

SZSE SME 100 Index Methodology

1. Code and Name

Index Name: SZSE SME 100 Index

Short Name: SME 100

Index Code: 399005

Index Name: SZSE SME 100 Total Return Index

Short Name: SME 100 TRI

Index Code: 399333

2. Base Date and Base Point

Base Date: June 7, 2005

Base Point: 1000

3. Index Universe

All A shares listed on the original SME Board of Shenzhen Stock Exchange satisfying the following criteria:

- 3.1 Not labelled as ‘special treatment’ (ST, *ST);
- 3.2 Listed for more than 6 months, with the exception of ranking

in the top 1% of Shenzhen market by A share total market cap;

- 3.3 No major violations in laws and regulations, and no major problems in financial reports in the latest year;
- 3.4 No abnormal operation or substantial losses in the latest year;
- 3.5 No abnormal fluctuation in stock price during the review period.

4. Selection Criteria

Original constituents of SZSE SME 100 Index consist of 100 stocks, after that, index constituents are selected from the index universe as follows:

Calculate the A share daily average total market cap and A share daily average trading value within the latest 6 months in the index universe;

Rank the stocks by A share daily average trading value in descending order and remove bottom 10% stocks;

Rank remaining stocks by A share daily average total market cap in descending order and select top 100 stocks as index constituents.

In case of similar rankings, stocks with strong industry representativeness and good financial performance are preferred.

5. Index Calculation

SZSE SME 100 Index is calculated according to the Paasche weighted method, real-time calculation is carried out daily according to the following formula:

$$\text{real time index} = \text{last trading day closing index} \times \frac{\sum (\text{constituent's real time stock price} \times \text{No. of shares})}{\sum (\text{constituent's last trading day closing price} \times \text{No. of shares})}$$

For adjustment method of No. of shares, please refer to Index Calculation and Maintenance Methodology.

6. Index Review

6.1 Periodic Review

The index is reviewed semi-annually. Periodic reviews are implemented on the next trading day after market closing of the second Friday in June and December each year. Announcements of periodic reviews are published two weeks before implementation.

The number of new constituents in each periodic review shall not exceed 10% of the total number of index constituents. New candidate stocks ranking top 70% of the total number of index

constituents are selected in order, existing constituents ranking top 130% are remained in the index with priority.

After new constituents are determined, remaining stocks will be ranked by selection indicator in descending order and 5% of the total number of index constituents will be selected as reserved stocks.

6.2 Non-periodic Review

If a constituent is subject to delisting, it will be replaced by the highest ranked reserved stock.

For constituents subject to risk alert, M&A and split, please refer to Shenzhen Component Index Methodology.