



Hang Seng Indexes Company Launches Hang Seng SCHK China Central SOEs ESG Leaders Index

*New Benchmark for Investors to Capitalize on Sustainability Opportunities
related to SOEs*

(Hong Kong, 10 July 2023) – Hang Seng Indexes Company (‘HSIL’) today launched the Hang Seng SCHK China Central SOEs ESG Leaders Index, the newest member of HSIL’s diverse ESG index suites for investors interested in sustainable investing.

With environmental, social and governance (ESG) gaining traction in China, central state-owned enterprises (central SOEs) have been galvanized by regulators to step up efforts to enhance ESG disclosures and ESG performance. The launch of the Hang Seng SCHK China Central SOEs ESG Leaders Index will help investors to integrate ESG elements into central SOEs portfolios, enabling them to capitalize on opportunities in China’s transition to a sustainable economy in which central SOEs will play an imperative role.

The Hang Seng SCHK China Central SOEs ESG Leaders Index is a best-in-class ESG index that reflects the performance of top 40 ESG leaders listed in Hong Kong with central SOE as the largest shareholder that are eligible for Southbound Trading under the Stock Connect schemes. Securities with the lowest ESG Risk Ratings within each Hang Seng Industry Classification System (HSICS) Industry will be selected. From 31 December 2018, i.e. the base date of the index, to 30 June 2023, the cumulative return of the Hang Seng SCHK China Central SOEs ESG Leaders Index was 16.1%.

The new index will bring the number of HSIL’s ESG-themed indexes to 21, which encompass a wide range of ESG investment strategies, e.g. ESG integration, decarbonisation-focused, best-in-class, as well as green economy thematic. As the leading ESG index provider of Hong Kong and A-share market, HSIL has garnered prestigious accolades on ESG such as ‘Best ESG Index Provider – Hong Kong’ and ‘Best ESG China Index Provider’ at *Asia Asset Management*’s Best of the Best Awards 2023, which recognized HSIL’s continuous efforts in ESG over the years.

The Hang Seng SCHK China Central SOEs ESG Leaders Index is calculated and disseminated in real-time at two second intervals. Further details about the new index, e.g. index universe, are provided in the appendices that accompany this release.

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About Hang Seng Indexes Company Limited

Hang Seng Indexes Company Limited ('Hang Seng Indexes Company') manages and compiles the Hang Seng Family of Indexes, which cover stocks listed in Hong Kong and mainland China. Our index series includes the Hang Seng Index, the Hang Seng China Enterprises Index and the Hang Seng TECH Index, as well as Stock Connect, Greater Bay Area, Sustainability and sector-related indexes. As at the end of 2022, assets under management in products passively tracking indexes in the Hang Seng Family of Indexes had reached a total of about USD57.6 billion. Hang Seng Indexes Company is a wholly owned subsidiary of Hang Seng Bank. For further information on the Hang Seng Family of Indexes, please visit www.hsi.com.hk



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Appendix 1: Index Methodology

Hang Seng SCHK China Central SOEs ESG Leaders Index

Universe	Non-REIT constituents of the Hang Seng Composite Index with themselves or their largest shareholders (on a look-through basis) being Chinese central SOEs and are eligible for trading under the Stock Connect Scheme
Selection Criteria	<p><u>Eligibility Criteria</u></p> <p>Geographical: Mainland Securities Listing History: At least one month Turnover: Velocity Test for Tradable Indexes</p> <p><u>Constituent Selection</u></p> <p>Securities that are classified as severe ESG risk* will be excluded.</p> <p>The remaining eligible securities are classified into an Industry of the Hang Seng Industry Classification System and ranked in their own Industry by ESG Risk Ratings in ascending order (“ESG Rank”). The top 40 securities with the highest ESG Rank will be selected as constituents.</p> <p>If two securities have the same ESG Rank, the one with a lower (better) ESG Risk Ratings will be selected; If two securities have the same ESG Risk Ratings, the one with a larger FFMV will be selected.</p>
Number of Constituents	Fixed at 40
Launch Date	10 July 2023
Base Date	31 December 2018
Base Value	6,000
Review Frequency	Quarterly
Weighting	Freefloat-adjusted market capitalisation weighted with an 8% weight cap on individual securities
Currency [#]	Hong Kong Dollar (HKD)
Dissemination	Real-time at two-second intervals



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Vendor Code	<p style="text-align: center;"><u>Price Index</u> .HSSCSEL (Refinitiv); HSSCSEL (Bloomberg)</p> <p style="text-align: center;"><u>Total Return Index</u> .HSSCSELT (Refinitiv)</p> <p style="text-align: center;"><u>Net Total Return Index</u> .HSSCSELN (Refinitiv)</p>
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Day-end closing index values in HKD, CNY and USD are available

* ESG Risk Ratings data provider is Sustainalytics. Please refer to the index methodology for details



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Appendix 2

Hang Seng SCHK China Central SOEs ESG Leaders Index

Top 20 constituent companies and respective weightings as at 30 June 2023

Code	Company Name	Weightings (%)
1109	China Resources Land Limited	8.5%
981	Semiconductor Manufacturing International Corp.	8.3%
291	China Resources Beer (Holdings) Co. Ltd.	8.1%
941	China Mobile Limited	8.1%
2628	China Life Insurance Co. Ltd.	8.0%
2319	China Mengniu Dairy Co., Ltd.	7.7%
688	China Overseas Land & Investment Limited	6.4%
728	China Telecom Corp. Ltd.	4.6%
788	China Tower Corp. Ltd.	3.7%
1099	Sinopharm Group Co., Ltd.	3.2%
762	China Unicom (Hong Kong) Limited	3.1%
135	KunLun Energy Co. Ltd.	2.6%
1209	China Resources Mixc Lifestyle Services Ltd.	2.6%
1919	COSCO SHIPPING Holdings Co., Ltd.	2.2%
1816	CGN Power Co., Ltd.	1.9%
1336	New China Life Insurance Co., Ltd.	1.7%
144	China Merchants Port Holdings Co., Ltd.	1.5%
2883	China Oilfield Services Limited	1.4%
570	China Traditional Chinese Medicine Holdings Co. Ltd.	1.3%
696	TravelSky Technology Ltd.	1.2%
Other Constituents (Number)		14.0% (20)
Total (Number)		100% (40)