

HKEX Bursa Malaysia Large Cap Index Methodology

Version History

Version	Version Date	Description
1.0	March 2026	Initial Version

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Introduction

- 1 This document outlines the methodology of the **HKEX Bursa Malaysia Large Cap Index (“HKEX BM LC”)**.
- 2 **HKEX BM LC** is designed to measure the performance of the largest companies listed in Hong Kong that are eligible for Southbound Stock Connect and the largest companies listed in Malaysia, providing a cross-border benchmark that incorporates relevant mechanisms and align with ETF Connect requirements.
- 3 **HKEX BM LC** is a co-branded index and jointly developed by Hong Kong Exchanges and Clearing Limited (“HKEX”) and the Bursa Malaysia Berhad (“BM”). The index is calculated by Solactive AG (“Solactive”) in accordance with this methodology.
- 4 Index base date is 31 December 2020 and the base value is 10,000. The launch date of **HKEX BM LC** is 27 March 2026.

Index Construction

Universe

- 1 The universe for **HKEX BM LC** includes securities listed on the Main Board of the Stock Exchange of Hong Kong (“SEHK”) that are eligible for the Southbound Stock Connect, and the securities listed on the Main Market of Bursa Malaysia.

Constituent Eligibility Requirements

- 1 Security is eligible for selection if it fulfils all the criteria below:
 - **Listing History Requirement**
Securities must have been listed for at least 6 months.
 - **Liquidity Requirement**
Securities must:
 - rank within the top 80% shares by average daily turnover over the past 12 months in the respective exchange; and
 - have an average daily turnover over the past 6 months of at least HKD 20 million for Hong Kong-listed securities and MYR 5 million for Malaysia-listed securities.

Constituent Selection

Market Capitalisation Rank

- 1 In each market, eligible securities are ranked in descending order by their average daily market capitalisation over the past 12 months. For securities listed for less than 12 months, the average daily market capitalisation is calculated from the listing date.
- 2 The top 30 securities in each market with the highest market capitalisation will be selected as index constituents.
- 3 The total number of constituents of the index is fixed at 60.

Regular Review and Constituent Changes

Semi-annually Index Review

- 1 **HKEX BM LC** is reviewed semi-annually, with all changes generally implemented after market close on the second Friday of June and December, and becoming effective on the following SEHK trading day. The data cut-off dates for index review are the respective exchanges' last trading day of April and October, respectively. The results of the index review are generally announced two weeks prior to the effective date.
- 2 **Buffer Zone Arrangement:** In each market, existing constituents ranked below 36th will be removed from the index, while non-constituents ranked 24th or above will be added. Stocks will be added to or removed from the index to maintain the number of constituents at 30 in each market.

Quarterly Adjustments

- 1 Southbound Stock Connect eligible securities list is generally updated in March and September. Existing constituents that have been removed from Southbound Stock Connect will be removed from the index and replaced by the next highest ranked non-constituent candidate from the semi-annually Index regular review. The number of constituents will be reset in the Quarterly Adjustments. All changes are generally implemented after market close on the second Friday of March and September and becoming effective on the following trading day.

Ad Hoc Changes

- 1 If an existing constituent is removed from Southbound Stock Connect, it will be removed from the index. Such changes will generally be implemented after the close of the fifth Hong Kong trading day following this. In the event of other corporate actions, **HKEX BM LC** will be adjusted in accordance with the corresponding guideline¹.

¹ It is recommended to be read together with Solactive's Equity Index Methodology: <https://www.solactive.com/documents/equity-index-methodology/>

Index Weighting and Rebalancing

- 1 Index recapping and rebalancing is conducted quarterly in March, June, September and December, with all changes generally implemented after market close on the second Friday of the month and becoming effective on the following trading day. The cutoff date for prices used for the recapping and rebalancing is generally the Monday preceding the implementation date.
- 2 Constituents are weighted by free-float adjusted market capitalization. The total weights of the Hong Kong-listed constituents and Malaysia-listed constituents are 62% and 38% respectively, with 12% cap at individual security level.
- 3 **Ad Hoc Rebalancing:** If the aggregate weight of the Malaysia-listed constituents exceeds 38% at market close of the third trading day prior to the last trading day of March and September, an ad hoc rebalancing will be performed and will take effect on the last trading day of March and September respectively.

