

**HKEX KRX**  
**Semiconductor Index**  
**Methodology**

# Version History

Version	Version Date	Description
1.0	March 2026	Initial Version

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## Introduction

- 1 This document outlines the methodology of the **HKEX KRX Semiconductor Index** (“**HKEX KRX SEMI**”).
- 2 The **HKEX KRX SEMI** is designed to measure the performance of semiconductor-related companies listed in Hong Kong that are eligible for Southbound Stock Connect, together with all constituents of the KRX Semiconductor Top 15 Index, providing a cross-market benchmark that incorporates relevant mechanisms and align with ETF Connect requirements.
- 3 **HKEX KRX SEMI** is a co-branded index and jointly developed by Hong Kong Exchanges and Clearing Limited (“**HKEX**”) and Korea Exchange, Inc.(“**KRX**”). The index is calculated by Solactive AG (“**Solactive**”) in accordance with this methodology.
- 4 Index base date is 31 December 2020 and the base value is 10,000. The launch date of **HKEX KRX SEMI** is 31 March 2026.

## Index Construction

### Universe

- 1 The universe for **HKEX KRX SEMI** comprises securities listed on the Main Board of the Stock Exchange of Hong Kong (“**SEHK**”) that are eligible for the Southbound Stock Connect and securities listed on the KOSPI and KOSDAQ markets of the KRX.

### Constituent Eligibility Requirements

- 1 Hong Kong-listed security is eligible for selection if it fulfils all the criteria below:

- **Industry Requirement**

Companies classified within, or demonstrating material revenue exposure to, the following sub-sectors under the Revere Business Industry Classification System (“**RBICS**”):

Company Type	Sub-Sector Code	Sub-Sector
<b>Semiconductors-focused Securities</b>	551020	Semiconductor Manufacturing
	551030	Semiconductor Equipment and Services
<b>Supplementary Securities</b>	551010	Electronic Components
	551515	Communications Equipment
	551520	Computer Hardware and Storage

- **Listing History Requirement**

Securities must have been listed for at least 3 months.

- **Liquidity Requirement**

Securities must:

- rank within the top 80% shares by average daily turnover over the past 12 months within the respective exchanges; and
- have an average daily turnover over the past 6 months of at least HKD 20 million.

- 2 Korea-listed security is eligible for selection if it is the constituent of the **KRX Semiconductor Top 15 Index**.

## **Constituent Selection**

### **Market Capitalisation Rank**

- 1 Hong Kong-listed eligible securities are ranked in descending order by their average daily market capitalisation over the past 12 months. For securities listed for less than 12 months, the average daily market capitalisation is calculated from the listing date. The constituents will be selected in accordance with the following rules:
  - The top 15 Semiconductors-focused Securities with the highest market capitalisation will be selected as index constituents.
  - If fewer than 15 Semiconductors-focused Securities are available, all eligible securities will be included. Additional eligible Supplementary Securities with the highest market capitalisation will then be added until the number of constituents reaches 15.
- 2 All constituents of the **KRX Semiconductor Top 15 Index** will be selected as index constituents.
- 3 The total number of constituents of the index is fixed at 30.

## **Regular Review and Constituent Changes**

### **Semi-annually Index Review**

- 1 **HKEX KRX SEMI** is reviewed semi-annually, with all changes generally implemented after market close on the second Friday of June and December, and becoming effective on the following SEHK trading day. The data cut-off dates for index review are the respective exchanges' last trading day of April and October, respectively. The results of the index review are generally announced two weeks prior to the effective date.

## 2 Buffer Zone Arrangement

For Hong Kong-listed securities, existing constituents ranked below 18<sup>th</sup> will be removed from the index, while non-constituents ranked 12<sup>th</sup> or above will be added. Stocks will be added to or removed from the index to maintain the number of constituents at 15.

If fewer than 15 eligible Semiconductors-focused Securities are available, eligible Supplementary Securities will be added based on the buffer rule<sup>1</sup> until the number of constituents reaches 15.

## Quarterly Adjustments

- 1 Southbound Stock Connect eligible securities list is generally updated in March and September. Existing constituents that have been removed from Southbound Stock Connect will be removed from the index and replaced by the next highest ranked non-constituent candidate from the last semi-annually Index review. The number of constituents will be reset in the Quarterly Adjustments. All changes are generally implemented after market close on the second Friday of March and September and becoming effective on the following trading day.

