SNSI Industry Classification Standard

（ 2022 Edition）

Sino-Securities Index Information Service (Shanghai) Co., Ltd

1. Purpose of SNSI Industry Classification Standard

The SNSI Industry Classification Standard is developed by Sino-Securities Index Information Service (Shanghai) Co., Ltd. Seeking to offer an efficient investment tool to meet investor needs, such as market observation, index construction and portfolio management.

2. Principle of SICS

A. Practicality

Market-oriented, practical industry classification tools to meet the needs of investor's product development, investment analysis, performance evaluation, and asset allocation.

B. Universality

Refers to mainstream international industry classification standards, meets demands for worldwide industry comparison and asset allocation, and achieve effective connection with the international market.

C. Scientificity

On the base of low external correlation among industries and high consistency within the industry, granularity of classification further refined.

D. Perspectivity

Tracking changes in the industrial classification structure in a timely manner, pay attention to the dynamic development trends of the industry, and make dynamic adjustments to the evolution of the industry structure of listed companies.

3. SNSI Industry Classification Method

Refers to mainstream international industry classification standards, SNSI Industry Classification is four-tiered, hierarchical industry classification system, which are "first-level industry (sector)", "second-level industry (industry group)", "third-level industry (industry)" and "fourth-level industry (sub-industry)".

The main criterion and basis for industry classification is the operating income of listed companies, data of which is from consolidated statements audited by accounting firms. Methods of industry classification of listed companies are specified as follows:

A. When the profits of a listed company mainly come from investment income, and comes from a certain industry, it will be classified into corresponding industry;

B. When the operating income of certain business weights over 50%, it is directly classified into the industry;

C. When no business weights up to 50% in operating income, but certain business contributes most to the operating income and

profit and both account for more than 30% of the total, the company will be classified into the corresponding industry;

D. If no business weights up to 30% in operating income of a company, then comprehensively consider the business with the highest proportion of the company's revenue, the company's development plan, the situation of the controlling shareholder, and the relative stability of the industry, etc., and conduct further research and analysis to determine the industry.

4. Maintenance of SNSI Industry Classification Standard

To reflect the changes of company's industry classification timely, listed companies are reviewed regularly every year. In the middle of each year, based on latest annual report , the industry classification results of listed companies are re-examined with reference to the above classification method.

5. SNSI Industry Classification Standard （ 2022 Edition ） Optimization Highlights

A.   Granular refinement

SNSI Industry Classification Standard（2022 Edtion） maintains four-level classification structure, the number of industries at all levels has increased significantly, number of constituents of each level change from 11-25-69-155 to 11-33-94-289. Add 8 "second-

level industry (industry group)", 25 "third-level industry (industry)" and 134 "fourth-level industry (sub-industry)". The average number of constituents of all sub-industry is 16,which is 40.74% less than the previous version.

B.   Decreased concentration

The total market cap of listed companies in each "Second-level industry (industry group)" is more uniform, decreased concentration.

6. Structure of SNSI Industry Classification Standard（2022 Edition）

SNSI Industry Classification Standard is s a four-level, hierarchical industry classification system, including 11 first-level industry (sector), 33 second-level industry (industry group), 94 third-level industry (industry) and 289 fourth-level industry (sub-industry).

The structure of industry classification are as follows

sector	industry group	industry
Industrial	Machinofacture	Transportation Equipment
		Industrial Conglomerate Ⅲ
		General Machinery
		Special Purpose Machinery
		Engineering Machinery
	Construction Decoration Materials	Construction & Engineering
		Construction Decoration Ⅲ
		Construction Products Ⅲ
	Electric Equipment	Power Grid Equipment
		Power Generation Equipment
		Energy Storage Equipment
	Aerospace & Defense	Aerospace
		National Defense

	Transportation & Infrastructure	Transportation
		Transportation Infrastructure
	Environmental Protection	Pollution Governance
		Energy Saving & Ecological Restoration
	Commercial Services & Supplies Ⅱ	Commercial Services & Supplies Ⅲ
Utilities	Power & Power Grid	Power
		Power Grid Ⅲ
	Municipal Infrastructure	Gas Ⅲ
		Water Ⅲ
		Municipal Environmental Protection Ⅲ
		Heating or Other Utilities Ⅲ
Energy	Energy Ⅱ	Oil & Gas Exploration & Oilfield Services
		Oil & Gas
		Coal
Information Technology	Computers	Computer Software
		Computer Service
		Computer Equipment
	Electronics	Electronic Components
		Optical & Optoelectronics
		Electronic Chemicals
		Consumer Electronics
		Other Electronics Ⅲ
		Semiconductors
Real estate	Real estate Ⅱ	Real estate Development
		Real estate Services
Medical & Pharmaceuticals	Medical	Medical Equipment & Supplies
		Medical Business & Services
	Pharmaceuticals	Biopharmaceutics
		Chemical Medicine
		Chinese Medicine
		Medical Outsourcing
Materials	Paper Making & Packaging	Container & Packaging
		Paper & Forest Products
	Non-Metal Mining & Products	Construction Materials
		Non-Metal Material
	Steel	Common Steel
		Other Steel Ⅲ
		Special Steel Ⅲ

	Nonferrous Metal Mining & Products	Industrial Metals
		Precious Metals
		Other Non-ferrous Metals & Alloy
		Rare Metals
	Chemicals	Chemical Fiber
		Chemical Raw Materials
		Agrochemicals
		Chemical Products
		Plastics Products
		Rubber
Consumer Staples	Household & Personal Products	Personal Products Ⅲ
		Household Products Ⅲ
	Food, Beverage & Tobacco	Agriculture, Animal Husbandry & Fishery Products
		Food
		Beverage
		Tobacco Ⅲ
	Food & Main Products Retail Ⅱ	Food & Main Products Retail Ⅲ
Consumer Discretionary	Automobiles & Components	Auto
		Auto Parts & Tyre
		Automotive Services
	Retail	Diversified Retail
		Internet e-Commerce
	Durable Consumer Goods	Household Appliances
		Home Furnishing
		Leisure Equipment & Supplies
	Textiles, Garments & Jewelry	Textiles & Garments
		Jewelry & Luxury Products
	Consumer Service	Leisure Service
		Education Service
		Entertainment Service
		Comprehensive Consumer Service Ⅲ
Communications Services	Telecommunication Services	Telecom Value-Added Services Ⅲ
		Telecom Operation Services Ⅲ
	Communication Equipment & Technology Services	Communication Equipment
		Data Center
		Communication Technology Services Ⅲ

	Communication & Media	Marketing & Advertising
		Digital Media
Finance	Non-Bank Financial	Capital Market
		Diversified Financial Services
		Insurance
	Banks	Regional Bank
		Diversified Bank

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