

Methodology of CSI 2000 Index

CSI 2000 Index selects 2000 small cap securities with good liquidity in A-shares market that are not included in CSI 800 Index constituents and CSI 1000 Index constituents. The index is part of the CSI size index series, along with the CSI 300, CSI 500 Index, and CSI 1000 Index, aiming to reflect the performance of different market-cap securities in A-share market.

1. Index Name and Index Code

- Index Name: CSI 2000 Index
- Shortened Name: CSI 2000
- Index Code: 932000

2. Base Date and Base Value

The base date is Dec 31, 2013. 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 the listed companies with negative net profits. Delete the constituents of CSI 800, the constituents of CSI 1000 and the top ranked 1500 securities in the universe by average daily total market capitalization over the past year.

(2) Rank the candidates by the average daily capitalization over the past year in descending order, select top 2000 securities as the index constituents.

4. Index Calculations

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

For the calculation of number of free float adjusted shares, please refer to CSI Index Calculation and Maintenance Methodology for further details.

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%. The index adopts buffer zone rules. New candidates ranked top 1600 will be given priority to add into the index and old constituents ranked top 2400 will be given priority to remain in the index. Reserve list is created at each periodical review.

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.