
News Release

19 September 2019

Changes to Methodology for CES HK Biotechnology Index

China Exchanges Services Company Limited (CESC) today (Thursday) announced changes to the methodology for CES HK Biotechnology Index, effective from its next periodic review.

CES HK Biotechnology Index will include four more selection criteria: listing history, liquidity, number of constituents and weighting factor. In addition, the fast entry rule for CES HK Biotechnology Index will be removed.

“Biotechnology is an exciting and innovative industry, where technology can play a significant and notable role. These added stock selection requirements will more accurately reflect the overall development trend of the biotechnology sector in Hong Kong,” said CESC Chief Executive Mao Zhirong.

“The update to the methodology for CES HK Biotechnology Index will also make it more representative and enhance its investable value and replicability.”

Please refer to Appendix 1 for more information about changes to methodology.

Appendix 1

Change to Methodology for CES HK Biotechnology Index

Items	Selection Criteria	Change
Listing History Screen	Exclude stocks with a listing history of less than three months.	Newly Added
Liquidity Screen	Exclude stocks with a daily average turnover velocity [^] (i.e. daily shares traded divided by total listed shares) of less than 0.05%, and meanwhile with a daily average trading value [^] of less than HK\$5 million in the most recent year.	Newly Added
Number of Constituents	After screens, the top 30 stocks ranked by daily average total market capitalization in the most recent year are chosen for inclusion in the index. If the number of remaining eligible stocks is less than 30, all eligible stocks will be included.	Newly Added
Weighting Factor	If any constituent stock is multi-listed, the calculation of its weighting factor will base on the investable shares, which are currently listed and traded on the SEHK.	Newly Added
Fast Entry Rule	When the number of constituents is less than 20, the fast entry rule will be applied to newly listed stock, which meets the selection criteria with the ad hoc addition implemented after the close of the tenth trading day of the newly listed stock.	Removed

CESC will implement the changes at its next periodic review. The revised methodology can be downloaded on [CESC website](#).

[^]For newly listed stocks, the daily average turnover velocity, daily average trading value or daily average total market capitalisation is derived from the data between the fourth trading day and the Review Cutoff Date.

About CESC

CESC is a joint venture formed and equally owned by Hong Kong Exchanges and Clearing Limited, the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Its aim is to contribute to the development of China's capital markets. Registered and incorporated in Hong Kong, CESC was officially launched in September 2012 and commenced operations on 30 October. CESC's principal businesses include compiling cross-border indices based on products traded on the Hong Kong and Mainland securities markets, developing industry classifications for listed companies, and developing information standards and information products. CESC also develops financial products to link the Mainland and Hong Kong markets with global investors. China Securities Index Company Limited is commissioned to calculate, provide index maintenance and dissemination service for the CES indices.

For further information on CESC, please visit the website at www.cesc.com.

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