Hang Seng Indexes Company Consults Market on Potential Changes to the Hang Seng TECH Index Methodology

(Hong Kong, 10 August 2026) – Hang Seng Indexes Company today launched a market consultation on potential changes to the Hang Seng TECH Index methodology.

As Hong Kong's technology sector continues to broaden, the proposed changes aim to expand technology theme coverage, refine constituent selection, and increase the number of constituents, so the index continues to represent the evolving tech landscape.

Subject to the final decision of the HSI Advisory Committee after considering consultation feedback, the changes are expected to be announced by the end-September 2026 and implemented in the index review for the period ended 30 September 2026. Any resulting constituent changes would take effect at the December 2026 index rebalancing.

The consultation paper is attached as an appendix to this release and is also available for download here.

Interested parties are invited to submit their responses by 18 September 2026.

- End -

About Hang Seng Indexes Company

Hang Seng Indexes Company manages and compiles the Hang Seng Family of Indexes, which cover stocks listed in Hong Kong and Chinese Mainland. 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 June 2026, assets under management in products passively tracking indexes in the Hang Seng Family of Indexes had reached a total of about USD106.6 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.

恒生指數
HANG SENG INDEXES

CONSULTATION PAPER

Proposed Changes to the Hang Seng TECH Index (“HSTECH”) as a Broad and Future-Ready Benchmark for Hong Kong Technology Stocks

August 2026

(Data as of 30 June 2026 and sourced from Hang Seng Indexes Company Limited unless otherwise specified)

Note:
The information and questions in this document are for the sole purpose of gathering opinions from market participants and various stakeholders.

Responding to the Consultation

Please send us your responses to research@hsi.com.hk **by 18 September 2026**. Thank you.

Responses will be treated as confidential. We may summarise feedback in aggregated and anonymised form and would not attribute comments without consent.

If you wish to provide your responses in hardcopy format, please mail to:

PRODUCT DEPARTMENT
HANG SENG INDEXES COMPANY LIMITED
19/F HANG SENG BANK HEADQUARTERS
83 DES VOEUX ROAD CENTRAL HONG KONG

Respondent Details

In order to better understand your valuable opinions, we may further contact you via e-mail and / or phone for follow-up after you return your responses. Please provide your contact information for this purpose. Failure to provide valid contact details may result in your responses being excluded from this consultation. Thank you.

Name: ______________________________

Job Title: ______________________________

Organisation: ______________________________

Professional Profile:

- ☐ Academic or Institute
- ☐ Asset Owner
- ☐ Broker or Dealer
- ☐ Exchange
- ☐ Individual Investor
- ☐ Investment Manager
- ☐ Passive Fund Manager
- ☐ Regulatory
- ☐ Others (please specify) ____________________

Contact Number*: ______________________________

E-mail address*: ______________________________

Date: ______________________________

** Please provide at least one channel through which you can be contacted*

Important Note

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Executive Summary

Hang Seng Indexes Company ("HSIL") is seeking market feedback on the proposed changes to the Hang Seng TECH Index ("HSTECH"). Launched in 2020, HSTECH tracks the 30 largest Hong Kong-listed technology companies. The assets under management ('AUM') in products passively tracking HSTECH reached US$40.4 bn. (as of June 2026).

HSIL is consulting on the proposed changes in response to (i) a broader universe of Hong Kong-listed technology companies, and (ii) the tendency for higher-growth companies to be smaller by market capitalisation. The proposals intend to strengthen the market representation and ensure HSTECH remains a broad and future-ready benchmark for Hong Kong technology stocks.

