



恒生指數  
HANG SENG INDEXES

# Index Methodology

For Managing the  
Hang Seng China 50 Index



## Amendment History

	Date	Description
1.0	May 2016	First Issue
1.1	November 2018	Updated Universe and share classes included in Section 3 – Constituent Eligibility
1.2	September 2019	Updated description of universe in Section 3 – Constituent Eligibility
1.3	December 2024	Updated description of MV calculation in Section 3 – Constituent Eligibility



## Table of Contents

	<i>Page</i>
1. Overview	3
2. Management Responsibility	4
3. Constituent Eligibility	5
4. Index Review and Constituent Changes	7
5. Index Calculation	9
6. Index Rebalancing	10
7. Dissemination	11
8. Contact Information	12



# 1 Overview

- 1.1 The Hang Seng China 50 Index (“HSC50”) measures the overall performance of the 50 largest China companies (in terms of market capitalisation) listed on the Hong Kong and / or mainland China stock markets.
- 1.2 The HSC50 is freefloat-adjusted, market-capitalisation weighted with a 10% cap on individual companies.
- 1.3 The HSC50 is calculated and disseminated real-time at 2-second intervals during the trading hours when the Hong Kong and/or Mainland stock markets are open.



## 2 Management Responsibility

### Hang Seng Indexes Company Ltd (“HSIL”)

- 2.1 HSIL is responsible for conducting regular reviews according to the Index Methodology.
- 2.2 HSIL is responsible for monitoring company announcements and making ad hoc proposals if constituent changes between the regular reviews are needed.
- 2.3 HSIL is responsible for seeking the HSIL Index Governance Committee’s endorsement of any special action in cases where, due to exceptional circumstances, an index review is not conducted according to the Index Methodology.
- 2.4 HSIL is responsible for seeking the HSIL Index Governance Committee’s endorsement of changes to the Index Methodology.

### HSI Advisory Committee

- 2.5 When a change to the index methodology is considered material, i.e. affecting the principles/objectives of the index construction; or resulting changes in the rules impacting the index universe, constituent selection and their weightings, as per agreement by the HSIL Index Governance Committee, it will be brought to the HSI Advisory Committee for advice.



## 3 Constituent Eligibility

### Universe

- 3.1 The universe for the HSC50 (“Universe”) includes constituents of the Hang Seng Composite Index, and companies listed on the Shanghai Stock Exchange (“SSE”) and the Shenzhen Stock Exchange (“SZSE”).

### Eligible Companies

- 3.2 A company is eligible if either its Hong Kong-listed shares or Mainland-listed shares have fulfilled the following eligibility criteria.

#### *Hong Kong-listed shares*

- 3.3 Hong Kong-listed shares should be constituents of Hang Seng China (Hong Kong-listed) 100 Index (“HSCHK100”).

#### *Mainland-listed shares*

- 3.4 Mainland-listed A-shares should be on the A300 List as described in 3.5 below.
- 3.5 The A300 List is formed as follows:
- It is derived from all the A-shares listed in the Mainland market.
  - It ranks according to the average daily A-share market value (“MV”) of the past 12 months (“12-month average A-share MV”).
  - It excludes A-shares that:
    - rank in the lowest 10th percentile in terms of total market turnover over the past 12-month period;
    - are classified as ST/\*ST shares or S-shares; or
    - have been suspended for more than one month as of the end of the review period (for non-existing constituents only).
  - The top 300 A-shares ranked in terms of 12-month average A-share MV after exclusions detailed in (c) will form the A300 List.

### Constituent Company Selection

- 3.6 The total MV of all classes of shares (including unlisted portion) of eligible companies will be used for ranking.

*Note: The estimated price for any unlisted share is the average price weighted by number of each class of listed shares. For “AH” companies, the  $P^A$  and  $P^H$  in the below formula will be adjusted to the same currency for calculation.*

$$\text{Price for unlisted share} = \frac{P^A \times \text{No. of A - share} + P^H \times \text{No. of H - share}}{\text{No. of A - share} + \text{No. of H - share}}$$



## 3 Constituent Eligibility

- 3.7 The total MV of a company refers to the average of the daily market values of the past 12 months of any review period. For those companies with a listing history of less than 12 months, the total MV refers to the average of the past trading days since the company made its listing debut.
- 3.8 The 50 companies with the highest rank based on total MV will be selected as constituents of the HSC50.

