



恒生指數  
HANG SENG INDEXES

# Index Methodology

For Managing the  
Hang Seng China A Industry Top  
Index



## Amendment History

	Date	Description
1.0	May 2016	First Issue
1.1	September 2019	Updated descriptions of index universe and constituent selection in Section 3 – Constituent Eligibility
1.2	July 2020	Updated handling of trading suspension
1.3	December 2024	Updated description of MV calculation in Section 3 – Constituent Eligibility



# 1 Overview

- 1.1 The Hang Seng China A Industry Top Index (“HSCAIT”) aims to provide as a benchmark for tracking the overall movements of leading companies in different industries in the mainland China A-share market.
- 1.2 The HSCAIT includes a maximum of five companies with the highest combined ranking of company market value (“MV”), net profit and revenue in each industry under the Hang Seng Industry Classification System (“HSICS”).
- 1.3 The HSCAIT is freefloat-adjusted, market-capitalisation weighted with a 10% cap on individual stocks.
- 1.4 The HSCAIT is calculated and disseminated real-time at 2-second intervals during the trading hours of the Mainland stock markets.



## 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 HSCAIT ("Universe") includes A-shares listed on the Shanghai Stock Exchange ("SSE") and the Shenzhen Stock Exchange ("SZSE").

### Eligible Stocks

- 3.2 A stock is eligible for constituent selection if it is on the A300 list as stated in 3.3 below.
- 3.3 The A300 List is formed as follows:
- a) It is derived from all the A-shares listed in the Mainland market.
  - b) It ranks according to the average daily A-share market value ("MV") of the past 12 months ("12-month average A-share MV").
  - c) It excludes A-shares that:
    - i. rank in the lowest 10th percentile in terms of total market turnover over the past 12-month period;
    - ii. are classified as ST/\*ST shares or S-shares; or
    - iii. have been suspended for more than one month as of the end of the review period (for non-existing constituents only).
  - d) 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 Selection

- 3.4 The 300 stocks are first classified into HSICS industries. A combined ranking of company MV, net profit and revenue is applied to the stocks in each industry.
- 3.5 If a stock has switched its industry classification in the past two years, it does not qualify for a "combined ranking".
- 3.6 Combined ranking scores are determined as follows:

"Score" value = Company-wide MV Rank\* x 50% + Net Profit Rank\*\* x 30% + Revenue Rank\*\* x 20%

\* "Company-wide MV" includes MVs of A-shares, B-shares, H-shares and unlisted shares, and is expressed as an average of the past 12 months (daily basis).

\*\* "Net Profit Rank" and "Revenue Rank" refer to the rank of averages of the relevant full-year figures for the past two fiscal years.

- 3.7 Stocks are ranked in ascending order based on their "scores". The top five stocks with the highest rank in each industry will be selected as constituents. If there are less than five stocks in a certain industry, all of the stocks will be selected.



## 3 Constituent Eligibility

- 3.8 If two stocks have the same final rank in a certain industry, the one with the higher freefloat-adjusted MV will be selected.

### **Number of Constituents**

- 3.9 The maximum number of constituents is capped at 60 but the actual number may be smaller depending on the number of companies in each industry.



## 4 Index Review and Constituent Changes

### Regular Annual Review

- 4.1 HSIL undertakes an annual review of constituents of the HSCAIT with a data cut-off date of the end of June each year.
- 4.2 Annual reviews are normally completed within eight weeks after the end of June.
- 4.3 The reviews are based on the reviewed A300 List.

*Note: In regular reviews, the A300 List is reviewed half-yearly according to 3.3, 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 HSCAIT if they satisfy the requirements of 3.4 to 3.8.

### Buffer Zone

- 4.5 Existing constituents ranked lower than 7th in each industry will be removed from the HSCAIT while non-constituent stocks ranked 3rd or above will be included. If the number of incoming stocks is greater than the number of outgoing constituents, constituents with the lowest combined rank will be removed from the index in order to maintain the number of constituents in each industry at five. If the number of incoming stocks is smaller than the number of outgoing constituents, stocks with the highest combined rank will be added to the index in order to maintain the number of constituents in each industry at five.

### Reserve List

- 4.6 The non-constituent stock with the highest combined rank in each industry will fall into a Reserve List. The purpose of the Reserve List is to replace any outgoing constituent between regular reviews in cases where a constituent may be removed due to stock suspension or delisting.

### Effective Date

- 4.7 Effective dates of constituent changes will be the next trading day after the first Friday of September each year. If that Friday falls on a public holiday, it will be postponed to the next Friday, subject to the final decision made by HSIL. Under normal circumstances, five trading days' notice will be given for any constituent changes before the effective date.



## 4 Index Review and Constituent Changes

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

- 4.8 If a constituent has been classified as an ST/\*ST stock, it will be removed from the index and its 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, it will be postponed to the next Friday, subject to the final decision made by HSIL.

### **Trading Suspension**

- 4.9 Any constituent 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 by the highest ranked candidate on the latest Reserve List on the monthly rebalancing date of the following month. Such constituent 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 HSCAIT is freefloat-adjusted MV weighted with a 10% cap on individual stocks.

5.2 The formula is set out below:

$$\text{Current Index} = \frac{\sum (P_t \times IS \times FAF \times CF)}{\sum (P_{t-1} \times IS \times FAF \times CF)} \times \text{Yesterday's Closing Index}$$

$P_t$  : Current Price at Day  $t$

$P_{t-1}$  : Closing Price at Day  $(t-1)$

$IS$  : Issued Shares

$FAF$  : Freefloat-adjusted Factor, which is between 0 and 1

$CF$  : Capping Factor, which is between 0 and 1

5.3 The HSCAIT 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 HSCAIT is calculated and disseminated in real-time every 2 seconds during trading hours on each trading day of the Mainland 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 HSCAIT

Vendor	Code for Price Index	Code for Total Return Index
Bloomberg	HSCAIT	HSCAITDV
Thomson Reuters	.HSCAIT	.HSCAITDV



## 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.