STANDARD &POOR'S

S&P/CITIC CHINA STYLE INDICES

INDEX METHODOLOGY

STANDARD &POOR'S
中信标普指数服务

July 2007

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Introduction

The S&P/CITIC China A-Share indices are designed to reflect the domestic Chinese equity markets. The S&P/CITIC 100, the S&P/CITIC 200, and the S&P/CITIC Small-Cap respectively represent the large-, mid-, and small-cap sectors of the overall market. The S&P/CITIC 300 is comprised of the S&P/CITIC 100 and the S&P/CITIC 200 and represents the large & mid cap sectors of the market. Style indices are available for a variety of style subsets for all four indices.

Highlights

The S&P/CITIC China Style index suite address two distinct needs. The first is for exhaustive style indices that can effectively form the basis for index funds and derivatives, providing broad, cost-efficient exposure to a certain style segment. The second need is for narrow, style-pure indices that provide a pure style return series, and serve as the basis for style-concentrated investment vehicles or "style spread" products.

With the S&P/CITIC China Style indices, S&P/CITIC Index Information Services is providing a comprehensive style index solution by building separate style and pure-style indices, and by making available a consistent set of stock-level style scores and style indices.

The **Style** index series divides the constituents of each parent index equally into growth and value indices. This series covers all stocks in the parent index universe, and uses the conventional, cost-efficient market cap-weighting scheme. Stocks that do not fall into Pure Style baskets have their market caps distributed between growth and value indices.

The **Pure Style** index series identifies one-third of the parent index's members as Pure Growth and one-third as Pure Value. There are no overlapping stocks, and these indices do not have the size bias induced by market capitalization weighting. Rather, stocks are weighted in proportion to their relative style attractiveness.

Index Family

The S&P/CITIC China A-Share indices belong to a suite of indices branded under the joint venture S&P/CITIC Index Information Services. S&P/CITIC China Style indices are applied to the S&P/CITIC 100, the S&P/CITIC 200, and the S&P/CITIC Small-Cap indices. These and related indices are outlined below:

S&P/CITIC 100. The S&P/CITIC 100 gauges the performance of the large-cap segment of the A-shares market and represents approximately 38% of total market capitalization.

S&P/CITIC 200. The S&P/CITIC 200 represents the mid-cap segment of the A-shares market and covers approximately 22% of total market capitalization.

S&P/CITIC Small-Cap. The S&P/CITIC Small-Cap gauges the performance of small companies, as measured by cap size, in the A-share market. While it represents a relatively minor percentage of overall market capitalization, approximately 10%, it provides a benchmark for measuring exposure to this segment of the market.

S&P/CITIC 300. Combining the S&P/CITIC 100 and the S&P/CITIC 200, the S&P/CITIC 300 is an efficient way to create a relatively liquid and broad market portfolio representing about 60% of the A-share market.

Eligibility Criteria

Members of the S&P/CITIC China Style indices are derived from a headline (parent) index. A style index cannot have a constituent that is not also a member of the parent index.

Refer to the S&P/CITIC A-Share Indices Methodology document for information on eligibility criteria for all related indices.

Style Index Goals

Standard & Poor's has been evaluating industry practices and actively seeking feedback from index fund managers, quantitative analysts and researchers on issues surrounding style index construction and usage. Two defining trends have emerged in recent years.

1. **Equity style indices should address two distinct sets of market participant needs.**
    - The first need is for conventional broad-based, exhaustive style indices that can effectively form the basis for index funds and exchange-traded derivatives, providing cost-efficient exposure to a certain style segment. These indices are market capitalization-weighted because this weighting scheme is cost-efficient, and provides mean variance-optimized exposure to the market.
    - The second need is for narrower, style-pure indices, which provide quantitative analysts, and performance analysts with pure style return series while also providing the basis for style-concentrated investment vehicles and style spread-based structured products. These indices' returns should not suffer from size bias induced by market capitalization weighting, but rather should reflect the structure of active managers' portfolios, which hold stocks in proportion to their relative attractiveness.

While a variety of indices cater to the first need, existing style indices from major index providers clearly do not satisfy the second need.

2. **The use of multiple measures of equity risk and more sophisticated quantitative techniques has become the norm in style analysis.**
    - Increased availability of financial databases and a proliferation of portfolio risk software have resulted in style being analyzed across multiple risk factors, in contrast to the simple three-factor risk measure in the Fama-French world.
    - Returns-based style analysis is increasingly being supported by holdings-based style analysis, making it imperative to have inter-operability between the style definitions being used at the stock level and at the benchmark construction level.

