



Hang Seng SCHK China Financials Index

This methodology document should be read in conjunction with the Index Methodology General Guide on Hang Seng Indexes Co Ltd (“HSIL”)’s website.

Readers are reminded that there might be exceptions in the index handling to the below general approach in some special situations and HSIL reserves the right to determine the most appropriate handling.

Objective	To reflect overall performance of Mainland China financial companies that are listed in Hong Kong and eligible for Southbound trading under the Stock Connect Scheme
Universe	Constituents of the Hang Seng Composite Index that are eligible for trading under the Stock Connect Scheme
Eligibility Criteria	
Geographical Requirements	Mainland Securities
Industry Requirements	Securities classified as ‘50 - Financials’ under the Hang Seng Industry Classification System (“HSICS”)
Constituent Selection	
Selection Criteria	Exclude candidates ranked at bottom 5% in terms of 6-month average daily turnover; and exclude candidates ranked at bottom 10% in terms of ROE among candidates reported of non-compliance by financial regulators in the past 12 months; Remaining candidates will be selected as constituents
Buffer Zone	Not Applicable
Eligibility for Stock Connect Trading	Southbound - Yes
Review Frequency	Half-yearly (Data cut-off end-June / December)
Rebalancing Frequency	Quarterly
Fast Entry	Not Applicable



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Replacement for Ad-hoc Removal	Not Applicable	
Weighting	Freefloat-adjusted market capitalisation weighted	
Capping	10% on individual securities	
Launch Date	27 November 2006	
Base Date	5 March 2004	
Base Value	5,033.14	
Currency	Hong Kong Dollars	
Frequency	Real-time every two seconds	
Vendor Codes	Refinitiv	Bloomberg
<i>PI</i>	.HSHFI	H-FIN
<i>Gross TRI</i>	.HSHFIDV	HSI-32
<i>Net TRI</i>	.HSHFIN	H-FINN

For more information on the terms used in this document and calculation details, please refer to the Index Methodology General Guide on HSIL's website.



Amendment History

	Date	Description
1.0	September 2011	First Issue
1.1	February 2015	<ul style="list-style-type: none">• Updated description of universe• Updated description of index capping
1.2	April 2016	Updated treatment to trading suspension
1.3	June 2016	Addition of exclusion of Companies with High Shareholding Concentration
1.4	November 2018	Updated description of universe and constituent selection criteria
1.5	November 2023	<ul style="list-style-type: none">• Changed index name (previously Hang Seng China H-Financials Index)• Updated description of index universe and added Eligibility for Stock Connect Trading (Effective since 13 Nov 2023)
1.6	October 2024	<ul style="list-style-type: none">• Changed index name (previously Hang Seng SCHK China H-Financials Index)• Updated description of index universe, geographical requirements and constituent selection criteria (Effective since 28 Oct 2024)



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