



14 May 2019

Hang Seng Indexes Launches Two ESG Indexes and Expands Hang Seng Stock Connect Greater Bay Area Index Series

Hang Seng Indexes Company Limited (“Hang Seng Indexes”) today launched the HSI ESG Index and the HSCEI ESG Index, expanding its portfolio of benchmarks for investors interested in socially responsible investment strategies. The company also added the Hang Seng Stock Connect Greater Bay Area Innovation Top 50 Index to its Hang Seng Stock Connect Greater Bay Area Index Series.

The HSI ESG Index and the HSCEI ESG Index have the same list of constituents as the Hang Seng Index (“HSI”) and the Hang Seng China Enterprises Index (“HSCEI”) respectively, but adopt different constituent weightings. The weighting of each constituent in the two new indexes is adjusted according to its environmental, social and corporate governance (“ESG”) score. The weightings of constituents with relatively high ESG scores will be increased, while weightings of those with relatively low ESG Scores will be decreased. As a result, the overall ESG score of each of these two new indexes will be higher than that of their respective base index. Constituents’ ESG scores are based on sustainability assessments undertaken by Hong Kong Quality Assurance Agency (HKQAA), an independent and professional assessment body, using its proprietary sustainability assessment and rating framework. The assessment includes examination of core ESG performance indicators.

Vincent Kwan, Chief Executive Officer, Hang Seng Indexes Company Limited, said: “We launched our Hang Seng Corporate Sustainability Index Series in 2010. ESG investing is continuing to gain momentum in market around the world. Our new HSI ESG Index and HSCEI ESG Index provide bases for product issuers to develop investment products linked to the portfolios of our flagship indexes but with a greater emphasis on ESG.”

Kwan added: “In addition to the launch of these new ESG indexes, we have also expanded our Hang Seng Stock Connect Greater Bay Area Index Series with the launch of the Hang Seng Stock Connect Greater Bay Area Innovation Top 50 Index. We already provide the most comprehensive index series measuring various performance aspects of companies operating in the economically dynamic Greater Bay Area. The launch of this



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latest index further reinforces our reputation for acting swiftly to meet the new needs and interests of investors.”

The Hang Seng Stock Connect Greater Bay Area Innovation Top 50 Index is a cross-market index that is categorised as a Factor & Strategy index. This latest addition to the Hang Seng Stock Connect Greater Bay Area Index Series selects the top 50 stocks with relatively higher research & development investment and stronger growth performance in selected industries. With this new addition, the number of indexes in the Hang Seng Stock Connect Greater Bay Area Index Series has increased to 19.

The three new indexes are calculated and disseminated in real-time at two-second intervals. More details about the HSI ESG Index, the HSCEI ESG Index and the Hang Seng Stock Connect Greater Bay Area Innovation Top 50 Index are provided in accompanying 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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HSI ESG Index & HSCEI ESG Index

Indexes	<u>Index</u>	<u>Underlying Index</u>
	HSI ESG Index HSCEI ESG Index	Hang Seng Index (“HSI”) Hang Seng China Enterprises Index (“HSCEI”)
Launch Date	14 May 2019	
Base Date	8 September 2014	
Base Value	3000	
Constituents	Same as underlying indexes	
Weighting Methodology	<ul style="list-style-type: none"> • Freefloat-adjusted, market-capitalisation-weighted (tilted by ESG factors*) • 10% cap on individual constituents 	
Currency [#]	Hong Kong dollar	
Dissemination	Real-time at 2-second intervals	
Vendor code (Thomson Reuters)	HSI ESG Index: .HSIESG HSCEI ESG Index: .HSCEESG	

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

* Computed by Z-Scores for overall ESG rating

Please refer to the index methodology for calculation details

HSI ESG Index

The 10 constituents with the highest ESG tilt factors as at 10 May 2019*

Code	Name	Tilt Factors	Weighting (%)		
			HSI	HSI ESG*	Difference
16	Sun Hung Kai Properties Ltd.	3.03	1.63	4.24	2.60
11	Hang Seng Bank Ltd.	2.47	1.63	3.45	1.82
101	Hang Lung Properties Ltd.	2.45	0.36	0.76	0.40
2388	BOC Hong Kong (Holdings) Ltd.	2.43	1.28	2.67	1.39
1997	Wharf Real Estate Investment Co. Ltd.	2.43	0.74	1.55	0.80
19	Swire Pacific Ltd. 'A'	2.41	0.51	1.04	0.54
388	Hong Kong Exchanges and Clearing Ltd.	2.38	3.15	6.41	3.27
2018	AAC Technologies Holdings Inc.	2.29	0.36	0.71	0.35
6	Power Assets Holdings Ltd.	2.21	0.81	1.54	0.73
12	Henderson Land Development Co. Ltd.	2.14	0.66	1.21	0.55

* The constituent weightings are subject to 10% cap after tilting.

