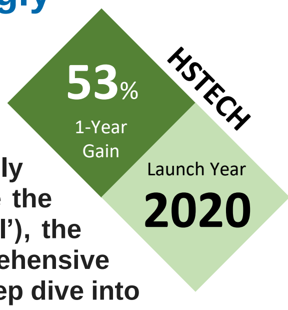
BLOG

25 July 2025

Celebrating HSTECH's 5th Anniversary: An Increasingly Comprehensive & Rapidly Expanding Ecosystem



Launched on 27 July 2020, the Hang Seng TECH Index ('HSTECH') is set to mark its 5th anniversary this month. In less than five years, the HSTECH has evolved from a nascent benchmark into one of the most prominent and widely followed indexes for technology stocks in the Hong Kong market. Alongside the Hang Seng Index ('HSI') and the Hang Seng China Enterprises Index ('HSCEI'), the HSTECH now stands as one of our flagship offerings, supported by a comprehensive and rapidly growing product ecosystem. In this blog, we are going to take a deep dive into HSTECH's remarkable journey and achievements over the past five years.

HSTECH was Launched in 2020 amidst a Growing Influence of Technology Stocks

In 2020, **the growing influence of technology stocks became increasingly evident in the Hong Kong market**, with their share of total market capitalisation and trading volume rising steadily in previous years. In particular, the pandemic accelerated digital transformation across industries, further boosting sentiment on technology themes. Against this backdrop, the HSTECH was launched in July 2020 to capture growing demand for exposure to this investment theme.

A Comprehensive Product Ecosystem Built in Under Five Years

Positioned to become our next flagship index alongside the HSI and the HSCEI, the HSTECH has quickly risen to prominence. Five years after its launch, the technology-focused index now stands as one of the key equity benchmarks for the Hong Kong market, with a comprehensive and rapidly growing ecosystem of financial products built around it.

Since its launch in July 2020, the HSTECH has rapidly established itself as one of our flagship indexes, with a vibrant product ecosystem that includes **exchange-traded products (ETPs), index funds, and derivatives such as futures, options, warrants and callable bull / bear contracts (CBBCs)**. Shortly after the introduction of the HSTECH, the first exchange-traded fund (ETF) tracking the technology-focused index was launched in August 2020 (exhibit 1). This was followed by the first HSTECH-linked leveraged and inverse (L&I) product in December of the same year. Notably, the pace of derivative product development was particularly remarkable. **While it took approximately 16.5 years and 9 years for futures with HSI and HSCEI as underlying to be introduced after the indexes' inception, HSTECH futures, alongside warrants and CBBCs were launched in November 2020, which was less than four months.**

Exhibit 1: HSTECH's Product Ecosystem

Date	Product Launch
7/27/2020	Launch of HSTECH
8/28/2020	First HSTECH-linked ETF
11/23/2020	HSTECH Futures
11/23/2020	First HSTECH-linked warrants & CBBCs
12/10/2020	First HSTECH-linked L&I
1/18/2021	HSTECH Options
11/28/2022	HSTECH Futures Options
9/2/2024	Weekly HSTECH Options

Source: HKEX, Hang Seng Indexes Company; Data as of 30 June 2025

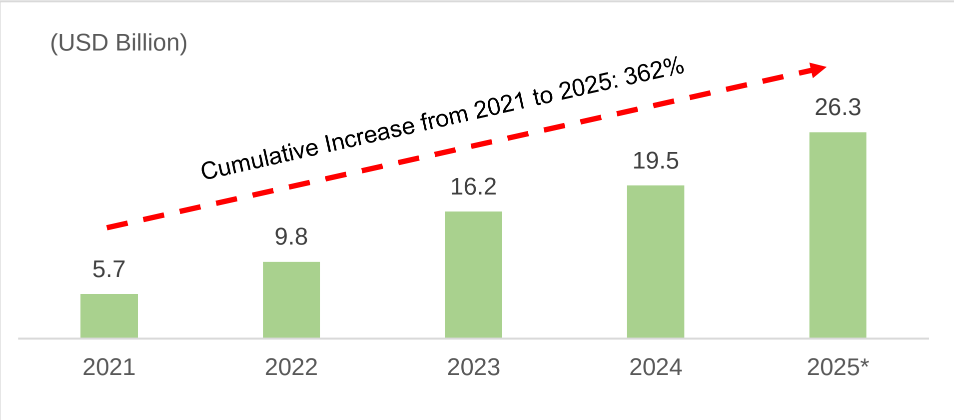
HSTECH Tops Our Index Offerings as the Most Widely Followed by ETPs

In this section and the next, we are going to dive deeper into HSTECH's rapidly growing product ecosystem.

Since the launch of the first ETF tracking the HSTECH in August 2020, the number of ETPs (ETF + L&I) listings referencing the index has steadily increased, driving consistent growth in assets under management (AUM). At the end of June 2025, **the total AUM of HSTECH-tracking ETPs reached USD26.3 billion (exhibit 2)**, representing an almost 35% increase compared to the end of 2024. During the period from 2021 to 2025, AUM grew steadily each year, resulting in a cumulative gain of 362%. **There are now 29 HSTECH-tracking ETPs listed on 13 exchanges across the U.S., Europe and Asia**, as of 30 June 2025. **This makes HSTECH the most widely tracked index amongst the Hang Seng Family of Indexes, both in terms of total AUM and number of ETPs**.

