



恒生指數
HANG SENG INDEXES

Index Methodology

For Managing the
Hang Seng REIT Index



Amendment History

	Date	Description
1.0	September 2011	First Issue
1.1	April 2016	Updated treatment to trading suspension in Section 4 – Index Review and Constituent Changes
1.2	June 2016	1) Addition of exclusion of Companies with High Shareholding Concentration in Section 4 – Index Review and Constituent Changes 2) Updated Cap Levels in Section 5 – Index Calculation
1.3	November 2018	Updated universe and selection criteria in Section 3 – Constituent Eligibility



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1 Overview

- 1.1 The Hang Seng REIT Index (“HSREIT”) serves as a benchmark that reflects the overall movement of real estate investment trusts (“REITs”) listed in Hong Kong.
- 1.2 The HSREIT is freefloat-adjusted market capitalisation weighted with capping on individual constituent weightings.
- 1.3 The HSREIT is calculated and disseminated real-time at 2-second intervals during the trading hours of the Stock Exchange of Hong Kong (“HKEX”).



2 Management Responsibility

Hang Seng Indexes Company Ltd (“HSIL”)

- 2.1 HSIL is responsible for conducting regular reviews in accordance with the Index Methodology.
- 2.2 HSIL is responsible for monitoring company announcements and making ad hoc proposals – which must be approved by the Chairman of the HSI Advisory Committee – if constituent changes between the regular reviews are needed.
- 2.3 HSIL is responsible for seeking the HSI Advisory 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 HSI Advisory Committee’s endorsement of changes to the Index Methodology.

HSI Advisory Committee

- 2.5 The Committee is responsible for ensuring index reviews are undertaken in accordance with the Index Methodology.
- 2.6 The Committee is responsible for reviewing any actions proposed by HSIL in the event that, due to exceptional circumstances, an index review is not conducted according to the Index Methodology.
- 2.7 The Committee is responsible for reviewing and endorsing all changes to the Index Methodology as proposed by HSIL.
- 2.8 The Committee is responsible for giving advice on any issues related to the Index Methodology.



3 Constituent Eligibility

Universe

- 3.1 The universe (“Universe”) for the HSREIT includes all REITs that are constituents of the Hang Seng Composite Index (“HSCI”).

Number of Constituents

- 3.2 The number of constituent securities is variable and there is no limit on the number of constituents.

Constituent Selection

- 3.3 All REITs in the universe will be selected as constituents of the HSREIT.



4 Index Review and Constituent Changes

Regular Half-Yearly Review

- 4.1 HSIL undertakes regular half-yearly reviews of the HSREIT constituents with data cut-off dates as of the end of June and December each year.
- 4.2 A half-yearly review is normally completed within eight weeks after the end of June and December.
- 4.3 Eligible candidates will be selected as constituents of the HSREIT.

Effective Date

- 4.4 Effective dates of constituent changes will be the next trading day after the first Friday of March and September. 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 dates.

Stock Suspension

- 4.5 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 as soon as possible. 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.

High Shareholding Concentration

- 4.6 Companies with High Shareholding Concentration* will not be eligible for inclusion in the HSREIT.

* According to the "High Shareholding Concentration Announcements" posted on the Securities and Futures Commission's website.



5 Index Calculation

- 5.1 The HSREIT is freefloat-adjusted MV weighted with a cap on the weighting of individual securities. The cap levels are detailed below:

Number of Constituents	Cap Level
≥ 15	10%
8 - 14	15%
5 - 7	25%
≤ 4	100% / Number of Constituents

- 5.2 The formula of the HSREIT 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 Units

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

CF : Capping Factor, which is between 0 and 1

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



6 Index Rebalancing

- 6.1 The following provides the general principles on 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 Cap Factors (“CFs”) and the update of issued units (“IS”) will be undertaken quarterly.
- 6.3 The regular rebalancing is usually implemented after market close on the first Friday in March, June, September and December, effective on the next trading day.
- 6.4 Schedule for regular index rebalancing is available at our website 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 weighs higher 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 rebalance.



7 Dissemination

- 7.1 The HSREIT is calculated and disseminated real-time every 2 seconds during the trading hours on each trading day of Hong Kong stock market, based on the calendar of the HKEX.
- 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 The HSREIT is calculated and published in Hong Kong dollars.
- 7.4 Vendor Codes for HSREIT

Vendor	Code for Price Index	Code for Total Return Index
Thomson Reuters	.HSREIT	.HSREITDV
Bloomberg	HSREIT	HSI 33



8 Contact Information

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9 Disclaimer

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