While style indices and holdings or returns-based style analysis tools are readily available, there is no consistency of style definition used for leading style indices and style definitions used at the stock level.

The above trends shaped the design of the next stage in the evolution of S&P/CITIC China Style indices. **The goals of this index design are as follows:**

- Evaluate growth and value at the stock level along separate dimensions using multiple factors.
- Construct two sets of complementary index series:
  - **Style Index Series** – This series divides the constituents of each parent index equally into growth and value indices while limiting the number of stocks that overlap between them. This series is exhaustive (i.e., covering all stocks in the parent index universe) and use the conventional, cost-efficient, market capitalization-weighting scheme.
  - **Pure Style Index Series** – This series is based on identifying a third of the members of the index as pure growth, and a third as pure value. There will be no overlapping stocks and stocks are weighted by their style attractiveness.
- Leverage S&P/CITIC Index Information Service's data distribution channels to provide stock-level Style Scores to provide the marketplace with consistency between holdings-based and returns-based style analysis.
- Complement the simplicity and replicability of S&P/CITIC's China indices.

Evaluating Growth and Value at the Stock Level

Style Factors. The Style indices measure growth and value along two separate dimensions, with four factors used to measure growth and five factors used to measure value. The list of factors used is outlined in the table below.

Growth Factors	Value Factors
3-Year Earnings per Share Growth Rate	Earnings to Price Ratio
3-Year Book per Share Growth Rate	Operating Cash Flow to Price Ratio
Return on Equity (ROE)	Sales to Price Ratio
Long-Term Debt to Equity	Dividend Yield
	Book to Price Ratio

The list of factors that can be considered a determinant of either growth or value characteristics is based on Standard & Poor's research to estimate which factors most effectively differentiate growth and value styles within the Chinese A-Share market. This analysis was undertaken based on a factor's ability to provide time series and cross-sectional differentiation. The variables used above ranked among the top three in either cross-sectional or time series analysis.[1]

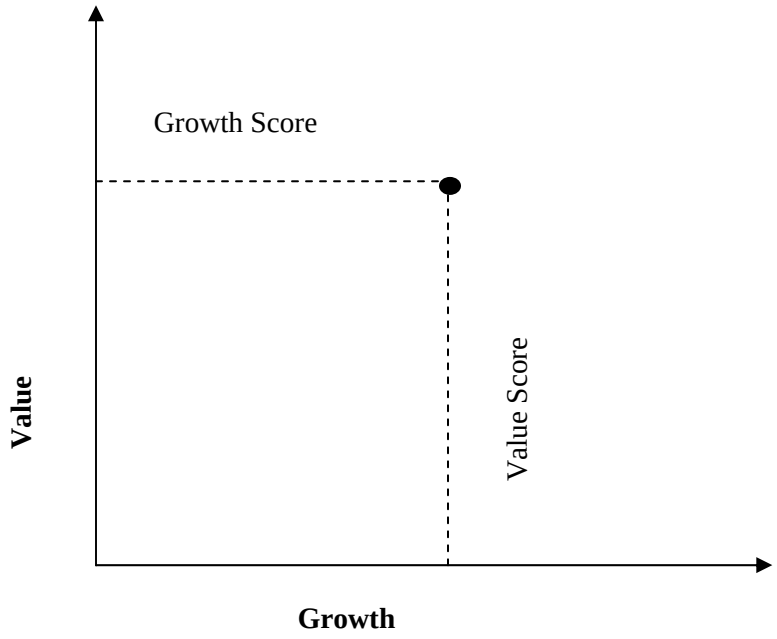
[1]For more details, refer to Dash, Srikant and Murphy, Phillip, "Estimating Style Factors in China's A-Share Market," Standard & Poor's (2007)

Style Scores. Raw values for each of the above factors are calculated for each company in the A-share universe. These raw values are then standardized by dividing the difference between each stock's raw score and the mean of the entire set by the standard deviation of the entire set. A Growth Score for each company is computed as the average of the standardized values of the four growth factors. Similarly, a Value Score for each company is computed as the average of the standardized values of the five value factors.

The simple averaging process assumes each factor is equally important. Different factors will clearly have different discriminating powers over time, but the equal weighting approach is chosen to meet the design goal of simplicity.

At the end of this step each stock has a Growth Score and a Value Score, as shown below, with growth and value being measured along separate dimensions.