## Ad Hoc Changes

- 1 If an existing constituent is removed from Southbound Stock Connect, it will be removed from the index. Such changes will generally be implemented after the close of the fifth Hong Kong cash market trading day following this. In the event of other corporate actions, **HKEX KRX SEMI** will be adjusted in accordance with the corresponding guideline<sup>2</sup>.

## Index Weighting and Rebalancing

- 1 Index recapping and rebalancing is conducted quarterly in March, June, September and December, with all changes generally implemented after market close on the second Friday of the month and becoming effective on the following trading day. The cutoff date for prices used for the recapping and rebalancing is generally the Monday preceding the implementation date.
- 2 Constituents are weighted by free-float adjusted market capitalization. The total weights of the Hong Kong-listed constituents and Korea-listed constituents are 62% and 38% respectively. In particular, Hong Kong-listed semiconductor-focused constituents and Korea-listed constituents are subject to a 12% cap at individual security level, while Hong Kong-listed supplementary constituents are subject to a 3% cap at individual security level.
- 3 **Ad Hoc Rebalancing:** If the aggregate weight of the Korea-listed constituents exceeds 38% at market close of the third trading day prior to the last trading day of March and September, an ad hoc rebalancing will be performed and will take effect on the last trading day of March and September respectively.

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<sup>1</sup> Existing constituents ranked below  $N \times 1.2$  (rounded up) will be removed, while non existing constituents ranked at or above  $N \times 0.8$  (rounded down) will be included, where N represents the number of supplementary companies required to reach the constituent count of 15.

<sup>2</sup> It is recommended to be read together with Solactive's Equity Index Methodology: <https://www.solactive.com/documents/equity-index-methodology/>

## Index Calculation

### 1 Index Calculation Formula<sup>2</sup>

$$Index_t = \frac{\sum_{i=1}^n S_{i,t} \times P_{i,t} \times f_{i,t} \times WCF_{i,t} \times FFF_{i,t}}{D_t}$$

S = Total Number of Issued Shares  
P = Closing Price  
f = Foreign Exchange Rate (if applicable)  
WCF = Weighting Cap Factor  
FFF = Free Float Factor  
D = Divisor

- 2 The Divisor is a mathematical factor defined at the inception of the Index. The Divisor is adjusted subject to corporate actions and index rebalancing<sup>2</sup>.
- 3 Total Return Index and Net Total Return Index are also calculated. The Total Return Index seeks to replicate the overall return of a portfolio that tracks the underlying price index, assuming that all cash dividends are reinvested back into the index. The Net Total Return Index considers reinvestments of all cash dividends after deducting the withholding tax. All cash dividends are applied across the overall index by changing the Divisor.

## Index Policies

- 1 **HKEX KRX SEMI** is overseen by the Index Oversight Committee (the “Committee”). The Committee comprises an equal number of representatives from each of HKEX and KRX.
- 2 The Committee is responsible for overseeing the index maintenance and ensuring the index is operated strictly adhering to the index methodology. In addition, the Committee is responsible for reviewing the index design and methodology, as well as endorsing any changes made to the index methodology.
- 3 HKEX and KRX review the methodology at least on annual basis to ensure **HKEX KRX SEMI** continues to best reflect the stated aims. All changes to the methodology are subject to the approval of the Committee. The methodology may also be amended or supplemented from time to time as appropriate in response to market development. HKEX and KRX will announce the proposed changes as soon as practicable to the market prior to implementation.
- 4 The Committee reserves the right, under exceptional circumstances, to recommend, review and endorse actions that deviate from the methodology if deemed necessary.

## Dissemination

- 1 **HKEX KRX SEMI** is calculated real-time and disseminated approximately every 15 seconds during each trading day of either the Stock Exchange of Hong Kong or Korea Exchange.
- 2 Vendor Codes:

Type	Index Name	Index Code
Price Index	HKEX KRX Semiconductor Index	HKEXKRXS
	HKEX KRX Semiconductor Index (KRW)	HKEXKRW
	HKEX KRX Semiconductor Index (USD)	HKEXKRU
Total Return Index	HKEX KRX Semiconductor Total Return Index	HKEXKRXT
	HKEX KRX Semiconductor Total Return Index (KRW)	HKEXKRTW
	HKEX KRX Semiconductor Total Return Index (USD)	HKEXKRTU
Net Total Return Index	HKEX KRX Semiconductor Net Total Return Index	HKEXKRXN
	HKEX KRX Semiconductor Net Total Return Index (KRW)	HKEXKRNW
	HKEX KRX Semiconductor Net Total Return Index (USD)	HKEXKRNU

The index value is published on the HKEX website and is also available through Bloomberg and Refinitiv and other major data vendors.

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