



31 August 2018

Hang Seng Indexes Launches Hang Seng China New Economy Index and Hang Seng Stock Connect Sector Top Index

Hang Seng Indexes Company Limited ('Hang Seng Indexes') will launch the Hang Seng China New Economy Index and the Hang Seng Stock Connect Sector Top Index on 3 September 2018 (Monday).

The Hang Seng China New Economy Index aims to reflect the performance of Chinese companies that operate in 'New Economy' industries and are listed in Hong Kong, mainland China and the United States. The Hang Seng Stock Connect Sector Top Index benchmarks the performance of leading companies across different sectors that are eligible for trading via the Stock Connect schemes.

China's New Economy enterprises have been under the spotlight among global investors in recent years. Hang Seng Indexes identified the need for an index that tracks the performance of New Economy companies in China's onshore and offshore markets, and could be used as a base for various investment instruments. The broad index coverage of the Hang Seng China New Economy Index allows for an integrated China equity universe.

Vincent Kwan, Director & General Manager of Hang Seng Indexes Company Limited, said: "The New Economy concept is of rising interest among investors. Our first response was the launch of the Hang Seng SCHK New Economy Index in January this year. With a focus on Chinese enterprises, the Hang Seng China New Economy Index will provide the market with a comprehensive reference that reflects the performance of the top-tier Chinese companies in New Economy industries across three key locations."

The Hang Seng Stock Connect Sector Top Index seeks to measure the performance of sector leaders that are listed in Hong Kong and/or the Mainland. The top two companies in each of 31 industry sectors – as measured by calculating combined rankings based on market value, net profit and revenue – are included as constituents. For companies with dual listings of A-shares and H-shares, the index adopts a 'smart' strategy that will select the lower-priced share class as the constituent and perform switching between share classes based on any change in relative prices. Switching is conducted on a monthly basis.

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“We have designed the Hang Seng Stock Connect Sector Top Index to serve as a reference benchmark for investors who are interested in cross-market investment with a focus on sector leaders,” Vincent Kwan added.

For more details about the indexes, please refer to the attached appendices.

About Hang Seng Indexes Company Limited

The Hang Seng Family of Indexes is managed and compiled by Hang Seng Indexes Company Limited (formerly HSI Services Limited), which is a wholly-owned subsidiary of Hang Seng Bank. The Hang Seng Family of Indexes comprises a wide range of indexes that cover stocks/bonds listed in Hong Kong/mainland China markets. For further information on the Hang Seng Family of Indexes, please visit the company's website at www.hsi.com.hk.

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Hang Seng China New Economy Index

| Universe | <p><u>Hong Kong-listed securities</u></p> <ul style="list-style-type: none"> H-share, Red-chip and P-chip constituents of Hang Seng Composite Index that are eligible for trading via the southbound trading link of the Stock Connect Scheme <p><u>Mainland-listed securities</u></p> <ul style="list-style-type: none"> Stocks that are eligible for trading via the northbound trading link of the Stock Connect Scheme <p><u>U.S.-listed securities</u></p> <ul style="list-style-type: none"> U.S.-listed China companies incorporated in or headquartered in China | | | | | | | | |
|----------------------------------|--|---------------|----------------------|------------------------------|----------------|------------|----------------|---------------|---------------|
| Selection Criteria | <p><u>Eligibility Criteria</u></p> <ul style="list-style-type: none"> Average daily turnover requirements in the past six month: <table style="margin-left: 20px; border: none;"> <thead> <tr> <th style="text-align: left;">Share Classes</th> <th style="text-align: left;">Turnover Requirement</th> </tr> </thead> <tbody> <tr> <td>➤ H-shares/Red-chips/P-chips</td> <td>HKD 20 million</td> </tr> <tr> <td>➤ A-shares</td> <td>RMB 20 million</td> </tr> <tr> <td>➤ U.S. listed</td> <td>USD 3 million</td> </tr> </tbody> </table> Industry requirements: Securities that comply with the criteria stated in Appendix 2 <p><u>Constituent Selection</u></p> <ul style="list-style-type: none"> The 100 companies with the highest total MV rank will be selected as constituent companies | Share Classes | Turnover Requirement | ➤ H-shares/Red-chips/P-chips | HKD 20 million | ➤ A-shares | RMB 20 million | ➤ U.S. listed | USD 3 million |
| Share Classes | Turnover Requirement | | | | | | | | |
| ➤ H-shares/Red-chips/P-chips | HKD 20 million | | | | | | | | |
| ➤ A-shares | RMB 20 million | | | | | | | | |
| ➤ U.S. listed | USD 3 million | | | | | | | | |
| Number of Constituents Companies | Fixed at 100 | | | | | | | | |
| Launch Date | 3 September 2018 | | | | | | | | |
| Base Date | 31 December 2014 | | | | | | | | |
| Base Value | 3,000 | | | | | | | | |
| Review Frequency | Half-yearly | | | | | | | | |
| Weighting Methodology | Freefloat-adjusted market capitalisation-weighted with a 10% cap on individual companies | | | | | | | | |
| Currency | Renminbi | | | | | | | | |
| Dissemination | Once on each trading day of the Hong Kong or the Mainland China or U.S. stock markets | | | | | | | | |
| Vendor code (Thomson Reuters) | .HSCNE | | | | | | | | |

