恒生指數
HANG SENG INDEXES

Index Methodology

For Managing the

Hang Seng Stock Connect Hong Kong Index

Hang Seng Stock Connect Hong Kong MidCap & SmallCap Index

Hang Seng Stock Connect Hong Kong SmallCap Index

www.hsi.com.hk

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A wholly-owned subsidiary of Hang Seng Bank

Amendment History

	Date	Description
1.0	April 2017	First Issue
1.1	September 2024	Updated Fast Entry Rule under Section 4 Index Review and Constituent Changes
1.2	June 2026	• Updated Section 4.4 – Effective Date • Updated Section 4.7 – Fast Entry Rule • Updated Section 6.3 – Index Rebalancing Schedule

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1 Overview

1.1 The Hang Seng Stock Connect Hong Kong Index ("HSHKI") serves as a benchmark to reflect the overall performance of the securities listed in Hong Kong that are eligible for trading via the southbound trading link of the Stock Connect scheme. The Hang Seng Stock Connect Hong Kong MidCap & SmallCap Index ("HSHKMS") and the Hang Seng Stock Connect Hong Kong SmallCap Index ("HSHKS") aim to reflect the overall performance of the MidCap & SmallCap and SmallCap securities listed in Hong Kong that are eligible for trading via the southbound trading link of the Stock Connect scheme.

1.2 The HSHKI, HSHKMS and HSHKS are freefloat-adjusted market-capitalisation weighted with a 10% cap on individual constituent weightings.

1.3 The HSHKI, HSHKMS and HSHKS are calculated and disseminated real-time at 2-second intervals during the trading hours of the Stock Exchange of Hong Kong ("HKEX").

2 Management Responsibility

Hang Seng Indexes Company Ltd ("HSIL")

2.1 HSIL is responsible for conducting regular reviews in accordance with the Index Methodology.

2.2 HSIL is responsible for monitoring company announcements and making ad hoc proposals – which must be approved by the Chairman of the HSI Advisory Committee – if constituent changes between the regular reviews are needed.

2.3 HSIL is responsible for seeking the HSI Advisory Committee's endorsement of any special action in cases where, due to exceptional circumstances, an index review is not conducted according to the Index Methodology.

2.4 HSIL is responsible for seeking the HSI Advisory Committee's endorsement of changes to the Index Methodology.

HSI Advisory Committee

2.5 The Committee is responsible for ensuring index reviews are undertaken in accordance with the Index Methodology.

2.6 The Committee is responsible for reviewing any actions proposed by HSIL in the event that, due to exceptional circumstances, an index review is not conducted according to the Index Methodology.

2.7 The Committee is responsible for reviewing and endorsing all changes to the Index Methodology as proposed by HSIL.

2.8 The Committee is responsible for giving advice on any issues related to the Index Methodology.

3 Constituent Eligibility

Hang Seng Stock Connect Hong Kong Index

Universe

3.1 The universe of stocks ("Universe") for the HSHKI includes all constituents of the Hang Seng Composite Index that fulfill the eligibility criteria for Southbound Trading under the Shanghai and Shenzhen Stock Connect schemes.

Eligible Securities

3.2 A security is eligible for constituent selection if it fulfils the following eligibility criteria.

Listing History Requirement

3.3 Securities should have been listed for at least one month, starting from the listing date to the review cut-off date (both dates inclusive), in order to be considered in the index review.

Turnover Requirement

3.4 For each security, its turnover velocity in each of the past 12 months is calculated using the following formula:

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

3.5 For the denominator used in velocity calculation, freefloat-adjusted issued shares at the end of each month is used. The freefloat-adjusted factor ("FAF") for each security is calculated and reviewed at the end of March, June, September and December each year.

3.6 A security is regarded as passing the monthly turnover test if it attains a minimum velocity of 0.1% in that month.

For New Constituents

3.7 In order to meet the turnover requirement, a security should fulfil the following criteria:
(a) velocity is a minimum of 0.1% for at least 10 out of the past 12 months, and
(b) for the latest three months, velocity is a minimum of 0.1% for all three months.

