Methodology of SSE China Reform Central State-owned Enterprise Credit Bond Index

SSE China Reform Central State-owned Enterprise Credit Bond Index selects corporate bonds, enterprise bonds and other credit bonds listed on SSE market, which are issued by high credit rating central state-owned enterprises. The index aims to reflect the performance of bond market with target issuers and term to maturity.

1. Index Name and Index Code

- Index Name: SSE China Reform Central State-owned Enterprise Credit Bond Index
- Shortened Name: SSE China Reform Central SOE Bond
- Index Code: 950123

2. Base Date and Base Index

The index base date is Dec. 31, 2017. The base index is 100.

3. Index Eligibility

- Bond Type: Enterprise bond, corporate bond and other credit bond listed on SSE market, excluding private-placement bond. The bond currency is RMB.
- Interest-bearing Pattern: Fixed rate or bullet.
- Credit Rating: AAA, and CSI Implied Rating AA+ and above.

4. Index Calculation

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

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

Where,

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

The value of Weight Factor is between 0 and 1, so as to make the weight

of each issuer no more than 10%.When the number of issuers is less than 10, the weighting factor is 1.

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 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 second trading day before the effective date. The list of Central State-owned Enterprises is updated once each year, and the effective date of new list is the first trading day of each July.

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.