

Methodology of SSE 580 Index

SSE 580 Index selects 580 securities with small market capitalization and relatively good liquidity from Shanghai Stock Exchange as constituents. The index is to measure the performance of listed companies with small market capitalization in SSE.

1. Index Name and Index Code

- Index Name: SSE 580 Index
- Shortened Name: SSE 580
- Index Code: 950580

2. Base Date and Base Value

The base date is December 28, 2018. The base value is 1000.

3. Index Eligibility

3.1 Index Universe

Same as the universe of SSE 180 Index

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, delete securities whose ESG ratings are C or below C;

(2) For the rest of the securities, select securities which meet following criteria as candidates:

- Not the constituents of SSE 180 Index or SSE 380 Index;
- Ranked below 500 by average daily total market capitalization over the past year in descending order in the Index Universe.

(3) Rank the candidates by average daily total market capitalization over the past year in descending order and select the top 580 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 \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 the constituent is capped at 10% and the total weight of top 5 constituents is capped at 40%.

5. Constituents and Index Weights Adjustment

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. Number of constituents adjusted at each periodical review will not exceed 20%.

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.