Hang Seng High Dividend Yield Index

This methodology document should be read in conjunction with the Index Methodology General Guide on Hang Seng Indexes Co Limited ("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 the overall performance of high-yield securities listed in Hong Kong
Universe	Constituents of the Hang Seng Composite Index ("HSCI")
Eligibility Criteria#	
Types of Securities	Exclude Foreign Companies and Stapled Securities
Market Value ("MV") Requirement	Large-cap or mid-cap constituents from the HSCI
Turnover Requirements	Velocity Test for Tradable Indexes; and 6-month Average Daily Turnover >= HKD 20 million
Dividend Requirements	Cash dividend paid record for the latest three consecutive fiscal years
Volatility Screening	The top 25% of the shortlisted securities in terms of one-year historical volatility – i.e. standard deviation of daily logarithmic return for the past 12 months to the Data Cut-off Date – will be excluded from constituent selection
Price Performance Screening	Securities which meet the below two conditions will be screened out: • Price dropped by more than 50% over the past 12 months; and • Last 12-month price performance ranked in the bottom 10% of the eligible candidates

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Constituent Selection	
Selection Criteria	The top 50 securities in terms of Net Dividend Yield will be selected as constituents; $$Net\ Dividend\ Yield = \frac{After - tax\ Dividend\ Per\ Share}{Price\ as\ of\ Data\ Cut - off\ Date}$$ Dividend per share refers to the trailing one-year declared cash dividend, i.e. total dividend for the latest two (or four) periods if a security pays dividends bi-annually (or quarterly), as at the Data Cut-off Date; Non-constituent, which has changed fiscal year-end date within 12 months to the Data Cut-off Date, will be excluded from constituent selection. For existing constituent which has changed fiscal year-end date within 12 months to the Data Cut-off Date, the dividend of the latest complete fiscal year will be used for yield calculation; If a security bears a Net Dividend Yield above 7%, its yield will be reviewed and recalculated to exclude any one-off cash distributions
Number of Constituents	Fixed at 50
Buffer Zone	Existing constituents ranked below 100th will be removed from the index, while non-constituents ranked 25th or above will be included Securities will be added or excluded according to their Net Dividend Yield rank to maintain the number of constituents at 50
Review Frequency	Annually

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Rebalancing Frequency	Annual rebalancing is conducted after market close on the Implementation Date	
Implementation Date*	First Friday in June	
Data Cut-Off Date	End-March	
Replacement for Ad-hoc Removal	Nil	
Weighting	Net-dividend-yield weighted	
Capping	10% on individual securities	
Launch Date	12 Dec 2012	
Base Date	29 Jun 2007	
Base Value	3,000	
Currency	Hong Kong Dollar	
Dissemination Frequency	Real-time at every two seconds	
Vendor Codes	**Refinitiv**	**Bloomberg**
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[#] HSIL reserves the right to remove a candidate's index eligibility if it carries abnormally high dividend yield

*In the event if the Implementation Date is a non-trading day, the Implementation Date will be deferred to the next trading day

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	December 2012	First Issue
1.1	March 2013	Updated vendor codes in Section 7 – Dissemination
1.2	July 2013	Updated turnover requirement in Section 3 – Constituent Eligibility
1.3	November 2013	Updated description of index universe in Section 3 – Constituent Eligibility
1.4	March 2014	Updated description of total return index in Section 5 – Index Calculation
1.5	February 2015	• Updated description of eligible securities in Section 3 – Constituent Eligibility • Updated treatment to non-cash distributions in Section 4 – Index Rebalancing
1.6	March 2015	Updated description of turnover requirement in Section 3 – Constituent Eligibility
1.7	July 2015	Updated treatment to non-cash distribution in Section 5 – Index Calculation and Section 6 - Index Rebalancing
1.8	April 2016	• Updated treatment to trading suspension in Section 4 – Index Review and Constituent Changes • Updated Section 6 – Index Rebalancing
1.9	June 2016	Addition of exclusion of Companies with High Shareholding Concentration in Section 4 – Index Review and Constituent Changes
1.10	May 2017	Updated turnover requirement in Section 3 – Constituent Eligibility
1.11	November 2018	Updated description of index universe and eligible securities in Section 3 – Constituent Eligibility
1.12	July 2020	Updated description of eligible securities in Section 3 – Constituent Eligibility
1.13	March 2022	Updated section 3 – Constituent Eligibility • Added Price Performance Screening • Exceptional treatment for abnormally high-yield candidate
1.14	Dec 2025	Updated the format of the methodology book

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