

Methodology of CSI STAR & CHINEXT 50 Index

CSI STAR&CHINEXT 50 Index selects 50 securities of listed companies involves emerging industries from SSE STAR market and SZSE ChiNext market as constituents. The index is to measure the performance of the emerging industries securities in the above market.

1. Index Name and Index Code

- Index Name:CSI STAR&CHINEXT 50 Index
- Shortened Name: STAR&CHINEXT 50
- Index Code: 931643

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 is all the securities listed on SSE STAR market and SZSE ChiNext market, which meets the following requirements:

- i. Listed for more than one quarter, unless the security is in the top 30 in terms of average daily market capitalization since its listing.
- ii. Non -ST, *ST securities.

3.2 Eligible Securities

Liquidity Criteria: securities ranked in the top 80% in the index universe in terms of average daily trading value over the past year in descending order are eligible for inclusion.

3.3 Constituents Selection

(1) For the eligible securities, the securities whose business involves New Generation IT, High-end Equipment, New Materials, Biomedicine, New Energy Vehicles, New Energy, Energy Conservation & Environmental Protection,

Digital Creative and other emerging industries are selected as the candidates.

(2) Rank the candidates by the average daily capitalization over the past year in descending order, select top 50 securities as the index constituents.

4. Index Calculations

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 single market is capped at 80%.

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 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 for the sake of minimum turnover. 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.

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.