中证指数有限公司
CHINA SECURITIES INDEX CO., LTD

Methodology of SSE Liquid Convertible Bond Index

SSE Liquid Convertible Bond Index selects liquid convertible bonds listed on SSE market. The index is weighted by market capitalization.

1. Index Name and Index Code

- Index Name: SSE Liquid Convertible Bond Index
- Shortened Name: SSE Liquid Convertible Bond
- Index Code: 950051

2. Base Date and Base Index

The index base date is Dec. 31, 2008. The base index is 100.

3. Index Eligibility

3.1 Index Universe

- Bond Type: Convertible bonds and exchangeable bonds listed on SSE market, exclude bonds whose target common stocks are ST or *ST, and exclude private-placement bonds. The bond currency is RMB.
- Term to Maturity: More than 1 month.
- Interest-bearing Pattern: Fixed rate, or step-up coupon, or bullet.

3.2 Constituents Selection

Calculate turnover rate of index universe, then calculate quantile of turnover rate among historical data, record as N. Calculate daily turnover rates of bonds in index universe respectively.

Select bonds meeting one of the following criterion as index constituents.

	Criterion
Turnover rate	When N < 40%, select top 40% of bonds by daily turnover rates; when 40% <= N < 60%, select top N% of bonds by daily turnover rates; when N > 60%, select top 60% of bonds by daily turnover rate.
Market value	Select top 70% of bonds by Market

4. Index Calculation

The calculation of this index conforms to the Paasche weighted composite

price index formula:

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

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

$\text{Full Price} = \text{Clean Price} + \text{Accrued Interest}$

The value of Weight Factor is between 0 and 1, so as to make each constituent's weight no more than 15%.

The price in index calculation is based on trading 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.

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 suspension from listing or delisting, the constituents will be removed from the index on the event effective date as appropriate. In the event of redemption, constituents will be removed from the index on the fifth trading day after the redemption announcement date. As for other events, please refer to Index Calculation and Maintenance Methodology for further details.