恒生指數
HANG SENG INDEXES

Hang Seng Shanghai-Shenzhen-Hong Kong (Selected Corporations) High Dividend Yield 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 the overall performance of high-yield companies listed in Hong Kong and/or mainland China and operate in mainland China, Hong Kong and Macao
Universe	Constituent companies in Hang Seng Shanghai-Shenzhen-Hong Kong (Selected Corporations) 300 Index; the HK-listed securities should be eligible for trading under the Stock Connect Scheme
Eligibility Criteria#	
Turnover Requirements	6-month Average Daily Turnover >= CNY / HKD 20 million for A-shares / HK-listed stocks respectively
Dividend Requirements	Cash dividend paid record for latest three consecutive fiscal years
Volatility Screening	The top 25% of the eligible securities in terms of one-year historical volatility – i.e. standard deviation of daily logarithmic return for the past 12 months to the review 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
Constituent Selection	
Selection Criteria	The top 30 securities in terms of Net Dividend Yield will be selected as constituents;

	$Net\ Dividend\ Yield = \frac{After-tax\ Dividend\ Per\ Share}{Price\ as\ of\ Dividend\ Data\ Cut-off\ Date}$
	The 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 of the Dividend Data cut-off date; If both the A-shares and H-shares listings of a dual-listed company fulfill the turnover requirement, only the share class with higher Net Dividend Yield will be included; Non-constituent, which has changed fiscal year-end date within 12 months to the Dividend 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 Dividend 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 30
Buffer Zone	Existing constituents ranked lower than 60th will be removed from the index, while non-constituents ranked 15th 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 30
Eligibility for Stock Connect Trading	Southbound – Yes (for HK-listed securities only)
Review Frequency	Annually (Dividend data cut-off end-April; other data cut-off end March)
Rebalancing Frequency	Annually

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Replacement for Ad-hoc Removal	Yes, the outgoing constituent will be replaced by the highest ranked candidate from last regular review^; The new constituent will be included into the index at the same weight of the outgoing constituent	
Weighting	Net-dividend-yield weighted	
Capping	10% on individual securities	
Launch Date	23 August 2021	
Base Date	31 December 2015	
Base Value	3,000	
Currency	Hong Kong Dollars	
Dissemination Frequency	Real-time at every two seconds	
Vendor Codes	**Refinitiv**	**Bloomberg**
PI **Gross TRI** **Net TRI**	.HSSSCHD .HSSSCHDT .HSSSCHDN	HSSSCHD HSSSCHDT HSSSCHDN

HSIL reserves the right to remove a candidate's index eligibility if it carries abnormally high dividend yield.

^ Candidate with the highest Net Dividend Yield among the five highest ranked non-constituents from the last regular review will be selected to replace the outgoing constituent. The Net Dividend Yield will be calculated using the same After-tax Dividend Per Share from last regular review divided by the closing price as of the prior month-end.

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	August 2021	First Issue
1.1	March 2022	• Added Price Performance Screening • Exceptional treatment for abnormally high-yield candidate • Clarified data cut-off date for dividends
1.2	April 2026	• Added southbound stock connect eligibility screening to HK-listed candidates (to be effective starting from the 2026Q1 review)

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