Exhibit 1: Measuring Growth and Value Along Separate Dimensions



For Stock X,

$G_{i, X}$ = Standardized value of Growth Factor I for stock X, I=1 to 4.

$V_{j, X}$ = Standardized value of Value Factor J for stock X, J=1 to 5.

SG_X = Growth Score of X = 1/4 ($G_{1, X} + G_{2, X} + G_{3, X} + G_{4, X}$)

SV_X = Value Score of X = 1/5 ($V_{1, X} + V_{2, X} + V_{3, X} + V_{4, X} + V_{5, X}$)

Establishing Style Baskets

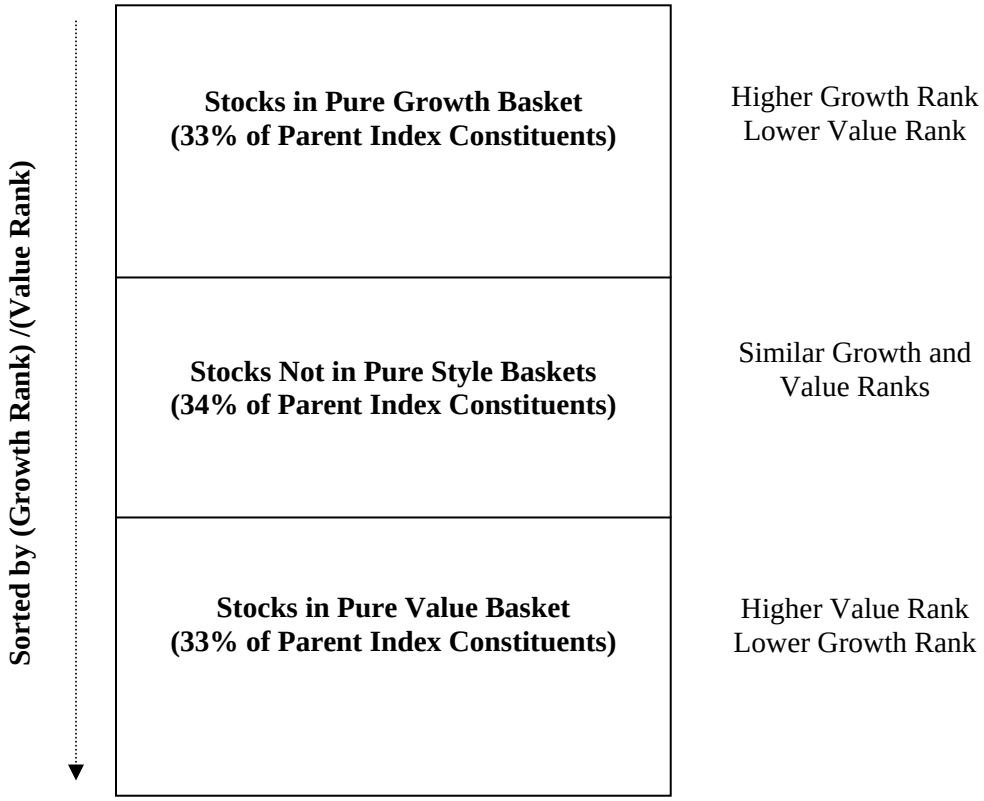
Stocks within each parent index are ranked based on growth and value scores. A stock with a high Value Score would have a higher Value Rank, while a stock with a low Value Score would have a lower Value Rank. (For example, the S&P/CITIC 100 constituent with the highest Value Score would have a Value Rank of 1, while the constituent with the lowest would have a Value Rank of 100.) The same holds true for Growth Scores and Ranks.

The index constituents are then sorted in ascending order of the ratio Growth Rank/Value Rank. The stocks at the top of the list have a higher relative Growth Rank (or high Growth Score) and a lower relative Value Rank (or low Value Score) and, therefore, exhibit pure growth characteristics. The stocks at the top of the list, comprising 33% of the parent index constituents, are designated as the Pure Growth basket.

The stocks at the bottom of the list have a higher relative Value Rank (and Value Score) and a lower relative Growth Rank (and Growth Score) and, therefore, exhibit pure value characteristics. The stocks at the bottom of the list, comprising 33% of the parent index constituents, are designated the Pure Value basket.

The stocks in the middle of the list have neither pure growth nor pure value characteristics.

