

Methodology of SSE Smart Home Index

SSE Smart Home Index selects 50 securities of listed companies which provide products and services related to smart home terminal equipment, smart home parts and accessories, home intelligence and whole-home interconnection from Shanghai Stock Exchange as constituents. The index is to measure the performance of the SSE listed securities from smart home industry.

1. Index Name and Index Code

- Index Name: SSE Smart Home Index
- Shortened Name: SSE Smart Home
- Index Code: H50056

2. Base Date and Base Value

The base date is June 29, 2012. 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, select the securities of listed companies providing following products and services as candidates:

- smart home terminal equipment: including smart home appliances, smart furniture, smart security and whole-home solutions;
- smart home parts and accessories: including components for smart home appliance and furniture, motion control equipment and smart display components;

- home intelligence and whole-home interconnection: including machine vision, voice semantics, AIoT chips, sensors, wireless communication modules, etc.

(2) Rank the candidates by the average daily capitalization over the past year in descending order, and select the top 50 candidates as the constituents.

4. Index Calculations

The index is calculated according to the following formula:

$$\text{Current Index} = \frac{\text{Current Total Adjusted Market-Cap}}{\text{Divisor}} \times \text{Base Value}$$

Where Current Total Adjusted Market-Cap = $\sum(\text{Security Price} \times \text{Number of Free Float Adjusted Shares} \times \text{Weight Factor})$

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 each constituent from the Household Appliance and Home Furnishing industry is capped at 10%, while each other constituent is capped at 3%.

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. Normally, the 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.