Improvement in Index ESG Score

Year	Index ESG Score		Difference
	HSI	HSI ESG Index	
2014	67.27	71.61	4.34
2015	62.64	66.66	4.02
2016	63.65	67.64	3.99
2017	63.37	67.43	4.06
2018	63.06	66.76	3.70

HSCEI ESG Index

The 10 constituents with the highest ESG tilt factors as at 10 May 2019

Code	Name	Tilt Factors	Weighting (%)		
			HSCEI	HSCEI ESG [*]	Difference
1109	China Resources Land Ltd.	3.08	1.81	4.70	2.89
390	China Railway Group Ltd. - H Shares	2.97	0.47	1.17	0.70
2318	Ping An Insurance (Group) Co. of China, Ltd. - H Shares	2.95	9.80	11.08	1.28
2313	Shenzhou International Group Holdings Ltd.	2.68	1.53	3.44	1.91
941	China Mobile Ltd.	2.59	8.74	9.35	0.61
2202	China Vanke Co., Ltd. - H Shares	2.46	0.72	1.49	0.77
1658	Postal Savings Bank of China Co., Ltd. - H Shares	2.21	0.90	1.68	0.78
1398	Industrial and Commercial Bank of China Ltd. - H Shares	1.86	8.04	9.57	1.53
2238	Guangzhou Automobile Group Co., Ltd. - H Shares	1.82	0.46	0.70	0.24
700	Tencent Holdings Ltd.	1.65	11.18	11.10	-0.08

* The constituent weightings are subject to 10% cap after tilting.

Improvement in Index ESG Score

Year	Index ESG Score		Difference
	HSCEI	HSCEI ESG Index	
2014	62.05	64.93	2.88
2015	57.08	58.85	1.77
2016	56.84	58.59	1.75
2017	59.41	61.66	2.25
2018	58.68	59.71	1.03

Hang Seng Stock Connect Greater Bay Area Innovation Top 50 Index

Universe	Constituents of the Hang Seng Stock Connect Greater Bay Area Composite Index
Selection Criteria	<u>Eligibility Criteria</u> <ul style="list-style-type: none"> • Hong Kong-listed securities: daily average turnover in the past six months of no less than HKD 20 million • Mainland-listed securities: daily average turnover in the past six months of no less than CNY 20 million • Fulfils corresponding sector requirement* <u>Constituent Selection</u> <ul style="list-style-type: none"> • Rank eligible securities according to combined Z-Scores[^]; the 50 securities with the highest scores will be selected as constituents • For companies with both Hong Kong and Mainland listings, the A-share listing will be used for constituent inclusion
Number of Constituents	Fixed at 50
Launch Date	14 May 2019
Base Date	31 December 2014
Base Value	3000
Review Frequency	Half-yearly
Weighting Methodology	<ul style="list-style-type: none"> • Freefloat-adjusted, market-capitalisation-weighted • 10% cap on individual constituents
Currency [#]	Hong Kong dollar
Dissemination	Real-time at 2-second intervals
Vendor code (Thomson Reuters)	.HSBAI50

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

* Please refer to the methodology for sector requirement details

[^] Computed by Z-Scores for the following parameters:

- R&D Expenses/Sales
- Growth of R&D Expenses
- Return on Equity
- Growth of Sales

Please refer to the index methodology for calculation details

Hang Seng Stock Connect Greater Bay Area Innovation Top 50 Index

Top 10 constituent weightings as at 10 May 2019

Code	Name	Weighting (%)
0700.HK	Tencent Holdings Ltd.	10.94
000063.SZ	ZTE Corporation	10.37
002475.SZ	Luxshare Precision Industry Co. Ltd.	8.92
002008.SZ	Han's Laser Technology Industry Group Co. Ltd.	5.16
300760.SZ	Shenzhen Mindray Bio-Medical Electronics Co. Ltd.	4.19
300124.SZ	Shenzhen Inovance Technology Co. Ltd	4.13
0268.HK	Kingdee International Software Group Co. Ltd.	2.79
002340.SZ	GEM Co. Ltd.	2.43
603160.SH	Shenzhen Goodix Technology Co. Ltd.	2.42
600183.SH	Shengyi Technology Co. Ltd.	2.24