Methodology of Beijing Stock Exchange 50 Index

Beijing Stock Exchange 50 Index consists of 50 securities with largest market capitalization and high liquidity listed on Beijing Stock Exchange. This index aims to reflect to overall performance of leading companies listed on Beijing Stock Exchange.

1. Index Name and Index Code

- Index Name: Beijing Stock Exchange 50 Index
- Shortened Name：BSE 50
- Index Code：899050

2. Index Universe

The index universe includes stocks listed on Beijing Stock Exchange satisfying the following conditions.

i. The listing time is more than six months, except for securities with the daily average total market value since its initial listing ranked top 5 on Beijing Stock Exchange and total issuing market capitalization over 10 billion yuan. When the number of securities listed for twelve months on Beijing Stock Exchange reaches 200 to 300, the listing time requirement adjusts to more than twelve months.

ii. Without *ST and other special treatment.

3. Constituents Selection

The BSE 50 index constituents should be under management without violation of laws and regulations, have no financial issues, no abnormal price fluctuation or strong evidence of market manipulation. They are selected as follows:

i. Rank the securities in the universe by the average daily trading value over the past six months in descending order and delete the bottom 20% securities.

ii. Rank the rest securities by the average daily total market capitalization over the past six months in descending order and select the top 50 securities as the constituents.

4. Index Calculation

4.1 Base Date and Base Value

The base date is April 29, 2022. The base value is 1000.

4.2 Index Calculation Formula

The index is calculated according to the following formula:

$$\text{Current Index} = \frac{\text{Current Total Adjusted Market Capitalization}}{\text{Divisor}} \times \text{Base Value}$$

Where Current Total Adjusted Market Capitalization= $\sum$(Security Price× Number of Free Float Adjusted Shares×Weight Factor)

For the calculation of number of free float adjusted shares, please refer to BSE Index Calculation and Maintenance

Methodology for further details. The value of Weight Factor is between 0 and 1, so that the weight of each constituent is capped at 10% and the total weight of top 5 constituents is capped at 40%.

4.3 Total Return Index and Net Return Index

To satisfy investors' needs, the daily closing data of BSE 50 Total Return Index and BSE 50 Net Return Index is calculated and disclosed.

5. Constituents and Index Weights Adjustment

5.1 Constituent's Periodical Review

The index is adjusted and rebalanced quarterly and the adjustment will be effective as of the next trading day after the 2nd Friday of March, June, September and December. Normally, the number of constituents adjusted at each periodical review shall not exceed 10%. The index adopts buffer zone rules. New candidate securities ranked top 40 will be added into the index with higher priority and old constituents ranked top 60 will be given priority to remain in the index.

For the sake of index consistency and transparency, BSE 50 index adopts a reserve list policy which is used to implement temporary adjustment between two adjacent periodical reviews. Usually, the number of securities in the reserve list accounts for 10% of the number of constituents. When more than 50% of securities in the reserve list are used, the reserve list will be updated and

announced according to the reserve list policy.

5.2 Ongoing Review

Please refer to BSE Index Calculation and Maintenance Methodology for further details.