Proposed Changes

1. **Expand Theme Coverage**
   a. Remove the Sector Requirements
   b. Refine the Six Main Tech Themes to i) Digital Platforms & Solutions, ii) Artificial Intelligence, iii) Advanced Hardware, iv) Robotics & Automation, v) Cloud and vi) Frontier Technology
   c. Expand the relevant Tech Sub-Themes from 16 to 24 that align with the refined Tech Themes

2. **Introduce a Two-Stream Selection Mechanism**
   a. Confine the eligible universe to the Hang Seng Composite LargeCap & MidCap Index
   b. Introduce a two-stream selection mechanism – Market Value ("MV") Stream and Sales Growth Stream, and increase the number of constituents from 30 to 50

Proposed Implementation Timeline

The potential changes are expected to be announced by the end of September 2026 and implemented in the index review for the period ended 30 September 2026, subject to the final decision of the HSI Advisory Committee after considering the consultation feedback. Any corresponding constituent changes will be effective in the December 2026 index rebalancing.

1. Background

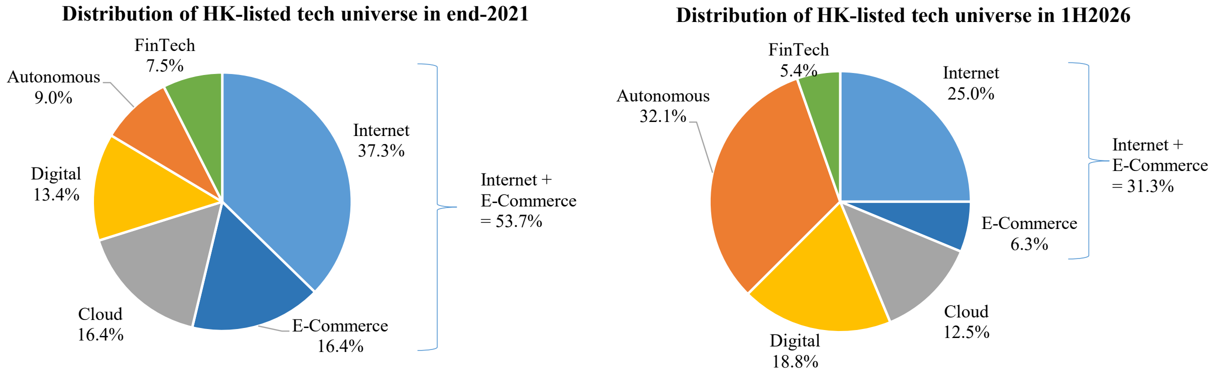
1.1. HSTECH is designed to provide a representative and investable benchmark for Hong Kong-listed technology companies. Since the launch of HSTECH in 2020, the landscape of Hong Kong-listed technology companies has evolved in two notable ways.

The Technology Universe continues to broaden

1.2. As shown in Exhibit 1, the Hong Kong-listed Technology Universe[1] was concentrated in the two Tech Themes (i.e. Internet and E-commerce) related to business powered by the internet in 2021. By 2026, the Digital Tech Theme and the Autonomous Tech Theme have gained more prominence, driven by larger presence by companies that develop advanced hardware and AI-related solutions, respectively. In addition, changes in the listing landscape for specialist technology companies have also broaden the Technology Universe over time.

[1] The Technology Universe is defined by Hang Seng Composite Index ("HSCI") constituents associated with HSTECH's current 6 Main Tech themes, including i) Internet, ii) FinTech, iii) Cloud, iv) E-commerce, v) Digital and vi) Autonomous

Exhibit 1: Percentage of number of stocks based on Tech Theme in the Technology Universe