Appendix 2

Eligible securities should be classified in one of the following subsectors in the Hang Seng Industry Classification System ('HSICS'):

| Industry | Sector | Sub-sectors |
|----------------------------|------------------------------------|--|
| 10 Industrials | 1010 Industrial Engineering | 101020 Industrial Components & Equipment |
| | | 101030 Environmental Engineering |
| | | 101050 New Energy Materials |
| | | 101060 Aerospace & Defence |
| 20 Consumer Goods | 2010 Automobiles | 201010 Automobiles |
| | | 201020 Auto Parts |
| | 2020 Household Goods & Electronics | 202010 Home Appliances |
| | | 202020 Consumer Electronics |
| | 2050 Healthcare | 205010 Medical Devices |
| | | 205020 Pharmaceuticals |
| | | 205030 Biotechnology |
| | 30 Consumer Services | 3020 Hotels, Casinos, Restaurants & Leisure Facilities |
| 3030 Media & Entertainment | | |
| | | 303020 Broadcasting |
| | | 303030 Movies & Entertainment |
| | | 303040 Publishing |
| 3045 Healthcare Services | | 304510 Medical & Aesthetic Services |
| 3050 Support Services | 305005 Education | |
| 35 Telecommunications | 3500 Telecommunications | 350010 Satellite & Wireless Communication |
| | | 350020 Telecommunication Services |
| 40 Utilities | 4000 Utilities | 400010 Electricity* |
| | | 400030 Water |
| | | 400040 Alternative/ Renewable Energy |
| 70 Information Technology | 7010 IT Hardware | 701010 Telecommunication Equipment |
| | | 701020 Computers & Peripherals |
| | 7020 Software & Services | 702010 System Applications & IT Consulting |
| | | 702020 E-Commerce & Internet Services |
| | | 702030 Software |
| | 7030 Semiconductors | 703010 Semiconductors |

**Only includes companies that perform major business by producing solar, water, wind, nuclear and geothermal electricity*

Securities of the following industries will also be eligible for selection if they fulfil the corresponding criteria:

| Industry | Criteria |
|----------------------|--|
| 20 Consumer Goods | Retail companies that perform major business operations by using internet platforms |
| 30 Consumer Services | |
| 50 Financials | Financial companies that perform major business operations by using internet platforms |

Hang Seng China New Economy Index

Top 15 constituent weightings as at 30 August 2018

| Code | | | Name | Weighting (%) | | |
|-----------|-----------|----------|--|---------------|-----------|----------|
| A Shares | HK Shares | N Shares | | A Shares | HK Shares | N Shares |
| | 700.HK | | Tencent Holdings Ltd. | | 10.41 | |
| | | BABA | Alibaba Group Holding Ltd. | | | 10.29 |
| | | BIDU | Baidu Inc | | | 6.89 |
| | 941.HK | | China Mobile Ltd. | | 6.36 | |
| | | JD | JD.Com Inc | | | 3.06 |
| 000651.SZ | | | Gree Electric Appliances Inc of Zhuhai | 2.97 | | |
| 000333.SZ | | | Midea Group Co Ltd | 2.90 | | |
| 600276.SH | | | Jiangsu Hengrui Medicine Co Ltd | 2.84 | | |
| 002415.SZ | | | Hangzhou Hikvision Digital Technology Co Ltd | 2.12 | | |
| | | NTES | NetEase Inc | | | 1.82 |
| | | CTRP | Ctrip.Com International Ltd | | | 1.79 |
| 600900.SH | | | China Yangtze Power Co Ltd | 1.72 | | |
| 600104.SH | | | SAIC Motor Corp Ltd | 1.63 | | |
| 000725.SZ | | | BOE Technology Group Co Ltd | 1.31 | | |
| | 1093.HK | | CSPC Pharmaceutical Group Ltd | | 1.31 | |

