

CNI Robot Index Methodology

CNI Robot Index is designed to reflect performance of companies in the robot industry listed on Shenzhen Stock Exchange, Shanghai Stock Exchange and Beijing Stock Exchange, providing an index investment instrument.

1. Code and Name

Index Name: CNI Robot Index

Short Name: CNIROBOT

Index Code: 980022

2. Base Date and Base Point

Base Date: December 31, 2014

Base Point: 1000

3. Index Universe

All A-shares and depositary receipts issued by red chip enterprises satisfying the following criteria:

3.1 Not labelled as ‘special treatment’ (ST, *ST);

- 3.2 Listed on SSE STAR Market and BSE for more than 1 year or listed on other markets for more than 6 months;
- 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 security price during the review period;
- 3.6 Company business classified as robot bodies, core components and other fields related to the robot industry.

4. Selection Criteria

- 4.1 Rank the securities in the index universe by daily average trading value within the latest 6 months in descending order and remove the bottom 10% securities;
- 4.2 Rank remaining securities by daily average total market cap within the latest 6 months in descending order and select top 50 securities as index constituents.

5. Index Calculation

The index is calculated according to the Paasche weighted method, the calculation is carried out daily according to the

following formula:

$$\begin{aligned} & \text{current index} \\ &= \text{last trading day closing index} \\ & \times \frac{\sum (\text{constituents' security price} \times \text{No. of shares} \times \text{adjustment factor})}{\sum (\text{constituents' last trading day closing price} \times \text{No. of shares} \times \text{adjustment factor})} \end{aligned}$$

For adjustment method of No. of shares, please refer to ‘Index Calculation and Maintenance Methodology’. For adjustment factor, please refer to ‘7. Adjustment for Constituents’ Weights’.

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 securities ranked top 70% of the total number of index constituents are selected in order, existing constituents ranked top 130% are remained in the index with priority.

Rank the securities not selected as index constituents by daily

average total market cap in descending order and select 5% of the total number of index constituents as reserved securities.

6.2 Non-periodic Review

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

For the constituents subject to risk alert, M&A and split, please refer to CNI 1000 Index Methodology.

7. Adjustment for Constituents' Weights

In index calculation, the adjustment factor to calculate the free-float market cap of respective constituent from the field of robot bodies and core components is set by 1, and the weight is capped at 5%. The adjustment factor to calculate the free-float market cap of respective constituent from other fields is set by 0.5, and the weight is capped at 3%.

The adjustment factor is recalculated twice a year and implemented in periodic reviews. The adjustment factor generally remains constant before next periodic review.

In case of non-periodic review, the new constituent inherits the

weight of the replaced security on its last trading day before the review. The adjustment factor for the new constituent is calculated accordingly.