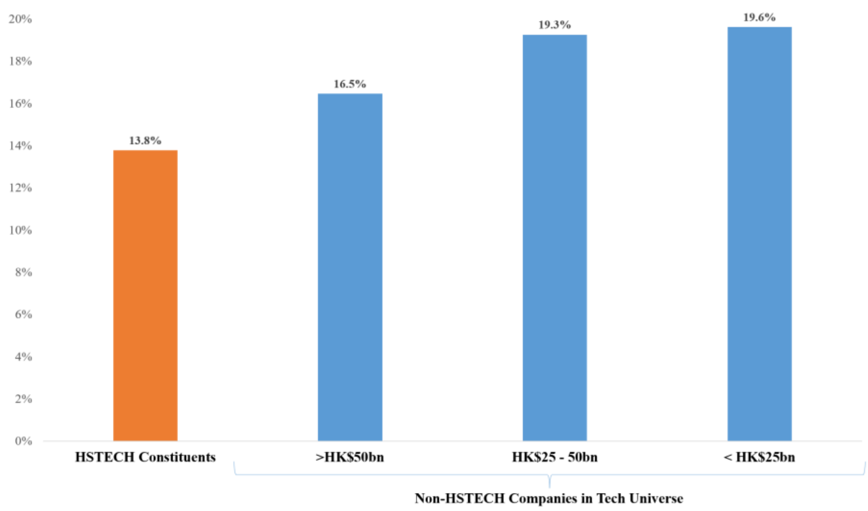
Source: Hang Seng Indexes Company

1.3. In response, HSIL proposes to expand theme coverage and remove the Sector Requirements to better accommodate the broader technology opportunity set.

Fastest-growing companies may not be the largest

1.4. Within the Technology Universe, companies with stronger sales growth are often smaller by market capitalisation. As shown in Exhibit 2, the median sales growth of the current HSTECH constituents is typically lower than that of smaller non-HSTECH constituents. This suggests that higher-growth companies with relatively smaller size may not be considered under a purely size-based selection.

Exhibit 2: Median Sales Growth[2] vs MV range across the Technology Universe



Source: Hang Seng Indexes Company

1.5. HSIL proposes increasing the number of constituents. While HSTECH will continue to include constituents mainly based on Market Value ("MV"), HSIL proposes a complementary inclusion criterion that select constituents based on trailing 12-month sales growth. To ensure index investability, the eligible universe will be confined to the constituents of the Hang Seng Composite LargeCap & MidCap Index.

[2] Based on Trailing 12-month ("TTM") Sales Growth

2. Proposed Changes

2.1 HSIL is seeking market feedback on the proposed changes to HSTECH, including (i) the expansion of theme coverage in line with Hong Kong's evolving technology landscape and (ii) the introduction of a two-stream selection mechanism, which involves a constituent selection stream based on MV and a constituent selection stream based on sales growth.

Proposed Changes 1: Expand Theme Coverage

a. Remove the Sector Requirements

2.2 HSTECH's Sector Requirements stipulate that eligible candidates are classified within specified Hang Seng Industry Classification System ("HSICS") Industries. HSIL proposes the removal of Sector Requirements to reflect that technological endeavors extend beyond the traditional industry classifications.

b. Refine the Six Tech Themes and Expand Tech Sub-Themes from 16 to 24

2.3 HSTECH's Theme Requirements stipulate that eligible candidates exhibit high business exposure to six pre-defined Tech Themes or the associated 16 Tech Sub-Themes. HSIL proposes refining the six Tech Themes to better reflect current market developments due to the evolving technology landscape in the Hong Kong equity market. Under the proposed HSTECH Theme Requirements, the six Tech Themes will be refined to cover "Digital Platforms & Solutions", "Artificial Intelligence", "Advanced Hardware", "Robotics & Automation", "Cloud", and "Frontier Technology" (Exhibit 3).

c. Expand Tech Sub-Themes from 16 to 24

2.4 In conjunction with the refined Tech Themes, HSIL also proposes expanding the Tech Sub-Themes from 16 to 24 (Exhibit 3) that align to the refined six Tech Themes.

2.5 Key changes for Tech Themes and Tech Sub-Themes are summarised below:

1. **Digital Platforms & Solutions** is consolidated from the existing "Internet", "E-Commerce" and "FinTech" Tech Themes.
2. **Artificial Intelligence** is elevated from an existing Tech Sub-theme under "Autonomous" to one of the six Tech Themes.
3. **Advanced Hardware** is renamed from the existing "Digital" Tech Theme. "Semiconductors" remains unchanged as a Tech Sub-Theme. The existing "Digital Electronics" Tech Sub-Theme is re-categorized into the "Specialized Component and Hardware" and "Smart Devices and Equipment" Tech Sub-Themes. The scope is also expanded to include a new Tech Sub-Theme "New Energy Storage and Materials".
4. **Robotics and Automation** is renamed from the existing "Autonomous" Tech Theme.
5. **Cloud** remains unchanged and continues to include "Big Data" and "Data Centre Operation" Tech Sub-Themes. The Tech Sub-Theme "Cloud Computing / Application Development / Solution" Tech Sub-Theme is renamed to the "Cloud Solutions" Tech Sub-Theme.
6. **Frontier Technologies** is introduced as a new Tech Theme, covering "Aerospace and Satellite Technology", "Quantum Computing", "Brain-Computer Interface", "Advanced Food Technology" and "Advanced Materials" as the relevant Tech Sub-Themes.

