



HANG SENG INDEXES

恒生指數

PRESS RELEASE

7 July 2010

HANG SENG INDEXES ANNOUNCES LAUNCH OF HANG SENG CORPORATE SUSTAINABILITY INDEX SERIES

Hang Seng Indexes Company Limited (“Hang Seng Indexes”) today announced the launch of the Hang Seng Corporate Sustainability Index Series (“Corporate Sustainability Index Series”) – the first index series of its kind to focus exclusively on Hong Kong and mainland China.

The aims of the index series are to further raise awareness about corporate sustainability (which encompasses environmental, social and corporate governance performance) and serve increasing international interest in sustainability investment.

The Corporate Sustainability Index Series comprises three indexes. The Hang Seng Corporate Sustainability Index and the Hang Seng (China A) Corporate Sustainability Index include 30 Hong Kong-listed and 15 Mainland-listed corporate sustainability leaders respectively. The Hang Seng (Mainland and HK) Corporate Sustainability Index is a cross-market index that combines the constituents of the other two indexes – the number of constituent companies under this index will vary but at launch will be 39.

To ensure that all the constituents in the index series are strong performers as regards corporate sustainability, the constituent selection process includes consideration of the results of a Corporate Sustainability Rating Assessment carried out by Reputex (Hong Kong) Limited (“Reputex”) – an independent analytics and advisory firm that specialises in sustainability risk analysis.

The constituents of this investable index series are selected by ranking listed companies on the relevant stock markets to identify the top 150 in terms of market value. Turnover screening is applied and the index constituents are identified from this screened pool by selecting the highest-rated companies in the sustainability assessment.

Mr Vincent Kwan, Director and General Manager of Hang Seng Indexes, said: “Awareness in the investment market of the importance of corporate sustainability continues to grow. With the launch of the Corporate Sustainability Index Series, we are providing objective and highly visible benchmarks that can be used by the investment community to promote and develop socially responsible investment products. We are delighted to be working on this initiative with Reputex – a company that has considerable expertise in the area of sustainability risk analytics.”

more...

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



HANG SENG INDEXES ANNOUNCES LAUNCH OF HANG SENG CORPORATE SUSTAINABILITY INDEX SERIES / 2

The Corporate Sustainability Index Series will be calculated and disseminated real-time with a 15-second interval starting 26 July 2010 (Monday). Constituents will be announced at the launch ceremony on 15 July 2010 (Thursday). For further details about the Corporate Sustainability Index Series, please refer to the attached Index Series Brochure.

Note to editors:

About 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.

About Reputex (Hong Kong) Limited

Reputex is a leading provider of carbon, climate and sustainability risk analytics, specialising in risk information services for companies and investment professionals globally. Established in 1999, Reputex has become the foremost knowledge source for market participants seeking to understand, track and price emerging risk exposures.

The company is headquartered in Hong Kong, with offices in Hong Kong and Melbourne. It is the only firm of its kind operating on the ground in Asia, catering to local and global companies and investors.

End

Hang Seng Corporate Sustainability Index Series

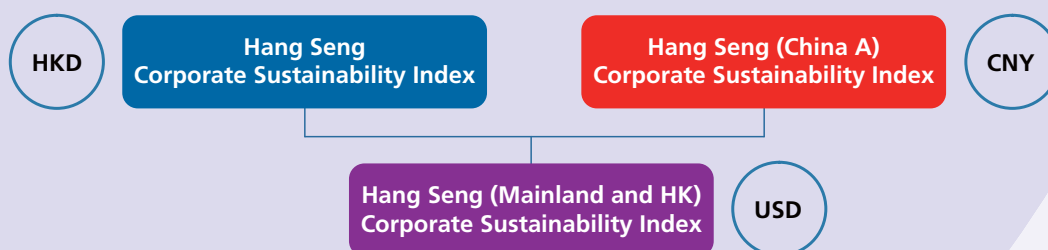
Cross-market



International focus on corporate sustainability – encompassing environmental, social and corporate governance – has risen dramatically in recent years. Sustainability investment is growing across the globe as investors diversify their investments to increasingly focus on those companies that perform strongly with regard to corporate sustainability.

The Hang Seng Corporate Sustainability Index Series provides benchmarks for sustainability investments. The Hang Seng Corporate Sustainability Index and the Hang Seng (China A) Corporate Sustainability Index include Hong Kong-listed companies and Mainland-listed companies respectively that perform well with respect to corporate sustainability, while the Hang Seng (Mainland and HK) Corporate Sustainability Index is a cross-market index that covers corporate sustainability leaders in Hong Kong and on the Mainland.

Constituent selection is based on a robust process that includes consideration of the results from a Corporate Sustainability Rating Assessment undertaken by RepuTex, an independent analytics and advisory firm, using its proprietary Sustainability Rating framework. The process ensures that indexes in the Hang Seng Corporate Sustainability Index Series are objective, reliable and of high investability, making them excellent benchmarks for index funds that adopt a corporate sustainability theme.



Hang Seng Corporate Sustainability Index

The Hang Seng Corporate Sustainability Index (“HSSUS”) measures the price performance of sizable and liquid Hong Kong-listed stocks that perform well in corporate sustainability.

Universe

The universe of the HSSUS comprises all stocks that have their primary listing on the Main Board of the Stock Exchange of Hong Kong (“SEHK”).