Exhibit 2: Pure Style Baskets



Index Construction

Growth and Value Indices

As described earlier, one of the design goals is to construct a Style index series that divides the membership of each parent index equally into growth and value indices, while limiting the number of stocks that overlap across both. This series is to be exhaustive (i.e., covering all stocks in the parent index universe), and is to use the conventional, cost-efficient market capitalization-weighting scheme.

The Pure Style baskets described in the prior section are natural starting points for the Style indices' construction. All of the members of the Pure Value basket are assigned to the Value index, and all of the members of the Pure Growth basket are assigned to the Growth index.

The middle constituents have similar relative growth and value ranks. Their market capitalization is distributed among the Style indices based on their distances from the midpoint of the Pure Growth basket and the midpoint of the Pure Value basket, as detailed below. The midpoint of each Pure Style region is calculated as the average of Value Scores and Growth Scores of stocks in the Pure Style basket.

For Stock X,

$W_{V,X}$ = Percent of Market Capitalization of Stock X in the Value Index

$W_{G,X}$ = Percent of Market Capitalization of Stock X in the Growth Index

$W_{V,X} = D_{G,X}/(D_{G,X} + D_{V,X})$

$W_{G,X} = D_{V,X}/(D_{G,X} + D_{V,X})$

$W_{V,X} + W_{G,X} = 1$

where $D_{G,X}$ and $D_{V,X}$ represent the distances of Stock X from the midpoint of each Pure Style basket.

The algorithm for computation of $D_{G,X}$ and $D_{V,X}$ is shown in Appendix I.

Further, from the practical point of view of constructing easily replicable baskets, it is essential to avoid very small fractions of a stock's market capitalization being in a particular Style index. Therefore, the weights are rounded as follows:

If $W_{V,X} >= 0.8$, $W_{V,X} = 1.0$ and $W_{G,X} = 0$.

If $W_{G,X} >= 0.8$, $W_{G,X} = 1.0$ and $W_{V,X} = 0$.

No mathematical procedure is employed to force equal market capitalization for the growth and value indices, since price movements of constituent stocks would result in inequality immediately following any reconstitution.

It is also worth noting that the assignment of the market capitalization of stocks not in Pure Style baskets to growth and value indices allows graduated moves, and avoids churning of stocks between indices at each reconstitution.

The index is calculated following Standard & Poor's market capitalization-weighted, divisor-based index methodology. For example, for the S&P/CITIC 200 Value index:

$$\textbf{Index Value}_t = Index\ Market\ Value_t \Big/ Index\ Divisor_t$$

$$\textbf{Index Market Value}_t = \sum_{X \to 1}^{N} IWF_{X,t} * Index\ Shares_{X,t} * W_{V,X} * Price_{X,t}$$

Where,

$IWF_{X,t}$ = Investable Weight Factor of Stock X on date t

$Index\ Shares_{X,t}$ = Shares used for Stock X in the S&P/CITIC 200 on date t

$W_{V,X}$ = Percent of market capitalization of Stock X in the S&P/CITIC 200 Value index, calculated as per the previous section. This is calculated once a year on the rebalancing date, or is specified when a new stock is added to the parent index between rebalancing dates.

$Price_{X,t}$ = Price used for stock X in the S&P/CITIC 200 index computation on date t

N = Number of stocks in the S&P/CITIC 200 Value index on date t (note that $N < 200$)

Other Style indices are constructed similarly. Corporate actions and index changes are implemented in the same manner as other market capitalization-weighted indices.

Please refer to the section on Index Maintenance for information on the treatment of corporate actions.

Please refer to the S&P/CITIC A-Shares Indices Methodology for information on the Investable Weight Factors (IWF).

Pure Growth and Pure Value Indices

This series is based on identifying up to one-third of the parent index membership as Pure Growth and up to one-third as Pure Value. There are no overlapping stocks and index constituents are weighted by their Style Scores. Therefore, the Pure Style baskets are the only regions of interest in constructing the Pure Style indices.

The constituents of the Pure Value index are all stocks for which $W_V = 1$ and SV > 0.25. Similarly, the starting universe for the Pure Growth index is stocks for which $W_G = 1$ and SG > 0.25. In other words, all constituents of the Pure Value basket except those with the lowest value scores are members of the Pure Value index. Similarly, all constituents of the Pure Growth basket except those with the lowest growth scores are members of the Pure Growth index.

Further, to avoid stocks with outlying high Style Scores having a very large weight in the index, all Style Scores are capped at 2.00 in the Pure Style indices. In other words, for the Pure Style indices, SV = 2.00 if SV > 2.00, and SG = 2.00 if SG > 2.00.

