of H-share constituents, only H-share portion is taken into calculation)
 FAF : Freefloat-adjusted factor, which is between 0 and 1
 CF : Cap factor, which is between 0 and 1

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Note 2

Post-FX-adjustment for Non-HKD Dividends

If a constituent company declares dividends in a currency other than Hong Kong dollars (“HKD”), the dividends will be converted to HKD using the foreign exchange rate captured at around 4:00 pm on the announcement date for calculating the dividend points.

Post-FX-adjustment will be performed on the payment date to adjust for discrepancies between the foreign exchange rate used on the announcement date and the actual exchange rate for converting non-HKD dividends to HKD.

No post-FX-adjustment will be performed for a non-HKD dividend if the index reset date lies between its ex-dividend date and its payment date.