

Methodology CSI Health Care Advantage Growth 50 Strategy Index

CSI Health Care Advantage Growth 50 Strategy Index selects and weights constituents from health care industries by growth, innovation, volatility, quality and other factors. The index is to provide investors with multi-factor strategic investment tools of health care industries.

1. Index Name and Index Code

- Index Name: CSI Health Care Advantage Growth 50 Strategy Index
- Shortened Name: Health Care 50 Strategy
- Index Code: 931698

2. Base Date and Base Value

The base date is December 31, 2008. The base value is 1000.

3. Index Eligibility

3.1 Index Universe

Same as the Universe of CSI All Share Index

3.2 Eligible Securities

Liquidity Criteria: securities ranked in the top 80% in the index universe in terms of average daily trading value over the past year in descending order are eligible for inclusion.

3.3 Constituents Selection

(1) For the eligible securities, select the securities which belong to Health Care industry as candidate securities.

(2) For the candidate securities, calculate the following factor gradient score: growth, innovation, consensus estimated, momentum, volatility, profitability, solvency, operational efficiency, financial soundness and investment soundness. Each factor gradient score is obtained by simple averaging and linear transformation of the percentage ranking in each industry

of the corresponding indicators in the table below.

Factor name	Indicator name
Growth	Scaled earnings growth, Scaled revenue growth, Earnings growth surprise, Revenue growth surprise
Innovation	R&D expenditure ratio, R&D expenditure growth
Consensus estimated	Consensus estimated earnings growth, Consensus estimated rating growth
Momentum	Momentum of the last 11 months, Alpha of the last 11 months
Volatility	Residual volatility, Average of highest daily return monthly over the past 12 months
	Operating profit margin

Solvency

Short-term debt / MC181.94 G(0)6(f)-3(th)(e)-3(la)-3

5. Constituents and Index Weights

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.