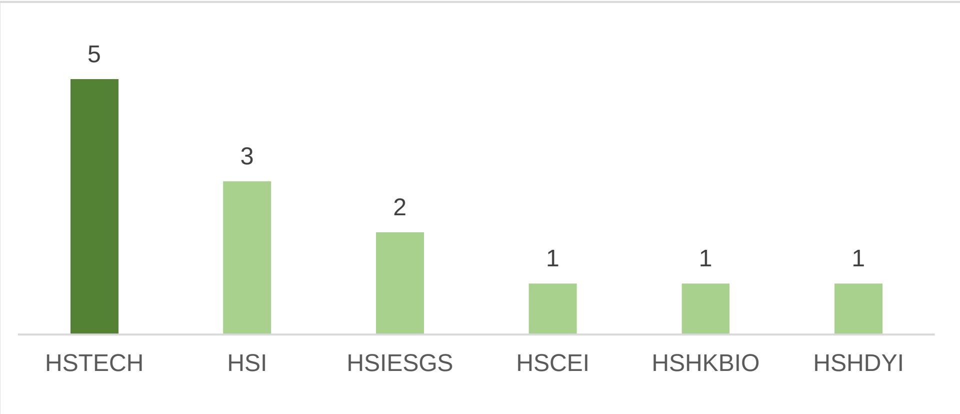
Meanwhile, Stock Connect has been instrumental to the development of Hong Kong's capital market since its launch in November 2014. As of 30 June 2025, there were 17 Southbound-eligible ETF, **13 of which track the Hang Seng Family of Indexes. Notably, five of these track the HSTECH, making it the most widely tracked index among Southbound-eligible ETFs (exhibit 3)**.

Exhibit 2: Total AUM of ETPs Tracking HSTECH



Source: Hang Seng Indexes Company; Data as of 30 June 2025

Exhibit 3: No. of Southbound-eligible ETF Tracking HSIL's Indexes

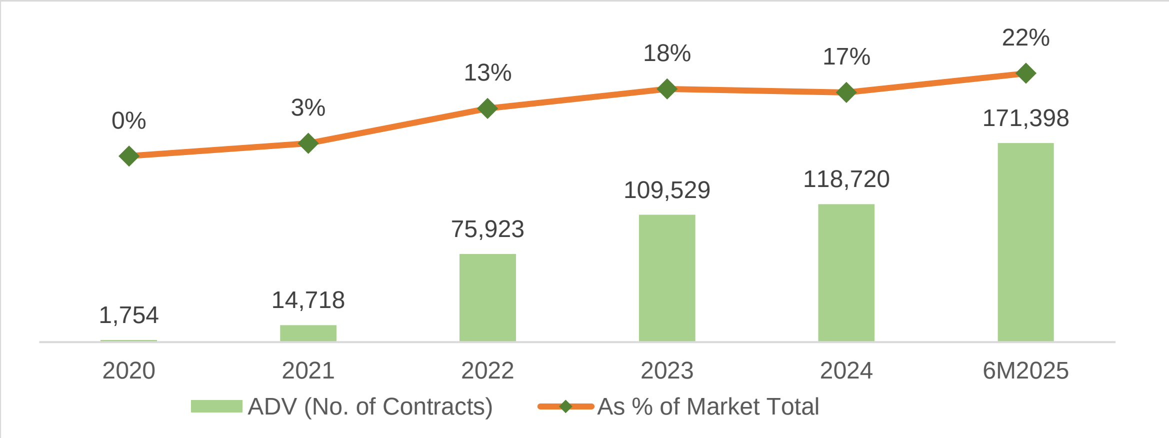


Source: Hang Seng Indexes Company; Data as of 30 June 2025

Rising Prominence of HSTECH Futures in the Hong Kong Market

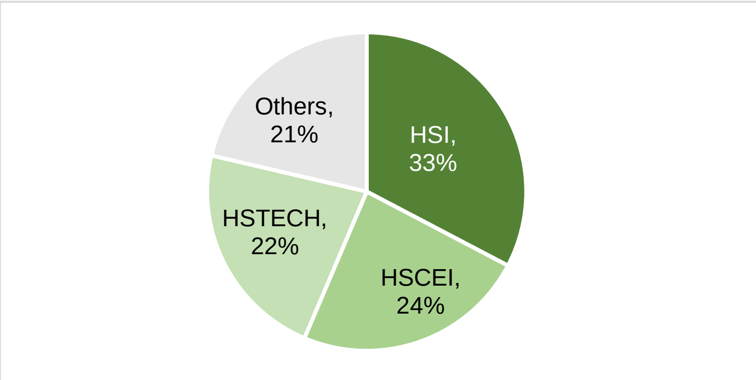
Since its launch in November 2020, trading in HSTECH futures has gained tremendous momentum over the past five years. According to HKEX data, the average daily volume (ADV) of HSTECH futures reached 171,398 contracts in the first half of 2025 (exhibit 4), representing an increase of 44% compared to 2024. In the long run, **ADV has surged by an impressive 97x since the trading of HSTECH futures first started in 2020**. **This rapid growth has boosted HSTECH futures' market share in the Hong Kong futures market to 22%, behind only the HSI and HSCEI futures (exhibit 5)**.