Hang Seng Stock Connect Sector Top Index

| | |
|---------------------------------|--|
| Universe | <p><u>Hong Kong-listed securities</u></p> <ul style="list-style-type: none"> • Constituents of the Hang Seng Composite Index <p><u>Mainland-listed securities</u></p> <ul style="list-style-type: none"> • Top 300 A-shares listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, with exception of stocks listed on ChiNext of the Shenzhen Stock Exchange, and stocks that rank in the lowest 10th percentile in terms of total market turnover |
| Selection Criteria | <p><u>Eligibility Criteria</u></p> <ul style="list-style-type: none"> • Eligible for trading via the southbound or northbound trading link of the Stock Connect Schemes <p><u>Constituent Selection</u></p> <ul style="list-style-type: none"> • Companies are classified into 31 sectors under the HSICS • Top two companies with the highest combined ranking scores in each sector will be selected • Combined ranking scores = Company-wide MV Rank x 50% + Net Profit Rank x 30% + Revenue Rank x 20% • For companies with both A-share and H-share listings, the cheaper share class will be selected |
| Number of Constituents | Variable, but capped at 62 (62 as at 30 August 2018) |
| Launch Date | 3 September 2018 |
| Base Date | 3 September 2010 |
| Base Value | 3,000 |
| Review Frequency | Annually |
| Share Class Switching Frequency | Monthly |
| Switching Mechanism | <p>For constituent companies with both A-share and H-share listings:</p> <ul style="list-style-type: none"> • Switch A-share to H-share only if $AH \text{ Price Ratio}^{\wedge} > 103$ • Switch H-share to A-share only if $AH \text{ Price Ratio}^{\wedge} < 97$ • Otherwise, no change in share class |
| Weighting Methodology | Freefloat-adjusted market capitalisation-weighted with a 10% cap on individual companies |
| Currency [#] | Renminbi |
| Dissemination | Real-time at 2-second intervals |
| Vendor Code (Thomson Reuters) | .HSSCSTI |

[^] $A\text{-share price} / H\text{-share price (in CNY equivalent)} \times 100$

[#] Day-end closing index values in USD, CNY and HKD are available

Hang Seng Stock Connect Sector Top Index

Top 15 constituent weightings as at 30 August 2018

| Code | Name | Industry | Sector | Weighting (%) |
|-----------|--|---------------------------|-------------------------------|---------------|
| 601318.SH | Ping An Insurance (Group) Co. of China, Ltd. | Financials | Insurance | 10.9 |
| 0700.HK | Tencent Holdings Ltd. | Information Technology | Software & Services | 9.9 |
| 0939.HK | China Construction Bank Corporation | Financials | Banks | 9.6 |
| 1398.HK | Industrial and Commercial Bank of China Ltd. | Financials | Banks | 6.7 |
| 0941.HK | China Mobile Ltd. | Telecommunications | Telecommunications | 5.4 |
| 600519.SH | Kweichow Moutai Co.,Ltd. | Consumer Goods | Food & Beverages | 4.7 |
| 0386.HK | China Petroleum & Chemical Corporation | Energy | Oil & Gas | 3.9 |
| 0001.HK | CK Hutchison Holdings Ltd. | Conglomerates | Conglomerates | 2.9 |
| 0857.HK | PetroChina Co. Ltd. | Energy | Oil & Gas | 2.8 |
| 000651.SZ | Gree Electric Appliances, Inc. of Zhuhai | Consumer Goods | Household Goods & Electronics | 2.5 |
| 000333.SZ | Midea Group Co.,Ltd. | Consumer Goods | Household Goods & Electronics | 2.4 |
| 2202.HK | China Vanke Co., Ltd. | Properties & Construction | Properties | 2.4 |
| 2628.HK | China Life Insurance Co. Ltd. | Financials | Insurance | 2.1 |
| 0002.HK | CLP Holdings Ltd. | Utilities | Utilities | 2.1 |
| 002415.SZ | Hangzhou Hikvision Digital Technology Co.,Ltd. | Information Technology | IT Hardware | 1.8 |
| | | | Total | 70.1 |