Hang Seng Corporate Sustainability Index Series

Selection Criteria

Eligibility Screening

Market Capitalisation Screening

1. All stocks are ranked by their full market capitalisation, in terms of average month-end market capitalisation in the past 12 months.
2. Stocks which rank in the top 150 stocks of the total market capitalisation in terms of average month-end market capitalisation in the past 12 months of the Universe will be examined with respect to turnover screening.

Turnover Screening

1. Turnover velocity in each of the past 12 months is calculated for each stock based on the following formula:

$$\text{Turnover Velocity} = \frac{\text{Median of Daily Traded Shares in Specific Calendar Month}}{\text{Freefloat-adjusted Issued Shares at Month-End}}$$

Minimum requirement of turnover velocity is 0.1%.

2. Turnover velocity of a new constituent entering the HSSUS must meet the minimum requirement for at least 10 out of the past 12 months and for all of the latest three months.
3. Turnover velocity of an existing constituent of the HSSUS must meet the minimum requirement for at least 10 out of the past 12 months.

Listing History Requirement

Stocks should be listed for at least one year by the review cut-off date.

Stocks in the Universe that pass all of the above eligibility criteria form the Eligibility List for constituent selection.

■ Hang Seng (China A) Corporate Sustainability Index

The Hang Seng (China A) Corporate Sustainability Index ("HSCASUS") measures the price performance of sizable and liquid Mainland-listed A shares that perform well in corporate sustainability.

Universe

The universe of the HSCASUS comprises all A Shares that have their primary listing on the Shanghai Stock Exchange ("SSE") or Shenzhen Stock Exchange ("SZSE").

Selection Criteria

Eligibility Screening

Market Capitalisation Screening and Turnover Screening

To be eligible for selection, stocks in the Universe must:

1. Rank in the top 90% of total market turnover over the past 12-month period;
2. Not be classified as an ST/*ST stock or S stock; and
3. Not have been suspended for over one month as of the end of any review period.

The top 150 stocks in terms of average month-end market capitalisation in the past 12 months of the A-share market capitalisation will be examined with respect to listing history requirement.

Listing History Requirement

Stocks should be listed for at least one year by the review cut-off date.

Stocks in the Universe that pass all of the above eligibility criteria form the Eligibility List for constituent selection.

■ Constituent Selection

1. Companies on the Eligibility Lists of the HSSUS and the HSCASUS will undergo the Corporate Sustainability Rating Assessment developed and carried out by RepuTex.
2. Under the Corporate Sustainability Rating Assessment, the corporate sustainability performance of each eligible company will be measured against each of the core factors as follows:
 - Environmental Impact;
 - Social Impact;
 - Corporate Governance; and
 - Workplace Practices.
3. A rating and score will be assigned to each assessed eligible company reflecting its corporate sustainability performance. The higher the score, the better its corporate sustainability performance.

The 30 highest-scored companies on the Eligibility List of the HSSUS and 15 highest-scored companies on the Eligibility List of the HSCASUS will be included in the HSSUS and the HSCASUS respectively.

The index review of the Hang Seng Corporate Sustainability Index Series and the Corporate Sustainability Rating Assessment are conducted annually.

■ Hang Seng (Mainland and HK) Corporate Sustainability Index

Constituent companies of the HSSUS and the HSCASUS form the Hang Seng (Mainland and HK) Corporate Sustainability Index ("HSMHSUS").

Constituent companies either joining or leaving the HSSUS or the HSCASUS after review are automatically included in or excluded from the HSMHSUS.

All classes of listed shares on the Main Board of the SEHK, SSE and SZSE of constituent companies will be selected as constituent stocks of the HSMHSUS.

■ Calculation Methodology

The Hang Seng Corporate Sustainability Index Series adopts a freefloat-adjusted market capitalisation weighted methodology with a 10% cap on each constituent weighting.

The Hang Seng Corporate Sustainability Index Series is calculated on Hong Kong dollar, US dollar and Chinese yuan terms.

■ Index Overview

	HSSUS	HSCASUS	HSMHSUS
Launch Date		26 July 2010	
Backdated to		2 January 2008	
Base Date		2 January 2008	
Base Value		3,000	
Currency	HKD	CNY	USD
Number of Constituent Companies	30	15	Variable ¹
Review Frequency		Annually	
Rebalance Frequency		Quarterly	
Vendor Codes			
Bloomberg	HSSUS	HSCASUS	HSMHSUS
Thomson Reuters	.HSSUS	.HSCASUS	.HSMHSUS

¹ In cases where different classes of shares of a company are included in the HSSUS and the HSCASUS and these different classes do not reflect a holding company arrangement, the company will only count as one constituent company of the HSMHSUS. Therefore, the number of constituents of the HSMHSUS may vary.

Disclaimer: All information contained herein is provided for reference only. Hang Seng Indexes Company Limited ("HSIL") ensures the accuracy and reliability of the above information to the best of its endeavours. However, HSIL makes no warranty or representation as to the accuracy, completeness or reliability of any of the information contained herein and accepts no liability (whether in tort or contract or otherwise) whatsoever to any person for any damage or loss of any nature arising from or as a result of reliance on any of the contents of this document, or any errors or omissions in its contents and such contents may change from time to time without notice.

The information contained in this document is not intended to provide professional advice and should not be relied upon in that regard. Persons intending to use any information obtained from this document are advised to obtain appropriate professional advice.