The index is calculated following the divisor-based methodology of the S&P Equal Weight indices. For example, for the S&P/CITIC 200 Pure Value index,

$$\textbf{Index Value}_t = \textit{Index Market Value}_t \Big/ \textit{Index Divisor}_t$$

$$\textbf{Index Market Value}_t = \sum_{X \to 1}^{n} IWF_{X,t} * \textit{Modified Index Shares}_{X,t} * Price_{X,t}$$

Where,

$IWF_{X,t}$ = Investable Weight Factor of Stock X on date t

$Price_{X,t}$ = Price used for Stock X in the S&P/CITIC 200 Pure Value index computation on date t

n = Number of Stocks in S&P/CITIC 200 Pure Value index on date t (note that $n \leq N$, the count from the previous page)

$\textit{Modified Index Shares}_{X,t}$ = Shares used for Stock X on date t

This term is calculated in the following manner:

$$Modified\ Index\ Shares_{X,t} = Index\ Shares_{X,t} * PWF_{X,t}$$

The Pure Weight Factor (PWF) term ensures the index weights each stock with its Style Score. This is accomplished by setting the PWF at the rebalancing date, *d*, as follows:

$$PWF_{X,d} = k * SV_X / (IWF_{X,d} * Index\ Shares_{X,d} * Price_{X,d})$$

The constant *k* is used as a multiplier since $SV_x / (IWF_{x,d} * Index\ Shares_{x,d} * Price_{x,d})$ results in a very small value.

The PWF is set only once a year at the index rebalancing. Therefore, only at the rebalancing will the stocks be weighted in exact proportion to their Style Scores. The weights of stocks in a Pure Style index between rebalancings will depend on their relative price performances.

Since Pure Style indices are score-weighted, weights (and, therefore, Modified Index Shares) of individual stocks are not be affected by corporate actions such as stock splits, spin-offs and rights offerings. Between rebalancings, the PWF will be adjusted to ensure there is no change in a stock's Modified Index Shares after such a corporate action. This ensures that, in practical terms, most corporate actions do not necessitate any action on the part of a portfolio manager tracking the index. Because of this feature, this series has lower number of turnover events in a given year than the Style index series.

Please refer to the section on Index Maintenance for information on the treatment of corporate actions.

Style Indices Versus Pure Style Indices

Style indices and Pure Style indices have different characteristics addressing distinct needs. These differences are summarized below.

For a more detailed explanation of the differences between the two series, including historical data, see the white paper titled "Unveiling the Next Generation of Style Indexing for the China A-Share Market" on the Web site at www.styleindices.standardandpoors.com.

Exhibit 3: Differences Between Style Index Series and Pure Style Index Series

Characteristic	Style Index Series	Pure Style Index Series
Universe coverage	Exhaustive, all parent index stocks are covered	Only Pure Style stocks are covered
Overlapping stocks	Stocks that do not have Pure Growth or Pure Value characteristics have their market capitalization divided between Growth and Value indices in proportion to their distance from the pure regions	None
Weighting scheme	Market capitalization-weighted	Style attractiveness-weighted
Breadth	Broader	Narrower
Usage	Cost efficient exposure to the broad style market (for example, relative value exposure)	Pure style exposure (for example, deep value exposure) or "style spread" strategies, quantitative analysis

Index Maintenance

Rebalancing

The S&P/CITIC China Style indices are rebalanced once a year in June. The rebalancing date is the third Friday of June, which coincides with the June quarterly share changes for the S&P/CITIC 300.

Style Scores, market-capitalization weights, growth and value midpoint averages, and the Pure Weight Factors (PWFs), where applicable across the various Style indices, are reset only once a year at the June rebalancing.

Other changes to the China Style indices are made on an as-needed basis, following the guidelines of the parent index. Changes in response to corporate actions and market developments can be made at any time. Constituent changes are typically announced for the parent index 10 business before they are scheduled to be implemented.

Please refer to the S&P/CITIC A-Shares Indices Methodology document for information on standard index maintenance for all related indices.

