Methodology of SSE STAR Artificial Intelligence Application Premium Selected Index

SSE STAR Artificial Intelligence Application Premium Selected Index selects 30 securities of listed companies with business involved in AI application from the companies listed on the STAR Market as the index constituents. The index is to measure the overall performance of AI application theme in the above market.

1. Index Name and Index Code

- Index Name: SSE STAR Artificial Intelligence Application Premium Selected Index
- Shortened Name: STAR AI Application
- Index Code: 950398

2. Base Date and Base Value

The base date is December 30, 2022. 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, exclude securities of listed companies whose CSI ESG rating is C or below.

(2) For the eligible securities, select the securities of listed companies with business involved in the following AI application as the candidate securities:

- Development of foundational models and industry-specific models: covering large and small models under unimodal and multimodal technical routes, as well as algorithm development of industry-specific models for healthcare, finance and other specialized sectors;
- Manufacturing of intelligent terminals and components based on technologies such as deployment adaptation, lightweight optimization, and software-hardware integration of foundational models and industry-specific models;
- Provision of application software development or technical services for segmented business scenarios based on technologies related to foundational models and industry-specific models.

(3) Rank the candidates by the average daily capitalization over the past year in descending order,and select top 30 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 = Σ(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, which is calculated at each rebalancing date, so that the weight of each constituent is capped at 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 of 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.