

## Methodology of SSE STAR Semiconductor 30 Custom Index

SSE STAR Semiconductor 30 Custom Index is customized by E Fund Management Co., Ltd and selects 30 securities of listed companies from STAR Market that are involved in the field of semiconductors' advanced process as constituents. It is designed to reflect the overall performance of listed companies in advanced process semiconductor area of STAR Market.

### 1. Index Name and Index Code

- Index Name: SSE STAR Semiconductor 30 Custom Index
- Shortened Name: STAR Semiconductor Custom
- Index Code: 950103

### 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

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 engaged in semiconductor materials and equipment, chip design, chip fabrication, chip packaging and testing or other fields from chip industry are selected as the candidates.

(2) Rank the candidate securities by the average daily capitalization over the past year in descending order. Select top 30 listed companies involved in the field of advanced process semiconductors as the constituents. If the number of constituents is less than 30, then select the remaining candidate securities in the aforementioned ranking order until the number of constituents reaches 30.

#### 4. Index Calculations

The index is calculated according to the following formula:

Current Index = Current Total Adjusted Market-Cap / Divisor  $\times$  Base Value

Where Current Total Adjusted Market-Cap =  $\sum$ (Security Price  $\times$  Number of Free Float Adjusted Shares  $\times$  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 constituents are weighted by the product of the ratio of R&D expenditure to revenue and the free float market value. Within the field of advanced process semiconductors, the weight of a single constituents shall not exceed 10%. For other fields, the weight of a single constituents shall not exceed 3%, and the total combined weight of constituents in other fields shall not exceed 10%.

#### 5. Constituents and Index Weights

##### 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 in 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.