Exhibit 3: Current vs Proposed Tech Themes and Sub-Themes

Tech Themes	Tech Sub-Themes
Internet	Online Business
	Wireless / Mobile Application
FinTech	Electronic Payment / Transaction
	Digital Finance
	Blockchain
Cloud	Cloud Computing / Application Development / Solution
	Big Data
	Data Centre Operation
E-commerce	Online Merchandising
Digital	Digital Electronics
	Semiconductors
Autonomous	Robotics
	Self-driving
	Artificial Intelligence
	Internet of Things
	Smart Lifestyle

Tech Themes	Tech Sub-Themes
Digital Platforms & Solutions	Online Business and E-commerce
	Software & Services
	Digital Payment
	Digital Finance
	Blockchain
Artificial Intelligence	AI Infrastructure
	AI Platform
	AI Applications
Advanced Hardware	Semiconductors
	Specialized Components and Hardware
	Smart Devices and Equipment
	New Energy Storage and Materials
Robotics and Automation	Robotics
	Self-driving
	Internet of Things
	Smart Lifestyle
Cloud	Cloud Solutions
	Big Data
	Data Centre Operation
Frontier Technologies	Aerospace and Satellite Technology
	Quantum Computing
	Brain–Computer Interface
	Advanced Food Technology
	Advanced Materials

Cells shaded in blue represent modified/ renamed themes under our proposal

Cells shaded in yellow represent **new** themes under our proposal

Proposed Changes 2: Introduce a Two-Stream Selection Mechanism

a. Change in eligible universe

2.6 HSIL proposes confining HSTECH's eligible universe to constituents in the Hang Seng Composite LargeCap & MidCap Index. This ensures sufficient index investability of HSTECH, as the AUM that tracks HSTECH has surged from US$1.5bn during HSTECH's launch in 2020 to US$40.4bn as of June 2026.

