

Methodology of SSE Yangtze River Delta Leading Index

SSE Yangtze River Delta Leading Index selects growth companies in emerging industry and blue-chip stocks in traditional industry as the constituents. The index is to reflect the overall price performance of Yangtze River Delta Area's companies listed in SSE.

1. Index Name and Index Code

- Index Name: SSE Yangtze River Delta Leading Index
- Short Name: SSE Yangtze River Delta
- Index Code: 950083

2. Base Date and Base Index

The base date is Dec 31, 2012. The base level is 1000.

3. Index Eligibility

3.1 Index Universe

The universe includes all A-share stocks listed in SSE except that:

- The listing time of a stock is more than three months unless the daily average total market cap of a stock since its initial listing is ranked top 18 in Shanghai A shares, or
- Non-ST or *ST stocks; non-temporary suspension stocks from trading.

3.2 Constituents Selection

First, rank the stocks in the universe by the average daily trading value over the past year in descending order and delete the bottom 20% stocks.

Second, select the remaining stocks of listed companies located in Yangtze River Delta Area (Shanghai, Jiangsu, Zhejiang and Anhui Province) as candidate stocks.

Third, in each CICS sub-industry, delete the bottom 20% candidates' stocks in terms of either revenue or profit of the index.

Fourth, divide the remaining candidates into two groups based on CICS industry. In health care, information technology and telecommunication services industry, calculate each candidate's market value, ROE(TTM), growth

of profit and R&D expenditure divided by total income; in other industry, calculate each candidate's market value, E/P(TTM) and dividend yield. Respectively calculate the composite score of candidates based upon the indicators above.

Fifth, allocate the number of stocks in each group according to the number of the candidate in group. In each group, based on composite score, select top stocks to determine the final 100 constituents.

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 = Σ (Stock Price × Number of Free Float Adjusted Shares × Weight Factor) and

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, and is calculated at rebalancing period so as to make the index weighted by adjusted market capitalization and each constituent's weight capped by 5%. Adjusted market capitalization equal to composite score multiply free float market capitalization.

5. Constituents and Index Weights

5.1 Constituent's Periodical Review

The index is adjusted and rebalanced semi-annually and the adjustment will be effective as of the next trading day after the 2nd Friday in June and December.

Weight Factor is assigned to each constituent at each rebalancing. The factor is calculated using the closing data five trading days before the effective date of index 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 effected due to significant changes beyond periodical reviews, CSI may review the constituent stocks immediately. For stock suspension, CSI will judge whether to delete the stock based on specific causes. Suspended or delisted stocks will be deleted from the constituents. Necessary adjustment will be made when certain



corporate event happens so as to maintain the representativeness and investability of the index. Please refer to CSI Index Calculation and Maintenance Methodology for further details.