

Methodology of SSE Mega-cap Index

SSE Mega-cap Index consists of 20 of the largest and most liquid stocks traded on Shanghai Stock Exchange, which aims to comprehensively reflect the price fluctuation and performance of the mega cap enterprises listed at SSE.

1. Index Name and Index Code

- Index Name: SSE Mega-cap Index
- Shortened Name: SSE Mega-cap
- Index Code: 000043

2. Base Date and Base Index

The base date is Dec 31, 2003. The base level is 1000.

3. Index Eligibility

3.1 Index Universe

Constituents of SSE 180 Index.

3.2 Constituents Selection

First, calculate the daily average trading value and daily average total market cap during the most recent year.

Second, rank the stocks by daily average trading value and daily average total market cap, sum up the two ranks to get the overall rank. In principle, select the top 20 ranked stocks as the index constituents, and the limit of every industry's stock should be no more than 6.

4. Index Calculations

The index is weighted as the following calculation formula: Current Index = Current Total Adjusted Market-Cap / Divisor × Base Level

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

For the calculation of number of free float adjusted shares, please refer to Index Calculation and Maintenance Methodology for further details. The value of Weight Factor is between 0 and 1, and is calculated at each rebalancing so as to make the constituent weight less than 5%.

5. Constituents and Index Weights

5.1 Constituent's Periodical Review

The index is adjusted and rebalanced twice a year and the adjustment will be effective as of the next trading day after the 2nd Friday in June and December. The number of constituents adjusted at each periodical review will not exceed 10%. Buffer zones are used to minimize the index turnover, new candidates ranked top 16 will be given priority to enter the index and existing constituents ranked top 24 will be given priority to remain in the index.

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

5.2 Ongoing Review

In case that the representativeness and investability is affected due to significant changes beyond periodical reviews, CSI may review the constituent stocks immediately. Delisted stocks will be deleted from the constituents. Please refer to Index Calculation and Maintenance Methodology for further details.

If any constituent of the Index is changed beyond periodical reviews, the inserted constituent will inherit the weight of the deleted constituent as of the close of one trading day before the effective date of the addition. Then the Weight Factor of the inserting constituent will be calculated based on its inherited weight.