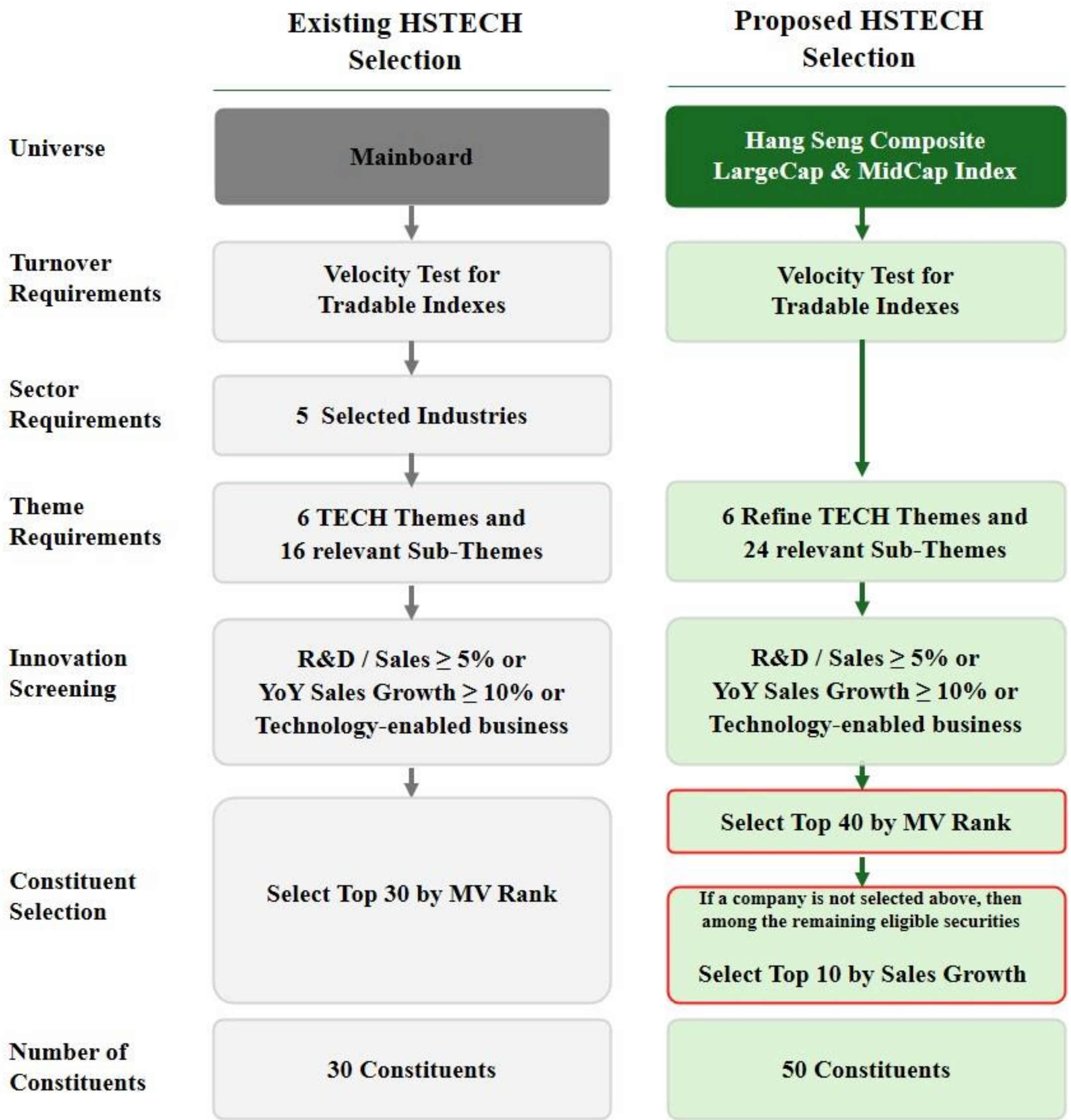
b. Two-stream selection and expansion of constituent number

2.7 HSIL proposes adopting a two-stream selection approach and increasing the number of constituents from 30 to 50. (Exhibit 4):

- **MV Stream (primary)**: Select the top 40 eligible constituents by Market Value rank; and
- **Sales Growth Stream (complementary)**: Fill the remaining 10 constituent slots with the top eligible companies by Sales Growth rank (based on Trailing 12-month Sales Growth) that are not already selected in the MV Stream.

All other eligibility requirements (e.g., Turnover Requirements and Innovation Screening) in the HSTECH remain unchanged.

Exhibit 4: Illustration of the Current and Proposed Selection Approach



2.8 The MV Stream expands the selection from 30 to 40. Meanwhile, the Sales Growth Stream ensures the inclusion of high-growth tech companies that are typically not considered in a company-size focused selection mechanism.

3. Illustrative Impact Analysis (Simulation)

3.1 Exhibit 5 compares the current HSTECH and a simulated revamped HSTECH as of 30 June 2026. The simulation indicates that expanding from 30 to 50 constituents would modestly reduce weight concentration while maintaining exposure to the largest technology leaders. The lower average and median MV in the revamped HSTECH reflect the inclusion of smaller constituents.

