

## Methodology of SSE STAR Greater Bay Area Index

SSE STAR Greater Bay Area Index selects 50 securities of listed companies with the largest market capitalization and registered in the Guangdong-Hong Kong-Macao Greater Bay Area as constituents. The index is to reflect the overall performance of the securities of representative listed companies in the Guangdong-Hong Kong-Macao Greater Bay Area in the STAR Market.

### 1. Index Name and Index Code

- Index Name: SSE STAR Greater Bay Area Index
- Shortened Name: STAR Greater Bay Area
- Index Code: 000697

### 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.

(1) The listing time is more than six months. 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.

(2) Non -\*ST securities.

#### 3.2 Eligible Securities

Liquidity Criteria: securities ranked in the top 90% 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 of listed companies located in Guangdong-Hong Kong-Macao Greater Bay Area are selected as the candidates. Here Guangdong-Hong Kong-Macao Greater Bay Area is the city group consists of 9 cities from Guangdong Province (Guangzhou, Foshan, Zhaoqing, Shenzhen, Dongguan, Huizhou, Zhuhai, Zhongshan and Jiangmen), Hong Kong and Macao.

(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, so that the weight of each constituent is capped at 15%, and the total weight of top 5 constituents is capped at 60%.

#### **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.

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.