

Methodology of SSE STAR Semiconductor Material & Equipment Thematic Index

SSE STAR Semiconductor Material & Equipment Thematic Index selects securities of listed companies on the STAR Market that are involved in the fields of semiconductor materials and equipment as index constituents. The index is to reflect the overall performance of securities of listed companies in the semiconductor materials and equipment area on the STAR Market.

1. Index Name and Index Code

- Index Name: SSE STAR Semiconductor Material & Equipment Thematic Index
- Shortened Name: STAR Semiconductor Material & Equipment
- Index Code: 950125

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.

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, select securities of listed companies whose business are related to semiconductor packaging materials, semiconductor substrate materials, semiconductor process materials, semiconductor material manufacturing equipment, semiconductor manufacturing equipment and semiconductor Packaging and Testing Equipment area as candidate securities;

(2) Rank the candidate securities by the average daily capitalization over the past year in descending order, and select top 30 listed companies of CSI Semiconductor Materials and Equipment Industry as index constituents. If the number of index constituents is less than 30, the remaining candidates are selected as index constituents based on their descending order of average daily market capitalization over the past year 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 weight of constituent in CSI Semiconductor Materials & Equipment Industry is capped at 10%, the weight of other constituent is capped at 3%.

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 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.