

Methodology of SSE Central State-owned Enterprise Credit Bond Index Series

SSE Central State-owned Enterprise Credit Bond Index series are composed of SSE corporate bonds and enterprise bonds with target term to maturity, issued by Central State-owned Enterprises. Index series aim to reflect the performance of SSE bond market with target issuers and term to maturity.

1. Index Name and Index Code

Index Name	Shortened Name	Index Code
SSE Central State-owned Enterprises Credit Bond Index	SSE Central SOEs Bond	950240
SSE 0-3 Year Central State-owned Enterprises Credit Bond Index	SSE 0-3 Year Central SOEs Bond	950241
SSE 0-5 Year Central State-owned Enterprises Credit Bond Index	SSE 0-5 Year Central SOEs Bond	950242

2. Base Date and Base Index

The index base date is Dec. 31, 2013. The base index is 100

3. Index Eligibility

3.1 Index Universe

- Bond Type: Corporate bonds and enterprise bonds listed on SSE market, excluding private-placement bond. The bond currency is RMB.
- Interest-bearing Pattern: Fixed rate or bullet.

3.2 Constituents Selection

Index Code	Shortened Name	Term to Maturity
950240	SSE Central SOEs Bond	/
950241	SSE 0-3 Year Central SOEs Bond	No more than 3 years
950242	SSE 0-5 Year Central SOEs Bond	No more than 5 years

4. Index Calculation

The calculation of this index series conforms to the Paasche weighted composite price index formula:

$$\text{Index} = \left[\frac{\text{Bond Market Value} + \text{Coupon Payments}}{\text{Divisor}} \right] \times 100$$

Where, Bond Market Value = $\sum((\text{Clean Price} + \text{Accrued Interest}) \times \text{Issued Amount} \times \text{Weight Factor})$

The value of Weight Factor is between 0 and 1, so as to make the weight of each issuer no more than 10%.

The price in index calculation is based on CSI bond valuation price. As for other data in index calculation and divisor adjustment, please refer to Index Calculation and Maintenance Methodology for further details.

5. Constituents Adjustment

5.1 Regular Adjustment

The index series is adjusted and rebalanced quarterly. The effective date of quarterly adjustment is the first trading day of each January, April, July and October.

Weight Factor is assigned to each constituent at each regular adjustment. The effective date is the same as that of the constituent adjustment. The Weight Factor stays the same until next rebalancing day.

5.2 Temporary Adjustment

In the event of delisting, the constituents will be removed from the index on the event effective date as appropriate. As for other events, please refer to Index Calculation and Maintenance Methodology for further details.