### Special Treatment for “AR” Companies

- 3.9 An “AR” Company is defined as a Red-chip that is listed on the SEHK but that also has an A-share listing on a Mainland stock market, which can be in the form of two companies and is therefore different from “AH” Company.
- 3.10 China Unicom was an example of “AR” Company. China Unicom “A” (600050.SS) is the holding company of China Unicom “R” (0762.HK), which wholly owns the subsidiaries engaging in telecommunications business and does not have other businesses.
- 3.11 Note: An “AH” Company is one company issuing two classes of shares, while an “AR” Company can be in the form of two different companies where one is the holding company of the other.
- 3.12 For “AR” Company, the following rules on its selection as constituent will be applied:
- (a) in index reviews, the two stocks will be ranked separately by their respective full MV;
  - (b) either the “A”-class company or the “R”-class company can be selected as a constituent, and the inclusion of one company would not lead to the automatic selection of the other company;
  - (c) if both “A” and “R”-class companies are selected as constituents, they will only take one constituent space in the index.

### Number of Constituents

- 3.13 The number of constituents is fixed at 50.
- 3.14 If a company has both A-shares and HK-listed shares, both classes of shares will be included in the HSC50.



## 4 Index Review and Constituent Changes

### Regular Half-yearly Review

- 4.1 HSIL undertakes regular half-yearly reviews of constituents of the HSC50 with data cut-off dates of the end of June and the end of December each year.
- 4.2 Half-yearly reviews are normally completed within eight weeks after the end of June and December.
- 4.3 The reviews are based on the reviewed HCHK100 and the A300 List.

*Note: In regular reviews, the A300 List is reviewed half-yearly according to 3.5, and any stocks with an A-share MV rank that falls below the top 360 will be removed, while stocks ranking 240th or above will be included in the A300 List.*

- 4.4 Eligible candidates will be selected as constituents of the HSC50 if they satisfy the requirements of 3.6-3.8.

### Buffer Zone

- 4.5 Existing constituent companies ranked lower than 60th will be removed from the HSC50, while non-constituent companies ranked 40th or above will be included. If the number of incoming companies is greater than the number of outgoing constituent companies, constituent companies with the lowest MV rank will be removed from the index in order to maintain the number of constituent companies at 50. If the number of incoming companies is smaller than the number of outgoing constituent companies, companies with the highest rank will be added to the index in order to maintain the number of constituent companies at 50.

### Reserve List

- 4.6 The five non-constituent companies with the highest-ranking by MV will fall into a Reserve List. The purpose of the Reserve List is to replace any outgoing constituent company between regular reviews in cases where a constituent company may be removed due to stock suspension or delisting.



## 4 Index Review and Constituent Changes

### ***Effective Date***

- 4.7 Effective dates of constituent changes will be the next trading day after the first Friday of March and September each year. If that Friday falls on a public holiday in either Hong Kong or the Mainland, it will be postponed to the next Friday, subject to the final decision made by HSIL. Under normal circumstances, five trading days' notice (days when both Hong Kong and Mainland stock markets are open) will be given for any constituent changes before the effective dates.

### **ST/\*ST Treatment**

- 4.8 If the A-shares of a constituent company have been classified as ST/\*ST stocks, the company will be removed from the index and a replacement will be identified from the Reserve List. The effective date will be the next trading day after the first Friday of the following month. If that Friday falls on a public holiday in either Hong Kong or the Mainland, it will be postponed to the next Friday, subject to the final decision made by HSIL.

### **Trading Suspension**

- 4.9 Any constituent company that has been suspended from trading 1) due to bankruptcy / regulatory investigation, OR 2) for three months will be removed from the index and replaced as soon as possible by the highest ranked candidate on the latest Reserve List. Such constituent company may be retained in the index only in exceptional circumstances if it is believed that its shares are highly likely to resume trading in the near future. Please refer to the Index Operation Guide for details.



