Methodology of SSE Brand Name Drug STAR Leaders Index

SSE Brand Name Drug STAR Leaders Index selects 40 securities of listed companies from SSE STAR board and SSE Main Board, which feature higher R&D level and growth rates in the brand name drug sector as the constituents. STAR Board index constituents will receive a higher weight.The index is to measure the performance of brand name drug sector in the above markets.

1. Index Name and Index Code

- Index Name: SSE Brand Name Drug STAR Leaders Index
- Shortened Name: Brand Name Drug STAR Leaders
- Index Code: 950441

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 Non-ST or *ST stocks and CDRs issued by red-chip enterprises listed on SSE, and meets the following requirements:

(1)SSE Main Board securities:the listing time is more than 3 months.

(2) SSE STAR board securities: the listing time is more than 6 months.

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 engaged in brand name drug sector as candidates, excluding CXO companies which provide research and development services for pharmaceutical companies;

(2)For the remaining securities,evaluate ascending percentile rankings of

R&D expenditure over the past year, the ratio of R&D expenditure to operating revenue over the past three years, and the growth rate of operating revenue respectively.The comprehensive score is the average of the above three indicators;

(3)Rank the candidates by the comprehensive score in descending order,and first select top 20 securities from SSE STAR Board and then select from the remaining candidates in descending order by comprehensive score until 40 constituents are selected.

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 each constituent is weighted by the free float market value adjusted by the comprehensive score. Each constituent is capped at 15%, the total weight of top 5 constituents is capped at 60%,and the total weight of SSE STAR Board constituents is no less than 80%.

5. Constituents and Index Weights Adjustment

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 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.