Methodology of CSI Sub-industry Indices

CSI Sub-industry Indices are composed of 7 sub-industry Indices and select from corresponding securities with large market-cap and good liquidity to reflect price performance of sub-industry securities.

1. Index Name and Index Code

Index code	Index name
000811	CSI Non-ferrous Metal Sub-industry Index
000812	CSI Machinery Sub-industry Index
000813	CSI Chemicals Sub-industry Index
000814	CSI Health Care Sub-industry Index
000815	CSI Food & Beverage Sub-industry Index
000816	CSI Real Estate Sub-industry Index
000818	CSI Financials Sub-industry Index

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 Constituents Selection

(1) Rank the securities in the universe by the average daily trading value over the past year in descending order and delete the bottom 20% securities.

(2) Non-ferrous metal ore mining etc. are classified as non-ferrous metal sub-industry; electrical equipment etc. are classified as Machinery sub-industry; chemicals and so on are classified as Chemicals sub-industry; biotechnology

etc. are classified as Health Care sub-industry; food processing etc. are classified as food & Beverage sub-industry; real Estate etc. are classified as Real Estate sub-industry; banks etc. are classified as Financials sub-industry.

(3) Select the top 50 securities in sub-industries by average daily market cap over the past year as constituents of CSI Sub-industry indices. For sub-industries that consists no more than 50 securities, all the securities are selected as constituents.

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 = ∑(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, and is calculated at each rebalancing so as to make each constituent weight no more than 15%.

5. Constituents and Index Weights

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. The effective date is the same as that of the constituent adjustment. The Weight Factor stays the same until next rebalancing day.

5.2 Ongoing Review

In case that the representativeness and investability is affected due to significant changes beyond periodical reviews, CSI may review the constituent securities immediately. Delisted securities will be deleted from the constituents. Please refer to Index Calculation and Maintenance Methodology for further details.