Exhibit 5: Illustrative Index Characteristics (Simulation)

	HSTECH	HSTECH Revamped (Simulation)
Number of Constituents	30	50
Top 10 Weight	70.6%	66.3%
Company Size (MV in HK$ bn)		
Average	377	252
Largest	3,921	3,921
Smallest	28	7
Median	118	70

Source: Hang Seng Indexes Company

3.2 As shown in Exhibit 6 which illustrates the simulated weight of revamped HSTECH as of 30 June 2026, the additional constituents selected from the MV Stream and the Sales Growth Stream account for 9.1% and 2.4% of index weight, respectively. The newly added constituents have a lower median 12-month average MV than that of the existing HSTECH constituents, but they exhibit a higher median sales growth rate.

Exhibit 6: Illustrative Index Characteristics (Simulation)

	Existing HSTECH	**Additional constituents (MV Stream)**	**Additional constituents (Sales Growth Stream)**
Number of Constituents	30	10	10
Index Weight	88.5%	9.1%	2.4%
Median			
12-month Average MV (HK$ bn)	171.4	54.1	29.1
Sales Growth	13.8%	23.4%	82.0%

Source: Hang Seng Indexes Company

3.3 As shown in Exhibit 7a and 7b, the newly added constituents via the Sales Growth Stream are generally smaller and carry lower index weights than those added through the MV Stream. In addition, their average daily turnover is lower than that of the newly added constituents via the MV Stream.

Exhibit 7a: Weight, MV and turnover of the 10 additional constituents (MV Stream)

	Weight	**12-month Average MV (HK$ bn)**	**3-month Average Daily Turnover (HK$ mn)**
Median	0.56%	54.1	650.8
Maximum	3.09%	91.3	3,383.0
Minimum	0.08%	43.7	238.3

Source: Hang Seng Indexes Company

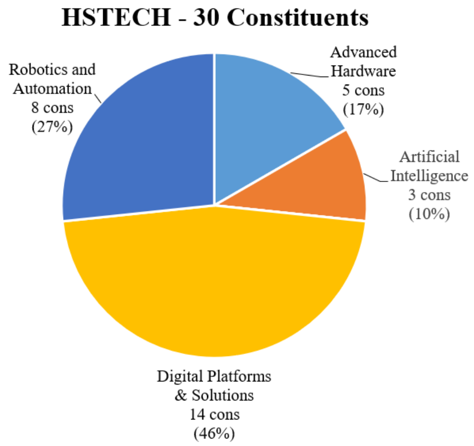
Exhibit 7b: Weight, MV and turnover of the 10 additional constituents (Sales Growth Stream)

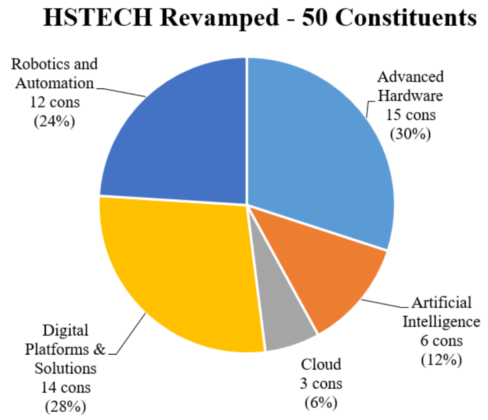
	Weight	**12-month Average MV (HK$ bn)**	**3-month Average Daily Turnover (HK$ mn)**
Median	0.22%	29.1	291.8
Maximum	0.64%	41.7	1,993.4
Minimum	0.04%	11.0	77.1

Source: Hang Seng Indexes Company

3.4 Under the proposed Tech Theme structure, the revamped HSTECH with 50 constituents would exhibit a broader distribution across the Tech Themes. As shown in Exhibit 8, the number of constituents classified under Advanced Hardware and Artificial Intelligence increases from 5 to 15 and from 3 to 6, respectively.

Exhibit 8: Number of Constituents and Percentage of Number of Constituents Based on the Proposed Tech Themes





Source: Hang Seng Indexes Company

4. Proposed Implementation Timeline

4.1 The potential changes are expected to be announced by the end of September 2026 and implemented in the index review for the period ended 30 September 2026, subject to the final decision of the HSI Advisory Committee after considering the consultation feedback. Any corresponding constituent changes will be effective in the December 2026 index rebalancing.

