



Hang Seng Indexes Company Announces Consultation Conclusions on Potential Changes to Hang Seng Industry Classification System

(Hong Kong, 22 March 2024) – Hang Seng Indexes Company Limited (‘HSIL’) today announced changes to the Hang Seng Industry Classification System (‘HSICS’), pursuant to the feedback received from the consultation conducted between 15 December 2023 to 31 January 2024. The proposal received wide support from the respondents. The new HSICS will consist of 12 Industries, 31 Sectors, and 105 Subsectors. For details of the consultation results, please refer to Appendix I.

The changes to the HSICS and market feedback are summarised as follows.

1. Splitting E-Commerce and Internet Services into Four New Subsectors

88% of respondents were in favour of splitting the E-Commerce and Internet Services subsector under Information Technology Industry into four new subsectors as shown below.

Industry	Sector	Subsector
Information Technology	Software & Services	Internet Services and Infrastructure (new)
Consumer Discretionary	Specialty Retail	Online Retailers (new)
Consumer Discretionary	Media & Entertainment	Interactive Media and Services (new)
Financials	Other Financials	Payment Services (new)

The existing E-commerce and Internet Services subsector includes a mix of companies such as internet-related services providers, tech-enabled online retailers, tech-enabled online advertising companies, and online payment services providers. Technology integration and new business models create blurred lines and challenges for accurately reflecting core businesses of these companies. To enhance clarity, the respondents supported splitting E-Commerce and Internet Services into above four new subsectors.

2. Revamping System Applications & IT Consulting as Digital Solution Services

92% of respondents were in favour of or neutral towards revamping System Applications & IT Consulting subsector under Information Technology Industry as Digital Solution Services subsector (also under Information Technology Industry). The Digital Solution Services subsector will include companies that promote digital transformation of traditional business and, specialise in providing technology solutions such as data analytics, artificial intelligence, and automation etc. After this revamp, companies providing internet-related services, cloud networking and storage service will be reclassified to the above-mentioned Internet Service and Infrastructure subsector.



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3. Modifying the definition of Application Software

To better distinguish between the existing Application Software subsector and the new Digital Solution Services subsector, the definition of Application Software subsector will be modified. Companies that provide application stacks and software models delivering through both on-premises and cloud will be moved into Application Software subsector under the new definition.

For more details, please refer to the summary of HSICS changes and definition updates in Appendix II.

The proposed HSICS changes will be implemented in the index review for the period ended 30 June 2024. Any company reclassification and the corresponding constituent changes will be effective in the September 2024 index rebalancing.




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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 2023, assets under management in products passively tracking indexes in the Hang Seng Family of Indexes had reached a total of about USD65.8 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



Appendix I: Consultation Results

Proposals in the HSICS Consultation Paper	Agree: 	Neutral: 	Disagree: 
Q1. Do you agree on splitting E-Commerce and Internet Services?	24 (92%)		2 (8%)
Q2. Do you agree on splitting E-Commerce and Internet Services into i) Internet Services and Infrastructure, ii) Online Retailers, iii) Interactive Media and Services and iv) Payment Services?	23 (88%)		3 (12%)
Q3. Do you agree on classifying Internet Services and Infrastructure under Information Technology?	24 (92%)		2 (8%)
Q4. Do you agree on classifying Online Retailers under Consumer Discretionary?	22 (84%)	1 (4%)	3 (12%)
Q5. Do you agree on classifying Interactive Media and Services under Consumer Discretionary?	22 (84%)		4 (16%)
Q6. Do you agree on classifying Payment Services under Financials?	23 (88%)	1 (4%)	2 (8%)
Q7. Do you agree on revamping System Applications & IT Consulting to Digital Solution Services?	22 (84%)	2 (8%)	2 (8%)



Appendix II: Summary of HSICS changes and definition updates

New subsectors

Code	Industry	Code	Sector	Code	Subsector	Definitions	Updates
23	Consumer Discretionary	2350	Media & Entertainment	235050	Interactive Media & Services	Companies engaged in content creation or distribution through digital platforms, social media platforms or multi-channel network. It also includes online marketing and public relations service companies and search engine companies.	<i>New Subsector</i>
		2370	Specialty Retail	237060	Online Retailers	Retail outlets and wholesalers that offer consumer discretionary products through internet or digital touchpoints.	<i>New Subsector</i>
50	Financials	5030	Other Financials	503050	Payment Services	Companies that provide payment services and related payment services including digital and mobile payments, payment gateways and digital wallet provider.	<i>New Subsector</i>
70	Information Technology	7020	Software & Services	702015	Digital Solution Services	Companies that offer technology-based solution or digital solution which transforming traditional offering into innovative solutions through electronic channels. It includes companies that leverage wide range of digital technologies such as data analytics, artificial intelligence, and automation in pursuit of streamlining business processes or solving problems.	<i>New Subsector</i>
				702025	Internet Services and Infrastructure	Companies that provide Internet-related or IT infrastructure services such as data centres, cloud networking, and storage infrastructure; also includes on-demand infrastructure and hardware resources providers, cybersecurity solution providers, Internet service providers, website design, web hosting and e-mail service provider.	<i>New Subsector</i>

Discontinued subsectors and definition update

Code	Industry	Code	Sector	Code	Subsector	Definitions	Updates
70	Information Technology	7020	Software & Services	702010	System Applications & IT consulting	-	<i>Discontinued Subsector</i>
				702020	E-commerce & Internet Services	-	<i>Discontinued Subsector</i>
				702030	Application Software	Companies engaged in developing and producing software designed for specialised applications such as information service, business software and mobile application. It includes companies that provide application stacks and software models delivering through both on-premises and cloud.	<i>Definition Update</i>