

《Press Release》

a sample translation  
original release in Japanese

November 24, 2010

Nikkei To Launch Nikkei China Related Stock 50

Nikkei Inc. will launch a new stock index, “Nikkei China Related Stock 50”, which is comprised of fifty China related stocks selected from major Japanese companies on December 13.

It has become more and more common for Japanese companies to expand their businesses in China with its rapid economic growth in the background.

The Nikkei China Related Stock 50 tracks stock price movement of Japanese companies that have promoted the businesses in China as production bases or as markets. The new index is aimed at being used for a tool to analyze and evaluate the performance of the China related Japanese stocks.

Main characteristic of the index is described below (see Appendix regarding more detailed information).

—The constituents are selected from major Japanese companies with large capitalization, in principle, components of the Nikkei Stock Index 300.

—The fifty constituents are selected from a standpoint of “how actively companies are involved in China” using newspapers’ articles published by Nikkei (e.g. how frequently China related articles are carried) and annual financial reports posted by companies etc.

—The index is based on free-float adjusted market capitalization and the constituents shall be capped at 10%, i.e. set the upper limit on their weights in order to avoid making the weight of a company excess.

—The index value on January 4<sup>th</sup> 2005 was 1000 points and it will be calculated and published every minute.

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## Description of Nikkei China Related Stock 50

### § Name of the index

Nikkei China Related Stock 50

### § Basic concept of the index

It has become more and more common for Japanese companies to expand their businesses in China as production bases or as markets to provide their products or services, with its rapid economic growth in the background.

The Nikkei China Related Stock 50 is a stock index, comprised of fifty China related stocks from a standpoint of “how actively companies expand businesses in China”. These fifty stocks are selected from major Japanese companies.

### § Basic structure of the index calculation

- Comprised of fifty stocks closely related to China selected from major listed Japanese companies
- Based on free-float adjusted market capitalization (1000 points on January 4<sup>th</sup>, 2005, base date), will launched on December 13, 2010
- Calculate and publish every minute on the real-time basis
- Review the constituents annually at the end of October and change them up to the maximum of ten stocks
- Keep the number of the constituents fifty in principle and select the replacement stocks in each case if some components are excluded due to the delisting etc until the subsequent annual review

### § How to select the constituents

Companies are evaluated based on three factors below and fifty stocks with high total scores of the three factors and large capitalization are selected. The procedure is conducted for the components of the Nikkei Stock Index 300 in principle.

- 1: The number of articles related to China in the four newspapers in Japanese published by Nikkei for the past two years
- 2: Ratio of the number of articles related to China to that of the company as a whole
- 3: Score based on how actively companies are involved in business in China and how much China related information the companies disclose, using the information provided in financial reports by the companies, i.e. Yuho

### § Index calculation method

The index is based on free-float adjusted market capitalization, and it is calculated as of the adjusted market capitalization, base market value on base date of January 4<sup>th</sup> 2005 using the following formula.

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$$\text{Index value} = \frac{\text{CMV}}{\text{BMV}} \times 1000 \quad : \text{Unit=points, two decimal places}$$