For Existing Constituents

3.8 In order to meet the turnover requirement, a security should fulfil the following criteria:
(a) velocity is a minimum of 0.1% for at least 10 out of the past 12 months.
(b) if a constituent fails to meet the turnover requirement as mentioned in 3.8 (a), a supplementary turnover test will be applied for those months in which velocity is less than 0.1%:
    i. calculate the monthly aggregate turnover of the constituent;
    ii. if the monthly aggregate turnover is among the top 90th percentile of the total market*, the constituent passes the monthly turnover test for that month.
(c) the constituent will be regarded as meeting the turnover requirement if 3.8 (a) is fulfilled after applying 3.8 (b) as a supplementary test.

* Total market includes securities in the universe of the Hang Seng Composite Index.

3.9 For a security with a trading history of less than 12 months or a security that has transferred from Growth Enterprise Market# ("GEM") to the Main Board in the past 12 months before the data review cut-off date, the following requirements replace those in sections 3.7 and 3.8.

Trading Record	Measurements^
< 6 months	1) attain a minimum velocity of 0.1% for all trading months
≥ 6 months	1) cannot have more than one month in which security has failed to attain a velocity of at least 0.1% AND 2) for the latest three months, security needs to have attained 0.1% for all trading months if it is not an existing constituent.

Securities transferred from GEM to the Main Board will be treated as new issues.
^ For existing constituents, the supplementary turnover test as described in section 3.8 (b) also applies.

3 Constituent Eligibility

3.10 For a security which has been suspended for any complete month(s) during the past 12 months before the review cut-off date, the relevant month(s) will be excluded from the velocity calculation. The security should meet the requirements as described in section 3.9.

Number of Constituents

3.11 The number of constituent securities is variable and there is no limit to the number of constituents.

Constituent Selection

3.12 All eligible securities will be selected as constituents of the HSHKI.

Hang Seng Stock Connect Hong Kong MidCap & SmallCap Index

3.13 All the constituents of Hang Seng Composite MidCap & SmallCap Index that have been included in the HSHKI will be selected as constituents of the HSHKMS.

Hang Seng Stock Connect Hong Kong SmallCap Index

3.14 All the constituents of Hang Seng Composite SmallCap Index that have been included in the HSHKI will be selected as constituents of the HSHKS.

4 Index Review and Constituent Changes

Regular Half-yearly Review

4.1 HSIL undertakes regular half-yearly reviews of constituents of the HSHKI, HSHKMS and HSHKS with data cut-off dates of the end of June and the end of December each year.

4.2 A half-yearly review is normally completed within eight weeks after the data cut-off dates.

4.3 Constituents will be selected according to their respective selection criteria as stated in Section 3 of this Index Methodology.

Effective Date

4.4 Effective dates of constituent changes will be the next trading day after the second Friday of September and March for the half-yearly reviews for data cut-off dates of the end of June and the end of December respectively. If that Friday falls on a public holiday, it will be postponed to the next Friday, subject to the final decision made by HSIL. Under normal circumstances, five trading days' notice will be given for any constituent changes before the effective dates.

Trading Suspension

4.5 Any constituent that has been suspended from trading 1) due to bankruptcy / regulatory investigation, or 2) for three months will be removed from the index as soon as possible. Such constituent may be retained in the index only in exceptional circumstances if it is believed that its shares are highly likely to resume trading in the near future. Please refer to the Index Operation Guide for details.

High Shareholding Concentration

4.6 Companies that are the subject of a Securities and Futures Commission High Shareholding Concentration notice will not be eligible for inclusion in the HSHKI, HSHKMS and HSHKS.

