Methodology of SSE Treasury and Policy Bank Bond Index Series

SSE Treasury and Policy Bank Bond Index Series is composed of the treasury bonds and policy bank bonds listed on Shanghai Stock Exchange market with different remaining terms to maturity. The index series aims to reflect the performance of the treasury bonds and policy bank bonds with target remaining term to maturity.

1. Index Name and Index Code

Index Name	Shortened Name	Index Code
SSE Treasury and Policy Bank Bond Index	SSE Treasury and Policy Bank Bond	950229
SSE 0-1Y Treasury and Policy Bank Bond Index	SSE 0-1 Treasury and Policy Bank Bond	950230
SSE 0-2Y Treasury and Policy Bank Bond Index	SSE 0-2 Treasury and Policy Bank Bond	950176
SSE 0-3Y Treasury and Policy Bank Bond Index	SSE 0-3 Treasury and Policy Bank Bond	950231
SSE 0-5Y Treasury and Policy Bank Bond Index	SSE 0-5 Treasury and Policy Bank Bond	950233
SSE 1-3Y Treasury and Policy Bank Bond Index	SSE 1-3 Treasury and Policy Bank Bond	950232
SSE 1-5Y Treasury and Policy Bank Bond Index	SSE 1-5 Treasury and Policy Bank Bond	950177
SSE 3-5Y Treasury and Policy Bank Bond Index	SSE 3-5 Treasury and Policy Bank Bond	950234

2. Base Date and Base Index

The base date is Dec. 31 2007. The base index is 100.

3. Index Eligibility

3.1 Index Universe

Index constituents are selected on the following basis:

- Bond Type: Treasury Bond and Policy Bank Bond listed on Shanghai

Stock Exchange 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
950229	SSE Treasury and Policy Bank Bond	More than 1 year
950230	SSE 0-1 Treasury and Policy Bank Bond	No more than 1 year
950176	SSE 0-2 Treasury and Policy Bank Bond	No more than 2 years
950231	SSE 0-3 Treasury and Policy Bank Bond	No more than 3 years
950233	SSE 0-5 Treasury and Policy Bank Bond	No more than 5 years
950232	SSE 1-3 Treasury and Policy Bank Bond	More than 1 year and no more than 3 years
950177	SSE 1-5 Treasury and Policy Bank Bond	More than 1 year and no more than 5 years
950234	SSE 3-5 Treasury and Policy Bank Bond	More than 3 years and no more than 5 years

4. Index Calculation

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

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

Where, Bond Market Value $= \sum (\text{Full Price} \times \text{Issued Amount})$

Full Price = Clean Price + Accrued Interest

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 monthly. The effective date of monthly adjustment is the first trading day of each month. The data cutoff date of monthly adjustment is the previous trading day of the effective date.

5.2 Temporary Adjustment

The newly issued security satisfying the criteria will be added into the index on its second trading day. 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.