Exhibit 4: Average Daily Volume of HSTECH Futures



Source: HKEX, Hang Seng Indexes Company; Data as of 30 June 2025

Exhibit 5: Hong Kong Futures Market Breakdown (By ADV)



Source: HKEX, Hang Seng Indexes Company; First six months of 2025;
Data as of 30 June 2025

Consumer Discretionary was the Largest Weighting Industry of HSTECH

The HSTECH represents the 30 largest technology companies listed in Hong Kong that have high business exposure to selected technology themes such as autonomous, cloud, digital, e-commerce, fintech or internet. In addition to sector and turnover requirements, an innovation screening is also applied for constituent selection. This includes criteria such as **being technology-enabled, maintaining a minimum research and development (R&D) expense ratio of 5%, or achieving at least 10% year-on-year revenue growth**.

In terms of industry composition, **Consumer Discretionary was the dominant industry within the HSTECH, representing 56% of total weighting (exhibit 6)**, followed by Information Technology's 40%. Exhibit 7 illustrates that the top 10 constituents made up almost 71% of the index, with 6 of them coming from Consumer Discretionary.

Exhibit 6: HSTECH's Weighting Breakdown (By Industry)

Source: Hang Seng Indexes Company; Data as of 30 June 2025

Exhibit 7: HSTECH's Top 10 Constituents (By Weighting)

	Code	Company	Industry	Weighting
1	1810.HK	XIAOMI - W	Information Technology	8.9%
2	9999.HK	NTES - S	Information Technology	8.4%
3	0700.HK	TENCENT	Information Technology	7.8%
4	9988.HK	BABA - W	Consumer Discretionary	7.6%
5	1211.HK	BYD COMPANY	Consumer Discretionary	7.2%
6	3690.HK	MEITUAN - W	Consumer Discretionary	7.2%
7	9618.HK	JD - SW	Consumer Discretionary	6.9%
8	0981.HK	SMIC	Information Technology	6.2%
9	1024.HK	KUAISHOU - W	Consumer Discretionary	5.9%
10	2015.HK	LI AUTO - W	Consumer Discretionary	4.6%
			Subtotal	**70.8%**

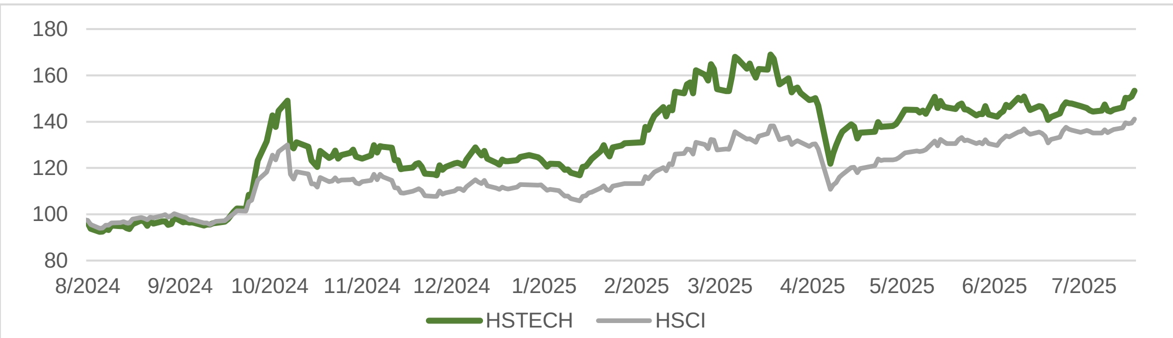
Source: Hang Seng Indexes Company; Data as of 30 June 2025

HSTECH Posted a 1-Year Gain of Over 53%

Following a nearly 19% increase in 2024, the HSTECH continued its upward momentum into 2025. As of 18 July 2025, **the technology-focused index rose by 24% year-to-date**, fueled by the January launch of DeepSeek's cost-efficient large language model (LLM), which sparked optimism on Chinese's artificial intelligence (AI) and driving gains among Chinese tech names. In addition, the HSTECH has already recouped all the losses driven by escalation of trade tensions in April 2025.

As of 18 July 2025, **the year-to-date rally has brought HSTECH's 1-year gain to more than 53%**, outperforming the broader market as represented by the Hang Seng Composite Index ('HSCI') by 12 percentage points (exhibit 8). Nonetheless, this outperformance came with greater volatility, with the HSTECH registering a 1-year annualised volatility of almost 41%, compared to HSCI's 28%, as of 18 July 2025.

Exhibit 8: HSTECH Outperformed HSCI Over the Past Year



Source: Hang Seng Indexes Company; Rebased to 100 on 18 July 2024; Data as of 18 July 2025

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