Index Calculation

- 1 Index Calculation Formula¹

$$Index_t = \frac{\sum_{i=1}^n S_{i,t} \times P_{i,t} \times f_{i,t} \times WCF_{i,t} \times FFF_{i,t}}{D_t}$$

S	=	Total Number of Issued Shares
P	=	Closing Price
f	=	Foreign Exchange Rate (if applicable)
WCF	=	Weighting Cap Factor
FFF	=	Free Float Factor
D	=	Divisor

- 2 The Divisor is a mathematical factor defined at the inception of the Index. The Divisor is adjusted subject to corporate actions and index rebalancing¹.
- 3 Total Return Index and Net Total Return Index are also calculated. The Total Return Index seeks to replicate the overall return of a portfolio that tracks the underlying price index, assuming that all cash dividends are reinvested back into the index. The Net Total Return Index considers reinvestments of all cash dividends after deducting the withholding tax. All cash dividends are applied across the overall index by changing the Divisor.

Index Policies

- 1 **HKEX BM LC** is overseen by the Index Oversight Committee (the "Committee"). The Committee comprises an equal number of representatives from each of HKEX and BM.
- 2 The Committee is responsible for overseeing the index maintenance and ensuring the index is operated strictly adhering to the index methodology. In addition, the Committee is responsible for reviewing the index design and methodology, as well as endorsing any changes made to the index methodology.

- 3 HKEX and BM review the methodology at least on annual basis to ensure **HKEX BM LC** continues to best reflect the stated aims. All changes to the methodology are subject to the approval of the Committee. The methodology may also be amended or supplemented from time to time as appropriate in response to market development. HKEX and BM will announce the proposed changes as soon as practicable to the market prior to implementation.
- 4 The Committee reserves the right, under exceptional circumstances, to recommend, review and endorse actions that deviate from the methodology if deemed necessary.

Dissemination

- 1 **HKEX BM LC** is calculated real-time and disseminated approximately every 15 seconds during each trading day of either the Stock Exchange of Hong Kong or Bursa Malaysia.
- 2 Vendor Codes:

Type	Index Name	Index Code
Price Index	HKEX Bursa Malaysia Large Cap Index	HKEXBML
	HKEX Bursa Malaysia Large Cap Index (MYR)	HKEXBMM
	HKEX Bursa Malaysia Large Cap Index (USD)	HKEXBMU
Total Return Index	HKEX Bursa Malaysia Large Cap Total Return Index	HKEXBMLT
	HKEX Bursa Malaysia Large Cap Total Return Index (MYR)	HKEXBMTM
	HKEX Bursa Malaysia Large Cap Total Return Index (USD)	HKEXBMTU
Net Total Return Index	HKEX Bursa Malaysia Large Cap Net Total Return Index	HKEXBMLN
	HKEX Bursa Malaysia Large Cap Net Total Return Index (MYR)	HKEXBMNM
	HKEX Bursa Malaysia Large Cap Net Total Return Index (USD)	HKEXBMNU

The index value is published on the HKEX website and is also available through Bloomberg and Refinitiv and other major data vendors.

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Contact Information

HKEX Indices and Benchmarks Limited

8/F, Two Exchange Square

8 Connaught Place, Central, Hong Kong

www.hkex.com.hk

indices@hkex.com.hk

Bursa Malaysia Berhad

Exchange Square, Bukit Kewangan

50200 Kuala Lumpur, Malaysia

www.bursamalaysia.com

isb@bursamalaysia.com

Hong Kong Exchanges and Clearing Limited

8/F, Two Exchange Square,
8 Connaught Place,
Central, Hong Kong

hkexgroup.com | hkex.com.hk

info@hkex.com.hk
T +852 2522 1122
F +852 2295 3106