Index Changes for Style Indices

Parent Index Action	Adjustment Made to the Style Index	Divisor Adjustment Required?
Constituent Change	If the constituent being dropped is a member of the Style index, it is removed from the index. S&P/CITIC will announce W_V and W_G for the replacement stock. If W_V is non-zero the stock is added to the Value index; if W_G is non-zero the stock is added to the Growth index. The replacement stock can, therefore, be added to both the Growth and Value indices, or to only one of them. W_V and W_G for the new stock are calculated using GICS industry-level averages for stocks outside the current S&P/CITIC coverage, and retain their old values for inter-index moves.	Yes
Share Changes Between Quarterly Share Adjustments	Share count follows the parent index share count.	Yes
Quarterly Share Changes	Share count follows the parent index share count. In addition, new W_V and W_G for all constituent stocks change at the June rebalancing. These will be pre-announced in a manner similar to quarterly share changes.	Yes
Spin-Off	The price is adjusted to the Price of the Parent Company minus (the Price of Spin-off company/Share Exchange Ratio).	Yes
Rights Offering	The price is adjusted to the Price of the Parent Company minus (the Price of the Rights Subscription/Rights Ratio).	Yes
Stock Split	Shares are multiplied by and price is divided by the split factor.	No
Special Dividends	The price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the ex-date.	Yes

Index Changes for Pure Style Indices

Parent Index Action	Adjustment made to Pure Style Index	Divisor Adjustment Required?
Constituent Change	If the constituent being dropped is a member of the Pure Style index, it is removed from the Pure Style index. The replacement stock can be added to either the Pure Growth or the Pure Value index, or to neither. S&P/CITIC will include the weight at which the stock will enter a Pure Style index. The weight is simply the ratio of the capped Style Score of the added stock divided by the sum of Style Scores of all index constituents. *For index computation purposes PWF_G or PWF_V for the new stock are calculated accordingly using the formula in Appendix 2.*	Yes
Share Changes Between Quarterly Share Adjustments	The weight of stocks is unchanged.	No
Quarterly Share Changes	The weight of stocks is unchanged during March, September & December quarterly share changes. For the annual rebalancing, new constituents and their weights are announced 10 business days before the June quarterly date. At the rebalancing, the weight of each stock is simply proportional to its capped Style Score.	Only on the June quarterly adjustment date, since it coincides with the annual rebalancing of the Pure Style indices.
Spin-Off	The weight of stocks is unchanged. Price follows the parent index constituent price change. To keep the weights of stocks unchanged following price change, Modified Index Shares are adjusted for the stock whose shares are being changed.	No
Rights Offering	The weight of stocks is unchanged. Price follows the parent index price change. To keep the weights of stocks unchanged following price change, Modified Index Shares are adjusted for the stock whose shares are being changed.	No
Stock Split	Shares are multiplied by and price is divided by the split factor.	No
Special Dividends	Price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the ex-date.	Yes

Base Dates – Price Return Series

All series have a base date of Feb 27th, 2004. The base values for the indices are:

Price Return Indices	Base Value
S&P/CITIC 100 Growth	1000
S&P/CITIC 100 Pure Growth	1000
S&P/CITIC 100 Value	1000
S&P/CITIC 100 Pure Value	1000
S&P/CITIC 200 Growth	1000
S&P/CITIC 200 Pure Growth	1000
S&P/CITIC 200 Value	1000
S&P/CITIC 200 Pure Value	1000
S&P/CITIC Small-Cap 300 Growth	1000
S&P/CITIC Small-Cap 300 Pure Growth	1000
S&P/CITIC Small-Cap 300 Value	1000
S&P/CITIC Small-Cap 300 Pure Value	1000
S&P/CITIC 300 Growth	1000
S&P/CITIC 300 Pure Growth	1000
S&P/CITIC 300 Value	1000
S&P/CITIC 300 Pure Value	1000

Base Dates – Total Return Series

All series have a base date of Feb 27th, 2004. The base values for the indices are:

Total Return Indices	Base Value
S&P/CITIC 100 Growth	1000
S&P/CITIC 100 Pure Growth	1000
S&P/CITIC 100 Value	1000
S&P/CITIC 100 Pure Value	1000
S&P/CITIC 200 Growth	1000
S&P/CITIC 200 Pure Growth	1000
S&P/CITIC 200 Value	1000
S&P/CITIC 200 Pure Value	1000
S&P/CITIC Small-Cap 300 Growth	1000
S&P/CITIC Small-Cap 300 Pure Growth	1000
S&P/CITIC Small-Cap 300 Value	1000
S&P/CITIC Small-Cap 300 Pure Value	1000
S&P/CITIC 300 Growth	1000
S&P/CITIC 300 Pure Growth	1000
S&P/CITIC 300 Value	1000
S&P/CITIC 300 Pure Value	1000

Index Data

Construction of Style and Pure Style indices across the size spectrum allows for a complete suite of benchmarking and style investing indices catering to distinct market needs. This is shown below. All of the indices have history starting in March 2004.

