



Hang Seng Index and Sub-indexes

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 serve as a benchmark to reflect the overall performance of the Hong Kong stock market.

Universe: Constituents of the Hang Seng Composite LargeCap & MidCap Index as of index review data cut-off date; excluding secondary-listed Foreign Companies, Stapled Securities, Biotech Companies with stock names end with marker “B” and Specialist Technology Companies with stock names end with marker “P”.

Eligibility Criteria

Market Value Requirements: Hang Seng Composite LargeCap & MidCap Index constituents

Listing History Requirements: At least 3 months
(counting up to the index review meeting date)

Turnover Requirements: Velocity Test for Tradable Indexes
(minimum velocity of 0.1% on monthly basis, details please refer to the Index Methodology General Guide)



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Constituent Selection

Selection by Industry Group

Eligible candidates will be assigned to one of the below Industry Groups according to their industry classification of the Hang Seng Industry Classification System (“HSICS”):

Industry Group	HSICS	
	Code	Industry
1	50	Financials
2	70	Information Technology
3	23	Consumer Discretionary
	25	Consumer Staples
4	60	Properties & Construction
5	35	Telecommunications
	40	Utilities
6	28	Healthcare
7	00	Energy
	05	Materials
	10	Industrials
	80	Conglomerates

The combination of the Industry Groups will be reviewed at least every two years.

Considerations for Deciding the Constituent Number for Each Industry Group

The number of constituents in each Industry Group will be decided by the below principles:

- Target to cover at least 50%, in terms of market capitalisation, for each Industry Group;
- Characteristics of the Industry Group which include the distribution of the listed companies in terms of their size and number; and
- The Industry Group weighting in the index compared to the market.

The index will also maintain at least 20 constituents that are classified as “Hong Kong” Companies and this number will be reviewed at least every two years.



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Principles of Constituent Selection

In general, eligible securities will be evaluated within each Industry Group according to the following considerations:

- Representativeness;
- Market capitalisation;
- Turnover; and
- Financial performance, including profitability.

Cross-Industry Group constituent changes might take place to restore sectoral balance.

In each review, there may or may not be constituent additions or deletions.

Existing constituents failing to meet the eligibility requirements may be considered for removal. Even if existing constituents fulfil all the eligibility requirements, the smallest constituents and the constituents with lowest liquidity within the Industry Group may be considered for removal from the HSI subject to the availability of appropriate replacement candidates.

The final constituent selection will be decided by the HSI Advisory Committee after taking the above into consideration.

Number of Constituents

Fixed at 100 (in the progress of expansion).



Hang Seng Index and Sub-indexes

Sub-indexes

There are four sub-indexes: Finance, Utilities, Properties, and Commerce and Industry.

Constituents will be assigned to one of the sub-indexes based on the industry classification of the HSICS and the following mapping table:

Sub-index	HSICS	
	Code	Industry
Finance	50	Financials
Utilities	40	Utilities
Properties	60	Properties & Construction
Commerce & Industry	00	Energy
	05	Materials
	10	Industrials
	23	Consumer Discretionary
	25	Consumer Staples
	28	Healthcare
	35	Telecommunications
	70	Information Technology
	80	Conglomerates



Hang Seng Index and Sub-indexes

Other Information					
Review Frequency:	Quarterly (Data cut-off end-March / June / September / December)				
Rebalancing Frequency:	Quarterly				
Weighting:	Freefloat-adjusted market capitalisation weighted				
Capping:	Non-Foreign Companies Constituent: 8% (individual) Foreign Companies Constituent: 4% (individual); 10% (aggregate)				
Launch Date:	24 November 1969				
Base Date:	31 July 1964				
Base Value:	100				
Currency:	Hong Kong Dollars				
Dissemination Frequency:	Real-time at every two seconds				
Vendor Codes:	Refinitiv	Bloomberg	ET-Net	Infocast	WIND
PI	.HSI	HSI	HSI	HSI	HSI.HI
Gross TRI	.HSIDV	HSIRH	-	-	HSIRH.HI
Net TRI	.HSIDVN	HSINH	-	-	HSINH.HI

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	<ul style="list-style-type: none">• First Issue
1.1	November 2013	<ul style="list-style-type: none">• Updated description of index universe for constituent eligibility
1.2	January 2015	<ul style="list-style-type: none">• Updated inclusion of REITs in the universe• Updated index capping
1.3	April 2016	<ul style="list-style-type: none">• Updated treatment to trading suspension
1.4	June 2016	<ul style="list-style-type: none">• Updated index universe• Updated index capping• Added exclusion of companies with High Shareholding Concentration
1.5	September 2019	<ul style="list-style-type: none">• Updated description of index universe• Updated the industry mapping table for the HSI sub-indexes to reflect changes in the Hang Seng Industry Classification System
1.6	June 2020	<ul style="list-style-type: none">• Added weighted voting rights and/ or secondary-listed Greater China companies to the universe and their weighting cap
1.7	September 2020	<ul style="list-style-type: none">• Updated constituent number• Updated vendor codes
2.0	May 2021	<ul style="list-style-type: none">• Changed constituent selection method by Industry Groups• Shortened the listing history requirement to 3 months• Updated the constituent number to 100• Aligned the weighting cap on individual constituent to 8%• Updated format of the Index Methodology
2.1	September 2022	<ul style="list-style-type: none">• Supplemented profitability consideration under financial performance for candidate assessment
2.2	May 2023	<ul style="list-style-type: none">• Added exclusion of Specialist Technology Companies from the index universe• Updated the constituent number (fixed at 100)
2.3	July 2023	<ul style="list-style-type: none">• Added Primary-listed Foreign Companies to the universe and their weight capping



Amendment History

	Date	Description
		<ul style="list-style-type: none">Removed the capping on the “Hong Kong” constituent number <p>(Effective starting from November 2023 index review)</p>



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