



## Hang Seng TECH 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.

<b>Objective</b>	To represent the 30 largest technology companies listed in Hong Kong which have high business exposure to the Technology Themes												
<b>Universe</b>	It includes companies that are listed on the Main Board of the HKEX;  It excludes secondary-listed Foreign Companies and Investment Companies listed under Chapter 21 of HKEX’s Listing Rules												
<b>Eligibility Criteria</b>													
<b>Turnover Requirements</b>	Velocity Test for Tradable Indexes												
<b>Sector Requirements<sup>^</sup></b>	Classified in one of the following industries in the Hang Seng Industry Classification System:  <table border="1"> <thead> <tr> <th>Code</th> <th>Industry</th> </tr> </thead> <tbody> <tr> <td>10</td> <td>Industrials</td> </tr> <tr> <td>23</td> <td>Consumer Discretionary</td> </tr> <tr> <td>28</td> <td>Healthcare</td> </tr> <tr> <td>50</td> <td>Financials</td> </tr> <tr> <td>70</td> <td>Information Technology</td> </tr> </tbody> </table>	Code	Industry	10	Industrials	23	Consumer Discretionary	28	Healthcare	50	Financials	70	Information Technology
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70	Information Technology												
<b>Theme Requirements<sup>^</sup></b>	High business exposure to at least one of the below Tech Themes:  <ul style="list-style-type: none"> <li>• Internet (including Mobile);</li> <li>• FinTech;</li> <li>• Cloud;</li> <li>• E-commerce;</li> <li>• Digital; or</li> <li>• Autonomous</li> </ul>												



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<b><i>Innovation Screening<sup>^</sup></i></b>	Meeting at least one of the below criteria: <ul style="list-style-type: none"><li>• Technology-enabled business (e.g. via internet/mobile platform); or</li><li>• R&amp;D Expense to Revenue Ratio <math>\geq 5\%</math>; or</li><li>• YoY Revenue Growth <math>\geq 10\%</math></li></ul>
<b>Constituent Selection</b>	
<b><i>Selection Criteria</i></b>	The top 30 securities with the highest MV Rank will be selected as constituents
<b>Number of Constituents</b>	Fixed at 30
<b>Buffer Zone</b>	Existing constituents ranked lower than 36 <sup>th</sup> will be removed from the index, while non-constituents ranked 24 <sup>th</sup> or above will be included;  Securities will be added or excluded according to their MV Rank to maintain the number of constituents at 30
<b>Eligibility for Stock Connect Trading</b>	Not Applicable
<b>Review Frequency</b>	Quarterly (Data cut-off end-March / June / September / December)
<b>Rebalancing Frequency</b>	Quarterly
<b>Fast Entry</b>	A newly listed security will be added to index if its full market capitalisation ranks within the top 10 of the existing constituents on its first trading day  The ad hoc addition will normally be implemented after the close of the 10th trading day of the new issue
<b>Replacement for Ad-hoc Removal</b>	Yes, the outgoing constituent will be replaced by the highest ranked candidate from last regular review
<b>Weighting</b>	Freefloat-adjusted market capitalisation weighted
<b>Capping</b>	Non-Foreign Companies Constituent: 8% (individual) Foreign Companies Constituent: 4% (individual); 10% (aggregate)
<b>Launch Date</b>	27 July 2020
<b>Base Date</b>	31 December 2014



## Hang Seng TECH Index

<b>Base Value</b>	3,000		
<b>Currency</b>	Hong Kong Dollars		
<b>Dissemination Frequency</b>	Real-time at every two seconds		
<b>Vendor Codes</b>	<b>Refinitiv</b>	<b>Bloomberg</b>	<b>WIND</b>
<b>PI</b>	.HSTECH	HSTECH	HSTECH.HI
<b>Gross TRI</b>	.HSTECHT	HSTECHT	HSTECHT.HI
<b>Net TRI</b>	.HSTECHN	HSTECHN	HSTECHN.HI

^ The Sectors, Themes and Innovation Screening requirements are reviewed at least annually

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

	<b>Date</b>	<b>Description</b>
1.0	July 2020	First Issue
1.1	September 2020	Supplemented implementation details for Fast Entry
1.2	October 2021	Addition of “Autonomous” into TECH Themes (effective starting from November 2021 index review)
1.3	July 2023	Added Primary-listed Foreign Companies to the universe and their weight capping (effective starting from November 2023 index review)



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