

# FTSE Hong Kong and China Shariah Indices

Data as at: 28 June 2024

The FTSE Global Equity Shariah Index Series has been designed to be used as the basis of Shariah compliant investment products that meet the requirements of Islamic investors globally.

Using the Large and Mid Cap stocks from the FTSE Global Equity Index Series as a base universe, constituents are then screened against a clear set of Shariah principles. Shariah screening is undertaken by Yasaar Limited, to create a Shariah compliant index series. The FTSE Hong Kong and China Shariah Indices contain Hong Kong and China stocks that meet these criteria. Their approach is described below.

## Business Activity Screening

Initially, companies involved in any of the following activities will be filtered out as non Shariah-compliant:

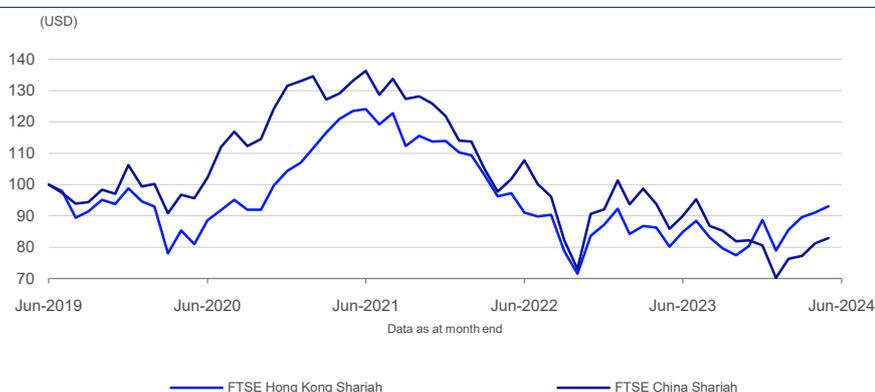
- Conventional finance (non-Islamic banking, finance and insurance, etc.);
- Alcohol;
- Pork related products and non-halal food production, packaging and processing or any other activity related to pork and non-halal food;
- Entertainment (casinos, gambling and pornography);
- Tobacco; weapons, arms and defence manufacturing.

## Financial Ratios Screening

The remaining companies are then further screened on a financial basis. The following financial ratios must be met for companies to be considered Shariah-compliant:

- Debt is less than 33.333% of total assets;
- Cash and interest bearing items are less than 33.333% of total assets;
- Accounts receivable and cash are less than 50% of total assets;
- Total interest and non compliant activities income should not exceed 5% of total revenue.

## 5-Year Performance - Total Return



## FEATURES

### Coverage

The FTSE Global Equity Shariah Index Series covers all regions across both developed and emerging markets, to create a comprehensive Shariah indexing solution.

### Impartial

By partnering with Yasaar Ltd, an impartial consultancy and leading authority on Shariah, FTSE remains neutral and fully up to date with latest practices. See [www.yasaar.org](http://www.yasaar.org) for more information.

### Fatwa-certified

The FTSE Global Equity Shariah Index Series has been fully certified as Shariah-compliant through the issue of a Fatwa (Islamic legal opinion) by Yasaar's principals.

### Asset-based debt screening

Unlike other competitor methodologies, a more conservative approach to Shariah compliance is ensured by rating debt ratio limits that are measured as a percentage of total assets, rather than more volatile measures that use 12 month trailing market capitalisation. This ensures companies do not pass the screening criteria due to market price fluctuation, allowing the methodology to be less speculative and more in keeping with Shariah principles.

### School-neutral

Yasaar Limited scholars represent all of the major Shariah schools of thought, creating a best practices approach that has credibility across the Islamic world.

### Industry Classification Benchmark (ICB)

Index constituents are categorised in accordance with the Industry Classification Benchmark (ICB), the global standard for industry sector analysis.

## Performance and Volatility - Total Return

Index (USD)	Return %						Return pa %*		Volatility %**		
	3M	6M	YTD	12M	3YR	5YR	3YR	5YR	1YR	3YR	5YR
FTSE Hong Kong Shariah	1.8	2.8	2.8	7.5	-26.5	-8.8	-9.8	-1.8	18.6	19.3	21.5
FTSE China Shariah	3.9	-0.6	-0.6	-10.9	-41.2	-19.8	-16.2	-4.3	19.6	21.6	22.9

\* Compound annual returns measured over 3 and 5 years respectively

\*\* Volatility – 1YR based on 12 months daily data. 3YR based on weekly data (Wednesday to Wednesday). 5YR based on monthly data

## Year-on-Year Performance - Total Return

Index % (USD)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
FTSE Hong Kong Shariah	1.7	-5.6	4.0	30.0	-14.9	11.0	5.6	9.2	-23.5	1.8
FTSE China Shariah	-0.1	-12.2	5.2	58.5	-15.5	17.0	23.9	-7.3	-24.5	-12.4

