

Methodology of CSI MarketGrader China 200 Index

CSI MarketGrader China 200 Index selects 200 stocks which are characterized by sound fundamentals and potential growth as constituents. The index is equally weighted at each of its semi-annual rebalances. It aims to reflect the performance of companies with sound fundamentals and potential growth in Shanghai and Shenzhen market.

1. Index Name and Index Code

- Index Name: CSI MarketGrader China 200 Index
- Shortened Name: CSI MG 200
- Index Code: 930983

2. Base Date and Base Index

The base date is Dec 31, 2007. The base level is 1000.

3. Index Eligibility

3.1 Index Universe

CSI All share Index constituents.

3.2 Constituents Selection

First, for the stocks in the universe, MarketGrader calculates four fundamental factors: Growth, Value, Profitability and Cash Flow and then grade all the stocks based on the four factors to finally determine each company's overall MarketGrader fundamental grade between 0 and 100;

Second, select the 200 highest MarketGrader fundamental grades as the constituents, and based on the CSI's 1st level sector classification, the number of stocks in the same CSI sector cannot exceed 20% of the index constituents (40 stocks). Any stock selected that does not meet at least one of the following criteria is skipped and the next highest grade in the universe is selected instead:

- a) All the index constituents must have a minimum total market

capitalization of RMB 700 million on the day of the selection;

b) All the index constituents must have a minimum three-month average daily traded value of RMB 14 million as of the day of the selection;

c) All the index constituents must have a minimum trailing 12-month aggregate trading volume of RMB 350 million as of the selection date;

d) At least 20% of all selections (40 stocks) must have a total market capitalization of at least RMB 14 billion on the day of the selection;

e) All the index constituents must have filed quarterly or annual financial statements with the local regulator within the 12 months preceding the selection date.

4. Index Calculations

The index is weighted as the following calculation formula: Current Index = Current Total Adjusted Market-Cap / Divisor × Base Level

Where Current Total Adjusted Market-Cap = \sum (Stock Price × Number of Free Float Adjusted Shares × Weight Factor)

For the calculation of number of free float adjusted shares, please refer to Index Calculation and Maintenance Methodology for further details. The value of Weight Factor is between 0 and 1 so as to make each constituent's weight equal.

5. Constituents and Index Weights Adjustment

5.1 Constituent's Periodical Review

The index is adjusted and rebalanced twice a year and the adjustment will be effective as of the next trading day after the 2nd Friday of 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 stocks immediately. Delisted stocks will be deleted from the constituents.

Please refer to Index Calculation and Maintenance Methodology for further details.