## 5 Index Calculation

- 5.1 The HSC50 is freefloat-adjusted MV weighted with a 10% cap on individual companies.  
5.2 The formula is set out below:

$$\text{Current Index} = \frac{\sum_{i=1}^n \sum_{j=1}^m (P_{i,t}^j \times \frac{1}{FX_t^j} \times IS_i^j \times FAF_i^j \times CF_i)}{\sum_{i=1}^n \sum_{j=1}^m (P_{i,t-1}^j \times \frac{1}{FX_{t-1}^j} \times IS_i^j \times FAF_i^j \times CF_i)} \times \text{Yesterday's Closing Index}$$

$P_{i,t}^j$  = Price of j-class shares of Company i at time t  
(j-class: A-shares & HK-listed shares)

$IS_i^j$  = Total issued j-class shares of Company i

$FAF_i^j$  = Freefloat-adjusted factor of j-class shares of Company i

$CF_i$  = Capping Factor on Company i

$FX_t^j$  = Foreign Exchange Rate of a traded currency of j-class shares vs. USD at time t

- 5.3 The HSC50 is a price index without adjustment for cash dividends or warrant bonuses.



## 6 Index Rebalancing

- 6.1 The following provides the general principles for index rebalancing. Please refer to the Index Operation Guide for details about corporate actions adjustments and index rebalancing.

### Frequency and Schedule

- 6.2 The adjustment of the freefloat-adjusted factors (“FAFs”), the calculation of the capping factors (“CFs”) and the update of issued shares (“IS”) will be undertaken quarterly.
- 6.3 The regular rebalancing is usually implemented after market close on the first Friday of March, June, September and December, and comes into effect on the next trading day.
- 6.4 The schedule for regular index rebalancing is available on HSIL’s website:  
[https://www.hsi.com.hk/static/uploads/contents/en/products/is\\_update.xlsx](https://www.hsi.com.hk/static/uploads/contents/en/products/is_update.xlsx)

### Ad Hoc Changes

- 6.5 IS will be updated simultaneously with the index adjustment for corporate actions such as bonus issue, rights issue, stock split and stock consolidation.
- 6.6 Ad hoc rebalancing will be conducted if a constituent’s IS and/ or FAF is substantially different from the production data.
- 6.7 The index will also be recapped in the event of constituent changes if the newly added component has a heavier weighting than the index cap level.
- 6.8 A minimum notice period of two trading days will be given to subscribers of data products issued by HSIL for any ad hoc rebalancing.



## 7 Dissemination

- 7.1 The HSC50 is calculated and disseminated in real-time every 2 seconds during trading hours on each trading day of the Hong Kong or the Mainland China stock markets.
- 7.2 Please refer to the index dissemination time provided on HSIL's website for further details: <https://www.hsi.com.hk/static/uploads/contents/en/products/timetable.xlsx>
- 7.3 Vendor codes for the HSC50

Vendor	Code for Price Index	Code for Total Return Index
Bloomberg	HSC50	HSC50DV
Thomson Reuters	.HSC50	.HSC50DV



## 8 Contact Information

Hang Seng Indexes Company Limited

Address : 83 Des Voeux Road Central, Hong Kong

Website: [www.hsi.com.hk](http://www.hsi.com.hk)

E-mail: [info@hsi.com.hk](mailto:info@hsi.com.hk)



## Disclaimer

The information contained herein is for reference only. Hang Seng Indexes Company Limited (“Hang Seng Indexes”) ensures the accuracy and reliability of the information contained herein to the best of its endeavours. However, Hang Seng Indexes makes no warranty or representation as to the accuracy, completeness or reliability of any of the information contained herein and accepts no liability (whether in tort or contract or otherwise) whatsoever to any person for any damage or loss of any nature arising from or as a result of reliance on any of the contents of this document, or any errors or omissions in its contents and such contents may change from time to time without notice.

The information contained herein does not constitute any express or implied advice or recommendation by Hang Seng Indexes for any investments. Investment involves risks. Prospective investors should not make any investment decision based solely on the information provided herein and should seek independent investment advice to ensure that any of their decisions is made with regard to their own investment objectives, financial circumstances and other particular needs. Prospective investors should also note that value of securities and investments can go down as well as up and past performance is not necessarily indicative of future performance.

Hang Seng Indexes is a subsidiary of Hang Seng Bank Limited which is part of the group of companies under HSBC Holdings plc (“HSBC Group”). Potential conflicts of interest may arise between Hang Seng Indexes and other HSBC Group member(s). To manage actual or potential conflicts of interest, Hang Seng Indexes has in place policies and/or procedures to identify and manage conflicts of interest that relate to the creation, submission and administration of its indexes and/or that may arise between Hang Seng Indexes and other HSBC Group member(s). To reduce and avoid such conflicts of interest, each of Hang Seng Indexes and other HSBC Group members has its independent management structure and each entity acts independently and on an arm’s length basis.

© Hang Seng Indexes Company Limited 2025. All rights reserved.