

Methodology of CSI A500 Index

CSI A500 Index selects 500 securities with large market capitalization and good liquidity from each sector. The index is to measure the overall performance of representative companies in each sector.

1. Index Name and Index Code

- Index Name: CSI A500 Index
- Shortened Name: CSI A500
- Index Code: 000510

2. Base Date and Base Value

The base date is December 31, 2004. The base value is 1000.

3. Index Eligibility

3.1 Index Universe

Same as the Universe of CSI All Share Index

3.2 Eligible Securities

Liquidity Criteria: 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) Select securities which meet following criteria as candidates:

- Rank top 1500 by average daily total market capitalization¹ over the past year in the Index Universe;
- Eligible for Shanghai or Shenzhen Stock Connect;
- For securities listed on the main board, the proportion of free float market capitalization within the corresponding industry should be greater than 2%.

(3) For candidates, select securities with largest free float market capitalization in each industry or total market capitalization ranked top 1% in index universe as the index constituents in priority.

(4) For the remaining candidate, select securities as the index constituents from each sector by free float market capitalization in descending order to make the number of index constituents reach 500 and the free float market capitalization weight of each sector in the index close to the corresponding sector in the universe.²

4. Index Calculation

The index is calculated according to the following formula:

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

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

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 the weight of each constituent is capped at 10% and the total weight of top 5 constituents is capped at 40%.

5. Constituents and Index Weights Adjustment

¹ The total market capitalization and the free float market capitalization used in constituents selection both are average daily data of the past year.

² Detailed approach: Calculate the free float market capitalization weight of each sector in the constituents. Find out the sector with the lowest weight compared to the corresponding sector in the universe. Then select the security with the largest free float market capitalization from the remaining securities of this sector as index constituents. Repeat this step until the number of constituents reaches 500.

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. Number of constituents adjusted at each periodical review will not exceed 10%. Buffer rules are applied for constituent's periodic review. For old constituent listed on the main board, if its proportion of free float market capitalization within the corresponding industry is greater than 1%, then it is still eligible for candidates; According to the selecting results from step(4) of constituents selection, new candidates ranked top 400 will be given priority to add into the index and old constituents ranked top 600 will be given priority to remain in the index.

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. If the eligible securities under Shanghai or Shenzhen Stock Connect change, the constituents will be adjusted accordingly.