Suite of Indices across the Asset Allocation Spectrum

	Value	Blend	Growth
Large-Cap	- S&P/CITIC 100 Value - S&P/CITIC 100 Pure Value	S&P/CITIC 100	- S&P/CITIC 100 Growth - S&P/CITIC 100 Pure Growth
Mid-Cap	- S&P/CITIC 200 Value - S&P/CITIC 200 Pure Value	S&P/CITIC 200	- S&P/CITIC 200 Growth - S&P/CITIC 200 Pure Growth
Small-Cap	- S&P/CITIC Small-Cap Value - S&P/CITIC Small-Cap Pure Value	S&P/CITIC Small-Cap	- S&P/CITIC Small-Cap Growth - S&P/CITIC Small-Cap Pure Growth
Large-Mid	- S&P/CITIC 300 Value - S&P/CITIC 300 Pure Value	S&P/CITIC 300	- S&P/CITIC 300 Growth - S&P/CITIC 300 Pure Growth

Style and Pure Style indices derived for the S&P/CITIC 300 are simply combinations of the Style and Pure Style indices of its subset indices.

For example, the S&P/CITIC 300 Pure Value index is comprised of the Pure Value index constituents of the S&P/CITIC 100 and the S&P/CITIC 200. Construction of Pure Style baskets and assignation of style weight factors, as shown in Exhibit 2, are only done at the S&P/CITIC 100, the S&P/CITIC 200 and the S&P/CITIC Small-Cap index levels. Index returns and stock-level style scores are available from March 2004. Scores are reviewed and indices rebalanced every June.

Total Return Indices

Total return indices are calculated in a manner similar to that used in the S&P/CITIC 300. The distinction between ordinary cash dividends and special dividends is the same as for the S&P/CITIC 300, with no separate announcement being made.

Index Governance

Index Committee

The S&P/CITIC China Style indices fall under the overall supervision of the S&P/CITIC Index Information Services Index Committee. The Index Committee will from time to time consult practitioners and academics in order to keep the style methodology current and relevant.

S&P/CITIC considers information about changes to its China indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

Index Policy

Announcements

Index additions and deletions follow the S&P/CITIC 300. No separate announcements are made.

For additions to the China Style and Pure Style Indices, S&P/CITIC will announce the constituents and their respective weights when the parent index announcement is made.

Holiday Schedule

The S&P/CITIC China Style indices are calculated when the Chinese equity markets are open.

Unscheduled Market Closures

In situations where an exchange is forced to close early due to unforeseen events, such computer or electric power failures, weather conditions or other events, S&P/CITIC will calculate the closing price of the indices based on (1) the closing prices published by the exchange, or (2) if no closing price is available, the last regular trade reported for each stock before the exchange closed. In all cases, the prices will be from the primary exchange for each stock in the index. If an exchange fails to open due to unforeseen circumstances, the index will use the prior day's closing prices. If all exchanges fail to open, S&P/CITIC may determine not to publish the index for that day.

Index Dissemination

Index levels are available through Standard & Poor's Index Services Web site at www.indices.standardandpoors.com and through major quote vendors.

Standard & Poor's Web site also provides an archive of recent index announcements and press releases.

Tickers

Index	Bloomberg	Reuters	CITIC Securities
S&P/CITIC 100 Growth	CSP100G	.SPC100G	818100G
S&P/CITIC 100 Pure Growth	CSP100PG	.SPC100PG	818100PG
S&P/CITIC 100 Pure Value	CSP100PV	.SPC100PV	818100PV
S&P/CITIC 100 Value	CSP100V	.SPC100V	818100V
S&P/CITIC 200 Growth	CSP200G	.SPC200G	818200G
S&P/CITIC 200 Pure Growth	CSP200PG	.SPC200PG	818200PG
S&P/CITIC 200 Pure Value	CSP200PV	.SPC200PV	818200PV
S&P/CITIC 200 Value	CSP200V	.SPC200V	818200V
S&P/CITIC 300 Growth	CSP300G	.SPC300G	816000G
S&P/CITIC 300 Pure Growth	CSP300PG	.SPC300PG	816000PG
S&P/CITIC 300 Pure Value	CSP300PV	.SPC300PV	816000PV
S&P/CITIC 300 Value	CSP300V	.SPC300V	816000V
S&P/CITIC Small Cap Growth	CSPSCG	.SPCSCG	818300G
S&P/CITIC Small Cap Pure Growth	CSPSCPG	.SPCSCPG	818300PG
S&P/CITIC Small Cap Pure Value	CSPSCPV	.SPCSCPV	818300PV
S&P/CITIC Small Cap Value	CSPSCV	.SPCSCV	818300V

Index Dissemination

Complete data for index replication (including share counts, tickers and data on index levels and returns) are available through Standard & Poor's fee-based service.