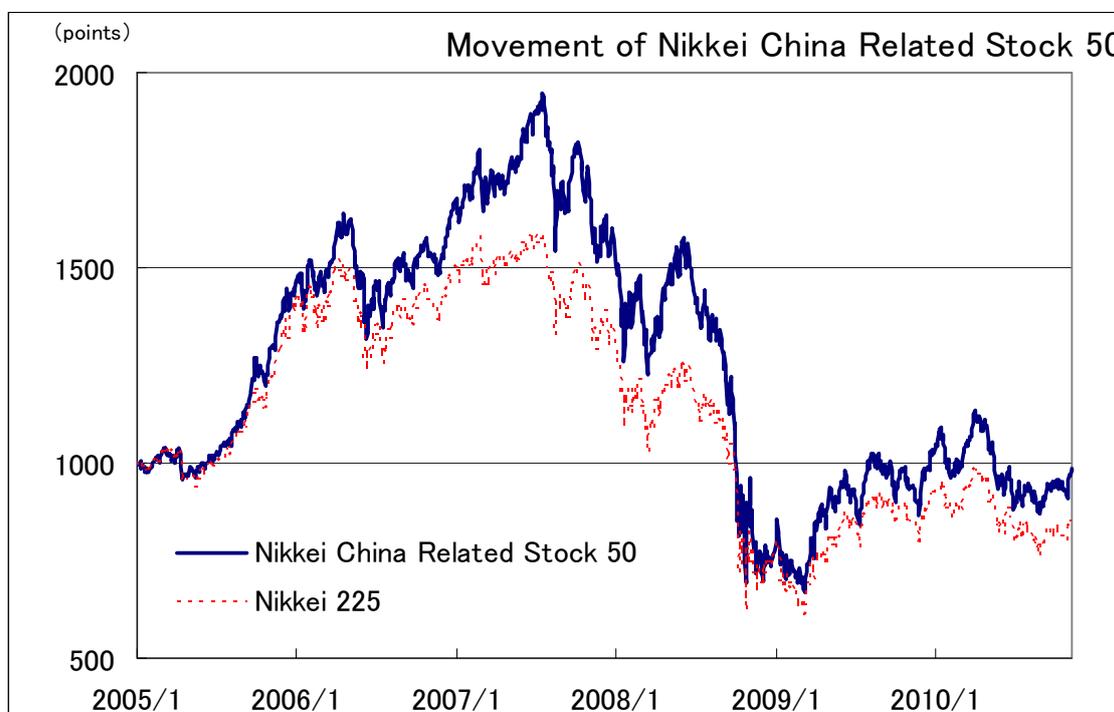
CMV = current market value, BMV = base market value

$$\text{CMV} = \sum \left\{ \begin{array}{l} \text{Constituents} \\ \text{Stock Price} \times \text{Number of issued shares (ordinary share basis)} \\ \times \text{Investable Weight Factor} \times \text{Adjusted factor for upper limit of weight} \end{array} \right\}$$

Note) The base market value shall be modified to maintain the continuity of the index in case that market value of some constituent is changed for reasons other than movement of the stock market such as public stock offerings or change in constituents. The stock prices on the Tokyo Stock Exchange are used to calculate the index. Investable Weight Factor is the ratio of the shares deemed to be available for trading in the market to the total issued share. The constituents shall be capped at 10%, i.e. set the upper limit of their weights in order to avoid making the weight of a stock excess, which shall be reviewed on the quarterly basis.

#### § Retroaction for the past

Nikkei calculates the Nikkei China Related Stock 50 retroactively in the past on the end of day basis; to January 4<sup>th</sup> 2005, base date of the index.



Nikkei 225 was converted to make its value on Jan 4 in 2005 1000 pts

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(Constituents of the Nikkei China Related Stock 50)

2502	ASAHI BREWERIES	6503	mitsubishi electric
2503	KIRIN HOLDINGS	6701	NEC
2802	AJINOMOTO	6752	PANASONIC
3382	SEVEN & I HOLDINGS	6753	SHARP
3402	TORAY INDUSTRIES	6762	TDK
4005	SUMITOMO CHEMICAL	6902	DENSO
4063	SHIN-ETSU CHEMICAL	6954	FANUC
4183	mitsui chemicals	6971	KYOCERA
4188	mitsubishi chemical holdings	6981	MURATA MANUFACTURING
4452	KAO	7011	mitsubishi heavy industries
4911	SHISEIDO	7201	NISSAN MOTOR
5020	JX HOLDINGS	7203	TOYOTA MOTOR
5108	BRIDGESTONE	7267	HONDA MOTOR
5201	ASAHI GLASS	7731	NIKON
5401	NIPPON STEEL	7751	CANON
5405	SUMITOMO METAL INDUSTRIES	8001	ITOCHU
5411	JFE HOLDINGS	8002	MARUBENI
5713	SUMITOMO METAL MINING	8031	mitsui
5802	SUMITOMO ELECTRIC INDUSTRIES	8035	TOKYO ELECTRON
6301	KOMATSU	8053	SUMITOMO
6305	HITACHI CONSTRUCTION MACHINERY	8058	mitsubishi
6326	KUBOTA	8113	UNICHARM
6367	DAIKIN INDUSTRIES	8267	AEON
6501	HITACHI	9104	mitsui O.S.K. LINES
6502	TOSHIBA	9983	FAST RETAILING

(constituents when it launches, listed in order of the security codes)

This English document is a sample translation from the original document in Japanese.

More detailed information on the index calculation and the rule of selection and change to the constituents would be provided in the index guidebook of the Nikkei China Related Stock 50.

**Contact**

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