Consultation Questions

Question 1: Proposed Changes 1 – Expand Theme Coverage

Q1A. Removal of Sector Requirements

Do you agree with the proposal to remove the Sector Requirements from HSTECH eligibility, such that eligibility is determined primarily by theme/sub-theme alignment? (Select one answer only)

☐	Yes
☐	No
☐	Others, please specify ____________________

Please provide your reasons, comments and suggestions

Q1B. Refinement of the six Tech Themes

Do you agree with the proposal to refine the six Tech Themes as i) Digital Platforms & Solutions, ii) Artificial Intelligence, iii) Advanced Hardware, iv) Robotics & Automation, v) Cloud and vi) Frontier Technology? (Select one answer only)

☐	Yes
☐	No
☐	Others, please specify ____________________

Please provide your reasons, comments and suggestions

Q1C. Expansion of Tech Sub-Themes (16 → 24)

Do you agree with the proposal to expand the relevant Tech Sub-Themes from 16 to 24 to align with the refined Tech Themes? (Select one answer only)

☐	Yes
☐	No
☐	Others, please specify ____________________

Please provide your reasons, comments and suggestions

Question 2: Proposed Changes 2 – Introduce a Two-Stream Selection Mechanism

Q2A. Eligible universe

Do you agree with the proposal to confine HSTECH's eligible universe to the Hang Seng Composite LargeCap & MidCap Index? (Select one answer only)

☐	Yes
☐	No
☐	Others, please specify ______________________________

Please provide your reasons, comments and suggestions

Q2B. Two-stream selection mechanism

Do you agree with the proposal to adopt a two-stream selection mechanism – MV Stream (primary) and Sales Growth Stream (complementary)? (Select one answer only)

☐	Yes
☐	No
☐	Others, please specify ______________________________

Please provide your reasons, comments and suggestions

Q2C. Expansion of constituent number (30 → 50)

Do you agree with expanding the HSTECH from 30 to 50 constituents and selecting the top 40 constituents by MV rank and remaining 10 constituents by Sales Growth rank? (Select one answer only)

☐	Yes
☐	No
☐	Others, please specify ______________________________

Please provide your reasons, comments and suggestions

Question 3:

Do you agree with implementing the proposed changes in the December 2026 index rebalancing?

(Select one answer only)

☐	Yes
☐	No
☐	Others, please specify ______________________________

Please provide your reasons, comments and suggestions

Question 4:

Do you have any additional suggestions for HSTECH? (Select one answer only)

☐	Yes
☐	No
☐	Others, please specify ______________________________

Please provide your reasons, comments and suggestions

~ Thank you ~

Appendix: Detailed Methodology Comparison

	HSTECH (Current)	**HSTECH (Revamped)**
Universe	Mainboard of the HKEX	Hang Seng Composite LargeCap & MidCap Index
Turnover Requirements	Velocity Test for Tradable Indexes	No change
Sector Requirements	Classified in one of the following industries: • 10 Industrials • 23 Consumer Discretionary • 28 Healthcare • 50 Financials • 70 Information Technology	Removed
Theme Requirements	6 Tech themes and 16 Tech sub-themes	Refine 6 Tech themes and expand to 24 Tech sub-themes
Innovation Screening	R&D / Sales ≥ 5% or YoY Sales Growth ≥ 10% or Technology-enabled business	No change
Selection Criteria	Top 30 by MV	Top 40 by MV (primary) + Remaining 10 by Sales Growth (complementary)
Number of Constituents	Fixed at 30	Fixed at 50
Buffer Zone	± 20%	± 20% (For MV Stream) ± 50% (For Sales Growth Stream)
Eligibility for Stock Connect	Not applicable	No change
Review Frequency	Quarterly	No change
Rebalancing Frequency	Quarterly	No change
Fast Entry	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	No change
Weighting	Freefloat-adjusted market capitalisation weighted	No change
Capping	Non-Foreign Companies Constituent: 8% (individual) Foreign Companies Constituent: 4% (individual); 10% (aggregate for Foreign)	No change

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