## Return/Risk Ratio and Drawdown - Total Return

Index (USD)	Return/Risk Ratio				Drawdown (%)			
	1YR	3YR	5YR	10YR	1YR	3YR	5YR	10YR
FTSE Hong Kong Shariah	0.3	-0.5	-0.1	0.0	-14.5	-42.7	-42.7	-42.7
FTSE China Shariah	-0.5	-0.7	-0.2	0.0	-27.8	-50.0	-53.0	-53.0

Return/Risk Ratio – based on compound annual returns and volatility in Performance and Volatility table  
Drawdown - based on daily data

## Top 10 Constituents - FTSE Hong Kong Shariah

Constituent	ICB Sector	Net MCap (USDm)	Wgt %
Techtronic Industries	Industrial Engineering	14,969	14.80
CLP Holdings	Electricity	13,259	13.11
Lenovo Group	Technology Hardware and Equipment	10,856	10.73
Hong Kong & China Gas	Gas Water and Multi-utilities	8,265	8.17
MTR Corp	Industrial Transportation	4,562	4.51
ASMP	Technology Hardware and Equipment	4,323	4.27
Samsonite International	Personal Goods	4,083	4.04
Prada	Personal Goods	3,828	3.79
Swire Pacific A	Beverages	3,563	3.52
Hongkong Land Holdings	Real Estate Investment and Services Development	3,536	3.50
<b>Totals</b>		<b>71,244</b>	<b>70.45</b>

## Top 10 Constituents - FTSE China Shariah

Constituent	ICB Sector	Net MCap (USDm)	Wgt %
JD.com (P Chip)	Retailers	31,475	5.88
Xiaomi (P Chip)	Telecommunications Equipment	30,881	5.77
BYD (H)	Automobiles and Parts	29,025	5.42
Petrochina (H)	Oil Gas and Coal	21,055	3.93
China Petroleum & Chemical (H)	Oil Gas and Coal	15,799	2.95
China Shenhua Energy (H)	Oil Gas and Coal	15,552	2.90
China Resources Land (Red Chip)	Real Estate Investment and Services Development	9,360	1.75
Haier Smart Home (H)	Household Goods and Home Construction	7,708	1.44
Shenzhou International Group Holdings (P Chip)	Personal Goods	7,398	1.38
CSPC Pharmaceutical Group (P Chip)	Pharmaceuticals and Biotechnology	6,649	1.24
<b>Totals</b>		<b>174,902</b>	<b>32.66</b>

## INFORMATION

## Index Universe

Shariah-compliant stocks in the FTSE Hong Kong and China indices from the FTSE All-World Series (Large and Mid Cap)

## Index Launch

29 October 2007

## Base Date

22 September 2003

## Base Value

FTSE Shariah Hong Kong - 988.57  
FTSE Shariah China - 1000

## Investability Screen

Actual free float applied and liquidity screened

## Index Calculation

End-of-day

## End-of-Day-Distribution

Via FTP and email

## Review Dates

Quarterly in March, June, September, December

## Currency

EUR, GBP, USD, Yen and Local

## ICB Supersector Breakdown

ICB Code	ICB Supersector	FTSE Hong Kong Shariah			FTSE China Shariah		
		No. of Cons	Net MCap (USDm)	Wgt %	No. of Cons	Net MCap (USDm)	Wgt %
1010	Technology	3	17,837	17.64	93	32,675	6.10
1510	Telecommunications	1	1,207	1.19	16	49,583	9.26
2010	Health Care	-	-	-	80	47,621	8.89
3510	Real Estate	4	13,164	13.02	29	30,781	5.75
4010	Automobiles and Parts	1	366	0.36	37	53,972	10.08
4020	Consumer Products and Services	5	12,155	12.02	27	31,964	5.97
4030	Media	-	-	-	3	470	0.09
4040	Retailers	-	-	-	10	34,912	6.52
4050	Travel and Leisure	-	-	-	1	529	0.10
4510	Food Beverage and Tobacco	4	6,269	6.20	13	14,636	2.73
4520	Personal Care Drug and Grocery Stores	1	1,703	1.68	13	5,023	0.94
5010	Construction and Materials	-	-	-	27	19,079	3.56
5020	Industrial Goods and Services	7	26,616	26.32	109	56,220	10.50
5510	Basic Resources	-	-	-	64	31,938	5.96
5520	Chemicals	-	-	-	45	11,047	2.06
6010	Energy	1	290	0.29	49	94,654	17.68
6510	Utilities	2	21,524	21.28	24	20,394	3.81
<b>Totals</b>		<b>29</b>	<b>101,130</b>	<b>100.00</b>	<b>640</b>	<b>535,498</b>	<b>100.00</b>

## Index Characteristics

Attributes	FTSE Hong Kong Shariah	FTSE China Shariah
Number of constituents	29	640
Net MCap (USDm)	101,130	535,498
Dividend Yield %	4.01	3.51
Constituent Sizes (Net MCap USDm)		
Average	3,487	837
Largest	14,969	31,475
Smallest	263	28
Median	2,658	247
Weight of Largest Constituent (%)	14.80	5.88
Top 10 Holdings (% Index MCap)	70.45	32.66



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