FTP

Daily stock level and index data is available via FTP on subscription.

For further information, please contact the following representatives by e-mail:

Jack Jiang	jack_jiang@standardandpo
Jinhui Zhang	jinhui_zhang@standardand

Appendix I

Calculating Distances from Pure Growth Regions

First, the midpoints of the Pure Growth and Pure Value baskets are estimated.

AV_G	=	Average of Growth scores of Pure Value basket members
AV_V	=	Average of Value scores of Pure Value basket members
AG_G	=	Average of Growth scores of Pure Growth basket members
AG_V	=	Average of Value scores of Pure Growth basket members

These four variables are calculated once a year at the annual rebalancing.

For each Stock, *X*, that does not belong to a pure basket, $D_{G,X}$ and $D_{V,X}$ are the distances from the Pure Growth basket and the Pure Value basket. As detailed in the section *Style Index Goals*, the stock's Growth and Value scores are SG_X and SV_X.

Calculation of $D_{G,X}$

If ($SG_X >= AG_G$),

$$D_{G,X} = \left|SV_X - AG_V\right|$$

Else if ($SV_X <= AG_V$),

$$D_{G,X} = \left|AG_G - SG_X\right|$$

Else,

$$D_{G,X} = \sqrt{((SV_X - AG_V)^2 + (AG_G - SG_X)^2)}$$

Calculation of $D_{V, X}$

If $(SV_X >= AV_V)$,

$$D_{V, X} = \left| SG_X \;\; AV_G \right|$$

Else if $(SG_X <= AV_G)$,

$$D_{V, X} = \left| AV_V - SV_X \right|$$

Else,

$$D_{V, X} = \sqrt{((SV_X - AV_V)^2 + (AV_G - SG_X)^2)}$$

Appendix II

Calculating PWFs for Additions Between Rebalancings

The following derive the equations used to calculate the PWFs for additions between rebalancings. Note that index users need not calculate PWFs - Standard & Poor's will announce the weight at which stocks will be added to an index for all additions that are made between rebalancings. The PWFs are simply used in index computation to assign stocks their appropriate weights.

Case 1: One stock is being added to a Pure Style index

The following are known variables:

F = Float-adjusted market capitalization of added stock

= P * IWF * Index Shares

s = Capped Style Score of Stock X being added

S = Sum of capped Style Scores of all constituents of the Pure Style index (including the stock that is being added)

I = Index Market Value before addition (but after deletions, if applicable)

$$= \sum_{X=1}^{N} IWF_{X,t} * Index\ Shares_{X,t} * PWF_X * Price_{X,t}$$

The following is the unknown variable:

PWF = Weighting factor to ensure the stock goes in at a weight proportional to its Style Score

Because of score weighting, the weight of a stock in the index after addition should be equal to the ratio of its capped Style Score to that of the sum of the capped Style Scores of all constituents.

$$(F * PWF) / (I + F * PWF) = s/S$$

Solving for PWF:

$$PWF = (I * s) / [F * (S - s)]$$

Case 2: Two stocks are being added to a Pure Style index

Let the variable definitions be the same as above and be denoted by subscripts 1 and 2 for each of the added stocks.

Since stock weights are proportional to their capped Style Scores, it follows that:

$$(F_1 * PWF_1) / (F_2 * PWF_2) = s_1/s_2$$

As before, the weight of an added stock is in proportion to its score. Therefore:

$$(F_1 * PWF_1)/(I + F_1 * PWF_1 + F_2 * PWF_2) = s_1/S$$

Substituting $(F_2 * PWF_2)$ from the first equation into the second, and solving for PWF_1:

$$PWF_1 = (I * s_1) / [F_1 * \{S – (s_1 + s_2)\}]$$

Similarly,

$$PWF_2 = (I * s_2) / [F_2 * \{S – (s_1 + s_2)\}]$$

For cases with more than two stocks, the above equation can be extended.

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