

Methodology of SSE Dividend Index

SSE Dividend Index selects 50 high and steady-cash dividend-paying companies listed in Shanghai Stock Exchange as the constituents. The index is to measure the performance of the high dividend-paying companies of Shanghai Stock Exchange.

1. Index Name and Index Code

- Index Name: SSE Dividend Index
- Shortened Name: SSE Dividend
- Index Code: 000015

2. Base Date and Base Value

The base date is December 31, 2004. The base value is 1000.

3. Index Eligibility

3.1 Index Universe

The securities in the Universe of SSE 180 Index, which meet the following requirement:

(1) Average daily total market cap in the past one year is ranked top 80% of the Universe of SSE 180 Index.

(2) Average daily trading value in the past one year is ranked top 80% of the Universe of SSE 180 Index.

(3) Continuously paid dividend in the past three years and the average payout ratio in the past three years and the payout ratio in last year are both between 0 and 1.

3.2 Constituents Selection

Rank the securities in the index universe by average cash dividend yield for the past three years and select the top 50 securities as the constituents.

4. Index Calculations

The index is calculated as according to the following formula:

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

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

$$\text{Weight Factor} = \frac{\text{dividend yield}}{(\text{Security Price} \times \text{Number of Free Float Adjusted Shares})}$$

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 each constituent is weighted by dividend yield, the weight of each constituent is capped at 10%, and the weight of each constituent with total market value of less than 10 billion yuan is capped at 1%.

5. Constituents and Index Weights Adjustment

5.1 Constituent's Periodical Review

The index is adjusted and rebalanced annually and the adjustment will be effective as of the next trading day after the 2nd Friday in December. Current constituents that don't meet the following requirements in the review will be removed:

- (1) Last year's cash dividend yield is higher than 0.5%.
- (2) Average daily negotiable market cap in the past one year is ranked top 90%.
- (3) Average daily trading value in the past one year is ranked top 90%.
- (4) Average payout ratio in the past three years is between 0 and 1.

Original constituents that meet the above requirements are still qualified for the new index universe.

Number of constituents adjusted at each periodical review will generally not exceed 20% unless more than 20% of the current constituents are removed because of lower than 0.5% cash dividend yield in last year.

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.