Methodology of SSE Science and Technology Innovation Board 50 Index

SSE Science and Technology Innovation Board 50 Index consists of 50 securities with largest market capitalization and good liquidity listed on SSE Science and Technology Innovation Board. The index is to measure the performance of securities of leading technological innovation-based enterprises.

1. Index Name and Index Code

- Index Name: SSE Science and Technology Innovation Board 50 Index
- Shortened Name: STAR 50
- Index Code: 000688

2. Base Date and Base Value

The base date is December 31, 2019. The base value is 1000.

3. Index Eligibility

3.1 Index Universe

The index universe includes stocks and CDRs issued by red-chip enterprises listed on SSE Science and Technology Innovation Board satisfying the following conditions.

  i.   The listing time is more than six months. When the number of securities listed for twelve months on SSE Science and Technology Innovation Board reaches 100 to 150, the listing time requirement adjusts to more than twelve months.

  ii.   For securities with the daily average total market value since its initial listing ranked top 5 on SSE Science and Technology Innovation Board, the listing time is more than three months as of the 10th trading days after usual end date of data used for periodical review.

iii. For securities with the daily average total market value since its initial listing ranked top 3 on SSE Science and Technology Innovation Board and not applied to condition ii, the listing time is more than one month when evaluated as appropriate by Index Advisory Committee.

iv. Non -*ST securities.

v. Performance without serious violation of laws and regulations, serious financial problems, strong evidence of market manipulation and other situations evaluated as inappropriate for index constituents.

3.2 Constituents Selection

(1) Rank the securities in the universe by the average daily trading value over the past year in descending order and delete the bottom 10% securities.

(2) Rank the rest securities by the average daily total market capitalization over the past year in descending order and select the top 50 securities as the constituents.

4. Index Calculation

The index is calculated according to the following formula:

Current Index = Current Total Adjusted Market-Cap / Divisor × Base Value

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

For the calculation of number of free float adjusted shares, please refer to CSI Index Calculation and Maintenance Methodology for further details. The value of Weight Factor is between 0 and 1, which is calculated at each rebalancing date, so that the weight of each constituent is capped at 10% and the total weight of top 5 constituents is capped at 40%.

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 given priority to add into the index and old constituents ranked top 60 will be given priority to remain in the index.

Weight Factor is assigned to each constituent at each rebalancing date. The effective date is the same as that of the constituent adjustment. The Weight Factor stays the same until next rebalancing date.

The index adopts a reserve list policy. Please refer to Index Calculation and Maintenance Methodology for further details. If a temporary adjustment is in need due to constituents' delisting, merger, etc., securities on the reserve list shall be added to the index in turn.

5.2 Ongoing Review

When special events occur, CSI will review the index accordingly. Delisted securities will be deleted from the constituents. Please refer to Index Calculation and Maintenance Methodology for further details.