



Hang Seng Biotech Index

This methodology document should be read in conjunction with the Index Methodology General Guide on Hang Seng Indexes Co Ltd (“HSIL”)’s website.

Readers are reminded that there might be exceptions in the index handling to the below general approach in some special situations and HSIL reserves the right to determine the most appropriate handling.

Objective	To serve as a benchmark to reflect the overall performance of the 30 largest biotech companies that are listed in Hong Kong										
Universe	Constituents of the Hang Seng Composite Index that are eligible for trading under the Stock Connect Scheme										
Eligibility Criteria											
Sector Requirements	Classified in one of the following industries in the Hang Seng Industry Classification System: <table data-bbox="710 1153 1300 1339"> <thead> <tr> <th>Code</th> <th>Subsector</th> </tr> </thead> <tbody> <tr> <td>281010</td> <td>Pharmaceuticals</td> </tr> <tr> <td>281020</td> <td>Biotechnology</td> </tr> <tr> <td>281040</td> <td>Medicine Distribution</td> </tr> <tr> <td>282010</td> <td>Medical Devices & Supplies</td> </tr> </tbody> </table>	Code	Subsector	281010	Pharmaceuticals	281020	Biotechnology	281040	Medicine Distribution	282010	Medical Devices & Supplies
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281020	Biotechnology										
281040	Medicine Distribution										
282010	Medical Devices & Supplies										
Turnover Requirements	Velocity Test for Tradable Indexes										
Volatility Screening	Non-constituent Biotech Companies with stock names ending with marker “B” are subject to Volatility Screening: The 12-month historical volatility* (i.e. standard deviation of the daily logarithmic return for the past 12 months to the data cut-off date) of eligible non-constituents should not be greater than three times the 12-month historical volatility of the Hang Seng Biotech Index										
Constituent Selection											
Selection Criteria	The top 30 securities with the highest MV Rank will be selected as constituents										
Number of Constituents	Fixed at 30										



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Buffer Zone	Existing constituents ranked lower than 36th will be removed from the index, while non-constituents ranked 24th or above will be included; Securities will be added or excluded according to their MV Rank to maintain the number of constituents at 30	
Eligibility for Stock Connect Trading	Southbound – Yes	
Review Frequency	Quarterly (Data cut-off end-March / June / September / December)	
Rebalancing Frequency	Quarterly	
Fast Entry	Not applicable	
Replacement for Ad-hoc Removal	Yes, the outgoing constituent will be replaced by the highest ranked candidate from last regular review	
Weighting	Freefloat-adjusted market capitalisation weighted [#]	
Capping	10% on individual securities	
Launch Date	16 December 2019	
Base Date	31 December 2013	
Base Value	10,000	
Currency	Hong Kong Dollars	
Dissemination Frequency	Real-time at every two seconds	
Vendor Codes	Refinitiv	Bloomberg
PI	.HSBIO	HSBIO
Gross TRI	.HSBIOT	HSBIOT
Net TRI	.HSBION	HSBION

* For securities with less than 1-month of listing history, historical volatility between its listing date and the last trading day of the month following the data cut-off date will be compared with the 12-month historical volatility of the Hang Seng Biotech Index as of the data cut-off date.

Freefloat-adjusted market capitalisation of constituents that are classified under Medicine Distribution will be multiplied by a discount factor of 0.5 in the weighting calculation.

For more information on the terms used in this document and calculation details, please refer to the Index Methodology General Guide on HSIL's website.



Amendment History

	Date	Description
1.0	December 2019	First Issue
1.1	January 2021	Added minimum constituent number requirement
1.2	February 2021	Updated format of the Index Methodology
1.3	March 2023	<ul style="list-style-type: none">• Updated index objective• Added listing history requirement and fast entry rule• Updated turnover requirement• Fixed the constituent number to 50 and updated constituent selection method• Added special handling to calculate weighting for pharmaceutical distributor constituents <p>(Implemented starting from 2023Q1 index review)</p>
1.4	June 2023	Updated Sector Requirements to reflect changes in the Hang Seng Industry Classification System
1.5	December 2024	<ul style="list-style-type: none">• Changed index name (previously Hang Seng Hong Kong-Listed Biotech Index)• Rebased the index value by multiplying by 10 <p>(Effective 9 December 2024)</p>
1.6	June 2025	<ul style="list-style-type: none">• Added Southbound Stock Connect eligibility requirement and updated Index Universe• Fixed the constituent number to 30• Removed listing history requirement and fast entry rule <p>(Effective 8 September 2025)</p>
1.7	September 2025	<ul style="list-style-type: none">• Updated vendor codes (Effective 15 September 2025)
1.8	January 2026	<ul style="list-style-type: none">• Added Volatility Screening for non-constituent Biotech Companies with stock names ending with marker “B” <p>(Effective 9 March 2026)</p>



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