Fast Entry Rule

Quarterly

4.7 Securities that are newly listed in the first or third quarter of each year and that meet the criteria for joining the HSCI under the Fast Entry Rule of HSCI will be added to HSHKI and/or HSHKMS on the regular rebalancing date in June or December respectively given the fulfilment of the following conditions:

(a) Securities fulfill the eligibility criteria for Southbound Trading under the Stock Connect scheme.
(b) Securities should have been listed for at least one month, starting from the listing date to the review cut-off date (both dates inclusive), in order to be considered in the index review.
(c) Velocity is a minimum of 0.1% for all trading months.

The regular rebalancing day is usually the second Friday of June or December as relevant, subject to the final decision made by HSIL. The next trading day will be the effective date.

Ad hoc (applicable to HSHKI only)

4.8 In the event a Southbound Stock Connect-eligible security is newly included due to a change in its listing status from secondary to primary or dual-primary, a fast entry review will be conducted.

4.9 If the eligible security ranks among the top 10 existing constituents by day-end closing full market capitalisation on its first day of becoming Stock Connect eligible, it will generally be added to the index in the next monthly rebalancing, unless otherwise specified.

5 Index Calculation

5.1 The HSHKI is freefloat-adjusted MV weighted with a 10% cap on individual securities.

5.2 The formula of the HSHKI is set out below:

$$\text{Current Index} = \frac{\sum (P_t \times IS \times FAF \times CF)}{\sum (P_{t-1} \times IS \times FAF \times CF)} \times \text{Yesterday's Closing Index}$$

P_t	:	*Current Price at Day t*
P_{t-1}	:	*Closing Price at Day (t-1)*
IS	:	*Issued Shares*
FAF	:	*Freefloat-adjusted Factor, which is between 0 and 1*
CF	:	*Capping Factor, which is between 0 and 1*

5.3 The HSHKI is a price index without adjustments for cash dividends or warrant bonuses.

5.4 The HSHKMS and HSHKS are also freefloat-adjusted MV weighted with a 10% cap on individual securities. Their weightings are capped separately.

6 Index Rebalancing

6.1 The following provides the general principles on index rebalancing. Please refer to the Index Operation Guide for details about corporate actions adjustments and index rebalancing.

Frequency and Schedule

6.2 The adjustment of the freefloat-adjusted factors (“FAFs”), the calculation of the Cap Factors (“CFs”) and the update of issued shares (“IS”) will be undertaken quarterly.

6.3 The regular rebalancing is usually implemented after market close on the second Friday in March, June, September and December, and comes into effect on the next trading day.

6.4 The schedule for regular index rebalancing is available at HSIL’s website: https://www.hsi.com.hk/static/uploads/contents/en/products/is_update.xlsx.

Ad Hoc Changes

6.5 IS will be updated simultaneously with the index adjustment for corporate actions such as bonus issue, rights issue, stock split and stock consolidation.

6.6 Ad hoc rebalancing will be conducted if a constituent’s IS and/ or FAF is substantially different from the production data.

6.7 The index will also be recapped in the event of constituent changes if the newly added component weighting is higher than the index cap level.

6.8 A minimum notice period of two trading days will be given to subscribers of data products issued by HSIL for any ad hoc rebalance.

7 Dissemination

7.1 The HSHKI, HSHKMS and HSHKS are calculated and disseminated real-time every 2 seconds during trading hours on each trading day of the Hong Kong stock market, based on the calendar of the HKEX.

7.2 Please refer to the index dissemination timetable provided on HSIL's website for further details. (https://www.hsi.com.hk/static/uploads/contents/en/products/timetable.xlsx)

7.3 The HSHKI, HSHKMS and HSHKS are calculated and published in Hong Kong dollars.

7.4 Vendor codes for the HSHKI, HSHKMS and HSHKS:

Index	Thomson Reuters	
	Price Index	Total Return Index
HSHKI	.HSHKI	.HSHKIDV
HSHKMS	.HSHKMS	.HSHKMSDV
HSHKS	.HSHKS	.HSHKSDV

8 Contact Information

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