Methodology of CSI Dividend Low Volatility 100 Index

CSI Dividend Low Volatility 100 Index selects 100 securities with good liquidity, continuous dividend-paying record, high dividend yield and low volatility as constituents. The Index is weighted by dividend yield divided by volatility. The index is to measure the performance of high dividend yield and low volatility companies.

1. Index Name and Index Code

- Index Name: CSI Dividend Low Volatility 100 Index
- Shortened Name: CSI Dividend Low Volatility 100
- Index Code: 930955

2. Base Date and Base Value

The base date is December 30, 2005. 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) Select the securities that continuously paid dividend in the last 3 years with cash dividend yield higher than 0 each year.

(3) For the securities selected in step (2), calculate the dividend yield and the volatility of the past year, where the dividend yield is calculated as the following formula:

dividend yield = average cash dividend for the past 3 years /total market

value at rebalancing day

(4) Rank the rest securities by the dividend yield in descending order and select the top 300 securities. And rank the 300 securities by volatility of the past year in ascending order and select the top 100 securities as the 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 = Σ(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, which is calculated at each rebalancing date and subject to the above weight allocation requirement, so that the constituent is weighted by dividend yield divided by volatility of the past year and the weight of each CSI's 2nd Level industry is capped at 20%.

5. Constituents and Index Weights Adjustment

5.1 Constituent's Periodical Review

The index is adjusted and rebalanced quarterly and the adjustment will be effective as of the next trading day after the 2nd Friday in March, June, September 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.

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.